

Congressional Budget Justification

FOREIGN OPERATIONS



Fiscal Year 2008

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**Overview of the Congressional Budget Justification
Foreign Assistance and USAID Operations
FY 2008 Budget Request**

Joint State-USAID Submission. Under the leadership of the Director of U.S. Foreign Assistance, foreign assistance resources have been integrated into one, joint budget submission. Country levels and programs took into consideration FY 2008 Millennium Challenge Account disbursement levels.

New Overview Section. Identifies principles, summarizes regional priorities and analyzes macro level budget information for State and USAID bilateral assistance.

Compares FY2008 Budget with FY2006 Enacted Levels. As the FY 2007 continuing resolution was not passed at time of print, all budget comparisons relate to FY 2006 enacted levels. Note: With the exception of Sudan, FY 2008 regional, country and sector levels do not include unallocated humanitarian assistance programs funded by the following accounts – P.L. 480 Title II Emergency Food Aid, International Disaster and Famine Assistance, Migration and Refugee Assistance, and Emergency Refugee and Migration Assistance. As these funds address circumstances as they arise, they have not yet been allocated to specific countries in the FY 2008 budget request. The FY 2006 levels do include funding for all humanitarian programs. Therefore, it is important to note this discrepancy when making regional, country and sector comparisons between FY 2006 and FY 2008.

New Structure for Easier Referencing

- Begins with State and USAID bilateral assistance
 - All foreign assistance accounts under State and USAID jurisdiction clustered in first section, listed alphabetically.
- Follows with Independent Agencies, listed alphabetically
- Follows with multi-lateral assistance
- Follows with request by region
 - Country information includes tables by program element and statements of change to compare FY 2008 to FY 2006 levels
- Final section includes account tables, including table listing sector totals

More Account Comparative Information

- Introductory statement identifies the purpose of funds
- “Snapshot” of fund allocation outlines top funding priorities
- Statement of changes compares FY 2008 to FY 2006 by account

Supplemental and Emergency Funding Requests

- Summary tables listing FY 2007 request and FY 2008 Global War on Terror Emergency
- Narratives at end of section

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February 14, 2007

On behalf of President Bush, it is my pleasure to submit to you a first-ever consolidated International Affairs Congressional Budget Justification for Fiscal Year 2008.

President Bush's Fiscal Year 2008 International Affairs Budget for the Department of State, USAID and other foreign affairs agencies totals \$36.2 billion. The President's budget also requests \$6 billion in supplemental funding for the year 2007 to support urgent requirements that are not funded in the annual budget cycle, including \$1.18 billion for additional operating costs of the Department of State and other agencies, largely related to the wars in Iraq and Afghanistan. The 2007 supplemental also includes \$4.81 billion to meet urgent new foreign assistance needs in Afghanistan, Iraq and Lebanon as well as peacekeeping and humanitarian assistance in Sudan, Somalia and other countries in need.

In addition, the Administration is requesting \$3.3 billion in war supplemental funding for activities in Iraq and Afghanistan in fiscal year 2008, of which \$1.37 billion is for foreign assistance and \$1.93 billion is for State Department operations. This is responsive to Congress' request that we present our best estimate of the full costs of the war in the coming year.

These resources are fundamental to our national security. With Congress' support, we have been fully engaged in a global war on terrorism since the attacks of September 11th, 2001. This is a war, but it is a completely different kind of war than we have fought before. Force of arms is necessary, but not sufficient. We must also, and we are, mobilize our democratic principles, our diplomacy, our development assistance and our compassion to win what will be a generational struggle.

Recognizing that success is our only option, we are revolutionizing our approach to foreign assistance. We have better aligned our foreign assistance with our transformational diplomacy goal: To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce poverty, and conduct themselves responsibly in the international system. We have reformed our organization, planning, and implementation of foreign assistance to maximize country progress—to move from a relationship defined by paternalism to one defined by partnership. It is through such partnership that we can begin to achieve the well-governed democratic states that will form the foundation of a more stable world.

Our compassion is consistent with our foreign policy aims. With Congress' support, we have greatly increased our contributions for health, education, the skills and assistance necessary to participate in the global economy, and humanitarian assistance in the face of destabilizing conflict and disasters. We appreciate Congress' partnership in addressing those needs, most recently evidenced by the House-passed Continuing Resolution that prioritized HIV/AIDS relief, efforts to combat malaria, and assistance to the people of Darfur.

We are also revolutionizing the way that we work. Today's world requires of the Department of State and USAID fundamentally different thinking about our role, fundamentally different ways to train our people, to recruit our people and to deploy them. Our efforts to deliver critical assistance in some of the most difficult places in the world put the men and women of the Department of State and USAID at great risk. We seek the tools to ensure that their efforts, and their sacrifice, achieve the ends we seek.

I know that we share with Congress a vision of a peaceful and prosperous world. We have great tasks, and we value the support we receive from our partners in Congress. We look forward to working closely with you to make the best use of taxpayer dollars in support of our shared vision. Our fellow citizens expect no less of us.

Secretary of State Condoleezza Rice



February 14, 2007

As our nation's first Director of U.S. Foreign Assistance, serving concurrently as Administrator of the U.S. Agency for International Development, it is my pleasure to join the Secretary of State in submitting to you the first-ever consolidated International Affairs Congressional Budget Justification for Fiscal Year 2008. The FY 2008 Congressional Budget Justification represents more than the sum of the parts between USAID and the Department of State. It represents decisions made on the basis of collaborative and coordinated planning; full information about resources available to advance our objectives; and the shared goal of helping to build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system. The piece parts of this budget are intricately intertwined, and based on principles designed to maximize country progress.

Worldwide, unprecedented attention is being given to poverty, disease, and instability. Congress is correspondingly funding foreign assistance at unprecedented levels. With your support, our foreign operations base appropriations have increased by 25 percent over the past 6 years, from approximately \$16.5 billion in 2000 to \$20.7 billion enacted in FY 2006. With these increased resources, however, have come increased responsibilities to produce results. Our foreign assistance must work both on behalf of the countries and citizens we seek to assist, and on behalf of the people of the United States.

I am encouraged by the progress achieved since I assumed the position of Director of Foreign Assistance. We have established a new Strategic Framework for U.S. Foreign Assistance, and in this volume you will find State and USAID resources identified against the common set of objectives and definitions dictated by that Framework. We have likewise established common indicators across our foreign assistance programs, to enable us, going forward, to assess country, program, and partner performance. Our intent is to provide a clear and transparent picture of where our resources are going, what they will be used for, and what they have achieved in a way that is comparable across countries, regions, and programs. We hope that these changes will not only enable us to be responsive to Congressional needs, but to be better stewards of these resources in support of the peace and prosperity we seek worldwide.

Across both the legislative and executive branches of government—and, indeed, across America—people have recognized the profound and complex inter-connectivity of our world, and the important role foreign assistance plays in our national security and foreign policy. Our foreign assistance helps empower citizens worldwide to overcome the poverty and hopelessness our foes seek to exploit. It helps provide the security and stability necessary for progress and prosperity. And it enables institutions of governance and civil society to progress toward free societies, accountable government, and responsible sovereignty within the international community. A primary focus of this effort is our shared commitment to form one united front to combat poverty, the forces that create it, and the cycles that sustain it.

In the time I have been in this position, I have been privileged to see firsthand the tremendous impact our foreign assistance programs can have on individuals and communities, even in some of the most dangerous and under-resourced places in the world. Our success can be measured in lives saved, opportunities created, and human potential realized. I look forward to working with you as we find ways to make the best use of taxpayer dollars to amplify these successes in support of a safe, peaceful, and prosperous future.

Ambassador Randall L. Tobias

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UNITED STATES FOREIGN ASSISTANCE: INVESTING IN TRANSFORMATIONAL DIPLOMACY

The United States has a proud history of bringing hope to millions who live under oppressive poverty, face starvation, battle disease and suffer the consequences of conflict and insecurity. In present times, improving the lives of others has become central to our national security. The locus of threats has shifted to the developing world, where poverty, injustice and indifference are exploited by our foes to provide haven for criminals and terrorists and the planning of criminal acts.

Our nation's security depends on the stability of other nations. Foreign assistance and the development it supports are therefore more important than ever, now not just in terms of our moral responsibility to alleviate suffering, but as foundational pillars of our new national security architecture and the Global War on Terror (GWOT). American diplomacy must integrate and advance our security interests, our development efforts, and our democratic ideals. American foreign assistance must support these efforts by promoting responsible sovereignty, not permanent dependency, as it seeks to meet the needs of poor and vulnerable populations.

Commensurate with the global challenges that our country faces, this Administration has sought significant innovations and increases in funding for foreign assistance, while maintaining our support for our key partners in the Global War on Terror. The President's Emergency Plan for AIDS Relief (PEPFAR), Malaria and Africa Education initiatives, the establishment of the Millennium Challenge Corporation (MCC), and efforts to promote and strengthen trade capacity and effective democracies have only solidified the United States as the world leader in championing human dignity and human potential. These increased resources, however, have also come with a new focus on performance, results, accountability, and, ultimately, a means to define success as the ability of a nation to graduate from development assistance and become a self-sustaining partner in international peace and prosperity. In support of this effort, the FY 2008 Foreign Operations request is \$20.3 billion, representing a 12 percent increase over the FY 2006 enacted budget.¹

Foreign Assistance Reform

Under Secretary Rice's leadership, the United States has reformed foreign assistance organization, planning and implementation in order to maximize the impact of our foreign assistance dollars to achieve U.S. foreign policy objectives and improve the lives of those around the world. New leadership has been established with the creation of a Director of United States Foreign Assistance, who serves concurrently as the Administrator of the United States Agency for International Development (USAID). In this capacity, the Director of Foreign Assistance has developed a new Strategic Framework for U.S. Foreign Assistance, within which the Department of State and USAID are developing a fully integrated process for foreign assistance policy, planning, budgeting, and implementation. For the first time in our nation's history, all \$20.3 billion of U.S. foreign assistance under authority of the Department of State and USAID, as well as resources provided by MCC, are being applied to the achievement of a single overarching goal—transformational diplomacy:

To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.

¹ Throughout the analysis described in this document, comparisons are made between FY 2006 enacted and FY2008 Foreign Assistance request levels. The analysis includes Foreign Assistance program funds only, and excludes such things as USAID OE, and requests for international financial institutions and independent agencies. It also excludes FY 2008 war supplemental funding.

The new Strategic Framework for U.S. Foreign Assistance, included for reference on page 12, articulates a strategy for achieving this goal, focusing on five objectives that together address the underlying causes of persistent poverty, despotic governance, insecurity, and economic stagnation:

- **Peace and Security:** These are necessary conditions for further political, economic, and social progress;
- **Governing Justly and Democratically:** Effective, accountable, democratic governance is a vital foundation for sustainable progress;
- **Investing in People:** Human capacity must be strengthened and poverty and disease addressed in order to promote and sustain success;
- **Economic Growth:** Economic progress and poverty reduction are critical underpinnings of sustainable development; and
- **Humanitarian Assistance:** The United States maintains its long-standing commitment to alleviate human suffering and respond to destabilizing humanitarian disasters.

The FY 2008 budget is focused, strategic, and prioritized to reflect these shared objectives.

Strategic Principles

Consistent with the reform of foreign assistance, the Department of State and USAID are presenting a unified foreign assistance budget request for FY 2008 based on the following strategic principles:

1. Integrate planning based on the totality of U.S. Government resources. The fragmentation of foreign assistance across multiple agencies, offices, and bureaus risked uncoordinated strategies, inadequate accountability, and the misdirection of resources. In building the FY 2008 budget, planning was integrated, seeking the most complete picture of U.S. activities and programs by country and region. To that end, interagency teams were assembled and tasked with ensuring that resources were coordinated, mutually supportive, targeted to the achievement of shared objectives, and able to maximize existing U.S. investments. For FY 2008, these resources included all programs and activities under the authority of the Secretary of State, in coordination with resources managed by the MCC.

2. Maximize country progress. The new Strategic Framework for U.S. Foreign Assistance categorizes each country receiving U.S. foreign assistance based on common traits, and places them on a trajectory to achieve the transformational diplomacy goal. The FY 2008 request reflects a focus on the specific gaps and obstacles countries face in moving from one country category to another, and the identification of the target objective or objectives appropriate to the individual country context. The ultimate intent is to support recipient country efforts to *move from a relationship defined by dependence on traditional foreign assistance to one defined by full sustaining partnership status*. Chart 1 identifies the concentration of resources by country category and objective, including resources from across State and USAID and projected disbursements from the MCC, with outlined cells denoting assistance priorities and the proportion of FY 2008 foreign assistance resources devoted to each cell.

Chart 1: FY 2008 Concentration of Resources by Country Category and Objective

| 2008 Country Category by Objective, including Projected FY 2008 MCC Disbursements | | | | | |
|---|--------------------|-------------------------------------|---------------------|-----------------|-------------------------|
| | Peace and Security | Governing Justly and Democratically | Investing in People | Economic Growth | Humanitarian Assistance |
| Rebuilding | 35% | 18% | 16% | 20% | 11% |
| Developing | 32% | 6% | 44% | 17% | 1% |
| Transforming | 6% | 3% | 52% | 38% | 0% |
| Sustaining | 76% | 1% | 21% | 1% | 0% |
| Restricted | 2% | 63% | 16% | 8% | 11% |
| Regional | 13% | 12% | 36% | 38% | 1% |
| Global | 16% | 3% | 34% | 7% | 41% |

Rebuilding States are countries in or emerging from internal or external conflict. In these countries, a critical priority is achieving the security conditions that provide a platform for social, economic, and political progress. At the same time, support for basic human needs, the establishment of institutions of governance and foundations for economic growth are also necessary for securing peace and stability. Accordingly, in FY 2008, 35 percent of resources in this category are targeted to achieving peace and security, with a relatively even distribution of funds across the other four objectives. When compared to the FY 2006 budget, resources for Rebuilding countries have increased 28 percent.

Developing States are low or lower-middle income countries, not yet meeting performance criteria related to effective and democratic governance, investments in people, and economic freedom. Poverty, weak governance, and insufficient human capacity are the greatest barriers to progress. Collectively, in FY 2008 funding for these countries accounts for 66 percent of the resources for this category of countries, compared to 58 percent in FY 2006. Some countries, such as Kenya, Ethiopia and Nigeria, receive large budget increases over FY 2006 as focus countries of the Emergency Plan for AIDS Relief. Note that in Egypt, Jordan, Pakistan and Indonesia, where continued progress and partnership on security issues are critical to success in the Global War on Terror, investments in security programs remain significant.

Transforming States are low or lower-middle income countries, such as the Philippines, Tanzania, and El Salvador, meeting performance criteria related to effective and democratic governance, investments in people, and economic freedom. Transforming countries are characterized by relative stability and well-functioning governments, but poverty, unchecked disease, and insufficient human capacity remain barriers to progress. Thus, 89 percent of FY 2008 resources for this category of countries, including those provided by the MCC, are concentrated in Investing in People and Economic Growth programs such as health, agriculture, and education.

Sustaining Partnership States are states with upper-middle income or greater, such as Poland, Qatar, Malaysia and Chile, for which U.S. support is provided to sustain partnerships, progress, and peace. Income levels in these states are such that, in general, development assistance is not required. Our largest investment in these states is in security, supporting programs that improve military interoperability with the U.S., NATO, and regional coalitions; strengthen military alliances and the international coalition against terrorism; and promote more professional militaries through education

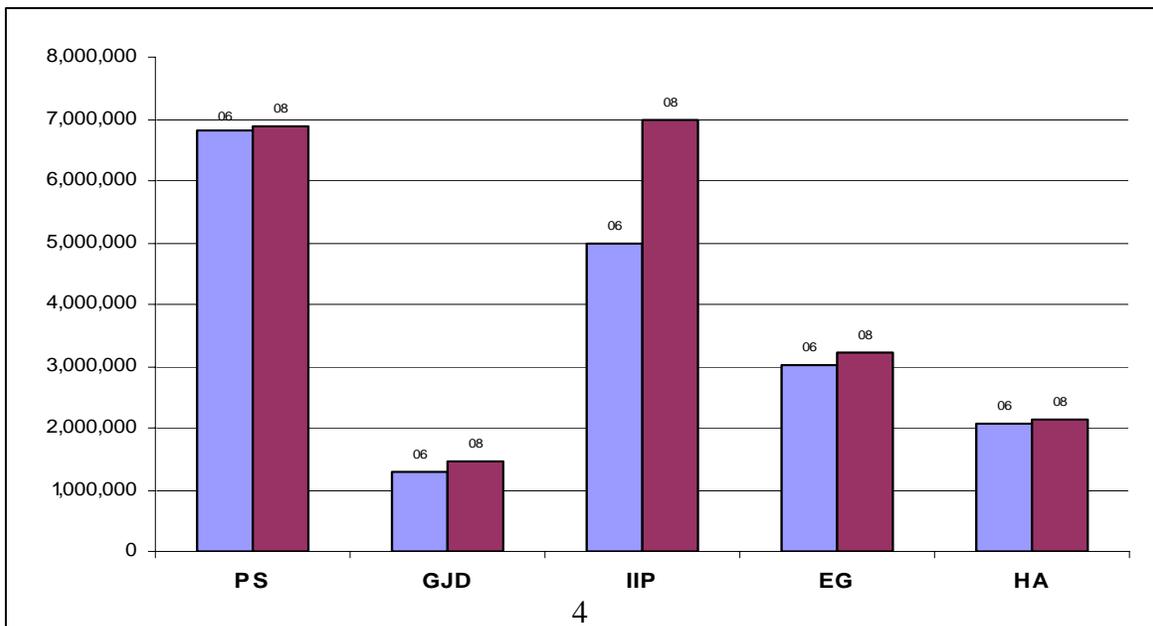
and training. In FY 2008, 76 percent of resources to these countries are targeted to programs under the peace and security objective. An exception is South Africa, where the HIV/AIDS epidemic threatens progress, and for which the U.S. provides assistance through the President's Emergency Plan for AIDS Relief.

Restrictive States are those with significant freedom and human rights issues; therefore, resources are directed toward programs that foster effective democracy, build civil society capacity, and promote responsible sovereignty. Legislative restrictions on direct U.S. funding and limited absorptive capacity in many of these countries also limit the amount and type of foreign assistance support. In FY 2008, 63 percent of resources for Restrictive countries are targeted to programs under the Governing Justly and Democratically objective, compared with 28 percent in FY 2006.

3. Invest in states critical to long-term regional stability and prosperity. State and USAID resources are concentrated in Rebuilding and Developing countries, at 51 percent of program assistance. These countries are farthest away from the transformational diplomacy goal; as measured by instability, poverty, human capacity, life expectancy, governance, and barriers to economic growth; and are critical barriers to regional stability and success in the Global War on Terror. The Democratic Republic of the Congo, Liberia, Somalia, Sudan, Afghanistan, Iraq, Colombia, Haiti, and Kosovo are examples of states that, without progress, will have a negative impact on regional stability and national security. At the same time, with continued progress, Developing states such as Nigeria, Ukraine, Georgia, Pakistan, Jordan, and Indonesia and Sustaining Partnership countries such as South Africa represent those that can serve as anchors for regional stability and prosperity.

4. Focus on demand-driven interventions that are critical levers for sustainable progress and transformation. The country-driven process resulted in significant allocation increases for critical and effective programs. Funding was increased for programs targeted to improving governance and democratic participation; mitigating diseases that threaten the human and economic capacity of countries to progress on their own; expanding access to and improving the quality of education; and enhancing economic opportunity and skills to participate in the global economy. In FY 2008, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) increase by 19 percent over FY 2006 levels for these Objectives. When projected FY 2008 MCC disbursements from prior year appropriations are considered, investments in these objectives increase by 29 percent over FY 2006. Chart 2 below describes this focus, comparing FY 2006 objectives-equivalents to the FY 2008 request by objectives.

Chart 2: Base Appropriations Allocations to Objectives by Year, including FY 2006 and projected FY 2008 MCC disbursements (in \$ Millions)



5. Allocate funds intended for country programs to country-level budgets. In order to ensure a coordinated response and effective and sustainable impact, the reform process sought to maximize all resources implemented at the country level within country budgets. Resources within global or regional budgets allocated to specific countries were accordingly shifted to specific country programs and planned together with other country-based support. Recognizing that not all foreign assistance is implemented on a country basis, and that some issues such as trade capacity are best addressed as part of a global or regional strategy, the foreign assistance framework includes a category for global and regional initiatives, defined as those activities that transcend a single country's borders. Such activities may include emergency humanitarian assistance, support to regional institutions, multilateral organizations, or research.

6. Match accounts with the country circumstances and intent they are designed to address. The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. Overall, funding for Development Assistance (DA) which is intended to support poor countries that demonstrate performance has been prioritized to Developing and Transforming countries. Conversely, Economic Support Funds, (ESF) which focus on providing economic support under special economic, political, or security conditions have been targeted to support activities in the Rebuilding and Restrictive Country Categories. In these latter country categories, total funding in the three Objectives supporting long-term development increased by 63% over FY 2006 levels. The balance between DA and ESF, however, changed with DA declining by 87% and ESF increasing by 158%.

Changes in DA and ESF Levels in Rebuilding and Restrictive Countries for the Three Objectives Supporting Long-term Development

| | FY 2006 DA | FY 2006 ESF | DA & ESF FY2006 Total | FY2008 DA | FY 2008 ESF | DA & ESF FY 2008 Total |
|-----------------------------------|---------------|----------------|-----------------------------|--------------|----------------|------------------------------|
| TOTAL | 331,312 | 524,862 | 856,174 | 41,991 | 1,354,151 | 1,396,142 |
| Governing Justly & Democratically | 59,190 | 211,097 | 270,287 | 17,200 | 544,917 | 562,117 |
| Investing in People | 96,533 | 41,133 | 137,666 | 3,985 | 178,535 | 182,520 |
| Economic Growth | 175,589 | 272,632 | 448,221 | 20,806 | 630,699 | 651,505 |

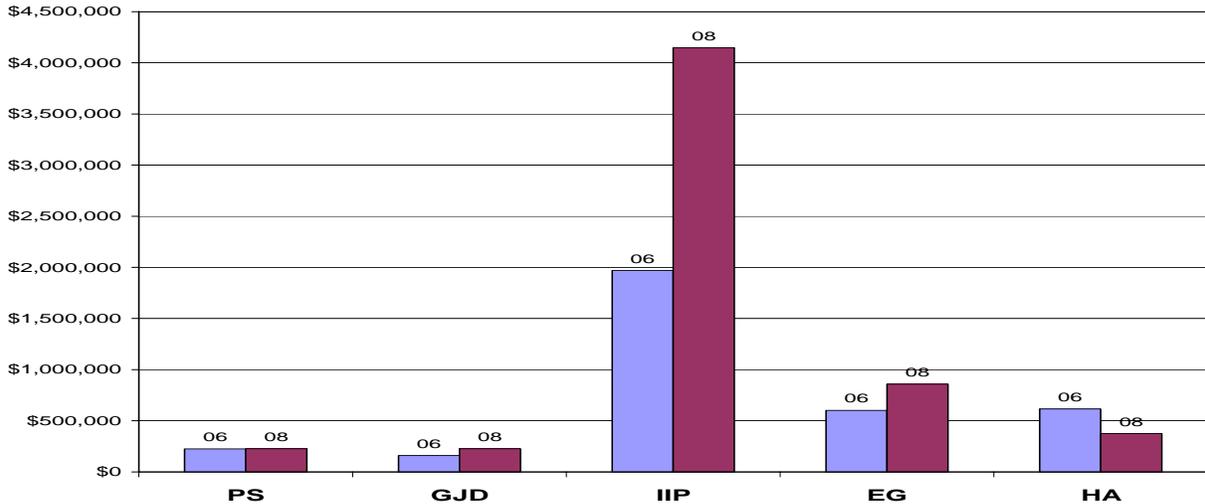
Regional Strategies

Africa. The FY 2008 request for Africa represents a 54 percent increase over FY 2006. If FY 2008 projected disbursements from the MCC are considered, FY 2008 resources for Africa increase 63 percent over FY 2006—nearly a quadrupling of resources for Africa since 2001. The request places a priority on interventions critical to achieving sustainable progress and transformation on a country-by-country basis. Over 75 percent of the FY 2008 budget will focus on Investing in People in order to address the crippling effects of disease and poverty, a \$2 billion increase from FY 2006. Programs to address HIV/AIDS, malaria, children's health, and expanded access to quality education predominate within this objective. Programs to support economic growth comprise approximately 10 percent of the base request for the region. When MCC disbursements are considered, FY 2008 resources for economic growth in the region increase by 43 percent over FY 2006. The FY 2008 request for Africa also includes additional resources for anti-corruption programs (a 93 percent increase over FY 2006) and for critical security programs in support of the Global War on Terror (38 percent increase over FY 2006).

The FY 2008 budget for Africa targets funding for states critical to long-term regional stability and prosperity. The FY 2008 request for Sudan is \$679 million, a 36 percent increase over FY 2006 and 12

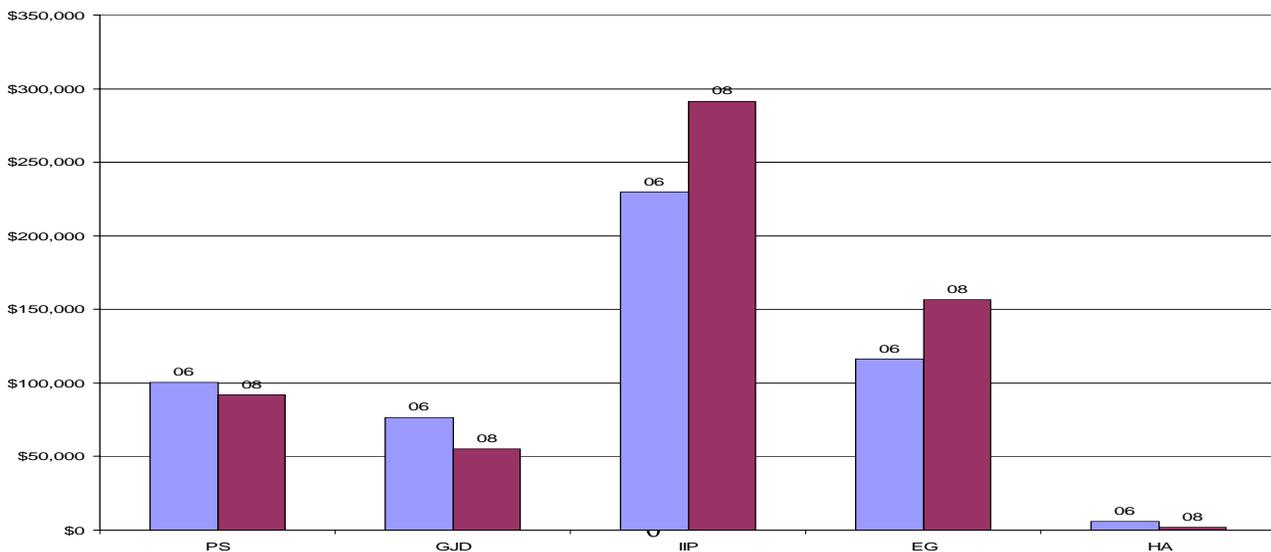
percent of the region's total budget request. In addition to Sudan, other rebuilding states such as Liberia, the Democratic Republic of Congo, and Somalia were given priority. Budgets for Ethiopia, Kenya, South Africa and Nigeria also increased, as progress in these countries will greatly impact progress and prosperity in the region. These eight countries comprise over 56 percent of the FY 2008 budget.

Allocations to Objective by Year- Africa
(Including FY 2006 and projected FY 2008 MCC disbursements)



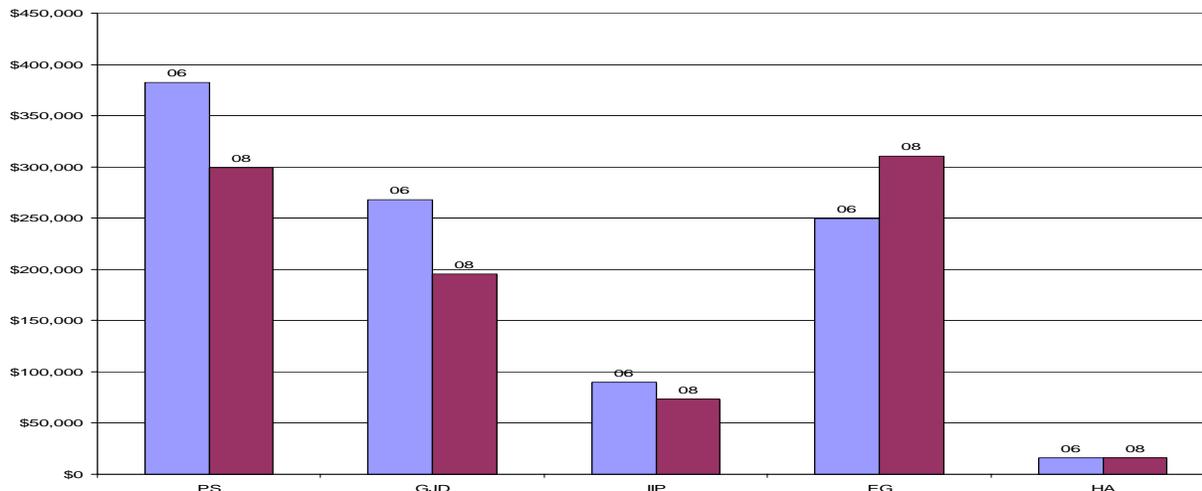
East Asia and the Pacific. The FY 2008 request for the East Asia and Pacific region represents a slight increase over the FY 2006 budget. With projected FY 2008 MCC disbursements included, proposed FY 2008 funding increases by 15 percent over FY 2006. Democratic challenges and terrorist threats require that Peace and Security programs emphasize counterterrorism and conflict mitigation while also maintaining military assistance for key Global War on Terror partners. Resources for these types of key security programs make up 18 percent of the request. Within Investing in People, the request increases 15 percent from FY 2006, prioritizing HIV/AIDS interventions and education initiatives, increasing 71 percent and 25 percent respectively over FY 2006 levels for these activities. Countries such as Indonesia, the Philippines, and Mongolia collectively receive 53 percent of the region's request. Regionally, Governing Justly and Democratically programs are also emphasized in order to promote movement toward democracy in Burma and Vietnam and strengthen democratic institutions in Cambodia and the Philippines.

Allocations to Objective by Year- East Asia and Pacific
(Including FY 2006 and projected FY 2008 MCC disbursements)



Europe and Eurasia. The FY 2008 request for Europe and Eurasia represents a 26 percent decrease from FY 2006 reflecting success achieved in the region. When projected FY 2008 MCC disbursements in Georgia and Armenia are included, the reduction is 13 percent from FY 2006. While U.S. assistance has played a substantial role in supporting reform in Eurasia, including integration of countries in Eastern Europe and the Western Balkans into Euro-Atlantic institutions, a number of difficult challenges remain across the range of foreign assistance objectives. The allocation of resources within the region reflects the need to secure the Balkans in the Euro-Atlantic Community, support Eurasian countries at the forefront of reform, and confront democratic challenges. Thus, funding for Peace and Security and Governing Justly and Democratically collectively represent 76 percent of the request. Balkan peace implementation is a primary focus; funds for Kosovo and Serbia represent 27 percent of the region's request. Countries at the forefront of reform -- Ukraine, Georgia, and Moldova -- and countries that present democratic challenges -- Russia and Belarus -- together represent 30 percent of the region's budget.

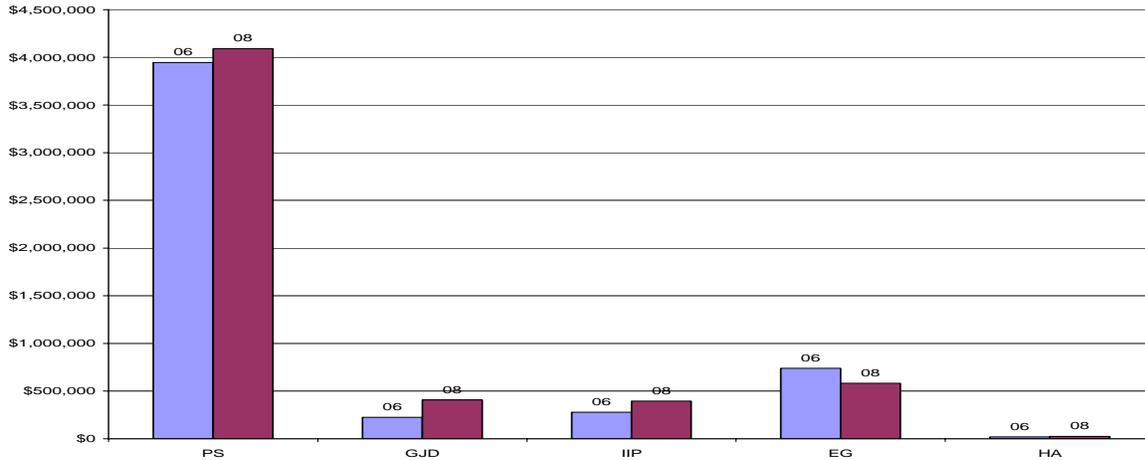
**Allocations to Objective by Year- Europe and Eurasia
(Including FY 2006 and projected FY 2008 MCC disbursements)**



Near East. The FY 2008 request for the Near East represents a 4 percent increase over FY 2006, including reduced levels for Egypt and Israel under glidepath agreements. The Near East region presents both challenges and opportunities to implement U.S. objectives and bolster efforts at political and economic reform to achieve success in the Global War on Terror. The FY 2008 request emphasizes continued investments in Peace and Security and political reform. Accordingly, funding for Peace and Security increases by four percent, while investments in Governing Justly and Democratically increase by more than 80 percent. To address social conditions that contribute to conflict, the FY 2008 request includes a 41 percent increase in Investing in People, primarily in health and education.

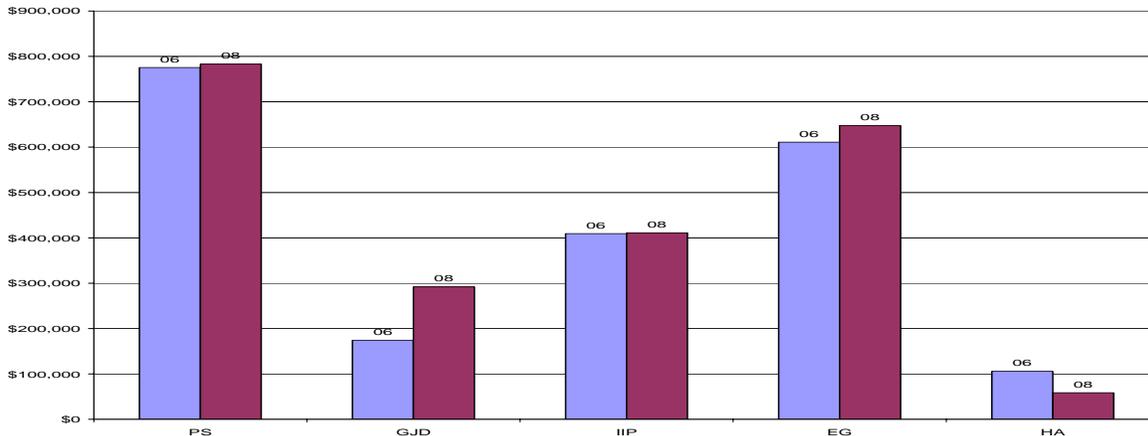
The FY 2008 request is concentrated in the priority states of Iraq, Israel, Egypt and Jordan, representing 93 percent of the region's budget. The FY 2008 request is also influenced by adjustments to priorities based on significant changes in political conditions in Lebanon, West Bank/Gaza and Iran. Lebanon receives a 21 percent increase with large investments in Peace and Security, Governing Justly and Democratically, as well as support for Economic Growth. Together these seven countries are critical to long-term regional stability and prosperity, making up 97 percent of the request. The Administration is also seeking significant resources for Iraq in the FY 2008 Global War on Terror Emergency Request.

**Allocations to Objective by Year- Near East
(Including FY 2006 and projected FY 2008 MCC disbursements)**



South and Central Asia. Funding to South and Central Asia increased by 6 percent in the FY 2008 request compared to FY 2006 levels for the region. Funding will continue to support the Global War on Terror through security, reconstruction, development and democracy efforts, particularly in Afghanistan and Pakistan, which represent 84 percent of the region’s request. Success in these countries is critical to achieving peace, stability, and development progress throughout South and Central Asia. Funding under the Peace and Security objective makes up 36 percent of the request, including support to counterterrorism and counternarcotics programs, which received 11 and 21 percent increases collectively from FY 2006. Funding for Economic Growth activities has increased by 6 percent over FY 2006, particularly for trade and investment and private sector competitiveness programs, reflecting the USG’s efforts to integrate South and Central Asia through economic development, trade and reconstruction. Funding for the five Central Asian countries declined by nearly 24 percent from FY 2006 to FY 2008. Much of the decline is in Uzbekistan, where the government has worked actively to limit U.S. assistance related to reform, and in Kazakhstan, whose oil wealth lessens the need for our assistance. Assistance is instead focused on the Kyrgyz Republic, Tajikistan, and Turkmenistan, where there are opportunities to consolidate stability and promote democratization. Funding for India has also declined, by 35 percent from the FY 2006 level. India's economy has been among the world's best-performing economies for a quarter century, and India has emerged as a significant donor in its own right.

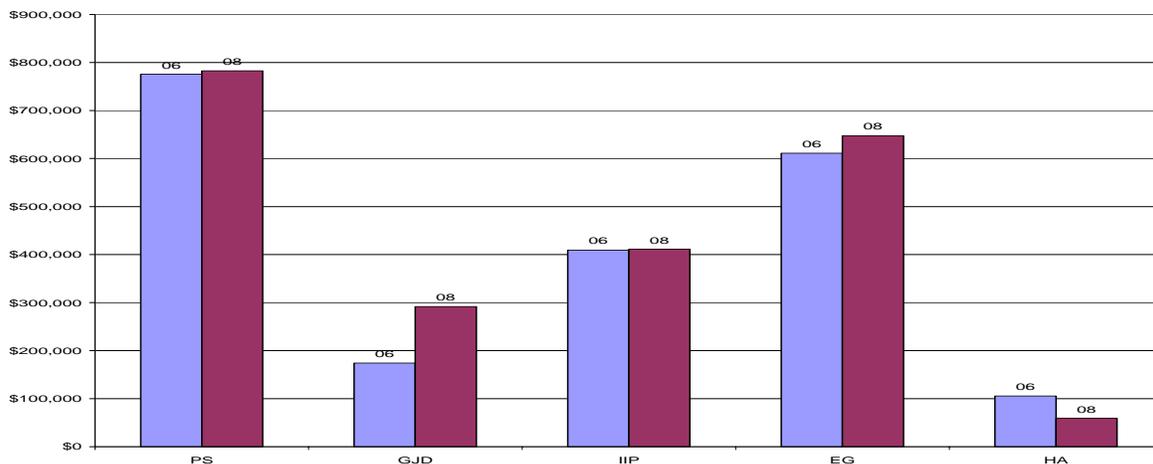
**Allocations to Objective by Year- South and Central Asia
(Including FY 2006 and projected FY 2008 MCC disbursements)**



Western Hemisphere. Foreign assistance for Latin America has nearly doubled since the start of the Administration, rising from \$862 million in FY 2001 to \$1.6 billion in FY 2008, including FY 2008 projected MCC disbursements. Funding for Latin America increases by 4 percent over FY 2006 when projected FY 2008 MCC disbursements are considered. The Western Hemisphere has made significant progress as measured by indicators of development progress in the areas of Investing in People, Governing Justly and Democratically, and Economic Growth. Of the 26 countries in Latin America that receive foreign assistance, over half (14) are either in the Transforming or Sustaining Partnership categories. Seven countries are in the Developing category, six of which are close to transitioning into the Transforming country category, as dictated by their performance related to the aforementioned indicators.

Our strategy for FY 2008 recognizes that key levers for sustained success are economic empowerment and strengthening of democratic structures – in effect, helping democracy deliver on behalf of development. The request reflects a 5 percent increase in Governing Justly and Democratically, and when projected FY 2008 MCC disbursements are included, an 84 percent increase in Economic Growth, including \$40 million for labor and environment cooperation in support of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and \$20 million for rural development in certain CAFTA-DR partners. Programs under the Peace and Security objective, including programs for counternarcotics and programs to address gang-related violence, make up 53 percent of the request for the region. Colombia, Bolivia, Ecuador, Peru, and Haiti account for 70 percent of the region’s FY 2008 budget request and remain the focus of transformational diplomacy efforts.

**Allocations to Objective by Year – Western Hemisphere
(Including FY 2006 and projected FY 2008 MCC disbursements)**



Global Programs

Global programs are defined as those activities that advance the five foreign assistance objectives, but transcend a single country’s borders and are implemented outside of country strategies. Examples include assistance for Avian Flu, disaster relief and emergency food aid, which are allocated on an as-needed basis in response to crises where and when they occur. Funds to support research activities, such as support to the Global AIDS Vaccine Initiative, or programs such as the Asia-Pacific Partnership for Clean Development and Climate, are also included in this category of funds.

Budget and Performance Integration

Accountability for results is a major principle of foreign assistance reform. The Department of State and USAID have jointly developed common definitions and indicators to describe, account for, and evaluate our foreign assistance programs and their impact on achieving the objectives of transformational diplomacy. A new budget and performance tracking system will house budget and planning data and allow tracking of objectives to programs, dollars, and results. Performance evaluations will further refine and focus foreign assistance dollars.

Performance will be measured by tracking specific indicators related to country-level change, as well as indicators to measure progress specific to U.S. programs and targets for the five objectives of Peace and Security, Governing Justly and Democratically, Investing in People, Economic Growth, and Humanitarian Assistance. Targets for each indicator will be specific to country categories and circumstances, as Rebuilding, Developing, Transforming, Sustaining Partnership and Restrictive countries maintain distinct circumstances. For example, Peace and Security indicators for Rebuilding countries may focus on standing up security forces, while Transforming countries' indicators may focus on cooperation in fighting transnational crime. Country-level change will be assessed using the same indicators as those used by the Millennium Challenge Corporation, as well as additional indicators specific to development programs, such as life expectancy, under-five mortality rates, literacy rates, and measures of income inequality.

Some measures will cut across country categories. For example, using FY 2008 resources, the President's Emergency Plan for AIDS Relief has a target of supporting treatment for two million people residing in countries from several categories.

Initial performance measures have been established and are now under review and further development. Final measures will be available in the coming months.

Conclusion

State and USAID have strategically aligned resources in order to accomplish key national security and development goals with maximum efficiency and fiscal responsibility. The FY 2008 Foreign Operations budget request represents a \$2.16 billion increase over the FY 2006 enacted level. Within this level, HIV/AIDS has increased by \$1.9 billion over FY 2006, and funding for critical countries in the Global War on Terror and others in or emerging from conflict, many among the poorest countries with the most disenfranchised populations, has increased by \$749 million compared with FY 2006. As discussed above, in FY 2008, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) increase by 19 percent over FY 2006 levels for activities related to these objectives. The foreign assistance reform process has aided in this endeavor, resulting in a strategic shift of \$4.5 billion between countries, programs and accounts between FY 2006 enacted levels and the FY 2008 budget request.

The transformational diplomacy goal acknowledges that an appropriate balance must be struck among development objectives in order to bring about lasting change in countries. Development must engender fundamental changes in governance and institutions, human capacity, and economic structures concurrently so that countries can sustain further economic and social progress on their own. The FY 2008 budget request seeks to implement these principles and enable human potential such that United States Foreign Assistance achieves the greatest measure of development progress: That each generation do better than the one before, in freedom, prosperity, and security.

FOREIGN ASSISTANCE FRAMEWORK

| Goal | | "To help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system." | | | | | |
|---|--|--|--|---|---|---|--|
| Objectives | Peace and Security | Governing Justly and Democratically | Investing in People | Economic Growth | Humanitarian Assistance | End Goal of US Foreign Assistance | |
| Accounts within State-USAID | FMF, TI, IMET, ESF, INCLE, NADR, PKO, ACI, FSA, SEED | DA, TI, SEED, FSA, DF, ESF, INCLE, IO&P, ACI | DA, CSH, ESF, IDFA, IO&P, FSA, SEED, GHAI, ACI, Title II | DA, ESF, SEED, FSA, IO&P, ACI, Title II | IDFA, MRA, ERMA, Title II | | |
| Foreign Assistance Program Areas | <ul style="list-style-type: none"> > Counter Terrorism > Combating WMD > Stabilization Operations and Defense Reform > Counternarcotics > Transnational Crime > Conflict Mitigation and Response | <ul style="list-style-type: none"> > Rule of Law and Human Rights > Good Governance > Political Competition and Consensus-Building > Civil Society | <ul style="list-style-type: none"> > Health > Education > Social Services and Protection for Vulnerable Populations | <ul style="list-style-type: none"> > Macroeconomic Foundation for Growth > Trade and Investment > Financial Sector > Infrastructure > Agriculture > Private Sector > Competitiveness > Economic Opportunity > Environment | <ul style="list-style-type: none"> > Protection, Assistance and Solutions > Disaster Readiness > Migration Management | | |
| Category Definition | Other USG Agency Contributions | | | | | | |
| Rebuilding Countries | Prevent or mitigate state failure and/or violent conflict. | Assist in creating and/or stabilizing a legitimate government and a supportive environment for civil society and media. | Start or restart the delivery of critical social services, including health and educational facilities, and begin building or rebuilding institutional capacity. | Assist in the construction or reconstruction of key internal infrastructure and market mechanisms to stabilize the economy. | Address immediate needs of refugee, displaced, and other affected groups. | Stable environment for good governance, increased availability of essential social services, and initial progress to create policies and institutions upon which future progress will rest. | |
| Developing Countries | Address key remaining challenges to security and law enforcement. | Support policies and programs that accelerate and strengthen public institutions and the creation of a more vibrant local government, civil society and media. | Encourage social policies that deepen the ability of institutions to establish appropriate roles for the public and private sector in service delivery. | Encourage economic policies and strengthen institutional capacity to promote broad-based growth. | Encourage reduced need for future HA by introducing prevention and mitigation strategies, while continuing to address emergency needs. | Continued progress in expanding and deepening democracy, strengthening public and private institutions, and supporting policies that promote economic growth and poverty reduction. | |
| Transforming Countries | Nurture progress toward partnerships on security and law enforcement. | Provide limited resources and technical assistance to reinforce democratic institutions. | Provide financial resources and limited technical assistance to sustain improved livelihoods. | Provide financial resources and technical assistance to promote broad-based growth. | Address emergency needs on a short-term basis, as necessary. | Advance to the Sustaining Partnership Category or graduate from foreign assistance. | |
| Sustaining Partnership Countries | Support strategic partnerships addressing security, CT, WMD, and counter-narcotics. | Address issues of mutual interest. | Address issues of mutual interest. | Create and promote sustained partnerships on trade and investment. | Address emergency needs on a short-term basis, as necessary. | Continue partnership or graduate from foreign assistance. | |
| Restrictive Countries | Prevent the acquisition/proliferation of WMD, support CT and counter narcotics. | Foster effective democracy and responsible sovereignty. Create local capacity for fortification of civil society and path to democratic governance. | Address humanitarian needs. | Promote a market-based economy. | Address emergency needs on a short-term basis, as necessary. | Advance to other relevant foreign assistance category. | |
| Global or Regional | Activities that advance the five objectives, transcend a single country's borders, and are addressed outside a country strategy. | | | | | Achievement of foreign assistance goal and to the global or regional objective. | Determined based on criteria specific to the global or regional objective. |

FY 2008 INTERNATIONAL AFFAIRS REQUEST

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| DEPARTMENT OF STATE, USAID and FOREIGN OPERATIONS (INTERNATIONAL AFFAIRS) | 31,389,613 | 29,916,040 | 36,186,518 |
| I. Department of State and USAID Bilateral Economic Assistance | 18,074,969 | 17,713,444 | 20,266,913 |
| Andean Counterdrug Initiative (ACI) | 727,155 | 569,350 | 442,812 |
| Assistance for Eastern Europe and the Baltic States (AEEB) | 357,390 | 269,200 | 289,322 |
| Assistance for the Independent States of the Former Soviet Union (FSA) | 508,860 | 435,480 | 351,585 |
| Child Survival & Health Programs Fund (CSH) | 1,591,425 | 1,518,359 | 1,564,279 |
| Global Fund to Fight AIDS, Tuberculosis, & Malaria | [247,500] | [247,500] | [0] |
| Development Assistance (DA) | 1,508,760 | 1,508,000 | 1,041,248 |
| Development Credit Authority - Subsidy (DCA) | [21,000] | [0] | [21,000] |
| Economic Support Fund (ESF) | 2,616,075 | 2,603,540 | 3,319,567 |
| U.S. Emergency Refugee & Migration Assistance (ERMA) | 29,700 | 30,000 | 55,000 |
| Foreign Military Financing (FMF) | 4,464,900 | 4,454,900 | 4,536,000 |
| Global HIV/AIDS Initiative (GHAI) | 1,975,050 | 1,852,525 | 4,150,000 |
| Global Fund to Fight AIDS, Tuberculosis & Malaria | [198,000] | [198,000] | [0] |
| International Disaster and Famine Assistance (IDFA) | 361,350 | 348,800 | 297,300 |
| International Military Education & Training (IMET) | 85,877 | 85,237 | 89,500 |
| International Narcotics Control and Law Enforcement (INCLE) | 472,428 | 703,600 | 634,600 |
| Migration and Refugee Assistance (MRA) | 783,090 | 750,206 | 773,500 |
| Nonproliferation, Anti-Terrorism, Demining (NADR) | 405,999 | 392,821 | 464,000 |
| Peacekeeping Operations (PKO) | 173,250 | 170,000 | 221,200 |
| P.L. 480 Title II | 1,138,500 | 1,223,100 | 1,219,400 |
| Transition Initiatives (TI) | 39,600 | 40,000 | 37,200 |
| USAID Operating Expenses (OE) | 623,700 | 641,000 | 609,000 |
| Foreign Service Retirement and Disability Fund [Mandatory] | [42,000] | [38,700] | [36,400] |
| USAID Capital Investment Fund (CIF) | 69,300 | 75,942 | 126,000 |
| USAID Inspector General Operating Expenses | 35,640 | 37,915 | 38,000 |
| Development Credit Authority - Administrative Expenses | 7,920 | 3,469 | 7,400 |
| Democracy Fund | 94,050 | - | - |
| Iraq Relief and Reconstruction Fund (IRRF) | 4,950 | - | - |
| II. Independent Department and Agencies Bilateral Assistance | 3,012,408 | 2,354,024 | 4,373,509 |
| African Development Foundation (ADF) | 22,770 | 22,225 | 30,000 |
| Broadcasting Board of Governors | | | |
| International Broadcasting Operations | 633,257 | 636,060 | 618,777 |
| Broadcasting to Cuba | - | - | 38,700 |
| Broadcasting Capital Improvements | 10,754 | 7,624 | 10,748 |
| Subtotal, Broadcasting Board of Governors | 644,011 | 643,684 | 668,225 |
| Department of Agriculture | | | |
| McGovern-Dole International Food for Education | 99,000 | 98,260 | 100,000 |
| Department of the Treasury | | | |
| Treasury Technical Assistance | 19,800 | 23,700 | 24,800 |
| Debt Restructuring | 64,350 | 20,000 | 207,300 |

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| Subtotal, Department of the Treasury | 84,150 | 43,700 | 232,100 |
| Export-Import Bank | | | |
| Loan Subsidy | 74,000 | 26,382 | 68,000 |
| Administrative Expenses | 72,468 | 69,234 | 78,000 |
| Inspector General | 990 | - | 1,000 |
| Direct Loans, Negative Subsidy | -50,000 | -45,000 | - |
| Offsetting Collections | - | - | -146,000 |
| Subtotal, Export-Import Bank | 97,458 | 50,616 | 1,000 |
| Foreign Claims Settlement Commission | 1,303 | 1,417 | 1,684 |
| Inter-American Foundation (IAF) | 19,305 | 19,268 | 19,000 |
| International Trade Commission (ITC) | 61,951 | 62,575 | 67,100 |
| Millennium Challenge Corporation (MCC) | 1,752,300 | 1,135,000 | 3,000,000 |
| Overseas Private Investment Corporation (OPIC) | | | |
| Administrative Expenses | 41,851 | 41,856 | 47,500 |
| Net Offsetting Collections | -223,000 | -175,279 | -236,000 |
| Credit Subsidy | 20,073 | 9,423 | 29,000 |
| Net Negative Budget Authority, OPIC | -161,076 | -124,000 | -159,500 |
| Peace Corps | 318,780 | 324,000 | 333,500 |
| Trade and Development Agency (TDA) | 50,391 | 50,300 | 50,400 |
| United States Institute of Peace | 22,065 | 26,979 | 30,000 |
| III. Multilateral Economic Assistance | 1,581,124 | 1,392,361 | 1,788,350 |
| International Financial Institutions | 1,277,236 | 1,066,198 | 1,498,950 |
| Global Environment Facility | 79,200 | 56,250 | 106,763 |
| International Development Association | 940,500 | 752,400 | 1,060,000 |
| Multilateral Investment Guarantee Agency | 1,287 | 1,288 | 1,082 |
| Asian Development Fund | 99,000 | 99,000 | 133,906 |
| African Development Fund | 134,343 | 134,343 | 140,584 |
| African Development Bank | 3,602 | 3,613 | 2,037 |
| European Bank for Reconstruction & Development | 1,006 | 1,006 | 10 |
| Enterprise for the Americas Multilateral Investment Fund | 1,724 | 1,724 | 29,232 |
| Inter-American Investment Corporation | 1,724 | 1,724 | 7,264 |
| International Fund for Agricultural Development | 14,850 | 14,850 | 18,072 |
| Arrears | [5,453] | [4,018] | [175,000] |
| International Organizations & Programs (IO&P) | 303,888 | 326,163 | 289,400 |
| IV. Department of State Operations and Related Programs | 8,721,112 | 8,456,211 | 9,757,746 |
| State Administration of Foreign Affairs | 6,434,123 | 6,238,058 | 7,194,596 |
| State Programs | 4,421,359 | 4,561,170 | 5,013,443 |
| Diplomatic and Consular Programs | 4,294,734 | 4,460,084 | 4,942,700 |
| Ongoing Operations | 3,614,018 | 3,664,914 | 3,977,940 |
| Worldwide Security Upgrades | 680,716 | 795,170 | 964,760 |
| Capital Investment Fund | 58,143 | 34,319 | 70,743 |
| Centralized IT Modernization Program | 68,482 | 66,767 | - |

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| Embassy Security, Construction & Maintenance | 1,489,726 | 1,182,585 | 1,599,434 |
| Ongoing Operations | 591,152 | 605,652 | 792,534 |
| Worldwide Security Upgrades | 898,574 | 576,933 | 806,900 |
| Capital Security Construction | 799,852 | 478,211 | 692,178 |
| Compound Security | 98,722 | 98,722 | 114,722 |
| Other Administration of Foreign Affairs | 523,038 | 494,303 | 581,719 |
| Office of Inspector General | 29,645 | 29,645 | 32,508 |
| Educational and Cultural Exchange Programs | 426,275 | 425,162 | 486,400 |
| Representation Allowances | 8,175 | 8,175 | 8,175 |
| Protection of Foreign Missions and Officials | 9,270 | 9,270 | 18,000 |
| Emergencies in the Diplomatic and Consular Service | 28,872 | 4,940 | 19,000 |
| Repatriation Loans Program Account | 1,302 | 1,285 | 1,285 |
| Payment to the American Institute in Taiwan | 19,499 | 15,826 | 16,351 |
| Foreign Service Retirement and Disability Fund | [131,700] | [125,000] | [122,500] |
| International Organizations | 2,173,592 | 2,144,792 | 2,461,400 |
| Contributions to International Organizations (CIO) | 1,151,317 | 1,122,318 | 1,354,400 |
| Contributions for International Peacekeeping Activities | 1,022,275 | 1,022,474 | 1,107,000 |
| Related Appropriations | 113,397 | 73,361 | 101,750 |
| The Asia Foundation | 13,821 | 13,821 | 10,000 |
| National Endowment for Democracy (NED) | 74,042 | 50,000 | 80,000 |
| East-West Center | 18,994 | 3,000 | 10,000 |
| Center for Middle Eastern-Western Dialogue - Trust Fund | 4,936 | 4,936 | - |
| Center for Middle Eastern-Western Dialogue - Program | 740 | 740 | 875 |
| Eisenhower Exchange Fellowship Program | 494 | 494 | 500 |
| Israeli Arab Scholarship Program | 370 | 370 | 375 |
| Note: A regular FY 2007 appropriation had not been enacted at the time the budget was prepared; therefore, these accounts are operating under a continuing resolution. The amounts included for FY 2007 in this budget reflect the levels provided by the continuing resolution. | | | |

I. REQUEST BY APPROPRIATION ACCOUNT

**Department of State and USAID Bilateral Economic Assistance
Independent Department and Agencies Bilateral Assistance
Multilateral Economic Assistance**

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Department of State and USAID Bilateral Economic Assistance

Andean Counterdrug Initiative (ACI)
Assistance for Eastern Europe and the Baltic States (SEED)
Assistance for the Independent States of the Former Soviet Union - FREEDOM Support Act (FSA)
Child Survival and Health Programs Fund (CSH)
Development Assistance (DA)
Development Credit Authority (DCA)
Economic Support Fund (ESF)
U.S. Emergency Refugee and Migration Assistance Fund (ERMA)
Foreign Military Financing (FMF)
Global HIV/AIDS Initiative (GHAI)
International Disaster and Famine Assistance (IDFA)
International Military Education and Training (IMET)
International Narcotics Control and Law Enforcement (INCLE)
Migration and Refugee Assistance (MRA)
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)
Peacekeeping Operations (PKO)
P.L. 480 Title II
President's Emergency Plan for AIDS Relief (PEPFAR)
Transition Initiatives (TI)
USAID Operating Expenses
USAID Capital Investment Fund
USAID Foreign Service Retirement and Disability Fund
USAID Inspector General Operating Expenses

FY 2007 Global War on Terror (GWOT) Supplemental
FY 2008 GWOT Emergency

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Andean Counterdrug Initiative

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-------------------------------------|-------------------|---------------------|--------------------|
| Andean Counterdrug Initiative - ACI | 727,155 | 569,350 | 442,812 |

The FY 2008 **\$442.8 million** request will be used to support and enhance the multi-year counterdrug program (ACI) that aims to reduce the flow of drugs to the United States and prevent instability in the Andean region. Account allocations represent the product of an integrated agency planning process based on consideration of the totality of U.S. government resources.

ACI funding snapshot

- Colombia -- **\$367.0 million** to continue to support the comprehensive campaign against drug trafficking and narcoterrorists as part of Plan Colombia. Funding includes **\$50 million** for the Critical Flight Safety Program.
- Peru -- **\$36.8 million** to carry out key counternarcotics activities such as expanding the Narcotics Affairs Section (NAS) presence in isolated areas where drug traffickers and terrorists operate, maintaining the aviation program, and cooperating with the government to develop its counter-terrorism intelligence and operational capabilities and performance through information sharing, training and assistance programs.
- Bolivia -- **\$30.0 million** to support the eradication of illicit coca cultivation, increase interdiction of precursor chemicals and cocaine products, continue current level of prosecutions of narcotics related cases, and improve the quality of investigations into alleged human rights violations.

Statement of Changes

The total amount of funding requested for the ACI account in FY 2008 is a 39 percent decrease from the FY 2006 enacted level primarily due to the shift of Alternative Development program funding in the region to the Economic Support Fund (ESF) account.

Andean Counterdrug Initiative
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| ACI | 727,155 | 569,350 | 442,812 |
| 1.1 Counter-Terrorism | 228 | * | - |
| 1.1.3 Governments' Capabilities | 228 | * | - |
| 1.3 Stabilization Operations and Security Sector Reform | 40,359 | * | 21,424 |
| 1.3.1 Operations Support | 89 | * | - |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 18,910 | * | 1,000 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 34 | * | - |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 21,250 | * | 20,000 |
| 1.3.8 Program Support (Stabilization) | 76 | * | 424 |
| 1.4 Counter-Narcotics | 614,056 | * | 414,759 |
| 1.4.1 Eradication | 312,878 | * | 211,378 |
| 1.4.2 Alternative Development and Alternative Livelihoods | 148,093 | * | - |
| 1.4.3 Interdiction | 123,433 | * | 186,126 |
| 1.4.4 Drug Demand Reduction | 3,804 | * | 748 |
| 1.4.5 Program Support (Narcotics) | 25,848 | * | 16,507 |
| 1.5 Transnational Crime | 680 | * | 879 |
| 1.5.1 Financial Crimes and Money Laundering | 660 | * | 861 |
| 1.5.5 Program Support (Crime) | 20 | * | 18 |
| 2.1 Rule of Law and Human Rights | 22,398 | * | 5,750 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 1,473 | * | 250 |
| 2.1.3 Justice System | 12,074 | * | 5,371 |
| 2.1.4 Human Rights | 8,740 | * | - |
| 2.1.5 Program Support (Rule of Law) | 111 | * | 129 |
| 2.2 Good Governance | 3,897 | * | - |
| 2.2.1 Legislative Function and Processes | 17 | * | - |
| 2.2.3 Local Government and Decentralization | 3,387 | * | - |
| 2.2.4 Anti-Corruption Reforms | 350 | * | - |
| 2.2.6 Program Support (Governance) | 143 | * | - |
| 2.3 Political Competition and Consensus-Building | 1,330 | * | - |
| 2.3.3 Political Parties | 1,330 | * | - |
| 2.4 Civil Society | 17 | * | - |
| 2.4.1 Civic Participation | 17 | * | - |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 30,690 | * | - |
| 3.3.3 Social Assistance | 30,690 | * | - |
| 4.2 Trade and Investment | 8,500 | * | - |
| 4.2.2 Trade and Investment Capacity | 8,500 | * | - |
| 5.1 Protection, Assistance and Solutions | 5,000 | * | - |
| 5.1.2 Crisis Assistance and Recovery | 5,000 | * | - |

Andean Counterdrug Initiative
(\$ in Thousands)

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|----------------------------|------------------------------|-----------------------------|
| TOTAL | 727,155 | 569,350 | 442,812 |
| ACI | 727,155 | 569,350 | 442,812 |
| Bolivia Total | 79,200 | * | 30,000 |
| <i>Bolivia - Alternative Development/Institution Building</i> | 36,630 | * | |
| <i>Bolivia - Interdiction</i> | 42,570 | * | 30,000 |
| Brazil | 5,940 | * | 1,000 |
| Colombia Total | 464,781 | * | 366,968 |
| <i>Colombia - Alternative Development/Institution Building</i> | 129,920 | * | |
| <i>Colombia - Interdiction</i> | 334,861 | * | 366,968 |
| Ecuador Total | 19,800 | * | 7,000 |
| <i>Ecuador - Alternative Development/Institution Building</i> | 11,425 | * | |
| <i>Ecuador - Interdiction</i> | 8,375 | * | 7,000 |
| Panama | 4,455 | * | 1,000 |
| Peru | 106,920 | * | 36,844 |
| Venezuela | 2,229 | * | - |
| Air Bridge Denial Program | 13,860 | * | |
| Critical Flight Safety Program | 29,970 | * | - |

Assistance for Eastern Europe and the Baltic States

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| Assistance for Eastern Europe and the Baltic States | 357,390 | 269,200 | 289,322 |

The President’s FY 2008 **\$289.3 million** request for SEED (Support for East European Democracy) Act and Foreign Assistance ACT (FAA) funding will continue to help stabilize Southeast Europe, which suffered the violent breakup of Yugoslavia and its aftermath in the 1990s. Stability in Kosovo and Serbia – essential for sustained stability in the region – are top priorities for SEED funding. Programs will focus on integrating Southeast Europe into the Euro-Atlantic community with its values of democracy, rule of law, individual freedom and market economies.

The governments of the region are committed to reform and Euro-Atlantic integration; some are further along than others. Promoting democratic reform and stability, economic development, and rule of law will deepen their relationship with NATO, the European Union, the Stability Pact and the Central Europe Free Trade Agreement. SEED funding will support programs that fight international crime, trafficking, and corruption; build socio-economic bridges between ethnic communities; and consolidate the region’s democratic and economic progress.

AEEB (SEED) Funding Snapshot

- Kosovo -- **\$151.2 million**, following a status determination, to help Kosovar institutions adjust to the challenge of self-governance; develop judicial and law enforcement systems; support key industries and drive economic growth through policy reform; strengthen democratic institutions; and mitigate conflict by building multiethnic communities that embrace tolerance.
- Serbia -- **\$51.3 million** to help Serbia's fragile reformist leadership keep political and economic reform on track. Major work remains in the areas of rule of law, privatization, economic growth, law enforcement, and building democracy. Serbia’s stability and reform are fundamental to the success of U.S. foreign policy in the region. Assistance to Serbia following its peaceful split with Montenegro in 2006 and a looming final determination of Kosovo’s status remains focused on accelerating Serbia’s progress toward Euro-Atlantic integration.
- Bosnia and Herzegovina -- **\$22.9 million** to help develop fledgling state-level institutions; strengthen the rule of law, including the ability to address war crimes, organized crime, and terrorism; foster an investor-friendly climate and sound financial and business regulatory environment for the private sector; and build the capacity of local government, media, and civil society.
- Regional SEED -- **\$21.2 million** to help restore the regional ties broken by conflict as well as to support economic integration initiatives; fund grants programs promoting cross-border work on reconciliation and democratic reform; support law enforcement

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

cooperation including fighting organized crime and corruption; and part of the U.S. contribution to the Organization for Security and Cooperation in Europe (OSCE).

- Macedonia -- **\$18.9 million** to support sustained stability and Euro-Atlantic integration through the Ohrid Framework Agreement’s full, practical implementation by further enhancing the government’s ability to combat cross-border crime, strengthen rule of law, and advance macroeconomic reforms.
- Albania -- **\$16.2 million** to improve the government’s law enforcement and military capabilities, build democratic institutions, promote private-sector led growth, strengthen capacity in the health sector and fight trafficking, organized crime, and corruption.

Statement of Changes

The FY 2008 SEED request of \$289.3 million is a 19 percent decrease from \$357.4 million in FY 2006, reflecting graduation of several countries from foreign assistance. FY 2006 was the last year of SEED funding for Croatia, Romania and Bulgaria.

Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| SEED | 357,390 | 269,200 | 289,322 |
| 1 Peace & Security | 67,599 | * | 62,315 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 74 | * | - |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 15 | * | - |
| 1.2.2 Program Support (WMD) | 59 | * | - |
| 1.3 Stabilization Operations and Security Sector Reform | 42,638 | * | 40,150 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | - | * | 4,410 |
| 1.3.3 Destruction and Security of Conventional Weapons | - | * | 500 |
| 1.3.5 Immediate Protection of Civilians in Conflict | - | * | 7,000 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | - | * | 7,500 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 42,137 | * | 19,257 |
| 1.3.8 Program Support (Stabilization) | 501 | * | 1,483 |
| 1.4 Counter-Narcotics | - | * | 600 |
| 1.4.3 Interdiction | - | * | 588 |
| 1.4.5 Program Support (Narcotics) | - | * | 12 |
| 1.5 Transnational Crime | 5,836 | * | 5,500 |
| 1.5.1 Financial Crimes and Money Laundering | 785 | * | 2,388 |
| 1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security | - | * | 980 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 4,243 | * | 1,911 |
| 1.5.4 Organized and Gang-related Crime | 585 | * | - |
| 1.5.5 Program Support (Crime) | 223 | * | 221 |
| 1.6 Conflict Mitigation and Reconciliation | 19,051 | * | 16,065 |
| 1.6.1 Conflict Mitigation | 2,696 | * | 6,221 |
| 1.6.2 Peace and Reconciliation Processes | 169 | * | 3,389 |
| 1.6.3 Preventive Diplomacy | 16,186 | * | 5,565 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 1.6.4 Program Support (Conflict) | - | * | 890 |
| 2 Governing Justly & Democratically | 134,018 | * | 90,087 |
| 2.1 Rule of Law and Human Rights | 41,041 | * | 30,167 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 1,559 | * | 5,031 |
| 2.1.2 Judicial Independence | 1,750 | * | 8,826 |
| 2.1.3 Justice System | 32,104 | * | 11,437 |
| 2.1.4 Human Rights | 3,450 | * | 2,713 |
| 2.1.5 Program Support (Rule of Law) | 2,178 | * | 2,160 |
| 2.2 Good Governance | 26,259 | * | 30,914 |
| 2.2.1 Legislative Function and Processes | 2,376 | * | 2,119 |
| 2.2.2 Public Sector Executive Function | 460 | * | 4,024 |
| 2.2.3 Local Government and Decentralization | 18,828 | * | 16,189 |
| 2.2.4 Anti-Corruption Reforms | 1,937 | * | 3,424 |
| 2.2.5 Governance of the Security Sector | - | * | 3,083 |
| 2.2.6 Program Support (Governance) | 2,658 | * | 2,075 |
| 2.3 Political Competition and Consensus-Building | 11,667 | * | 11,267 |
| 2.3.1 Consensus-Building Processes | 1,322 | * | 2,886 |
| 2.3.2 Elections and Political Processes | 1,466 | * | 3,887 |
| 2.3.3 Political Parties | 8,228 | * | 3,552 |
| 2.3.4 Program Support (Political Competition) | 651 | * | 942 |
| 2.4 Civil Society | 55,051 | * | 17,739 |
| 2.4.1 Civic Participation | 48,522 | * | 11,265 |
| 2.4.2 Media Freedom and Freedom of Information | 4,695 | * | 4,242 |
| 2.4.3 Program Support (Civil Society) | 1,834 | * | 2,232 |
| 3 Investing in People | 18,705 | * | 25,075 |
| 3.1 Health | 6,799 | * | 9,725 |
| 3.1.1 HIV/AIDS | 764 | * | - |
| 3.1.2 Tuberculosis | 220 | * | - |
| 3.1.5 Other Public Health Threats | 2,159 | * | 2,825 |
| 3.1.6 Maternal and Child Health | 1,321 | * | 700 |
| 3.1.7 Family Planning and Reproductive Health | 1,268 | * | 1,700 |
| 3.1.8 Water Supply and Sanitation | 1,067 | * | 4,500 |
| 3.2 Education | 10,576 | * | 11,300 |
| 3.2.1 Basic Education | 7,045 | * | 9,300 |
| 3.2.2 Higher Education | 3,531 | * | 2,000 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 1,330 | * | 4,050 |
| 3.3.1 Policies, Regulations, and Systems | 95 | * | 550 |
| 3.3.2 Social Services | 1,235 | * | 3,500 |
| 4 Economic Growth | 136,868 | * | 105,845 |
| 4.1 Macroeconomic Foundation for Growth | 9,040 | * | 6,000 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| 4.1.1 Fiscal policy | 8,315 | * | 5,092 |
| 4.1.2 Monetary policy | - | * | - |
| 4.1.3 Program Support (Macro Econ) | 725 | * | 908 |
| 4.2 Trade and Investment | 3,710 | * | 4,475 |
| 4.2.1 Trade and Investment Enabling Environment | 2,919 | * | 1,657 |
| 4.2.2 Trade and Investment Capacity | 500 | * | 2,257 |
| 4.2.3 Program Support (Trade) | 291 | * | 561 |
| 4.3 Financial Sector | 8,215 | * | 6,705 |
| 4.3.1 Financial Sector Enabling Environment | 6,206 | * | 5,198 |
| 4.3.2 Financial Services | 1,385 | * | 682 |
| 4.3.3 Program Support (Financial Sector) | 624 | * | 825 |
| 4.4 Infrastructure | 7,926 | * | 24,700 |
| 4.4.1 Modern Energy Services | 7,743 | * | 8,981 |
| 4.4.2 Communications Services | - | * | 4,500 |
| 4.4.3 Transport Services | - | * | 10,600 |
| 4.4.4 Program Support (Infrastructure) | 183 | * | 619 |
| 4.5 Agriculture | 14,270 | * | 11,400 |
| 4.5.1 Agricultural Enabling Environment | 2,015 | * | 2,348 |
| 4.5.2 Agricultural Sector Productivity | 9,933 | * | 7,757 |
| 4.5.3 Program Support (Agriculture) | 2,322 | * | 1,295 |
| 4.6 Private Sector Competitiveness | 81,960 | * | 35,647 |
| 4.6.1 Business Enabling Environment | 14,782 | * | 6,040 |
| 4.6.2 Private Sector Productivity | 55,764 | * | 22,311 |
| 4.6.3 Workforce Development | 5,235 | * | 3,831 |
| 4.6.4 Program Support (Private Sector) | 6,179 | * | 3,465 |
| 4.7 Economic Opportunity | 11,708 | * | 15,550 |
| 4.7.1 Inclusive Financial Markets | - | * | 951 |
| 4.7.2 Policy Environment for Micro and Small Enterprises | 5,774 | * | 5,658 |
| 4.7.3 Strengthen Microenterprise Productivity | 5,690 | * | 4,500 |
| 4.7.4 Inclusive Economic Law and Property Rights | - | * | 2,970 |
| 4.7.5 Program Support (Econ Opportunity) | 244 | * | 1,471 |
| 4.8 Environment | 39 | * | 1,368 |
| 4.8.1 Natural Resources and Biodiversity | - | * | 120 |
| 4.8.2 Clean Productive Environment | 39 | * | 1,000 |
| 4.8.3 Program Support (Environment) | - | * | 248 |
| 5 Humanitarian Assistance | 200 | * | 6,000 |
| 5.1 Protection, Assistance and Solutions | 200 | * | 1,700 |
| 5.1.1 Protection and Solutions | - | * | 1,700 |
| 5.1.2 Crisis Assistance and Recovery | 200 | * | - |
| 5.2 Disaster Readiness | - | * | 2,200 |
| 5.2.1 Capacity Building, Preparedness, and Planning | - | * | 1,300 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Eastern Europe and the Baltic States

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 5.2.2 Mitigation | - | * | 900 |
| 5.3.3 Migration Management | - | * | 2,100 |
| 5.3.2 Institutional Support and Capacity-building | - | * | 1,890 |
| 5.3.3 Program Support (Migration) | - | * | 210 |

Assistance for Eastern Europe and the Baltic States

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------------|--------------------|----------------------|---------------------|
| SEED | 357,390 | 269,200 | 289,322 |
| Albania | 24,750 | * | 16,200 |
| Bosnia and Herzegovina | 39,600 | * | 22,900 |
| Bulgaria | 20,100 | * | - |
| Croatia | 14,850 | * | - |
| Kosovo | 77,700 | * | 151,246 |
| Macedonia | 35,100 | * | 18,900 |
| Montenegro | 15,000 | * | 7,572 |
| Romania | 20,000 | * | - |
| Serbia | 69,450 | * | 51,300 |
| Europe Regional | 40,840 | * | 21,204 |

Assistance for the Independent States of the Former Soviet Union

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------------------------------------|-------------------|---------------------|--------------------|
| Assistance for the Independent States | 508,860 | 435,480 | 351,585 |

The FY 2008 request of **\$351.6 million** for FREEDOM Support Act (FSA) and Foreign Assistance Act funding reflects the vital U.S. national interest in helping the independent states of the former Soviet Union meet the transformational diplomacy goal by assisting them to advance along the path toward becoming stable, pluralistic, and prosperous countries that can assist the United States in combating transnational threats.

While FSA assistance has played a substantial role in supporting reform in Eurasia, dramatically illustrated by the democratic breakthroughs in 2003-2005, a number of difficult challenges remain across the range of foreign assistance objectives. FSA funding will support programs that promote democratic and economic reform, fight transnational threats, improve health care and education, and provide humanitarian assistance. The priority for FSA funding is supporting countries at the forefront of democratic reform – Ukraine, Georgia, Moldova, and the Kyrgyz Republic. Each of these countries has either qualified or is under consideration for receiving Millennium Challenge Corporation (MCC) assistance. In these cases, FSA funding is focused to complement MCC resources and maximize the impact of its development activities. Another priority for FSA funding is democracy promotion assistance in countries that present democratic challenges such as Russia, Belarus, and Uzbekistan.

IS (FSA) Funding Snapshot

- Ukraine -- **\$71.0 million** to promote development of a democratic, prosperous, and secure Ukraine fully integrated into the Euro-Atlantic community. FSA programs will support civil society, the rule of law, justice sector reform, and anti-corruption efforts; promote energy security; combat the HIV/AIDS epidemic; and improve health care.
- Georgia -- **\$50.5 million** to help consolidate Georgia's democratic and economic reforms, address rural poverty, increase the country's engagement with separatist regions, and decrease its energy dependence on Russia.
- Russia -- **\$50.0 million** to intensify support for civil society, independent media, the rule of law, and human rights, with a focus on promoting a democratic presidential election in 2008. Funding will also combat HIV/AIDS, trafficking in persons, and other transnational threats. Conflict mitigation programs in the North Caucasus will help stem the spread of instability and development.
- Armenia -- **\$35.0 million** to help implement economic and democratic reform and fight corruption. FSA assistance will complement major MCC resources for agricultural development.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Tajikistan -- **\$26.9 million** to promote democratic and economic reform, fight infectious diseases, combat extremism, improve education, and strengthen Tajikistan’s borders in the face of an increasing flow of illegal drugs from Afghanistan.
- Kyrgyz Republic -- **\$23.8 million** to help implement reforms that allow for sustained progress and stability, including strengthening democratic institutions; addressing corruption, economic development, and social issues; securing borders; and fighting drug trafficking and infectious diseases.
- Regional FSA -- **\$22.2 million** to support regional efforts to combat transnational threats, promote cross-border economic and energy linkages, track country progress towards transition goals, mitigate cross-border health problems, facilitate U.S. investment and exports to the region, and contribute to regional organizations such as the Organization for Security and Cooperation in Europe (OSCE).
- Azerbaijan -- **\$18 million** to promote economic reforms that will enable Azerbaijan to manage its energy resources transparently and support private enterprise development; support law enforcement reform; strengthen borders; and encourage democratization, including supporting a free and fair presidential election process in 2008.

Statement of Changes

The FY 2008 FSA request of \$351.6 million is a 31 percent decrease from \$508.9 million in FY 2006. FY 2006 was the last year of funding for economic programs in Russia. Across objectives, the proportion of funding for Governing Justly and Democratically and Investing in People increased from FY 2006 to FY 2008, a strategic shift of resources based on high economic growth rates in some Eurasian countries, the importance of democracy promotion in the region, and the re-focusing of economic assistance in Georgia and Armenia to complement MCC resources.

Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| FSA | 508,860 | 435,480 | 351,585 |
| 1 Peace & Security | 98,137 | * | 66,110 |
| 1.1 Counter-Terrorism | 495 | * | 7,700 |
| 1.1.3 Governments' Capabilities | 421 | * | 7,625 |
| 1.1.4 Program Support (Counter-Terrorism) | 74 | * | 75 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 35,877 | * | 23,000 |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 34,057 | * | 20,756 |
| 1.2.2 Program Support (WMD) | 1,820 | * | 2,244 |
| 1.3 Stabilization Operations and Security Sector Reform | 30,983 | * | 16,875 |
| 1.3.3 Destruction and Security of Conventional Weapons | - | * | 1,206 |
| 1.3.4 Explosive Remnants of War (ERW) | 400 | * | - |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 6,944 | * | 4,916 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 22,311 | * | 10,019 |
| 1.3.8 Program Support (Stabilization) | 1,328 | * | 734 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| 1.4 Counter-Narcotics | 3,700 | * | 5,100 |
| 1.4.1 Eradication | - | * | 294 |
| 1.4.3 Interdiction | 3,641 | * | 3,796 |
| 1.4.4 Drug Demand Reduction | - | * | 996 |
| 1.4.5 Program Support (Narcotics) | 59 | * | 14 |
| 1.5 Transnational Crime | 7,910 | * | 4,450 |
| 1.5.1 Financial Crimes and Money Laundering | 343 | * | 969 |
| 1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security | - | * | 331 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 6,076 | * | 3,016 |
| 1.5.4 Organized and Gang-related Crime | 1,125 | * | - |
| 1.5.5 Program Support (Crime) | 366 | * | 134 |
| 1.6 Conflict Mitigation and Reconciliation | 19,172 | * | 8,985 |
| 1.6.1 Conflict Mitigation | 4,037 | * | 3,224 |
| 1.6.2 Peace and Reconciliation Processes | 2,975 | * | 2,570 |
| 1.6.3 Preventive Diplomacy | 11,880 | * | 2,935 |
| 1.6.4 Program Support (Conflict) | 280 | * | 256 |
| 2 Governing Justly & Democratically | 165,346 | * | 128,440 |
| 2.1 Rule of Law and Human Rights | 18,159 | * | 24,040 |
| 2.1.1 Constitutions, Laws, and Legal Systems | - | * | 3,077 |
| 2.1.2 Judicial Independence | 2,512 | * | 5,313 |
| 2.1.3 Justice System | 10,866 | * | 10,489 |
| 2.1.4 Human Rights | 3,699 | * | 4,129 |
| 2.1.5 Program Support (Rule of Law) | 1,082 | * | 1,032 |
| 2.2 Good Governance | 36,227 | * | 25,930 |
| 2.2.1 Legislative Function and Processes | 4,235 | * | 3,856 |
| 2.2.2 Public Sector Executive Function | 3,032 | * | 3,681 |
| 2.2.3 Local Government and Decentralization | 20,211 | * | 9,614 |
| 2.2.4 Anti-Corruption Reforms | 5,612 | * | 6,004 |
| 2.2.5 Governance of the Security Sector | - | * | 710 |
| 2.2.6 Program Support (Governance) | 3,137 | * | 2,065 |
| 2.3 Political Competition and Consensus-Building | 21,949 | * | 24,280 |
| 2.3.1 Consensus-Building Processes | 693 | * | 1,820 |
| 2.3.2 Elections and Political Processes | 6,847 | * | 10,762 |
| 2.3.3 Political Parties | 13,230 | * | 10,385 |
| 2.3.4 Program Support (Political Competition) | 1,179 | * | 1,313 |
| 2.4 Civil Society | 89,011 | * | 54,190 |
| 2.4.1 Civic Participation | 63,442 | * | 35,156 |
| 2.4.2 Media Freedom and Freedom of Information | 17,638 | * | 14,023 |
| 2.4.3 Program Support (Civil Society) | 7,931 | * | 5,011 |
| 3 Investing in People | 84,906 | * | 65,629 |
| 3.1 Health | 69,463 | * | 52,379 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 3.1.1 HIV/AIDS | 18,375 | * | 25,950 |
| 3.1.2 Tuberculosis | 11,470 | * | 10,025 |
| 3.1.4 Avian Influenza | 1,936 | * | - |
| 3.1.5 Other Public Health Threats | 12,744 | * | 2,475 |
| 3.1.6 Maternal and Child Health | 7,756 | * | 5,119 |
| 3.1.7 Family Planning and Reproductive Health | 12,590 | * | 7,110 |
| 3.1.8 Water Supply and Sanitation | 4,592 | * | 1,700 |
| 3.2 Education | 5,577 | * | 7,750 |
| 3.2.1 Basic Education | 1,463 | * | 4,850 |
| 3.2.2 Higher Education | 4,114 | * | 2,900 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 9,866 | * | 5,500 |
| 3.3.1 Policies, Regulations, and Systems | 3,069 | * | 3,500 |
| 3.3.2 Social Services | 5,811 | * | 1,700 |
| 3.3.3 Social Assistance | 986 | * | 300 |
| 4 Economic Growth | 144,959 | * | 80,006 |
| 4.1 Macroeconomic Foundation for Growth | 15,634 | * | 4,990 |
| 4.1.1 Fiscal policy | 12,348 | * | 3,028 |
| 4.1.2 Monetary policy | 2,126 | * | 1,372 |
| 4.1.3 Program Support (Macro Econ) | 1,160 | * | 590 |
| 4.2 Trade and Investment | 14,425 | * | 11,350 |
| 4.2.1 Trade and Investment Enabling Environment | 10,674 | * | 8,855 |
| 4.2.2 Trade and Investment Capacity | 2,672 | * | 1,723 |
| 4.2.3 Program Support (Trade) | 1,079 | * | 772 |
| 4.3 Financial Sector | 22,265 | * | 8,125 |
| 4.3.1 Financial Sector Enabling Environment | 9,924 | * | 4,769 |
| 4.3.2 Financial Services | 11,134 | * | 2,824 |
| 4.3.3 Program Support (Financial Sector) | 1,207 | * | 532 |
| 4.4 Infrastructure | 20,810 | * | 14,825 |
| 4.4.1 Modern Energy Services | 18,285 | * | 13,575 |
| 4.4.2 Communications Services | 502 | * | 184 |
| 4.4.3 Transport Services | 600 | * | - |
| 4.4.4 Program Support (Infrastructure) | 1,423 | * | 1,066 |
| 4.5 Agriculture | 32,717 | * | 16,937 |
| 4.5.1 Agricultural Enabling Environment | 8,485 | * | 5,356 |
| 4.5.2 Agricultural Sector Productivity | 22,254 | * | 11,310 |
| 4.5.3 Program Support (Agriculture) | 1,978 | * | 271 |
| 4.6 Private Sector Competitiveness | 26,286 | * | 18,704 |
| 4.6.1 Business Enabling Environment | 13,308 | * | 12,354 |
| 4.6.2 Private Sector Productivity | 8,362 | * | 3,188 |
| 4.6.3 Workforce Development | 2,009 | * | 2,024 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance for Independent States of the Former Soviet Union

by Account, Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| 4.6.4 Program Support (Private Sector) | 2,607 | * | 1,138 |
| 4.7 Economic Opportunity | 10,323 | * | 4,700 |
| 4.7.1 Inclusive Financial Markets | 5,176 | * | 2,746 |
| 4.7.2 Policy Environment for Micro and Small Enterprises | 1,296 | * | 968 |
| 4.7.3 Strengthen Microenterprise Productivity | 2,671 | * | 694 |
| 4.7.4 Inclusive Economic Law and Property Rights | - | * | 100 |
| 4.7.5 Program Support (Econ Opportunity) | 1,180 | * | 192 |
| 4.8 Environment | 2,499 | * | 375 |
| 4.8.1 Natural Resources and Biodiversity | 1,746 | * | - |
| 4.8.2 Clean Productive Environment | 615 | * | - |
| 4.8.3 Program Support (Environment) | 138 | * | 375 |
| 5 Humanitarian Assistance | 15,512 | * | 11,400 |
| 5.1 Protection, Assistance and Solutions | 15,512 | * | 11,400 |
| 5.1.1 Protection and Solutions | - | * | 4,200 |
| 5.1.2 Crisis Assistance and Recovery | 14,802 | * | 6,430 |
| 5.1.3 Program Support (Protection) | 710 | * | 770 |

Assistance for Independent States of the Former Soviet Union

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-----------------------|--------------------|----------------------|---------------------|
| FSA | 508,860 | 435,480 | 351,585 |
| Armenia | 69,000 | * | 35,000 |
| Azerbaijan | 34,205 | * | 18,000 |
| Belarus | 11,484 | * | 10,000 |
| Georgia | 67,780 | * | 50,500 |
| Kazakhstan | 24,750 | * | 14,397 |
| Kyrgyz Republic | 29,029 | * | 23,815 |
| Moldova | 17,820 | * | 13,300 |
| Russia | 80,200 | * | 50,000 |
| Tajikistan | 23,760 | * | 26,880 |
| Turkmenistan | 4,950 | * | 5,500 |
| Ukraine | 82,160 | * | 71,000 |
| Uzbekistan | 17,820 | * | 8,474 |
| Eurasia Regional | 44,199 | * | 22,219 |
| Central Asia Regional | 1,703 | * | 2,500 |

Child Survival and Health Programs Fund

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| Child Survival and Health Programs Fund | 1,591,425 | 1,518,359 | 1,564,279 |

The FY 2008 request of **\$1.56 billion** for the Child Survival and Health Programs Fund (CSH) reflects the President’s continuing commitment to improve interventions that address critical health, HIV/AIDS, malaria, nutrition and family planning needs worldwide. Programs expand basic health services and strengthen national systems to significantly improve people’s health, especially that of women, children, and other vulnerable populations.

CSH funds are focused on countries where impact will be maximized based on the country’s complete development picture, including consideration of health indicators, host country absorptive capacity, the totality of USG resources in country, and the work of other donors in country. Allocation decisions were planned in collaboration with the Office of the Global AIDS Coordinator in order to maximize complementarity with health interventions requested under the Global HIV/AIDS Initiative account.

CSH funding snapshot

Country levels:

Sub-Saharan Africa

- Nigeria -- **\$31.3 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Malawi -- **\$27.7 million** for HIV/AIDS, tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Democratic Republic of the Congo -- **\$26.9 million** for HIV/AIDS, tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Ethiopia -- **\$25.5 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Tanzania -- **\$22.1 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Uganda -- **\$20.9 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Ghana -- **\$18.2 million** for HIV/AIDS, malaria, maternal and child health, family planning and reproductive health and other public health threats.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Zimbabwe -- **\$18.0 million** for HIV/AIDS, family planning and reproductive health.
- Kenya -- **\$17.0 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Mozambique -- **\$15.7 million** for tuberculosis, malaria, maternal and child health, family planning and reproductive health.
- Angola -- **\$15.4 million** for HIV/AIDS, malaria, maternal and child health, family planning and reproductive health.

East Asia & Pacific

- Indonesia -- **\$32.1 million** for HIV/AIDS, tuberculosis, maternal and child health.
- Cambodia -- **\$24.7 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health and other public health threats.
- Philippines -- **\$17.5 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.

South and Central Asia

- Afghanistan -- **\$65.9 million** for tuberculosis, maternal and child health, family planning and reproductive health, and other public health threats.
- India -- **\$62.2 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.
- Pakistan -- **\$39.8 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health, water supply and sanitation.
- Bangladesh -- **\$39.6 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.
- Nepal -- **\$18.0 million** for HIV/AIDS, maternal and child health, family planning and reproductive health and other public health threats.

Near East

- Jordan -- **\$21.3 million** for HIV/AIDS, maternal and child health, family planning and reproductive health, and water supply and sanitation.

Western Hemisphere

- Haiti -- **\$18.0 million** for HIV/AIDS, tuberculosis, maternal and child health, family planning and reproductive health.

Technical Areas:

- **\$385.0 million for malaria programs**, supporting the President’s Malaria Initiative that will be expanded from seven to fifteen high-burden countries in FY2008 (Funding for this area is also requested in the following accounts: **\$2.5 million** ESF).
- **\$314.3 million for HIV/AIDS programs** to focus on prevention, care, and treatment efforts, and the support of children affected by AIDS in 99 countries (Funding for this area is also requested in the following accounts: **\$26.0 million** is FSA, and **\$6.0 million** ESF).
- **\$345.6 million for Child Survival and Maternal Health programs** (Funding for this area is also requested in other accounts: **\$123.0 million** IO&P, **\$113.4 million** P.L. 480, **\$20.7 million** ESF, **\$5.1 million** FSA, and **\$0.7 million** SEED).
- **\$301.7 million for Family Planning and Reproductive Health programs** (Funding for this area is also requested in the following accounts: **\$14.3 million** ESF, **\$7.1 million** FSA, **\$1.7 million** SEED).
- **\$100 million** to support programs that contain or prevent an **avian influenza** pandemic.
- **\$79.4 million for programs to combat tuberculosis**, which is a serious and common co-infection for HIV-infected individuals (Funding for this area is also requested in the following accounts: **\$10.0 million** IS, **\$0.5 million** ESF).
- **\$34.2 million** for other public health threats, including water supply and sanitation (Funding for this area is also requested in the following accounts: **\$91.0 million** ESF, **\$22.6 million** DA, **\$7.3 million** AEEB, **\$4.2 million** FSA).

Statement of Changes

The FY 2008 request is a decrease of 17 percent from FY 2006 CSH family planning and reproductive health levels, reflecting significant successes that have been achieved after 40 years of worldwide family planning efforts. FY 2008 funds are targeted to Africa, where significant family planning needs remain. The decision to decrease funds to this sector was “demand-driven,” that is, identified by interagency teams, with input from field Missions. In FY 2008, a \$300 million contribution to the Global Fund for AIDS, Tuberculosis and Malaria is requested within the Department of Health and Human Services/National Institutes of Health budget.

The funding request for malaria in FY 2008 increases by \$285 million over FY 2006 \$100 million levels. The increased request will fund assistance for all 15 targeted countries under the President’s Malaria Initiative as well as ongoing bilateral programs worldwide. While first funded in a FY 2006 supplemental, continued funding is needed to respond to avian influenza outbreaks which have expanded from a concentration in Southeast Asia to a total of 53 countries across Eurasia, Middle East, Africa, as well as Southeast Asia.

Child Survival and Health Programs Fund

by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| CSH | 1,591,425 | 1,518,359 | 1,564,279 |
| 3.1 Health | 1,591,425 | 1,518,359 | 1,560,279 |
| 3.1.1 HIV/AIDS | 1,576,202 | * | 314,278 |
| 3.1.2 Tuberculosis | 594,000 | * | 79,420 |
| 3.1.3 Malaria | 81,776 | * | 385,005 |
| 3.1.4 Avian Influenza | 98,900 | * | 100,000 |
| 3.1.5 Other Public Health Threats | 265 | * | 24,106 |
| 3.1.6 Maternal and Child Health | 40,592 | * | 345,593 |
| 3.1.7 Family Planning and Reproductive Health | 365,145 | * | 301,728 |
| 3.1.8 Water Supply and Sanitation | 393,524 | * | 10,149 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 2,000 | * | 4,000 |
| 3.3.2 Social Services | 15,223 | * | - |
| 3.3.3 Social Assistance | 12,623 | * | 4,000 |
| 5.2 Disaster Readiness | 200 | * | - |
| 5.2.2 Mitigation | 188 | * | - |
| 5.2.3 Program Support (Disaster Readiness) | 12 | * | - |

Child Survival and Health Programs Fund

by Account and Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-------------|--------------------|----------------------|---------------------|
| CSH | 1,591,425 | 1,518,359 | 1,564,279 |
| Afghanistan | 41,449 | * | 65,900 |
| Angola | 13,634 | * | 15,400 |
| Bangladesh | 31,509 | * | 39,615 |
| Belize | - | * | - |
| Benin | 7,606 | * | 8,100 |
| Bolivia | 17,233 | * | 11,500 |
| Brazil | 3,605 | * | 2,000 |
| Burma | - | * | 1,040 |
| Burundi | 2,570 | * | 6,000 |
| Cambodia | 28,556 | * | 24,700 |
| Cameroon | - | * | 1,000 |
| China | - | * | 7,290 |
| Costa Rica | - | * | - |

Child Survival and Health Programs Fund

by Account and Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| Democratic Republic of the Congo | 23,537 | * | 26,850 |
| Djibouti | - | * | 1,240 |
| Dominican Republic | 12,721 | * | 7,500 |
| Ecuador | - | * | - |
| El Salvador | 8,144 | * | 6,000 |
| Ethiopia | 30,692 | * | 25,500 |
| Ghana | 18,157 | * | 18,200 |
| Guatemala | 12,040 | * | 12,500 |
| Guinea | 7,001 | * | 6,500 |
| Haiti | 19,801 | * | 18,000 |
| Honduras | 13,140 | * | 10,600 |
| India | 52,815 | * | 62,200 |
| Indonesia | 28,017 | * | 32,060 |
| Jamaica | 4,472 | * | 1,221 |
| Jordan | - | * | 21,350 |
| Kenya | 17,840 | * | 16,950 |
| Laos | - | * | 1,051 |
| Lesotho | - | * | 7,500 |
| Liberia | 2,867 | * | 10,800 |
| Madagascar | 11,526 | * | 11,500 |
| Malawi | 21,125 | * | 27,700 |
| Mali | 16,554 | * | 13,845 |
| Mexico | 3,990 | * | 2,500 |
| Mozambique | 17,262 | * | 15,650 |
| Namibia | 1,168 | * | 1,200 |
| Nepal | 18,613 | * | 17,985 |
| Nicaragua | 7,699 | * | 7,500 |
| Nigeria | 21,544 | * | 31,300 |
| Pakistan | 22,757 | * | 39,800 |
| Papua New Guinea | - | * | 2,080 |
| Paraguay | 2,884 | * | 1,300 |
| Peru | 14,213 | * | 12,000 |
| Philippines | 24,651 | * | 17,510 |
| Russia | 2,970 | * | - |
| Rwanda | 7,284 | * | 8,702 |
| Senegal | 14,001 | * | 12,300 |
| Sierra Leone | - | * | - |
| Somalia | - | * | 1,000 |
| South Africa | 5,070 | * | 3,500 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Child Survival and Health Programs Fund

by Account and Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| Sudan | 19,000 | * | - |
| Swaziland | - | * | 7,500 |
| Tanzania | 21,954 | * | 22,100 |
| Thailand | - | * | 1,040 |
| Uganda | 20,648 | * | 20,900 |
| Ukraine | 2,176 | * | - |
| West Bank and Gaza | - | * | 10,000 |
| Yemen | - | * | 4,383 |
| Zambia | 16,004 | * | 10,770 |
| Zimbabwe | 10,973 | * | 18,010 |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 2,970 | * | 3,000 |
| Global Development Alliances (GDA) | 300 | * | - |
| Global Health | 320,387 | * | 438,619 |
| Avian Influenza | - | * | 100,000 |
| International Partnerships | 452,319 | * | 97,108 |
| Policy and Program Coordination | 2,574 | * | - |
| Africa Regional | 28,204 | * | 88,730 |
| Asia and Near East Regional | 6,386 | * | 2,870 |
| Caribbean Regional | 6,435 | * | 5,000 |
| Central America Regional | 6,167 | * | 4,000 |
| Central Asia Regional | 1,238 | * | - |
| East Africa Regional | 10,098 | * | 5,760 |
| Latin America and Caribbean Regional | 8,317 | * | 6,200 |
| Regional Development Mission / Asia | 18,941 | * | 8,850 |
| Southern Africa Regional | 7,401 | * | 2,000 |
| West Africa Regional | 18,216 | * | 11,500 |

Development Assistance

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|------------------------|-------------------|---------------------|--------------------|
| Development Assistance | 1,508,760 | 1,508,000 | 1,041,248 |

The FY 2008 request of **\$1.04 billion** for Development Assistance will focus on programs to promote transformational diplomacy in Developing and Transforming countries. The request level in FY 2008 reflects the intent to limit the use of DA in Rebuilding and Restrictive countries where special economic, political, and security circumstances are better served through the use of ESF. Funds will be focused on demand-driven interventions that address critical barriers to sustainable progress, including basic education, foundations for equitable economic growth, and natural resources management. In addition, funds are targeted to help government and civil society strengthen their institutions to qualify for additional resources, such as merit-based grants offered through MCC compact and threshold funds.

DA funds will also support, to a limited degree, programs in Rebuilding states that enhance stability and develop key institutional capacities for lasting recovery, as well as global issues and concerns related to sustainable development. DA funds will be allocated on a limited basis to Sustaining Partnership countries, which are characterized as states with upper-middle income.

DA funding snapshot

Note that the figures below do not represent the totality of USG assistance in these sectors. Additional resources for these sectors are funded from other accounts.

Country Levels:

Sub-Saharan Africa

- Ethiopia -- **\$39.8 million** for programs focused on investing in people, economic growth, and governing justly and democratically.
- Nigeria -- **\$31.4 million** to advance the rule of law through democracy and governance programs, promote basic education, and increase economic growth.
- Uganda -- **\$29.5 million** to support peace and security programs, basic education, and economic growth with a focus on agriculture.
- Kenya -- **\$28.3 million** for programs in democracy and governance, basic education, and economic growth.
- Mozambique -- **\$22.0 million** for economic growth, with a focus on improving agricultural productivity, and democracy and governance.
- Senegal -- **\$17.9 million** for conflict mitigation and reconciliation, basic education, and environment programs.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Zambia -- **\$17.0 million** for programs focused primarily on basic education and economic growth.
- Burundi -- **\$17.0 million** for programs focused on good governance, strengthening civil society and improving economic growth.

East Asia & Pacific

- Indonesia -- **\$61.0 million** to support a major basic education initiative, water supply and sanitation, and natural resources programs.
- Philippines -- **\$22.9 million** to support critical investments in economic growth and basic education.

South and Central Asia

- Bangladesh -- **\$39.7 million** for programs focused primarily in good governance, political competition and consensus building, basic education and economic growth.
- Pakistan -- **\$18.0 million** for economic growth programs, focusing on improving private sector competitiveness.

Western Hemisphere

- Bolivia -- **\$39.0 million** for programs focused on governing justly and democratically, economic growth and education.
- Honduras -- **\$16.7 million** for programs focused on good governance, trade and investment and education.

Technical Areas:

- **\$215.0 million for education** programs that promote equitable access to quality basic education and strengthen public and private higher education institutions.
- **\$209.9 million for democracy and governance** programs that support free and fair elections, encourage open and competitive political and electoral processes, promote the rule of law and respect for human rights, develop civil societies, encourage anti-corruption reforms, and promote more transparent and accountable government.
- **\$162.2 million for agriculture and natural resources management** programs, including the President’s Initiative to End Hunger in Africa, that reform and strengthen agricultural market systems, improve agricultural productivity, and support sustainable natural resources management.
- **\$112.2 million for environment** to support programs that address global climate change, protect biodiversity and implement the President’s Initiative Against Illegal Logging through programs such as the Congo Basin Forest Partnership.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- **\$87.0 million for trade and investment** programs to promote stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment.
- **\$69.1 million for private sector competitiveness** economic growth programs that work to strengthen private markets, providing economic opportunity for the rural and urban poor, and supporting access to clean energy, environmentally sound urbanization, and micro-enterprise development.

Statement of Changes

The FY 2008 DA budget represents a \$467.5 million strategic decrease from FY 2006 enacted levels. The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. In congruence with this principle, DA, which has the intent of supporting poor countries that demonstrate performance has been prioritized to Developing and Transforming countries with 57 percent of DA resources allocated to these categories. Economic Support Funds (ESF) focus on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding and Restrictive countries with 52 percent of ESF resources allocated to these categories. DA funds will be allocated on an extremely limited basis to Sustaining Partnership countries, which are characterized as states with upper-middle income.

The programs that DA has traditionally supported which focus on long-term, sustainable development progress and poverty alleviation are being funded at higher levels in FY 2008 than in FY 2006. Together, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) account for 54 percent of total resources in FY 2008, compared to 51 percent in FY 2006. When MCC resources are considered, investments in these objectives increase from 51 percent in FY 2006 to 57 percent in FY 2008.

Development Assistance (DA)
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|----------------------------|------------------------------|-----------------------------|
| DA | 1,508,760 | 1,508,000 | 1,041,248 |
| 1.1 Counter-Terrorism | 7,092 | * | 15,750 |
| 1.1.2 De-Legitimize Terrorist Ideology | 5,953 | * | 13,658 |
| 1.1.3 Governments' Capabilities | - | * | 875 |
| 1.1.4 Program Support (Counter-Terrorism) | 1,139 | * | 1,217 |
| 1.3 Stabilization Operations and Security Sector Reform | 4,301 | * | 8,500 |
| 1.3.1 Operations Support | 1,000 | * | 1,200 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 3,142 | * | 5,180 |
| 1.3.5 Immediate Protection of Civilians in Conflict | - | * | 1,900 |
| 1.3.8 Program Support (Stabilization) | 159 | * | 220 |
| 1.4 Counter-Narcotics | 10,936 | * | - |
| 1.4.2 Alternative Development and Alternative Livelihoods | 10,800 | * | - |
| 1.4.5 Program Support (Narcotics) | 136 | * | - |
| 1.5 Transnational Crime | 6,836 | * | 6,000 |
| 1.5.1 Financial Crimes and Money Laundering | 300 | * | - |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 5,453 | * | 4,797 |
| 1.5.5 Program Support (Crime) | 1,083 | * | 1,203 |
| 1.6 Conflict Mitigation and Reconciliation | 18,104 | * | 27,860 |
| 1.6.1 Conflict Mitigation | 8,150 | * | 15,518 |
| 1.6.2 Peace and Reconciliation Processes | 4,920 | * | 9,528 |
| 1.6.3 Preventive Diplomacy | 1,603 | * | - |
| 1.6.4 Program Support (Conflict) | 3,431 | * | 2,814 |
| 2.1 Rule of Law and Human Rights | 31,143 | * | 42,032 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 600 | * | 460 |
| 2.1.2 Judicial Independence | 2,310 | * | 4,002 |
| 2.1.3 Justice System | 15,940 | * | 26,000 |
| 2.1.4 Human Rights | 8,517 | * | 7,012 |
| 2.1.5 Program Support (Rule of Law) | 3,776 | * | 4,558 |
| 2.2 Good Governance | 86,546 | * | 86,167 |
| 2.2.1 Legislative Function and Processes | 8,088 | * | 10,420 |
| 2.2.2 Public Sector Executive Function | 6,625 | * | 10,296 |
| 2.2.3 Local Government and Decentralization | 39,759 | * | 34,602 |
| 2.2.4 Anti-Corruption Reforms | 15,533 | * | 21,730 |
| 2.2.5 Governance of the Security Sector | 850 | * | 820 |
| 2.2.6 Program Support (Governance) | 15,691 | * | 8,299 |
| 2.3 Political Competition and Consensus-Building | 32,623 | * | 30,826 |
| 2.3.1 Consensus-Building Processes | 3,185 | * | 5,208 |
| 2.3.2 Elections and Political Processes | 20,693 | * | 14,574 |

Development Assistance (DA)
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 2.3.3 Political Parties | 6,537 | * | 7,227 |
| 2.3.4 Program Support (Political Competition) | 2,208 | * | 3,817 |
| 2.4 Civil Society | 51,917 | * | 48,972 |
| 2.4.1 Civic Participation | 40,529 | * | 36,570 |
| 2.4.2 Media Freedom and Freedom of Information | 7,160 | * | 6,280 |
| 2.4.3 Program Support (Civil Society) | 4,228 | * | 6,122 |
| 3.1 Health | 44,187 | * | 22,556 |
| 3.1.1 HIV/AIDS | 400 | * | - |
| 3.1.3 Malaria | 187 | * | - |
| 3.1.4 Avian Influenza | 120 | * | - |
| 3.1.5 Other Public Health Threats | 7,832 | * | 6,000 |
| 3.1.6 Maternal and Child Health | 250 | * | - |
| 3.1.8 Water Supply and Sanitation | 35,398 | * | 16,556 |
| 3.2 Education | 402,938 | * | 215,045 |
| 3.2.1 Basic Education | 360,114 | * | 193,570 |
| 3.2.2 Higher Education | 48,824 | * | 21,475 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 26,010 | * | 14,380 |
| 3.3.1 Policies, Regulations, and Systems | 500 | * | 3,670 |
| 3.3.2 Social Services | 22,840 | * | 10,710 |
| 3.3.3 Social Assistance | 2,670 | * | - |
| 4.1 Macroeconomic Foundation for Growth | 6,669 | * | 4,025 |
| 4.1.1 Fiscal policy | 3,575 | * | 1,900 |
| 4.1.2 Monetary policy | 100 | * | 450 |
| 4.1.3 Program Support (Macro Econ) | 2,994 | * | 1,675 |
| 4.2 Trade and Investment | 90,254 | * | 88,268 |
| 4.2.1 Trade and Investment Enabling Environment | 37,588 | * | 36,129 |
| 4.2.2 Trade and Investment Capacity | 42,716 | * | 43,774 |
| 4.2.3 Program Support (Trade) | 9,950 | * | 8,365 |
| 4.3 Financial Sector | 30,226 | * | 9,301 |
| 4.3.1 Financial Sector Enabling Environment | 5,690 | * | 3,478 |
| 4.3.2 Financial Services | 22,002 | * | 4,528 |
| 4.3.3 Program Support (Financial Sector) | 2,534 | * | 1,295 |
| 4.4 Infrastructure | 114,194 | * | 31,734 |
| 4.4.1 Modern Energy Services | 34,744 | * | 12,394 |
| 4.4.2 Communications Services | 5,285 | * | 6,286 |
| 4.4.3 Transport Services | 60,316 | * | 6,999 |
| 4.4.4 Program Support (Infrastructure) | 13,849 | * | 6,055 |
| 4.5 Agriculture | 204,743 | * | 169,858 |
| 4.5.1 Agricultural Enabling Environment | 36,599 | * | 43,402 |
| 4.5.2 Agricultural Sector Productivity | 147,993 | * | 110,123 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Development Assistance (DA)
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| 4.5.3 Program Support (Agriculture) | 20,151 | * | 16,333 |
| 4.6 Private Sector Competitiveness | 50,119 | * | 64,665 |
| 4.6.1 Business Enabling Environment | 13,249 | * | 21,552 |
| 4.6.2 Private Sector Productivity | 25,624 | * | 27,441 |
| 4.6.3 Workforce Development | 5,695 | * | 10,374 |
| 4.6.4 Program Support (Private Sector) | 5,551 | * | 5,298 |
| 4.7 Economic Opportunity | 59,774 | * | 31,015 |
| 4.7.1 Inclusive Financial Markets | 12,007 | * | 3,993 |
| 4.7.2 Policy Environment for Micro and Small Enterprises | 2,032 | * | 3,466 |
| 4.7.3 Strengthen Microenterprise Productivity | 29,731 | * | 12,449 |
| 4.7.4 Inclusive Economic Law and Property Rights | 5,991 | * | 4,863 |
| 4.7.5 Program Support (Econ Opportunity) | 10,013 | * | 6,244 |
| 4.8 Environment | 198,986 | * | 111,174 |
| 4.8.1 Natural Resources and Biodiversity | 156,503 | * | 81,561 |
| 4.8.2 Clean Productive Environment | 14,778 | * | 10,203 |
| 4.8.3 Program Support (Environment) | 27,698 | * | 19,410 |
| 5.1 Protection, Assistance and Solutions | 4,991 | * | 5,970 |
| 5.1.2 Crisis Assistance and Recovery | 1,920 | * | 2,108 |
| 5.1.3 Program Support (Protection) | 3,071 | * | 3,862 |
| 5.2 Disaster Readiness | 19,821 | * | 7,150 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 18,510 | * | 6,930 |
| 5.2.2 Mitigation | 940 | * | 90 |
| 5.2.3 Program Support (Disaster Readiness) | 371 | * | 130 |

Development Assistance
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-------------|--------------------|----------------------|---------------------|
| DA | 1,508,760 | 1,508,000 | 1,041,248 |
| Afghanistan | 174,021 | * | - |
| Angola | 5,468 | * | 12,750 |
| Bangladesh | 10,889 | * | 39,650 |
| Belize | - | * | 200 |
| Benin | 4,378 | * | 2,724 |
| Bolivia | 10,091 | * | 39,000 |
| Brazil | 2,899 | * | - |
| Burma | - | * | 800 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Development Assistance
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| Burundi | 2,917 | * | 17,000 |
| Cambodia | 5,483 | * | 1,056 |
| Chad | - | * | 200 |
| China | 4,950 | * | - |
| Cuba | 1,984 | * | - |
| Democratic Republic of the Congo | 21,447 | * | 6,000 |
| Djibouti | - | * | 2,000 |
| Dominican Republic | 7,835 | * | 11,100 |
| Ecuador | 6,578 | * | 7,010 |
| El Salvador | 24,165 | * | 11,475 |
| Ethiopia | 31,910 | * | 39,815 |
| Georgia | 100 | * | - |
| Ghana | 27,354 | * | 14,700 |
| Guatemala | 10,504 | * | 7,500 |
| Guinea | 9,140 | * | 5,543 |
| Guinea-Bissau | - | * | 600 |
| Guyana | 3,920 | * | 4,305 |
| Haiti | 29,700 | * | 14,806 |
| Honduras | 20,604 | * | 16,731 |
| India | 19,700 | * | 900 |
| Indonesia | 33,199 | * | 60,950 |
| Jamaica | 7,821 | * | 7,391 |
| Kenya | 21,615 | * | 28,300 |
| Lebanon | 2,000 | * | - |
| Liberia | 23,726 | * | - |
| Madagascar | 10,266 | * | 6,600 |
| Malawi | 18,632 | * | 13,600 |
| Mali | 15,349 | * | 12,985 |
| Mauritania | - | * | 1,520 |
| Mauritius | - | * | 190 |
| Mexico | 11,357 | * | - |
| Morocco | 8,284 | * | 6,000 |
| Mozambique | 13,407 | * | 21,985 |
| Namibia | 7,079 | * | 3,025 |
| Nepal | 8,393 | * | 4,000 |
| Nicaragua | 22,169 | * | 13,700 |
| Niger | - | * | 3,405 |
| Nigeria | 12,488 | * | 31,400 |
| Pakistan | 26,990 | * | 18,000 |
| Panama | 200 | * | - |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Development Assistance
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| Paraguay | 4,385 | * | 4,700 |
| Peru | 9,369 | * | 11,224 |
| Philippines | 24,212 | * | 22,900 |
| Rwanda | 7,257 | * | 7,100 |
| Senegal | 25,909 | * | 17,900 |
| Sierra Leone | 3,756 | * | 4,000 |
| Somalia | 7,912 | * | 9,000 |
| South Africa | 25,662 | * | 3,000 |
| Sri Lanka | 3,705 | * | 4,000 |
| Sudan | 70,000 | * | - |
| Suriname | - | * | 200 |
| Tanzania | 12,617 | * | 12,950 |
| Togo | - | * | 120 |
| Uganda | 23,414 | * | 29,500 |
| Venezuela | - | * | 3,000 |
| Vietnam | 3,818 | * | - |
| Zambia | 27,972 | * | 17,023 |
| Zimbabwe | 3,601 | * | 3,000 |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 107,564 | * | 62,050 |
| Economic Growth, Agriculture and Trade | 165,998 | * | 104,300 |
| Global Development Alliances | 11,880 | * | 7,500 |
| Legislative & Public Affairs | 1,801 | * | - |
| Policy and Program Coordination | 6,873 | * | - |
| Africa Regional | 68,949 | * | 91,450 |
| Asia and Near East Regional | 11,268 | * | 7,395 |
| Caribbean Regional | 4,891 | * | 4,310 |
| Central Africa Regional | 17,500 | * | 11,300 |
| Central America Regional | 10,665 | * | 6,700 |
| East Africa Regional | 20,299 | * | 18,560 |
| Latin America and Caribbean Regional | 71,738 | * | 32,200 |
| RDM-Asia | 14,058 | * | 11,550 |
| South America Regional | 1,485 | * | 1,500 |
| South Asia Regional | 4,941 | * | 2,700 |
| Southern Africa Regional | 16,799 | * | 12,600 |
| West Africa Regional | 39,450 | * | 28,600 |

Development Credit Authority

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| Development Credit Authority – Administrative Expenses | 7,920 | 3,469 | 7,400 |
| Development Credit Authority – Transfer Authority | 21,000 | - | 21,000 |

The FY 2008 request includes **\$21 million** in transfer authority to provide loan guarantees in all regions and sectors. The Development Credit Authority (DCA) uses credit to leverage private capital in host countries for critical development interventions.

Up to \$5 million of this transfer authority will support the Africa Housing and Infrastructure Facility (AHIF). This innovative credit facility will use DCA transfer authority to support the subsidy cost of partial guarantees for private sector financing of water, infrastructure, and housing projects in Africa. The AHIF will also be used to support the Presidential Water for the Poor Initiative. In addition, USAID will use up to \$1 million in AHIF transfers to fund project development costs.

The request also includes \$7.4 million for credit administrative costs. In accordance with the Federal Credit Reform Act of 1990, this will fund the total cost of development, implementation, and financial management of the DCA program, as well as the continued administration of the Agency’s legacy credit portfolios which amount to more than \$22 billion.

The sound management and equitable access to water, forest, coast and biological resources is essential to sustainable economic development and a healthy environment. Recognizing this, the USG has endeavored to implement strategies that reflect the intrinsic linkages connecting healthy ecosystems to sustainable economies, good governance, and equitable and just societies. As a demand-driven initiative, committed to developing and partnering with the indigenous private sector, the DCA is uniquely able to promote the kinds of partnerships that enhance the sustainability of water and environmental interventions. In FY 2008, therefore, DCA intends to focus on projects related to water infrastructure and the environment in order to demonstrate the viability of transformational investing in these critical areas.

Economic Support Fund

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-----------------------|-------------------|---------------------|--------------------|
| Economic Support Fund | 2,616,075 | 2,603,540 | 3,319,567 |

The President requests **\$3.32 billion** for the Economic Support Fund (ESF). Part II, Chapter 4, section 531 of the Foreign Assistance Act (FAA) recognizes that under special economic, political, or security conditions, the national interests of the U.S. may require economic support for countries in amounts that could not be justified under Development Assistance (DA). The FAA authorizes the President to “furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability.”

Rebuilding and Developing countries require ESF resources to create the stable environment necessary for the country to address the needs of its people and contribute productively to the international community. ESF focus on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding, Developing and Restrictive categories, even when some of those are development activities. ESF funds are highly concentrated in these categories at 89 percent. Among other priorities, programs funded with ESF resources provide assistance to allies in the global war on terror, help countries provide basic education and health services to their populations, aid countries in their transition to democracy, support the Middle East peace process, and finance economic stabilization programs.

ESF funding snapshot

Sub-Saharan Africa -- **\$374.3 million** for programs that support reconstruction, recovery and economic growth in key African countries.

- Sudan -- **\$245.9 million** to support implementation of the Comprehensive Peace Agreement and ensure a full transition to a just peace. A portion will support the resolution of conflict in Darfur and eastern Sudan and the implementation of the Darfur Peace Agreement.
- Liberia -- **\$73.5 million** for a broad range of programs supporting the recovery from years of civil unrest.
- Democratic Republic of the Congo -- **\$29.0 million** to support the development of the DRC’s nascent democratic institutions following the successful Presidential elections held in 2006.

East Asia and the Pacific -- **\$152.7 million** to strengthen democracy and economic development in the region.

- Indonesia -- **\$60.0 million** for peace and reconciliation efforts in Aceh and Papua, democracy and governance and trade and investment.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Philippines -- **\$26.0 million** for conflict mitigation activities in Mindanao and strengthening democratic and economic institutions.
- State EAP Regional -- **\$25.8 million** for commitments under the South Pacific Fisheries Treaty and a variety of additional regional programs that reinforce U.S. relations with the EAP region.

Europe and Eurasia -- \$12.9 million for programs that promote peace and reconciliation and contribute to the stability of the region.

- Cyprus -- **\$11.0 million** to support the peace process and eventual reunification of the island. Funding will also support activities to strengthen the Turkish Cypriot economy and economic integration of the island.

Near East -- \$1.26 billion to encourage democratic reform and political institution building in the Middle East and to target the economic despair and lack of opportunity exploited by extremists.

- Egypt -- **\$415.0 million** to support important reforms in economic growth and governance, the justice sector, civil society and independent media, maternal and child health, and basic and higher education.
- Iraq -- **\$298.0 million** to stabilize strategic Iraqi cities through rehabilitation of community infrastructure, job training and vocational education, youth programs, and micro-loans. In addition, the U.S. seeks to improve local and provincial governance through projects directed by Provincial Reconstruction Teams, while continuing governance reforms at the national level.
- Jordan -- **\$263.5 million** to provide budget support to the Jordanian government and to support democratization, accessibility of education and health care, and judicial reform.
- Iran -- **\$75.0 million** to support the aspirations of the Iranian people for a democratic and open society by promoting civil society, civic participation, media freedom and freedom of information.
- The Middle East Partnership Initiative (MEPI) -- **\$75.0 million** to sustain the momentum for democratic reform in the Middle East by encouraging political, economic and educational change and the empowerment of women.
- West Bank and Gaza -- **\$63.5 million** to promote good governance, bolster the justice system, foster the growth of political parties, support local government and investments in public health, basic education and micro-enterprise.
- Lebanon -- **\$42.1 million** to support Lebanon's democratic traditions by establishing credible, transparent governing institutions, fostering human rights, supporting civil society organizations, and improving educational and economic opportunities among the Lebanese people. Certain funds will be targeted to securing Lebanon's water resources, reducing the ability of Hizbollah to make water an issue that divides the populace and erodes support for the current Government.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Morocco -- **\$15.5 million** to support good governance, civil society and political competition. Funds will also provide functional literacy training for women, skills training for increased employability and promotion of foreign direct investment.

South Asia -- \$1.08 billion for economic reconstruction and development, earthquake reconstruction, demobilization, democracy building, education, training, and public diplomacy programs.

- Afghanistan -- **\$693.0 million** focusing on funding of roads and other critical infrastructure, such as power generation and transmission, particularly in the South and East; alternative livelihoods support in rural areas to reduce poppy cultivation; Provincial Reconstruction Team projects to extend reconstruction into difficult areas; and capacity-building of the central government to deliver basic services, pay salaries and extend its authority to the provinces. Funds will also support critical economic development activities in the border area with Pakistan.
- Pakistan -- **\$382.9 million**, including budget support, to be monitored by the Shared Objectives Process and for social sector programs such as education reform, expansion of basic health services for women and children, accountable and participatory democratic governance, and expansion of economic opportunities. The funds will also help invigorate Pakistan's new Federally Administered Tribal Areas Sustainable Development Plan to assure basic human services are on par with the rest of the country to minimize the appeal of joining the insurgency. \$50 million supports the U.S. pledge for earthquake reconstruction projects.

Western Hemisphere -- \$363.7 million to bolster security, strengthen democratic institutions, promote prosperity and invest in people.

- Colombia -- **\$139.5 million** in alternative development to help Colombia consolidate and extend improvements in its democratic institutions, promote respect for human rights and the rule of law, foster socio-economic development, address humanitarian needs, and counter threats to democracy posed by narcotics trafficking and terrorism.
- Haiti -- **\$63.4 million** for key support to the new government, the Haitian National Police, justice system reform, anti-corruption efforts, trafficking in persons and the protection of human rights.
- Cuba -- **\$45.7 million** to further implement program recommendations from the Committee to Assist a Free Cuba II, including strengthening civil society.
- Peru -- **\$30.0 million** to support alternative development. Funds will also finance training and technical assistance for regional and local governments and community organizations in seven states (the coca source zone).
- Western Hemisphere Regional -- **\$28.2 million** for trade capacity building congruent with implementation of CAFTA, for Third Border Initiative to improve the secure flow of people, goods, and services from and within the Caribbean, and support for Summit of the Americas deliverables.
- Bolivia -- **\$17.0 million** to support alternative development that will help reinforce democratic stability.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

ESF Global Programs -- \$76.0 million

- Asia-Pacific Partnership on Clean Development and Climate -- **\$26.0 million** to support and promote clean development, enhance energy security, catalyze economic growth, and address climate change.
- Human Rights and Democracy Fund -- **\$35.0 million** for programs that promote democratic reform and result in greater political pluralism and respect for fundamental freedoms; promote the protection and enforcement of legal rights and an independent judiciary; increase popular participation in government; and develop civil society in China.
- Oceans, Environment and Science Partnerships -- **\$8.3 million** to promote cooperation and build global capacity for sound stewardship of environmental and natural resources in concert with global economic growth and social development.
- Trafficking in Persons -- **\$6.7 million** to promote the rule of law, in particular to help draft legislation, train law enforcement, and encourage governments to develop or expand comprehensive assistance to victims. FY 2008 funds will support anti-trafficking efforts in new Tier 3 and Tier 2 countries identified in the 2007 and 2008 Trafficking in Persons Reports.

Statement of Changes

Funding for ESF has increased by 27 percent over the FY 2006 level of \$2.6 billion. This increase represents the strategic shift to prioritize ESF in Rebuilding and Restrictive countries with 52 percent of ESF resources allocated to these categories. This also reflects a shift of \$192.5 million in alternative development programs formerly requested in the ACI account. This shift does not mean that activities formerly funded with DA will be discontinued. To the contrary, funding in the three objectives traditionally funded with DA, Governing Justly and Democratically, Investing in People, and Economic Growth, receive a *net* gain of \$108 million when DA decreases in these objectives are considered. Together, the three objectives targeted to achieving long-term development progress (Governing Justly and Democratically, Investing in People, and Economic Growth) account for 54 percent of total resources in FY 2008, compared to 51 percent in FY 2006. When MCC resources are considered, investments in these objectives increase from 51 percent in FY 2006 to 57 percent in FY 2008.

The reform process sought to maximize the use of account authorities in support of effective implementation of foreign assistance programs. In congruence with this principle, DA was prioritized to Developing and Transforming countries (at 57 percent), with the goal of directing DA to poor countries demonstrating performance. ESF is focused on economic support under special economic, political, or security conditions. ESF, therefore, was prioritized to support activities for countries in the Rebuilding, Developing and Restrictive categories, even when some of those are development activities.

Economic Support Fund
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| ESF | 2,616,075 | 2,603,540 | 3,319,567 |
| 1.1 Counter-Terrorism | 3,815 | * | 3,440 |
| 1.1.2 De-Legitimize Terrorist Ideology | 650 | * | 2,700 |
| 1.1.3 Governments' Capabilities | 3,165 | * | 500 |
| 1.1.4 Program Support (Counter-Terrorism) | - | * | 240 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 100 | * | - |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 100 | * | - |
| 1.3 Stabilization Operations and Security Sector Reform | 110,438 | * | 82,736 |
| 1.3.1 Operations Support | - | * | 61,500 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 5,156 | * | 10,442 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 91,635 | * | 1,750 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 12,550 | * | 8,394 |
| 1.3.8 Program Support (Stabilization) | 1,097 | * | 650 |
| 1.4 Counter-Narcotics | 110,500 | * | 244,387 |
| 1.4.2 Alternative Development and Alternative Livelihoods | 109,088 | * | 236,304 |
| 1.4.3 Interdiction | - | * | 75 |
| 1.4.5 Program Support (Narcotics) | 1,412 | * | 8,008 |
| 1.5 Transnational Crime | 20,750 | * | 11,248 |
| 1.5.1 Financial Crimes and Money Laundering | 6,312 | * | 1,650 |
| 1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security | 350 | * | 350 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 13,798 | * | 8,933 |
| 1.5.5 Program Support (Crime) | 290 | * | 315 |
| 1.6 Conflict Mitigation and Reconciliation | 102,156 | * | 102,033 |
| 1.6.1 Conflict Mitigation | 26,556 | * | 52,297 |
| 1.6.2 Peace and Reconciliation Processes | 67,030 | * | 33,250 |
| 1.6.3 Preventive Diplomacy | 4,950 | * | 3,360 |
| 1.6.4 Program Support (Conflict) | 3,620 | * | 13,126 |
| 2.1 Rule of Law and Human Rights | 102,161 | * | 126,904 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 21,264 | * | 4,235 |
| 2.1.2 Judicial Independence | 3,617 | * | 10,835 |
| 2.1.3 Justice System | 39,978 | * | 61,430 |
| 2.1.4 Human Rights | 34,346 | * | 45,631 |
| 2.1.5 Program Support (Rule of Law) | 2,956 | * | 4,773 |
| 2.2 Good Governance | 183,599 | * | 339,241 |
| 2.2.1 Legislative Function and Processes | 45,201 | * | 42,522 |
| 2.2.2 Public Sector Executive Function | 65,337 | * | 143,495 |
| 2.2.3 Local Government and Decentralization | 52,594 | * | 105,581 |
| 2.2.4 Anti-Corruption Reforms | 13,837 | * | 25,497 |
| 2.2.5 Governance of the Security Sector | 100 | * | 1,500 |
| 2.2.6 Program Support (Governance) | 6,530 | * | 20,646 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Economic Support Fund
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 2.3 Political Competition and Consensus-Building | 117,223 | * | 119,494 |
| 2.3.1 Consensus-Building Processes | 17,257 | * | 13,070 |
| 2.3.2 Elections and Political Processes | 74,067 | * | 53,897 |
| 2.3.3 Political Parties | 22,521 | * | 49,697 |
| 2.3.4 Program Support (Political Competition) | 3,378 | * | 2,830 |
| 2.4 Civil Society | 122,428 | * | 229,487 |
| 2.4.1 Civic Participation | 101,645 | * | 153,418 |
| 2.4.2 Media Freedom and Freedom of Information | 17,235 | * | 71,270 |
| 2.4.3 Program Support (Civil Society) | 3,548 | * | 4,799 |
| 3.1 Health | 158,487 | * | 134,935 |
| 3.1.1 HIV/AIDS | 4,403 | * | 6,000 |
| 3.1.2 Tuberculosis | 225 | * | 500 |
| 3.1.3 Malaria | 1,650 | * | 2,500 |
| 3.1.4 Avian Influenza | 2,182 | * | - |
| 3.1.5 Other Public Health Threats | 29,454 | * | 59,356 |
| 3.1.6 Maternal and Child Health | 81,353 | * | 20,698 |
| 3.1.7 Family Planning and Reproductive Health | 17,462 | * | 14,250 |
| 3.1.8 Water Supply and Sanitation | 21,758 | * | 31,631 |
| 3.2 Education | 235,497 | * | 420,934 |
| 3.2.1 Basic Education | 122,986 | * | 304,701 |
| 3.2.2 Higher Education | 112,511 | * | 116,233 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 14,646 | * | 41,975 |
| 3.3.1 Policies, Regulations, and Systems | 125 | * | - |
| 3.3.2 Social Services | 13,171 | * | 5,750 |
| 3.3.3 Social Assistance | 1,350 | * | 36,225 |
| 4.1 Macroeconomic Foundation for Growth | 377,748 | * | 352,406 |
| 4.1.1 Fiscal policy | 226,262 | * | 256,336 |
| 4.1.2 Monetary policy | 151,436 | * | 96,000 |
| 4.1.3 Program Support (Macro Econ) | 50 | * | 70 |
| 4.2 Trade and Investment | 285,349 | * | 129,209 |
| 4.2.1 Trade and Investment Enabling Environment | 265,730 | * | 103,038 |
| 4.2.2 Trade and Investment Capacity | 18,695 | * | 23,366 |
| 4.2.3 Program Support (Trade) | 924 | * | 2,805 |
| 4.3 Financial Sector | 216,539 | * | 45,350 |
| 4.3.1 Financial Sector Enabling Environment | 165,620 | * | 15,040 |
| 4.3.2 Financial Services | 49,600 | * | 28,853 |
| 4.3.3 Program Support (Financial Sector) | 1,319 | * | 1,457 |
| 4.4 Infrastructure | 256,410 | * | 370,555 |
| 4.4.1 Modern Energy Services | 43,958 | * | 157,985 |
| 4.4.2 Communications Services | 6,714 | * | 1,000 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Economic Support Fund
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| 4.4.3 Transport Services | 202,764 | * | 206,062 |
| 4.4.4 Program Support (Infrastructure) | 2,974 | * | 5,508 |
| 4.5 Agriculture | 29,295 | * | 149,674 |
| 4.5.1 Agricultural Enabling Environment | 3,662 | * | 57,450 |
| 4.5.2 Agricultural Sector Productivity | 24,844 | * | 87,209 |
| 4.5.3 Program Support (Agriculture) | 789 | * | 5,015 |
| 4.6 Private Sector Competitiveness | 81,052 | * | 187,020 |
| 4.6.1 Business Enabling Environment | 24,163 | * | 79,916 |
| 4.6.2 Private Sector Productivity | 40,775 | * | 61,791 |
| 4.6.3 Workforce Development | 13,208 | * | 38,643 |
| 4.6.4 Program Support (Private Sector) | 2,906 | * | 6,670 |
| 4.7 Economic Opportunity | 22,532 | * | 56,685 |
| 4.7.1 Inclusive Financial Markets | 6,200 | * | 21,930 |
| 4.7.2 Policy Environment for Micro and Small Enterprises | 4,000 | * | 4,694 |
| 4.7.3 Strengthen Microenterprise Productivity | 8,612 | * | 27,247 |
| 4.7.4 Inclusive Economic Law and Property Rights | 3,000 | * | 720 |
| 4.7.5 Program Support (Econ Opportunity) | 720 | * | 2,094 |
| 4.8 Environment | 42,928 | * | 93,164 |
| 4.8.1 Natural Resources and Biodiversity | 20,295 | * | 26,746 |
| 4.8.2 Clean Productive Environment | 22,283 | * | 64,560 |
| 4.8.3 Program Support (Environment) | 350 | * | 1,858 |
| 5.1 Protection, Assistance and Solutions | 20,762 | * | 76,790 |
| 5.1.2 Crisis Assistance and Recovery | 20,497 | * | 70,844 |
| 5.1.3 Program Support (Protection) | 265 | * | 5,946 |
| 5.2 Disaster Readiness | 1,360 | * | 1,900 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 1,360 | * | 1,790 |
| 5.2.3 Program Support (Disaster Readiness) | - | * | 110 |
| 5.3 Migration Management | 300 | * | - |
| 5.3.2 Institutional Support and Capacity-building | 300 | * | - |

Economic Support Fund
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--------------|--------------------|----------------------|---------------------|
| TOTAL | 2,616,075 | 2,603,540 | 3,319,567 |
| ESF | 2,616,075 | 2,603,540 | 3,319,567 |
| Afghanistan | 428,600 | * | 693,000 |
| Algeria | - | * | 1,165 |
| Angola | 2,970 | * | - |
| Bahrain | - | * | 1,100 |

Economic Support Fund
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| Bangladesh | 4,950 | * | - |
| Bolivia | 5,940 | * | 17,000 |
| Burma | 10,890 | * | 2,790 |
| Burundi | 3,811 | * | - |
| Cambodia | 14,850 | * | 12,170 |
| China | 3,960 | * | 2,000 |
| Colombia | - | * | 139,500 |
| Cuba | 8,910 | * | 45,700 |
| Cyprus | 19,800 | * | 11,000 |
| Democratic Republic of the Congo | 4,950 | * | 29,000 |
| Djibouti | 4,950 | * | - |
| Dominican Republic | 840 | * | 10,000 |
| East Timor | 18,810 | * | 8,640 |
| Ecuador | 3,265 | * | 6,000 |
| Egypt | 490,050 | * | 415,000 |
| Ethiopia | 9,900 | * | 5,000 |
| Guatemala | 5,445 | * | 10,000 |
| Haiti | 49,500 | * | 63,394 |
| India | 4,950 | * | - |
| Indonesia | 69,300 | * | 60,000 |
| Iran | - | * | 75,000 |
| Iraq | 55,440 | * | 298,000 |
| Ireland | 16,830 | * | 1,000 |
| Israel | 237,600 | * | - |
| Jordan | 247,500 | * | 263,547 |
| Kenya | 6,420 | * | - |
| Kuwait | - | * | 470 |
| Laos | - | * | 470 |
| Lebanon | 39,600 | * | 42,100 |
| Liberia | 42,719 | * | 73,545 |
| Libya | - | * | 500 |
| Mexico | 11,385 | * | 14,000 |
| Mongolia | 7,425 | * | 6,200 |
| Morocco | 10,890 | * | 15,500 |
| Nepal | 4,950 | * | - |
| Nicaragua | 3,366 | * | - |
| Nigeria | 4,950 | * | - |
| North Korea | - | * | 2,000 |
| Pakistan | 296,595 | * | 382,900 |
| Panama | 990 | * | - |

Economic Support Fund
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| Paraguay | 1,980 | * | - |
| Peru | 2,765 | * | 30,000 |
| Philippines | 24,750 | * | 25,996 |
| Sierra Leone | 13,000 | * | - |
| South Africa | 1,287 | * | 10,000 |
| Sri Lanka | 3,960 | * | - |
| Sudan | 19,800 | * | 245,900 |
| Taiwan | - | * | 200 |
| Tanzania | - | * | 3,600 |
| Thailand | 990 | * | - |
| Tunisia | - | * | 200 |
| Turkey | - | * | 850 |
| Vietnam | 1,980 | * | 5,700 |
| West Bank and Gaza | 148,500 | * | 63,500 |
| Yemen | 7,920 | * | 8,450 |
| Zimbabwe | 2,970 | * | - |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 17,649 | * | - |
| Democracy, Human Rights, and Labor | - | * | 35,000 |
| Economic Growth, Agriculture and Trade | 2,970 | * | - |
| Oceans and International Environment and Scientific Affairs | 7,920 | * | 34,300 |
| Africa Regional | 15,408 | * | 7,250 |
| East Asia and Pacific Regional | 28,710 | * | 25,760 |
| Near East Regional | 113,850 | * | 75,000 |
| South and Central Asia Regional | 3,465 | * | 720 |
| Western Hemisphere Regional | 26,070 | * | 28,150 |
| Trafficking in Persons | 11,880 | * | 6,700 |
| Asia and Near East Regional | - | * | 800 |
| Middle East Regional | - | * | 3,800 |
| Wheelchair Fund (PRM) | 4,950 | * | - |

Foreign Military Financing

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|----------------------------|-------------------|---------------------|--------------------|
| Foreign Military Financing | 4,464,900 | 4,454,900 | 4,536,000 |

The Administration requests **\$4.54 billion** for Foreign Military Financing (FMF) in FY 2008 to provide articles and services to support coalition partners and states critical to the Global War on Terror. This program serves to strengthen the security of the United States and to promote peace in general. FMF is allocated strategically within regions with the largest proportion (54%) directed to our sustaining partners and a significant proportion (41%) to developing countries to support their advancement to the transforming category.

FMF funding snapshot

- **\$3.9 billion** for the Near East region, to include **\$2.4 billion** for Israel; **\$1.3 billion** for Egypt to foster a modern, well-trained Egyptian military; and **\$200 million** to support Jordan's force modernization, border surveillance and counterterrorism efforts.
- **\$300.0 million** to support the armed forces of Pakistan, to include equipment and training to enhance its counterterrorism capabilities and provide for its defense needs.
- **\$129.3 million** for ongoing efforts to incorporate the most recent NATO members into the Alliance, support prospective NATO members and coalition partners, and assist critical coalition partners in Iraq and Afghanistan.
- **\$78.0 million** for operational support and specialized equipment to the Colombian armed forces, focusing on specialized and mobile units of the Colombian Army.
- **\$43.5 million** for FMF administrative costs.
- **\$27.2 million** for Poland to maximize Poland's capability to deploy and sustain professional forces in close support of U.S. security operations.
- **\$18.4 million** for Romania to assistance in the continued integration into NATO, expand its capabilities, and support continued contributions to NATO and coalition operations, including in Iraq and Afghanistan.
- **\$15.7 million** for Indonesia to promote defense reform and to improve maritime security, counterterrorism, mobility, and disaster relief capabilities.

Statement of Changes

The FY 2008 FMF request is overall a slight increase from FY 2006 levels. The increases are reflected in Israel, Egypt, Lebanon, Bulgaria, Romania, and Indonesia, and are consistent with requesting the funds necessary to fight the Global War on Terror and to secure Middle East peace.

Foreign Military Financing
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| FMF | 4,464,900 | 4,454,900 | 4,536,000 |
| 1.1 Counter-Terrorism | 50 | * | - |
| 1.1.3 Governments' Capabilities | 50 | * | - |
| 1.3 Stabilization Operations and Security Sector Reform | 4,464,850 | * | 4,536,000 |
| 1.3.1 Operations Support | 244,627 | * | 231,990 |
| 1.3.5 Immediate Protection of Civilians in Conflict | 1,232 | * | 10 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 4,177,787 | * | 4,262,049 |
| 1.3.8 Program Support (Stabilization) | 41,204 | * | 41,951 |

Foreign Military Financing
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| FMF | 4,464,900 | 4,454,900 | 4,536,000 |
| Albania | 3,465 | * | 2,600 |
| Argentina | - | * | - |
| Armenia | 3,960 | * | 3,000 |
| Azerbaijan | 3,960 | * | 4,300 |
| Bahamas | 99 | * | - |
| Bahrain | 15,593 | * | 4,300 |
| Bangladesh | 990 | * | 875 |
| Belize | 198 | * | - |
| Bosnia and Herzegovina | 8,910 | * | 7,800 |
| Bulgaria | 9,900 | * | 13,200 |
| Cambodia | 990 | * | 200 |
| Chile | 592 | * | - |
| Colombia | 89,100 | * | 78,000 |
| Czech Republic | 3,957 | * | 3,000 |
| Democratic Republic of the Congo | - | * | 600 |
| Djibouti | 3,960 | * | 3,200 |
| Dominican Republic | 941 | * | - |
| East Timor | 990 | * | - |
| Eastern Caribbean | 905 | * | - |
| Egypt | 1,287,000 | * | 1,300,000 |
| El Salvador | 9,900 | * | 4,800 |
| Estonia | 4,451 | * | 3,000 |
| Ethiopia | 1,980 | * | 850 |
| Fiji | 494 | * | 110 |
| Georgia | 11,880 | * | 10,000 |

Foreign Military Financing by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-----------------|--------------------|----------------------|---------------------|
| Ghana | 495 | * | 300 |
| Guinea | - | * | 200 |
| Guyana | 99 | * | - |
| Haiti | 988 | * | - |
| Honduras | 891 | * | - |
| Hungary | 2,474 | * | 2,000 |
| Indonesia | 990 | * | 15,700 |
| Israel | 2,257,200 | * | 2,400,000 |
| Jamaica | 594 | * | - |
| Jordan | 207,900 | * | 200,000 |
| Kazakhstan | 3,465 | * | 2,000 |
| Kenya | - | * | 800 |
| Kyrgyz Republic | 1,881 | * | 1,500 |
| Latvia | 5,940 | * | 3,000 |
| Lebanon | 3,713 | * | 9,600 |
| Liberia | 1,980 | * | 1,000 |
| Lithuania | 4,455 | * | 3,000 |
| Macedonia | 3,960 | * | 4,500 |
| Madagascar | - | * | 100 |
| Moldova | 495 | * | - |
| Mongolia | 2,970 | * | 1,000 |
| Morocco | 12,375 | * | 3,655 |
| Mozambique | - | * | 200 |
| Nicaragua | 594 | * | - |
| Nigeria | 990 | * | 1,350 |
| Oman | 13,860 | * | 10,105 |
| Pakistan | 297,000 | * | 300,000 |
| Panama | 990 | * | - |
| Peru | - | * | - |
| Philippines | 29,700 | * | 11,100 |
| Poland | 29,700 | * | 27,200 |
| Romania | 12,870 | * | 18,400 |
| Senegal | 495 | * | - |
| Slovakia | 3,960 | * | 3,000 |
| Slovenia | 494 | * | 500 |
| South Africa | - | * | 100 |
| Sri Lanka | 990 | * | 850 |
| Sudan | - | * | 100 |
| Suriname | 99 | * | - |
| Tajikistan | 495 | * | 675 |

Foreign Military Financing
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--------------------------------|--------------------|----------------------|---------------------|
| Thailand | 1,485 | * | 500 |
| Tonga | 248 | * | 200 |
| Tunisia | 8,413 | * | 2,064 |
| Turkey | 14,850 | * | 11,825 |
| Turkmenistan | 297 | * | - |
| Ukraine | 10,890 | * | 9,000 |
| Yemen | 8,415 | * | 4,676 |
| Africa Regional | 3,960 | * | - |
| East Asia and Pacific Regional | - | * | 2,465 |
| Western Hemisphere Regional | 3,960 | * | - |
| Africa Military Health Affairs | 1,980 | * | 1,600 |
| FMF Admin Costs - DSCA | 41,085 | * | 41,900 |

President’s Emergency Plan for AIDS Relief

(\$ in thousands)

| Account | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------|----------------|------------------|-----------------|
| PEPFAR | 3,289,637 | 3,137,768 | 5,380,396 |

The vision of the Emergency Plan, laid out by the President in the five-year U.S. Global HIV/AIDS Strategy, is to turn the tide against this global pandemic. The Emergency Plan was envisioned to target \$10 billion in funding to dramatically ramp up prevention, treatment, and care services in 15 of the most affected countries of the world, representing approximately 50 percent of HIV infections worldwide. The Emergency Plan also pledged to devote \$4 billion to ongoing bilateral programs and other activities (including research and TB programs), and \$1 billion to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”). To achieve this vision, the Emergency Plan focuses significant resources to bring to scale national HIV prevention, treatment and care programs in some of the most afflicted countries in Africa, the Caribbean, and South East Asia – the fifteen focus countries of the Emergency Plan.

There are three specific goals for the Emergency Plan:

- Support treatment for **two** million HIV-infected individuals;
- Support prevention of **seven** million new HIV infections; and
- Support care for **ten** million people infected or affected by HIV/AIDS, including orphans and vulnerable children (OVC).

In addition, to amplify the global response, the Emergency Plan is:

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

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

| President's Emergency Plan for AIDS Relief (\$ in thousands) | | | |
|--|------------------|------------------|------------------|
| | FY 2006 | FY 2007 | FY 2008 |
| | Actual | Estimated | Request |
| Department of State and USAID | 2,689,830 | 2,545,545 | 4,586,173 |
| Global HIV/AIDS Initiative | 1,777,050 | 1,645,525 | 4,150,000 |
| Foreign Military Financing | 1,980 | 1,520 | 0 |
| Child Survival HIV/AIDS | 346,500 | 334,000 | 314,278 |
| Child Survival TB | 79,200 | 79,000 | 79,420 |
| Other Accounts (including ESF, FSA, AEEB) | 39,600 | 40,000 | 42,475 |
| Global Fund to fight AIDS, Tuberculosis and Malaria | 445,500 | 445,500 | 0 |
| Child Survival Account Contribution | [247,500] | [247,500] | [0] |
| GHAI Account Contribution | [198,000] | [198,000] | [0] |
| Department of Health and Human Services | 594,560 | 592,223 | 794,223 |
| CDC Global AIDS Program | 122,560 | 121,223 | 121,223 |
| NIH HIV/AIDS Research | 373,000 | 372,000 | 373,000 |
| NIH Global Fund Contribution | 99,000 | 99,000 | 300,000 |
| Department of Defense | 5,247 | 0 | 0 |
| Total, President's Emergency Plan for AIDS Relief | 3,289,637 | 3,137,768 | 5,380,396 |

Fifteen Focus Countries

For fiscal year 2008, the Administration is requesting a total of \$4.132 billion - \$4.073 billion GHAI and \$59.295 million through the Department of Health and Human Services (HHS) - for the 15 focus countries: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam and Zambia. These funds will finance individual focus country budgets and central programs that carry out activities in the focus countries; strategic information and evaluation activities; and central technical oversight and management.

The Emergency Plan also continues to pursue management improvements that ensure the quality of data that we collect, remedy supply chain problems, extend our ability to track expenditures by

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

country, enhance the adjustment of country and activity budgets based on performance, expand the Coordinator's oversight of bilateral programs outside of the focus countries, and reduce the amount of time that field staff dedicate to reporting.

The Emergency Plan focus country budgets are designed to comply with the congressionally mandated FISCAL YEARS 2006-2008 funding allocation percentages contained in Section 403 of the United States Leadership Against HIV/AIDS, Tuberculosis and Malaria Act of 2003 (P.L. 108-25), namely that:

- **55%** shall be expended for therapeutic medical care for people living with HIV;
- **10%** shall be expended for orphans and other vulnerable children affected by HIV/AIDS; and
- **33%** of all funds expended for prevention shall be for abstinence-until-marriage programs.

Other Bilateral Programs

During FY 2008 the Office of the Global AIDS Coordinator will continue to strengthen USG bilateral HIV/AIDS programs beyond the 15 focus countries by working across these programs to improve HIV/AIDS leadership, coordination, collaboration, and adherence to best practices worldwide. The Emergency Plan offers a fresh opportunity to develop and implement consistent HIV/AIDS policies and programs across bilateral prevention, care, and treatment initiatives and to harmonize and standardize reporting. A total of \$472 million is requested for other bilateral programs, including \$50 million within GHAI, \$314 million within CSH, \$43 million within other foreign assistance accounts, and \$65 million within the Health and Human Services (HHS)/Centers for Disease Control and Prevention (CDC)'s Global AIDS Program.

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

The contributions of multilateral institutions and international organizations to combating HIV/AIDS provide a vital opportunity for a comprehensive response to the disease. The diverse drivers and consequences of HIV/AIDS, as well as its complex interactions with a variety of other social, political, and economic circumstances demand leadership from diverse international partners with varied expertise. The U.S. Government will strengthen its relationships with multilateral institutions and international organizations such as the World Health Organization (WHO), the Joint United Nations Program on HIV/AIDS (UNAIDS), the United Nation Children's Fund (UNICEF), and the World Bank, in order to amplify global action against HIV/AIDS by encouraging coordination and seeking to leverage comparative strengths to fill gaps in current activities and ensure efficient and effective use of funds.

As part of the Emergency Plan, the Administration requests a total of \$300 million within the HHS National Institutes of Health (NIH) budget for a contribution to the Global Fund, and \$27 million within the GHAI account for a contribution to UNAIDS.

HIV/AIDS Research and Tuberculosis (TB) Activities

The FISCAL YEAR 2008 Emergency Plan budget request maintains support for biomedical and behavioral research to combat HIV/AIDS and continues the fight against tuberculosis, a serious and common co-infection for HIV-infected individuals. This request includes \$91 million for USAID bilateral TB programs and \$366 million for HHS/NIH research funding. A detailed and specific budget request for all HHS HIV/AIDS research is included in the HHS/NIH Office of AIDS Research Congressional Budget Justification.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

All Foreign Operations funding for international malaria-related activities continues to be requested under the Child Survival and Health Program Fund and tracked separately from PEPFAR.

PEPFAR

(\$ in thousands)

| Objective | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------------------|------------------|------------------|------------------|
| Investing in People | 3,289,637 | 3,137,768 | 5,380,396 |
| Total | 3,289,637 | 3,137,768 | 5,380,396 |

The entire PEPFAR budget request falls within the Investing in People objective.

Program Assessment Rating Tool (PART)

The Office of Management and Budget (OMB) has evaluated the Emergency Plan using three PARTs: The Focus Countries, Other Bilateral Country Programs, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). The programs were evaluated on program purpose and design, strategic planning, program management, and program results and accountability. In December 2005, final results of the initial assessment were released, which indicated that each of the three programs is demonstrating results, with the 15 focus countries performing at a slightly higher level.

The Office of the Global AIDS Coordinator (OGAC) updates the Emergency Plan PART assessments every spring and fall as instructed by OMB. Each PART assessment outlines specific areas of improvement for the programs. OGAC has made significant progress in addressing those recommendations. For the focus countries, the Emergency Plan has achieved the PART recommendation to undertake an internal review of focus country budget allocations based on performance data and pipeline capacity during the development of fiscal year 2007 and fiscal year 2008 allocations. It also is in the process of developing and implementing a system to capture expenditures by focus country. For other bilateral Country Programs, the Emergency Plan already has achieved the following PART recommendations: (1) USAID completed implementation of its new financial management system; (2) OGAC worked with its interagency partners to provide an aggressive target for the program's long-term measure, which now is included as a required PART measure; and (3) OGAC developed a system that Other Bilateral countries use to plan future annual year programming and to report on past year results. OGAC also continues to work with the Global Fund to improve its financial management practices.

Global HIV/AIDS Initiative

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|----------------------------|-------------------|---------------------|--------------------|
| Global HIV/AIDS Initiative | 1,975,050 | 1,852,525 | 4,150,000 |

The Administration requests **\$4.15 billion** for the Global HIV/AIDS Initiative (GHAI) account. GHAI is the largest source of funding for the President’s Emergency Plan for AIDS Relief (the Emergency Plan). The Emergency Plan’s vision is to help turn the tide against this global pandemic. The request includes funding for country-based activities, centrally-funded programs, international partners, technical oversight and management, and strategic information and evaluation activities.

GHAI funding snapshot

- **\$3.6 billion** to expand integrated prevention, care, and treatment programs in 15 focus countries, consisting of Botswana, Côte d’Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Vietnam, and Zambia. An additional **\$50.0 million** will be used to fund HIV/AIDS activities in other countries, complementing funds provided primarily from CSH and other USAID-managed accounts, and the U.S. Department of Health and Human Services accounts.
- **\$363.0 million** to support centrally-funded technical leadership and assistance activities in a variety of program areas including the following: anti-retroviral therapy, safe medical injections, safe blood supply, orphans and vulnerable children, abstinence and faithfulness, human capacity development, twinning of U.S. and overseas institutions, and supply chain management.
- **\$61.0 million** for technical oversight and management costs, including funding for salaries and travel costs associated with program oversight, management and implementation.
- **\$36.0 million** for Strategic Information activities that monitor program performance, track progress toward goals, and evaluate the efficacy of interventions.
- **\$27.0 million** for a contribution to UNAIDS. (Separate from this request, \$300 million is requested within the Department of Health and Human Services’ National Institutes of Health budget for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.)
- **\$13.0 million** for management and administration of the Office of the Global AIDS Coordinator

Statement of Changes

The FY 2008 GHAI request reflects an increase of \$2.18 billion, or 110 percent, over the FY 2006 enacted level of \$1.98 billion. With FY 2008 being the last year of the initial phase of the Emergency Plan, the significant increase is required for the final push to meet the treatment and

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

prevention goals in the focus countries. The increase will capitalize on the programmatic successes of prevention, care, and treatment activities in the 15 focus countries.

Global HIV/AIDS Initiative
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------------------------|-----------------|-------------------|------------------|
| TOTAL | 1,975,050 | 1,852,525 | 4,150,000 |
| GHA1 | 1,975,050 | 1,852,525 | 4,150,000 |
| Botswana | 41,000 | * | 79,000 |
| Cote d'Ivoire | 30,137 | * | 96,000 |
| Ethiopia | 109,500 | * | 409,000 |
| Guyana | 18,000 | * | 21,300 |
| Haiti | 47,300 | * | 83,000 |
| Kenya | 175,950 | * | 481,000 |
| Mozambique | 79,600 | * | 223,000 |
| Namibia | 51,500 | * | 111,000 |
| Nigeria | 138,600 | * | 467,500 |
| Rwanda | 60,000 | * | 116,000 |
| South Africa | 191,553 | * | 591,500 |
| Tanzania | 100,312 | * | 302,000 |
| Uganda | 145,000 | * | 255,000 |
| Vietnam | 31,214 | * | 87,700 |
| Zambia | 116,000 | * | 290,000 |
| Global Subtotal | 639,384 | * | 362,785 |
| Central Programs | 285,232 | * | 27,000 |
| International Partnerships | 227,700 | * | 50,000 |
| Other Biallateral Programs | 50,552 | * | 36,000 |
| Strategic Information/Evaluation | 31,185 | * | 61,215 |
| Technical Oversight and Management | 44,715 | * | 61,215 |

International Disaster and Famine Assistance

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| International Disaster and Famine Assistance | 361,350 | 348,800 | 297,300 |

The FY 2008 request of **\$297.3 million** will provide funds for the management of humanitarian relief, rehabilitation and reconstruction assistance to countries affected by natural and man-made disasters, and support for disaster mitigation, prevention, and preparedness. The request funds the purchase of commodities including temporary shelter; blankets; supplementary food; potable water; medical supplies; and agricultural rehabilitation aid, including seeds and hand tools.

Approximately **\$113.5 million** of the FY 2008 IDFA funding request is currently planned to meet humanitarian and post-conflict needs in Sudan.

Statement of Changes

The signing of three peace agreements in Sudan promises a gradual transition of the country from a state of crisis to reconstruction. Congruent with anticipated progress, \$50.0 million of Sudan's programs previously funded through the IDFA account are requested in the ESF account in FY 2008.

International Disaster and Famine Assistance by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| IDFA | 361,350 | 348,800 | 297,300 |
| 1.6 Conflict Mitigation and Reconciliation | 13,750 | * | - |
| 1.6.1 Conflict Mitigation | 10,750 | * | - |
| 1.6.2 Peace and Reconciliation Processes | 3,000 | * | - |
| 2.2 Good Governance | 1,000 | * | - |
| 2.2.2 Public Sector Executive Function | 1,000 | * | - |
| 2.3 Political Competition and Consensus-Building | 4,000 | * | - |
| 2.3.1 Consensus-Building Processes | 4,000 | * | - |
| 2.4 Civil Society | 9,000 | * | - |
| 2.4.1 Civic Participation | 2,500 | * | - |
| 2.4.2 Media Freedom and Freedom of Information | 6,500 | * | - |
| 3.1 Health | 2,000 | * | - |
| 3.1.6 Maternal and Child Health | 2,000 | * | - |
| 3.2 Education | - | * | - |
| 3.2.1 Basic Education | - | * | - |
| 4.4 Infrastructure | 12,250 | * | - |
| 4.4.3 Transport Services | 11,500 | * | - |

International Disaster and Famine Assistance

by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| 4.4.4 Program Support (Infrastructure) | 750 | * | - |
| 4.5 Agriculture | 20,300 | * | - |
| 4.5.1 Agricultural Enabling Environment | 9,350 | * | - |
| 4.5.2 Agricultural Sector Productivity | 10,000 | * | - |
| 4.5.3 Program Support (Agriculture) | 950 | * | - |
| 5.1 Protection, Assistance and Solutions | 276,518 | * | 297,300 |
| 5.1.1 Protection and Solutions | 2,002 | * | - |
| 5.1.2 Crisis Assistance and Recovery | 251,074 | * | 297,300 |
| 5.1.3 Program Support (Protection) | 23,442 | * | - |

International Disaster and Famine Assistance

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------|--------------------|----------------------|------------------|
| IDFA | 361,350 | 348,800 | 297,300 |
| Sudan | 164,990 | * | 113,500 |
| DCHA Contingency | 181,560 | * | 183,800 |
| East Africa Regional | 14,800 | * | - |

| Major Disaster Responses by Country | | | | |
|-------------------------------------|----------------|---------------------|----------------|---------------------|
| Obligations (\$ in Thousands) | | | | |
| Country | FY 2005 | Disaster Type | FY 2006 | Disaster Type |
| Afghanistan | 3,556 | Drought | | |
| Asia | 13,279 | Regional Tsunami | | |
| Bulgaria | 1,449 | Floods | | |
| Burundi | 8,964 | Complex Emergency | 2,491 | Complex Emergency |
| Chad | 3,344 | Food Insecurity | 3,893 | Complex Emergency |
| Cote d'Ivoire | 2,187 | Complex Emergency | 780 | Complex Emergency |
| Democratic Republic of Congo | 26,432 | Complex Emergency | 25,132 | Complex Emergency |
| Eritrea | 2,000 | Complex Emergency | 1,988 | Complex Emergency |
| Ethiopia | 32,563 | Drought | 16,866 | Drought |
| Grenada | 1,313 | Hurricane | | |
| Guatemala | | | 4,140 | Floods |
| Haiti | 4,320 | Floods | | |
| India | 4,287 | Tsunami | | |
| Indonesia | 1,111 | Earthquake | 6,402 | Earthquake |
| Indonesia | 25,859 | Tsunami | 50 | Tsunami |
| Iraq | 69,630 | Complex Emergency | 7,886 | Complex Emergency |
| Kenya | 2,233 | Drought | 5,614 | Drought |
| Lebanon | | | 40,794 | Complex Emergency |
| Liberia | 9,706 | Complex Emergency | 3,707 | Complex Emergency |
| Malawi | 400 | Food Insecurity | 2,790 | Food Insecurity |
| Maldives | 1,378 | Tsunami | | |
| Mali | 159 | Food Insecurity | 1,517 | Food Insecurity |
| Mozambique | | | 1,337 | Drought |
| Nepal | 1,340 | Complex Emergency | 1,781 | Complex Emergency |
| Niger | 3,715 | Food Insecurity | 2,012 | Food Insecurity |
| North Africa | 1,500 | Locusts | | |
| Pakistan | | | 69,421 | Earthquake |
| Romania | 2,050 | Floods | | |
| Somalia | 4,558 | Complex Emergency | 6,918 | Complex Emergency |
| Sri Lanka | 36,876 | Tsunami | 1,100 | Complex Emergency |
| Sudan (Darfur) | 113,065 | Complex Emergency | 104,362 | Complex Emergency |
| Sudan | 88,249 | Complex Emergency | 69,144 | Complex Emergency |
| Uganda | 11,841 | Complex Emergency | 12,068 | Complex Emergency |
| United States | 1,089 | Hurricane (Katrina) | 504 | Hurricane (Katrina) |
| West Africa | 5,782 | Locusts | 39 | Locusts |
| Zambia | | | 1,148 | Food Insecurity |
| Zimbabwe | 4,991 | Complex Emergency | 1,250 | Complex Emergency |
| Other Disaster Responses | | | | |
| Africa Region | 2,366 | | 2,868 | |
| Asia Region | 3,392 | | 2,775 | |
| Europe / Middle East Region | 275 | | 365 | |
| Latin America / Caribbean Regi | 1,931 | | 2,240 | |
| Preparedness - Avian Influenza | | | 53,767 | |
| Preparedness / Mitigation | 38,552 | | 45,662 | |
| Operations / Program Support | 36,418 | | 43,706 | |
| Grand Total | 572,159 | | 546,518 | |

In addition to regular International Disaster and Famine Assistance (IDFA) funds, in FY 2006 OFDA obligated funds from supplemental IDFA and IRRF appropriations for Avian Influenza, Pakistan, Darfur, Africa, and Iraq.

International Military Education and Training

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| International Military Education and Training | 85,877 | 85,237 | 89,500 |

The Administration requests **\$89.5 million** for IMET for FY 2008. The IMET program addresses U.S. peace and security challenges by strengthening military alliances around the globe and building a robust international coalition to fight the Global War on Terror. IMET increases the capability of countries to cooperate with the U.S. and its allies by developing professional militaries and exposes foreign military and civilian personnel to democratic values and human rights. As such, IMET programs are focused in both Sustaining Partnership and Developing countries to build and maintain strategic security partnerships and strengthen political rights.

IMET funding snapshot

- **\$26.0 million** for new NATO members and major coalition partners, in order to promote regional security and integration among U.S., NATO, and European armed forces. Funds also support a new IMET program for Kosovo, a country whose continued stability is key to the region.
- **\$15.7 million** for programs in the Near East region, with a focus on Jordan, Iraq, Egypt, Morocco, Tunisia, Lebanon and Oman. New IMET programs will be launched in Sustaining Partnership countries, the United Arab Emirates and Qatar.
- **\$13.7 million** for programs in Africa, including **\$1.5 million** to restart IMET programs in Kenya and South Africa, states critical to long term regional peace and stability.
- **\$12.0 million** for IMET programs across the Western Hemisphere, to include **\$1.7 million** for El Salvador, **\$1.5 million** for Colombia and **\$2.8 million** for Argentina, Dominican Republic, and Honduras.

Statement of Changes

The FY 2008 IMET request represents an overall increase from FY 2006 levels, with a particular increase in allocations to rebuilding countries, e.g. Afghanistan, Sudan, Liberia, Kosovo and new requests for key countries including Iraq, Kenya, South Africa, and Libya. Increases and decreases in other countries are based on the projected student training requirements and available schoolhouse quotas.

International Military Education and Training
by Account and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| IMET | 85,877 | 85,237 | 89,500 |
| 1.1.3 Governments' Capabilities | - | 936 | 162 |
| 1.1.4 Program Support (Counter-Terrorism) | 50 | - | - |
| 1.3.1 Operations Support | 5,587 | 3,474 | 4,158 |
| 1.3.5 Immediate Protection of Civilians in Conflict | 1,996 | 441 | 1,105 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 73,264 | 75,954 | 78,949 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 284 | 158 | 782 |
| 1.3.8 Program Support (Stabilization) | 4,670 | 4,032 | 4,294 |
| 1.4.3 Interdiction | - | - | 50 |
| 1.4.5 Program Support (Narcotics) | - | 90 | - |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | - | 90 | - |
| 3.1.1 HIV/AIDS | 14 | - | - |
| 5.2.1 Capacity Building, Preparedness, and Planning | 12 | 62 | - |

International Military Education and Training
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------------|--------------------|----------------------|---------------------|
| TOTAL | 85,877 | - | 89,500 |
| IMET | 85,877 | - | 89,500 |
| Afghanistan | 979 | * | 1,700 |
| Albania | 1,028 | * | 600 |
| Algeria | 823 | * | 700 |
| Angola | 486 | * | 500 |
| Argentina | 1,082 | * | 947 |
| Armenia | 838 | * | 300 |
| Azerbaijan | 823 | * | 1,000 |
| Bahamas | 399 | * | 200 |
| Bahrain | 651 | * | 650 |
| Bangladesh | 930 | * | 800 |
| Belize | 294 | * | 170 |
| Benin | 145 | * | 150 |
| Bolivia | - | * | 188 |
| Bosnia and Herzegovina | 973 | * | 1,000 |
| Botswana | 760 | * | 690 |
| Brazil | - | * | 188 |

International Military Education and Training by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| Bulgaria | 1,580 | * | 1,700 |
| Burkina Faso | 123 | * | 100 |
| Burundi | 140 | * | 200 |
| Cambodia | 54 | * | 70 |
| Cameroon | 231 | * | 295 |
| Cape Verde | 124 | * | 100 |
| Central African Republic | 105 | * | 100 |
| Chad | 342 | * | 100 |
| Chile | 646 | * | 600 |
| Colombia | 1,673 | * | 1,500 |
| Comoros | 53 | * | 100 |
| Costa Rica | - | * | 187 |
| Cote d'Ivoire | - | * | 100 |
| Croatia | - | * | 179 |
| Czech Republic | 2,036 | * | 1,300 |
| Democratic Republic of the Congo | 306 | * | 500 |
| Djibouti | 307 | * | 350 |
| Dominican Republic | 1,328 | * | 980 |
| East Timor | 193 | * | 400 |
| Eastern Caribbean | 695 | * | 630 |
| Ecuador | - | * | 187 |
| Egypt | 1,208 | * | 1,300 |
| El Salvador | 1,782 | * | 1,680 |
| Equatorial Guinea | - | * | 45 |
| Estonia | 1,296 | * | 1,100 |
| Ethiopia | 594 | * | 650 |
| Fiji | 235 | * | 260 |
| Gabon | 231 | * | 200 |
| Gambia | 72 | * | 120 |
| Georgia | 1,275 | * | 800 |
| Ghana | 645 | * | 600 |
| Greece | 573 | * | 590 |
| Guatemala | 488 | * | 500 |
| Guinea | 376 | * | 350 |
| Guinea-Bissau | 136 | * | 100 |
| Guyana | 312 | * | 250 |
| Haiti | 213 | * | 200 |
| Honduras | 1,218 | * | 880 |
| Hungary | 1,685 | * | 1,200 |
| India | 1,272 | * | 1,300 |

International Military Education and Training by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------|--------------------|----------------------|---------------------|
| Indonesia | 938 | * | 974 |
| Iraq | - | * | 2,000 |
| Jamaica | 908 | * | 750 |
| Jordan | 3,020 | * | 3,067 |
| Kazakhstan | 995 | * | 1,000 |
| Kenya | - | * | 550 |
| Kosovo | - | * | 400 |
| Kuwait | - | * | 15 |
| Kyrgyz Republic | 887 | * | 1,200 |
| Laos | - | * | 70 |
| Latvia | 1,326 | * | 1,100 |
| Lebanon | 752 | * | 1,500 |
| Lesotho | - | * | 50 |
| Liberia | 130 | * | 300 |
| Libya | - | * | 350 |
| Lithuania | 1,281 | * | 1,100 |
| Macedonia | 700 | * | 500 |
| Madagascar | 231 | * | 250 |
| Malawi | 345 | * | 300 |
| Malaysia | 891 | * | 920 |
| Maldives | 173 | * | 195 |
| Mali | - | * | 250 |
| Malta | - | * | 45 |
| Marshall Islands | - | * | 60 |
| Mauritania | - | * | 130 |
| Mauritius | 126 | * | 150 |
| Mexico | 8 | * | 388 |
| Moldova | 989 | * | 600 |
| Mongolia | 866 | * | 970 |
| Montenegro | - | * | 100 |
| Morocco | 1,884 | * | 1,800 |
| Mozambique | 245 | * | 300 |
| Namibia | - | * | 100 |
| Nepal | 644 | * | 790 |
| Nicaragua | 740 | * | 500 |
| Niger | - | * | 100 |
| Nigeria | 792 | * | 800 |
| Oman | 1,135 | * | 1,500 |
| Pakistan | 2,037 | * | 2,000 |
| Panama | 894 | * | 185 |

International Military Education and Training by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-----------------------|--------------------|----------------------|---------------------|
| Papua New Guinea | 288 | * | 280 |
| Paraguay | - | * | 200 |
| Peru | - | * | 187 |
| Philippines | 2,926 | * | 1,550 |
| Poland | 2,140 | * | 2,000 |
| Portugal | 593 | * | 690 |
| Qatar | - | * | 15 |
| Republic of the Congo | 155 | * | 100 |
| Romania | 1,485 | * | 1,800 |
| Russia | 461 | * | 700 |
| Rwanda | 288 | * | 400 |
| Samoa | - | * | 40 |
| Sao Tome and Principe | 289 | * | 200 |
| Saudi Arabia | - | * | 15 |
| Senegal | 1,089 | * | 1,100 |
| Serbia | - | * | 300 |
| Seychelles | 103 | * | 100 |
| Sierra Leone | 311 | * | 400 |
| Slovakia | 962 | * | 1,100 |
| Slovenia | 895 | * | 885 |
| Solomon Islands | 149 | * | 150 |
| South Africa | - | * | 900 |
| Sri Lanka | 529 | * | 600 |
| Sudan | - | * | 300 |
| Suriname | 196 | * | 145 |
| Swaziland | 123 | * | 100 |
| Tajikistan | 348 | * | 565 |
| Tanzania | - | * | 300 |
| Thailand | 2,369 | * | 1,200 |
| Togo | 37 | * | 100 |
| Tonga | 113 | * | 195 |
| Trinidad and Tobago | - | * | 88 |
| Tunisia | 1,847 | * | 1,800 |
| Turkey | 3,011 | * | 3,000 |
| Turkmenistan | 291 | * | 300 |
| Uganda | 340 | * | 500 |
| Ukraine | 1,753 | * | 1,900 |
| United Arab Emirates | - | * | 15 |
| Uruguay | - | * | 187 |
| Vanuatu | 98 | * | 115 |

International Military Education and Training
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-----------------|--------------------|----------------------|---------------------|
| Venezuela | - | * | 50 |
| Vietnam | 49 | * | 195 |
| Yemen | 924 | * | 1,000 |
| Zambia | 261 | * | 400 |
| Africa Regional | 136 | * | 133 |
| IMET Admin | 4,623 | * | 4,255 |

International Narcotics Control and Law Enforcement (INCLE)

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| International Narcotics Control and Law Enforcement | 472,428 | 703,600 | 634,600 |

The FY 2008 request of **\$634.6 million** for the International Narcotics Control and Law Enforcement (INCLE) account supports country and global programs that are critical to secure the U.S. and its allies against terrorist networks in the illegal drug trade and international criminal enterprises. Programs supported with INCLE funds seek to close the gap between law enforcement jurisdictions and to strengthen law enforcement institutions that are weak or corrupt.

INCLE funds are focused in Rebuilding countries where security situations are most dire and where U.S. resources are used in tandem with host country government strategies in order to maximize impact. Resources are also focused in countries that have specific challenges to overcome to establish a secure, stable environment.

INCLE funding snapshot

- Afghanistan -- **\$274.8 million** to expand three major programs: law enforcement, counternarcotics and justice sector reform.
- Iraq -- **\$75.8 million** to support programs in: development of the criminal justice system, public integrity, justice and rule of law, as well as administrative oversight.
- Africa -- **\$34.2 million** to support the Comprehensive Peace Agreement in Sudan, provide technical assistance for the Liberian police and support programs providing technical assistance, equipment and training throughout the region.
- Pakistan -- **\$32.0 million** to continue projects and activities in border security, law enforcement development, and counternarcotics.
- Mexico -- **\$27.8 million** to support homeland/border security, counternarcotics, and institutional development.
- East Asia and Pacific -- **\$18.2 million** to continue to support the development of the Indonesian National Police, crop control and demand reduction programs in Laos; technical and training assistance in the Philippines and Thailand; counternarcotics training in border control and drug interception in Vietnam; and law enforcement and counternarcotics development programs in Cambodia, East Timor and Mongolia.
- Global Programs -- **\$131.1 million** to counter transnational crime and law enforcement and counternarcotics challenges. Some of the specific components include:

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Inter-regional Aviation Support -- **\$60.1 million** to provide core services associated with support functions centered at Patrick Air Force Base necessary to operate a fleet of 189 fixed-and rotary-wing aircraft, which support counternarcotics aviation and border security operations.
- International Law Enforcement Academy -- **\$16.5 million** to continue to fully support existing ILEAs in Bangkok, Budapest, Gaborone, Roswell, and the newest ILEA in San Salvador.
- Anti-Crime Programs -- **\$14.0 million** for programs focused on anticorruption; crimes involving information technology; financial crimes and money laundering; alien smuggling; and border security.

Statement of Changes

The FY 2008 request for INCLE represents a 46 percent increase over the FY 2006 request. Funding increases are attributable to ramped-up programs in Afghanistan and inclusion of funds for Iraq in the base budget for the first time.

**International Narcotics Control and Law Enforcement
by Country**

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| INCLE | 472,428 | 703,600 | 634,600 |
| 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary | - | * | 150 |
| 1.1.3 Governments' Capabilities | 13,600 | * | 6,920 |
| 1.1.4 Program Support (Counter-Terrorism) | 600 | * | 449 |
| 1.3.1 Operations Support | 2,970 | * | 4,000 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | - | * | - |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 25,300 | * | 24,241 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 101,005 | * | 81,795 |
| 1.3.8 Program Support (Stabilization) | 1,027 | * | 4,077 |
| 1.4.1 Eradication | 200,090 | * | 249,021 |
| 1.4.2 Alternative Development and Alternative Livelihoods | 440 | * | 1,375 |
| 1.4.3 Interdiction | 34,830 | * | 45,340 |
| 1.4.4 Drug Demand Reduction | 17,605 | * | 10,585 |
| 1.4.5 Program Support (Narcotics) | 14,934 | * | 17,248 |
| 1.5.1 Financial Crimes and Money Laundering | 3,594 | * | 7,966 |
| 1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security | 3,366 | * | 4,367 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 5,544 | * | 10,147 |
| 1.5.4 Organized and Gang-related Crime | - | * | 5,000 |
| 1.5.5 Program Support (Crime) | 1,034 | * | 319 |
| 2.1.3 Justice System | 36,152 | * | 132,285 |
| 2.1.4 Human Rights | 797 | * | - |
| 2.1.5 Program Support (Rule of Law) | 4,663 | * | 15,400 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

| | | | |
|---|-------|---|--------|
| 2.2.3 Local Government and Decentralization | - | * | - |
| 2.2.4 Anti-Corruption Reforms | 4,500 | * | 13,500 |
| 2.2.6 Program Support (Governance) | 377 | * | 415 |

International Narcotics Control and Law Enforcement
By Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| TOTAL | 472,428 | 703,600 | 634,600 |
| INCLE | 472,428 | 703,600 | 634,600 |
| Afghanistan | 232,650 | * | 274,800 |
| Algeria | - | * | 200 |
| Argentina | - | * | 305 |
| Bahamas | 495 | * | 500 |
| Bangladesh | - | * | 1,500 |
| Bolivia | - | * | 600 |
| Burkina Faso | - | * | 100 |
| Cambodia | - | * | 200 |
| Cape Verde | - | * | 500 |
| Chile | - | * | 100 |
| Democratic Republic of the Congo | - | * | 1,750 |
| Djibouti | - | * | 300 |
| Dominican Republic | - | * | 1,150 |
| East Timor | 1,485 | * | 1,010 |
| Eastern Caribbean | - | * | 500 |
| Ecuador | - | * | 200 |
| Egypt | - | * | 3,000 |
| El Salvador | - | * | 800 |
| Ethiopia | - | * | 150 |
| Ghana | - | * | 500 |
| Guatemala | 2,475 | * | 5,320 |
| Guyana | - | * | 100 |
| Haiti | 17,500 | * | 9,000 |
| Honduras | - | * | 750 |
| India | - | * | 400 |
| Indonesia | 4,950 | * | 10,050 |
| Iraq | - | * | 75,800 |
| Israel | - | * | 500 |
| Jamaica | 990 | * | 1,009 |
| Jordan | - | * | 1,500 |
| Laos | 990 | * | 1,580 |
| Lebanon | - | * | 1,800 |
| Liberia | 990 | * | 4,130 |
| Malaysia | - | * | 800 |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

International Narcotics Control and Law Enforcement
By Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| Mauritania | - | * | 300 |
| Mexico | 39,600 | * | 27,816 |
| Mongolia | - | * | 670 |
| Morocco | 990 | * | 1,000 |
| Mozambique | - | * | 300 |
| Nepal | - | * | 2,700 |
| Nicaragua | - | * | 1,600 |
| Nigeria | 990 | * | 1,200 |
| Pakistan | 34,970 | * | 32,000 |
| Paraguay | - | * | 280 |
| Philippines | 1,980 | * | 1,150 |
| Sierra Leone | - | * | 150 |
| South Africa | 594 | * | - |
| Sri Lanka | - | * | 350 |
| Sudan | - | * | 24,000 |
| Tanzania | - | * | 450 |
| Thailand | 990 | * | 2,300 |
| Trinidad and Tobago | - | * | 500 |
| Tunisia | - | * | 200 |
| Turkey | - | * | 500 |
| Uganda | - | * | 350 |
| United Arab Emirates | - | * | 300 |
| Vietnam | - | * | 200 |
| West Bank and Gaza | - | * | 3,500 |
| Yemen | - | * | 500 |
| Africa Regional | 594 | * | - |
| East Asia and Pacific Regional | - | * | 280 |
| Western Hemisphere Regional | 2,475 | * | - |
| Global Subtotal | 126,720 | * | 131,100 |
| Anticrime Programs | 10,395 | * | 14,000 |
| Civilian Police Program | 1,980 | * | 2,000 |
| Criminal Youth Gangs | - | * | 5,000 |
| Demand Reduction | 9,900 | * | 3,500 |
| International Law Enforcement Academies | 15,840 | * | 16,500 |
| International Organizations | 3,960 | * | 5,500 |
| Interregional Aviation Support | 62,865 | * | 60,100 |
| Trafficking in Persons | 4,950 | * | 4,950 |
| Program Development and Support | 16,830 | * | 19,550 |

Migration and Refugee Assistance

(\$ in thousands)

| Account | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------|----------------|------------------|-----------------|
| MRA | 783,090 | 750,206 | 773,500 |

The United States has consistently led the international community in responding to the plight of refugees and victims of conflict. Such support entails a combination of diplomacy, program expertise and financial support for voluntary returns, local integration, and resettlement in the United States. Efforts include protection and assistance programs that foster refugees’ self-reliance and dignity. This assistance also helps to stabilize countries that are prone to conflict, to rebuild those recovering from conflicts and to transform communities by increasing the capacity of governments, local organizations, and individuals to respond to future crises. USG multilateral funding leverages greater assistance from other countries and encourages global partnerships.

Despite recent repatriation successes, the number of refugees worldwide still totals over 13 million. On top of that, there are millions of additional conflict victims supported through the Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance (ERMA) appropriations. Support for the return of the uprooted to their home communities – or resettlement in first-asylum or third countries when return is not possible – helps countries progress to durable peace, security, and stability. However, humanitarian assistance cannot replace the long-term political, economic, and social investment necessary to eliminate the root causes of conflict. Complementary USG programs in the areas of peace and security (including assistance for victims of trafficking provided through the MRA account), good governance, investing in people, and economic growth extend the benefits of humanitarian efforts, and support the transition to recovery and away from humanitarian assistance as soon as possible after conflict turns to peace.

Peace and Security (\$2 million): The U.S. Department of State’s Bureau of Population, Refugees, and Migration (PRM) plays a key role in USG efforts to combat trafficking in persons (TIP). The MRA appropriation supports a family reunification program for foreign TIP victims in the United States, under the provisions of the Trafficking Victims Protection Act (TVPA), as well as return and reintegration assistance for victims wishing to return to their home country. Funds also support information campaigns to warn potential victims and sensitize the public, and capacity-building for governments and non-governmental organizations (NGOs).

Humanitarian Assistance (\$771.4 million): The FY 2008 request for MRA provides protection, assistance and solutions for refugees and victims of conflict and advances U.S. migration policies.

Protection and solutions are inextricably linked to assistance and recovery – both program elements in the Humanitarian Assistance objective of the foreign assistance framework. The FY 2008 budget request supports the provision of tangible relief items and services to conflict victims and refugees based on need and according to minimum international standards. The budget request focuses on protecting vulnerable populations, particularly women and children, to prevent and respond to gender-based violence and enable them to participate more fully in their own protection.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Assistance to meet basic human needs, in areas including nutrition, health, shelter, and water and sanitation, is essential to sustain the lives and livelihoods of refugees, IDPs, and conflict victims from the emergency phase of a crisis through protracted situations, and then leading to a transition to development.

The USG promotes orderly and humane international migration through support for regional migration dialogues (Regional Consultative Processes), capacity-building for governments to develop more effective and humane migration systems, and institutional support for the International Organization for Migration (including the USG’s mandatory assessed contribution). The FY 2008 request for Humanitarian Assistance also includes \$40 million to support the United Israel Appeal (UIA). This funding for the UIA supports a package of services designed to promote integration of approximately 11,500 migrants into Israeli society, including transportation to Israel, Hebrew language instruction, transitional housing, education, and vocational training.

Approximately \$22.44 million would be devoted to program management and oversight of these activities, or less than 3% of the total Humanitarian Assistance budget managed through MRA. The request supports a staff of 24 refugee officers in 19 overseas locations, as well as 106 staff based in Washington. Costs related to the small staff dedicated to international population activities are included in the State Department’s Diplomatic and Consular Programs account.

**Migration and Refugee Assistance
by Region**

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|----------------------------|----------------------------------|-----------------------------|
| MRA | 783,090 | 750,206 | 773,500 |
| Overseas Assistance | 562,765 | * | 497,600 |
| Africa | 245,486 | * | 220,000 |
| Europe | 22,594 | * | 20,000 |
| Near East | 43,429 | * | 30,800 |
| South Asia | 97,215 | * | 93,100 |
| Western Hemisphere | 50,193 | * | 44,400 |
| Migration | 24,335 | * | 21,000 |
| Strategic Global Priorities | 66,624 | * | 56,600 |
| Iraq | 12,889 | * | 11,700 |
| Refugee Admission | 159,440 | * | 213,400 |
| Humanitarian Migrants to Israel | 39,600 | * | 40,000 |
| Administrative Expenses | 21,285 | * | 22,500 |

Statement of Changes

Carryover for Administrative Expenses from FY 2006 to FY 2007 resulted in a decreased requirement for appropriated funds in FY 2007. Actual administrative needs in FY 2008 is essentially straightlined from FY 2007.

Of the \$783.09 million appropriated in FY 2006, approximately \$34.4 million was carried forward into FY 2007, of which \$26.5 million was for Refugee Admissions, \$6.1 million for Administrative Expenses, and \$1.8 million for Overseas Assistance.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

In addition to the FY 2008 MRA request of \$773.5 million reflected above, an additional \$35 million FY 2008 request for MRA is included in the FY 2008 Iraq country presentation.

OVERSEAS ASSISTANCE

\$497.6 million - The majority of refugee assistance funds (about 86% in FY 2006) are provided multilaterally through international organizations (IOs). Funding is also provided bilaterally to non-governmental organizations (NGOs) that fill gaps in the international community's multilateral response.

The USG works closely with other key donor governments to achieve a common operating picture concerning what constitutes satisfactory performance from the overall international humanitarian system. The Department is actively involved in reform efforts to make the UN stronger by increasing the effectiveness of multilateral humanitarian action.

Primary International Organization partners

The Department intends to use the funds requested for FY 2008 to provide a U.S. contribution to the calendar year 2008 requirements of the international organizations (IOs) listed below. Traditionally, U.S. funding aims to meet 20-25 percent of these IOs' funding requests, with reliance on other donors to support the remaining 75-80 percent. Contributions to these organizations from all sources (MRA plus ERMA and Supplemental funds) exceeded \$640 million in FY06.

The Office of the United Nations High Commissioner for Refugees (UNHCR) works with partners to ensure that refugees' basic needs such as water, shelter, food, healthcare, and primary education are met. In 2008, UNHCR will continue efforts to direct protection and assistance activities toward those in need, particularly the most vulnerable - women, children, disabled, elderly - who comprise the majority of the populations of concern to UNHCR.

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

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has a continuing mandate from the United Nations to provide education, health, relief, and social services to the over 4.3 million registered Palestinian refugees residing in Jordan, Syria, Lebanon, and the West Bank and Gaza. During humanitarian crises, such as the one in West Bank and Gaza or Lebanon in the summer of 2006, UNRWA also provides emergency assistance, including food to vulnerable Palestinian refugees.

The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to facilitate the orderly and humane migration of persons. IOM works in six service areas: assisted voluntary returns and reintegration, counter-trafficking, migration health, transportation, labor migration, and technical cooperation on migration.

U.S. support may also be provided to other IOs and NGOs as required to meet specific program needs and objectives. Other IOs receiving MRA funds in the past include the UN Children's

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Fund (UNICEF), the UN Office for the Coordination of Humanitarian Affairs (OCHA), the World Food Program (WFP), the UN Development Program (UNDP), and the International Federation of Red Cross and Red Crescent Societies. The six largest of the forty-three NGO recipients of MRA or Emergency Refugee and Migration Assistance (ERMA) funds for overseas assistance in FY 2006, in order of magnitude, were the International Rescue Committee, the International Medical Corps, the American Refugee Committee, Mercy Corps, Shelter for Life, and the International Catholic Migration Commission. NGO programs may commence at any point in the fiscal year, with funding typically provided for a twelve-month period. The Department may reallocate funds between regions or organizations within the overseas assistance request in response to changing requirements.

Assistance Programs in Africa – 220.0 million

At present, the nascent or ongoing transformation of a number of conflict situations – Angola, Burundi, the Democratic Republic of the Congo (DRC), Liberia, southern Sudan – is gradually driving down refugee and internally displaced person (IDP) numbers on the continent. Estimated numbers of refugees in Africa total 2.7 million and IDPs 12 million. Though numbers are decreasing, resource requirements remain high to support protection and life-sustaining assistance for refugees/IDPs in hard-to-access locations and unable to return as well as increased needs for reintegration support to assist returnees, many of whom spent years in first asylum.

The FY 2008 MRA request for Overseas Assistance in Africa continues support for peace processes through refugee and IDP return and reintegration operations, which are critical in countries such as Burundi, the DRC and Sudan. The MRA request includes USG contributions for UNHCR and ICRC. Some funding is also included for other IOs and NGOs that work with UNHCR to fill gaps in basic relief and reintegration programs.

Assistance Programs in East Asia - \$20.0 million

The FY 2008 request includes continued support for UNHCR and ICRC programs throughout East Asia, as well as for the humanitarian assistance and protection needs of vulnerable North Koreans outside the Democratic People's Republic of Korea (DPRK).

The largest group of refugees in East Asia continues to be Burmese. At the beginning of 2007, approximately 150,000 refugees from a variety of ethnic groups in Burma resided in camps in Thailand. The FY 2008 request includes support for programs of non-governmental organizations (NGOs) that provide basic health care and water and sanitation for Burmese in camps in Thailand, as well as for the Thai Burma Border Consortium, which provides food to Burmese refugees on the Thai-Burma border. MRA contributions to UNHCR in FY 2008 will provide support to approximately 29,000 Burmese Rohingya refugees in camps in Bangladesh and some reintegration and recovery assistance to Rohingyas who have returned to Burma. North Korean refugees continue to flee famine and oppression in the DPRK. The North Korean Human Rights Act of 2004 called on the USG to do more to assist this vulnerable population; the State Department will actively continue to support the efforts of the UN to improve its access, protection, and assistance of these people in FY 2008.

Assistance Programs in Europe - \$30.8 million

The FY 2008 budget request provides support for internally displaced persons (IDPs) in the Caucasus and assistance with durable solutions (return or local integration) for IDPs and refugees from Kosovo in the aftermath of the province's status resolution.

In the South Caucasus region, the request would provide support for continued assistance to IDPs as well as preparations for repatriation in case peace is achieved in either of the two longstanding conflicts – Abkhazia and Nagorno Karabakh. MRA will support UNHCR, other UN agencies, the ICRC, and NGOs to continue providing life-sustaining assistance to the most vulnerable refugees and IDPs in the Caucasus. In the wake of a probable mid-2007 resolution of Kosovo’s final political status – which would bring to a close a long period of uncertainty for more than 200,000 displaced Kosovo minorities – resources will be required both to facilitate the return and reintegration of those displaced minorities who choose to return to Kosovo from Serbia, Montenegro, and Macedonia, as well as to assist those who choose not to return to Kosovo in their efforts to integrate locally within Serbia or Montenegro.

Assistance Programs in the Near East - \$93.1 million

The FY 2008 request will support UNHCR and ICRC programs throughout the Near East and continue support for the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). With USG support, UNRWA provides basic assistance, including health care and primary education for over 4.3 million registered Palestinian refugees in Jordan, Lebanon, Syria, West Bank and Gaza. UNRWA’s funding needs have grown substantially in recent years for several reasons: An increasing number of Palestinian refugees rely on UNRWA’s social services and emergency assistance in West Bank/Gaza; UNRWA is elevating its services to a level comparable to those provided by host governments in the region; the agency has launched a management reform initiative and is placing increased focus on the promotion of self-reliance among Palestinian refugees.

The MRA request also includes \$35 million for the FY 2008 Global War on Terror Emergency funds and contributions through the MRA account for programs of UNHCR, ICRC, and NGOs to assist and protect Iraqi refugees and conflict victims, including those seeking asylum in neighboring countries and displaced populations inside Iraq. This funding level is presented in the Iraq country table.

Assistance Programs in South Asia - \$44.4 million

The FY 2008 request will support UNHCR, ICRC, and NGO programs throughout South Asia. The bulk of the request will provide continued repatriation and reintegration support for refugees returning to Afghanistan, as well as assistance for those still remaining in neighboring countries. While over 4.7 million refugees have returned to Afghanistan since 2002, an estimated 3.5 million Afghans remain in Pakistan and Iran. Hundreds of thousands of returnees are expected to cross into Afghanistan in 2008, and the scale of the overall return is unmatched anywhere else in the world. The request also supports funding for Tibetans in Nepal and India, assistance for displaced Sri Lankans, and support for Bhutanese refugees in Nepal.

Assistance Programs in the Western Hemisphere - \$21.0 million

The FY 2008 request provides some emergency assistance to persons displaced by the conflict in Colombia. The number of IDPs in Colombia continues to grow by approximately 300,000 each year and totals nearly three million, making it one of the largest displaced populations in the world. The request includes support to the regional programs of UNHCR and ICRC. The request also includes funds to meet the Department’s commitment to support the needs of migrants at the Guantanamo Bay Naval Base who have been found to be in need of protection as well as their initial resettlement in third countries.

Strategic Global Priorities - \$56.6 million

The FY 2008 request will provide funding to programs that provide protection and assistance directly to the most vulnerable populations, including women and children, and refugees in protracted situations, including crucial programs that address the problem of gender-based violence. The request would increase the number of protection staff in the field and ensure that IOs and NGOs have the tools to respond quickly and effectively to emerging crises, protect populations in need, and protect the organizations' staffs in increasingly insecure environments.

The request includes funding to monitor the impact of refugee programs through improving the international community's use of standards and indicators, such as mortality rates and nutritional status. Funding for refugee health programs at a global level focuses on enhancing humanitarian partners' technical capacity to address emerging threats to their beneficiary populations, including threats posed by pandemic influenza, as well as ongoing challenges, such as malaria, cholera and other infectious diseases.

Migration - \$11.7 million

FY 2008 MRA funds will be used to continue support for regional migration dialogues in Latin America, Africa, Europe, and Asia. The FY 2008 request provides modest, but essential, funding for anti-trafficking initiatives through the International Organization for Migration (IOM), primarily to prevent the exploitation of women and children worldwide and provide assistance to trafficking victims, including through return and reintegration programs. The Migration request includes funds for the USG's assessed contribution to IOM and tax reimbursement for its American employees.

Refugee Admissions - \$213.4 million

The FY 2008 request strengthens USG support for the Refugee Admissions program, which, in partnership with U.S. NGOs, provides a durable solution for the world's most vulnerable populations. MRA funds will continue to provide initial resettlement services to all arriving refugees, including housing, furnishings, clothing, food, and medical referrals.

To implement the program, the Department provides funding to numerous U.S.-based NGOs involved both in overseas processing functions and in domestic reception and placement services. IOM receives MRA funds for overseas processing functions in some locations and transportation-related services for all refugees admitted under the U.S. program. Funds provided to the UNHCR from the FY 2008 request will be targeted at increasing the organization's capacity worldwide to screen populations and refer for resettlement caseloads that are in need of this critical form of protection.

The FY 2008 request reflects the President's commitment to sustain the Refugee Admissions program by maintaining a funding level sufficient to resettle 70,000 individuals in the United States – the level determined by the President for FY 2007. Global and regional admissions ceilings for FY 2008 will be set by a Presidential Determination after the Congressional consultations process later in FY 2007.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Humanitarian Migrants to Israel - \$40.0 million

The FY 2008 request maintains the FY 2007 level of support for the humanitarian migrants program of the United Israel Appeal (UIA). It reflects the resource level necessary to support a package of services designed to promote integration of humanitarian migrants into Israeli society, including transportation to Israel, Hebrew language instruction, transitional housing, education, and vocational training, and will support the continued movement of Ethiopian humanitarian migrants to Israel. It is expected that this request will decrease in out years.

Administrative Expenses - \$22.5 million

The FY 2008 request of \$22.5 million for administrative expenses provides the Bureau of Population, Refugees, and Migration (PRM) with the resources to manage effectively and responsibly the critical humanitarian programs funded through the MRA and ERMA appropriations.

With this administrative budget, PRM manages annually resources of over \$900 million. The funding level for administrative expenses in FY 2008 will be straight-lined from the actual FY 2007 administrative funding program levels. In FY 2007, the administrative budget will use savings from carryover funding to supplement appropriated funds in order to support critical direct humanitarian assistance programs. In FY 2008, we anticipate that carryover funds will not be available.

Migration and Refugee Assistance by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| MRA | 783,090 | 750,206 | 773,500 |
| 1.5 Transnational Crime | 3,423 | * | 2,050 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 3,338 | * | 2,000 |
| 1.5.5 Program Support (Crime) | 85 | * | 50 |
| 5.1 Protection, Assistance and Solutions | 729,267 | * | 720,327 |
| 5.1.1 Protection and Solutions | 490,649 | * | 478,480 |
| 5.1.2 Crisis Assistance and Recovery | 218,667 | * | 220,820 |
| 5.1.3 Program Support (Protection) | 19,951 | * | 21,027 |
| 5.3 Migration Management | 50,400 | * | 51,123 |
| 5.3.1 Protection and Assistance | 39,770 | * | 40,000 |
| 5.3.2 Institutional Support and Capacity-building | 9,381 | * | 9,700 |
| 5.3.3 Program Support (Migration) | 1,249 | * | 1,423 |

U.S. Emergency Refugee and Migration Assistance Fund
(\$ in thousands)

| Account | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------|----------------|------------------|-----------------|
| ERMA | 29,700 | 30,000 | 55,000 |

The U.S. Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet “unexpected urgent refugee and migration needs” whenever the President determines that it is “important to the national interest” to do so. The Migration and Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million. The FY 2008 request of \$55 million will provide the critical capacity needed to respond to unexpected refugee and migration emergencies.

At the beginning of FY 2007, \$11.7 million remained in the fund. The FY 2007 ERMA appropriation is likely to be \$30 million. Under three Continuing Resolutions, the latest of which expires February 15, 2007, \$11.3 million in FY 2007 funds has been apportioned to the account. During the first quarter of FY 2007, \$5.215 million was drawn down from the Fund to support humanitarian needs related to unanticipated and urgent requirements resulting from conflicts in Somalia and Sri Lanka, leaving \$17.8 million available as of mid-January 2007. We anticipate extensive use of ERMA resources in 2007 to respond to any number of refugee emergencies now on the horizon.

Replenishment of the Fund in FY 2008 is essential to maintaining USG leadership to respond to refugee and migration emergencies, providing sufficient resources to cover drawdown levels that, except for years in which emergency supplemental appropriations to the MRA and/or ERMA accounts were passed, have averaged \$55 - \$60 million a year.

A \$75.7 million emergency supplemental MRA appropriation and reallocation of \$50 million in Economic Support Funds (ESF) to address the emergency needs of the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) obviated the need for more extensive use of ERMA in FY 2006. A total of \$46.5 million was drawn down from the Fund during FY 2006 for the following needs:

Presidential Determination 2006-4: \$5 million

On November 22, 2005, \$5 million was authorized to support unexpected and urgent humanitarian needs of refugees and other victims related to the October 2005 earthquake in Pakistan.

Presidential Determination 2006-13: \$28 million

On May 4, 2006, \$28 million was authorized to respond to the humanitarian crisis in Somalia (\$3 million), and to support unexpected and urgent needs related to: refugee repatriation and reintegration in Burundi (\$2 million) and the Democratic Republic of the Congo (\$12 million), refugee food pipeline breaks in Africa (\$3 million), and the UN High Commissioner for Refugees new protection and assistance responsibilities for internally displaced persons (\$8 million).

Presidential Determination 2006-21: \$13.5 million

On August 21, 2006, \$13.5 million was authorized to support unexpected urgent humanitarian needs related to the conflict in Lebanon.

U.S. Emergency Refugee and Migration Assistance Fund

by Program Objective, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| TOTAL | 29,700 | 30,000 | 55,000 |
| 5 Humanitarian Assistance | 29,700 | 30,000 | 55,000 |
| 5.1 Protection, Assistance and Solutions | 29,700 | 30,000 | 55,000 |
| 5.1.1 Protection and Solutions | 29,700 | 30,000 | 55,000 |

Nonproliferation, Anti-terrorism, Demining, and Related Programs

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| Nonproliferation, Anti-terrorism, Demining, and Related Programs | 405,999 | 392,821 | 464,000 |

The FY 2008 NADR request for this account totals **\$464 million**, comprised of nonproliferation activities, antiterrorism programs, and regional stability and humanitarian activities. The NADR account provides resources to support critical security and humanitarian-related priority interventions.

NADR funding snapshot (For a complete list of all programs funded under this account, please refer to the tables at the back of this volume.)

Non-proliferation activities -- \$192.8 million

- **\$53.5 million** for Global Threat Reduction Program (formerly the Nonproliferation of WMD Expertise program) to support specialized programs aimed at reducing the threat of terrorist or proliferant state acquisition of WMD materials, equipment, and expertise.
- **\$50.0 million** for voluntary contributions to the International Atomic Energy Agency to support programs in nuclear safeguards, safety, and security.
- **\$41.3 million** for the global Export Control and Related Border Security program, which is designed to help prevent and interdict the proliferation of WMD, missile delivery systems, and advanced conventional weapons.
- **\$30.0 million** for the Nonproliferation and Disarmament Fund to halt the proliferation of weapons of mass destruction (WMD), their delivery systems, and advanced conventional weapons systems, with particular emphasis on denying such weapons to terrorists. Funds also support the destruction of existing weapons.
- **\$18.0 million** for the Comprehensive Nuclear-Test-Ban Preparatory Commission to pay the U.S. share for the ongoing development and implementation of the International Monitoring System.

Anti-Terrorism Programs -- \$150.0 million

- **\$124.3 million** for the Anti-Terrorism Assistance program to support the global campaign against terrorism by providing strategic, operational, and technical training and equipment. The FY 2008 request includes new in-country programs in Iraq and continues funding for programs in Afghanistan, Pakistan, Indonesia, Kenya, the Philippines and Colombia.

- **\$18.3 million** to expand and strengthen the Terrorist Interdiction Program (TIP) in highest priority countries such as Iraq, Afghanistan, Pakistan, Yemen and Kenya.

Regional Stability and Humanitarian Assistance -- \$121.2 million

- **\$66.5 million** for the Humanitarian Demining program, which supports a range of humanitarian mine action (HMA) initiatives, such as landmine and unexploded ordnance clearance, landmine surveys, and mine-risk education.
- **\$44.7 million** to support the Small Arms/Light Weapons Destruction initiative, designed to eliminate excess, loosely secured, or other at-risk small arms and light weapons worldwide, including Man Portable Air Defense Systems (MANPADS).
- **\$10.0 million** to support the International Trust Fund (ITF) for Demining and Mine Victims' Assistance in South East Europe to conduct a broad range of mine action initiatives.

Statement of Changes

Overall, the FY 2008 NADR request represents a 14 percent increase from FY 2006 levels. This includes a \$12.9 million increase to TIP to support program expansion and strengthening within the highest priority countries. TIP strives to derail terrorist international travel by providing select countries with a computer network enabling immigration and border control officials to quickly identify suspect persons attempting to enter or leave the country. \$11.0 million in increased funding to the Humanitarian Demining Program continues the Administration's commitment to initiate, sustain, or expand U.S. HMA efforts in some 15 countries across the globe. Also included is \$36.0 million in increased funding to support initiatives to counter the proliferation of MANPADS, including stockpile security and destruction. Destruction of these and other light weapons contributes to U.S. force protection and regional security efforts by helping to prevent the spread of illicit weapons to insurgent groups and terrorist organizations. Destruction of MANPADS, a weapon sought after and used by terrorist groups, will be the priority in FY 2008.

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|-----------------|-------------------|------------------|
| NADR | 405,999 | 392,821 | 464,000 |
| 1.1 Counter-Terrorism | 129,680 | * | 149,349 |
| 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary | 20,157 | * | 26,013 |
| 1.1.2 De-Legitimize Terrorist Ideology | 6,885 | * | - |
| 1.1.3 Governments' Capabilities | 99,158 | * | 123,336 |
| 1.1.4 Program Support (Counter-Terrorism) | 3,480 | * | - |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 193,451 | * | 193,770 |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 174,375 | * | 175,203 |
| 1.2.2 Program Support (WMD) | 19,076 | * | 18,567 |
| 1.3 Stabilization Operations and Security Sector Reform | 81,082 | * | 120,581 |
| 1.3.3 Destruction and Security of Conventional Weapons | 9,138 | * | 44,121 |

| | | | |
|--|--------------|----------|------------|
| 1.3.4 Explosive Remnants of War (ERW) | 65,377 | * | 75,360 |
| 1.3.5 Immediate Protection of Civilians in Conflict | 110 | * | - |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 5,203 | * | 100 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 220 | * | - |
| 1.3.8 Program Support (Stabilization) | 1,034 | * | 1,000 |
| 1.5 Transnational Crime | 1,786 | * | 300 |
| 1.5.1 Financial Crimes and Money Laundering | 1,246 | * | 300 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 540 | * | - |

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Activity

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|-------------------------|---------------------|
| NADR | 405,999 | 392,821 | 464,000 |
| Nonproliferation Programs | 195,872 | * | 192,770 |
| Nonproliferation and Disarmament Fund | 37,125 | * | 30,000 |
| Export Control and Related Border Security Assistance | 42,966 | * | 41,270 |
| Global Threat Reduction (formerly NWMDE) | 52,074 | * | 53,500 |
| IAEA Voluntary Contribution | 49,500 | | 50,000 |
| CTBT International Monitoring System | 14,207 | * | 18,000 |
| Anti-Terrorism Programs | 136,125 | * | 150,024 |
| Anti-terrorism Assistance | 122,265 | * | 124,311 |
| Terrorist Interdiction Program | 5,445 | | 18,345 |
| CT Engagement with Allies | 990 | | 1,000 |
| Counterterrorism Financing | 7,425 | | 6,368 |
| Regional Stability & Humanitarian Assistance | 74,002 | * | 121,206 |
| Humanitarian Demining Program | 55,440 | * | 66,485 |
| International Trust Fund | 9,900 | * | 10,000 |
| Small Arms/Light Weapons Destruction | 8,662 | * | 44,721 |

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-------------|--------------------|----------------------|---------------------|
| NADR | 405,999 | 392,821 | 464,000 |
| Afghanistan | 30,050 | * | 21,650 |
| Albania | 1,005 | * | 600 |
| Algeria | - | * | 820 |
| Angola | 6,120 | * | 6,300 |
| Argentina | 550 | * | 770 |

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------------|--------------------|----------------------|---------------------|
| Armenia | 700 | * | 600 |
| Azerbaijan | 5,064 | * | 2,080 |
| Bahamas | 754 | * | 500 |
| Bahrain | 2,761 | * | 1,250 |
| Bangladesh | 5,094 | * | 6,350 |
| Belarus | 250 | * | - |
| Bolivia | - | * | 425 |
| Bosnia and Herzegovina | 1,539 | * | 1,250 |
| Brazil | 1,115 | * | 530 |
| Brunei | 18 | * | - |
| Bulgaria | 400 | * | 300 |
| Burundi | - | * | 350 |
| Cambodia | 5,000 | * | 2,510 |
| Chad | 2,405 | * | - |
| Chile | 470 | * | 650 |
| Colombia | 5,476 | * | 3,742 |
| Cote d'Ivoire | 100 | * | - |
| Croatia | 1,300 | * | 595 |
| Cyprus | 350 | * | - |
| Djibouti | 120 | * | - |
| Dominican Republic | 1,285 | * | 500 |
| Eastern Caribbean | 404 | * | 500 |
| Ecuador | - | * | 175 |
| Egypt | 1,029 | * | 1,570 |
| El Salvador | 423 | * | 105 |
| Eritrea | 400 | * | - |
| Estonia | 50 | * | - |
| Ethiopia | 270 | * | - |
| Georgia | 3,137 | * | 3,215 |
| Ghana | 100 | * | - |
| Honduras | 315 | * | - |
| Hungary | 640 | * | - |
| India | 2,711 | * | 2,700 |
| Indonesia | 6,888 | * | 5,905 |
| Iraq | - | * | 16,000 |
| Israel | 526 | * | - |
| Jamaica | 110 | * | 505 |
| Jordan | 2,491 | * | 23,755 |
| Kazakhstan | 2,041 | * | 4,200 |
| Kenya | 4,763 | * | 5,824 |
| Kosovo | 100 | * | - |

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|-----------------|--------------------|----------------------|---------------------|
| Kuwait | 628 | * | - |
| Kyrgyz Republic | 2,917 | * | 3,000 |
| Laos | 3,300 | * | 1,400 |
| Latvia | 110 | * | - |
| Lebanon | 2,978 | * | 4,776 |
| Liberia | 220 | * | - |
| Libya | - | * | 300 |
| Lithuania | 538 | * | - |
| Macedonia | 2,295 | * | 1,135 |
| Malaysia | 1,526 | * | 2,010 |
| Mali | 564 | * | - |
| Malta | 760 | * | - |
| Mauritius | 903 | * | - |
| Mexico | 625 | * | 420 |
| Moldova | 320 | * | 75 |
| Montenegro | - | * | 600 |
| Morocco | 775 | * | 1,100 |
| Mozambique | 2,344 | * | - |
| Nepal | - | * | 1,150 |
| Nicaragua | 9 | * | 75 |
| Niger | 905 | * | - |
| Oman | 400 | * | 1,900 |
| Pakistan | 8,585 | * | 10,300 |
| Panama | 175 | * | 1,100 |
| Paraguay | 1,010 | * | 270 |
| Peru | 205 | * | 110 |
| Philippines | 4,968 | * | 4,463 |
| Qatar | 906 | * | 270 |
| Russia | 700 | * | 1,500 |
| Saudi Arabia | 1,577 | * | 100 |
| Senegal | 1,200 | * | - |
| Serbia | 1,560 | * | 1,650 |
| Singapore | 140 | * | 725 |
| Slovakia | 406 | * | - |
| Slovenia | 50 | * | - |
| South Africa | 39 | * | - |
| Sri Lanka | 3,615 | * | 1,150 |
| Sudan | 3,020 | * | 4,000 |
| Suriname | 100 | * | - |
| Taiwan | 450 | * | 575 |
| Tajikistan | 1,970 | * | 4,000 |

Nonproliferation, Anti-terrorism, Demining and Related Programs

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|--------------------|----------------------|---------------------|
| Tanzania | 2,701 | * | 150 |
| Thailand | 3,989 | * | 2,500 |
| Togo | 32 | * | - |
| Trinidad and Tobago | 234 | * | 890 |
| Tunisia | 25 | * | 500 |
| Turkey | 730 | * | 2,200 |
| Turkmenistan | 400 | * | 750 |
| Uganda | 140 | * | - |
| Ukraine | 3,100 | * | 2,100 |
| United Arab Emirates | 961 | * | 300 |
| Uzbekistan | - | * | 900 |
| Vietnam | 3,770 | * | 920 |
| Yemen | 1,441 | * | 4,050 |
| Zambia | 100 | * | - |
| Office of the Coordinator for Counterterrorism | 46,327 | * | 41,600 |
| Europe Regional | 977 | * | 500 |
| Bureau of International Security and Nonproliferation (ISN) | 169,813 | * | 168,500 |
| Bureau of Political-Military Affairs (PM) | 18,239 | * | 65,300 |
| Africa Regional | - | * | 7,200 |
| East Asia and Pacific Regional | 1,000 | * | 860 |
| Near East Regional | 300 | * | - |
| South and Central Asia Regional | 153 | * | 400 |
| Western Hemisphere Regional | 450 | * | - |

Export Control and Related Border Security Assistance (EXBS) Nonproliferation, Anti-terrorism, Demining and Related Programs

| | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|------------------|-----------------|
| TOTAL | 42,966 | * | 41,270 |
| Africa | 300 | * | - |
| Kenya | 100 | * | - |
| Tanzania | 200 | * | - |
| Bureau of International Security and Nonproliferation | 16,907 | * | 17,000 |
| ISN - EXBS (Global) | 16,907 | * | 17,000 |
| East Asia & Pacific | 3,485 | * | 2,990 |
| Indonesia | 450 | * | 490 |
| Malaysia | 420 | * | 490 |
| Philippines | 475 | * | 210 |
| Singapore | 140 | * | 725 |
| Taiwan | 450 | * | 575 |

**Export Control and Related Border Security Assistance (EXBS)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------|--------------------|----------------------|---------------------|
| Thailand | 160 | * | 400 |
| Vietnam | 390 | * | 100 |
| East Asia and Pacific Regional | 1,000 | * | - |
| Europe and Eurasia | 13,469 | * | 9,230 |
| Albania | 505 | * | 300 |
| Armenia | 700 | * | 600 |
| Azerbaijan | 1,650 | * | 1,200 |
| Belarus | 250 | * | - |
| Bosnia and Herzegovina | 895 | * | 400 |
| Croatia | 1,300 | * | 595 |
| Cyprus | 350 | * | - |
| Estonia | 50 | * | - |
| Georgia | - | * | 1,200 |
| Latvia | 50 | * | - |
| Lithuania | 538 | * | - |
| Macedonia | 700 | * | 535 |
| Malta | 660 | * | - |
| Moldova | 320 | * | - |
| Montenegro | - | * | 300 |
| Russia | 700 | * | 1,500 |
| Serbia | 1,560 | * | 900 |
| Slovakia | 406 | * | - |
| Slovenia | 50 | * | - |
| Turkey | 350 | * | 600 |
| Ukraine | 1,600 | * | 1,100 |
| Europe and Eurasia Regional | 835 | * | - |
| Near East | 2,225 | * | 3,400 |
| Egypt | 310 | * | 500 |
| Jordan | 1,115 | * | 1,000 |
| Libya | - | * | 300 |
| Morocco | - | * | 200 |
| Oman | 300 | * | 500 |
| Tunisia | - | * | 100 |
| United Arab Emirates | - | * | 300 |
| Yemen | 200 | * | 500 |
| Near East Regional | 300 | * | - |
| South and Central Asia | 4,435 | * | 7,650 |
| Afghanistan | 400 | * | 750 |
| Bangladesh | - | * | 300 |
| India | 175 | * | 700 |
| Kazakhstan | 1,050 | * | 2,000 |
| Kyrgyz Republic | 810 | * | 1,000 |
| Pakistan | 700 | * | 500 |

**Export Control and Related Border Security Assistance (EXBS)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------------|--------------------|----------------------|---------------------|
| Sri Lanka | 300 | * | 250 |
| Tajikistan | 600 | * | 1,000 |
| Turkmenistan | 400 | * | 750 |
| South and Central Asia Regional | - | * | 400 |
| Western Hemisphere | 2,145 | * | 1,000 |
| Argentina | 550 | * | 300 |
| Chile | 470 | * | 300 |
| Mexico | 625 | * | 300 |
| Panama | 50 | * | 100 |
| Western Hemisphere Regional | 450 | * | - |

**Anti-terrorism Assistance (ATA)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------|--------------------|----------------------|---------------------|
| TOTAL | 122,265 | * | 124,311 |
| Africa | 9,597 | * | 11,500 |
| Chad | 625 | * | - |
| Djibouti | 120 | * | - |
| Ethiopia | 170 | * | - |
| Kenya | 3,150 | * | 5,500 |
| Liberia | 220 | * | - |
| Mali | 564 | * | - |
| Mauritius | 903 | * | - |
| Niger | 905 | * | - |
| Senegal | 800 | * | - |
| South Africa | 39 | * | - |
| Tanzania | 2,101 | * | - |
| Africa Regional | - | * | 6,000 |
| East Asia & Pacific | 14,257 | * | 10,890 |
| Brunei | 18 | * | - |
| Indonesia | 6,237 | * | 4,200 |
| Malaysia | 825 | * | 770 |
| Philippines | 4,239 | * | 3,500 |
| Thailand | 2,858 | * | 1,700 |
| Vietnam | 80 | * | - |
| East Asia and Pacific Regional | - | * | 720 |
| Europe and Eurasia | 4,574 | * | 3,340 |
| Albania | 200 | * | - |
| Azerbaijan | 350 | * | 400 |

Anti-terrorism Assistance (ATA)
Nonproliferation, Anti-terrorism, Demining and Related Programs

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Bosnia and Herzegovina | 485 | * | 650 |
| Georgia | 1,014 | * | 565 |
| Hungary | 640 | * | - |
| Latvia | 60 | * | - |
| Macedonia | 1,445 | * | 400 |
| Moldova | - | * | 75 |
| Turkey | 380 | * | 750 |
| Europe and Eurasia Regional | - | * | 500 |
| Near East | 9,928 | * | 30,671 |
| Bahrain | 2,761 | * | 750 |
| Egypt | 575 | * | 370 |
| Iraq | - | * | 1,000 |
| Israel | 526 | * | - |
| Jordan | 1,024 | * | 22,355 |
| Kuwait | 435 | * | - |
| Lebanon | 1,558 | * | 3,676 |
| Morocco | 525 | * | 500 |
| Oman | 100 | * | 900 |
| Qatar | 788 | * | 270 |
| Saudi Arabia | 1,387 | * | 100 |
| Tunisia | 25 | * | - |
| United Arab Emirates | 183 | * | - |
| Yemen | 41 | * | 750 |
| Office of the Coordinator for Counterterrorism | 42,557 | * | 39,600 |
| S/CT - Anti-terrorism Assistance (ATA) (Global) | 42,557 | * | 39,600 |
| South and Central Asia | 32,448 | * | 20,250 |
| Afghanistan | 12,123 | * | 1,300 |
| Bangladesh | 4,112 | * | 3,550 |
| India | 2,536 | * | 1,000 |
| Kazakhstan | 991 | * | 1,000 |
| Kyrgyz Republic | 2,107 | * | 1,500 |
| Nepal | - | * | 1,000 |
| Pakistan | 7,302 | * | 8,000 |
| Sri Lanka | 2,207 | * | 400 |
| Tajikistan | 1,070 | * | 2,000 |
| Uzbekistan | - | * | 500 |
| Western Hemisphere | 8,904 | * | 8,060 |
| Argentina | - | * | 470 |
| Bahamas | 754 | * | 500 |
| Brazil | 1,115 | * | - |
| Chile | - | * | 350 |
| Colombia | 5,176 | * | 3,315 |
| Dominican Republic | 100 | * | 500 |
| Eastern Caribbean | 404 | * | 500 |

Anti-terrorism Assistance (ATA)
Nonproliferation, Anti-terrorism, Demining and Related Programs

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|-------------|---------------|--------------|
| Ecuador | - | * | 175 |
| El Salvador | 423 | * | 105 |
| Jamaica | 110 | * | 505 |
| Mexico | - | * | 120 |
| Panama | - | * | 250 |
| Paraguay | 383 | * | 270 |
| Peru | 205 | * | 110 |
| Trinidad and Tobago | 234 | * | 890 |

Counterterrorism Financing (CTF)
Nonproliferation, Anti-terrorism, Demining and Related Programs

| | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------|-------------|---------------|--------------|
| TOTAL | 7,425 | * | 6,368 |
| Africa | 1,113 | * | - |
| Kenya | 813 | * | - |
| Tanzania | 300 | * | - |
| East Asia & Pacific | 657 | * | 948 |
| Indonesia | 201 | * | 465 |
| Malaysia | 281 | * | - |
| Philippines | 104 | * | 343 |
| Thailand | 71 | * | - |
| East Asia and Pacific Regional | - | * | 140 |
| Europe and Eurasia | 300 | * | 300 |
| Bosnia and Herzegovina | 159 | * | 200 |
| Turkey | - | * | 100 |
| Europe and Eurasia Regional | 141 | * | - |
| Near East | 2,024 | * | 2,620 |
| Algeria | - | * | 320 |
| Egypt | 144 | * | 200 |
| Iraq | - | * | 1,100 |
| Jordan | 352 | * | 400 |
| Kuwait | 193 | * | - |
| Lebanon | - | * | 100 |
| Morocco | 249 | * | 200 |
| Qatar | 118 | * | - |
| Saudi Arabia | 189 | * | - |
| United Arab Emirates | 779 | * | - |
| Yemen | - | * | 300 |

**Counterterrorism Financing (CTF)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|------------------|--------------|
| Office of the Coordinator for Counterterrorism | 1,085 | * | 500 |
| S/CT - Counterterrorism Financing (CTF) (Global) | 1,085 | * | 500 |
| South and Central Asia | 1,494 | * | 2,000 |
| Afghanistan | 275 | * | 600 |
| Bangladesh | 983 | * | 1,000 |
| Pakistan | 83 | * | 400 |
| South and Central Asia Regional | 153 | * | - |
| Western Hemisphere | 752 | * | - |
| Panama | 125 | * | - |
| Paraguay | 627 | * | - |

**Terrorist Interdiction Program (TIP)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------|-------------|------------------|--------------|
| TOTAL | 5,445 | * | 18,345 |
| Africa | 1,300 | * | 1,650 |
| Cote D'Ivoire | 100 | * | - |
| Ethiopia | 100 | * | - |
| Ghana | 100 | * | - |
| Kenya | 700 | * | 300 |
| Tanzania | 100 | * | 150 |
| Uganda | 100 | * | - |
| Zambia | 100 | * | - |
| STATE Africa Regional | - | * | 1,200 |
| East Asia & Pacific | 1,000 | * | 2,040 |
| Cambodia | 100 | * | - |
| Indonesia | - | * | 750 |
| Malaysia | - | * | 750 |
| Philippines | - | * | 140 |
| Thailand | 900 | * | 400 |
| Europe and Eurasia | 350 | * | 750 |
| Kosovo | 100 | * | - |
| Malta | 100 | * | - |
| Macedonia | 150 | * | - |
| Turkey | - | * | 750 |
| Near East | 500 | * | 4,600 |
| Algeria | - | * | 500 |
| Bahrain | - | * | 500 |

**Terrorist Interdiction Program (TIP)
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------------|--------------------------|---------------------|
| Egypt | - | * | 500 |
| Iraq | - | * | 1,000 |
| Morocco | - | * | 200 |
| Oman | - | * | 500 |
| Tunisia | - | * | 400 |
| Yemen | 500 | * | 1,000 |
| Office of the Coordinator for Counterterrorism | 1,695 | * | 500 |
| S/CT - Terrorist Interdiction Program (TIP) (Global) | 1,695 | * | 500 |
| South and Central Asia | 600 | * | 7,450 |
| Afghanistan | 100 | * | 1,000 |
| Bangladesh | - | * | 1,500 |
| India | - | * | 1,000 |
| Kazakhstan | - | * | 500 |
| Kyrgyz Republic | - | * | 500 |
| Nepal | - | * | 150 |
| Pakistan | 500 | * | 900 |
| Sri Lanka | - | * | 500 |
| Tajikistan | - | * | 1,000 |
| Uzbekistan | - | * | 400 |
| Western Hemisphere | - | * | 1,355 |
| Brazil | - | * | 530 |
| Nicaragua | - | * | 75 |
| Panama | - | * | 750 |

**Humanitarian Demining Program
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|------------------|--------------|
| TOTAL | 55,440 | * | 66,485 |
| Africa | 13,017 | * | 9,550 |
| Angola | 5,673 | * | 5,800 |
| Burundi | - | * | 350 |
| Chad | 1,780 | * | - |
| Eritrea | 400 | * | - |
| Mozambique | 2,344 | * | - |
| Senegal | 400 | * | - |
| Sudan | 2,420 | * | 3,400 |
| Bureau of Political and Military Affairs | 7,891 | * | 21,700 |
| PM - Humanitarian Demining (Global) | 7,891 | * | 21,000 |
| PM - Program Development & Support | - | * | 700 |
| East Asia & Pacific | 11,500 | * | 4,730 |
| Cambodia | 4,900 | * | 2,510 |
| Laos | 3,300 | * | 1,400 |
| Vietnam | 3,300 | * | 820 |
| Europe and Eurasia | 5,187 | * | 1,180 |
| Azerbaijan | 3,064 | * | 480 |
| Georgia | 2,123 | * | 700 |
| Near East | 2,120 | * | 13,900 |
| Iraq | - | * | 12,900 |
| Lebanon | 1,420 | * | 1,000 |
| Yemen | 700 | * | - |
| South and Central Asia | 15,425 | * | 15,000 |
| Afghanistan | 14,317 | * | 15,000 |
| Sri Lanka | 1,108 | * | - |
| Western Hemisphere | 300 | * | 425 |
| Bolivia | - | * | 425 |
| Colombia | 300 | * | - |

**Small Arms / Light Weapons Destruction Program
Nonproliferation, Anti-terrorism, Demining and Related Programs**

| | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------------|--------------------------|---------------------|
| TOTAL | 8,662 | * | 44,721 |
| Africa | 1,119 | * | 1,124 |
| Angola | 447 | * | 500 |
| Kenya | - | * | 24 |
| Sudan | 600 | * | 600 |
| Togo | 32 | * | - |
| Uganda | 40 | * | - |
| Bureau of Political and Military Affairs | 448 | * | 33,600 |
| PM - Small Arms / Light Weapons (Global) | 448 | * | 33,300 |
| PM - Program Development & Support | - | * | 300 |
| East Asia & Pacific | 150 | * | 270 |
| Philippines | 150 | * | 270 |
| Europe and Eurasia | 2,200 | * | 3,600 |
| Albania | 300 | * | 300 |
| Bulgaria | 400 | * | 300 |
| Georgia | - | * | 750 |
| Macedonia | - | * | 200 |
| Montenegro | - | * | 300 |
| Serbia | - | * | 750 |
| Ukraine | 1,500 | * | 1,000 |
| Near East | - | * | 1,500 |
| Yemen | - | * | 1,500 |
| South and Central Asia | 3,135 | * | 4,200 |
| Afghanistan | 2,835 | * | 3,000 |
| Kazakhstan | - | * | 700 |
| Pakistan | - | * | 500 |
| Tajikistan | 300 | * | - |
| Western Hemisphere | 1,610 | * | 427 |
| Colombia | - | * | 427 |
| Dominican Republic | 1,185 | * | - |
| Honduras | 316 | * | - |
| Nicaragua | 9 | * | - |
| Suriname | 100 | * | - |

Peacekeeping Operations

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-------------------------|-------------------|---------------------|--------------------|
| Peacekeeping Operations | 173,250 | 170,000 | 221,200 |

The FY 2008 request of **\$221.2 million** in PKO is intended to advance international support for voluntary multi-national efforts, including support for international missions and U.S. conflict prevention activities. PKO funding provides the security assistance to help curtail conflict, enhancing states' ability to meet basic human needs and to progress in governance, investing in people, and economic growth. To maximize the U.S. investment, these funds promote involvement of regional organizations and help leverage support for multi-national efforts where no formal cost-sharing mechanisms exist.

PKO funding snapshot

- **\$95.2 million** to foster the Presidential *Global Peace Operations Initiative*, which in FY 2008 will include training over 14,000 troops. This program incorporates the *African Contingency Operations Training and Assistance* program, and the *Enhanced International Peacekeeping Capabilities (EIPC)* program, previously funded under the FMF account.
- **\$63.7 million** to continue efforts to transform the Southern Sudanese, Liberian, and the Democratic Republic of Congo militaries into professional armed forces, capable of maintaining national peace and security.
- **\$21.0 million** to continue the U.S. contribution to the *Multinational Force and Observers* mission in the Sinai.
- **\$10.0 million** to continue support for the *Trans-Sahara Counter-terrorism Partnership (TSCTP)*, a multi-disciplinary initiative designed to counter terrorist threats, promote interoperability and facilitate coordination between countries in the region.

Statement of Changes

The FY 2008 PKO request represents a 28 percent increase from FY 2006 levels. This increase reflects new funding for programs such as TSCTP, and a shift of funding for programs that were previously funded from the FMF account. Additionally, funds are requested for multi-lateral peacekeeping and regional stability operations in Somalia and security sector reform.

Peacekeeping Operations

by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| PKO | 173,250 | 170,000 | 221,200 |
| 1.3 Stabilization Operations and Security Sector Reform | 173,250 | * | 211,200 |
| 1.3.1 Operations Support | 132,384 | * | 133,500 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 40,866 | * | 77,700 |
| 1.6 Conflict Mitigation and Reconciliation | - | * | 10,000 |
| 1.6.1 Conflict Mitigation | - | * | 10,000 |

Peacekeeping Operations

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|------------------------------------|--------------------|----------------------|---------------------|
| PKO | 173,250 | 170,000 | 221,200 |
| Democratic Republic of the Congo | - | * | 5,500 |
| Liberia | - | * | 16,800 |
| Somalia | - | * | 2,300 |
| Sudan | 70,000 | * | 41,400 |
| Africa Regional | 40,866 | * | 14,000 |
| Global Peace Operations Initiative | 43,384 | * | 95,200 |
| Multinational Force and Observers | 19,000 | * | 21,000 |
| Conflict Response Fund | - | * | 25,000 |

P.L. 480 Title II

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-------------------|-------------------|---------------------|--------------------|
| P.L. 480 Title II | 1,138,500 | 1,223,100 | 1,219,400 |

The FY 2008 request for Title II Food Aid is **\$1.22 billion**. Title II Food Aid of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) is requested by the Department of Agriculture and administered by USAID.

Title II provides U.S. food assistance in response to emergencies and disasters around the world via the World Food Program and private voluntary organizations. Title II resources have been critical to saving lives by preventing famines and providing urgent relief to victims of natural disasters and civil strife.

Through this program, the United States also provides development-oriented resources to private voluntary organizations to help improve the long-term food security of needy people through the direct distribution of agricultural commodities and the use of local currencies generated by the sale of these commodities in the recipient country.

Statement of Changes

The request represents an increase of seven percent from \$1.14 billion in FY 2006. In addition, within the account the Administration strategically shifted resources to prioritize food insecure countries.

The request includes authority to use up to 25 percent of the Title II funds for the local or regional purchase and distribution of food to assist people threatened by a food crisis. In particular, the language is intended to authorize the Administrator of USAID, when deemed appropriate, to procure food locally or regionally from developing countries and to distribute such food in response to a food crisis. This authority will be used to save more lives by decreasing the time and cost of providing food in the most critical emergency food crises.

P.L. 480 Title II
by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|---|----------------------------|------------------------------|-----------------------------|
| PL480 | 1,138,500 | 1,223,100 | 1,219,400 |
| 2.4 Civil Society | 1,568 | * | - |
| 2.4.1 Civic Participation | 1,568 | * | - |
| 3.1 Health | 172,781 | * | 128,401 |
| 3.1.1 HIV/AIDS | 2,203 | * | 460 |
| 3.1.6 Maternal and Child Health | 155,292 | * | 113,416 |
| 3.1.7 Family Planning and Reproductive Health | 4,971 | * | 7,500 |
| 3.1.8 Water Supply and Sanitation | 10,315 | * | 7,025 |
| 3.2 Education | 29,196 | * | 22,877 |
| 3.2.1 Basic Education | 29,196 | * | 22,877 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 39,101 | * | 25,217 |
| 3.3.1 Policies, Regulations, and Systems | 2,190 | * | - |
| 3.3.2 Social Services | 3,691 | * | 1,101 |
| 3.3.3 Social Assistance | 33,220 | * | 24,116 |
| 4.2 Trade and Investment | 856 | * | - |
| 4.2.2 Trade and Investment Capacity | 856 | * | - |
| 4.4 Infrastructure | 3,285 | * | - |
| 4.4.3 Transport Services | 3,285 | * | - |
| 4.5 Agriculture | 260,661 | * | 151,354 |
| 4.5.2 Agricultural Sector Productivity | 260,661 | * | 151,354 |
| 4.6 Private Sector Competitiveness | 780 | * | 1,000 |
| 4.6.3 Workforce Development | 780 | * | 1,000 |
| 4.7 Economic Opportunity | 2,600 | * | 2,246 |
| 4.7.3 Strengthen Microenterprise Productivity | 2,600 | * | 2,246 |
| 4.8 Environment | 2,353 | * | - |
| 4.8.1 Natural Resources and Biodiversity | 2,353 | * | - |
| 5.1 Contingency* | 576,371 | * | 883,106 |
| 5.1.1 Protection and Solutions | 968 | * | 500 |
| 5.1.2 Contingency* | 575,260 | * | 873,400 |
| 5.1.3 Program Support (Protection) | 143 | * | 9,206 |
| 5.2 Disaster Readiness | 30,060 | * | 5,199 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 15,659 | * | 2,699 |
| 5.2.2 Mitigation | 14,401 | * | 2,500 |
| 5.3 Migration Management | 18,888 | * | - |
| 5.3.1 Protection and Assistance | 18,888 | * | - |

*Note: In the case of P.L. 480 food aid, Program Area 5.1 and Program Element 5.1.2 are unallocated contingency resources budgeted in the DCHA Bureau. These funds will be used for non-emergency programs unless required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the applicable fiscal year

P.L. 480 Title II
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| TOTAL | 1,138,500 | 1,223,100 | 1,219,400 |
| PL480 | 1,138,500 | 1,223,100 | 1,219,400 |
| Afghanistan | 60,031 | * | 10,000 |
| Angola | 3,493 | * | - |
| Azerbaijan | 1,954 | * | - |
| Bangladesh | 30,207 | * | 31,000 |
| Benin | 1,591 | * | - |
| Bolivia | 15,953 | * | 13,000 |
| Burkina Faso | 17,709 | * | 10,000 |
| Burundi | 14,669 | * | 5,000 |
| Cape Verde | 5,195 | * | - |
| Central African Republic | 565 | * | - |
| Chad | 26,475 | * | 5,000 |
| Colombia | 2,973 | * | - |
| Cote d'Ivoire | 3,439 | * | - |
| Democratic Republic of the Congo | 39,898 | * | 10,000 |
| Djibouti | 2,094 | * | - |
| East Timor | 1,182 | * | - |
| El Salvador | 856 | * | - |
| Eritrea | 2,432 | * | - |
| Ethiopia | 123,004 | * | 25,000 |
| Gambia | 3,034 | * | - |
| Georgia | 1,416 | * | - |
| Ghana | 22,656 | * | 7,000 |
| Guatemala | 19,515 | * | 14,000 |
| Guinea | 8,330 | * | 3,000 |
| Haiti | 35,955 | * | 34,500 |
| Honduras | 13,105 | * | 10,000 |
| India | 43,501 | * | 13,500 |
| Indonesia | 12,886 | * | - |
| Kenya | 42,965 | * | 7,000 |
| Lebanon | 281 | * | - |
| Liberia | 26,971 | * | 9,000 |
| Madagascar | 16,426 | * | 15,000 |
| Malawi | 7,838 | * | 18,000 |
| Mali | 6,361 | * | 2,000 |
| Mauritania | 6,065 | * | 5,000 |
| Mozambique | 15,601 | * | 20,000 |
| Nepal | 1,213 | * | - |

P.L. 480 Title II
by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--------------------------------|--------------------|----------------------|---------------------|
| Nicaragua | 13,006 | * | 6,000 |
| Niger | 19,445 | * | 15,000 |
| Pakistan | 17,675 | * | - |
| Peru | 8,250 | * | - |
| Republic of the Congo | 784 | * | - |
| Rwanda | 20,430 | * | 10,000 |
| Senegal | 4,503 | * | 3,500 |
| Sierra Leone | 12,471 | * | 12,000 |
| Somalia | 27,377 | * | - |
| Sudan | 145,208 | * | 245,000 |
| Tajikistan | 13,830 | * | - |
| Tanzania | 13,711 | * | - |
| Uganda | 54,862 | * | 23,000 |
| West Bank and Gaza | 4,442 | * | - |
| Zambia | 4,488 | * | 18,000 |
| USAID Southern Africa Regional | 150,783 | * | - |
| DCHA Contingency | - | * | 619,900 |
| P.L. 480 Adjustment | -10,604 | * | |

Transition Initiatives

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|------------------------|-------------------|---------------------|--------------------|
| Transition Initiatives | 39,600 | 40,000 | 37,200 |

The FY 2008 request of **\$37.2 million** for the Transition Initiatives account will be used to address the opportunities and challenges facing conflict-prone countries and those making the transition from initial crisis stage of a complex emergency to the path of sustainable development and democracy.

TI funds are focused on advancing peace and stability. Examples include: support for demobilization and re-integration of ex-combatants; community self-help programs; grass-roots democratic media programs; and conflict resolution measures.

Transition Initiatives by Account, Program Area and Program Element

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|--|--------------------|----------------------|---------------------|
| TI | 39,600 | 40,000 | 37,200 |
| 1.3 Stabilization Operations and Security Sector Reform | 13,986 | * | 4,060 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 6,432 | * | - |
| 1.3.5 Immediate Protection of Civilians in Conflict | - | * | 2,940 |
| 1.3.8 Program Support (Stabilization) | 7,554 | * | 1,120 |
| 1.6 Conflict Mitigation and Reconciliation | 12,615 | * | 16,850 |
| 1.6.1 Conflict Mitigation | 6,458 | * | 1,740 |
| 1.6.2 Peace and Reconciliation Processes | 5,519 | * | 10,520 |
| 1.6.4 Program Support (Conflict) | 638 | * | 4,590 |
| 2.2 Good Governance | 6,718 | * | 11,220 |
| 2.2.1 Legislative Function and Processes | 15 | * | - |
| 2.2.2 Public Sector Executive Function | - | * | 3,940 |
| 2.2.3 Local Government and Decentralization | 6,516 | * | 4,010 |
| 2.2.6 Program Support (Governance) | 187 | * | 3,270 |
| 2.4 Civil Society | 4,900 | * | 5,070 |
| 2.4.1 Civic Participation | 3,400 | * | 3,500 |
| 2.4.2 Media Freedom and Freedom of Information | 753 | * | - |
| 2.4.3 Program Support (Civil Society) | 747 | * | 1,570 |
| 4.6 Private Sector Competitiveness | 1,381 | * | - |
| 4.6.3 Workforce Development | 1,381 | * | - |

Transition Initiatives

by Country

| | 2006 CBJ Actual | 2007 CBJ Estimate | 2008 CBJ Request |
|----------------------------------|--------------------|----------------------|---------------------|
| TOTAL | 39,600 | 40,000 | 37,200 |
| TI | 39,600 | 40,000 | 37,200 |
| Bolivia | 5,373 | * | - |
| Burundi | 1,381 | - | - |
| Democratic Republic of the Congo | 38 | - | - |
| Haiti | 4,569 | - | - |
| Liberia | 6,394 | * | - |
| Nepal | 1,769 | * | - |
| Sri Lanka | 1,728 | * | - |
| Sudan | 6,755 | * | 5,000 |
| Venezuela | 3,681 | * | - |
| West Bank and Gaza | 343 | * | - |
| Zimbabwe | 15 | - | - |
| DCHA Contingency | 7,554 | * | 32,200 |

| Transition Initiatives - FY 2006-2008 Administered by the United States Agency for International Development Office of Transition Initiatives (OTT) (\$ in Thousands) | | | | | |
|---|---|------------------------------------|----------------------------------|---------------------|--------------------|
| Country | Description | Dates | FY 2006 ACTUAL OBLIGATIONS | FY 2007 ESTIMATE | FY 2008 REQUEST |
| AFRICA | | | | | |
| Burundi | Promote informed participation of citizens amongst diverse ethnic groups to advance the peace process and encourage good governance through transparency and accountability. | Start: 3/2002 Exit: 6/2006 | 2,619 | - | - |
| Democratic Republic of the Congo | Contribute to stability in war-torn communities by accelerating the reintegration of war-affected youth and raising awareness of and participation in the transition towards peace. | Start: 4/2002 Est. Exit: 3/2006 | 148 | - | - |
| Liberia | Strengthen good governance, community reintegration, and media activities in a post-conflict environment. | Start: 1/2004 Exit: 8/2007 | 7,567 | * | - |
| Sudan | Support implementation of peace agreements and strengthen Sudanese confidence and capacity to address the causes and consequences of political marginalization, violence, and instability. | Start: 1/2003 Exit: TBD | 8,060 | * | 5,000 |
| Zimbabwe | Support indigenous civil society organizations, independent media and others to support good governance and basic human rights protection. | Start: 1/2000 Exit: 12/2005 | 225 | - | - |
| ASIA / NEAR EAST | | | | | |
| Iraq (see below) | Support critical activities that build and sustain Iraqi confidence in the development of a participatory, stable, and democratic Iraq. Provide short-term employment, restore basic government and community services, increase Iraqi access to information and communication, and encourage protection of human rights. | Start: 1/2003 Exit: 6/2006 | - | - | - |
| Nepal | Support the peace process and conflict mitigation. | Start: 6/2006 Exit: TBD | 2,087 | * | - |
| Sri Lanka | Generate greater support for a negotiated peace settlement to end the long-standing conflict. | Start: 2/2003 Exit: 03/2007 | 3,650 | * | - |
| West Bank/Gaza | Support civil society, moderate leaders and independent institutions to promote good governance and a return to the peace process. | Start: 5/2005 Exit: TBD | 1,069 | * | - |
| LATIN AMERICA | | | | | |
| Bolivia | Strengthen regional government capacity and promote indigenous engagement in political and economic development. | Start: 2/2004 Exit: 7/2007 | 5,667 | * | - |
| Colombia | Assist the Government of Colombia in stabilizing conflict-prone areas recently liberated from insurgent control by strengthening its ability to engage communities and re-establish social services. | Start: 2/2007 Exit: TBD | - | * | - |
| Haiti | Support a peaceful transition by helping volatile communities create stability and progress prior to elections. | Start: 5/2004 Exit: 9/2006 | 4,834 | - | - |
| Venezuela | Provide assistance to maintain democratic stability and strengthen the country's fragile democratic institutions. | Start: 8/2002 Exit: TBD | 4,616 | * | - |
| New Countries | | | - | * | 26,400 |
| Transfers - Office of Military Affairs | | | 1,777 | - | - |
| Program Support - Worldwide | | | 4,905 | * | 5,800 |
| No-Year funds adjustment/1 | | | (7,622) | * | - |
| TOTAL TI FUNDS | | | 39,600 | 40,000 | 37,200 |
| /1 TI funds are no-year funds. This adjustment includes (1) funds from the prior fiscal year, (2) funds used in the next fiscal year, and (3) collections, recoveries, and reimbursements. | | | | | |
| FY-2006: TI allocation is based on \$40.0 million appropriation less rescission. FY 2006 total does not include \$83.5 million in non-TI funds obligated or managed by OTI. DRC: World Bank MDRP \$4.75 million; Liberia: DA \$1.3 million; Sudan: DA \$9.1 million, IDFA \$18.5 million, ESF \$1.3 million; Iraq: IRRF \$35.03 million; Sri Lanka: ESF \$1.5 million; West Bank/Gaza: ESF \$5.4 million; Bolivia: DA \$0.76 million; Haiti: ESF \$4.0 million; Venezuela: ESF \$0.2 million, DA \$0.14 million. | | | | | |
| FY-2007: *A regular FY 2007 appropriation for this account had not been enacted at the time this budget was prepared. This account is operating under a continuing resolution. The amount included for FY 2007 in this budget reflects the level provided by the continuing resolution. Country allocations for FY 2007 will be made once a FY 2007 appropriation bill is enacted. | | | | | |

USAID OPERATING EXPENSES

Summary Budget Table – FY 2006-2008
(\$ in thousands)

| Sources | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|----------------|------------------|-----------------|
| Operating Expenses, New Budget Authority | 623,700 | 641,000 1/ | 609,000 2/ |
| Supplemental | 101,000 | ---- | ---- |
| Total Appropriated | 724,700 | 641,000 | 609,000 |
| Other Sources 3/ | 14,873 | 143,235 | 49,303 |
| Total Obligations | 739,573 | 784,235 | 658,303 |

1/ Excludes \$5.7 M from the FY 2007 Proposed Supplemental for Afghanistan.

2/ Excludes \$61.8 M in the Global War on Terrorism (GWOT) Emergency funding for Afghanistan and Iraq.

3/ Other sources include Trust Funds and Special Authorities in the DA, CSH and ESF Accounts. It does not include program funds used in direct support of USAID programs.

The USAID support budget plays a vital role in Advancing Transformational Diplomacy. The Agency is committed to implementing structural and operational reforms that will strengthen and streamline the delivery of foreign aid. The Agency’s Operating Expense (OE) resources request reflects the implementation of reforms and the realization of cost efficiencies. These resources are vital as the Agency strives to address foreign policy and development challenges in increasingly complex settings.

The FY 2008 request will allow USAID to maintain the workforce and improve management acumen to strengthen programs and support systems, as it faces the challenges of high retirement rates among our most experienced officers and significant costs to improve and consolidate infrastructure and information systems.

| Uses of funds | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|------------------|------------------|------------------|
| Overseas Operations | 409,960 | 417,763 | 339,500 |
| Washington Operations | 183,250 | 184,835 | 188,693 |
| Central Support | 146,363 | 181,637 | 130,110 |
| Subtotal OE, TF and Special Authority Administrative Costs | 739,573 | 784,235 | 658,303 |
| Program Funded Administrative Costs^{1/} | | | |
| Foreign Service Limited (FSL) Appointments | 47,240 | 67,265 | 81,285 |
| Of which Junior Officer Placement Authority (JOPA) | [6,000] | [10,000] | [15,000] |
| Non-US Direct Hires | 360,710 | 352,955 | 345,366 |
| Other Administrative Costs | 251,258 | 245,856 | 240,570 |
| Total OE and Program Administrative Costs | 1,398,781 | 1,450,311 | 1,325,524 |

^{1/} Because the data presented here are part of a new effort to comprehensively report all funds used to support agency operations, they were based on a broad definition of “administrative” costs and were collected on an ad hoc basis using multiple sources of information. The actual figures are subject to change with additional analysis.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

| USAID Workforce | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|----------------|------------------|-----------------|
| U.S. Direct Hire Workforce Funded by Operating Expenses | | | |
| End-of-year On-board Levels | 2,040 | 2,060 | 2,050 |
| Estimated Full-Time Equivalent Workyears | 2,037 | 2,054 | 2,054 |
| Limited-Term program-Funded Appointments | | | |
| End-of-year On-board Levels | 190 | 220 | 230 |
| Estimated Full-Time Equivalent Workyears | 146 | 205 | 230 |

Overseas Operations

(\$ in thousands)

| Categories | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|----------------------------------|----------------|------------------|-----------------|
| Field Missions | 300,871 | 287,362 | 206,005 |
| USDH Salaries and Benefits | 107,286 | 116,305 | 126,340 |
| NEP/IDI Support | | 7,950 | 7,155 |
| Facility Relocations – Overseas | 1,803 | 6,146 | ---- |
| Total Overseas Operations | 409,960 | 417,763 | 339,500 |

Field Missions: This budget line item funds the following activities:

- *Residential and office rents, utilities, security guard costs, and communications.* These costs are largely non-discretionary.
- *Intergovernmental payments.* The majority is for payments of International Cooperative Administrative Support Services (ICASS). ICASS is the cost of administrative support provided to missions by other U.S. Government agencies (generally the Department of State). USAID’s Working Capital Fund, which finances the costs associated with USAID’s provision of services, is described later in this section.
- *Operational travel and training.* This category includes essential travel to visit development sites and work with host-country officials; other operational travel, including responses to disaster; and the costs of tuition and travel for training not sponsored by Washington.
- *Supplies, materials, and equipment.* This category includes the cost of replacing office and residential equipment, official vehicles, IT hardware and software, general office and residential supplies and materials, and some security-related equipment.
- *Mandatory travel and transportation.* This category includes travel and transportation expenses for post assignment, home leave, and rest and recuperation and the shipment of furniture and equipment.
- *Contractual support.* This category includes mission requirements for data-entry assistance and other administrative support provided through contracts.
- *Operation and maintenance of facilities and equipment.* This category includes the cost of operating and maintaining facilities and equipment at overseas missions.

USDH Salaries and Benefits – Overseas: This category includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance for approximately 700 Foreign Service Officers serving overseas. Overseas salaries also include various post differentials including “difficult to staff incentives” for FSOs willing to extend tours at posts where harsh living conditions deter personnel from seeking assignments.

NEP/IDI Support: These funds are used for travel and training expenses for New Entry

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

Professional (NEP), International Development Intern (IDI) and Junior Officer staff. For the first three years of employment, staff in this category is supported centrally to provide the organizational flexibility to give them the widest breadth of experience before assigning them to a specific location and position. In addition, these funds will also support 40 Junior Officer Training positions overseas. While the funds are managed and budgeted centrally they are allocated to operating units as needed and are not reflected separately in the actual year's data.

Washington Operations

(\$ in thousands)

| Categories | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|------------------------------------|----------------|------------------|-----------------|
| Washington Bureaus/Offices | 21,525 | 16,447 | 16,333 |
| USDH Salaries and Benefits | 161,725 | 168,388 | 172,360 |
| Total Washington Operations | 183,250 | 184,835 | 188,693 |

Washington Bureaus/Offices: The increase for FY 2008 from FY 2007 is a result of funding the Office of Military Affairs (\$2.9 M) with OE resources. This Office had been funded with program funds in prior years. In addition, the funds will provide resources for the following:

- Operational and training travel. This category includes essential travel to visit missions and development sites, work with host country officials, participate in training, and other operational travel, including travel to respond to disasters.
- Advisory and assistance services. This category includes manpower contracts and advisory services to support essential functions, such as preparation of the Agency's Financial Statements, voucher payment processing, and financial analysis.
- USDH Salaries and Benefits – Washington: This budget item includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance, for approximately 1,580 general service and Foreign Service employees.

Central Support

(\$ in thousands)

| Categories | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|----------------|----------------------|----------------------|
| Security | 10,259 | 12,888 | 9,888 |
| Information Technology | 52,619 | 62,568 ^{1/} | 47,392 ^{2/} |
| Personnel Support | 2,005 | 2,284 | 1,786 |
| Staff Training | 5,300 | 8,300 | 8,300 |
| Washington Rent, Utilities, Support Costs | 48,797 | 47,602 | 43,782 |
| Implementing Reform | ---- | 27,433 | ---- |
| Other Agency Costs | 27,383 | 20,562 | 18,962 |
| Total Washington Operations | 146,363 | 181,637 | 130,110 |

^{1/} Includes \$2 million for Foreign Assistance Coordination and Tracking System (FACTS) funding and \$9.5 million for Implementing Reform activities.

^{2/} Includes \$1.8 million for Homeland Security Presidential Directive 12 (HSPD-12).

Security :

(\$ in thousands)

| Account | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-----------------------|----------------|------------------|-----------------|
| Physical Security | 8,063 | 11,769 | 8,769 |
| Personnel Security | 2,181 | 1,104 | 1,104 |
| Information Security | 15 | 15 | 15 |
| Total Security | 10,259 | 12,888 | 9,888 |

The USAID central security (SEC) budget for FY 2008 represents a continuing effort to protect USAID employees and facilities against global terrorism and national security information against espionage. The budget is allocated among three major categories as detailed below.

Physical security funding will cover (1) physical security enhancement projects at USAID facilities overseas; (2) enhancement of Emergency & Evacuation (E & E) voice radio systems; (3) procurement of armored vehicles, and (4) security costs associated with USAID Headquarters in Washington, DC. In FY 2008, USAID will:

- Complete 9 physical security enhancement projects at overseas posts where field missions cannot collocate with U.S. embassies because of insufficient space and there are no current plans to construct new embassies.
- Upgrade communications systems at 6 missions to provide USAID employees with 24-hour access to U.S. Embassy E & E voice radio networks at work, at home, and during transit.
- Provide 14 armored vehicles to posts where the threat of terrorism, war, or civil disturbance is considered critical or high and conduct training courses for USAID armored-vehicle drivers to enhance their driving skills and ability to respond properly to emergency conditions.
- Provide security equipment and guard services to protect personnel, safeguard facilities, and protect sensitive and national security information at USAID headquarters.

Personnel security funding will allow USAID to conduct required background investigations and periodic update investigations for all U.S. direct-hire personnel. It also covers required pre-employment investigations and security clearances or employment authorizations for contractors who will work in USAID office space.

Information security funding will allow USAID to maintain a mandatory security awareness program and Agency-wide interactive computerized training to protect national security and sensitive information.

Information Technology (IT)

The USAID Information Technology (IT) budget for FY 2008 supports IT systems, infrastructure, and architecture, which is critical in helping USAID staff fulfill the Agency’s mission.

IT Systems funding will support the management, operations, and maintenance of the suite of enterprise-wide, legacy, and database systems; the design, development, programming, and implementation of small, automated information-management systems; and additional costs to support the joint systems maintenance activities with the Department of State and new systems

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

being brought into production. USAID maintains financial, procurement, human resources, and other systems. Additionally, FY 2007 includes funding to support the Foreign Assistance Coordination and Tracking System.

IT Infrastructure funding will support the worldwide telecommunications operations and centralized network and server platforms in Washington. Given the vulnerability of international operations, USAID will review and improve IT systems and organizational security measures. For FY 2007, USAID is spending additional resources in IT long term investments in support of Agency reform efforts. For FY 2008 funding is included to support HSPD-12.

IT Architecture, Planning and IRM Program Management funding will support the costs associated with strategic planning, systems engineering, IT governance, and, configuration, contract, and program management.

Personnel Support: These funds are used for mandatory agency wide personnel support and workforce planning initiatives. This budget provides funds for the following activities:

- Funds required for AVUE and NFC renewals;
- Travel to Washington for new hires
- Mandatory retirement travel costs
- Agency Awards ceremony

Staff Training :

(\$ in thousands)

| Categories | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|----------------|------------------|-----------------|
| Executive and Sr. Leadership | 800 | 1,000 | 1,000 |
| Acquisition/Assistance Management | 1,500 | 1,700 | 1,700 |
| Supervision | 300 | 550 | 550 |
| Managing for Results (PAL) | 200 | 700 | 700 |
| New Entry Professional (including travel) | 400 | 850 | 850 |
| Core Prof. Skills (Lang./Computer/Other) | 1,250 | 1,600 | 1,600 |
| Agency Reforms/Technical Training | ---- | 500 | 500 |
| Distance Learning | 150 | 300 | 300 |
| Training Support Services | 400 | 700 | 700 |
| Training-related Services | 300 | 400 | 400 |
| Total Staff Training Budget | 5,300 | 8,300 | 8,300 |

Continued investment in training is central to the FY 2008 implementation of the Agency Human Capital Strategy. Training activities will ensure the Agency builds a more flexible workforce and enhances its capacity to respond to the ever-increasing demands placed on USAID development experts. Training programs will focus on:

- Identifying the skills needed for a world-class 21st-century development agency
- Analyzing the gaps between skills needed and those available within the Agency
- Implementing the most cost-effective training models to close the skills gaps, including the use of the blended-learning approaches that combine classroom and distance learning

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

- Eliminating duplication in a variety of skills, project management, and leadership courses
- Maintaining the learning management system that will accurately capture employee training data, deployment set for FY 2007
- Continuing the After Hours tuition assistance programs

The training strategy will rebuild and retool the core of the Agency workforce and ensure that newly hired employees receive the training needed to do their jobs effectively. In FY 2008, USAID will:

- Train up to 250 employees in leadership
- Increase the rate of certification of CTOs and technical officers
- Provide mandatory training for all supervisors
- Continue training in languages, security, and retirement planning
- Training staff in cultural sensitivity

Approximately 60% of the request will support the Human Capital Strategy while the remaining 40% will fund fixed recurring requirements, such as language, procurement and security training.

Washington Rent, Utilities, Support Costs: In FY 2008, payments for office rent, utilities, and building specific and basic security for the Ronald Reagan Building and warehouse space in the metropolitan area are estimated at \$38.1 million, 87% of this budget category. The remainder of the request is relatively fixed, required for building and equipment maintenance and operations, postal fees, APO, bulk supplies, transit subsidies, health and safety, long-term storage and other general support costs for headquarters personnel.

Other Agency Costs: The request for other Agency costs covers primarily mandatory costs, the largest being payments to the Department of State for administrative support and dispatch-agent fees and Department of Labor for employee medical and compensation claims relating to job-related injury or death. This category includes travel and related costs associated with the Foreign Service panels, and funding for medical, property, and tort claims.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

USAID’s operating expenses are financed from several sources, including new budget authority, local currency trust funds, reimbursements for services provided to others, recoveries of prior year obligations, and unobligated balances carried forward from prior year availabilities. The table below shows the details.

TOTAL AVAILABLE OE FUNDS

(\$ in thousands)

| | FY 2006 | FY 2007 | FY 2008 |
|--|----------------|----------------|----------------|
| Appropriated Funds | | | |
| Enacted Level | 630,000 | 641,000 | 609,000 |
| Rescission | (6,300) | | 0 |
| Supplemental | 101,000 | 0 | 0 |
| Subtotal | 724,700 | 641,000 | 609,000 |
| Non-Appropriated Funds | | | |
| Trust Funds (AFR,ANE,LAC) | 19,970 | 19,414 | 18,308 |
| Reimbursements | 4,657 | 4,500 | 4,500 |
| Andean Initiative (LAC) | 7,800 | 7,800 | 7,800 |
| DA/CSD Travel | 10,920 | 695 | 695 |
| East Timor (ANE) | 1,626 | 1,000 | 1,000 |
| West Bank Gaza | 1,592 | --- | 2,000 |
| ESF – MEPI Administrative Funds | 1,000 | --- | --- |
| CSD – HIV/AIDS Administrative Funds | 5,484 | | |
| Unobligated Balance – Start of Year | 49,529 | 109,826 | 15,000 |
| <i>Of which:</i> | | | |
| <i>Iraq/Afghanistan/Sudan Supplemental</i> | <i>24,400</i> | <i>64,800</i> | |
| Recovery of Prior Year Obligations | 22,144 | 12,000 | 12,000 |
| Ending Balance–Current Year Recoveries | -22,144 | -12,000 | -12,000 |
| Ending Balance – Other Funds | -87,705 | --- | --- |
| Subtotal | 14,873 | 143,235 | 49,303 |
| Total Available | 739,573 | 784,235 | 658,303 |

Program-Funded U.S. Direct Hires (USDH)

(\$ in thousands)

| Categories | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|----------------------------|----------------|------------------|-----------------|
| Washington Bureaus/Offices | 47,240 | 67,265 | 81,285 |

The FY 2006 Foreign Operations legislation provides USAID with a Non-Career Foreign Service Officer hiring authority. As with the FY 2005 legislation, this authority allows USAID to use program funds to convert up to 175 personal services contractor or other non-USDH positions into limited-term direct-hire appointments, *i.e.* Foreign Service Limited (FSL). This authority follows FY 2004 appropriation language that allowed USAID to use program funds to employ 85 limited-term direct-hire employees in FY 2004. The primary objective of this initiative is to place responsibility for the conduct of inherently governmental functions in the hands of government employees, not contract staff.

With these authorities in FYs 2004 - 2008, the Agency will increase its USDH workforce by 230 by FY 2008, while decreasing its non-USDH workforce by approximately the same number. The 2004 appropriation did not prohibit missions from outside hiring of FSLs or from replacing non-USDH staff that converted to FSLs. Most of the original 85 hires were converts from existing non-USDH staff and were not replaced. The FSLs hired under the 2005 legislative authority placed conditions requiring that each USDH appointment would be accompanied by a reduction in a non-USDH position. The FSL positions are usually less expensive than the non-USDH they replaced due to the elimination of overhead costs paid to third parties.

Within the overall \$81.3 million limitation USAID will obligate up to \$15 million for the support costs of junior officers deployed overseas using program funds. The payroll costs for these junior officers will be funded by the operating fund account. For each junior officer supported by program funds there will be a reduction of a program funded non-direct hire.

USAID Capital Investment Fund

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-------------------------------|-------------------|---------------------|--------------------|
| USAID Capital Investment Fund | 69,300 | 75,942 | 126,000 |

For FY 2008, the Administration requests **\$126 million** in no-year funding for the Capital Investment Fund (CIF) to provide USAID to manage investments in information technology and facility construction. CIF provides funding for the capital investment portion of both information technology and facility construction while the USAID Operating Expense account funds the annual operating and maintenance costs of information systems and facilities infrastructure.

USAID CIF funding snapshot

- **\$99.5 million** for facility construction to fund USAID’s participation in the Capital Security Cost Sharing Program (CSCS). The Secure Embassy Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID’s ability to move into facilities that meet standards for physical security.
- **\$26.5 million** for information technology to modernize antiquated software systems and invest in the integration of financial systems with State, improve the procurement process, participate in e-government initiatives, and improve the Agency’s reporting systems. These investments support Presidential Management Agenda initiatives, Agency transformation goals, congressional recommendations, and the efficiency of Agency staff.

Statement of Changes

The CIF request reflects an 82 percent increase from FY 2006 to cover USAID’s full cost of participation in the CSCS program. FY 2008 is the fourth year of the five year phase-in period for financing the CSCS program. During the phase-in period, the cost of participation increases annually.

USAID Foreign Service Retirement and Disability Fund

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| USAID Foreign Service Retirement and Disability Fund | 42,000 | 38,700 | 36,400 |

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted USAID career Foreign Service employees to become participants in the Foreign Service Retirement and Disability Fund.

The extension of coverage to USAID employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that \$36,400,000 will be required in FY 2008 to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974. For FY 2008, USAID is requesting an appropriation of this amount.

USAID Inspector General Operating Expenses

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| USAID Inspector General Operating Expenses | 35,640 | 37,915 | 38,000 |

The FY 2008 request of **\$38.0 million** for the USAID Office of the Inspector General (OIG) funds salaries and benefits for Washington and overseas staff and operating expenses which support audit and investigative coverage of USAID programs and activities.

The OIG assists USAID in implementing its programs by providing the Agency with information and recommendations to improve program and operational performance. The OIG also works with USAID to protect and maintain the integrity of the Agency and its programs.

SUPPLEMENTALS SUMMARY TABLE

FY 2006 Supplemental FY 2007 Global War on Terror (GWOT) Supplemental FY 2008 Global War on Terror (GWOT) Emergency

by Country and Account

(\$ in Thousands)

| | 2006 Supp | 2007 Supp | 2008 Supp |
|---|-----------|-----------|-----------|
| TOTAL | 2,881,030 | 4,812,700 | 1,366,800 |
| CSH | 113,000 | 161,000 | - |
| Haiti | 2,500 | - | - |
| Pakistan | 5,300 | - | - |
| Avian Influenza (GH) | 105,200 | 161,000 | - |
| DA | 16,500 | - | - |
| Guatemala | 6,000 | - | - |
| Pakistan | 10,500 | - | - |
| DF | 22,500 | - | - |
| Democratic Republic of the Congo | 2,500 | - | - |
| Iran | 20,000 | - | - |
| ERMA | - | 30,000 | - |
| Population, Refugees, and Migration (PRM) | - | 30,000 | - |
| ESF | 1,681,000 | 3,025,000 | 1,111,000 |
| Afghanistan | 43,000 | 653,000 | 339,000 |
| Haiti | 17,500 | - | - |
| Iraq | 1,480,000 | 2,072,000 | 772,000 |
| Jordan | 50,000 | - | - |
| Lebanon | - | 300,000 | - |
| Liberia | 50,000 | - | - |
| Pakistan | 40,500 | - | - |
| FMF | - | 220,000 | - |
| Lebanon | - | 220,000 | - |
| IDFA | 217,630 | 105,000 | - |
| Iraq | - | 45,000 | - |
| Sudan | 66,300 | 40,000 | - |
| Somalia | - | 20,000 | - |
| DCHA Contingency | 151,330 | - | - |
| INCLE | 107,700 | 260,000 | 159,000 |
| Colombia | 16,300 | - | - |
| Iraq | 91,400 | 200,000 | 159,000 |
| Lebanon | - | 60,000 | - |
| MRA | 75,700 | 71,500 | 35,000 |
| Iraq | - | 15,000 | 35,000 |
| Population, Refugees, and Migration (PRM) | 75,700 | 56,500 | - |
| NADR | - | 27,500 | - |
| Afghanistan | - | 15,000 | - |
| Iraq | - | 7,000 | - |

**FY 2006 Supplemental
FY 2007 Global War on Terror (GWOT) Supplemental
FY 2008 Global War on Terror (GWOT) Emergency**

by Country and Account

(\$ in Thousands)

| | 2006 Supp | 2007 Supp | 2008 Supp |
|-------------------------------------|-----------|-----------|-----------|
| Lebanon | - | 5,500 | - |
| PKO | 178,000 | 278,000 | - |
| Sudan | 116,000 | 150,000 | - |
| Political-Military Affairs (PM) | 57,000 | 128,000 | - |
| Africa Regional | 5,000 | - | - |
| PL480 | 350,000 | 350,000 | - |
| Afghanistan | - | 30,000 | - |
| Ethiopia | 21,500 | - | - |
| Kenya | 49,500 | - | - |
| Somalia | 54,000 | - | - |
| Sudan | 225,000 | 150,000 | - |
| DCHA Contingency | - | 170,000 | - |
| SEED | - | 279,000 | - |
| Kosovo | - | 279,000 | - |
| IRRF | 5,000 | - | - |
| Iraq Relief and Reconstruction Fund | 5,000 | - | - |
| USAID OE | 101,000 | 5,700 | 61,800 |
| USAID Operating Expenses (OE) | 101,000 | 5,700 | 61,800 |
| Department of Treasury | 13,000 | - | - |
| Treasury Technical Assistance | 13,000 | - | - |

FY 2006 Supplemental
by Country and Program Element

| | |
|---|-----------|
| TOTAL | 2,881,030 |
| Afghanistan * | 43,000 |
| 4.1.2 Monetary policy | 11,000 |
| 4.4.1 Modern Energy Services | 27,000 |
| 4.5.1 Agricultural Enabling Environment | 5,000 |
| Colombia * | 16,300 |
| 1.4.3 Interdiction | 13,000 |
| 2.1.3 Justice System | 3,300 |
| Democratic Republic of the Congo * | 2,500 |
| 2.3.2 Elections and Political Processes | 2,500 |
| Ethiopia * | 21,500 |
| 5.1.2 Crisis Assistance and Recovery | 21,500 |
| Guatemala * | 6,000 |
| 4.7.3 Strengthen Microenterprise Productivity | 1,050 |
| 5.1.2 Crisis Assistance and Recovery | 4,250 |
| 5.2.2 Mitigation | 700 |
| Haiti * | 20,000 |
| 1.6.1 Conflict Mitigation | 12,500 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 500 |
| 2.1.2 Judicial Independence | 1,500 |
| 2.1.3 Justice System | 3,000 |
| 3.1.6 Maternal and Child Health | 2,500 |
| Iran | 20,000 |
| 2.4.1 Civic Participation | 20,000 |
| Iraq | 1,571,400 |
| 1.3.1 Operations Support | 277,000 |
| 1.6.2 Peace and Reconciliation Processes | 2,000 |
| 2.1.3 Justice System | 124,400 |
| 2.2.1 Legislative Function and Processes | 18,220 |
| 2.2.2 Public Sector Executive Function | 105,000 |
| 2.2.3 Local Government and Decentralization | 150,610 |
| 2.4.1 Civic Participation | 76,170 |
| 2.4.2 Media Freedom and Freedom of Information | 3,000 |
| 3.1.8 Water Supply and Sanitation | 300,000 |
| 4.1.1 Fiscal policy | 20,000 |
| 4.4.1 Modern Energy Services | 300,000 |
| 4.6.3 Workforce Development | 175,000 |
| 4.7.3 Strengthen Microenterprise Productivity | 20,000 |
| Jordan * | 50,000 |
| 4.1.2 Monetary policy | 34,000 |
| 4.2.1 Trade and Investment Enabling Environment | 8,000 |

| | |
|--|---------|
| 4.3.2 Financial Services | 3,000 |
| 4.6.1 Business Enabling Environment | 5,000 |
| Kenya * | 49,500 |
| 5.1.2 Crisis Assistance and Recovery | 49,500 |
| Liberia * | 50,000 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 17,300 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 2,000 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 980 |
| 2.1.3 Justice System | 2,720 |
| 2.2.3 Local Government and Decentralization | 9,500 |
| 2.3.2 Elections and Political Processes | 1,960 |
| 2.3.3 Political Parties | 1,470 |
| 2.3.4 Program Support (Political Competition) | 70 |
| 4.4.1 Modern Energy Services | 4,900 |
| 4.4.3 Transport Services | 9,100 |
| Pakistan * | 56,300 |
| 5.1.2 Crisis Assistance and Recovery | 52,300 |
| 5.1.3 Program Support (Protection) | 4,000 |
| Somalia * | 54,000 |
| 5.1.2 Crisis Assistance and Recovery | 54,000 |
| Sudan * | 407,300 |
| 1.3.1 Operations Support | 116,000 |
| 5.1.2 Crisis Assistance and Recovery | 291,300 |
| DCHA Contingency | 151,330 |
| 3.1.4 Avian Influenza | 56,330 |
| 5.1.1 Protection and Solutions | 1,048 |
| 5.1.2 Crisis Assistance and Recovery | 69,897 |
| 5.1.3 Program Support (Protection) | 12,266 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 11,067 |
| 5.2.2 Mitigation | 722 |
| Global Health - Avian Influenza (GH) | 105,200 |
| 3.1.4 Avian Influenza | 105,200 |
| Political-Military Affairs (PM) | 57,000 |
| 1.3.1 Operations Support | 57,000 |
| Population, Refugees, and Migration (PRM) | 75,700 |
| 5.1.1 Protection and Solutions | 30,464 |
| 5.1.2 Crisis Assistance and Recovery | 45,236 |
| STATE Africa Regional | 5,000 |
| 1.3.1 Operations Support | 5,000 |
| IRRF | 5,000 |
| Iraq Relief and Reconstruction Fund | 5,000 |
| USAID OE | 101,000 |
| USAID Operating Expenses (OE) | 101,000 |
| Department of Treasury | 13,000 |
| Treasury Technical Assistance | 13,000 |

FY 2007 Global War on Terror (GWOT) Supplemental

The FY 2007 supplemental request totals **\$4.81 billion** in the following accounts.

Assistance for Eastern Europe and the Baltic States (SEED)

Kosovo - The **\$279 million** FY 2007 supplemental request will support the outcome of the political process under the auspices of UN Special Envoy Martti Ahtisaari to determine Kosovo's status. As settlement, expected to be completed early this year, will fall outside of the normal budget process, we are requesting significant resources to support the outcome. Immediate needs for Kosovo's future growth and stability will include building government sector capacity, solidifying the rule of law, and developing much-needed infrastructure.

Supplemental SEED funds will cover the operational and staffing costs of USG participation in the International Civilian Office, which will oversee implementation of the settlement; and possible U.S. participation in the EU-led civilian rule of law mission. FY 2008 SEED and IMET funds will target the development of Kosovo's security institutions in accordance with any recommendations from the status settlement through English language training, human rights and rule of law training. Funds will also support the Kosovo Police Service through training and capacity-building; provide conflict mitigation services, and target trafficking and other transnational threats.

The USG has committed to providing assistance to those ethnic minorities who choose to return to Kosovo. USG humanitarian assistance will assist these returnees with reintegration into Kosovo's society and the rebuilding of their livelihoods. SEED supplemental funds may be used as a contribution to reduce any share of Serbia's international debt that Kosovo may inherit. FY2008 SEED funds will focus on developing Kosovo's economic integration regionally and internationally, by incorporating international standards in the public and private sectors; and by targeting critical infrastructure needs. Supplemental SEED funds will also support the development of Kosovo's security structures, the legal conversion from UNMIK to final status, and will target capacity-building in key central institutions. FY 2008 programs in this area will fund projects to support decentralization; to strengthen justice sector institutions; and to support political party development and civil society.

Together these efforts will support implementation of the standards, promote economic and democratic development in Kosovo, and help stabilize the region. The European Union and IFIs would, however, bear the brunt of these costs, which could be as high as \$2 billion. "Frontloading" of U.S. assistance immediately post-status through an FY 2007 supplemental will promote stability and economic growth, enable quicker reduction of U.S. troop presence in Kosovo, prevent additional debt-service costs, and leverage greater contributions from other donors.

Child Survival and Health Programs (CSH)

Avian Influenza – The President requests **\$161 million** to be able to maintain and expand its efforts to stop the spread of the avian flu virus and pre-empt the emergence of a virus capable of causing a global influenza pandemic. The success of USAID's efforts over the past year has been closely linked to the rapid commitment and obligation of available funds in support of emergency

field operations. At current expenditure-rates, USAID expects AI funds will be fully spent by the summer of 2007.

Recent events have highlighted the need for the earliest possible receipt of emergency supplemental for avian influenza. Over the past 5 weeks outbreaks of avian influenza involving both poultry and humans have been reported in a dozen countries spanning Asia, Europe and Africa, with new mutations reported in countries as dispersed as Egypt and Indonesia signaling that the virus continues to change rapidly. The threat posed by the avian influenza virus is expected to continue to increase in the coming months. This recent surge in reported AI outbreaks is consistent with the seasonal surge reported during the first six months of 2006 when the H5N1 virus spread with unexpected speed across 53 countries.

The additional resources will further enable USAID to meet the core goal of the international component of the US Government's Implementation Plan to the National Strategy for Pandemic Influenza: *to stop, slow, or limit the spread of infection to the United States by building international capacity to prevent, detect, and limit the spread of animal and human pandemic influenza.*

The National Implementation Plan called on federal agencies and departments to undertake 86 specific actions within 12 months to expand U.S. foreign assistance for enhancing preparedness and communications, improving surveillance and detection, and strengthening capacity for response and containment. USAID responded during FY06 by expanding its AI assistance to include 53 countries and regional programs in all the priority and at-risk regions, providing aggressive U.S. leadership in support of a comprehensive international response.

International Disaster and Famine Assistance (IDFA)

The IDFA supplemental request of **\$105 million** includes funding for the following programs:

Sudan - The request for **\$40 million** in FY 2007 supplemental funding will ensure the USG's continued ability to provide humanitarian assistance to 1.9 million internally displaced persons (IDPs) and host communities in the more than 60 IDP camps in which we work. The funding would allow the USG expand access to communities and remote and rural areas, security permitting, laying the foundation for returns. The funding would also build upon nascent efforts at conflict mitigation among critical groups, including nomads and pastoralists. Key sectors to be targeted include health, water and sanitation, food security, which includes agricultural and livestock requirements, relief commodities, logistics and transport of humanitarian goods and partners, and shelter and livelihoods support (such as fuel efficient stoves which also protect women from Sexual and Gender-Based Violence (SGBV), and shelter needs in Darfur). A small portion of the funding would support relief needs of host communities of Darfurian refugees and the increasing number of IDPs in Eastern Chad. These non-food humanitarian projects have proven essential to mitigating tension and conflict between Darfurian refugees and host Chadian communities.

Other -This request provides **\$65 million** to carry out unanticipated humanitarian assistance activities or to replenish costs incurred as a result of the humanitarian crises in Iraq and Somalia. The request includes funds for continued support for humanitarian needs of persons affected by the violence in Iraq, and to meet emergency needs arising from the current humanitarian crisis in Somalia.

The request would support expansion of the current IDP response in Iraq, to meet the needs of an increased number of beneficiaries. Although the recent intensification of conflict in Somalia has not resulted in an immediate escalation of humanitarian needs, substantial emergency needs exist as a result of over a decade of repeated. Currently, more than 1.8 million vulnerable Somalis are without consistent access to basic health, nutrition, water, or sanitation services. In order to support the stabilization of the country, Somalis must have access to basic services, which is currently constrained by insecurity and a lack of access.

Economic Support Funds (ESF)

The request of **\$3.025 billion** additional ESF includes funds for the following programs:

Iraq – The **\$2.072 billion** ESF request supports the Government of Iraq's efforts to stabilize the country, bolster the economy, and achieve national reconciliation. This funding is essential for the success of the USG civilian surge, expanding the presence of Provincial Reconstruction Teams (PRTs) and enabling USG agencies to decentralize and diversify their civilian presence and assistance to the Iraqi people. The request level is necessary to ensure that assistance reaches across all of Iraq and improves coordination of USG programs critical to stability, including Iraqi Provincial Reconstruction Development Councils (PRDC) and USAID's Local Governance, Community Stabilization, and Community Action Programs. It will also ensure that foreign assistance is coordinated with military resources, including the Commanders' Emergency Response Program, in a common strategic plan that sustains stability and fosters Iraqi self-sufficiency in areas that have made security gains. PRTs will support local moderate Iraqi leaders through targeted assistance to foster new businesses, create jobs and develop provincial capacity to govern in an effective and sustainable manner.

In the economic area, funding will set the foundations for long-term growth, assisting Iraqis reform key sectors of the economy, including agriculture, Iraq's second largest employer. These programs will increase commercial lending and access to capital through micro-finance and banks, and will provide a range of business development services for companies in key sectors of the economy on how to operate in a free market. Funding will also expand programs for non-agricultural businesses.

FY07 Supplemental funding is critical to building Iraqi self-reliance, expanding current efforts to improve the institutional capacity of key Iraqi ministries to address the needs of the Iraqi people. Efforts will focus on the development of critical management capabilities, such as budget formulation and execution, which will improve services and enhance the governance capacity of Iraq's executive branch. Project management units will be established to help ministries execute their budgets, bringing tangible benefits to the Iraqi people. Funding will support the Iraqi Government's efforts to reduce unemployment through improvements in economic governance that promote the growth of the private sector.

Funding is requested to expand democracy and governance programs to support greater engagement with political parties, civil society organizations, and national political institutions, such as parliament. These programs will also seek to support the development of an independent media, pursue national reconciliation, and promote women's rights and human rights.

Lebanon – The FY 2007 supplement request is **\$300 million**. Working with the IMF, the Government of Lebanon is launching an ambitious economic reform agenda. The U.S. intends to support this agenda with direct budget support to the Siniora Government conditioned on

achievement of select reforms. Our focus on economic stabilization and fiscal responsibility on the part of the Lebanese Government is intended not only to enhance the Government's credibility in the eyes of its people and the international community, but to lay the groundwork for Lebanon's long-term political stability and economic opportunity.

To strengthen the capacity of the Government of Lebanon to function and be viewed as a national and local force to help forestall future conflict, the U.S. will invest in efforts to strengthen the Lebanese municipalities to perform government functions and provide public services. In the justice sector, the U.S. will address persistent rule of law problems and work to enhance court administration. Efforts will also be undertaken to promote consensus building through support of a competitive and representative political framework, including support to the independent electoral commission and democratic political parties.

The U.S. will continue to work in the Lebanese educational sector by addressing sorely needed upgrades to primary and secondary educational facilities nationwide, with a particular emphasis on areas where Government of Lebanon control may be weak. Upgrades will include the provision of laboratories, books, computers, and classroom furniture.

Afghanistan – The FY 2007 Supplemental request of **\$653 million** funds those reconstruction efforts that are critical elements of our strategy to achieve security and development in Afghanistan. Supplemental funding primarily focuses on expanding reconstruction efforts in provinces that have been targeted by Taliban and other insurgents. These efforts include accelerating power supply distribution, building high priority roads in Afghanistan's south and southeastern regions, expanding rural development programs, and strengthening governance in targeted provinces. The FY 2007 Supplemental funds will support the Northeastern Power System, an effort to supply Kabul and Afghanistan's northern cities with both local and imported powers, and thereby reduce U.S. funding spent on expensive, short-term diesel fuel purchases. Funding for roads will support key district and provincial roads in the South and the East and road segments that are of strategic military importance.

In addition, the Supplemental will support a critical expansion of alternative economic development initiatives into un-served areas with the potential for increased poppy cultivation. Creating and sustaining improved livelihoods, particularly in rural areas, is a key pillar in the counter-narcotics strategy of the Governments of Afghanistan and the United States. The Supplemental will also permit the necessary deepening and diversification of U.S. efforts to strengthen provincial governance. As the post-Bonn center of gravity for reconstruction and developments shifts from Kabul to the provinces, Provincial Reconstruction Teams are more vital than ever as a primary tool to strengthen provincial governance and thus support transformational diplomacy and development. Support will include infrastructure, tools, and training to help build responsive, sub-national governance.

Activities will be concentrated in the south and east in support of counterinsurgency efforts. Near-term funding is critical to tip the balance of Afghan support for democratic governance so that reconstruction and development programs can successfully serve as incentives for peace and reconciliation and thus rob the Taliban and others of the critical support necessary for the continuance of the insurgency and ability to further destabilize the southern and eastern region of Afghanistan.

Roads (\$342 million): This request provides funding for strategic military roads, provincial roads, and critical district roads in the South and East. The importance of these roads is three-

fold: (1) they will promote economic development both through immediate employment during construction, and the longer-term improved access to markets for agricultural products and other goods produced in rural areas; (2) the roads will promote improved governance by better connecting isolated districts with little state presence to provincial capitals, and will facilitate a two-way flow of officials into the hinterlands to better address needs and rural residents to the capitals to seek assistance, express grievances, and communicate in-person with officials; and, (3) security will be enhanced both during the course of construction and by permitting vastly enhanced mobility of security forces, particularly the police. This funding will complete provincial roads in Taliban-resurgent zones to spur alternative livelihood and economic development in the poppy growing area, signal the presence of the GoA and international community, and enhance the rapid response capability of security forces.

Power (\$40 million): Currently only 7% of Afghanistan's population has access to electricity. Limited access to power hinders economic growth and stifles productivity. This request meets critical needs in the Northeastern Power System (NEPS), including helping to complete construction of the Sheberghan Power Plant. This funding is needed urgently in FY 2007 so that the Turkmenistan-Sheberghan power transmission line can be built and put into commercial operation by the end of 2009. Without the construction of this line, reliable gas-generated power from Turkmenistan will not be available, and 11 million power consumers in northern and eastern Afghanistan will only have access to more expensive power from Tajikistan and Uzbekistan. As a result of the timely construction of this line, power in northern Afghanistan will cost only 3-5 cents per kilowatt-hour as opposed to as much as 40 cents per kilowatt-hour, and diesel fuel imports will no longer be necessary. The ultimate result of these funds will be reliable and stable operation of NEPS by the end of 2009, which will lead to the delivery of low cost power for the economic development of northern and eastern Afghanistan, laying the foundation for regional power trade between Central and South Asia. The completion of the plant will also strengthen the Government of Afghanistan's hand when negotiating Power Purchase Agreements with neighboring Central Asian countries.

Rural Development (\$120 million Alternative Livelihoods and \$13 million Agriculture): Creating and sustaining improved livelihoods, particularly in rural areas, is the Government of Afghanistan's overall development priority. The majority of the supplemental request is necessary for expansion of USAID-administered alternative livelihood initiatives into un-served areas of an estimated four new provinces with the potential for increased poppy cultivation. The remaining funding will allow for the intensification of current activities in some of the current provinces experiencing increased poppy production and thus targeted for increased attention including mandatory eradication. Intensive alternative livelihood programming expanded into an additional four provinces, for a total of 13 should produced significant declines in poppy production beginning in the 2007-2008 poppy growing season, assuming the other four pillars of the counter-narcotics strategy continue to operate successfully.

Successful rural development in an overwhelming agrarian society such as Afghanistan's requires not only well-conceived and implemented alternative livelihood programs, but also those in the more traditional agriculture sector. Such programming must run the spectrum from farm-to-market, address both horticulture and livestock production, cover not only small-scale household farming, but also value-added processing of agricultural products undertaken by a variety of agrobusinesses, and support the sectoral reforms needed as a basis for a modern agricultural economy. This request will fund a new flagship initiative in the sector, the "Accelerating Sustainable Agriculture Program," to expand into a strategically important part of Afghanistan, the southeast. While agricultural potential in the southeast is relatively low compared with other parts of Afghanistan, USAID assessment missions during the past year have determined that much

improvement in agricultural and livestock productivity could be gained at a relatively low cost. These are largely Pashtun tribal areas, and they have been historically underserved by development efforts, including since the fall of the Taliban, for a variety of reasons including during past years an uncertain security situation. Successful work in these areas has gone a long way towards pacifying the region and this program will help further stabilize the environment.

Governance Capacity Building (\$21 million): Strengthening Afghan human capital and institutions must be an integral part of rebuilding the country. Afghanistan is willing, but incapable, of leading its own sustainable development without strengthened capacity. An eventual end to donor dependency hinges on it. The Government's lack of capacity has increased popular dissatisfaction with the government and has emboldened the Taliban and other insurgents that seek to destabilize the current political order. Only by strengthening the Government's security forces and increasing its effectiveness, responsiveness, transparency, and ability to deliver services will the Afghan state permanently displace the Taliban and other armed insurgents. The new, multi-year Afghans Building Capacity program will build capacity in the public, private and non-profit sectors, both in Kabul and the provinces. This funding will strengthen the national-level institutions responsible for all aspects of sub-national governance, including the Ministry of Interior, Ministry of Economy, Ministry of Finance, as well as others, such as the Ministry of Communications and Information, and Ministry of Rural Reconstruction and Development, involved with the Policy Action Group (PAG) process led by President Karzai and his National Security Advisor. These efforts must commence now in order to counter an emboldened insurgency, and address one of the underlying causes of the present conflict, which are poor governance, weak capacity, and the inability of the Afghan government to provide basic services to its people.

Provincial Reconstruction Teams/Provincial Governance (\$117 million): This request will permit the immediate necessary deepening and diversification of support for strengthening provincial governance and enabling Afghan governors to take control of their provinces. Local government authorities must be urgently strengthened to counter the governance vacuum that has enabled the Taliban and other anti-government elements to return unchallenged; local government must be responsive, accountable, and effective if it is to retain the loyalty of the Afghan people. Requested support will strengthen governance and counter the insurgency by providing the infrastructure, tools, training, and technical assistance necessary to enable local leaders to carry out effective, responsive sub-national governance. The majority of the funding would be concentrated in the south and east in support of counterinsurgency efforts. Funds would also be allocated to community infrastructure, particularly priorities identified through the participative, consultative process developed by the Government of Afghanistan, using Provincial Reconstruction Teams. This request would also provide training and other capacity building of sub-national officials, including conflict mitigation work and working with traditional and formal forms of local governance, including tribal elders, shuras, and community development councils.

Foreign Military Financing (FMF)

Lebanon -- The request for **\$220 million** will help to ensure the success of Nations Security Council Resolution 1701, which relies in part on the performance of the Lebanese Armed Forces (LAF), a multi-confessional, highly motivated, but drastically under-equipped force. United Nations Security Council Resolution 1701 ended the recent conflict between Israel and Hizbollah and tasked the Government of Lebanon with securing its borders and exercising sovereignty throughout the country. The LAF did not wait for international assistance to deploy some 15,000 troops to south Lebanon and another 8,600 troops to the

Syria-Lebanon border. However, significant amounts of training and equipment are needed to sustain these deployments and complete implementation of UNSCR 1701.

The United States, UK, and France have conducted recent assessments of the LAF's training and equipment needs. These were updated in cooperation with the GOL after the ceasefire to reflect the LAF's expanded role under UNSCR 1701; not surprisingly, the LAF's requirements have expanded as well. Assistance to the LAF currently planned by the international community will only address a small portion of these requirements. We have identified at least \$220 million in training and equipment necessary for the LAF to fully implement UNSCR 1701.

Treasury International Affairs Technical Assistance (TIATA)

Department of Treasury Office of Technical Assistance -- The **\$2.75 million** request is to enable Treasury's Office of Technical Assistance to deepen its engagement with the Government of Iraq (GOI). Based on new requirements and requests from the GOI, the funding will enable the U.S. to field new advisors including expanded assistance to the Central bank on banking law, and the Ministry of Finance on budget execution. The funds will also permit the creation of a new program with the Iraq Council of Representatives on budget and financial matters. Finally, the funding will enable the U.S. to participate in a new, innovative, and multilateral approach to public financial management training in partnership with the World Bank.

International Narcotics Control and Law Enforcement (INCLE)

The supplemental request of **\$260 million** includes funds for the following programs.

Iraq – The FY 2007 supplemental request for **\$200 million** will strengthen judicial processes and criminal justice required to stabilize Iraq, and allow funding of the most critical elements of development of the criminal justice system, anti-corruption, and corrections capacities, through training, technical assistance, equipment, infrastructure improvements, security enhancements, and jail/prison construction. This funding is critical to the success of the Baghdad Security Plan, allowing the judicial sector to efficiently process the large number of pre-trial detainees expected under the new plan. The overarching strategy to which this funding will contribute is to help build a criminal justice system that is sufficiently fair and effective that Iraqi citizens will trust in and turn to government institutions, not violent militias and other forms of “alternative justice,” to resolve disputes.

Rule of law: Supplemental funding will focus on the most pressing priorities essential to both the success of the new Baghdad Security Plan and the longer-term goals of helping build a democratic society based on the rule of law. Those priorities include (1) judicial and court security - protecting judges, witnesses, court staff, and court facilities so that court proceedings can take place in an environment relative free from intimidation; (2) training and mentoring judges, prosecutors, and judicial investigators in the legal matters and skills necessary to process criminal cases fairly and efficiently; (3) integrating the various components of the judicial system so that defendants do not fall through the cracks – guilty persons are not erroneously released and the innocent are not erroneously detained; and (4) supporting anticorruption efforts so as to enhance citizens' trust in their government and accountability on the part of that government.

Corrections: Funds will be used to address capacity issues, overcrowding and human rights concerns within Iraq's jail and prison systems. Specifically, it will fund construction of additional jail/prison beds and provision of technical assistance to the Iraqi Corrections Service (ICS), including to support the expansion of the service as it takes over pre-trial detention responsibilities from the Ministry of Interior and new prison space comes on line.

Lebanon – The FY 2007 supplemental request of **\$60 million** will support the Internal Security Forces (ISF), a force that will play a critical role in support of implementation of UNSCRs 1559 and 1701. In particular, the Internal Security Force has assumed responsibility for guarding Lebanon's ports, airports, and borders as well as fulfilling a traditional counterterrorism role. The ISF's capability to undertake these critical missions is woefully inadequate. The force is expanding quickly, but new personnel urgently require training and personal equipment, including uniforms, body armor, personal weapons, communications equipment, vehicles and other items. The U.S. is developing a train and equip program to address the ISF's critical needs. Assistance will also be required for the customs service to strengthen monitoring and interdiction capabilities, especially at ports of entry and land border crossings.

Migration and Refugee Assistance (MRA)

The 2007 request provides **\$71.5 million** for unforeseen refugee and migration emergencies in Burundi, the Democratic Republic of Congo, and to assist Iraqi refugees and conflict victims, and address the emergency needs of Palestinian refugees. The request would support ongoing repatriation efforts in DRC and Burundi that ramped up in FY 2006. There remain 370,000 Burundi refugees in Tanzania, and several thousand in Rwanda and the DRC. There are over 400,000 DRC refugees in neighboring countries and the peaceful, democratic transformation currently underway, elections in November 2006 paved the way for refugees to return to DRC in 2007. These return operations are critical to the lasting stability and recovery of both Burundi and the DRC.

Funds would support UNHCR, ICRC, and NGO requirements to assist Iraqi refugees in neighboring countries and conflict-affected populations in Iraq. This funding would support the estimated 1,800,000 Iraqi refugees living in increasingly deteriorating conditions in the region (especially Jordan and Syria), and target extremely vulnerable Iraqis, particularly those who have recent left Iraq due to sectarian violence, by providing health, education, shelter, and protection from deportation. It would also permit quick impact projects throughout Iraq targeting those regions most affected by IDPs and communities hosting people displaced by conflict. Additional funding would maintain health assistance to refugee returnees in the south of Iraq.

With the humanitarian situation in Gaza and the West Bank on the decline and current prospects for progress on the political front slim, UNRWA will likely continue as our only channel of support in FY 2007 for Palestinian refugees, who constitute 70 percent of the population in Gaza and 30 percent in the West Bank. UNRWA's 2007 Emergency Appeal reflects growing humanitarian needs of Palestinian refugees in the West Bank and Gaza due to ongoing conflict and the Palestinian Authority's fiscal crisis.

Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR)

The supplemental request of **\$27.5 million** includes funds for the following programs.

Iraq -- The **\$7 million** request in NADR is for critical demining activities. The USG has supported NGO demining operations, which have successfully cleared some areas of Iraq.

NADR funding is required to resume demining activities in Iraq, one of the most heavily mined countries in the world.

Lebanon -- The request for **\$5.5 million** will support a terrorist interdiction program that would provide the Government of Lebanon with a capability to ensure adequate controls, particularly at key points of entry. The capacity to interdict the movement of terrorists into and out of Lebanon is essential to the success of United National Security Council Resolutions 1559 and 1701. A

Afghanistan -- The **\$15 million** FY 2007 request will address the funding gap in support for the Presidential Protection Service. While assessments had predicted that the protection service would be self-sufficient by this point, the increasing security threats and complications have prevented this from occurring. This request will provide U.S. equipment, training and mentoring is essential to build the capacity of Afghan security forces, enabling them to protect the Afghan leadership and contain terrorist elements.

Peacekeeping Operations (PKO)

The FY 2007 supplemental request of **\$278 million** includes funding for the following programs.

Sudan - The FY 2007 supplemental request of **\$150 million** will be used to support Darfur peacekeeping, including support for the African Union Mission in Sudan (AMIS). This support includes: construction and operations; and maintenance of base camps for AMIS troops; maintenance of vehicles and communications equipment; pre-deployment training and equipping for Rwandan and Senegalese troops in AMIS; strategic airlift of AMIS troops; provision of U.S. contract military observers to AMIS; and support for transition of AMIS to a United Nations peacekeeping force in Darfur. As part of this supplemental the Administration requests transfer authority from the Contributions for International Peacekeeping Activities (CIPA) account to the PKO account.

The FY 2007 supplemental request also includes **\$128 million** to support a number of anticipated new peacekeeping requirements in Africa. The humanitarian tragedy that continues to unfold in the Darfur region of Western Sudan has caused a severe spillover effect in Eastern Chad, with large numbers of Sudanese refugees coming across the border, destabilizing an already delicate situation between the Government of Chad (GOC) and several rebel groups operating in the region. This delicate situation is causing further spillover effect into Northern Central African Republic, threatening even wider conflict in the Central Africa region if action is not taken to stem the tide of violence and destabilization. The additional FY 2007 funds for peacekeeping operations will be applied to stabilization operations and security sector reform. Funds will also be used to deploy a regional, African stabilization and peacekeeping force in Somalia that will provide a secure environment in which a political process can move forward and effective security institutions can be developed. In addition, support to and develop of nascent institutions serving Somali will provide an important peace dividend that will help our efforts to encourage inclusive political dialogue and reconciliation toward establishment of a legitimate, functioning government that will serve all Somalis.

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The FY 2007 supplemental request of **\$350 million** includes funding for the following programs.

Sudan – An additional **\$150 million** is needed to respond to Sudan and Eastern Chad in FY 2007. USAID will be able to meet 40% of this requirement from its core budget and \$75 million of the proposed supplemental request will allow us to reach the target of 50% of global needs for Sudan and Eastern Chad. An additional \$75 million will be required if increasing insecurity results in greater needs, as it already appears to have done in Eastern Chad, or rising redelivery costs, such as if aid agencies must use aircraft.

Emergencies – The request also includes **\$200 million** to meet other critical food situations elsewhere in the world. For example, inadequate rainfall during April and May 2006, especially in northern Afghanistan, has resulted in drought conditions and an increase in food aid requirements – in Afghanistan, \$30m is envisioned as the drought response. In southern Africa, slow recovery after two droughts in the last five years, continuing deterioration of economic conditions in Zimbabwe, and the projected below-average upcoming rainy season are resulting in higher-than-expected food aid needs. Increasing displacement of Somalis within the country and to Kenya due to rising insecurity, coupled with slow recovery after several seasons of failed rains, has raised food aid needs significantly over levels previously anticipated in the Horn of Africa.

U.S Emergency and Refugee & Migration Assistance (ERMA)

The request provides **\$30 million** to address unanticipated emergency humanitarian needs in places such as Somalia, Chad, West Bank/Gaza, Iraq, and Sri Lanka. It would also support contingency planning for increased Darfur refugee outflows to Chad (up to 150,000 refugees and IDPs), which is appearing increasingly likely. The current ERMA balance is \$6.2 million, the lowest in more than a decade; that level is insufficient to respond to the likely level of requirements.

USAID Operating Expenses (USAID OE)

A supplemental request of **\$5.7 million** in USAID OE is required to fund the projected extraordinary security, personnel and other costs of operating the USAID's mission in Afghanistan in a deteriorating security environment.

FY 2007 Global War on Terror Supplemental
by Country and Program Element

| | |
|---|-----------|
| TOTAL | 4,812,700 |
| Afghanistan | 698,000 |
| 1.1.3 Governments' Capabilities | 15,000 |
| 1.4.2 Alternative Development and Alternative Livelihoods | 120,000 |
| 1.6.1 Conflict Mitigation | 82,000 |
| 2.2.2 Public Sector Executive Function | 21,000 |
| 2.2.3 Local Government and Decentralization | 35,000 |
| 4.4.1 Modern Energy Services | 40,000 |
| 4.4.3 Transport Services | 342,000 |
| 4.5.1 Agricultural Enabling Environment | 13,000 |
| 5.1.2 Crisis Assistance and Recovery | 30,000 |
| Iraq | 2,339,000 |
| 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary | 1,000 |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 1,000 |
| 1.3.1 Operations Support | 884,000 |
| 1.5.1 Financial Crimes and Money Laundering | 4,000 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 1,000 |
| 1.6.2 Peace and Reconciliation Processes | 10,000 |
| 2.1.3 Justice System | 186,000 |
| 2.1.4 Human Rights | 50,000 |
| 2.2.1 Legislative Function and Processes | 140,000 |
| 2.2.2 Public Sector Executive Function | 180,000 |
| 2.2.3 Local Government and Decentralization | 115,000 |
| 2.2.4 Anti-Corruption Reforms | 14,000 |
| 2.3.2 Elections and Political Processes | 27,000 |
| 2.3.3 Political Parties | 40,000 |
| 2.4.1 Civic Participation | 160,000 |
| 2.4.2 Media Freedom and Freedom of Information | 36,000 |
| 3.1.8 Water Supply and Sanitation | 25,000 |
| 4.1.1 Fiscal policy | 40,000 |
| 4.2.1 Trade and Investment Enabling Environment | 30,000 |
| 4.4.1 Modern Energy Services | 25,000 |
| 4.5.1 Agricultural Enabling Environment | 37,500 |
| 4.5.2 Agricultural Sector Productivity | 37,500 |
| 4.6.1 Business Enabling Environment | 40,000 |
| 4.6.3 Workforce Development | 150,000 |
| 4.7.1 Inclusive Financial Markets | 25,000 |
| 4.7.3 Strengthen Microenterprise Productivity | 20,000 |
| 5.1.1 Protection and Solutions | 12,750 |
| 5.1.2 Crisis Assistance and Recovery | 47,250 |
| | |

| | |
|--|---------|
| Kosovo | 279,000 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 28,000 |
| 1.6.1 Conflict Mitigation | 5,000 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 2,000 |
| 2.2.2 Public Sector Executive Function | 8,000 |
| 2.2.5 Governance of the Security Sector | 5,000 |
| 4.1.1 Fiscal policy | 200,000 |
| 4.4.1 Modern Energy Services | 5,000 |
| 4.4.2 Communications Services | 5,000 |
| 4.4.3 Transport Services | 5,000 |
| 5.1.1 Protection and Solutions | 5,000 |
| 5.1.2 Crisis Assistance and Recovery | 2,000 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 3,000 |
| 5.3.1 Protection and Assistance | 3,000 |
| 5.3.2 Institutional Support and Capacity-building | 3,000 |
| Lebanon | 585,500 |
| 1.3.4 Explosive Remnants of War (ERW) | 5,500 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 280,000 |
| 2.2.3 Local Government and Decentralization | 20,000 |
| 3.2.1 Basic Education | 10,000 |
| 4.1.1 Fiscal policy | 250,000 |
| 4.6.2 Private Sector Productivity | 20,000 |
| Sudan | 340,000 |
| 1.3.1 Operations Support | 150,000 |
| 5.1.2 Crisis Assistance and Recovery | 190,000 |
| DCHA Contingency | 190,000 |
| 5.1.2 Crisis Assistance and Recovery | 190,000 |
| Global Health | 161,000 |
| 3.1.4 Avian Influenza | 161,000 |
| Political-Military Affairs | 128,000 |
| 1.3.1 Operations Support | 10,000 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 118,000 |
| Population, Refugees, and Migration | 86,500 |
| 5.1.1 Protection and Solutions | 44,125 |
| 5.1.2 Crisis Assistance and Recovery | 42,375 |
| USAID OE | 5,700 |
| USAID Operating Expenses (OE) | 5,700 |

FY 2008 Global War on Terror (GWOT) Emergency

The FY 2008 emergency request for Foreign Operations totals **\$1.37 billion** in the following accounts.

Economic Support Funds (ESF)

The **\$1.111 million** request for ESF includes funds for the following programs:

Iraq – The Administration included the full year cost of Iraq in the FY 2008 budget. To this end, the FY 08 base program level is appropriate in scale and content for a stabilizing, moderately safe environment in Iraq. The Administration then determined which program level in the request is unique to the security situation and is appropriately designated as an “Emergency.” The “Emergency” program level will not be necessary once Iraq is a stabilized, moderately safe environment.

The **\$772 million** request in ESF will continue programs that contribute to security, economic, and political stability. Efforts will shift towards increasing Iraqi Government capacity to improve the lives of ordinary Iraqis by better spending its own budgetary resources to meet a wide range of urgent needs. While the Iraqi Government has proposed a good budget for 2007, USG assistance will provide ministries the training and skills they need to become more effective. The overall FY08 funding request level is reduced from the FY 07 level to reflect improvements in capacity from USG assistance. By 2008 and 2009, the burden of local assistance should be assumed more effectively by the Iraqi Government. In the meantime, though, USG efforts will be vital to building the Iraqi Government’s capacity to meet its citizens’ needs.

Building on the programs funded under the FY07 Supplemental, the FY08 Emergency funding supports programs integrated with the military’s security operations. Stabilization and economic development cannot take place without a secure environment, and better economic and political prospects will undermine the recruiting efforts of the insurgency. In the security area, \$390 million will support programs coordinated through Provincial Reconstruction Teams (PRTs) to complete the transition to Iraq’s self-reliance. These funds will also be used to harden critical infrastructure against insurgent attacks, negating their debilitating impacts on the Iraqi population. Funding will also support the Community Stabilization (CSP), which is vital for counterinsurgency operations by providing funding for rehabilitation of community infrastructure, employment generation and financial support for local businesses.

In the economic area, \$134 million will fund programs that strengthen Iraqi operations and maintenance of USG-funded infrastructure, ensuring the sustainability of the USG investments across key services. In the political area, \$248 million will provide training and capacity development for key Iraqi ministries to execute their own budgets and perform critical functions for the Iraqi people. It will also fund democracy and governance programs that support moderate, non-sectarian entities, a critical step in national reconciliation as Iraq prepares for national elections by 2009, and a referendum on Kirkuk. Finally, funding will also address policy and regulatory reforms, removing barriers to business formation and economic development by supporting including WTO accession, subsidy reform, creation of a social safety net, and the passage of a hydrocarbon law.

Afghanistan - \$339 million is requested to continue funding of critical reconstruction efforts that will contribute to efforts counter and prevent further insurgency. This request will meet critical infrastructure requirements for building and maintaining roads in the southern and eastern regions of Afghanistan and power plants and power distribution networks. These infrastructure efforts will help the Government of Afghanistan provide greatly needed services and opportunities for citizens in areas facing insurgent activity and would help prevent insurgents from crossing into Afghanistan from Pakistan.

Roads (\$279 million): This request will provide funding to complete all district roads in the South and East. As explained in the FY 2007 GWOT request, these roads are critical to enhancing security, economic development and governance. With the funding from both GWOT requests, the United States will be able to construct approximately 2,000 kilometers of roads connecting District Centers with the provincial capitals in the southern and eastern provinces of the country.

Power (\$60 million): This request will provide funding for the Southern Electrical Power System (SEPS). Security concerns by other donors make SEPS a U.S.-only multi-year initiative. The United States has already replaced and refurbished the turbines at the Kajaki Hydroelectric Dam, the main source of power for southern Afghanistan. This funding will expand the dam's reservoir and construct electrical transmission lines from Kajaki to major southern cities of Kandahar and Lashkar Gah. While security remains a concern, we need to maintain power productivity to prevent adverse political and economic consequences on the stability of important southern provinces.

International Narcotics Control and Law Enforcement (INCLE)

Iraq- The FY 2008 request of **\$159 million** will consolidate and expand the gains in human rights, anti-corruption, rule of law and corrections. This request would provide funding for Iraq to enable additional prison/jail bed construction to meet anticipated shortfalls, and further develop Iraqi criminal justice, corrections and anti-corruption entities, including by improving security and boosting technical skills/capacities and management.

Rule of law: We seek to support twin goals through our rule of law programs in Iraq: to help the Iraqis develop the institutional and societal frameworks on which the rule of law rests while on a priority basis addressing more immediate problems that impede the effective functioning of the justice system and thus undermine the confidence of the Iraqi people in their government and their future. With FY08 Supplemental funding, we expect to continue Baghdad programs while expanding programs for judicial and court security, judicial capacity, justice integration, and anticorruption to the provinces.

Corrections: As Iraqi security forces' capacities continue to improve, more criminals will be taken off the streets. We will use FY08 Supplemental funds to continue to expand the inmate capacity of Iraq's already overcrowded jail and prison facilities and provide advisory support for the related continued expansion of the Iraqi Corrections Service.

Migration and Refugee Assistance (MRA)

In FY 2008, MRA funds for Iraq totaling **\$35 million** would support UNHCR, ICRC, and NGO requirements to assist Iraqi refugees in neighboring countries and conflict-affected populations in Iraq, including returns and reintegration-related activities. USG support contributes directly to

stabilizing displaced Iraqi populations and promoting long-term stability in Iraq and the region by working with the UN, international and non-governmental organizations to bolster temporary protection mechanisms for Iraqis in neighboring countries; expand assistance to needy Iraqis in neighboring countries by supporting shelter, health, education, and other social services; and protect and seek durable solutions for vulnerable non-Iraqi refugees stranded in Iraq.

This funding would support the currently estimated 1.5 million Iraqi refugees living in increasingly deteriorating conditions in the region (especially Jordan and Syria), and target extremely vulnerable Iraqis, particularly those who have left Iraq due to sectarian violence. It would also permit quick impact projects throughout Iraq targeting those regions most affected by IDPs and communities hosting people displaced by conflict. Additional funding would maintain health assistance to refugee returnees in the south of Iraq. Funding would also build on previous support to increase UNHCR's capacity to refer vulnerable refugees to the U.S. refugee resettlement program.

USAID Operating Expenses (USAID OE)

The **\$61.8 million** request for USAID OE includes \$45.8 million to fund projected personnel and support costs in Iraq as well as Washington-based staff backstopping the Iraq Mission, and other operating costs including those associated with moving into the New Embassy Compound in Baghdad. The request also includes \$16 million to support the projected extraordinary security, personnel, including the International Cooperative Administrative Support System (ICASS), and other costs for operating the Mission in Afghanistan.

FY 2008 Global War on Terror Emergency

by Country and Program Element

| | |
|---|-----------|
| TOTAL | 1,366,800 |
| Afghanistan * | 355,000 |
| 4.4.1 Modern Energy Services | 60,000 |
| 4.4.3 Transport Services | 279,000 |
| 6.1.1 Program Support | 16,000 |
| Iraq | 966,000 |
| 1.3.1 Operations Support | 170,000 |
| 2.1.3 Justice System | 169,900 |
| 2.2.2 Public Sector Executive Function | 230,000 |
| 2.2.3 Local Government and Decentralization | 65,000 |
| 2.2.4 Anti-Corruption Reforms | 7,100 |
| 2.4.1 Civic Participation | 15,000 |
| 3.1.8 Water Supply and Sanitation | 82,000 |
| 4.4.1 Modern Energy Services | 82,000 |
| 4.6.3 Workforce Development | 92,500 |
| 4.7.3 Strengthen Microenterprise Productivity | 17,500 |
| 5.1.1 Protection and Solutions | 17,987 |
| 5.1.2 Crisis Assistance and Recovery | 17,013 |
| USAID OE | 61,800 |
| USAID Operating Expenses (OE) | 61,800 |

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Independent Department and Agencies Bilateral Assistance

African Development Foundation (ADF)
Department of the Treasury
Treasury Technical Assistance
Debt Restructuring
Export-Import Bank
Inter-American Foundation (IAF)
International Trade Commission (ITC)
Millennium Challenge Corporation (MCC)
Overseas Private Investment Corporation (OPIC)
Peace Corps
Trade and Development Agency

African Development Foundation

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--------------------------------|-------------------|---------------------|--------------------|
| African Development Foundation | 22,770 | 22,225 | 30,000 |

The President's request for **\$30.0 million** in FY 2008 for ADF will allow the Foundation to provide African small enterprises with the essential capital, technology, technical assistance, and training they need to grow, generate new jobs in Africa's poorest communities, and deliver significant increases in income to their employees and others involved in their production chain. The funding will also help farming groups and small businesses access the global economy by providing them with resources to diversify their production, create value-added products, satisfy international quality standards, and market their products to regional and overseas buyers.

The ADF will leverage its annual appropriation by securing approximately \$16 million in matching donations from African governments, other donor organizations, and the private sector.

Department of the Treasury

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| Treasury Technical Assistance | 19,800 | 23,700 | 24,800 |
| Debt Restructuring | 64,350 | 20,000 | 207,300 |
| | | | |
| Total, Department of the Treasury | 84,150 | 43,700 | 232,100 |

Treasury Technical Assistance

The FY2008 request for Treasury International Affairs Technical Assistance (TIATA) is **\$24.8 million**. The program provides financial advisors to countries seeking assistance in implementing significant economic reforms, especially during critical periods of transition to market-based economies. The program supports economic policy and financial management reforms, focusing on the functional disciplines of budget, taxation, government debt, financial institutions, and financial enforcement.

In FY2008, it is estimated that \$7.37 million of the funds requested will be used by Treasury Technical Assistance to fund resident and short-term advisor projects with countries combating money laundering and terrorist finance activity. A large portion of the funds requested (36%) will be used for assistance programs in sub-Saharan Africa, supporting economic and financial reforms in countries receiving HIPC debt relief. Over 12% of the requested funds will be used to carry out projects in the Greater Middle East. The funds will also be utilized to begin two new high priority country engagements in Vietnam and India.

Debt Restructuring

The FY 2008 request is **\$207.3 million** for Heavily Indebted Poor Countries (HIPC) and poorest country debt reduction, HIPC Trust Fund, and Tropical Forest Conservation Act (TFCA) programs.

For the poorest countries with unsustainable debt, debt reduction provides an incentive to implement macroeconomic and structural reforms necessary for economic growth and also to free up resources for poverty reduction efforts. The bulk of the request will be needed to cover the cost of completing HIPC bilateral debt reduction for the Democratic Republic of the Congo.

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

Export-Import Bank

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| Export-Import Bank of the United States | 97,458 | 50,616 | 1,000 |

The FY 2008 request seeks **\$1.0 million** to support the expenses of the Inspector General. The FY 2008 Budget estimates that the Bank's export credit support will total \$18.7 billion in lending activity, and will be funded entirely by receipts collected from the Bank's customers. The Bank expects to collect \$146 million in receipts in excess of estimated losses in FY 2008. These receipts will be used to cover both the \$68 million for loan programs as well as the \$78 million for administrative expenses.

The Export-Import Bank of the United States is an independent executive agency and a wholly-owned U.S. Government corporation. Ex-Im Bank is the official export credit agency of the United States. Its mission is to support U.S. exports by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to provide financing or when such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. By facilitating the financing of U.S. exports, Ex-Im Bank helps companies create and maintain U.S. jobs. The Bank actively assists small and medium-sized businesses.

Inter-American Foundation

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---------------------------|-------------------|---------------------|--------------------|
| Inter-American Foundation | 19,305 | 19,268 | 19,000 |

The FY 2008 request of **\$19 million** will fund the Inter-American Foundation's (IAF) mandate to support programs that promote entrepreneurship, self-reliance, and democratic self-governance as a way to foster economic progress for the poor. A focus on innovation drives the IAF's work in Latin America and the Caribbean, such as its pioneering efforts to work with migrant organizations to help channel some of the vast amounts of remittances that immigrants send home each year into development activities for their home communities. In FY 2008, the IAF will continue its implementation of Opportunity Zones, one of President Bush's mandates from the 2005 Summit of the Americas. This program encourages a combination of business ownership, local investment and civic partnerships to bring people out of poverty in targeted areas. In addition, the IAF will continue to support the economic development initiatives of indigenous peoples, persons with disabilities, as well as African-descendant communities, as part of its implementation of several Summit recommendations.

The IAF will continue to expand its innovative program involving a partnership with an expanding network of 60 Latin American corporations and corporate foundations. Participating corporate partners share criteria for funding and a results measurement system based on IAF's experience with grassroots development, and exceed IAF contributions by a ratio of 2:1 to support local development initiatives. In FY 2008, the IAF will again support the President's priorities in Latin America and the Caribbean to reduce poverty, strengthen local democratic practice, and stem the flow of illegal immigration.

Millennium Challenge Corporation

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|----------------------------------|-------------------|---------------------|--------------------|
| Millennium Challenge Corporation | 1,752,300 | 1,135,000 | 3,000,000 |

For FY 2008, the President’s budget requests **\$3.0 billion** for the Millennium Challenge Corporation to continue to realize the President’s vision of providing transformative assistance to those countries that govern justly, support economic freedom and invest in their people. The MCC budget request for FY 2008 is based on an estimate of the funds needed to conclude MCC Compacts with currently eligible countries that will be ready to enter into Compacts. MCC projects that it will sign additional Compacts with up to 6 countries in FY 2008 with a projected average Compact size of \$400 to \$500 million. MCC is intentionally increasing the average size of Compacts to support transformational growth and poverty reduction in our partner countries. Up to 25 percent of the appropriation will be used for Compacts with lower middle income countries (LMICs) in keeping with MCC’s legislation. MCC legislation allowed for the consideration of LMICs for the first time in FY 2006.

MCC has signed Compacts to date with 11 partner countries: *Armenia, Benin, Cape Verde, El Salvador, Georgia, Ghana, Honduras, Madagascar, Mali, Nicaragua, and Vanuatu*. Six of these 11 Compacts were signed during FY 2006 and the first quarter of FY 2007 (Armenia, Benin, El Salvador, Ghana, Mali, and Vanuatu). MCC has awarded \$3 billion to Compact countries to address various barriers to poverty reduction and economic growth. These Compacts create plans of action for communities to reduce poverty. By the end of FY 2007, MCC expects to have Compacts signed with a total of 15 to 16 countries leaving an additional 9-10 countries in the pipeline. Disbursements will also begin to increase more rapidly in FY 2007 and even more so in FY 2008 as signed compacts move beyond the initial stages of implementation.

MCC will allocate up to 10 percent of its FY 2008 appropriation for countries deemed eligible for Threshold Program assistance. Twenty countries in total have been selected by the MCC Board as eligible for Threshold Program assistance during the past four annual selection cycles, including the one most recently in November of 2006. The Threshold Program was created to help countries who have not yet qualified for MCA Compact funding, but have demonstrated a significant commitment to improve their performance on the eligibility criteria for MCA Compact funding. MCC now has a total of 11 Threshold Agreements representing \$286 million in awards to *Albania, Burkina Faso, Indonesia, Jordan, Malawi, Moldova, Paraguay, Philippines, Tanzania, Ukraine, and Zambia*. These programs focus primarily on improving governance, especially on curbing corruption. Others focus on key social investments such as improving primary education rates among girls as well as the immunization rates.

MCC has built a lean and talented staff of 300 to manage the development and implementation of MCC assistance programs, and has put in place policies and procedures to ensure that U.S. funds are used effectively and responsibly. MCC received an unqualified opinion on its most recent audit, and has worked closely with its Inspector General to review many of its procedures with a view to improving service delivery and management controls. In addition, MCC has taken a number of steps to improve compact development and implementation, including providing detailed guidance to eligible countries early in the process and helping countries put key implementation mechanisms in place before compacts enter into force. As a result, countries are providing more fully developed proposals to MCC, and are better positioned to hit the ground running on implementation.

Overseas Private Investment Corporation

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|---|-------------------|---------------------|--------------------|
| Overseas Private Investment Corporation | -161,076 | -124,000 | -159,500 |

The Overseas Private Investment Corporation (OPIC) is a self-sustaining agency that mobilizes American private investment by providing political risk insurance and financing in support of U.S. foreign policy in 156 developing nations and emerging markets around the world.

OPIC's FY 2008 budget is fully self-funded. From its estimated offsetting collections of \$236 million in FY 2008, OPIC is requesting \$47.5 million for administrative expenses and \$29 million for credit funding. This amount will support over \$1.45 billion in new direct loans and loan guaranties.

The Overseas Private Investment Corporation (OPIC) will focus its efforts on quality projects that are highly developmental, based on both sector and geographic location. Based on U.S. development and foreign policy priorities, OPIC will place special emphasis on small business, investments in Africa, the broader Middle East, and Central America, and continue to increase private sector cooperation and increase the availability of housing for the developing world.

Private sector investment support provided by OPIC is market driven, and as a result, efficiently aligns government resources with projects that are most likely to drive economic growth. For many countries that have moved beyond basic humanitarian assistance, OPIC is an effective and efficient way to promote private sector growth. OPIC's goal is to generate "additionality" on each transaction it conducts, meaning OPIC is able to add value to every investment it supports.

Peace Corps

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|-------------------|-------------------|---------------------|--------------------|
| Peace Corps | 318,780 | 324,000 | 333,500 |

The FY 2008 budget request provides **\$333.5 million** for the Peace Corps, an increase of nearly \$9.5 million over the estimated FY 2007 level.

By the end of FY 2008, there will be approximately 7,600 American Peace Corps Volunteers assisting host countries and local communities to improve education of students, encourage economic development, protect and restore the environment, and increase the agricultural capabilities of farming communities, expand access to basic health care for families, and address HIV/AIDS prevention and care.

Through their services, Peace Corps Volunteers make lasting contributions to the U.S. and the international community by representing American values and diversity, responding to humanitarian crises and natural disasters, and preparing America's work force with overseas experience.

Trade and Development Agency

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|------------------------------|-------------------|---------------------|--------------------|
| Trade and Development Agency | 50,391 | 50,300 | 50,400 |

The Administration is requesting **\$50.4 million** for USTDA in FY 2008. This request maintains the Agency's ability to spur economic development and advance U.S. commercial interests in developing and middle-income countries.

TDA provides a bridge to U.S. technical know-how and experience for developing and middle-income countries. The focus of the Agency is unique in that it creates public-private partnerships in response to project sponsor needs and priorities. TDA programs help identify and prepare projects for implementation that will establish the infrastructure necessary for economies to expand, and develop trade partnerships by enhancing the ability of U.S. firms to conduct business overseas.

In carrying out its program, TDA leverages the resources of the U.S. private sector to advance the foreign policy priorities of the Administration by creating long-term commercial relationships between the private and public sectors of the United States and its partners in the developing world.

The Agency uses various tools to facilitate U.S. business opportunities in the international marketplace. This support comes in the form of technical assistance, feasibility studies, orientation visits, training grants and conferences.

The Agency's FY 2008 budget request encompasses USTDA's assistance programs that support key trade and foreign policy objectives of the Administration, including: 1) building the infrastructure for development by providing early investment analysis, including technical assistance and feasibility studies related to planning, financing, and implementing major infrastructure projects; 2) providing technical assistance to facilitate the Administration's trade policy priorities identified during bilateral and multilateral negotiations and support for trade agreement implementation, including the strengthening of developing countries Intellectual Property Rights (IPR) regimes; 3) enhancing global energy security by providing investment analysis and technical assistance designed to identify, develop, and transport to market new oil and gas reserves to help diversify sources of supply, and to stimulate development of alternative fuels, deploy technologies that promote the clean and efficient use of resources, and improve energy efficiency; and 4) strengthening transportation safety and security by offering technical assistance to build capacity and comply with international safety and security standards.

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Multilateral Economic Assistance

International Financial Institutions (IFIs)
International Organizations and Programs (IO&P)

Multilateral Economic Assistance

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| International Financial Institutions | | | |
| Global Environment Facility | 79,200 | 56,250 | 106,763 |
| International Development Association | 940,500 | 752,400 | 1,060,000 |
| Multilateral Investment Guarantee Agency | 1,287 | 1,288 | 1,082 |
| Asian Development Fund | 99,000 | 99,000 | 133,906 |
| African Development Fund | 134,343 | 134,343 | 140,584 |
| African Development Bank | 3,602 | 3,613 | 2,037 |
| European Bank for Reconstruction and Development | 1,006 | 1,006 | 10 |
| Enterprise for the Americas Multilateral Investment Fund | 1,724 | 1,724 | 29,232 |
| Inter-American Investment Corporation | 1,724 | 1,724 | 7,264 |
| International Fund for Agricultural Development | 14,850 | 14,850 | 18,072 |
| Arrears | (5,453) | (4,018) | (175,000) |
| Total, International Financial Institutions | 1,277,236 | 1,066,198 | 1,498,950 |
| | | | |
| International Organizations and Programs | 303,888 | 326,163 | 289,400 |
| | | | |
| Total, Multilateral Economic Assistance | 1,581,124 | 1,392,361 | 1,788,350 |

International Financial Institutions (IFIs)

International Financial Institutions (IFIs) provide loans, grants and investments to developing and transition economies and private sector enterprises in countries where risks are too high for private financing alone and where leverage is needed to encourage private financing. Bank policies and assistance programs reflect U.S. priorities in promoting growth, increasing productivity, and reducing poverty in developing countries.

The FY 2008 request for the IFIs of **\$1.499 billion** is comprised of \$1.324 billion for scheduled annual commitments and \$175 million to pay a portion of outstanding U.S. arrears to the IFIs. Through U.S. leadership in the IFI replenishment negotiations, key policy reforms were initiated, reinforced and extended in these institutions. The reforms focus on improving debt sustainability, increasing grants, measuring results, increasing transparency and fighting corruption. Through the landmark G-8 Multilateral Debt Relief Initiative, 44 of the world's poorest and most debt vulnerable countries will be eligible to receive 100 percent cancellation of their multilateral development bank (MDB) debt.

Debt sustainability frameworks adopted in IDA and the AfDF will help break the destabilizing lend-and-forgive cycle. IDA will provide approximately 30 percent of its total resources to the world's poorest and most debt vulnerable countries as grants, and the AfDF is also extending nearly one-third of its available resources as grants. The AsDF-9 replenishment agreement

established, for the first time in the AfDF, a grant window where approximately 30 percent of assistance to the poorest countries will be in the form of grants.

Results measurement systems have been expanded significantly through replenishment agreements with the adoption of measurable goals and targets and results-based management processes and standards. Continuing work is needed to ensure full implementation of results-based management in all the MDBs.

Measures to improve transparency and efforts to fight corruption in countries, on bank projects, and in the institutions themselves have been strengthened. For example, the AfDB established a new anti-corruption and investigative unit, the IDB overhauled its procurement policies and practices to conform to best international practices, and AsDB significantly increased its in-country governance programs. In FY 2008, IDA will continue its independent assessment of its internal controls framework.

Going forward, Treasury will continue to reinforce these key reforms and build upon achievements in the IFIs on managing for results, increasing transparency and fighting corruption, and ensuring the debt sustainability of the world's poorest countries.

International Organizations and Programs (IO&P)

| (\$ in thousands) | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--|-------------------|---------------------|--------------------|
| International Organizations and Programs | 303,888 | 326,163 | 289,400 |

The FY 2008 request of **\$289.4 million** for voluntarily funded International Organizations and Programs (IO&P) will advance U.S. strategic goals by supporting and enhancing international consultation and coordination. This approach is required in transnational areas such as protecting the ozone layer or safeguarding international air traffic, where solutions to problems can best be addressed globally. In other areas, such as in development programs, the United States can multiply the influence and effectiveness of its contributions through support for international programs.

UNITED NATIONS CHILDREN'S FUND (UNICEF)

\$123 million - UNICEF acts as a global champion for children and strives to ensure the survival and well being of children throughout the world. The request funds core funding for UNICEF.

UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)

\$75.3 million - UNDP is the UN's primary development agency. The organization's 2008-2011 strategic plan, which will lay out its new priorities, is currently under discussion within UNDP management and its 36-member Board. Its 2004-2007 strategic plan focuses on addressing some of the main obstacles to economic development: (1) human poverty, (2) lack of democratic governance, (3) conflicts and disasters, (4) HIV/AIDS, and (5) lack of good stewardship of the environment and natural resources.

UN DEMOCRACY FUND (UNDEF)

\$14 million - The U.S. believes that the United Nations should assume a more important role in promoting democracy around the world. The UN Democracy Fund, proposed by President Bush in 2004, is an initiative to support pro-democracy forces and activities in countries transitioning to democracy in order to effect broad change in dynamic ways under the UN framework. The Fund, which is financed through voluntary contributions, increases cooperation among democratic countries to support new and transitional democracies, human rights and fundamental freedoms. In August 2006, the Advisory Board approved its first set of grants totaling US\$ 36 million to 125 projects in 100 countries around the world. The approved programs focus on civic education, voter registration, access to information and democratic dialogue, among other issues.

UN FUND FOR VICTIMS OF TORTURE

\$4.8 million - The UN Fund for Victims of Torture supports 187 projects worldwide to help victims of torture cope with the after-effects of the trauma they experienced, reclaim their dignity, and become reintegrated into society. The Fund distributes voluntary contributions received from governments, NGOs, and individuals to organizations providing psychological, medical, social, legal, and financial assistance to victims of torture and members of their families.

UN VOLUNTARY FUND FOR TECHNICAL COOPERATION IN THE FIELD OF HUMAN RIGHTS

\$1.4 million - The Fund supports the activities of the Office of the High Commissioner for Human Rights (OHCHR) toward building strong national human rights protection systems at the country and regional levels. OHCHR is present at the local level in some 40 countries with OHCHR offices, technical cooperation offices or projects, regional and sub-regional representatives, and human rights components of 10 UN peacekeeping missions. In addition to directly supporting OHCHR's fieldwork, the U.S. contribution to the Fund helps to leverage increased contributions by other governments.

UNITED NATIONS DEVELOPMENT FUND FOR WOMEN (UNIFEM)

\$1 million - UNIFEM works in political, economic, and social interventions in partnership with local individual advisors and organizations in over 100 countries.

OFFICE OF THE COORDINATOR FOR HUMANITARIAN AFFAIRS (OCHA)

\$2 million - OCHA coordinates the traditionally diverse international response to humanitarian crises. OCHA works with UN agencies and other national and international organizations (including UNICEF, the UN High Commissioner for Refugees (UNHCR), the ICRC and others) that provide assistance directly to disaster victims.

UNITED NATIONS HUMAN SETTLEMENTS PROGRAM (UN-HABITAT)

\$1 million - UN-HABITAT is the lead United Nations agency for responding to the challenges of the urban poor. The U.S. contribution for core funding of UN-HABITAT enables the program to continue to strengthen its work pertaining to economic freedom, good government, democracy building (through decentralization of power to local authorities), gender equality, and the mobilization of domestic resources.

UNITED NATIONS ENVIRONMENT PROGRAM (UNEP)

\$9.5 million - UNEP has the lead within the United Nations system on most issues related to the environment. It plays a leading role in developing international agreements and national environmental instruments, and also assesses global, regional and national environmental conditions and trends. The six *secretariats* funded include the Montreal Protocol, Basel Convention, Cartagena Convention, Desertification Convention, SPREP Convention, and the Vienna Convention.

MONTREAL PROTOCOL MULTILATERAL FUND

\$19 million - The U.S. EPA estimates that, if the Montreal Protocol is fully implemented, 6.3 million U.S. lives will be saved from skin cancer over the next 150 years. Under the Protocol, the United States and other developed countries have agreed -- through the Multilateral Fund -- to fund the "incremental costs" of developing country projects to completely phase out their use of ozone depleting chemicals. With this funding, developing countries are on track to meet their commitment to reduce use of these substances by 85% in 2007 and to phase out completely by 2010.

INTERNATIONAL CONSERVATION PROGRAMS

\$5.9 million - U.S. contributions to international conservation programs help address wildlife trafficking, biodiversity, and illegal logging problems by facilitating policy approaches and technical expertise to assist developing countries in building their capacity to conserve and sustainably manage vital ecological and economic natural resources. Initiatives funded under this contribution include the: Coalition Against Wildlife Trafficking, Convention on International Trade in Endangered Species of Wild Flora and Fauna, International Tropical Timber, National Forest Program Facility hosted by the Food and Agriculture Organization of the United Nations, Ramsar Convention on Wetlands of International Importance, United Nations Convention to Combat Desertification, United Nations Forum on Forests, World Conservation Union, Montreal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests and the new multi-donor Program for Forestry.

CLIMATE CHANGE PROGRAMS

\$5.3 million - In carrying out its international climate change policies, the Administration has highlighted U.S. leadership in the Framework Convention on Climate Change (FCCC), the Intergovernmental Panel on Climate Change (IPCC), and the Intergovernmental Group on Earth Observations (GEO). The continuation of U.S. participation in and support for the UNFCCC helps advance specific Administration initiatives regarding technology transfer to and capacity building in developing countries, and the enhancement of bilateral climate change cooperation. The continuation of U.S. participation in and support for the IPCC helps advance specific Administration initiatives regarding climate change science and technology, including global observation systems, carbon sequestration, and climate modeling.

WORLD METEOROLOGICAL ORGANIZATION VOLUNTARY COOPERATION PROGRAM

\$1.9 million - The World Meteorological Organization's Voluntary Cooperation Fund (VCP) supports international cooperation on hurricane forecasting; improvements to the Global Telecommunications System, which is used to transmit disaster warnings to national and local users; and capacity-building programs, particularly in the Americas. The U.S. VCP contribution also yields economic benefits to the United States by enhancing weather data exchange and improving forecasts used by, inter alia, the agricultural, shipping, and defense sectors.

ICAO AVIATION PROGRAMS

\$1 million - The United States promotes worldwide civil aviation security through its voluntary contributions to the International Civil Aviation Organization. ICAO's Universal Security Audit Program (USAP), begun in November 2002, evaluates the security of national civil aviation systems and, where warranted, individual airports, carriers, and aircraft.

INTERNATIONAL DEVELOPMENT LAW ORGANIZATION (IDLO)

\$0.3 million - IDLO promotes the rule of law and good governance by providing training to legal practitioners in developing countries, technical assistance to governments in their legal reform efforts, and continuing education to legal professionals. IDLO helps build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

INTERNATIONAL CONTRIBUTIONS FOR SCIENTIFIC, EDUCATIONAL AND CULTURAL ACTIVITIES (ICSECA)

\$1 million - UNESCO's Culture Sector provides solutions for assessing possible damage to UNESCO World Heritage sites in the event of a natural or man-made disaster. The United States sees an opportunity for UNESCO's International Program for the Development of Communication to reach millions of people through programs that focus on communications capability at the community level and the training of journalists in developing countries.

INTERNATIONAL MARITIME ORGANIZATION (IMO) SECURITY

\$0.4 million - To maintain its national security, the United States must be able to deny potential adversaries the ability to mount attacks against the United States from the sea. U.S. contributions to IMO security programs support Long Range Identification and Tracking, Container Security, International Shipping and Port Facility, and Countering Piracy.

ORGANIZATION OF AMERICAN STATES (OAS) DEVELOPMENT ASSISTANCE PROGRAMS

\$5.2 million - FY 2008 funding will focus on projects that strengthen the competitiveness of micro-, small- and medium-size enterprises and foster the development of the private sector. The amount requested will enable the OAS to meet its Summit of the Americas mandates in trade, labor, sustainable development and the environment, education, science and technology, culture, tourism, natural disaster mitigation and rural development. Voluntary contributions from IO&P

are pivotal in “capitalizing” the OAS Development Fund to seed and strengthen programs that have regional impact, leveraging approximately \$3 from other donors for every \$1 in U.S. contributions.

OAS FUND FOR STRENGTHENING DEMOCRACY

\$2.5 million - The OAS Democracy Fund provides readily available capital for essential democracy projects where even small sums can make a big difference. Of those activities the USG elects to support via the Democracy Fund, U.S. involvement represents approximately 70% of total funding for each project. The FY 2008 funding requested is needed to promote OAS democracy programs for the long-term process to defend and consolidate representative democracy. The electoral observation and technical assistance missions are critical to maintaining multilateral influence in that most basic of democratic institutions, the ballot box. At a minimum in FY 2008, there will be OAS electoral missions in Guatemala, Paraguay, The Dominican Republic, Trinidad & Tobago, Belize and Jamaica.

WORLD TRADE ORGANIZATION (WTO) GLOBAL TRUST FUND

\$1 million - The Fund offers an opportunity to demonstrate the concrete commitment of the USG to trade liberalization by supporting developing countries’ efforts to actively engage in WTO trade negotiations. This contribution to the global trust fund will continue to demonstrate the U.S. commitment to open trade, with a special focus on advancing trade in developing nations.

UN INNOVATION AND ENTREPRENEURSHIP INITIATIVE (UNIEI)

\$10 million - The UN Innovation & Entrepreneurship Initiative (UNIEI) will employ technical assistance grants to encourage UN system agencies, developing countries, business groups and NGOs to create positive entrepreneurial environments by advocating simplified property registration, liberalized access to credit, better enforcement of contracts, reformed labor-markets, and easier business licensing. UNIEI will facilitate exchanges between UN agencies, business leaders, entrepreneurial start-ups, parliamentarians, and government officials to diagnose problems and suggest pragmatic solutions. The initiative would establish a self-standing trust fund, governed by donors and advised by world-class entrepreneurial thinkers, modeled roughly on the UN Democracy Fund. Funding would be voluntary by donors, with this \$10 million request serving as a founding donation by the U.S. Moreover, the U.S. would seek matching contributions from private American and foreign foundations.

ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE (OSCE)

\$4 million - The OSCE is a multilateral mechanism for implementing the State Department’s transformational diplomacy agenda in the Balkans and countries of the former Soviet Union. The OSCE’s core objectives include early warning, conflict prevention, crisis management, and post-conflict rehabilitation.

| International Organizations and Programs | | | |
|--|---------------------------|-----------------------------|----------------------------|
| (\$ in thousands) | | | |
| | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
| International Organizations | | | |
| Center for Human Settlements | 149 | * | 1,000 |
| IMO Maritime Security Programs | 396 | * | 400 |
| International Civil Aviation Organization | 941 | * | 950 |
| International Conservation Programs | 5,890 | * | 5,906 |
| International Contributions for Scientific, Educational, and Cultural Activities | 990 | * | 1,000 |
| International Development Law Organization | - | * | 300 |
| International Panel on Climate Change/UN Framework Convention on Climate Change | 5,940 | * | 5,320 |
| Montreal Protocol Multilateral Fund | 21,285 | * | 19,000 |
| OAS Development Assistance Programs | 4,702 | * | 5,225 |
| OAS Fund for Strengthening Democracy | 2,475 | * | 2,500 |
| Organization for Security & Cooperation in Europe (OSCE) | - | * | 4,000 |
| Reserve to be Allocated | - | * | - |
| UN Children's Fund | 125,730 | * | 123,000 |
| UN Democracy Fund (UNDEF) | [10,000] | * | 14,000 |
| UN Development Fund for Women | 3,218 | * | 950 |
| UN Development Program | 108,900 | * | 75,300 |
| UN Environment Program | 10,159 | * | 9,524 |
| UN Innovation and Entrepreneurship Initiative (UNIEI) | - | * | 10,000 |
| UN Office for the Coordination of Humanitarian Affairs (UN OCHA) | 805 | * | 2,000 |
| UN Voluntary Fund for Technical Cooperation in the Field of Human Rights | 1,485 | * | 1,425 |
| UN Voluntary Fund for Victims of Torture | 6,517 | * | 4,750 |
| UNIFEM Trust Fund | 1,485 | * | - |
| World Meteorological Organization | 1,881 | * | 1,900 |
| World Trade Organization | 940 | * | 950 |
| Subtotal - International Organizations | 303,888 | * | 289,400 |
| Total | 303,888 | 326,163 | 289,400 |

II. REQUEST BY REGION

Africa
East Asia and the Pacific
Europe and Eurasia
Near East
South and Central Asia
Western Hemisphere

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AFRICA

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Africa Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Child Survival and Health | 391,936 | * | 458,007 |
| Development Assistance | 596,273 | * | 490,445 |
| Economic Support Fund | 133,135 | * | 374,295 |
| Foreign Military Financing | 13,860 | * | 8,800 |
| Global HIV/AIDS Initiative | 1,239,152 | * | 3,421,000 |
| International Disaster and Famine Assistance | 179,790 | * | 113,500 |
| International Military Education & Training | 10,177 | * | 13,663 |
| International Narcotics Control and Law Enforcement | 3,168 | * | 34,180 |
| Nonproliferation, Antiterrorism & Demining | 26,446 | * | 23,824 |
| Peacekeeping Operations | 110,866 | * | 80,000 |
| Public Law 480 (Food Aid) | 850,873 | * | 467,500 |
| Transition Initiatives | 14,583 | * | 5,000 |
| Total | 3,570,259 | * | 5,490,214 |

U.S. resources in Africa are directed to helping African governments, institutions and African-based organizations incorporate good governance principles and innovative approaches to health, education, economic growth, agriculture, and environment programs. Conflict and political instability across Sub-Saharan Africa drain resources from development, encourage weapons proliferation, and breed poverty, disease, terrorism and corruption.

African countries cannot successfully transform their economies without economic growth, development of trade opportunities, and environmentally sound agricultural development. While there is a growing industrial sector in many African cities, agriculture still provides the dominant sources of livelihood for 65% or more of African populations and comprises 30% to 40% of Africa's GDP. Improving the infrastructure and financial sectors is necessary to decrease the costs of production and delivery of goods and services. As much of the continent's poverty and hunger remains concentrated in rural areas among small-scale farmers, generating higher agricultural growth not only would increase incomes and food supplies, but would stimulate broad-based economic growth through linkages with the non-agricultural sector. From 2006 to 2008, investments in Economic Growth have increased by 43%, in large measure because of the MCC.

The disease burden in Africa is the highest in the world. Life expectancy is lower than other regions and continues to decline. The health of Africans has deteriorated over the past decade because of the devastating interactions among poverty, conflict, and the rapid spread of HIV/AIDS and other infectious diseases such as tuberculosis and malaria. Poor health status has led to low productivity and perpetuation of poverty and inequity. Fundamental reform in Africa's education systems also is needed to lay the foundations for future economic and social progress. In addition to State and USAID funds, on-going and potential MCC funding for the region is substantial. Burkina Faso, Zambia, Kenya, Malawi, Niger, Rwanda, Uganda and Tanzania all benefit from Threshold country status and are aiming for compact eligibility. Mozambique, Namibia and Senegal also maintain eligibility status. Four countries have signed MCC compacts: Madagascar (\$110 million), Benin (\$307 million), Cape Verde (\$110 million) and Ghana (\$547 million).

By far the greatest part of the work mentioned above must be done at the country level, but some trans-boundary interventions and partnerships with regional organizations can make an important contribution to mitigating conflict, reducing and eliminating terrorism, and strengthening institutions of good governance on the continent. The principal goal of Africa Regional programs is to strengthen selected African regional institutions and organizations - including non-governmental organizations and associations - to improve their capacity to contribute to Africa's development in an environment of stability and security.

The Impact of P.L. 480 Emergency Food Assistance Comparisons between FY 2006 to FY 2008

The FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The only exception is Sudan where a portion of the likely emergency food aid to be needed in FY 2008 has been budgeted in advance.

The result of this differences in where emergency food aid shown in FY 2006 versus FY 2008 in Africa suggests a decrease in funds between the two years. Given that it is emergency assistance and not development assistance, it should be accounted for when making regional or country comparisons between FY 2006 and FY 2008. For Africa as a whole, emergency food aid allocations to countries in FY 2006 totaled \$1.2 billion. Thus, when emergency food aid is removed from the FY 2006 level then assistance to Africa increased by additional 29 percent (from 54% with emergency food aid included to 83% when emergency food aid is excluded). The swing that emergency food aid can have on the interpretation of country levels is also dramatic, as the two country examples in the table below show.

| | 2006 CBJ Actual | 2008 CBJ Request | Change FY06 - FY08 | Percent change FY06 - FY08 |
|---|-----------------------|------------------------|--------------------------|-------------------------------------|
| Africa, with Emergency Food Aid | 3,559,655 | 5,490,214 | 1,930,559 | 54% |
| Africa, without Emergency Food Aid | 2,865,786 | 5,245,214 | 2,379,428 | 83% |
| Examples: | | | | |
| Democratic Republic of the Congo, with P.L. 480 Emergency Food aid | 90,176 | 80,200 | -9,976 | -11% |
| Democratic Republic of the Congo, without P.L. 480 Emergency Food Aid | 50278 | 80,200 | 29,922 | 60% |
| Liberia, with P.L. 480 Emergency Food Aid | 105,997 | 115,575 | -5,060 | -5% |
| Liberia, without P.L. 480 Emergency Food Aid | 92026 | 115,575 | 23,549 | 26% |

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for Africa (in \$thousands)

| | FY 2006 Actual | FY 2008 Request |
|--|-------------------|--------------------|
| TOTAL | 3,570,259 | 5,490,214 |
| 1 Peace & Security | 225,489 | 227,247 |
| 1.1 Counter-Terrorism | 19,700 | 27,738 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 100 | - |
| 1.3 Stabilization Operations and Security Sector Reform | 167,969 | 150,759 |
| 1.4 Counter-Narcotics | 495 | 1,400 |
| 1.5 Transnational Crime | 2,585 | 2,400 |
| 1.6 Conflict Mitigation and Reconciliation | 34,640 | 44,950 |
| 2 Governing Justly & Democratically | 160,830 | 220,277 |
| 2.1 Rule of Law and Human Rights | 24,246 | 26,538 |
| 2.2 Good Governance | 70,522 | 76,439 |
| 2.3 Political Competition and Consensus-Building | 31,618 | 69,073 |
| 2.4 Civil Society | 34,444 | 48,227 |
| 3 Investing in People | 1,971,256 | 4,147,283 |
| 3.1 Health | 1,711,499 | 3,963,565 |
| 3.2 Education | 210,906 | 157,051 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 48,851 | 26,667 |
| 4 Economic Growth | 587,597 | 519,137 |
| 4.1 Macroeconomic Foundation for Growth | 4,817 | 700 |
| 4.2 Trade and Investment | 29,726 | 29,627 |
| 4.3 Financial Sector | 9,504 | 7,511 |
| 4.4 Infrastructure | 77,748 | 107,861 |
| 4.5 Agriculture | 353,766 | 261,968 |
| 4.6 Private Sector Competitiveness | 30,001 | 39,221 |
| 4.7 Economic Opportunity | 13,384 | 16,471 |
| 4.8 Environment | 68,651 | 55,778 |
| 5 Humanitarian Assistance | 625,087 | 376,270 |
| 5.1 Protection, Assistance and Solutions | 607,000 | 374,056 |
| 5.2 Disaster Readiness | 18,087 | 2,214 |

In FY 2008 funds will continue to be used to advance seven Presidential Initiatives—the President's Emergency Plan for AIDS Relief (PEFAR), Initiative to End Hunger in Africa (IEHA), the Africa Education Initiative (AEI), the African Global Competitiveness Initiative (AGCI), the Congo Basin Forest Partnership (CBFP), the President's Malaria Initiative (PMI), and the Women's Justice and Empowerment Initiative (WJEI). While continuing to address key development challenges across sub-Saharan Africa, resources will be concentrated in seven countries critical to the continent's stability, including Democratic Republic of the Congo, Ethiopia, Kenya, Liberia, Nigeria, South Africa, and Sudan.

Peace and Security (\$227.2 million): In order to assist African nations in preventing state failure and violent conflict, resources will focus on promoting effective and legitimate democratic government institutions in Rebuilding and Developing states. Efforts to strengthen regional security capacity as a means to address regional and transnational threats will involve a sustained focus on early warning systems, post-conflict reconstruction, and developing the capacity of the Africa Standby Force. To eliminate terrorist threats throughout the continent, but especially in ungoverned spaces, resources will be invested in African counterterrorism cooperation and capacity. This includes support for the Trans-Sahara Counterterrorism Partnership, a robust and multifaceted program to deny terrorists safe-havens, operational bases, and recruitment opportunities. Resources will also finance African regional institutions, such as the African Union (AU) and other regional and sub-regional partners, to address conflict mitigation and response issues combining regional, cross-border, and bilateral approaches use the State Department's Global Peace Operation Initiative (GPOI) and Africa Contingency Operations Training and Assistance (ACOTA) programming resources. This includes efforts to address the protection needs of civilians caught in conflict.

Governing Justly and Democratically (\$220.3 million): To enhance stability and increase the capacity of governments to govern justly, the United States will provide support to African nations to strengthen democratic institutions, professionalize security forces, and promote key reforms. Resources will also provide assistance and build African states' resolve to fight corruption and work closely with civil society organizations as emerging constituencies for reform, helping African citizens to hold their governments accountable. Resources will also be used to improve the administration of justice for victims of domestic violence as part of WJEL, which seeks to help the governments of Benin, Kenya, South Africa, and Zambia improve their ability to investigate, prosecute, and adjudicate gender-based violence and provide support to victims.

Investing in People (\$4.1 billion): Africa is the primary focus of the President's Emergency Plan for AIDS Relief, which will continue to provide significant funding to African countries experiencing the most serious effects of the HIV/AIDS pandemic. Through the President's Malaria Initiative, malaria prevention and treatment will be expanded with the goal of reducing mortality by 50% in target countries. Through the Africa Education Initiative, effort will aim to increase access to quality education by supporting training of new teachers and providing textbooks and scholarships for children. Funds will also support water and sanitation development and conservation programs such as the Congo Basin Forest Partnership.

Economic Growth (\$519.1 million): Africa's economic growth and fiscal balance indicators demonstrate a gap between its present stage of development and that of the average for the Developing countries category. Efforts to address this focus on stimulating private sector development, increasing African trade competitiveness, and integrating African nations in the global economy. Building on the success of the African Growth and Opportunity Act (AGOA), diplomatic and development resources will help facilitate increased cross-border, regional, and international trade. Efforts to break the cycle of recurrent food crises through agricultural and economic growth interventions will be made in partnerships with other donors and regional African organizations.

Humanitarian Assistance (\$376.3 million): U.S. Government programs will both prevent and respond to humanitarian crises across the continent. While activities vary across regions, the U.S. seeks to raise awareness and support for improved African disaster preparedness, mitigation, and response capacity.

Five countries have signed MCA Compacts in Africa: Cape Verde (\$110 million), Madagascar (\$109.8 million), Benin (\$307.3 million), Ghana (\$547.9 million) and Mali (\$460.8 million). Other 2007 Compact-eligible countries in Africa include Burkina Faso, Lesotho, Mozambique, Namibia, Senegal and Tanzania. At present, Burkina Faso (\$12.9 million), Malawi (\$20.9 million), Zambia (\$22.74 million) and Tanzania (\$11.15 million) have signed USAID-managed MCA Threshold Country Plans. (The Threshold Program is designed to assist a limited number of countries that have not yet qualified for MCA Compact assistance but have demonstrated a significant commitment to meeting the eligibility criteria.) Other 2007 Threshold-eligible countries in Africa include Kenya, Sao Tome and Principe, Uganda, Niger and Rwanda. The Millennium Challenge Corporation's Board of Directors in June 2006 suspended The Gambia's eligibility for MCA assistance citing a pattern of actions inconsistent with the MCC's selection criteria.

USAID is charged with overseeing the implementation of Threshold Country Plans, including working with countries to identify appropriate implementing partners such as local, United States, and international firms; non-governmental organizations (NGOs); U.S. government agencies; and international organizations.

Of the 15 PEPFAR focus countries, 12 are located in sub-Saharan Africa. The U.S. provides global technical leadership on the full range of issues related to HIV/AIDS prevention, care, and treatment; manage numerous research and field support programs; and monitor the impact of these programs. The U.S. works with governments, nongovernmental organizations, and the private sector to provide training, technical assistance, and supplies-including pharmaceuticals-to prevent and reduce the transmission of HIV/AIDS and provide care and treatment to people living with the disease.

The United States is uniquely positioned to support multi-sectoral responses to HIV/AIDS that address its widespread impact outside of the health sector in high-prevalence countries. In these countries, the United States supports programs in areas such as agriculture, education, democracy, and trade that link to HIV/AIDS and mutually support the objective of reducing the impact of the pandemic on African nations, communities, families, and individuals.

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ANGOLA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Angola is at a pivotal juncture in its development and reconstruction, emerging from 27 years of civil war. The civil war, which ended in 2002, devastated the physical infrastructure, stunted human capital development, and discouraged the emergence of governance systems conducive to transparency and accountability. Abundant energy and diamond wealth have yet to translate to better lives for Angola's people; the country's health and social indicators are among the worst in the world. Since the end of the war, the country has embarked on the arduous process of renewal through resettling internally displaced persons and refugees, rebuilding damaged infrastructure and reunifying the country. Other major challenges include instituting responsible governance and effective service delivery, reducing corruption, and diversifying the economy in order to narrow large disparities in wealth.

A stable, democratic and economically progressive Angola would have a positive impact on the region and continent, and would contribute to the international fight against drug trafficking and organized crime. Furthermore, Angola has the military strength to play a positive role in peacekeeping operations. Recently, the Government of Angola (GOA) has made significant overtures indicating its willingness to reform its public sector in return for a larger share in global trade. Support for these reforms would lead to progress in achieving transformational diplomacy.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 6,606 | * | 6,800 |
| Governing Justly & Democratically | 5,961 | * | 10,172 |
| Investing in People | 14,634 | * | 15,400 |
| Economic Growth | 1,449 | * | 2,463 |
| Humanitarian Assistance | 3,521 | * | 115 |
| Total | 32,171 | * | 34,950 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 13,634 | * | 15,400 |
| Development Assistance | 5,468 | * | 12,750 |
| Economic Support Fund | 2,970 | * | 0 |
| International Military Education & Training | 486 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 6,120 | * | 6,300 |
| Public Law 480 (Food Aid) | 3,493** | * | 0 |
| Total | 32,171 | * | 34,950 |

**FY 2006 includes \$3.493 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$6.8 million): U.S. assistance to Angola supports humanitarian landmine clearance programs that are critical to opening vast areas of roads and countryside. This, in turn, facilitates the free movement of people and commerce, provides access to social services, and promotes development. The United States also supports the GOA's efforts to develop its own

capacity to conduct humanitarian landmine clearance. Furthermore, U.S. assistance bolsters improved professionalism in the Angolan Armed Forces through International Military Education and Training and Medflag medical training and humanitarian assistance exercises. With additional assistance, Angola has the potential to become a leader in providing stability for the entire region.

Governing Justly and Democratically (\$10.2 million): Building government capacity for transparent, accountable, and participatory governance is the greatest area of developmental concern in Angola under this objective. U.S. assistance focuses on: 1) promoting local government and decentralization; 2) improving civic participation; 3) advancing the public sector executive function; 4) supporting increased transparency and accountable fiscal programming; 5) strengthening civil society; 6) improving the quality of dialogue between government and civil society while enhancing service delivery; 7) laying the groundwork for expected elections in 2008 and 2009; 8) strengthening political processes; 9) promoting norms and understanding of political parties; and 10) bolstering the justice system. The program has successfully increased public-private sector dialogue on critical socioeconomic issues such as oil revenue management, HIV/AIDS, land reform, and the electoral process.

Investing in People (\$15.4 million): Poor health care and low life expectancy are areas of deep concern in Angola's social development. U.S. assistance reinforces Angolan efforts to combat the spread of HIV/AIDS, with an emphasis on prevention and behavioral change, improving family planning and reproductive health care, reducing tuberculosis, eradicating polio, and fighting malaria through the President's Malaria Initiative (PMI).

Linkage with the President's Malaria Initiative: In FY 2008, Angola will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50 percent. These proven interventions include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Angola will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Angola will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$2.5 million): While Angola's overall economic growth is strong, the economy suffers from an inability to generate broad-based prosperity. U.S. assistance increases agricultural sector productivity, strengthens financial services, improves the financial sector's ability to foster growth, promotes inclusive economic law and property rights, and expands trade and investment capacity. U.S. assistance also supports a workforce development program geared toward building the entrepreneurial skills of youth.

Humanitarian Assistance (\$0.1 million): A modest level of U.S. assistance provides an invaluable input for strengthening Angola's capacity to respond to and mitigate food crises.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 32,171 | * | 34,950 |
| Peace & Security | 6,606 | * | 6,800 |
| Stabilization Operations and Security Sector Reform | 6,606 | * | 6,800 |
| Destruction and Security of Conventional Weapons | 0 | * | 500 |
| Explosive Remnants of War (ERW) | 6,120 | * | 5,800 |
| Defense, Military, and Border Restructuring, Reform and Operations | 486 | * | 500 |
| Governing Justly & Democratically | 5,961 | * | 10,172 |
| Rule of Law and Human Rights | 280 | * | 530 |
| Justice System | 250 | * | 200 |
| Human Rights | 0 | * | 300 |
| Program Support (Rule of Law) | 30 | * | 30 |
| Good Governance | 2,465 | * | 6,200 |
| Public Sector Executive Function | 600 | * | 1,200 |
| Local Government and Decentralization | 1,556 | * | 4,500 |
| Program Support (Governance) | 309 | * | 500 |
| Political Competition and Consensus-Building | 2,050 | * | 1,600 |
| Elections and Political Processes | 1,200 | * | 1,000 |
| Political Parties | 650 | * | 500 |
| Program Support (Political Competition) | 200 | * | 100 |
| Civil Society | 1,166 | * | 1,842 |
| Civic Participation | 1,006 | * | 1,650 |
| Program Support (Civil Society) | 160 | * | 192 |
| Investing in People | 14,634 | * | 15,400 |
| Health | 13,134 | * | 15,400 |
| HIV/AIDS | 2,768 | * | 4,400 |
| Tuberculosis | 395 | * | 400 |
| Malaria | 7,500 | * | 7,500 |
| Maternal and Child Health | 494 | * | 1,100 |
| Family Planning and Reproductive Health | 1,977 | * | 2,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,500 | * | 0 |
| Social Services | 1,500 | * | 0 |
| Economic Growth | 1,449 | * | 2,463 |
| Trade and Investment | 0 | * | 225 |
| Trade and Investment Capacity | 0 | * | 215 |
| Program Support (Trade) | 0 | * | 10 |
| Financial Sector | 530 | * | 850 |
| Financial Sector Enabling Environment | 500 | * | 500 |
| Financial Services | 0 | * | 300 |
| Program Support (Financial Sector) | 30 | * | 50 |
| Agriculture | 170 | * | 960 |
| Agricultural Sector Productivity | 150 | * | 900 |
| Program Support (Agriculture) | 20 | * | 60 |
| Private Sector Competitiveness | 474 | * | 106 |
| Workforce Development | 424 | * | 100 |
| Program Support (Private Sector) | 50 | * | 6 |
| Economic Opportunity | 275 | * | 322 |
| Inclusive Economic Law and Property Rights | 250 | * | 300 |
| Program Support (Econ Opportunity) | 25 | * | 22 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Humanitarian Assistance | 3,521 | * | 115 |
| Protection, Assistance and Solutions | 3,521 | * | 0 |
| Crisis Assistance and Recovery | 3,493 | * | 0 |
| Program Support (Protection) | 28 | * | 0 |
| Disaster Readiness | 0 | * | 115 |
| Capacity Building, Preparedness, and Planning | 0 | * | 100 |
| Program Support (Disaster Readiness) | 0 | * | 15 |

Statement of Changes

Funding for Angola has increased from FY 2006 levels. The Governing Justly and Democratically objective nearly doubled from FY 2006 levels, reflecting the strategic importance of improved governmental institutions to move Angola along the development trajectory. The increase in the Investing in People objective is a result of increased funding for PMI. Funding for the Economic Growth Objective has increased modestly, reflecting the growing success the United States has had in working with financial sector institutions and influencing the financial sector enabling environment. Finally, the Humanitarian Assistance objective has been reduced to a level that reflects improved food production capability and enhanced distribution systems. Food aid resources (P.L. 480 Title II) have now been zeroed out due to the end of the war, displaced populations returning home, and improved access to land and markets for farmers.

BENIN
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Benin is a stable democratic country with significant potential to prosper. The U.S. collaboration with Benin in the area of defense and military restructuring reform and operations is important not only for Benin's domestic security, but also in sustaining Benin's ability to effectively participate in regional peace and security activities. Independent indicators show that Benin performs very well on several measures of good governance and democracy. However, a weak record of promoting transparency and combating corruption continues to hinder good governance. The election of an outsider, Boni Yayi, on a strong reform platform to the presidency in March 2006 is an indication that these weaknesses will be overcome. Low levels of health and education, by contrast, are the most dramatic constraints to Benin's development and prospects for economic growth.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Peace & Security | 145 | * | 150 |
| Investing in People | 13,575 | * | 10,824 |
| Total | 13,720 | * | 10,974 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 7,606 | * | 8,100 |
| Development Assistance | 4,378 | * | 2,724 |
| International Military Education & Training | 145 | * | 150 |
| Public Law 480 (Food Aid) | 1,591 | * | 0 |
| Total | 13,720 | * | 10,974 |
| Peace Corps | 3011 | * | 3040 |

Peace and Security (\$0.2 million): U.S. resources will support the development of a professional, non-political, and well-trained military force that will: contribute to Benin's stability; support border security; and enhance regional peacekeeping capacity through IMET training activities. Benin has taken a leadership role in maritime security for the Gulf of Guinea and IMET will support efforts to ensure regional stability by enhancing the military's capability to maintain control of its waters and coastline.

Investing in People (\$10.8 million): U.S. resources will focus solely on addressing substantial challenges in health and education. Although Benin is a middle-ranked country for HIV prevalence, there is potential for the epidemic to spread. Therefore, U.S. assistance will focus on containing and reducing the spread of HIV/AIDS. High maternal, infant and under-five mortality rates will also be addressed. This includes prevention and treatment of malaria, a pervasive threat, along with improving family planning and reproductive health practices.

Linkage with the President's Malaria Initiative (PMI): Benin will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50% in the 15

participating African countries. Benin will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Benin will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

In Benin, low adult literacy of less than 35% is attributed in large part to a primary education completion rate of less than 49%. Assistance will target basic education. U.S. assistance will target basic education and will help increase basic literacy and numeracy needed for a modern economy. A strong focus will be on reducing the substantial gender gap in primary school enrollment and completion as well as improving management within the basic education system. Concentration on health and education will support successful implementation of the Millennium Challenge Compact (MCC) in Benin.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 13,720 | * | 10,974 |
| Peace & Security | 145 | * | 150 |
| Stabilization Operations and Security Sector Reform | 145 | * | 150 |
| Defense, Military, and Border Restructuring, Reform and Operations | 145 | * | 150 |
| Investing in People | 13,575 | * | 10,824 |
| Health | 7,606 | * | 8,100 |
| HIV/AIDS | 1,977 | * | 2,000 |
| Malaria | 1,774 | * | 2,500 |
| Maternal and Child Health | 1,680 | * | 2,050 |
| Family Planning and Reproductive Health | 2,175 | * | 1,550 |
| Education | 5,969 | * | 2,724 |
| Basic Education | 5,569 | * | 2,724 |
| Higher Education | 400 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Millennium Challenge Account resources support economic growth which is key to Benin's long-term goals for development and poverty reduction. Benin signed a five-year, \$307.3 million compact with the MCC on February 22, 2006. This compact is designed to address the entire chain of development by removing constraints to economic growth and supporting improvements in physical and institutional infrastructures. Projects will target judicial reform, financial services, port infrastructure and land tenure. The expected result of the MCC compact is to lift 250,000 citizens out of poverty by 2015.

Statement of Changes

Compared to FY 2006, CSH funding increased and DA and P.L. 480 funding decreased reflecting the priority interventions necessary to move Benin along the development trajectory. Health and education continue to be priorities for supporting Benin's development and economic growth. Accordingly, the CSH account has increased by almost \$0.5 million between FY 2006 and FY 2008. This increase will support HIV/AIDS, malaria, and maternal and child health programs. The DA account has decreased by over \$1.6 million, with a tightening programmatic and geographic focus for the education program.

BOTSWANA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

A member of the Southern African Development Community and an exemplary market-oriented democracy, Botswana advances regional stability. U.S. assistance in Botswana focuses on the fight against HIV/AIDS and the continuation of excellent bilateral relations. The HIV/AIDS pandemic presents a severe challenge to Botswana, threatening to undo many of its social and economic gains. HIV/AIDS decimates Botswana's young, productive classes, with a 24.1 percent prevalence rate among adults 15-49 years of age, and 33.4 percent among pregnant women.

Botswana is relatively prosperous in comparison to many of its neighbors because it has used its natural resources to develop the country. Promoting and sustaining economic development and natural resource management through USAID/Southern Africa regional programs is critical to helping Botswana alleviate poverty and reduce income inequality, as at least 30 percent of the population lives below the poverty line. Continued droughts threaten both groundwater and river basin water levels, which in turn affect the availability of water for tourism, human consumption, agriculture, and industry.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Peace & Security | 760 | * | 690 |
| Investing in People | 41,000 | * | 79,000 |
| Total | 41,760 | * | 79,690 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Global HIV/AIDS Initiative | 41,000 | * | 79,000 |
| International Military Education & Training | 760 | * | 690 |
| Total | 41,760 | * | 79,690 |
| Peace Corps | 1471 | * | 1676 |

Peace and Security (\$0.7 million): Botswana has one of Africa's most professional and responsible military establishments and offers a model for civilian-military relations for the rest of the continent. Botswana has provided a venue for regional military exchanges that have promoted a spirit of regional cooperation. The United States seeks to expand connections with Botswana's military leaders through the International Military Education and Training (IMET) program and supports their interest in strengthening both domestic and regional civil-military and military-to-military relations, while improving their capacity to participate meaningfully in peacekeeping operations. Funding will be used to send Botswana Defense Force officers and NCOs to courses such as Command and General Staff College and the Sergeant Major's Academy, as well as specific topic courses. These courses reinforce democratic principles by teaching the role of the military in democracy, the centrality of human rights, and the primacy of law.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 41,760 | * | 79,690 |
| Peace & Security | 760 | * | 690 |
| Stabilization Operations and Security Sector Reform | 760 | * | 690 |
| Defense, Military, and Border Restructuring, Reform and Operations | 760 | * | 690 |
| Investing in People | 41,000 | * | 79,000 |
| Health | 41,000 | * | 79,000 |
| HIV/AIDS | 41,000 | * | 79,000 |

Linkages with The President's Plan for AIDS Relief (PEPFAR)

Botswana is a PEPFAR focus country, receiving \$79 million of GHAI and \$7.6 million of HHS Global AIDS Program funding in FY 2008 to combat HIV/AIDS. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response.

Statement of Changes

No major shifts in the Botswana program are envisioned. Changes will be limited to operational changes required to accommodate the modest 10 % reduction in program funding while maintaining program effectiveness.

BURKINA FASO
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles impeding Burkina Faso's development include weak democratic institutions, fragile food security, corruption, debilitating diseases, and a history of destabilizing involvement beyond its borders. Burkina Faso is also a country that is still making the transition from an authoritarian government to a multiparty democracy and, therefore, its democratic institutions are weak and in need of development. Despite significant economic reforms, Burkina Faso remains one of the poorest countries in the world, and still suffers from annual food security challenges. It has few natural resources and a weak industrial base. Instability in neighboring countries also negatively affects the Burkinabe economy. Therefore, Burkina Faso's contribution of troops for the Economic Community of West African States and African Union peacekeeping operations and its support of peace efforts in Sudan, the Democratic Republic of Congo, Burundi, Cote d'Ivoire, and Liberia are positive developments. Likewise, the fact that it has ratified all United Nations Security Council resolutions as well as terrorist finance and anti-money laundering laws are also positive.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Peace & Security | 123 | * | 200 |
| Investing in People | 13,316 | * | 7,468 |
| Economic Growth | 4,393 | * | 2,532 |
| Total | 17,832 | * | 10,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| International Military Education & Training | 123 | * | 100 |
| International Narcotics Control and Law Enforcement | 0 | * | 100 |
| Public Law 480 (Food Aid) | 17,709 | * | 10,000 |
| Total | 17,832 | * | 10,200 |
| Peace Corps | 2779 | * | 3114 |

Peace and Security (\$0.2 million): Burkina Faso's role in the world community is evolving into one that is responsible and peaceful. U.S. funds are used to address law enforcement restructuring and reform and anti-trafficking in persons activities. Funds will also provide opportunities for enhancing the professionalism of the armed forces including developing English language capability and emphasizing the importance of such principles as civilian control of the military, respect for human rights, defense resources management, and military justice. Burkina Faso participates in humanitarian and peacekeeping operations on the continent and is the newest member of the Africa Contingency Operations Training and Assistance (ACOTA) program, which enhances the armed forces capacity to conduct effective peacekeeping throughout Africa.

Investing in People (\$7.47 million): As one of the poorest countries in the world, Burkina Faso confronts serious health and education problems and funding will focus on these areas. Funding for basic education will be focused on access to food through school feeding programs. Health

funding will support HIV/AIDS, maternal and child health, and water supply and sanitation programs.

Linkages with The President's Plan for AIDS Relief (PEPFAR)

In FY 2008, Burkina Faso will receive \$0.45 million in support for bilateral HIV/AIDS programs from USAID accounts as another bilateral PEPFAR country, with programmatic emphasis on the range of interventions related to care, treatment, and prevention.

Economic Growth (\$2.532 million): Burkina Faso suffers from chronic nutritional problems, and has a high level of population growth. Because the economy is largely an agriculture based economy, funding to support agricultural sector productivity will address both economic growth and food security. U.S. assistance focuses on agricultural sector productivity through reducing food insecurity by facilitating farmer access to inputs and training needed to increase productivity and protecting and building the community and household level assets to diversify income earning opportunities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 17,832 | * | 10,200 |
| Peace & Security | 123 | * | 200 |
| Stabilization Operations and Security Sector Reform | 123 | * | 100 |
| Law Enforcement Restructuring, Reform and Operations | 123 | * | 100 |
| Transnational Crime | 0 | * | 100 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 100 |
| Investing in People | 13,316 | * | 7,468 |
| Health | 802 | * | 450 |
| HIV/AIDS | 80 | * | 45 |
| Maternal and Child Health | 321 | * | 180 |
| Water Supply and Sanitation | 401 | * | 225 |
| Education | 10,410 | * | 5,838 |
| Basic Education | 10,410 | * | 5,838 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,104 | * | 1,180 |
| Social Assistance | 2,104 | * | 1,180 |
| Economic Growth | 4,393 | * | 2,532 |
| Agriculture | 2,293 | * | 1,286 |
| Agricultural Sector Productivity | 2,293 | * | 1,286 |
| Economic Opportunity | 2,100 | * | 1,246 |
| Strengthen Microenterprise Productivity | 2,100 | * | 1,246 |

Linkages with the Millennium Challenge Corporation (MCC)

The Millennium Challenge Corporation (MCC) has awarded Burkina Faso almost \$13 million under its Threshold Program to address the low percentage of girls' completing primary school. Burkina Faso is eligible for and actively taking steps to take become a Compact country.

Statement of Changes

Funding for Burkina Faso has decreased from FY 2006 levels in IMET and P.L. 480, while INCLE has increased. In Peace and Security, law enforcement restructuring and reform decreased slightly, while anti-trafficking increased by \$0.1 million. P.L. 480 has decreased by \$7.709 million, which has reduced health and economic growth programs, as well as education programs funded with these resources.

BURUNDI
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Government of Burundi (GOB) has the opportunity to rebuild the physical and institutional infrastructure necessary to entrench democracy and stability, advance reconstruction, stimulate economic development, and improve health. Burundi is an emerging post-conflict democracy whose success is critical to restoring peace and stability in the Great Lakes region. In 2005, Burundi completed its political transition becoming the first sub-Saharan African country since South Africa to move from minority rule to a democratic majority rule via negotiations and elections. President Nkurunziza's inauguration in August 2005 represented a milestone in Burundi's transition to peace following increased ethnic violence between Hutu and Tutsi ethnic groups after the 1993 assassination of Burundi's first democratically elected president. With the lifting of Section 508 sanctions on Burundi on October 18, 2005, the United States is now able to resume direct assistance to the GOB. The resumption of U.S. assistance is key to helping the GOB rebuild its economy and political and social infrastructure. Burundi's government recognizes that sustainable economic growth is critical to maintaining public confidence in a democratic system.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 640 | * | 2,550 |
| Governing Justly & Democratically | 4,004 | * | 5,700 |
| Investing in People | 3,057 | * | 6,000 |
| Economic Growth | 3,118 | * | 14,300 |
| Humanitarian Assistance | 14,669 | * | 0 |
| Total | 25,488 | * | 28,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 2,570 | * | 6,000 |
| Development Assistance | 2,917 | * | 17,000 |
| Economic Support Fund | 3,811 | * | 0 |
| International Military Education & Training | 140 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 350 |
| Public Law 480 (Food Aid) | 14,669** | * | 5,000 |
| Transition Initiatives | 1,381 | * | 0 |
| Total | 25,488 | * | 28,550 |

**FY 2006 includes \$14.669 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$2.6 million): The GOB is engaging in a major disarmament program for civilians and ex-combatants. In support of these efforts, U.S. funding will focus on disarmament, demobilization, and reintegration. The U.S. will offer further support through stabilization operations and security sector reform. Additional programs will focus on conflict mitigation and response. Eliminating explosive remnants of war and programs aimed at defense, military, and border security restructuring, reform, and operations will contribute to overall peace and security.

Governing Justly and Democratically (\$5.7 million): To help Burundi rebuild democratic institutions, the United States will support good governance by strengthening the public sector executive function and legislative institutions, helping the GOB eradicate corruption, and promoting the rule of law. In addition, programs will provide technical training and human rights awareness workshops to the Burundian military, police, and judiciary, emphasizing the importance of respect for the rule of law and the authority of a democratically elected government. U.S. assistance programs will continue to help Burundi build an inclusive democracy by strengthening civil society and supporting independent media by providing training to increase the capacity of Burundian journalists and the organizational and financial sustainability of Burundian media and civil society organizations.

Investing in People (\$6.0 million): Burundi's HIV/AIDS prevalence rates are among the highest in the region and years of conflict have destroyed the health infrastructure. The United States will work with the Burundian government and local and international non-governmental organizations to improve the quality of clinical services in the country, and to strengthen local networks for the prevention of HIV/AIDS as well as for care and support of people living with HIV/AIDS. U.S. assistance will also focus on improving access to and demand for maternal and child health services in order to reduce the prevalence of mortality in children under five.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Burundi will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$14.3 million): Burundi's foreign direct investment and economic growth indicators are below the average for similar countries. U.S. funds will focus on Burundi's agricultural, business and trade capacity and enabling environments. An estimated 90% of the population remains dependent on subsistence agriculture; therefore, programs will focus funding on the agricultural enabling environment, agricultural sector productivity, and infrastructure improvements. Additional activities will work to expand the number of off-farm economic opportunities available to Burundians by improving the productivity of Burundi's private sector as well as strengthening the financial and regulatory environment for Burundian entrepreneurs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 25,488 | * | 28,550 |
| Peace & Security | 640 | * | 2,550 |
| Stabilization Operations and Security Sector Reform | 140 | * | 2,050 |
| Disarmament, Demobilization & Reintegration (DDR) | 0 | * | 1,500 |
| Explosive Remnants of War (ERW) | 0 | * | 350 |
| Defense, Military, and Border Restructuring, Reform and Operations | 140 | * | 200 |
| Conflict Mitigation and Reconciliation | 500 | * | 500 |
| Conflict Mitigation | 500 | * | 500 |
| Governing Justly & Democratically | 4,004 | * | 5,700 |
| Rule of Law and Human Rights | 260 | * | 500 |
| Constitutions, Laws, and Legal Systems | 100 | * | 0 |
| Justice System | 150 | * | 0 |
| Human Rights | 0 | * | 500 |
| Program Support (Rule of Law) | 10 | * | 0 |
| Good Governance | 2,404 | * | 3,200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Legislative Function and Processes | 0 | * | 1,000 |
| Public Sector Executive Function | 963 | * | 1,200 |
| Local Government and Decentralization | 349 | * | 0 |
| Anti-Corruption Reforms | 459 | * | 1,000 |
| Program Support (Governance) | 633 | * | 0 |
| Political Competition and Consensus-Building | 300 | * | 0 |
| Consensus-Building Processes | 286 | * | 0 |
| Program Support (Political Competition) | 14 | * | 0 |
| Civil Society | 1,040 | * | 2,000 |
| Civic Participation | 150 | * | 1,000 |
| Media Freedom and Freedom of Information | 626 | * | 1,000 |
| Program Support (Civil Society) | 264 | * | 0 |
| Investing in People | 3,057 | * | 6,000 |
| Health | 3,057 | * | 6,000 |
| HIV/AIDS | 1,977 | * | 2,500 |
| Maternal and Child Health | 1,080 | * | 3,500 |
| Economic Growth | 3,118 | * | 14,300 |
| Trade and Investment | 0 | * | 1,400 |
| Trade and Investment Capacity | 0 | * | 1,400 |
| Financial Sector | 0 | * | 900 |
| Financial Services | 0 | * | 900 |
| Infrastructure | 0 | * | 750 |
| Modern Energy Services | 0 | * | 750 |
| Agriculture | 1,237 | * | 8,400 |
| Agricultural Enabling Environment | 0 | * | 900 |
| Agricultural Sector Productivity | 1,114 | * | 7,500 |
| Program Support (Agriculture) | 123 | * | 0 |
| Private Sector Competitiveness | 1,881 | * | 2,850 |
| Business Enabling Environment | 0 | * | 1,425 |
| Private Sector Productivity | 0 | * | 1,425 |
| Workforce Development | 1,861 | * | 0 |
| Program Support (Private Sector) | 20 | * | 0 |
| Humanitarian Assistance | 14,669 | * | 0 |
| Protection, Assistance and Solutions | 14,669 | * | 0 |
| Crisis Assistance and Recovery | 14,669 | * | 0 |

Statement of Changes

Funding for Burundi has increased from FY 2006 levels. The significant shift away from emergency and humanitarian activities under the P.L. 480 and Transition Initiatives accounts toward the DA and CSH accounts reflects renewed focus on sustainable development activities as Burundi builds democratic institutions in a post-conflict environment. In addition to programs focusing on democracy and governance and health, the DA account includes a large increase in activities that will foster economic growth.

CAMEROON
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Cameroon is one of the most stable countries on the African continent and an unwavering supporter of U.S. foreign policy objectives. The Chad-Cameroon pipeline, launched by a United States-led consortium in 2000 and operating smoothly since late 2003, is the largest commercial undertaking in sub-Saharan Africa. As a result of the pipeline, the United States has become one of the leading foreign investors in Cameroon. At the same time, Cameroon struggles with high levels of corruption in all areas of society. Market-oriented policies, stronger efforts to combat corruption, and improved infrastructure are all needed to better integrate Cameroon into the global economy and to attract further investments. President Biya, who has been in power since 1982, retains the power to control legislation or rule by decree, as well as to appoint or dismiss judges and local representatives. The ruling party's long tenure has complicated efforts by opposition parties to develop.

U.S. foreign policy objectives in Cameroon include helping the government bolster its ability to govern justly and democratically, ensuring peace and stability, investing in people, and fostering economic growth. Progress on these transformational goals will require both significantly higher levels of program funding than made available in recent years and a commitment by the government to reform. Cameroon is keenly interested in the Millennium Challenge Account (MCA) and is working to become eligible for MCA funding. Until Cameroon takes action on the obstacles facing its transformational development, the opportunities for effective U.S. assistance programming are limited.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|-------------|---------------|--------------|
| Peace & Security | 231 | * | 295 |
| Investing in People | 0 | * | 1,000 |
| Total | 231 | * | 1,295 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Child Survival and Health | 0 | * | 1,000 |
| International Military Education & Training | 231 | * | 295 |
| Total | 231 | * | 1,295 |
| Peace Corps | 2994 | * | 3408 |

Peace and Security (\$0.3 million): Funding under this objective focuses on the Stabilization Operations and Security Sector Reform Program Area to improve its security forces through the International Military Education and Training (IMET) Program. U.S. assistance will provide training in resource management, civilian-military relations, and English language proficiency. Cameroon's strategic location and relative stability make it a good candidate for the development of peacekeeping forces and the Government of Cameroon has indicated that it would like to expand such capabilities. U.S. support to Cameroon's military promotes positive relationships and ensures more ready access to Cameroonian air and port facilities.

Investing in People (\$1.0 million): Linkages with the President's Plan for AIDS Relief (PEPFAR): Cameroon will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 231 | * | 1,295 |
| Peace & Security | 231 | * | 295 |
| Stabilization Operations and Security Sector Reform | 231 | * | 295 |
| Defense, Military, and Border Restructuring, Reform and Operations | 231 | * | 295 |
| Investing in People | 0 | * | 1,000 |
| Health | 0 | * | 1,000 |
| HIV/AIDS | 0 | * | 1,000 |

Statement of Changes

Funding for Cameroon has increased from FY 2006 levels, primarily because of the request for more resources to reduce the prevalence and impact of HIV/AIDS.

CAPE VERDE
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Cape Verde is one of the most democratic countries in Africa, despite problems with the legislative and presidential elections held in January and February 2006. It is also a transit point for illegal drugs from South America en route to Europe and mainland Africa. Money laundering is a key problem tied to the flow of illegal drugs. Cape Verde is one of Africa's success stories, with relatively high literacy rates, per capita incomes and health indicators. It was one of the first Millennium Corporation Account (MCA) eligible countries in Africa, and MCA funding is being disbursed, complementing U.S. bilateral assistance programs.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|--------------|---------------|--------------|
| Peace & Security | 124 | * | 600 |
| Investing in People | 1,000 | * | 0 |
| Economic Growth | 4,195 | * | 0 |
| Total | 5,319 | * | 600 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| International Military Education & Training | 124 | * | 100 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Public Law 480 (Food Aid) | 5,195 | * | 0 |
| Total | 5,319 | * | 600 |
| Peace Corps | 1692 | * | 1818 |

Peace and Security (\$0.6 million): U.S. assistance will enhance counter-narcotics capabilities to prevent and interrupt the future movement of the trafficking of narcotics, including development of a modern laboratory facility to assist police in counter-narcotics investigations. Assistance will also be used to build military and coast guard capacity to enhance port and coastal security.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|--------------|---------------|--------------|
| TOTAL | 5,319 | * | 600 |
| Peace & Security | 124 | * | 600 |
| Stabilization Operations and Security Sector Reform | 124 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 124 | * | 100 |
| Counter-Narcotics | 0 | * | 500 |
| Interdiction | 0 | * | 500 |
| Investing in People | 1,000 | * | 0 |
| Health | 1,000 | * | 0 |
| Maternal and Child Health | 1,000 | * | 0 |
| Economic Growth | 4,195 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|----------------------------------|----------------|------------------|-----------------|
| Agriculture | 4,195 | * | 0 |
| Agricultural Sector Productivity | 4,195 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

On July 4, 2005, the Millennium Challenge Corporation (MCC) signed a five-year, approximately \$110 million (\$20.7 million for FY 2008) Compact with the Government of Cape Verde. The Compact will support Cape Verde in achieving its overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC funds will be used to: improve the country's investment climate and reform the financial sector; improve infrastructure to support increased economic activity and provide access to markets, employment, and social services; increase agricultural productivity and raise the income of the rural population; as well as carry out some key policy reforms needed for sustained economic growth. At the completion of the Compact, the program is expected to increase Cape Verde's annual income by at least \$10 million. While the proposed total funding by MCC will make MCC one of the largest donors in Cape Verde, this program will involve significant coordination with other donors e.g., the World Bank and International Finance Corporation particularly in the infrastructure and private sector development projects. It is further expected that civil society and other beneficiaries of this program will also have an integral role in the implementation of the program.

Statement of Changes

INCLE funding increased, while P.L. 480 and IMET funding decreased, reflecting shifts in strategic priorities. The increase of \$0.5 million in INCLE funds and the continued support of IMET funds will enable the U.S. Government to strengthen coastal security and training for both the military and the police to increase the capacity to interdict smuggling and other illegal activities in the country's coastal waters.

CENTRAL AFRICAN REPUBLIC
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

In 2005, General Francois Bozize won a presidential election that was considered free and fair by international observers, however coup-related military and rebel actions have resulted in disruption of the economy, destruction of property, internal displacement of citizens, an ongoing humanitarian emergency in the North, and a large outflow of refugees into neighboring Chad.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------------|-------------|---------------|--------------|
| Peace & Security | 105 | * | 100 |
| Humanitarian Assistance | 565 | * | 0 |
| Total | 670 | * | 100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 105 | * | 100 |
| Public Law 480 (Food Aid) | 565** | * | 0 |
| Total | 670 | * | 100 |

**FY 2006 includes \$.565 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.1 million): The entire FY 2008 request is directed to advancing the CAR's security via International Military Education and Training (IMET) programs. Specifically, the request focuses on the Stabilization Operations and Security Sector Reform program area that will support the CAR's efforts to professionalize its security forces, a necessary precursor to effective border protection. The endemic culture of impunity among the military and security forces will be addressed with security sector reform and human rights courses.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 670 | * | 100 |
| Peace & Security | 105 | * | 100 |
| Stabilization Operations and Security Sector Reform | 105 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 105 | * | 100 |
| Humanitarian Assistance | 565 | * | 0 |
| Protection, Assistance and Solutions | 565 | * | 0 |
| Crisis Assistance and Recovery | 565 | * | 0 |

Statement of Changes

Funding for the CAR has decreased from FY 2006 levels. Among program elements, there has been a decrease in support for defense, military, and border restructuring, reform and operations, and support for crisis assistance and recovery.

CHAD
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Chad is a country plagued by abysmal development ratings, a poor human rights record, and almost uninterrupted conflict since independence. As the 12th poorest country in the world, Chad is regularly placed among the most corrupt countries on Transparency International's corruption perception index and is tied with Somalia on Foreign Policy's failed states index. Further complicating its prospects for peace and stability, the Darfur crisis has spilled into eastern Chad, placing enormous pressure on limited natural resources with the arrival of 220,000 refugees and destabilizing the region with frequent incursions by Arab militia and Chadian rebels from Sudan. This situation engages U.S. interests in immediate and fundamental ways, particularly regarding the imperative of ending the humanitarian crisis and bringing stability to the region. U.S. foreign policy priorities in Chad include: ensuring Chad's stability; assisting Chad's democratic evolution and respect for fundamental human rights; achieving a sustainable solution to the refugee crisis in eastern Chad; strengthening Chad's capacity to deal with terrorist threats and professionalizing the military; encouraging responsible management of oil revenues; improving stewardship of Chad's land, water and forest resources; and supporting health and social programs. To address these policy issues, the United States will employ bilateral foreign assistance interventions where clear opportunities for success exist.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------------|---------------|---------------|--------------|
| Peace & Security | 2,747 | * | 300 |
| Investing in People | 1,500 | * | 2,000 |
| Economic Growth | 1,500 | * | 3,000 |
| Humanitarian Assistance | 23,475 | * | 0 |
| Total | 29,222 | * | 5,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Development Assistance | 0 | * | 200 |
| International Military Education & Training | 342 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 2,405 | * | 0 |
| Public Law 480 (Food Aid) | 26,475** | * | 5,000 |
| Total | 29,222 | * | 5,300 |
| Peace Corps | 1317 | * | 0 |

**FY 2006 includes \$23.749 million of P.L. 480 Title II emergency food aid. These funds were used for Sudanese refugees. Emergency food aid has not been allocated to countries in FY 2008

(Note: Funds from the Public Law 480 (Food Aid) account were used for Sudanese refugees.)

Peace and Security (\$0.3 million): The FY 2008 request to improve peace and security in Chad will support two Program Areas. First, Stabilization Operations and Security Sector Reform activities will continue to professionalize the army, which is central to Chad's stability, particularly given the military's historic involvement in unconstitutional regime change. Specifically, through International Military Education and Training (IMET) programs, the United States will fund military training programs that expose Chadian military leadership to U.S.

professional military procedures and civil-military relations that also expose Chadian military and civilian personnel to the important roles democratic values and human rights can play in governance and military operations. Second, activities against transnational crime will focus on combating the trafficking of persons that is a growing security issue facing Chadian citizenry.

Investing in People (\$2.0 million): The FY 2008 request to improve social services in Chad is directed at a single Program Area: Health. Funds will support efforts to improve Chad's basic health indicators by addressing the vulnerability of mothers and children to malnutrition through both preventative and treatment programs to improve health and food security of targeted families in Chad. This assistance is critical in a country that ranks near the bottom on many human development indicators, including those on maternal and child health. This assistance is provided through monetized food aid.

Economic Growth (\$3.0 million): The FY 2008 request to improve economic growth in Chad is directed at a single program area: agriculture. Because of increased desertification, competition for access to land and water is a source of tension throughout the country. This monetized food aid provides for grass-roots agricultural projects that increase the productivity of farmers and promote the efficient use of land.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 29,222 | * | 5,300 |
| Peace & Security | 2,747 | * | 300 |
| Stabilization Operations and Security Sector Reform | 2,747 | * | 100 |
| Explosive Remnants of War (ERW) | 2,405 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 342 | * | 100 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Investing in People | 1,500 | * | 2,000 |
| Health | 1,500 | * | 2,000 |
| Maternal and Child Health | 1,500 | * | 2,000 |
| Economic Growth | 1,500 | * | 3,000 |
| Agriculture | 1,500 | * | 3,000 |
| Agricultural Sector Productivity | 1,500 | * | 3,000 |
| Humanitarian Assistance | 23,475 | * | 0 |
| Protection, Assistance and Solutions | 23,475 | * | 0 |
| Crisis Assistance and Recovery | 23,475 | * | 0 |

Statement of Changes

Funding for Chad has decreased from FY 2006 levels. Among program elements, there have been decreases in addressing explosive remnants of war, supporting defense, military, and border restructuring, reform and operations, and promoting crisis assistance and recovery. There have been increases in combating trafficking-in-persons and migrant smuggling, maternal and child health programs and agricultural sector productivity. The U.S. has decided to discontinue funding for demining operations beyond February 2007, recognizing that Chadian institutional weakness and lack of political will to address the problem will continue to hamper the work of the country's demining office. Nonetheless, limited resources from Washington-based offices will likely continue to assist mine victims. The FY 2008 increases in the maternal and child health and agricultural sector productivity elements will help address food-insecurity.

COMOROS
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The U.S. does not have a presence in Comoros and covers the country from the U.S. Mission in Antananarivo, Madagascar. The poor, pro-American Muslim country presents an excellent opportunity for transformational diplomacy since electing Ahmed Abdallah Sambi President in a free, fair, and transparent poll in May 2006. President Sambi's words and actions to date consistently demonstrate a commitment to develop his impoverished country, and improve education and healthcare. President Sambi rejects violence and extremism of all kinds, and has maintained security cooperation programs with the United States.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 53 | * | 100 |
| Total | 53 | * | 100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 53 | * | 100 |
| Total | 53 | * | 100 |

Peace and Security (\$0.1 million): An annual International Military Education and Training (IMET) Program targets the Comoros military and security forces. The IMET Program seeks primarily to raise the professional level of the senior officers of the Comoran Armed Forces. The Program also supports the development of a maritime defense force with the ability to conduct coastal patrol, counter-terrorism, drug interdiction, search and rescue operations, and fishing rights oversight. Finally, the military knowledge and abilities of the junior officer corps and senior enlisted cadre will be enhanced, allowing them to participate in peacekeeping and military events on a multinational level.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 53 | * | 100 |
| Peace & Security | 53 | * | 100 |
| Stabilization Operations and Security Sector Reform | 53 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 53 | * | 100 |

Statement of Changes

The increase in the FY 2008 IMET request for Comoros is based on projected student training requirements.

COTE D'IVOIRE
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Cote d'Ivoire remains divided, north and south, between government and rebel forces. Presidential and parliamentary elections, originally scheduled for late 2005, were postponed to late 2006 and now have been postponed again to late 2007, but it appears unlikely that this timetable will be met. The registration of some 3.5 to 4 million undocumented people born in Cote d'Ivoire, an essential step toward preparing for elections, has also been stalled. Disarmament, demobilization and reintegration (DDR), an essential step toward reunification of the country, is also stalled. Some media outlets are irresponsible and incite violence and ethnic hatred. Government budget accounts, particularly in the cocoa sector, remain opaque and subject to considerable corruption. The business environment is not a welcoming one. Under these circumstances, the United States must focus on supporting the peace process which the African Union and the Economic Community of West African States are attempting to implement, to advance the prospects for a united, stable Cote d'Ivoire. The reunification of the nation, DDR of former combatants, and successful elections are key to the peace process. The operating assumption behind the proposed assistance is that section 508 sanctions will be removed following free and fair elections.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Peace & Security | 100 | * | 100 |
| Investing in People | 33,576 | * | 96,000 |
| Total | 33,676 | * | 96,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Global HIV/AIDS Initiative | 30,137 | * | 96,000 |
| International Military Education & Training | 0 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 100 | * | 0 |
| Public Law 480 (Food Aid) | 3,439** | * | 0 |
| Total | 33,676 | * | 96,100 |

**FY 2006 includes \$3.439 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.1 million): The most pressing problem in Cote d'Ivoire is overall security. Therefore, the United States plans to help in building the foundations of a sound security system. Programs will focus on border security, counter-terrorism, trafficking in persons, and migrant smuggling. Assistance will help in establishing a border security force after the successful completion of a DDR program. It will fund interventions to train officers and a non-commissioned officer corps, and improve their ability to maintain public order while adhering to human rights norms. It will also provide much needed resources to make the corps operational. The counter-terrorism program will enhance security at Abidjan air and seaports, and at San Pedro seaport with training and equipment, and support a Washington-run PISCES computer system for operations and maintenance. Finally, U.S. assistance will prevent human trafficking across national boundaries, which poses a security risk to the country.

Investing in People (\$96.1 million): Linkages with the President's Plan for AIDS Relief (PEPFAR): Cote d'Ivoire, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Cote d'Ivoire will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 33,676 | * | 96,100 |
| Peace & Security | 100 | * | 100 |
| Counter-Terrorism | 100 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 100 |
| Investing in People | 33,576 | * | 96,000 |
| Health | 33,576 | * | 96,000 |
| HIV/AIDS | 30,137 | * | 96,000 |
| Maternal and Child Health | 3,439 | * | 0 |

Statement of Changes

Funding for Cote d'Ivoire has increased from FY 2006 levels in IMET and decreased in NADR. IMET increased by \$0.1 million and NADR decreased by the same. P.L. 480 was zeroed out from \$3.44 million. Cote d'Ivoire is a PEPFAR focus country and an increase in funds will be used to scale up integrated prevention, care and treatment services throughout the country.

DEMOCRATIC REPUBLIC OF THE CONGO
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

To contribute to stability in Central Africa, the newly elected government of the Democratic Republic of the Congo (DRC) must first deliver results to the Congolese people. The real opportunity for the DRC and the region is a new, legitimate government, one at peace with its neighbors and poised to engage in sustainable development. Coordinated donor efforts to help provide access to basic services, build on democratic structures, and contribute to economic growth will help consolidate the democratic transition, thus demonstrating the results of the democratic process at the community level. Large flows of donor assistance and support are needed to capitalize on this opportunity and make the transition irreversible. The obstacles include grossly inadequate infrastructure, an inadequate security apparatus, and generations of bad governance. Major change will be required before the Congolese public gains confidence in its government. Given that the DRC is in the bottom 1% of the world's nations in terms of health and education indicators, major investments in these sectors are essential. The DRC has a vast supply of natural resources that have been a key source of conflict and exploitation for well over a century. If managed in a transparent and legal environment, those resources now present an opportunity for economic growth that will benefit the population and provide an alternative to war.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 1,833 | * | 8,550 |
| Governing Justly & Democratically | 7,527 | * | 20,850 |
| Investing in People | 37,606 | * | 39,800 |
| Economic Growth | 3,312 | * | 11,000 |
| Humanitarian Assistance | 39,898 | * | 0 |
| Total | 90,176 | * | 80,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 23,537 | * | 26,850 |
| Development Assistance | 21,447 | * | 6,000 |
| Economic Support Fund | 4,950 | * | 29,000 |
| Foreign Military Financing | 0 | * | 600 |
| International Military Education & Training | 306 | * | 500 |
| International Narcotics Control and Law Enforcement | 0 | * | 1,750 |
| Peacekeeping Operations | 0 | * | 5,500 |
| Public Law 480 (Food Aid) | 39,898** | * | 10,000 |
| Transition Initiatives | 38 | * | 0 |
| Total | 90,176 | * | 80,200 |

**FY 2006 includes \$39.898 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

The DRC received \$2.5 million of supplemental DF funds in FY 2006.

Peace and Security (\$8.6 million): Security sector reform is vital for the DRC to overcome its history of abuse of civilians and become a trustworthy provider of security with respect for the rule of law. The United Nations in the DRC is presently the only reliable security force in the country; well-trained police and armed forces are needed as it begins to draw down in 2008. Military cooperation will include training, infrastructural improvements at the Centre Supérieur Militaire (the Armed Forces of the DRC Officer Training Center), and support for the military justice and military medical systems. In FY 2008 the United States will begin to participate with other donors in police reform efforts. Activities will also be undertaken to address trafficking-in-persons and migrant smuggling.

Governing Justly and Democratically (\$20.9 million): Congolese expectations are high for governance reform, following on the success of 2006 Presidential and Parliamentary elections. Keeping both public officials and citizens engaged in political processes will be a challenge, but one which has a growing constituency. Government institutions, weakened by decades of war and mismanagement, need to be rebuilt. U.S. assistance will help build the new decentralized institutions mandated in the DRC's constitution, create an effective and equitable justice system, protect human rights, and fight corruption. Building local capacity among government workers and within civil society is fundamental to the transformation of each of these areas of governance.

Investing in People (\$39.8 million): Increased access to a package of basic health and education services is a key component of U.S. assistance in the DRC. Family planning and reproductive health are related areas in which improvements in the ability of Congolese to seek care throughout the country would provide an enormous tangible benefit of peace, not to mention peace of mind to families. Health activities will focus on malaria, polio eradication, tuberculosis and management of childhood illnesses. U.S. assistance will augment these efforts to support Congolese families with assistance to separated and abandoned children. Education funds will be used to increase quality and access to basic education for all children.

All HIV/AIDS funds are used to increase local capacity for a sustainable response to the epidemic as a part of the President's Emergency Plan for AIDS Relief (PEPFAR). Linkages with the President's Plan for AIDS Relief (PEPFAR): Democratic Republic of Congo will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Democratic Republic of Congo will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$11.0 million): Increasing agricultural sector productivity is a key requirement for promoting economic growth and rural recovery across the DRC. Improved quality of crops and links to domestic markets will enhance the quality of life for millions of Congolese. Creating the conditions in which micro and small enterprises can thrive will provide demobilized militia members and their communities with alternatives to armed conflict and with livelihoods that they control.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 90,176 | * | 80,200 |
| Peace & Security | 1,833 | * | 8,550 |
| Stabilization Operations and Security Sector Reform | 1,833 | * | 8,350 |
| Disarmament, Demobilization & Reintegration (DDR) | 1,332 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Defense, Military, and Border Restructuring, Reform and Operations | 306 | * | 6,600 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 1,750 |
| Program Support (Stabilization) | 195 | * | 0 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 7,527 | * | 20,850 |
| Rule of Law and Human Rights | 2,056 | * | 4,900 |
| Judicial Independence | 906 | * | 1,000 |
| Justice System | 450 | * | 3,100 |
| Human Rights | 500 | * | 800 |
| Program Support (Rule of Law) | 200 | * | 0 |
| Good Governance | 2,531 | * | 11,400 |
| Legislative Function and Processes | 485 | * | 3,000 |
| Local Government and Decentralization | 1,346 | * | 4,100 |
| Anti-Corruption Reforms | 500 | * | 2,800 |
| Governance of the Security Sector | 0 | * | 1,500 |
| Program Support (Governance) | 200 | * | 0 |
| Political Competition and Consensus-Building | 1,120 | * | 750 |
| Elections and Political Processes | 494 | * | 0 |
| Political Parties | 485 | * | 750 |
| Program Support (Political Competition) | 141 | * | 0 |
| Civil Society | 1,820 | * | 3,800 |
| Civic Participation | 1,558 | * | 2,800 |
| Media Freedom and Freedom of Information | 0 | * | 1,000 |
| Program Support (Civil Society) | 262 | * | 0 |
| Investing in People | 37,606 | * | 39,800 |
| Health | 22,157 | * | 30,350 |
| HIV/AIDS | 3,955 | * | 11,000 |
| Tuberculosis | 1,332 | * | 2,200 |
| Malaria | 2,315 | * | 2,500 |
| Avian Influenza | 120 | * | 0 |
| Maternal and Child Health | 8,701 | * | 10,900 |
| Family Planning and Reproductive Health | 5,734 | * | 3,750 |
| Education | 11,396 | * | 7,950 |
| Basic Education | 11,396 | * | 7,950 |
| Social and Economic Services and Protection for Vulnerable Populations | 4,053 | * | 1,500 |
| Social Services | 4,053 | * | 1,500 |
| Economic Growth | 3,312 | * | 11,000 |
| Infrastructure | 500 | * | 0 |
| Modern Energy Services | 500 | * | 0 |
| Agriculture | 2,812 | * | 9,000 |
| Agricultural Sector Productivity | 2,478 | * | 9,000 |
| Program Support (Agriculture) | 334 | * | 0 |
| Private Sector Competitiveness | 0 | * | 1,000 |
| Business Enabling Environment | 0 | * | 1,000 |
| Economic Opportunity | 0 | * | 1,000 |
| Strengthen Microenterprise Productivity | 0 | * | 1,000 |
| Humanitarian Assistance | 39,898 | * | 0 |
| Protection, Assistance and Solutions | 39,898 | * | 0 |
| Crisis Assistance and Recovery | 39,898 | * | 0 |

Statement of Changes

Funding for the DRC has decreased from FY 2006 levels. Among program areas, there have been decreases in support for political competition and consensus-building, education, social and economic services and protection for vulnerable populations, and infrastructure. There have been increases in support for stabilization operations and security sector reform, activities to combat transnational crime, support for rule of law and human rights, support for good governance, support for civil society, strengthening of public health, promotion of agriculture, support for private sector competitiveness, and expanding economic opportunity. The assistance program in the DRC for FY 2008 has shifted to provide greater investment in governing justly and democratically and in security sector reform under the peace and security rubric.

DJIBOUTI
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Significant obstacles to Djibouti's advancement include regional instability reflecting terrorist actions and continuing nation-state conflicts. Djibouti lacks basic education and training for job seekers, has poor health care, inadequate infrastructure, and insufficient public and private sector management capacity. Djibouti's nascent democracy also faces challenges to increase civic participation and to strengthen political parties, electoral mechanisms, and regional governments. Recurrent drought, harsh growing conditions, and reliance on pastoral agriculture have led to chronic food insecurity and widespread unemployment. Djibouti's difficult security environment is reflected in the fact that it hosts America's only military base in Africa and is home to France's largest military contingent outside of France itself. Despite those bases, if Djibouti is unable to secure its own borders and coastline it will continue to be subject to possible terrorist infiltration.

Despite those challenges, Djibouti has an opportunity to serve as an example of private-investment driven development in a secular, tolerant, Muslim democracy in Africa. Small investments of U.S. resources in health, education, governance, and economic transparency, leveraged with investments by other donors and private investors, will have significant benefits to this strategically located nation. Reforms making Djibouti successful will impact positively on its major trading partners in the sub-region and may generate new, global attention that will improve the economies of other nations in the Horn and elsewhere in Africa. With investment of approximately 1 billion dollars over six years in the new Port of Doraleh, there is the potential for other sectors (e.g., shipping and transportation) to grow. These inflows, begun in 2004 and slated to continue through at least 2010, reflect extraordinary opportunities for growth.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 4,387 | * | 3,850 |
| Governing Justly & Democratically | 1,300 | * | 500 |
| Investing in People | 3,300 | * | 2,740 |
| Humanitarian Assistance | 2,444 | * | 0 |
| Total | 11,431 | * | 7,090 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Child Survival and Health | 0 | * | 1,240 |
| Development Assistance | 0 | * | 2,000 |
| Economic Support Fund | 4,950 | * | 0 |
| Foreign Military Financing | 3,960 | * | 3,200 |
| International Military Education & Training | 307 | * | 350 |
| International Narcotics Control and Law Enforcement | 0 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 120 | * | 0 |
| Public Law 480 (Food Aid) | 2,094** | * | 0 |
| Total | 11,431 | * | 7,090 |

**FY 2006 includes \$2.094 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$3.9 million): U.S. Government assistance to Djibouti promotes stabilization operations and security sector reform, fights transnational crime, and supports counter-terrorism activities. The program focuses on: defense, military, and border security restructuring, reform, and operations; trafficking-in-persons (TIP) and migrant smuggling; and government capabilities. The program bolsters the efforts of the Combined Joint Task Force-Horn of Africa to assist Djibouti on defense reform and improving counter-terrorism capabilities, including essential funding to the TIP-Pisces program to constrain terrorist mobility.

Governing Justly and Democratically (\$0.5 million): Lack of political participation, civil liberties, government accountability, and civic participation are major obstacles to Djibouti's capacity to sustain democratic development and ensure a broad, positive impact of newly created jobs. These obstacles limit the effectiveness of political parties and the countervailing pressure on government decision making of a strong private sector and mature civil society. Popular frustration over lack of jobs and public services pose continuing challenges to Djibouti's long-term success and stability. USG assistance promotes political pluralism, good governance, and civic participation in government and the economy. It focuses on training of political parties, electoral procedures, decentralization, and civic oversight in education, health, anti-corruption, and economic development.

Investing in People (\$2.7 million): Low life expectancy, under-five child mortality, the transmission of infectious diseases such as HIV/AIDS and tuberculosis pose significant challenges to Djibouti's social development. USG assistance promotes health by focusing on enhanced access to quality health by improving maternal and child health and fighting tuberculosis. USG assistance promotes basic education by focusing on equitable access to quality basic education, with an emphasis on girls and rural children and preparation for employment. The program focuses on teacher training, the provision of pedagogic materials, community participation in education, strengthening and decentralization of education system delivery services, as well as seeking opportunities for youths when they leave school.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 11,431 | * | 7,090 |
| Peace & Security | 4,387 | * | 3,850 |
| Counter-Terrorism | 170 | * | 0 |
| Governments' Capabilities | 170 | * | 0 |
| Stabilization Operations and Security Sector Reform | 4,217 | * | 3,550 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,217 | * | 3,550 |
| Transnational Crime | 0 | * | 300 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 300 |
| Governing Justly & Democratically | 1,300 | * | 500 |
| Good Governance | 500 | * | 0 |
| Public Sector Executive Function | 500 | * | 0 |
| Political Competition and Consensus-Building | 300 | * | 125 |
| Elections and Political Processes | 300 | * | 125 |
| Civil Society | 500 | * | 375 |
| Civic Participation | 500 | * | 375 |
| Investing in People | 3,300 | * | 2,740 |
| Health | 300 | * | 1,240 |
| HIV/AIDS | 75 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Tuberculosis | 225 | * | 250 |
| Maternal and Child Health | 0 | * | 990 |
| Education | 3,000 | * | 1,500 |
| Basic Education | 3,000 | * | 1,500 |
| Humanitarian Assistance | 2,444 | * | 0 |
| Protection, Assistance and Solutions | 2,094 | * | 0 |
| Crisis Assistance and Recovery | 2,094 | * | 0 |
| Disaster Readiness | 350 | * | 0 |
| Capacity Building, Preparedness, and Planning | 350 | * | 0 |

EQUATORIAL GUINEA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Embassy Malabo re-established a resident ambassadorial presence only in November 2006, however the staff is small, and currently there is no resident Defense Attaché or trained local staff to manage the International Military Education & Training (IMET) program. The Government of Equatorial Guinea has already begun to demonstrate a commitment to security sector reform by funding a program operated by MPRI, an American company.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 45 |
| Total | 0 | * | 45 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 45 |
| Total | 0 | * | 45 |

Peace and Security (\$45,000): Funding will focus on developing a professional military that is respectful of human rights and supports the principles of civilian rule. It will also support efforts to ensure regional stability and improve the Equato-Guinean military's ability to maintain control of its territorial waters.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 0 | * | 45 |
| Peace & Security | 0 | * | 45 |
| Stabilization Operations and Security Sector Reform | 0 | * | 45 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 45 |

Statement of Changes

The \$45,000 that is being sought for IMET in Equatorial Guinea continues the process of maintaining an open door for future establishment of a program in country.

ERITREA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

While primary U.S. objectives in Eritrea continue to focus on democracy and human rights, regional stability, and counter-terrorism, the U.S. Government's ability to advance these goals through foreign assistance programs was severely circumscribed with the departure of USAID in late 2005 at the order of the Government of the State of Eritrea (GSE) and by restrictions placed on the movement of all foreigners, including diplomats, within the country. Since 2005, the GSE has "de-registered" and ordered the departure of many of the non-governmental organizations (NGOs) which had been operating within the country, including several administering USAID-funded programs. At the end of 2006, only nine international NGOs continued to operate in-country, down from a high of forty in 2002. The UN development agencies, to date, have been able to operate with a reasonable level of effectiveness in the country. UNICEF and NGOs continue their implementation of projects in the areas of water and sanitation, health and nutrition, which were funded in prior fiscal years through U.S. foreign assistance. The U.S. Embassy operates no military assistance programs given the lack of interest by the GSE, and in 2006, the Mission in consultation with CENTCOM closed its Security Assistance programs.

Over the course of FY 2006, relations between the GSE and the United States continued to deteriorate. A United States-led initiative to re-energize talks between Eritrea and Ethiopia for a final resolution over their boundary dispute failed, as both parties refused to engage constructively. The GSE's stance on counter-terrorism, originally supportive of U.S. goals in 2001, has become increasingly unfavorable to U.S. interests, including Eritrea's provision of material support, men and arms, to the Somali Council of Islamic Courts in 2006.

The government's abuse of its citizenry, egregious human rights violations, and the absence of civil liberties persist. The government grants its citizens no political freedoms, controls all media in-country, and has progressively tightened its grip on the economy by consolidating control in all sectors within the GSE and the sole political party, the Peoples' Front for Democracy and Justice. Eritrea was designated for the third time in 2006 as a "Country of Particular Concern" (CPC) for severe restrictions on its citizens' religious freedom.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------------|----------------|------------------|-----------------|
| TOTAL | 2,832 | * | 0 |
| Peace & Security | 400 | * | 0 |
| Counter-Terrorism | 400 | * | 0 |
| Governments' Capabilities | 400 | * | 0 |
| Humanitarian Assistance | 2,432 | * | 0 |
| Protection, Assistance and Solutions | 2,432 | * | 0 |
| Crisis Assistance and Recovery | 2,432 | * | 0 |

Statement of Changes

Given the non-permissive environment in-country to administer aid programs, the Department of State has not requested new development assistance funds for Eritrea in FY 2008. The GSE's restrictions, including its expulsion of USAID, preclude the United States from implementing any significant bilateral development program in accordance with U.S. requirements and regulations.

ETHIOPIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Ethiopia lacks many of the fundamentals necessary for long-term economic prosperity. Nearly half of the population lives in poverty (45%). Literacy is low (42%). There is a high population growth rate (2.3%) (Ethiopia is Africa's second most populous country) as well as limited infrastructure, high infant mortality, widespread food insecurity, and minimal access to health care. The on-going tensions stemming from the still-unresolved Ethiopia-Eritrea border conflict, several domestic insurgencies, and continuing instability in Somalia are all negatively impacting economic development in Ethiopia. The United States is helping Ethiopia complete the difficult transition from a de facto one-party state to a representative, multi-party democracy. While disputed elections and civil unrest in 2005 prompted the Government of Ethiopia (GoE) to significantly constrain political space, subsequent political dialogue and reconciliation efforts are creating opportunities for supporting further democratization. The United States is also a partner in bolstering economic prosperity, reducing Ethiopia's dependence on foreign assistance, and improving the ability to anticipate and respond to food emergencies. Similarly, the United States aims to improve the quality and expand the scope of basic health and education services to reduce poverty and strengthen Ethiopia's development potential. Promoting regional stability and denying transnational terrorists a safe haven in the Horn of Africa are also key objectives.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 5,117 | * | 4,350 |
| Governing Justly & Democratically | 9,200 | * | 5,400 |
| Investing in People | 153,608 | * | 453,800 |
| Economic Growth | 109,821 | * | 41,915 |
| Humanitarian Assistance | 30,104 | * | 500 |
| Total | 307,850 | * | 505,965 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 30,692 | * | 25,500 |
| Development Assistance | 31,910 | * | 39,815 |
| Economic Support Fund | 9,900 | * | 5,000 |
| Foreign Military Financing | 1,980 | * | 850 |
| Global HIV/AIDS Initiative | 109,500 | * | 409,000 |
| International Military Education & Training | 594 | * | 650 |
| International Narcotics Control and Law Enforcement | 0 | * | 150 |
| Nonproliferation, Antiterrorism & Demining | 270 | * | 0 |
| Public Law 480 (Food Aid) | 123,004** | * | 25,000 |
| Total | 307,850 | * | 505,965 |
| Peace Corps | 0 | * | 1465 |

**FY 2006 includes \$118.168 million of P.L. 480 Title II emergency food aid. In addition to \$123.004 million, Ethiopia received an additional \$21.500 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$4.4 million): Peace and reconciliation and conflict mitigation programming will help stabilize border regions with Eritrea, Sudan, and Somalia, addressing tensions arising from competition over scarce resources and expanding openings to resolve long-standing disputes between the GoE and insurgent groups. U.S. foreign assistance will provide targeted training and equipment to help transform Ethiopia's military to become an apolitical, professional defense force. Investments in defense, military, and border security restructuring, reform and operations, augmented by assistance in logistics and operations support training for the world's sixth largest contributor of peacekeeping troops, and capacity development to improve the government's counter-terrorism capacity will equip Ethiopia's defense forces to respond more effectively to the multiple challenges they face. Assistance will also raise public awareness about, and law enforcement capacity to prevent, trafficking in persons and migrant smuggling.

Governing Justly and Democratically (\$5.4 million): U.S. assistance will support constructive dialogue among Ethiopians representing diverse political perspectives and ethnic groups to build consensus on key issues. Funds will also support multilateral efforts to facilitate the ongoing restructuring and capacity development of elections and political processes. U.S. assistance will help strengthen the capacity and role of civil society broadly, and improve independent human rights monitoring, awareness, and training. U.S. assistance will also ensure a U.S. role in the ongoing multi-donor support program to strengthen the federal and regional parliaments operating in the new, multi-party environment.

Investing in People (\$453.8 million): Health and education investments will enable Ethiopians to take advantage of expanded economic opportunities. In a continuing effort to lower Ethiopia's high fertility and population growth rates, the United States will support investments in family planning and reproductive health. Assistance will also support maternal and child health to help mitigate the effects of external shocks, foster a healthier workforce, and expand access to quality basic education activities. Africa Education Initiative assistance will support the improvement of primary education through the training of teachers and administrators. Funds will also help combat tuberculosis and reduce the incidence of malaria, major sources of morbidity and workforce absenteeism. The United States supports a countrywide safety net program (PSNP) with the aim of reducing food-insecurity, which affects 44% of the population and creating a stable platform for improved social and economic outcomes. Investments in the PSNP and related policy, regulatory, and administrative systems will serve to protect vulnerable populations and contribute to poverty reduction and economic growth.

Linkages with the President's Malaria Initiative: Ethiopia will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Ethiopia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ethiopia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Ethiopia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$41.9 million): To drive economic growth and to help Ethiopia graduate to a transforming country, U.S. assistance will promote a more enabling environment for agriculture, micro and small enterprises and trade and investment generally. U.S. assistance will also focus on enhancing the productivity of key sectors. This will include a U.S. investment in productivity of the agriculture sector, which employs 85% of the workforce and contributes 45% of GDP. Funds will also help strengthen micro-enterprise, private sector productivity, and poverty reduction activities related to the PSNP.

Humanitarian Assistance (\$0.5 million): Funds will assist disaster readiness capacity-building, preparedness, and planning to sustain the critical Famine Early Warning System.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 307,850 | * | 505,965 |
| Peace & Security | 5,117 | * | 4,350 |
| Counter-Terrorism | 270 | * | 0 |
| Governments' Capabilities | 254 | * | 0 |
| Program Support (Counter-Terrorism) | 16 | * | 0 |
| Stabilization Operations and Security Sector Reform | 2,574 | * | 1,650 |
| Operations Support | 558 | * | 611 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,861 | * | 940 |
| Program Support (Stabilization) | 155 | * | 99 |
| Transnational Crime | 0 | * | 300 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 282 |
| Program Support (Crime) | 0 | * | 18 |
| Conflict Mitigation and Reconciliation | 2,273 | * | 2,400 |
| Conflict Mitigation | 2,036 | * | 658 |
| Peace and Reconciliation Processes | 0 | * | 1,598 |
| Program Support (Conflict) | 237 | * | 144 |
| Governing Justly & Democratically | 9,200 | * | 5,400 |
| Rule of Law and Human Rights | 1,650 | * | 1,500 |
| Judicial Independence | 846 | * | 0 |
| Human Rights | 709 | * | 1,410 |
| Program Support (Rule of Law) | 95 | * | 90 |
| Good Governance | 3,800 | * | 300 |
| Legislative Function and Processes | 376 | * | 282 |
| Local Government and Decentralization | 3,068 | * | 0 |
| Program Support (Governance) | 356 | * | 18 |
| Political Competition and Consensus-Building | 3,350 | * | 2,600 |
| Consensus-Building Processes | 1,598 | * | 1,880 |
| Elections and Political Processes | 1,551 | * | 564 |
| Program Support (Political Competition) | 201 | * | 156 |
| Civil Society | 400 | * | 1,000 |
| Civic Participation | 376 | * | 940 |
| Program Support (Civil Society) | 24 | * | 60 |
| Investing in People | 153,608 | * | 453,800 |
| Health | 143,192 | * | 434,500 |
| HIV/AIDS | 109,500 | * | 409,000 |
| Tuberculosis | 1,186 | * | 2,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Malaria | 2,563 | * | 2,500 |
| Other Public Health Threats | 791 | * | 0 |
| Maternal and Child Health | 6,379 | * | 6,000 |
| Family Planning and Reproductive Health | 19,773 | * | 15,000 |
| Water Supply and Sanitation | 3,000 | * | 0 |
| Education | 10,416 | * | 12,800 |
| Basic Education | 10,416 | * | 12,800 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 6,500 |
| Policies, Regulations, and Systems | 0 | * | 1,500 |
| Social Assistance | 0 | * | 5,000 |
| Economic Growth | 109,821 | * | 41,915 |
| Trade and Investment | 2,921 | * | 1,000 |
| Trade and Investment Enabling Environment | 2,746 | * | 940 |
| Program Support (Trade) | 175 | * | 60 |
| Agriculture | 96,900 | * | 35,815 |
| Agricultural Enabling Environment | 0 | * | 4,620 |
| Agricultural Sector Productivity | 96,720 | * | 30,246 |
| Program Support (Agriculture) | 180 | * | 949 |
| Private Sector Competitiveness | 7,000 | * | 1,600 |
| Business Enabling Environment | 0 | * | 1,034 |
| Private Sector Productivity | 6,580 | * | 470 |
| Program Support (Private Sector) | 420 | * | 96 |
| Economic Opportunity | 3,000 | * | 3,500 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 470 |
| Strengthen Microenterprise Productivity | 2,820 | * | 2,820 |
| Program Support (Econ Opportunity) | 180 | * | 210 |
| Humanitarian Assistance | 30,104 | * | 500 |
| Protection, Assistance and Solutions | 29,104 | * | 0 |
| Crisis Assistance and Recovery | 29,104 | * | 0 |
| Disaster Readiness | 1,000 | * | 500 |
| Capacity Building, Preparedness, and Planning | 0 | * | 470 |
| Mitigation | 940 | * | 0 |
| Program Support (Disaster Readiness) | 60 | * | 30 |

Statement of Changes

Levels for Ethiopia between FY 2006 and FY 2008 have increased overall due to increases in funding for HIV/AIDS. The FY 2006 total was influenced by a \$9.9 million Economic Support Fund allocation, reflected in the Peace and Security and Governing Justly and Democratically functional objectives.

GABON
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

While oil earnings have given Gabon one of the highest per capita GDPs in Africa, income distribution is skewed and the country's ranking on human development indicators is well below its per capita GDP ranking. Poor governance has contributed to disappointing development, with corruption and cronyism undermining economic freedom and the rule of law. The country is dominated by a strong presidency (President Bongo has been in office since 1967), and the President's reach extends beyond the political realm to influence the economy and civil society. Dissent is not stifled directly; however, oil wealth has permitted the government to co-opt opponents and maintain popular support. Although it has had difficulty meeting the development needs of its people, the Government of Gabon, under President Bongo has provided decades of stability. The President's seniority, close connections with leaders across Africa and intimate knowledge of regional issues has permitted him to play an important role in attempts to resolve regional conflicts. Gabon has been a helpful partner to the United States in Africa and in multilateral fora such as the United Nations.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 231 | * | 200 |
| Total | 231 | * | 200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 231 | * | 200 |
| Total | 231 | * | 200 |

Peace and Security (\$0.2 million): A stable country in an unstable region, Gabon is increasingly being asked to become more involved in peacekeeping missions. Through the International Military Education and Training (IMET) program, U.S. assistance is focused on improving the professionalism of Gabon's military officers and providing training which will help prepare the military leadership for a larger role in regional peacekeeping missions and counter-terrorism activities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 231 | * | 200 |
| Peace & Security | 231 | * | 200 |
| Stabilization Operations and Security Sector Reform | 231 | * | 200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 231 | * | 200 |

GAMBIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Gambia made significant strides in consolidating democracy after the 1994 coup, as evidenced by the granting of Millennium Challenge Account (MCA) eligibility in 2005. However, a significant reversal in the country's democratic development and a dramatic negative trend in its overall human rights performance in recent months led to the loss of the country's MCA eligibility in June 2006. President Jammeh subsequently advised the Department of State that The Gambia would not take steps to seek Millennium Challenge Corporation (MCC) reinstatement. The Gambian government has provided steadfast, tangible support for the Global War on Terrorism and contributed to international peace efforts, including sending a contingent to Darfur, Sudan under the auspices of the African Union. The country is very poor, however, and suffers from weak judicial and legislative institutions, poor infrastructure, a powerless civil society, and an authoritarian leader who keeps a firm grip on power. U.S. priorities for The Gambia are, therefore, continuation of The Gambia's positive contribution to regional stability, a return to more democratic governance, increased economic prosperity, and greater respect for the rule of law.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|--------------|---------------|--------------|
| Peace & Security | 72 | * | 120 |
| Investing in People | 1,517 | * | 0 |
| Economic Growth | 1,517 | * | 0 |
| Total | 3,106 | * | 120 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| International Military Education & Training | 72 | * | 120 |
| Public Law 480 (Food Aid) | 3,034 | * | 0 |
| Total | 3,106 | * | 120 |
| Peace Corps | 2096 | * | 1888 |

Peace and Security (\$0.1 million): U.S. assistance to The Gambia will focus on military cooperation and exchanges to encourage the country to maintain and expand its positive and cooperative role in regional stability through its counter-terrorism and peacekeeping efforts. Continued military training and education will enhance The Gambia's military's capacity to continue these important efforts. U.S. funded military training, by improving the professionalism of The Gambia's armed forces, particularly with regard to proper civil-military relations, and by advancing the military's understanding of the appropriate role of the military in a well-functioning democratic system, will also help instill greater respect for the rule of law and human rights.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 3,106 | * | 120 |
| Peace & Security | 72 | * | 120 |
| Stabilization Operations and Security Sector Reform | 72 | * | 120 |
| Defense, Military, and Border Restructuring, Reform and Operations | 72 | * | 120 |
| Investing in People | 1,517 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,517 | * | 0 |
| Social Assistance | 1,517 | * | 0 |
| Economic Growth | 1,517 | * | 0 |
| Agriculture | 1,517 | * | 0 |
| Agricultural Sector Productivity | 1,517 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

The Gambia was granted Millennium Challenge Account (MCA) eligibility in 2005 but MCA eligibility was suspended in June 2006 due to a reversal in the country's democratic development and a dramatic negative trend in its overall human rights performance.

Statement of Changes

Funding for The Gambia has increased from FY 2006 levels in IMET. The increase of \$.5 million in IMET funds will enable more members of The Gambian military to participate in IMET training.

GHANA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States has found a key African partner in Ghana in many respects. The country plays a significant regional and growing international role in security matters. It plays a supportive role in the African Union and is a major contributor to United Nations peacekeeping operations. Membership on the United Nations Security Council and the International Atomic Energy Agency has heightened the country's status and influence. It is also an important trading partner in Africa. Moreover, Ghana's democracy is vibrant and stable. It has a relatively free press, independent judiciary, active civil society, and an apolitical military. Its human rights record is one of the best in Africa. In addition, important economic reforms have stabilized the economy. Gross Domestic Product has grown at a healthy rate in recent years, inflation has dropped, and the economy is diversifying. Despite these successes, however, democratic institutions are weak, lacking trained personnel, sufficient resources, and effective codes of conduct. Executive authority remains excessive. Citizen participation in governance at all levels is limited. The country also remains a difficult place to do business; contract sanctity, clear land title, and expeditious licensing regimes present daunting challenges. Schools are inadequate, and quality health care is unavailable for many, particularly, for the poor and the disenfranchised.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 1,240 | * | 1,400 |
| Governing Justly & Democratically | 492 | * | 2,000 |
| Investing in People | 50,077 | * | 26,300 |
| Economic Growth | 17,598 | * | 11,600 |
| Total | 69,407 | * | 41,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 18,157 | * | 18,200 |
| Development Assistance | 27,354 | * | 14,700 |
| Foreign Military Financing | 495 | * | 300 |
| International Military Education & Training | 645 | * | 600 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 100 | * | 0 |
| Public Law 480 (Food Aid) | 22,656 | * | 7,000 |
| Total | 69,407 | * | 41,300 |
| Peace Corps | 2697 | * | 2993 |

Peace and Security (\$1.4 million): Cooperation between the United States and Ghanaian militaries is close and ongoing. Ghana is a major contributor to peacekeeping operations and is supportive of the Gulf of Guinea Initiative. Domestically, Ghana has significant law enforcement training needs, and U.S. police and law enforcement programs have enjoyed significant success. Violent crime and vigilante justice are on the rise; police corruption and pervasive lack of professionalism undermine law and order. Ghana also has a growing narcotics trafficking

problem, with Colombian connections, which has received high-level attention. U.S. assistance can best help Ghana strengthen its own security and its regional leadership role by concentrating resources to support the professional development of the military, border authorities, counter-narcotics agency, and police.

Governing Justly and Democratically (\$2.0 million): Although a beacon on the continent, Ghana's democracy continues to suffer from weak institutions and polarized politics. Ghana's governance systems and practices are highly centralized and suffer from limited citizen participation. The U.S. can most effectively bolster the admirable progress toward good governance and democracy by focusing its resources on building local government capacity to seek and respond to citizen input. Efforts to increase citizen participation in local government are an essential part of U.S. decentralization efforts. This will enable the Government of Ghana to respond better to the health, education, and economic needs of its citizens. The 2008 presidential and parliamentary elections are expected to be highly contentious. To help ensure free, fair, and peaceful elections, U.S. resources will train civil society election observers.

Investing in People (\$26.3 million): Major challenges exist in the health and education sectors. While HIV/AIDS among the general population remains relatively stable, there are significant increases among the most at risk groups. Maternal and under-five child mortality rates are unacceptably high and have not improved in the last 10 years. Morbidity and mortality due to malaria is also on the rise. Poor quality basic education is reflected in the inability of most primary school children to read at grade level. Lack of improvement in these areas will undercut long-term prospects for economic growth and consolidated democracy. U.S. resources will concentrate on activities to contain the spread of HIV/AIDS, malaria, and tuberculosis. US resources will also support maternal and child health, as well as family planning and reproductive health. To help address the challenges in education, assistance from the U.S. Africa Education Initiative will target basic education, with particular focus on literacy programs, teacher training, and increased educational opportunities for girls.

Linkages with the President's Malaria Initiative: Ghana will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Ghana will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ghana will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$11.6 million): Although macro-economic progress is impressive, Ghana must improve its investment climate to sustain strong economic growth and adopt a pro-poor strategy to reduce widespread poverty. U.S. assistance, specifically the African Global Competitiveness Initiative and the Initiative to End Hunger in Africa, will focus on improving the business-enabling environment and assisting the private sector to become more competitive. Slightly more than half of U.S. economic growth resources will target agricultural productivity. U.S. assistance will also support the Government of Ghana's Trade Sector Support Program.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 69,407 | * | 41,300 |
| Peace & Security | 1,240 | * | 1,400 |
| Counter-Terrorism | 100 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 1,140 | * | 1,150 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,140 | * | 900 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 250 |
| Counter-Narcotics | 0 | * | 250 |
| Interdiction | 0 | * | 250 |
| Governing Justly & Democratically | 492 | * | 2,000 |
| Good Governance | 492 | * | 1,550 |
| Legislative Function and Processes | 92 | * | 0 |
| Local Government and Decentralization | 300 | * | 1,400 |
| Program Support (Governance) | 100 | * | 150 |
| Political Competition and Consensus-Building | 0 | * | 450 |
| Elections and Political Processes | 0 | * | 400 |
| Program Support (Political Competition) | 0 | * | 50 |
| Investing in People | 50,077 | * | 26,300 |
| Health | 22,908 | * | 18,300 |
| HIV/AIDS | 7,725 | * | 5,500 |
| Tuberculosis | 495 | * | 600 |
| Malaria | 1,478 | * | 2,500 |
| Other Public Health Threats | 494 | * | 400 |
| Maternal and Child Health | 4,719 | * | 3,300 |
| Family Planning and Reproductive Health | 6,347 | * | 6,000 |
| Water Supply and Sanitation | 1,650 | * | 0 |
| Education | 27,169 | * | 8,000 |
| Basic Education | 27,169 | * | 8,000 |
| Economic Growth | 17,598 | * | 11,600 |
| Macroeconomic Foundation for Growth | 200 | * | 700 |
| Fiscal policy | 100 | * | 400 |
| Monetary policy | 100 | * | 300 |
| Trade and Investment | 1,000 | * | 1,800 |
| Trade and Investment Enabling Environment | 200 | * | 1,200 |
| Trade and Investment Capacity | 700 | * | 500 |
| Program Support (Trade) | 100 | * | 100 |
| Financial Sector | 500 | * | 400 |
| Financial Sector Enabling Environment | 300 | * | 200 |
| Financial Services | 200 | * | 200 |
| Infrastructure | 350 | * | 0 |
| Modern Energy Services | 250 | * | 0 |
| Communications Services | 100 | * | 0 |
| Agriculture | 14,161 | * | 6,300 |
| Agricultural Enabling Environment | 800 | * | 700 |
| Agricultural Sector Productivity | 13,136 | * | 5,375 |
| Program Support (Agriculture) | 225 | * | 225 |
| Private Sector Competitiveness | 900 | * | 1,900 |
| Business Enabling Environment | 400 | * | 1,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------------------|----------------|------------------|-----------------|
| Private Sector Productivity | 325 | * | 725 |
| Workforce Development | 175 | * | 0 |
| Program Support (Private Sector) | 0 | * | 175 |
| Environment | 487 | * | 500 |
| Natural Resources and Biodiversity | 487 | * | 500 |

Linkages with the Millennium Challenge Corporation (MCC)

Ghana signed a five-year, \$547 million compact with the Millennium Challenge Corporation on August 1, 2006. Projects are designed to improve the lives of the rural poor by raising farmer incomes through private sector-led, agribusiness development.

Statement of Changes

Funding levels in DA and P.L. 480 decreased from FY 2006. DA decreased by \$12.654 million, which reduced health and education programs, and P.L. 480 decreased by \$15.656 million, reflecting a phasing out of the food aid program in Ghana. For FY 2008, USG funds will be used for programs that will support the Government of Ghana's plans to finalize a new comprehensive decentralization policy, increase fiscal decentralization, and transfer 35,000 to 50,000 civil servants to the newly created local government service. In addition, U.S. support of decentralization will strengthen the capacity of local governments and reduce the possibility of undermining the results of the MCC Compact, which will be implemented through District Assemblies.

GUINEA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Guinea is located in a volatile region that is only now emerging from years of conflict. Guinea's governing institutions are weak and the country faces a potentially difficult political transition. Strengthening democratic institutions and promoting good governance will help to ensure stability in Guinea and will bolster the United States' considerable investments in the fragile peace in Liberia and Sierra Leone. The government's capacity to provide services has weakened further as longtime President Conte, aging and in poor health, becomes inconsistent in his strong control over the government. Union and civil society leaders organized a nationwide strike in January 2007 calling for a change in government. While the constitution provides for an interim government and new elections if Conte dies in office or is declared incompetent to govern, the current Electoral Commission lacks capacity, and negotiated plans for a new, more independent commission have not been implemented. The justice system and the legislature are weak. During a transitional period, Guinea would be at risk for a military intervention. The government's failure to address deteriorating economic conditions has exacerbated popular dissatisfaction. Its inability to service its debt and its poor governance record has caused some donors to suspend assistance, exacerbating economic decline. In spite of all this, with the burgeoning civil society movement, there is opportunity to strengthen good governance, especially at the grassroots level. Local elections held in December 2005, though flawed, were Guinea's best-conducted elections ever. Legislative elections are set for June 2007. U.S. assistance can strengthen representative government in the immediate aftermath.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 496 | * | 650 |
| Governing Justly & Democratically | 3,822 | * | 5,443 |
| Investing in People | 13,545 | * | 7,100 |
| Economic Growth | 6,984 | * | 2,400 |
| Total | 24,847 | * | 15,593 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 7,001 | * | 6,500 |
| Development Assistance | 9,140 | * | 5,543 |
| Foreign Military Financing | 0 | * | 200 |
| International Military Education & Training | 376 | * | 350 |
| Public Law 480 (Food Aid) | 8,330** | * | 3,000 |
| Total | 24,847 | * | 15,593 |
| Peace Corps | 2292 | * | 2493 |

**FY 2006 includes \$4.798 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.7 million): Guinea's armed forces are one of the few respected institutions in the country, but need assistance to enhance their professionalism and to contribute to regional security. U.S. assistance will include continued support to professionalize the

military, strengthening coastal controls and improving civil-military cooperation. Funding will support the strengthening of civil-military relations and defense reforms by bringing together people in the government and in civil society. Funding to prevent trafficking in persons will be a crucial element in keeping Guinea off the Watch List.

Governing Justly and Democratically (\$5.4 million): A political transition is likely in the near future; however, it is unclear how this will unfold. It is essential that the United States work to advance democracy and good governance on multiple levels. Funding will support local government and decentralization programs that will increase the ability of local governments to govern effectively, transparently and democratically, and improve service delivery. U.S. assistance will increase citizen awareness of and demand for government transparency, accountability, and effectiveness by strengthening civil society's capacity to participate more actively in governance and public affairs. These efforts will be integrated with work of the United States in other sectors, such as education, health, and natural resource management. Assistance at national and local levels will be aimed specifically at combating endemic corruption in Guinea. Additional assistance will prepare for a post-Conte environment and a possible political transition, strengthening consensus-building processes at national, regional, and local levels. This approach will allow the flexibility to support programs relevant to the changing political environment, permitting support for multi-stakeholder dialogues, institutional development assistance for executive, legislative, judicial, and independent institutions, and funding for civil society groups to conduct consensus-building forums and uphold democratic processes related to the transition. Funding to support independent media will involve developing and strengthening rural radio networks, training media professionals, and media advocacy to improve the enabling environment.

Investing in People (\$7.1 million): Plagued by some of the world's worst health indicators, funding for maternal and child health, reproductive health, and HIV/AIDS programs will continue to reduce maternal and child mortality rates, improve reproductive health, and help Guinea maintain its low HIV/AIDS prevalence rate while addressing key governance and transparency issues in the health sector.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Guinea will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$2.4 million): Though richly endowed with minerals, Guinea is one of the poorest countries in the world. The USG will promote a more positive environment for economic growth and ease conditions of poverty by supporting agricultural sector productivity. Guinea is working to get back on track with international financial institutions to make progress towards debt-relief goals.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 24,847 | * | 15,593 |
| Peace & Security | 496 | * | 650 |
| Stabilization Operations and Security Sector Reform | 376 | * | 550 |
| Defense, Military, and Border Restructuring, Reform and Operations | 376 | * | 550 |
| Transnational Crime | 120 | * | 100 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trafficking-in-Persons and Migrant Smuggling | 120 | * | 100 |
| Governing Justly & Democratically | 3,822 | * | 5,443 |
| Good Governance | 1,918 | * | 2,082 |
| Local Government and Decentralization | 1,013 | * | 1,142 |
| Anti-Corruption Reforms | 440 | * | 635 |
| Program Support (Governance) | 465 | * | 305 |
| Political Competition and Consensus-Building | 0 | * | 635 |
| Consensus-Building Processes | 0 | * | 635 |
| Civil Society | 1,904 | * | 2,726 |
| Civic Participation | 1,000 | * | 1,786 |
| Media Freedom and Freedom of Information | 704 | * | 635 |
| Program Support (Civil Society) | 200 | * | 305 |
| Investing in People | 13,545 | * | 7,100 |
| Health | 8,667 | * | 7,100 |
| HIV/AIDS | 2,175 | * | 2,000 |
| Maternal and Child Health | 4,119 | * | 3,100 |
| Family Planning and Reproductive Health | 2,373 | * | 2,000 |
| Education | 4,878 | * | 0 |
| Basic Education | 4,878 | * | 0 |
| Economic Growth | 6,984 | * | 2,400 |
| Agriculture | 6,984 | * | 2,400 |
| Agricultural Sector Productivity | 6,964 | * | 2,400 |
| Program Support (Agriculture) | 20 | * | 0 |

Statement of Changes

Funding for Guinea has decreased from FY 2006 levels in DA, CSH and IMET accounts. There is an overall increase in Governing Justly and Democratically in civil society, consensus building, anti-corruption, and local government. There is also a decrease of \$1 million in maternal and child health, while support continues for HIV/AIDS. P.L. 480 was decreased by \$5.3 million, which reduced agriculture programs.

GUINEA-BISSAU
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Guinea-Bissau is currently in its second attempt at a democratic transition since the 1998-1999 civil war. Guinea-Bissau's greatest challenges are: to overcome the legacy of the war for independence; frequent military intervention; poverty; lack of infrastructure; and high illiteracy rates. Factionalized political groups and a population that lacks skills, education, and information hamper Guinea-Bissau's democratic transition. The political class must develop the capacity to govern effectively, enabling Guinea-Bissau to better address other pressing needs, including security along the northern border with Senegal's volatile Casamance region, and countering the burgeoning problem of narcotics trafficking and international crime. The first priority for U.S. assistance is to sustain this transition by reinforcing democratic practices, strengthening institutions, and promoting peace and security.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 136 | * | 100 |
| Governing Justly & Democratically | 0 | * | 600 |
| Total | 136 | * | 700 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Development Assistance | 0 | * | 600 |
| International Military Education & Training | 136 | * | 100 |
| Total | 136 | * | 700 |

Peace and Security (\$0.1 million): Through the International Military Education and Training (IMET) account, funding will build on previous training on civilian control of the military and respect for human rights to encourage stability and security sector reform. Military education and training programs will improve the military's ability to operate effectively and efficiently within a reasonable and manageable budget.

Governing Justly and Democratically (\$0.6 million): Funding provided in this area will be used to improve democratic governance and support civil society. Key challenges facing the legislature include: monitoring the budget; legislative oversight of the military and security sector reform; executive-legislative relations; and the institutional development of the legislature. These challenges are magnified by material and administrative difficulties, including the high level of illiteracy among members of the National Assembly - about 60 %. Civil society is beginning to play a role in defending the rights of women and children and demanding basic services such as education and health care, but it still faces significant challenges integrating into the political process in a meaningful way. Civil society funding will provide training and capacity building to organizations promoting reform agendas in the judiciary and government ministries.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 136 | * | 700 |
| Peace & Security | 136 | * | 100 |
| Stabilization Operations and Security Sector Reform | 136 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 136 | * | 100 |
| Governing Justly & Democratically | 0 | * | 600 |
| Rule of Law and Human Rights | 0 | * | 360 |
| Constitutions, Laws, and Legal Systems | 0 | * | 360 |
| Civil Society | 0 | * | 240 |
| Civic Participation | 0 | * | 240 |

Statement of Changes

Funding for Guinea-Bissau has increased from FY 2006 levels in DA and decreased in IMET. The DA increase of \$0.6 million in FY 2008 will support rule of law, human rights and civil society programs. In FY 2008, peace and security programs will continue to be promoted through IMET.

KENYA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Kenya has the potential to become a transformational country and achieve improved standards of living, improved quality of life, and more transparent, less corrupt and more participatory democratic governance. Such progress will, however, require an economic growth rate of 7% to 8% per year on a sustained basis. Obstacles include the lack of accountability in government, poor rural productivity and management of resources, and a workforce in need of better access to higher quality health care and education. In addition, Kenya's location and institutional weaknesses have made it especially vulnerable to international terrorism and other transnational threats, such as arms smuggling, drug trafficking, and money laundering. Despite these problems, the Kenyan economy grew by 5.8% in 2005. This was mainly achieved through the resilience, resourcefulness, and improved confidence of the private sector. In addition to further economic growth, U.S. support has the opportunity to have a positive impact in the areas of peace and security, good government, health, education and environmental management. Above all, given the current and historic terrorist threat in Kenya, counter-terrorism activities are critical for meeting transformational diplomacy goals. Kenya is the linchpin of East African stability and is a front-line state in the fight against terrorism. Assistance in this area is vital to prevent Kenya from backsliding into increasing insecurity.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 5,193 | * | 8,274 |
| Governing Justly & Democratically | 5,015 | * | 4,300 |
| Investing in People | 203,994 | * | 504,600 |
| Economic Growth | 22,430 | * | 22,750 |
| Humanitarian Assistance | 32,921 | * | 500 |
| Total | 269,553 | * | 540,424 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 17,840 | * | 16,950 |
| Development Assistance | 21,615 | * | 28,300 |
| Economic Support Fund | 6,420 | * | 0 |
| Foreign Military Financing | 0 | * | 800 |
| Global HIV/AIDS Initiative | 175,950 | * | 481,000 |
| International Military Education & Training | 0 | * | 550 |
| Nonproliferation, Antiterrorism & Demining | 4,763 | * | 5,824 |
| Public Law 480 (Food Aid) | 42,965** | * | 7,000 |
| Total | 269,553 | * | 540,424 |
| Peace Corps | 3124 | * | 3087 |

**FY 2006 includes \$32.897 million of P.L. 480 Title II emergency food aid. In addition to \$42.965 million, Kenya received an additional \$49.5 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$8.3 million): Despite excellent military-to-military relations with Kenya, the lack of an Article 98 Agreement currently impedes certain U.S. military assistance funding to the government. Recent changes in legislation allow for the resumption of IMET programs with Kenya. The Department continues to seek an Article 98 Agreement with Kenya and hopes that one will be concluded by FY 2008. U.S. foreign assistance will focus on providing targeted training to increase the professionalism of the Kenyan military and police. The coastal security initiative will expand, with new patrols along the southern and northern borders of Kenya. Training and equipment will assist forces patrolling to secure Kenya's coast and borders, and funding will support efforts to control the flow of weapons through Kenya. Funding will secure police armories in the northern provinces in tandem with the United Nations Development Programme; combat trafficking in persons and alien smuggling; and help to diminish the underlying conditions that spawn terrorism by bringing increased economic and educational opportunities to traditionally marginalized groups.

Governing Justly and Democratically (\$4.3 million): Presidential and Parliamentary elections are scheduled for the end of CY 2007. Therefore, FY 2008 will be a critical year for the United States to support reformers in a new (or renewed) administration. This support will include work with the parliament and political parties. Funding for anti-corruption reforms will reduce impunity while also strengthening Kenya's oversight institutions. Parallel investments in judicial independence will promote a more robust application of the rule of law and human rights. Civil society efforts will complement programs that work with the government.

Investing in People (\$504.6 million): Combating HIV/AIDS and malaria, maternal and child health, and family planning, account for the majority of programs under this objective. Given Kenya's high population growth rate, family planning is essential to ensure that poverty rates do not escalate. Other health issues will be addressed to increase the productivity of workers, complementing economic growth activities.

Linkages with the President's Malaria Initiative (PMI): Kenya will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Kenya will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Kenya, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Kenya will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Improved education contributes directly to better health and greater productivity in the workforce as well as the promotion of a stable democratic society. The United States will ensure that quality secular education is available, particularly to girls and children in marginalized areas in the northern and eastern parts of the country. Kenya participates in the African Education Initiative. The United States will also seek to ensure that the education policy environment, the information available to the education system, and technical and managerial capabilities of the teachers and education officials are enhanced and consistent across all regions of the country.

Economic Growth (\$22.8 million): Kenya's economy depends heavily on agriculture and tourism, both of which rely on the conservation and sustainable management of the country's rich diversity of natural resources. U.S. programs will continue to focus heavily on improving management, investment, policy and monitoring of the environment and associated governing institutions. Kenya participates in the Initiative to End Hunger in Africa, and the majority of economic growth funds will help enhance the productivity and competitiveness of key agricultural sub-sectors, with complementary investments in policy, trade and micro enterprise development. U.S. assistance programs will also seek to provide assistance to enhance resiliency and reduce vulnerability of rural household livelihoods in drought-prone arid and semi-arid lands of Kenya, where conflict over scarce natural resources contributes to instability.

Humanitarian Assistance (\$0.5 million): U.S. assistance will support the continuation of the Famine Early Warning System.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 269,553 | * | 540,424 |
| Peace & Security | 5,193 | * | 8,274 |
| Counter-Terrorism | 4,563 | * | 5,800 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 1,563 | * | 300 |
| Governments' Capabilities | 3,000 | * | 5,500 |
| Combating Weapons of Mass Destruction (WMD) | 100 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 100 | * | 1,374 |
| Destruction and Security of Conventional Weapons | 100 | * | 24 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 1,350 |
| Transnational Crime | 0 | * | 500 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 440 |
| Program Support (Crime) | 0 | * | 60 |
| Conflict Mitigation and Reconciliation | 430 | * | 600 |
| Conflict Mitigation | 300 | * | 350 |
| Peace and Reconciliation Processes | 50 | * | 170 |
| Program Support (Conflict) | 80 | * | 80 |
| Governing Justly & Democratically | 5,015 | * | 4,300 |
| Rule of Law and Human Rights | 0 | * | 700 |
| Judicial Independence | 0 | * | 600 |
| Program Support (Rule of Law) | 0 | * | 100 |
| Good Governance | 2,014 | * | 2,100 |
| Legislative Function and Processes | 606 | * | 750 |
| Anti-Corruption Reforms | 1,158 | * | 900 |
| Program Support (Governance) | 250 | * | 450 |
| Political Competition and Consensus-Building | 3,001 | * | 500 |
| Elections and Political Processes | 2,443 | * | 0 |
| Political Parties | 0 | * | 420 |
| Program Support (Political Competition) | 558 | * | 80 |
| Civil Society | 0 | * | 1,000 |
| Civic Participation | 0 | * | 850 |
| Media Freedom and Freedom of Information | 0 | * | 150 |
| Investing in People | 203,994 | * | 504,600 |
| Health | 198,770 | * | 499,214 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| HIV/AIDS | 175,950 | * | 481,000 |
| Tuberculosis | 1,483 | * | 2,000 |
| Malaria | 5,470 | * | 4,450 |
| Maternal and Child Health | 2,797 | * | 3,714 |
| Family Planning and Reproductive Health | 8,898 | * | 8,050 |
| Water Supply and Sanitation | 4,172 | * | 0 |
| Education | 4,019 | * | 4,550 |
| Basic Education | 4,019 | * | 4,550 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,205 | * | 836 |
| Social Assistance | 1,205 | * | 836 |
| Economic Growth | 22,430 | * | 22,750 |
| Financial Sector | 295 | * | 0 |
| Financial Services | 295 | * | 0 |
| Agriculture | 15,011 | * | 15,650 |
| Agricultural Enabling Environment | 100 | * | 1,200 |
| Agricultural Sector Productivity | 13,811 | * | 13,250 |
| Program Support (Agriculture) | 1,100 | * | 1,200 |
| Private Sector Competitiveness | 1,050 | * | 900 |
| Private Sector Productivity | 1,050 | * | 800 |
| Program Support (Private Sector) | 0 | * | 100 |
| Economic Opportunity | 873 | * | 900 |
| Policy Environment for Micro and Small Enterprises | 323 | * | 200 |
| Strengthen Microenterprise Productivity | 550 | * | 600 |
| Program Support (Econ Opportunity) | 0 | * | 100 |
| Environment | 5,201 | * | 5,300 |
| Natural Resources and Biodiversity | 4,294 | * | 4,300 |
| Program Support (Environment) | 907 | * | 1,000 |
| Humanitarian Assistance | 32,921 | * | 500 |
| Protection, Assistance and Solutions | 32,921 | * | 0 |
| Crisis Assistance and Recovery | 32,921 | * | 0 |
| Disaster Readiness | 0 | * | 500 |
| Capacity Building, Preparedness, and Planning | 0 | * | 500 |

Linkages with the Millennium Challenge Corporation (MCC)

The Government of Kenya (GOK) submitted a Threshold Proposal for approval by the Millennium Challenge Corporation in early CY 2007. The two-year program targets procurement reform throughout the GOK, with a focus on the Ministry of Health. It proposes to address the issue of corruption directly and complements the ongoing programs in Governing Democratically and Justly and Investing in People objectives. If approved, it would likely begin in the third quarter of FY 2007.

Statement of Changes

The Peace and Security program objective has increased significantly, from \$5,193,000 in FY 2006 to \$8,274,000 in FY 2008. This increase reflects the urgent need to improve the GOK's capacity to fight terrorism and improve its border security. Increased funding in this area will also complement ongoing efforts to bring stability and security to neighboring Somalia. A significant increase in the Investing in People program area (from \$203,994,000 in FY 2006 to \$504,600,000 in FY 2008) reflects the plus-up in health-related funding for Kenya from PEPFAR and the President's Malaria Initiative.

LESOTHO
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Lesotho has emerged as a democracy in the years following a failed coup attempt in 1998, holding successful national and local elections in May 2002 and in April 2005, respectively. The tiny "mountain kingdom" has a vibrant civil society and an active political opposition. It also has a professional military and enjoys excellent relations with South Africa, within which it is located. Nonetheless, its borders are porous, leaving the country open to terrorists or illicit trafficking activities.

On the domestic front, the country is challenged by a severe HIV/AIDS epidemic (estimated HIV/AIDS prevalence among adults is 29%), widespread poverty (most people live well below the poverty line), high unemployment (the unemployment rate is about 50%) of large numbers of workers with limited skills and education, and few natural resources. Families live mainly on subsistence farming and raising cattle, which has seriously eroded the soil.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 50 |
| Investing in People | 0 | * | 7,500 |
| Total | 0 | * | 7,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Child Survival and Health | 0 | * | 7,500 |
| International Military Education & Training | 0 | * | 50 |
| Total | 0 | * | 7,550 |
| Peace Corps | 2297 | * | 2435 |

Peace and Security (\$50,000): U.S. assistance programs in Peace and Security will focus solely on peace and security relations. The Lesotho Defense Force (LDF) is an integral part of Lesotho's democratic institutions, and has been in rebuilding mode since the 1998 attempted coup d'etat. U.S. assistance will support further development of the professionalism of the LDF. The Government of Lesotho recently signed an Article 98 agreement, which allows the U.S. to support the International Military Education and Training (IMET) programs emphasizing leadership, management, civil/military relations, and human rights. This training is also intended to safeguard against anti-democratic behavior and to solidify civilian-military coordination and cooperation.

Investing in People (\$7.5 million): U.S. assistance will target HIV/AIDS. It will be used to increase the capacity of local non-governmental, community and faith-based organizations to mount a sustainable response to the epidemic.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Lesotho will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Lesotho will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 0 | * | 7,550 |
| Peace & Security | 0 | * | 50 |
| Stabilization Operations and Security Sector Reform | 0 | * | 50 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 50 |
| Investing in People | 0 | * | 7,500 |
| Health | 0 | * | 7,500 |
| HIV/AIDS | 0 | * | 7,500 |

Linkages with the Millennium Challenge Corporation (MCC)

Lesotho is a Millennium Challenge Corporation eligible country. In 2005, Lesotho received a grant of \$1.4 million to assist with proposal development. A compact proposal has since been submitted to the MCC and the due diligence process is already underway. The proposal focuses on water/sewage infrastructure, health infrastructure and human resources, and improvements in the business and investment climate. The former includes the development of industrial and safe, potable water supplies. Programs to improve the business and investment climate will include reforms of judicial procedures and commercial law, border and customs procedures, and financial infrastructure and property rights. All of these activities are aimed at helping Lesotho attract new investment to develop value-added manufacturing and increase employment.

Statement of Changes

The major change in Lesotho's budget request is an increase in PEPFAR funding.

LIBERIA
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Liberia's emergence from two decades of civil conflict under new and democratically elected leadership presents opportunities for peaceful development, rather than destabilization in West Africa. Liberia faces challenges that are common for post-conflict countries - restoring public confidence in political, social, and economic institutions, while addressing the forces that created and sustained the conflict. Liberia must overcome past divisions between the capital and rural areas that resulted in uneven opportunities for Liberians, a shattered and weak economy, and a legacy of elite government that exploited the Liberian people and contributed to civil conflict.

The root causes of the civil conflict centered around poor governance and the central government's failure to address the needs and aspirations of the vast majority of Liberians. Maintaining stability for Liberia will require simultaneous progress in addressing insecurity; a culture of impunity, corruption and poor governance; severe gaps in education, health and economic well-being; and widespread damage to infrastructure. Transforming Liberia into a democracy requires focusing on strengthening security structures, establishing effective rule of law, building Liberia's institutional and human capacity, and creating a positive economic environment that instills confidence and attracts investment.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 17,214 | * | 23,730 |
| Governing Justly & Democratically | 19,503 | * | 26,901 |
| Investing in People | 28,591 | * | 28,844 |
| Economic Growth | 26,718 | * | 36,100 |
| Humanitarian Assistance | 13,971 | * | 0 |
| Total | 105,997 | * | 115,575 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 2,867 | * | 10,800 |
| Development Assistance | 23,726 | * | 0 |
| Economic Support Fund | 42,719 | * | 73,545 |
| Foreign Military Financing | 1,980 | * | 1,000 |
| International Military Education & Training | 130 | * | 300 |
| International Narcotics Control and Law Enforcement | 990 | * | 4,130 |
| Nonproliferation, Antiterrorism & Demining | 220 | * | 0 |
| Peacekeeping Operations | 0 | * | 16,800 |
| Public Law 480 (Food Aid) | 26,971** | * | 9,000 |
| Transition Initiatives | 6,394 | * | 0 |
| Total | 105,997 | * | 115,575 |

**FY 2006 includes \$26.971 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$23.7 million): The U.S. leads Liberia's security sector reform program, which is in the process of recruiting, vetting, training, and equipping a 2,000 person army as well as an entirely new Ministry of Defense staff. The Liberian National Police will receive U.S. management mentoring, training, and basic infrastructure and equipment. Other U.S. contributions are intended for the President's protective detail, the Immigration Bureau, and to improve the appalling conditions in the corrections system.

Governing Justly and Democratically (\$26.8 million): Improved governance will enhance Liberia's stability and help prevent renewed conflict, help address the needs and aspirations of Liberians, and create the foundation for investment and growth. A critically important U.S. initiative to improve economic governance, the Governance and Economic Management Assistance Program (GEMAP) will continue, along with support for strengthening oversight and accountability of public sector authorities. Programs in the justice sector will help to increase access to justice through provision of basic legal services and alternatives to formal courts, and at the same time build capacity in the formal legal system. United States' support for local elections, along with programs to strengthen the Liberian legislature, political parties, and civil society will address key gaps and inconsistencies in the country's legal framework, establish democratic accountability, and contribute to mitigating conflict.

Investing in People (\$28.9 million): U.S. assistance to create increased human capacity will build on the significant humanitarian efforts undertaken during the conflict and immediate post-conflict period, in order to achieve durable solutions for former combatants, internally displaced persons, and refugees returning to their communities. Major investments in education are aimed at increasing school enrollments and improving the quality of education through teacher training and the provision of needed equipment, material and infrastructure rehabilitation. Support for vocational training to promote workforce development in potential growth areas will be continued, and support for higher education will begin. Public health will receive support to refurbish health facilities and strengthen institutions, national planning, and training of health professionals. Areas of concentration include maternal and child health as well as HIV/AIDS and malaria.

Linkage with the President's Malaria Initiative (PMI): Liberia will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Liberia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Liberia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$36.1 million): Agriculture sector productivity is a key component to reducing hunger, improving nutrition, and increasing incomes for poor rural farmers. The U.S. program includes support for institutional strengthening, and assistance to the government to establish policy and regulatory reforms to enable improved productivity and market development. The program will address the rehabilitation of smallholder tree crop farms, restocking of decimated food animals with improved species, and training in business management skills, leadership skills, and good governance for farmers' groups and community-based organizations. Micro-credit initiatives will be supported to promote small businesses. Through training and

artisan programs, the United States will strengthen the capacity of Liberians, especially youth and women, to become productive employees. Concurrently, activities will build the commercial viability of small businesses, generating the demand for employable Liberians. Support continues to help expand access to needed energy sources throughout Liberia. A non-emergency food aid program will support agricultural production and food security, in particular for vulnerable groups.

The United States will continue its support through the Liberia Forest Initiative and related activities in GEMAP to improve policies on natural resource commercialization. U.S.-supported community forestry initiatives to establish sound policies and practices to ensure that the Liberian population benefits from its forests and related natural resources. Emphasis will be placed on increasing the transparent and legitimate use, ownership, access, and commercialization of timber, forest products, minerals, fisheries, and other resources.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 105,997 | * | 115,575 |
| Peace & Security | 17,214 | * | 23,730 |
| Stabilization Operations and Security Sector Reform | 17,214 | * | 23,730 |
| Operations Support | 990 | * | 3,500 |
| Disarmament, Demobilization & Reintegration (DDR) | 13,398 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 2,110 | * | 18,100 |
| Law Enforcement Restructuring, Reform and Operations | 220 | * | 2,130 |
| Program Support (Stabilization) | 496 | * | 0 |
| Governing Justly & Democratically | 19,503 | * | 26,901 |
| Rule of Law and Human Rights | 2,500 | * | 7,200 |
| Justice System | 1,906 | * | 7,020 |
| Human Rights | 490 | * | 0 |
| Program Support (Rule of Law) | 104 | * | 180 |
| Good Governance | 17,003 | * | 15,500 |
| Legislative Function and Processes | 3,154 | * | 940 |
| Public Sector Executive Function | 8,820 | * | 6,580 |
| Local Government and Decentralization | 4,533 | * | 6,500 |
| Anti-Corruption Reforms | 0 | * | 940 |
| Program Support (Governance) | 496 | * | 540 |
| Political Competition and Consensus-Building | 0 | * | 2,201 |
| Elections and Political Processes | 0 | * | 2,069 |
| Program Support (Political Competition) | 0 | * | 132 |
| Civil Society | 0 | * | 2,000 |
| Civic Participation | 0 | * | 1,880 |
| Program Support (Civil Society) | 0 | * | 120 |
| Investing in People | 28,591 | * | 28,844 |
| Health | 7,867 | * | 12,800 |
| HIV/AIDS | 989 | * | 1,000 |
| Malaria | 0 | * | 2,500 |
| Maternal and Child Health | 3,785 | * | 7,300 |
| Family Planning and Reproductive Health | 3,093 | * | 2,000 |
| Education | 7,724 | * | 13,044 |
| Basic Education | 7,724 | * | 12,544 |
| Higher Education | 0 | * | 500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Social and Economic Services and Protection for Vulnerable Populations | 13,000 | * | 3,000 |
| Social Assistance | 13,000 | * | 3,000 |
| Economic Growth | 26,718 | * | 36,100 |
| Infrastructure | 16,901 | * | 10,300 |
| Modern Energy Services | 3,201 | * | 5,000 |
| Transport Services | 13,146 | * | 5,300 |
| Program Support (Infrastructure) | 554 | * | 0 |
| Agriculture | 5,015 | * | 12,756 |
| Agricultural Enabling Environment | 0 | * | 2,350 |
| Agricultural Sector Productivity | 5,015 | * | 10,031 |
| Program Support (Agriculture) | 0 | * | 375 |
| Private Sector Competitiveness | 836 | * | 7,500 |
| Workforce Development | 836 | * | 7,050 |
| Program Support (Private Sector) | 0 | * | 450 |
| Economic Opportunity | 2,000 | * | 2,000 |
| Strengthen Microenterprise Productivity | 1,960 | * | 1,880 |
| Program Support (Econ Opportunity) | 40 | * | 120 |
| Environment | 1,966 | * | 3,544 |
| Natural Resources and Biodiversity | 1,966 | * | 3,451 |
| Program Support (Environment) | 0 | * | 93 |
| Humanitarian Assistance | 13,971 | * | 0 |
| Disaster Readiness | 13,971 | * | 0 |
| Mitigation | 13,971 | * | 0 |

Statement of Changes

Liberia received \$50 million of supplemental ESF funds in FY 2006. Compared to the FY 2006 base budget, funding for Liberia in FY 2008 has increased by \$7.933 million in CSH, \$30.826 million in ESF, \$0.17 million in IMET, \$3.140 million in INCLE, and \$16.8 million in PKO accounts. In FY 2008, DA is zeroed out from \$23.726 million. This reduction was a strategic decision to use ESF in Rebuilding countries and DA in Developing countries. There is also a decrease of \$1 million in FMF, and \$0.22 million in NADR. In FY 2008, increased attention will be given to infrastructure and job creation programs to continue the process of long-term rehabilitation and development. The added emphasis on education better reflects the growing importance of increased human resource capacity in Liberia.

MADAGASCAR
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Madagascar is moving forward in consolidating democracy, developing a free market economy, combating corruption and trafficking in persons, fighting malaria and HIV/AIDS, and protecting its unique environment. Madagascar's biodiversity is consistently identified as one of the highest conservation priorities in the world, yet the country's biological treasures are threatened by population pressure, food insecurity and the common practice of slash-and-burn agriculture. On the security front, Madagascar has insufficient resources to counter terrorism or terrorist-related, transnational criminal activities such as piracy and trafficking. Weak military and law enforcement capabilities create an enabling environment that has served as a magnet for terrorist groups and individuals elsewhere in the past. Ethnic tension between the inhabitants of the coast and of the highland plateau occasionally gives rise to political friction. Finally, advances in the political, economic and health spheres are fragile and susceptible to setbacks in this country of enormous poverty, weak institutions, and shallow-rooted democratic traditions. The United States and the Government of Madagascar (GOM) concur that improvements in health and economic growth are central to strengthening country capabilities and performance.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 231 | * | 350 |
| Governing Justly & Democratically | 1,192 | * | 1,500 |
| Investing in People | 20,285 | * | 18,601 |
| Economic Growth | 16,304 | * | 12,600 |
| Humanitarian Assistance | 437 | * | 399 |
| Total | 38,449 | * | 33,450 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 11,526 | * | 11,500 |
| Development Assistance | 10,266 | * | 6,600 |
| Foreign Military Financing | 0 | * | 100 |
| International Military Education & Training | 231 | * | 250 |
| Public Law 480 (Food Aid) | 16,426 | * | 15,000 |
| Total | 38,449 | * | 33,450 |
| Peace Corps | 2217 | * | 2207 |

Peace and Security (\$0.4 million): Investments in stabilization operations and security sector reform will help to improve Madagascar's border controls, develop a viable maritime and coastal security force and establish a professional explosives ordinance disposal capability. Counter terrorism programming will provide a foundation for Madagascar's efforts to secure its borders and improve communications to outlying villages along the coast.

Governing Justly and Democratically (\$1.5 million): Independent indices show performance levels bordering on the average for sustaining partnership countries and the recent successful December 2006 presidential election is an encouraging sign of Madagascar's progress toward

democracy. To support this positive trend, U.S. resources will continue to focus on strengthening local government, national anti-corruption efforts and bolstering civil society capacity to enhance the effectiveness and legitimacy of government.

Investing in People (\$18.6 million): Madagascar's primary health challenges are HIV/AIDS, chronic child malnutrition and diarrhea, malaria, and maternal and child health. Working in partnership with the GOM, U.S. resources will help advance community health and food security priorities by: promoting reproductive, maternal, and childhood health; intensifying essential nutrition activities; and reducing infectious diseases especially malaria, diarrhea and HIV/AIDS. U.S. health sector funding will also improve access to family planning and clean water and sanitation facilities, which will not only improve maternal and child health, but also contribute to increased worker productivity and reinforce efforts to conserve Madagascar's unique biodiversity.

Linkage with the President's Malaria Initiative (PMI): Madagascar will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Madagascar will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Madagascar will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$12.6 million): U.S. funding will be used to advance efforts to triple Madagascar's protected areas to 6 million hectares, strengthen the organizational and technical capacity of local environmental and forest management institutions, and develop economically viable production forests. This investment is critical to strengthen Madagascar's enabling environment. U.S. support will focus on: 1) mobilizing productive and environmentally sound farming systems through a farmer-to-farmer approach; 2) supporting farmer associations to achieve financial and organizational sustainability; 3) increasing productivity and quality to boost the competitiveness of targeted value chains; and 4) increasing the ability of farmer associations to respond to market requirements.

Humanitarian Assistance (\$0.4 million): U.S. resources will focus on disaster readiness. Capacity building, preparedness, and planning are critical for disaster prevention, mitigation and response, which will help reduce asset and crop losses.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 38,449 | * | 33,450 |
| Peace & Security | 231 | * | 350 |
| Stabilization Operations and Security Sector Reform | 231 | * | 350 |
| Defense, Military, and Border Restructuring, Reform and Operations | 231 | * | 350 |
| Governing Justly & Democratically | 1,192 | * | 1,500 |
| Good Governance | 1,192 | * | 1,000 |
| Local Government and Decentralization | 0 | * | 550 |
| Anti-Corruption Reforms | 492 | * | 450 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Governance of the Security Sector | 700 | * | 0 |
| Civil Society | 0 | * | 500 |
| Civic Participation | 0 | * | 500 |
| Investing in People | 20,285 | * | 18,601 |
| Health | 18,097 | * | 17,500 |
| HIV/AIDS | 1,977 | * | 1,500 |
| Malaria | 2,169 | * | 2,500 |
| Maternal and Child Health | 9,858 | * | 8,000 |
| Family Planning and Reproductive Health | 4,093 | * | 4,000 |
| Water Supply and Sanitation | 0 | * | 1,500 |
| Education | 983 | * | 0 |
| Basic Education | 983 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,205 | * | 1,101 |
| Social Services | 1,205 | * | 1,101 |
| Economic Growth | 16,304 | * | 12,600 |
| Infrastructure | 3,285 | * | 0 |
| Transport Services | 3,285 | * | 0 |
| Agriculture | 5,645 | * | 8,300 |
| Agricultural Sector Productivity | 5,645 | * | 8,300 |
| Environment | 7,374 | * | 4,300 |
| Natural Resources and Biodiversity | 7,374 | * | 4,300 |
| Humanitarian Assistance | 437 | * | 399 |
| Disaster Readiness | 437 | * | 399 |
| Capacity Building, Preparedness, and Planning | 437 | * | 399 |

Linkages with the Millennium Challenge Corporation (MCC)

In April 2005, Madagascar became the first country in the world to sign an MCC Compact designed to shift production from subsistence to a market-driven economy by focusing on land tenure, agribusiness and the financial sector. The four-year, \$110 million MCC program became fully operational in 2006. The MCC portfolio is complementary to funding requested here with mutually beneficial investments in agricultural and rural development.

Statement of Changes

The \$33.5 million FY 2008 request level for Madagascar is a five million overall decrease from FY 2006. This decrease reflects moderate reductions in CSH and PL 480 Title II (approximately \$1 million) and a \$3.6 million reduction in the DA account - a 25% decrease compared to the FY 2006 actual. The DA reduction is confined almost exclusively to the Economic Growth portion of the program portfolio in which environment and agricultural sector activities have been strategically focused in recognition of planned increases in MCC Compact funding.

MALAWI
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacle to Malawi's advancement is widespread and chronic poverty that fuels a vicious cycle of food insecurity, ill health (including a high HIV/AIDS prevalence rate), low labor productivity and weak economic growth. Malawi's poverty is starkly represented in its socio-economic indicators: average life expectancy of 37 years, and 55% of the population living on one dollar or less per day. Food insecurity is widespread and persistent, with 25% of the population chronically food-insecure. The HIV/AIDS prevalence rate is 14%. The government's ability to address these problems is hampered by a lack of trained personnel. An estimated 60% of the government's health worker positions are vacant and only 96 government doctors serve the entire country.

Malawi moved to multiparty democracy in 1994, after a long period of dictatorship, and has held three successful national elections since that time. U.S. Government programs are assisting to expand and consolidate these steps toward democracy and good governance. Sharply improved fiscal management has recently resulted in Heavily Indebted Poor Countries debt relief for Malawi, and the Government of Malawi has launched a widespread anti-corruption campaign. Government policies emphasize economic growth, food security, and health, and Malawi is gaining international acclaim for its rapid increase of HIV/AIDS anti-retroviral therapy.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 345 | * | 300 |
| Governing Justly & Democratically | 0 | * | 1,250 |
| Investing in People | 37,175 | * | 40,904 |
| Economic Growth | 10,259 | * | 16,846 |
| Humanitarian Assistance | 161 | * | 300 |
| Total | 47,940 | * | 59,600 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 21,125 | * | 27,700 |
| Development Assistance | 18,632 | * | 13,600 |
| International Military Education & Training | 345 | * | 300 |
| Public Law 480 (Food Aid) | 7,838 | * | 18,000 |
| Total | 47,940 | * | 59,600 |
| Peace Corps | 2107 | * | 1978 |

Peace and Security (\$0.3 million): U.S. assistance to Malawi promotes stabilization operations and security sector reform by focusing on defense, military, and border security restructuring, reform, and operations through training of senior and mid-level officers of the Malawi Defense Force.

Governing Justly and Democratically (\$1.3 million): U.S. assistance will promote political competition and consensus-building by focusing on elections and political processes.

Investing in People (\$40.9 million): The U.S. will support nutrition for households caring for orphans and vulnerable children and/or chronically ill members. The U.S. will continue effective health programs in the areas of HIV/AIDS, tuberculosis, malaria, maternal and child health, as well as family planning and reproductive health. U.S. resources will also contribute substantively to improving the quality of primary education, the retention of students, the promotion of effective teaching methodologies (including interactive radio instruction), school administration, and parental/community involvement. In particular, program activities will encourage and support disadvantaged children, including girls and orphans, to attend and remain in school.

Linkage with the President's Malaria Initiative (PMI): Malawi will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Malawi will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Malawi will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$16.8 million): The U.S. will expand highly regarded and effective agricultural programs to increase economic growth through higher productivity, irrigation, improved technologies, increased access to credit, diversification of income sources, and increased local capacity to develop and implement appropriate market-friendly agricultural policies. The U.S. will also assist in improving the economic status of micro, small and medium enterprises (MSMEs). Wide-ranging natural resources management and biodiversity activities will be promoted both to protect the natural environment and to stimulate economic growth through income-generating activities such as eco-tourism.

To address chronic food insecurity and famine, U.S. resources will support the surveillance and early warning efforts of the Famine Early Warning System (FEWSNET), the Malawi Vulnerability Assessment Committee, and nutritional surveillance activities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 47,940 | * | 59,600 |
| Peace & Security | 345 | * | 300 |
| Stabilization Operations and Security Sector Reform | 345 | * | 300 |
| Immediate Protection of Civilians in Conflict | 0 | * | 300 |
| Defense, Military, and Border Restructuring, Reform and Operations | 345 | * | 0 |
| Governing Justly & Democratically | 0 | * | 1,250 |
| Political Competition and Consensus-Building | 0 | * | 1,250 |
| Elections and Political Processes | 0 | * | 1,175 |
| Program Support (Political Competition) | 0 | * | 75 |
| Investing in People | 37,175 | * | 40,904 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Health | 23,073 | * | 35,304 |
| HIV/AIDS | 11,369 | * | 18,000 |
| Tuberculosis | 1,384 | * | 1,000 |
| Malaria | 2,045 | * | 2,500 |
| Maternal and Child Health | 4,123 | * | 9,804 |
| Family Planning and Reproductive Health | 4,152 | * | 4,000 |
| Education | 11,912 | * | 2,000 |
| Basic Education | 11,912 | * | 2,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,190 | * | 3,600 |
| Policies, Regulations, and Systems | 2,190 | * | 0 |
| Social Assistance | 0 | * | 3,600 |
| Economic Growth | 10,259 | * | 16,846 |
| Agriculture | 6,003 | * | 12,446 |
| Agricultural Enabling Environment | 0 | * | 500 |
| Agricultural Sector Productivity | 5,865 | * | 11,619 |
| Program Support (Agriculture) | 138 | * | 327 |
| Economic Opportunity | 1,149 | * | 1,400 |
| Inclusive Financial Markets | 1,080 | * | 1,320 |
| Program Support (Econ Opportunity) | 69 | * | 80 |
| Environment | 3,107 | * | 3,000 |
| Natural Resources and Biodiversity | 2,921 | * | 2,820 |
| Program Support (Environment) | 186 | * | 180 |
| Humanitarian Assistance | 161 | * | 300 |
| Disaster Readiness | 161 | * | 300 |
| Capacity Building, Preparedness, and Planning | 158 | * | 300 |
| Program Support (Disaster Readiness) | 3 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Malawi is a Millennium Challenge Corporation Threshold country, with the MCC providing \$20.9 million to fight corruption and improve fiscal management, enabling Malawi to strengthen the legislative and judicial branches of government, provide support for lead anti-corruption agencies, strengthen independent media coverage, and expand and intensify the work of civil society organizations.

Statement of Changes

Funding levels for Malawi have increased from FY 2006 due largely to increased funding of health, agriculture, governance and humanitarian assistance.

MALI
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite positive economic growth rates on the order of 5% annually over the past decade and slowly improving access to health care and education, Mali continues to rank near the bottom of the United Nations Human Development Index, owing primarily to continuing lack of sufficient access to health care and basic education for a large percentage of the population. While Mali's resource base, including agriculture and mineral wealth, is extensive and diverse, little value-added processing occurs, international market linkages remain tenuous, and commerce prevails in lieu of employment generating investments. Tuareg rebels have recently caused disruption in the North, the area which poses the greatest challenge to both development and stability.

However, Mali is a thriving, indeed model, Muslim democracy with a strong human rights record, and serves as a vital partner in the War on Terror (GWOT). Mali currently chairs the Community of Democracies, and is committed to regional economic integration. It is also a key participant in the Trans-Sahara Counterterrorism Partnership (TSCTP). There are many opportunities to strengthen and consolidate Mali's democratic institutions, help Mali invest in its people, promote rapid, sustainable economic growth, and ensure Mali's continued cooperation in the GWOT. Future growth will depend on employment generating investments, and the development of the education and health sectors to support an expanding economy.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 564 | * | 250 |
| Governing Justly & Democratically | 1,959 | * | 2,350 |
| Investing in People | 21,292 | * | 19,480 |
| Economic Growth | 15,013 | * | 7,000 |
| Total | 38,828 | * | 29,080 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 16,554 | * | 13,845 |
| Development Assistance | 15,349 | * | 12,985 |
| International Military Education & Training | 0 | * | 250 |
| Nonproliferation, Antiterrorism & Demining | 564 | * | 0 |
| Public Law 480 (Food Aid) | 6,361** | * | 2,000 |
| Total | 38,828 | * | 29,080 |
| Peace Corps | 3655 | * | 3795 |

**FY 2006 includes \$6.361 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.3 million): The United States can best assist Mali in establishing peace and security by focusing on assistance that complements and supports Mali's participation in TSCTP as a U.S. ally in the GWOT. The United States will support training that promotes a more professional military and augments capabilities to make Mali a more effective actor in the

war on terror. A range of development activities in the North complement and balance the military assistance provided under the TSCTP.

Governing Justly and Democratically (\$2.35 million): Strengthening Mali's democracy, a model for the region, is the United State's foremost foreign policy priority in the country. Given that Mali has established a democratic system, assistance will focus on ensuring its functionality at the local level. Local government and decentralization assistance will consolidate Mali's democratization, stem corruption, and address civil unrest in the North with programs focused on transparent budget management and citizen participation at the local level. Target communes will improve budget transparency and increase tax revenues to support health and education services. The United States will continue to support media freedom and information programs through community-based radio that will ensure citizen access to information and help build peace and mitigate conflict in the North.

Investing in People (\$19.5 million): Mali's exploding population and unskilled workforce are major obstacles to its development. These obstacles undermine economic growth and jeopardize long-term democratic gains. Improved standards of living are essential to sustain Mali's partnership on counterterrorism. Mali's health and education indicators, while improving slowly, remain among the worst in the world. The United States will provide HIV/AIDS assistance focused on prevention and surveillance. U.S. assistance in the area of family planning and reproductive health will help reduce the world's third-highest birth rates. Maternal and child health assistance will increase birth preparedness, and immunization, and prevent post partum hemorrhage. As part of the President's Africa Education Initiative, the United States will improve basic education through support to Mali's education sector reform program, teacher training, girls' education, and community participation benefiting public and religious (medersa) schools. Malaria assistance will address the number-one killer of children under five in Mali.

Linkage with the President's Malaria Initiative (PMI): Mali will be a new PMI country in FY 2008 and support the PMI goal of reducing malaria-related morbidity by 50 percent in the 15 participating African countries. Mali will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Mali will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Mali will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$7.0 million): U.S. assistance will to reduce regulatory and administrative barriers to trade, as well as support an improved financial sector focused on facilitating new investment and expanded access to credit, particularly in Mali's rural areas. Under the Presidential Initiative to End Hunger in Africa, agriculture sector programming will focus on removing obstacles to agribusiness development and actively promoting agribusiness development through a value chain approach, including rice and other commodities relevant to the Millennium Challenge Corporation (MCC) activities. Integrated business development related assistance will encourage private sector development and investment. Integrated natural resource management linking tourism, biodiversity, and agro-forestry, while supporting increased agricultural production will help reduce rural poverty, while simultaneously creating macroeconomic growth.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 38,828 | * | 29,080 |
| Peace & Security | 564 | * | 250 |
| Counter-Terrorism | 564 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 564 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 250 |
| Immediate Protection of Civilians in Conflict | 0 | * | 250 |
| Governing Justly & Democratically | 1,959 | * | 2,350 |
| Good Governance | 1,610 | * | 2,000 |
| Local Government and Decentralization | 1,110 | * | 1,480 |
| Program Support (Governance) | 500 | * | 520 |
| Political Competition and Consensus-Building | 200 | * | 0 |
| Elections and Political Processes | 200 | * | 0 |
| Civil Society | 149 | * | 350 |
| Media Freedom and Freedom of Information | 80 | * | 145 |
| Program Support (Civil Society) | 69 | * | 205 |
| Investing in People | 21,292 | * | 19,480 |
| Health | 16,554 | * | 14,545 |
| HIV/AIDS | 3,955 | * | 3,000 |
| Malaria | 2,490 | * | 2,500 |
| Maternal and Child Health | 3,583 | * | 4,245 |
| Family Planning and Reproductive Health | 6,526 | * | 4,500 |
| Water Supply and Sanitation | 0 | * | 300 |
| Education | 4,738 | * | 4,935 |
| Basic Education | 4,738 | * | 4,935 |
| Economic Growth | 15,013 | * | 7,000 |
| Trade and Investment | 1,608 | * | 170 |
| Trade and Investment Enabling Environment | 800 | * | 145 |
| Trade and Investment Capacity | 608 | * | 0 |
| Program Support (Trade) | 200 | * | 25 |
| Financial Sector | 1,099 | * | 550 |
| Financial Services | 850 | * | 460 |
| Program Support (Financial Sector) | 249 | * | 90 |
| Agriculture | 10,441 | * | 5,030 |
| Agricultural Enabling Environment | 0 | * | 500 |
| Agricultural Sector Productivity | 9,941 | * | 3,860 |
| Program Support (Agriculture) | 500 | * | 670 |
| Environment | 1,865 | * | 1,250 |
| Natural Resources and Biodiversity | 1,174 | * | 800 |
| Clean Productive Environment | 390 | * | 250 |
| Program Support (Environment) | 301 | * | 200 |

Linkages with the Millennium Challenge Corporation (MCC)

On November 13, 2006, the Millennium Challenge Corporation and Government of Mali signed a five-year, \$460.8 million compact designed to reduce poverty through economic growth. U.S. support for a broad economic growth program will facilitate and leverage the impact of Mali's MCC compact focused on improved agricultural output and increased export capabilities.

Statement of Changes

While the MCC program and significant new funding under PMI will substantially increase total U.S. development funding for Mali, DA will decrease by \$2.36 million and CSH will decrease by \$2.71 million from FY 2006 levels. The decrease in DA and CSH resources are reflected in reduced economic growth and social service delivery programs. There is increased emphasis in FY 2008 on local government, decentralization and education. NADR funds will be reduced to \$0 in FY 2008, while IMET funds will be increased for training under Peace and Security.

MAURITANIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Ruled by a military junta that came to power in August 2005, Mauritania stands at a historic crossroad with credible legislative elections held in November and December 2006 and the potentially first free and fair presidential election in Mauritania's history scheduled for March 2007. Supporting a democratic transition in this Islamic nation with one foot in the Arab League and the other in the African Union will be one of the most immediate challenges for U.S. assistance. Mauritania is now an oil exporting nation, and good governance and anti-corruption programs will be vital to ensure that the revenues generated by oil exports are used for the sustainable economic development of the nation. Mauritania is a key regional ally in the war on terror and a core participant in the Trans-Sahara Counter-Terrorism Partnership. Mauritania is also a low-income nation with very low indicators in health and education (particularly for women), requiring significant investment to prevent recurring humanitarian crises and to promote development.

This government will need to develop democratic institutions rapidly and undertake micro- and macroeconomic reforms to develop a country with little arable land, a fast-growing population, significant levels of chronic malnutrition, and unresolved ethnic tensions and grievances between governing White Moors (30%), Black Moors (40%), and Afro-Mauritanians (30%). Mauritania is also threatened by Islamic radicalism and, in particular, the Salafist Group for Preaching and Combat terrorist organization.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 0 | * | 630 |
| Governing Justly & Democratically | 0 | * | 1,320 |
| Investing in People | 3,555 | * | 4,000 |
| Economic Growth | 2,510 | * | 1,000 |
| Total | 6,065 | * | 6,950 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Development Assistance | 0 | * | 1,520 |
| International Military Education & Training | 0 | * | 130 |
| International Narcotics Control and Law Enforcement | 0 | * | 300 |
| Public Law 480 (Food Aid) | 6,065** | * | 5,000 |
| Total | 6,065 | * | 6,950 |
| Peace Corps | 2895 | * | 3408 |

**FY 2006 includes \$4.373 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.6 million): Assistance will be used to improve the government's capability to combat terrorism and provide training to Mauritanian security forces. Funds will also help combat trafficking in persons.

Governing Justly and Democratically (\$1.3 million): The U.S. will provide assistance to the legislature, and reinforce democratic institutions such as political parties and a free press. Funding will promote human rights with programs designed to address a troubling history of slavery, and to redress discrimination against Afro-Mauritians. Finally, anti-corruption programs, which will be coordinated with other international financial institutions and donors, will be designed to ensure that new oil exports are used for investment and rapid development.

Investing in People (\$4.0 million): Funding in this area is focused on improving Mauritania's basic health indicators to help lay the foundation for further development. Child and maternal health will be addressed through both preventative and treatment programs. Local capacity will be built to identify and respond to food insecurity problems including access to clean water in carefully identified populations. Multiple interventions are employed including increased household income of targeted micro entrepreneurs and community works to build up assets required to improve production conditions.

Economic Growth (\$1.0 million): This funding will be used to build the capacity of micro-credit institutions through training and a micro-credit fund, resulting in new and expanded livelihood strategies to earn income for needed food.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 6,065 | * | 6,950 |
| Peace & Security | 0 | * | 630 |
| Counter-Terrorism | 0 | * | 300 |
| Governments' Capabilities | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 0 | * | 130 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 130 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 0 | * | 1,320 |
| Good Governance | 0 | * | 770 |
| Legislative Function and Processes | 0 | * | 200 |
| Anti-Corruption Reforms | 0 | * | 250 |
| Governance of the Security Sector | 0 | * | 320 |
| Political Competition and Consensus-Building | 0 | * | 300 |
| Consensus-Building Processes | 0 | * | 100 |
| Political Parties | 0 | * | 200 |
| Civil Society | 0 | * | 250 |
| Media Freedom and Freedom of Information | 0 | * | 250 |
| Investing in People | 3,555 | * | 4,000 |
| Health | 3,555 | * | 4,000 |
| Maternal and Child Health | 850 | * | 4,000 |
| Water Supply and Sanitation | 2,705 | * | 0 |
| Economic Growth | 2,510 | * | 1,000 |
| Agriculture | 2,010 | * | 0 |
| Agricultural Sector Productivity | 2,010 | * | 0 |
| Economic Opportunity | 500 | * | 1,000 |
| Strengthen Microenterprise Productivity | 500 | * | 1,000 |

Statement of Changes

Funding for Mauritania has increased from FY 2006 levels in DA by \$1.52 million and decreased in P.L. 480 by \$1.1 million. Funding shifted from Economic Growth to Peace and Security and Governing Justly and Democratically. This strategic shift is necessary to take advantage of the expected change from military rule to a representative democracy in May 2007. This democratic opening is significant for the region and the U.S. Government is realigning its resources to respond.

MAURITIUS
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Mauritius' economic development and democratic vigor serve as models for the region and developing nations worldwide despite looming economic challenges. Mauritius is focused on fostering greater economic growth, strengthening its economic relationship with the United States, and ensuring domestic, regional and international peace and prosperity. In addition, there is an important opportunity to foster and develop Mauritius' continued support of counterterrorism initiatives.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 1,003 | * | 150 |
| Governing Justly & Democratically | 0 | * | 190 |
| Investing in People | 14 | * | 0 |
| Humanitarian Assistance | 12 | * | 0 |
| Total | 1,029 | * | 340 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Development Assistance | 0 | * | 190 |
| International Military Education & Training | 126 | * | 150 |
| Nonproliferation, Antiterrorism & Demining | 903 | * | 0 |
| Total | 1,029 | * | 340 |

Peace and Security (\$0.2 million): Mauritius and several other island nations in the Southwest Indian Ocean are presently the focus of U.S. efforts to assist in the development of coastal and maritime security capabilities within the region. Foreign assistance resources invested in Mauritian defense, military, and border security restructuring, reform and operations will improve and advance stability and security in the region. Specifically, these resources will provide courses for Mauritius' armed forces, including officer professionalism, organizational planning, coastal security, and integrated force management, and will also permit the purchase of appropriate equipment.

Governing Justly and Democratically (\$0.2 million): Investments in Mauritius' judicial/prosecution system will help stem the problem of child prostitution and improve the country's Tier Two status on the Watch List for Trafficking in Persons. Resources will provide legal expertise to help Mauritius establish a family court in an already overburdened judicial system., as the United States continues to engage the Government of Mauritius in providing more resources to the police and social services, and to enact anti-trafficking legislation.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,029 | * | 340 |
| Peace & Security | 1,003 | * | 150 |
| Counter-Terrorism | 953 | * | 88 |
| Governments' Capabilities | 903 | * | 88 |
| Program Support (Counter-Terrorism) | 50 | * | 0 |
| Stabilization Operations and Security Sector Reform | 50 | * | 62 |
| Law Enforcement Restructuring, Reform and Operations | 50 | * | 62 |
| Governing Justly & Democratically | 0 | * | 190 |
| Rule of Law and Human Rights | 0 | * | 190 |
| Justice System | 0 | * | 190 |
| Investing in People | 14 | * | 0 |
| Health | 14 | * | 0 |
| HIV/AIDS | 14 | * | 0 |
| Humanitarian Assistance | 12 | * | 0 |
| Disaster Readiness | 12 | * | 0 |
| Capacity Building, Preparedness, and Planning | 12 | * | 0 |

Statement of Changes

The FY 2008 request reflects an \$853,000 decrease from the FY 2006 actual level. This decrease is due to the one-time training course on Explosive Incident Countermeasures offered in FY 2006.

MOZAMBIQUE
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Mozambique ranks 168 out of 177 countries on the 2005 United Nations Development Program Human Development Index despite strong economic growth over the past 12 years. Agriculture supports 80% of the population, with 54% of the population living at or below the poverty level of \$1 per day (2003 survey). While Mozambique has achieved remarkable gains in economic growth, malnutrition rates remain high due to low agricultural productivity. A severe, generalized HIV/AIDS epidemic, with a 16% HIV prevalence rate among adults, is a complicating factor. In addition to goals to promote economic growth and improve health, the U.S. and Mozambique are working more closely together on regional security issues.

President Guebuza's government, in office since February 2005, and the U.S. Government have established a good partnership. In addition to a shared commitment to promote economic growth and improve health, the two countries are working more closely together on regional security issues.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 2,589 | * | 800 |
| Governing Justly & Democratically | 1,342 | * | 2,045 |
| Investing in People | 96,862 | * | 243,650 |
| Economic Growth | 27,416 | * | 34,740 |
| Humanitarian Assistance | 250 | * | 200 |
| Total | 128,459 | * | 281,435 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 17,262 | * | 15,650 |
| Development Assistance | 13,407 | * | 21,985 |
| Foreign Military Financing | 0 | * | 200 |
| Global HIV/AIDS Initiative | 79,600 | * | 223,000 |
| International Military Education & Training | 245 | * | 300 |
| International Narcotics Control and Law Enforcement | 0 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 2,344 | * | 0 |
| Public Law 480 (Food Aid) | 15,601 | * | 20,000 |
| Total | 128,459 | * | 281,435 |
| Peace Corps | 2332 | * | 2494 |

Peace and Security (\$0.8 million): Mozambique is a transit country for terrorists and smugglers due to porous borders, corruption, and weak law enforcement. U.S. assistance is correspondingly focused on supporting a coastal security program to help Mozambique control its waters and coastline, and providing training and equipment to improve the capacity of immigration officials and border security forces.

Governing Justly and Democratically (\$2.0 million): Limited government connection with the public and corruption persist which could undermine government legitimacy and effectiveness over time. Improvements in municipal governance offer the best opportunity to build trust. In selected municipalities, U.S. resources will support the creation of models of effective democratic governance, characterized by better administrative and financial capacity, accountable and capable elected officials, and increased civic participation. U.S. assistance will help fight corruption through training and technical assistance and by integrating anti-corruption efforts into programs aiding municipalities. To support continued free and fair elections, a modest share of U.S. assistance will provide election monitoring of the municipal elections scheduled for 2008 and the presidential elections for 2009.

Investing in People (\$243.7 million): U.S. resources will be used to implement activities to improve the health of Mozambican families to enable them to use locally grown crops more effectively for family needs, and to become stronger, more productive, less vulnerable to disease, and more effective participants in community health and development. U.S. provided water and sanitation resources will not only help to mitigate water-related diseases such as diarrhea and cholera, but also will help improve public health generally and promote economic growth.

Linkage with the President's Malaria Initiative (PMI): In FY 2008, Mozambique will continue to support the PMI goal of reducing malaria-related morbidity by 50% by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): PEPFAR funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country.

Economic Growth (\$34.7 million): Poverty alleviation through broad-based economic growth is the top priority of the Government of Mozambique. To achieve this, the Government is simultaneously addressing constraints to smallholder agriculture and trying to attract investment in labor-intensive manufacturing by creating an environment that is attractive to investors. U.S. resources support interventions in both of these areas. U.S. funding is also creating a more hospitable business environment through technical assistance to develop and implement sound economic policy. Finally, U.S. resources will build capacity within the private sector to advocate for a better business environment and to create a sustainable tourist industry.

Humanitarian Assistance (\$0.2 million): Technical assistance will be provided to enhance the ability of the Ministry of Agriculture to deliver early warnings, conduct needs assessments, and develop both national and regional emergency early warning monitoring capability over the next five years.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 128,459 | * | 281,435 |
| Peace & Security | 2,589 | * | 800 |
| Stabilization Operations and Security Sector Reform | 2,589 | * | 800 |
| Operations Support | 0 | * | 200 |
| Destruction and Security of Conventional Weapons | 2,344 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 245 | * | 600 |
| Governing Justly & Democratically | 1,342 | * | 2,045 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Good Governance | 1,342 | * | 1,845 |
| Local Government and Decentralization | 500 | * | 900 |
| Anti-Corruption Reforms | 477 | * | 600 |
| Program Support (Governance) | 365 | * | 345 |
| Political Competition and Consensus-Building | 0 | * | 200 |
| Elections and Political Processes | 0 | * | 200 |
| Investing in People | 96,862 | * | 243,650 |
| Health | 96,862 | * | 243,650 |
| HIV/AIDS | 79,600 | * | 223,000 |
| Tuberculosis | 989 | * | 1,500 |
| Malaria | 6,259 | * | 5,150 |
| Other Public Health Threats | 227 | * | 0 |
| Maternal and Child Health | 4,251 | * | 8,500 |
| Family Planning and Reproductive Health | 5,536 | * | 5,500 |
| Economic Growth | 27,416 | * | 34,740 |
| Trade and Investment | 750 | * | 1,940 |
| Trade and Investment Enabling Environment | 520 | * | 1,080 |
| Trade and Investment Capacity | 0 | * | 560 |
| Program Support (Trade) | 230 | * | 300 |
| Financial Sector | 100 | * | 0 |
| Financial Sector Enabling Environment | 100 | * | 0 |
| Agriculture | 24,157 | * | 25,940 |
| Agricultural Enabling Environment | 256 | * | 1,200 |
| Agricultural Sector Productivity | 23,717 | * | 23,440 |
| Program Support (Agriculture) | 184 | * | 1,300 |
| Private Sector Competitiveness | 926 | * | 2,600 |
| Business Enabling Environment | 641 | * | 2,300 |
| Program Support (Private Sector) | 285 | * | 300 |
| Environment | 1,483 | * | 4,260 |
| Natural Resources and Biodiversity | 995 | * | 2,000 |
| Clean Productive Environment | 0 | * | 1,760 |
| Program Support (Environment) | 488 | * | 500 |
| Humanitarian Assistance | 250 | * | 200 |
| Disaster Readiness | 250 | * | 200 |
| Capacity Building, Preparedness, and Planning | 250 | * | 200 |

Linkages with the Millennium Challenge Corporation (MCC)

Mozambique and the MCC are expected to enter into a compact in late FY 2007 for approximately \$260 million over five years, targeted on the poorest regions of the country. The program under design will concentrate on private sector development, water and sanitation and other key infrastructure intended to increase the region's productivity and competitiveness.

Statement of Changes

Funding for Mozambique has significantly increased from FY 2006. This is due in large part to increased HIV/AIDS funding. The Economic Growth Objective for FY 2008 has likewise increased due heightened P.L. 480 Title II funding levels.

NAMIBIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Namibia, one of the youngest democracies in Africa, is performing well according to independent analyses of governance and democracy measures. However, given the short history of democracy, Namibian institutions are young and remain vulnerable to mismanagement as they are challenged to simultaneously address numerous formidable development challenges. Acute economic disparities in Namibia hinder economic development needed to sustain democratization and improve health. Half of Namibia's population survives on about 10% of national income; many live well below the poverty line. Namibia is struggling to transform an economy that is too heavily reliant on the export of primary resources with little value added. Compounding this problem, Namibia is constrained by its arid environment and decades of apartheid-era under-investment in education that has led to a low-skilled workforce with high unemployment. HIV/AIDS and tuberculosis epidemics present severe obstacles to Namibia's progress toward a stable market-oriented democracy and poverty reduction. The United States has experience and comparative advantage in assisting Namibia to fight these epidemics. Working to improve the quality of basic education is a U.S. assistance priority in Namibia.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|----------------|
| Peace & Security | 0 | * | 100 |
| Governing Justly & Democratically | 762 | * | 0 |
| Investing in People | 55,135 | * | 115,225 |
| Economic Growth | 3,850 | * | 0 |
| Total | 59,747 | * | 115,325 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|----------------|
| Child Survival and Health | 1,168 | * | 1,200 |
| Development Assistance | 7,079 | * | 3,025 |
| Global HIV/AIDS Initiative | 51,500 | * | 111,000 |
| International Military Education & Training | 0 | * | 100 |
| Total | 59,747 | * | 115,325 |
| Peace Corps | 2648 | * | 2661 |

Peace and Security (\$0.1 million): The United States seeks to expand connections with Namibia's military leaders and support their interest in strengthening both regional civil-military and military-to-military relations, as well as improve their capacity to participate meaningfully in peacekeeping operations. U.S. assistance will be used to send Namibian Defense Force officers and Non-Commissioned Officers to courses such as Command and General Staff College and the Sergeant Major's Academy. These courses reinforce democratic principles by teaching the role of the military in democracy, the centrality of human rights, and the primacy of law.

Investing in People (\$115.2 million): Basic education is a key requirement for the skilled workforce that is necessary for economic growth. While access to education has improved since

Independence, problems of quality, content, and retention continue to disadvantage a large portion of the population. The main challenge now is to ensure that learners receive quality teaching in key subject areas.

Utilizing resources provided under the President's Africa Education Initiative, U.S. assistance will focus on improving the quality of primary education by enhancing the teaching skills of grade one through seven teachers in six disadvantaged regions of Namibia in three core subjects - English, science and math. U.S. technical assistance will help the Ministry of Education implement national standards that are designed to improve the quality of education at the school level and sustain necessary education reforms.

Namibia has one of the most severe tuberculosis (TB) epidemics in the world, with the second highest case notification rate according to the 2006 World Health Organization Global TB report. The estimated number of TB patients that are HIV positive is 58%, making it the leading cause of death for people living with AIDS. U.S. assistance to fight the TB epidemic in Namibia will be programmed to: expand effective community-based treatment and reinforce prevention, palliative care, and support; improve quality control efforts to strengthen case detection capacity and cure of smear-positive TB patients; and strengthen TB drug management and government efforts to ensure a regular supply of TB drugs and diagnostic materials, supervise key operations at an intermediate and district level, and reinforce the current TB recording/reporting system.

Linkages with the President's Plan for AIDS Relief (PEPFAR):

Namibia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Namibia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 59,747 | * | 115,325 |
| Peace & Security | 0 | * | 100 |
| Stabilization Operations and Security Sector Reform | 0 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 100 |
| Governing Justly & Democratically | 762 | * | 0 |
| Good Governance | 305 | * | 0 |
| Legislative Function and Processes | 232 | * | 0 |
| Program Support (Governance) | 73 | * | 0 |
| Civil Society | 457 | * | 0 |
| Civic Participation | 348 | * | 0 |
| Program Support (Civil Society) | 109 | * | 0 |
| Investing in People | 55,135 | * | 115,225 |
| Health | 52,668 | * | 112,200 |
| HIV/AIDS | 51,500 | * | 111,000 |
| Tuberculosis | 1,168 | * | 1,200 |
| Education | 2,467 | * | 3,025 |
| Basic Education | 2,467 | * | 3,025 |
| Economic Growth | 3,850 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------------------|----------------|------------------|-----------------|
| Environment | 3,850 | * | 0 |
| Natural Resources and Biodiversity | 3,365 | * | 0 |
| Program Support (Environment) | 485 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

In November 2005, Namibia was selected as an eligible country for the Millennium Challenge Account (MCA). Should a compact be approved, it is expected to focus on critical aspects of rural development, considered key to economic growth and poverty reduction.

Statement of Changes

Given its status as MCA eligible and a PEPFAR focus country, overall foreign assistance resources requested for Namibia will increase in FY 2008. Based on sustained progress in indicators measuring Governing Justly and Democratically and Economic Growth, some program elements (Natural Resources and Biodiversity and Good Governance and Civil Society) will end in FY 2007, and programs will phase out in FY 2008. Funding for Investing in People (Basic Education) will increase.

NIGER
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Niger is a young democracy struggling to consolidate its democratic political gains against a variety of internal and external destabilizing forces. This democracy is under threat from Islamic extremism crossing the border from Nigeria, and terrorist groups operating across the Sahel. Chronic malnutrition and desperate poverty threaten its 95% Muslim population, necessitating frequent emergency humanitarian interventions by the international donor community. Niger's education and health indicators are at or near the bottom of the United Nation's development index. The country is landlocked and high transportation costs are a challenge for global competitiveness. It has an unsustainably high birth rate and very little water or arable land. These challenges far outstrip current available resources. Assistance that will improve the daily lives of people, including economic conditions, is essential to sustaining democratization and partnership on counter-terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 905 | * | 1,100 |
| Governing Justly & Democratically | 0 | * | 1,300 |
| Investing in People | 4,945 | * | 5,605 |
| Economic Growth | 11,600 | * | 10,500 |
| Humanitarian Assistance | 2,900 | * | 0 |
| Total | 20,350 | * | 18,505 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 0 | * | 3,405 |
| International Military Education & Training | 0 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 905 | * | 0 |
| Public Law 480 (Food Aid) | 19,445** | * | 15,000 |
| Total | 20,350 | * | 18,505 |
| Peace Corps | 2812 | * | 2992 |

**FY 2006 includes \$16.697 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$1.1 million): Niger is a valuable ally in the Global War on Terror. It is a core participant in the Trans-Sahara Counter-Terrorism Partnership (TSCTP). Assistance in this objective is designed to complement ongoing TSCTP activities and train Niger's security forces.

Governing Justly and Democratically (\$1.3 million): As a young, growing democracy, Niger needs additional assistance to reinforce its existing success. Advancements in democracy and governance are particularly crucial in areas threatened by Islamic extremism. An effective, transparent, and participatory decentralization process is essential not only to advance democratization in Niger, but also to involve citizens and other actors at the local level in order to address chronic issues such as food insecurity and to combat extremism. Vitaly important elections in 2009 will represent the first successful transfer of power from one democratically-

elected government to another, a key milestone. Funding to support the decentralization process, as well as elections support, will help to strengthen this young democracy's ability to govern.

Investing in People (\$5.6 million): Niger has one of the highest infant mortality rates in the world, as well as a very high birth rate and low literacy rates. Funding in maternal and child health is designed to address these problems. Additional funding will address general weakness in the public health sector and a pressing need for clean water. Assistance to an education program is designed to bring Niger up from near bottom in global literacy figures, with a particular focus on women's education where Niger ranks last among the countries for which data is available. Attention to education also allows presenting alternatives to extremist views promoted in educational institutions sponsored by Islamic radicals.

Economic Growth (\$10.5 million): Niger suffers from a chronic nutritional crisis and is one of the least developed countries in the world. Assistance in this area is intended to bolster economic growth and help Niger deal with its nutritional crisis and burgeoning population. U.S. assistance will build on successful food security interventions currently underway in agricultural, agro-pastoral and pastoral areas to further increase the food security of the most vulnerable populations. Through an integrated, multi-sectoral approach, the funds will be used to enhance agricultural productivity. This funding will support the U.S. commitment to the African Union's Comprehensive African Agricultural Development Program in food-stressed countries.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 20,350 | * | 18,505 |
| Peace & Security | 905 | * | 1,100 |
| Counter-Terrorism | 905 | * | 1,050 |
| De-Legitimize Terrorist Ideology | 0 | * | 1,000 |
| Governments' Capabilities | 0 | * | 50 |
| Program Support (Counter-Terrorism) | 905 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 50 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 50 |
| Governing Justly & Democratically | 0 | * | 1,300 |
| Good Governance | 0 | * | 1,300 |
| Local Government and Decentralization | 0 | * | 1,300 |
| Investing in People | 4,945 | * | 5,605 |
| Health | 4,945 | * | 4,500 |
| Maternal and Child Health | 4,945 | * | 4,500 |
| Education | 0 | * | 1,105 |
| Basic Education | 0 | * | 1,105 |
| Economic Growth | 11,600 | * | 10,500 |
| Agriculture | 11,600 | * | 10,500 |
| Agricultural Sector Productivity | 11,600 | * | 10,500 |
| Humanitarian Assistance | 2,900 | * | 0 |
| Protection, Assistance and Solutions | 2,900 | * | 0 |
| Crisis Assistance and Recovery | 2,900 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Niger was selected as a Millennium Challenge Corporation threshold eligible country in November 2006 and is currently preparing a proposal for MCC threshold funding in the areas of controlling corruption and improving access of young girls' to quality basic education.

Statement of Changes

Funding for Niger has increased from FY 2006 levels in DA and decreased in P.L. 480. The DA account increases from \$0 to \$3.4 million, which will help strengthen local government and decentralization programs. P.L. 480 decreased by \$4.45 million.

NIGERIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The greatest constraints to Nigeria's advancement are deeply entrenched poverty and unemployment, which breed: disaffection in youth and provide an entry point for Islamic extremism; continued pervasive corruption; and ineffective governance. Decades of unaccountable rule eroded health and education infrastructure, failed to adequately address the growing HIV/AIDS threat, suppressed democratic institutions, and stifled job creation. The incumbent government has acted to reverse these trends, and demonstrated commitment to reform. The prioritized goals of the United States in its development partnership with Nigeria are to: strengthen social stability through improved social services; strengthen transparent and accountable governance; promote a more market-led economy; and enhance Nigeria's capacity as a responsible regional and trade partner. Professionalism and reform of the security services are important components of this partnership. Given Nigeria's size and limited resources, focus will be on the impoverished Muslim North and oil-rich Niger Delta.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 3,372 | * | 5,350 |
| Governing Justly & Democratically | 8,346 | * | 13,200 |
| Investing in People | 166,421 | * | 507,500 |
| Economic Growth | 2,215 | * | 7,500 |
| Total | 180,354 | * | 533,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 21,544 | * | 31,300 |
| Development Assistance | 12,488 | * | 31,400 |
| Economic Support Fund | 4,950 | * | 0 |
| Foreign Military Financing | 990 | * | 1,350 |
| Global HIV/AIDS Initiative | 138,600 | * | 467,500 |
| International Military Education & Training | 792 | * | 800 |
| International Narcotics Control and Law Enforcement | 990 | * | 1,200 |
| Total | 180,354 | * | 533,550 |

Peace and Security (\$5.4 million): Funding will continue to provide equipment and training for Nigerian peacekeeping forces while promoting effective civilian oversight of the military and its adherence to human rights norms. Expanded law enforcement programs will improve Nigeria's human rights record and restore public faith and cooperation with the security services. Funding will increase the capacity of government institutions, civil society, political parties, and other stakeholders to prevent, manage, and mitigate the impact of conflict. The U.S. program will also build Nigeria's capability to address narcotics trafficking, with a focus on interdiction efforts.

Governing Justly and Democratically (\$13.2 million): Funding will advance the rule of law by strengthening the capacity and transparency of the justice system, and build judicial independence at the federal level. Good governance and anti-corruption reform will be advanced by creating more responsive governance structures at the national and local levels, improving service delivery, and strengthening budget management capacity and fiscal oversight. The United States will work directly with a diverse cross section of Nigerian civil society organizations, building their internal management capacity and strengthening their ability to engage with the government on issues of fiscal accountability, budget monitoring, and extractive industries transparency. Resources will support post-election activities working to improve the organizational development of political parties, foster the independence of the electoral commission, and to improve civil society oversight of redistricting.

Investing in People (\$507.5 million): The United States' ability to help Nigeria address the fundamental health and education of its citizens directly impacts governance, stability, and economic growth. The United States will support increased access to quality family planning and reproductive health services. Maternal and child health efforts will focus on routine immunization, polio eradication, birth preparedness, and maternity services. With a child malaria mortality burden of over 300,000 preventable deaths per year, the United States will also increase access to proven preventive and curative interventions, including insecticide treated nets, net retreatment kits, and malaria treatment for children and pregnant women. Nigeria has the largest tuberculosis (TB) burden in Africa. To reduce death and disability, especially in the vulnerable co-infected HIV/AIDS population, U.S. assistance will double the case detection rate and halve the incidence of TB over the next 10 years. Funding will support equitable access to quality basic education through teacher training, infrastructure improvement, and community involvement, focusing on public schools as well as Islamiyyah schools that provide both secular and religious education. U.S. assistance will foster higher education partnerships between American and Nigerian universities, focusing on those in the north and the volatile Delta regions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Nigeria, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Nigeria will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$7.5 million): Funding will build trade and investment capacity and improve the enabling environment for agriculture and microfinance. U.S. agricultural sector productivity resources will accelerate the uptake of proven production, processing, and marketing technologies and stimulate job creation through the growth of agribusiness enterprises. U.S. assistance will also focus on expanding investment opportunities, which are hindered by limited access to market-driven commercial financial services, including microfinance. Assistance will also help to expand access to market-driven vocational and technical training linked with employment opportunities in the private sector, and promote development of entrepreneurial skills. Funds will be used to help develop a policy environment for micro, small, and medium-sized enterprises. Funds will also support customs regulation and policy reform to encourage internal and external trade, taking advantage of African Growth and Opportunity Act incentives for trade with the United States, and development of private sector capacity to meet international trade and export standards.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 180,354 | * | 533,550 |
| Peace & Security | 3,372 | * | 5,350 |
| Stabilization Operations and Security Sector Reform | 1,782 | * | 2,750 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,782 | * | 2,150 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 400 |
| Program Support (Stabilization) | 0 | * | 200 |
| Counter-Narcotics | 495 | * | 600 |
| Interdiction | 95 | * | 250 |
| Program Support (Narcotics) | 400 | * | 350 |
| Transnational Crime | 945 | * | 0 |
| Financial Crimes and Money Laundering | 95 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 450 | * | 0 |
| Program Support (Crime) | 400 | * | 0 |
| Conflict Mitigation and Reconciliation | 150 | * | 2,000 |
| Conflict Mitigation | 0 | * | 1,907 |
| Peace and Reconciliation Processes | 150 | * | 0 |
| Program Support (Conflict) | 0 | * | 93 |
| Governing Justly & Democratically | 8,346 | * | 13,200 |
| Rule of Law and Human Rights | 0 | * | 3,500 |
| Judicial Independence | 0 | * | 1,352 |
| Justice System | 0 | * | 1,805 |
| Program Support (Rule of Law) | 0 | * | 343 |
| Good Governance | 3,546 | * | 3,800 |
| Legislative Function and Processes | 1,000 | * | 0 |
| Local Government and Decentralization | 1,341 | * | 1,795 |
| Anti-Corruption Reforms | 250 | * | 1,794 |
| Program Support (Governance) | 955 | * | 211 |
| Political Competition and Consensus-Building | 4,800 | * | 2,400 |
| Elections and Political Processes | 4,800 | * | 1,997 |
| Program Support (Political Competition) | 0 | * | 403 |
| Civil Society | 0 | * | 3,500 |
| Civic Participation | 0 | * | 3,200 |
| Program Support (Civil Society) | 0 | * | 300 |
| Investing in People | 166,421 | * | 507,500 |
| Health | 160,144 | * | 498,800 |
| HIV/AIDS | 138,600 | * | 467,500 |
| Tuberculosis | 1,582 | * | 2,600 |
| Malaria | 2,661 | * | 2,500 |
| Maternal and Child Health | 3,856 | * | 13,000 |
| Family Planning and Reproductive Health | 13,445 | * | 13,200 |
| Education | 6,277 | * | 8,700 |
| Basic Education | 6,277 | * | 7,700 |
| Higher Education | 0 | * | 1,000 |
| Economic Growth | 2,215 | * | 7,500 |
| Trade and Investment | 0 | * | 1,000 |
| Trade and Investment Enabling Environment | 0 | * | 449 |
| Trade and Investment Capacity | 0 | * | 448 |
| Program Support (Trade) | 0 | * | 103 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Financial Sector | 390 | * | 0 |
| Financial Services | 390 | * | 0 |
| Agriculture | 1,825 | * | 4,000 |
| Agricultural Enabling Environment | 342 | * | 901 |
| Agricultural Sector Productivity | 1,483 | * | 2,704 |
| Program Support (Agriculture) | 0 | * | 395 |
| Private Sector Competitiveness | 0 | * | 1,000 |
| Workforce Development | 0 | * | 879 |
| Program Support (Private Sector) | 0 | * | 121 |
| Economic Opportunity | 0 | * | 1,500 |
| Inclusive Financial Markets | 0 | * | 448 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 893 |
| Program Support (Econ Opportunity) | 0 | * | 159 |

Statement of Changes

Funding for Nigeria has increased from FY 2006 levels in CSH and DA and decreased in ESF. CSH increased by \$9.76 million, which will promote health programs and result in increases in maternal and child health programs. The CSH increase will be critical to USAID support for Nigeria polio eradication, particularly to focus activities in Northern Nigeria which has been the most problematic area in performance. DA increased by \$18.9 million while ESF was zeroed out from \$4.95 million. This reduction was a strategic decision to use ESF in Rebuilding Countries and DA in Developing Countries. The increase in DA will strengthen Governing Justly and Democratically and Economic Growth programs. Efforts to counter terrorism will increase, across objectives, through expanded conflict mitigation, civil society strengthening, health, education and agriculture activities in northern Nigeria. Significant increases in funding for HIV/AIDS from the GHAI account will be used to expand HIV/AIDS prevention, care, and treatment programs.

REPUBLIC OF THE CONGO
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Republic of the Congo (ROC) is emerging from several years of conflict that have had a severe impact on its economy and infrastructure and on the education and health of its people. The government does not yet have the capacity to adequately address the country's needs; as a consequence, movement towards transformational development has been slow. The ROC is a country rich in natural resources, However, the country's wealth has not trickled down to the general populace. Programs aimed at enhancing security are an essential part of U.S. efforts to bolster stability in the ROC.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------------|-------------|---------------|--------------|
| Peace & Security | 155 | * | 100 |
| Humanitarian Assistance | 784 | * | 0 |
| Total | 939 | * | 100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 155 | * | 100 |
| Public Law 480 (Food Aid) | 784** | * | 0 |
| Total | 939 | * | 100 |

**FY 2006 includes \$.784 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.1 million): Assistance will support Congolese efforts to professionalize its security forces. The U.S. military training program will provide courses on civil-military relations, human rights, and the English language for Congolese military forces. The U.S. will also monitor the steps taken by the government to further economic and political reforms.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 939 | * | 100 |
| Peace & Security | 155 | * | 100 |
| Stabilization Operations and Security Sector Reform | 155 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 155 | * | 100 |
| Humanitarian Assistance | 784 | * | 0 |
| Protection, Assistance and Solutions | 784 | * | 0 |
| Crisis Assistance and Recovery | 784 | * | 0 |

Statement of Changes

Funding for the ROC has decreased from FY 2006 levels. U.S. assistance will continue to focus on defense, military, and border restructuring reform and operations.

RWANDA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Rwanda is still struggling to overcome its past and modernize its economy. The legacy of the devastating civil war and 1994 genocide underlies the challenges faced by a government attempting to balance the goals of internal security, democracy, and economic development. While the Rwandan government has made great progress in rebuilding the country, many problems remain. Rwanda has the potential to develop into a positive and stabilizing force in the Great Lakes region through the bolstering of the government's ability to rule justly and fairly, provide basic services for the populace, and foster economic growth.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|----------------|
| Peace & Security | 288 | * | 400 |
| Governing Justly & Democratically | 1,629 | * | 2,300 |
| Investing in People | 76,267 | * | 129,202 |
| Economic Growth | 17,075 | * | 10,300 |
| Total | 95,259 | * | 142,202 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|----------------|
| Child Survival and Health | 7,284 | * | 8,702 |
| Development Assistance | 7,257 | * | 7,100 |
| Global HIV/AIDS Initiative | 60,000 | * | 116,000 |
| International Military Education & Training | 288 | * | 400 |
| Public Law 480 (Food Aid) | 20,430** | * | 10,000 |
| Total | 95,259 | * | 142,202 |

**FY 2006 includes \$7.967 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.4 million): International Military Education and Training (IMET) funds will continue to enhance the professional, technical, and tactical proficiency of the Rwandan armed forces. African Contingency Operations Training and Assistance complements and reinforces IMET assistance, by providing training to strengthen the military's capacity to participate in peacekeeping operations throughout the continent.

Governing Justly and Democratically (\$2.3 million): For a nation of over eight million, Rwanda has only 250 judges, 90 prosecutors, and 150 attorneys. Access to an attorney is financially, logistically, and practically beyond reach for almost all. The United States supports the rule of law and human rights through programs intended to strengthen the justice system, improve journalism, build capacity of local governments, promote national reconciliation, and strengthen civil society. The Rwandan media have had limited access to training. U.S. assistance for a journalism training center will increase professionalism and create a more reliable and credible media. In support of the Government of Rwanda's comprehensive decentralization program, the United States is assisting local governments in 12 of the nation's 30 districts in planning, budgeting, coordination and execution. Programs also increase the capacity of local

civil society organizations to participate in the decentralization process and provide input to local governments.

Investing in People (\$129.2 million): Rwanda's under-five mortality and life expectancy indicators are among the worst in Africa. U.S. assistance supports family planning and reproductive health, and maternal and child health; these programs will help to reduce maternal and under-five mortality rates. Safe motherhood programs complement HIV/AIDS prevention by working with prevention of maternal-to-child transmission programs funded through the President's Emergency Plan for AIDS Relief (PEPFAR). Furthermore, these programs will slow population growth and increase overall productivity and economic growth. Through the President's Africa Education Initiative, U.S. assistance also supports basic education through workforce development for youth, which will contribute to overall productivity and economic growth. P.L. 480 food aid programs will provide social assistance through food distribution to the most needy and vulnerable populations. Funding malaria programs through the President's Malaria Initiative will have a similar effect because malaria is the primary cause of mortality in Rwanda.

Linkage with the President's Malaria Initiative (PMI): In FY 2008, Rwanda will continue to support the PMI goal of reducing malaria-related morbidity by 50% by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Rwanda, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Rwanda will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$10.3 million): Over 90% of Rwanda's population is engaged in subsistence farming. U.S. assistance targets the agricultural sector from subsistence farming to market-led, commercial agriculture. Funding focuses on agricultural sector productivity. P.L. 480 programs support the agricultural sector by investing in terracing, marshland development and small infrastructure development. Rwanda's overall business climate is improving, though there is still much to be done. U.S. assistance focuses on private sector productivity in the agribusiness sector (mainly specialty coffee and dairy) in order to tackle important issues that affect the business and investment climates. Programs also focus on the protection of biodiversity through the promotion of sustainable eco-tourism.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 95,259 | * | 142,202 |
| Peace & Security | 288 | * | 400 |
| Stabilization Operations and Security Sector Reform | 288 | * | 400 |
| Defense, Military, and Border Restructuring, Reform and Operations | 288 | * | 400 |
| Governing Justly & Democratically | 1,629 | * | 2,300 |
| Rule of Law and Human Rights | 0 | * | 600 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Justice System | 0 | * | 500 |
| Program Support (Rule of Law) | 0 | * | 100 |
| Good Governance | 899 | * | 800 |
| Local Government and Decentralization | 750 | * | 700 |
| Program Support (Governance) | 149 | * | 100 |
| Civil Society | 730 | * | 900 |
| Civic Participation | 630 | * | 500 |
| Media Freedom and Freedom of Information | 0 | * | 300 |
| Program Support (Civil Society) | 100 | * | 100 |
| Investing in People | 76,267 | * | 129,202 |
| Health | 67,284 | * | 124,702 |
| HIV/AIDS | 60,000 | * | 116,000 |
| Malaria | 1,349 | * | 2,500 |
| Maternal and Child Health | 2,475 | * | 2,202 |
| Family Planning and Reproductive Health | 3,460 | * | 4,000 |
| Education | 983 | * | 500 |
| Basic Education | 983 | * | 500 |
| Social and Economic Services and Protection for Vulnerable Populations | 8,000 | * | 4,000 |
| Social Assistance | 8,000 | * | 4,000 |
| Economic Growth | 17,075 | * | 10,300 |
| Financial Sector | 233 | * | 0 |
| Financial Services | 233 | * | 0 |
| Agriculture | 14,970 | * | 7,800 |
| Agricultural Sector Productivity | 14,870 | * | 7,700 |
| Program Support (Agriculture) | 100 | * | 100 |
| Private Sector Competitiveness | 889 | * | 1,500 |
| Private Sector Productivity | 789 | * | 1,400 |
| Program Support (Private Sector) | 100 | * | 100 |
| Environment | 983 | * | 1,000 |
| Natural Resources and Biodiversity | 883 | * | 900 |
| Program Support (Environment) | 100 | * | 100 |

Linkages with the Millennium Challenge Corporation (MCC)

Rwanda was invited to participate in the Millennium Challenge Corporation Threshold Program for the first time in FY 2007. If approved, Rwandan implementation of a Threshold Country Plan starting in FY2008 would address shortcomings in the ruling justly and democratically category that would significantly increase Rwanda's future prospects of fully qualifying for Millennium Challenge Account compact assistance. Programs in the Threshold Country Program would complement ongoing democracy programs supporting rule of law and human rights, decentralization, and civil society.

Statement of Changes

Among program elements, there have been decreases in Agricultural Sector Productivity, Financial Services, and Social Assistance, and increases in Malaria, Family Planning and Reproductive Health, Media Freedom and Freedom of Information, Private Sector Productivity, and a significant increase in funding for HIV/AIDS. With funding for the PMI, U.S. assistance will contribute significantly to the eradication of malaria, the number one cause of death of children under five.

SAO TOME AND PRINCIPE

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Democratic Republic of Sao Tome and Principe (STP) is a robust but unstable democracy with a history of free and fair elections and a good human rights record. The economy is slowly growing, but the government depends heavily on foreign donors to meet its obligations. In 2004, per capita GDP was \$370. STP expects an oil boom, but drilling results so far have been disappointing. STP's HIV/AIDS infection rate is low, but other illnesses, especially malaria and cholera, are endemic, and create serious health and economic problems. The lack of institutional and human capacity in both the public and private sectors reduces the number of viable strategic opportunities to advance transformational development, including regional stability.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 289 | * | 200 |
| Total | 289 | * | 200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 289 | * | 200 |
| Total | 289 | * | 200 |

Peace and Security (\$0.2 million): The small STP military is in need of training and equipment to build capacity at all levels and to help bolster its coastal security program. The United States' International Military Education and Training (IMET) program will provide training in military leadership skills, military justice, English, and professional development.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 289 | * | 200 |
| Peace & Security | 289 | * | 200 |
| Stabilization Operations and Security Sector Reform | 289 | * | 200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 289 | * | 200 |

Linkages with the Millennium Challenge Corporation (MCC)

As an MCA Threshold country, STP requested assistance to develop its fiscal and monetary policy. The country submitted a threshold proposal to the MCC that focused on financial systems reforms in anticipation of oil revenues. The proposal was not approved by the MCC. Currently the Government of STP is working with the U.S. Department of Treasury to strengthen the proposal.

SENEGAL
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Senegal has long been one of the most stable countries in Africa, but will need to significantly boost economic growth, create jobs, and improve social conditions to assure continued stability and moderation. Specific challenges will be to reduce impediments to higher growth by promoting policy reforms and improving a business environment that is not attractive to investors, while expanding the capacity of producers and entrepreneurs to compete in export markets. A healthier and better educated population will be critical to underpin and sustain economic growth advances. The Government of Senegal (GOS) has made great strides to increase primary education expenditures, and with U.S. assistance will rise to the challenge of expanding access to and improving the quality of middle school education. Achieving a final peaceful resolution to the conflict in the Casamance region remains a key challenge, and assuring transparent governance and an accountable political class will be critical to the willingness of foreign and domestic businessmen to continue and expand investments in Senegal.

Senegal is the United States' primary partner in Francophone Africa. A political success and a diplomatic player on a continent often marked by conflict and failing states, Senegal continues to broaden its ties to the United States, and seeks a more productive economic and security relationship. Senegal is a leading contributor to United Nations and regional peacekeeping.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 3,609 | * | 3,300 |
| Governing Justly & Democratically | 658 | * | 1,400 |
| Investing in People | 34,371 | * | 23,550 |
| Economic Growth | 8,491 | * | 6,350 |
| Humanitarian Assistance | 68 | * | 200 |
| Total | 47,197 | * | 34,800 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 14,001 | * | 12,300 |
| Development Assistance | 25,909 | * | 17,900 |
| Foreign Military Financing | 495 | * | 0 |
| International Military Education & Training | 1,089 | * | 1,100 |
| Nonproliferation, Antiterrorism & Demining | 1,200 | * | 0 |
| Public Law 480 (Food Aid) | 4,503 | * | 3,500 |
| Total | 47,197 | * | 34,800 |
| Peace Corps | 4048 | * | 3658 |

Peace and Security (\$3.3 million): The United States will continue the critical engagement with Senegal to help establish a durable peace in Casamance and to reintegrate this potentially productive region. U.S. assistance programs will continue to support GOS efforts to seek a

political resolution of the conflict, as well as defense operations for border security, and military reform. This includes programs to professionalize the Senegalese Armed Forces, the National Gendarmerie, and the Navy. As a key ally in the Global War on Terror, the United States will work with the GOS to build the government's capabilities to combat terrorists and deny terrorist sponsorship, support, and sanctuary. The United States will also continue to assist the GOS to address trafficking in persons, a small but vital program. We believe that this will contribute to developing a more professional force that supports democracy and human rights, combats terrorism, and assists in maintaining long-term regional stability.

Governing Justly and Democratically (\$1.4 million): Given the possibility of further democratic erosion and the need to hold government and politicians accountable, U.S. assistance programs will work with and fund key civil society actors. The United States will promote anti-corruption reforms, which are critical to fostering the transparency needed to increase domestic and foreign investment, thus sustaining economic growth.

Investing in People (\$23.6 million): U.S. assistance programs will focus on addressing malaria, providing a foundation on which the President's Malaria Initiative (PMI) can build upon. HIV/AIDS remains a critical problem in Senegal and U.S. assistance programs will focus on providing prevention programs. Tuberculosis is a crucial intervention, as the United States is the only current partner working on tuberculosis. U.S. assistance programs will also promote maternal and child health programs and family planning and reproductive health programs. The United States will support a large basic education program to provide access to education to middle school youth, especially girls in rural areas, and to improve the quality and relevance of instruction delivered in these schools. U.S. assistance works to reduce food insecurity in 133 vulnerable communities in northern Senegal by strengthening human capabilities in health, education, and nutrition through improved educational opportunities; improved caretaker practices in health, nutrition, and hygiene; and increased nutritional and organization support to people living with HIV/AIDS. The building of local NGO capacity and community associations through training, technical assistance, and mentoring is stressed.

Linkage with the President's Malaria Initiative: In FY 2008, Senegal will continue to support the PMI goal of reducing malaria-related morbidity by 50 percent by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Swaziland will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$6.4 million): In order to build a market-oriented economy with potential for transformation and growth, the United States will work with Senegal to increase the level of foreign investment and trade through improvements to the investment climate and through training on public-private partnerships. U.S. assistance will help to improve agricultural sector productivity by promoting high-value and non-traditional agricultural crops, and developing grades, standards and quality control measures for targeted products. U.S. assistance programs will also help develop a business enabling environment and improvements in the private sector that enables Senegal to compete with foreign companies internationally. These funds will be used to work with Senegalese companies to increase their marketing, financing, and management

skills, and also to work at the policy level to improve competitiveness. U.S. assistance programs will also support natural resources and biodiversity, which improves the quality of living and underpins economic growth.

Humanitarian Assistance (\$.2 million): U.S. assistance supports capacity building to better prepare Senegal to monitor conditions affecting food security and to assure early warning and response.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 47,197 | * | 34,800 |
| Peace & Security | 3,609 | * | 3,300 |
| Counter-Terrorism | 1,200 | * | 0 |
| Program Support (Counter-Terrorism) | 1,200 | * | 0 |
| Stabilization Operations and Security Sector Reform | 1,584 | * | 1,100 |
| Operations Support | 495 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,089 | * | 1,100 |
| Conflict Mitigation and Reconciliation | 825 | * | 2,200 |
| Conflict Mitigation | 0 | * | 1,000 |
| Peace and Reconciliation Processes | 584 | * | 1,000 |
| Program Support (Conflict) | 241 | * | 200 |
| Governing Justly & Democratically | 658 | * | 1,400 |
| Good Governance | 658 | * | 625 |
| Local Government and Decentralization | 350 | * | 0 |
| Anti-Corruption Reforms | 226 | * | 522 |
| Program Support (Governance) | 82 | * | 103 |
| Civil Society | 0 | * | 775 |
| Civic Participation | 0 | * | 648 |
| Program Support (Civil Society) | 0 | * | 127 |
| Investing in People | 34,371 | * | 23,550 |
| Health | 15,913 | * | 14,245 |
| HIV/AIDS | 6,800 | * | 3,415 |
| Tuberculosis | 791 | * | 1,000 |
| Malaria | 2,168 | * | 2,500 |
| Maternal and Child Health | 3,312 | * | 4,530 |
| Family Planning and Reproductive Health | 2,842 | * | 2,800 |
| Education | 18,458 | * | 9,305 |
| Basic Education | 18,458 | * | 9,305 |
| Economic Growth | 8,491 | * | 6,350 |
| Trade and Investment | 1,420 | * | 800 |
| Trade and Investment Enabling Environment | 632 | * | 0 |
| Trade and Investment Capacity | 612 | * | 669 |
| Program Support (Trade) | 176 | * | 131 |
| Agriculture | 3,321 | * | 1,700 |
| Agricultural Sector Productivity | 3,019 | * | 1,421 |
| Program Support (Agriculture) | 302 | * | 279 |
| Private Sector Competitiveness | 2,250 | * | 2,350 |
| Business Enabling Environment | 984 | * | 600 |
| Private Sector Productivity | 984 | * | 1,365 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Program Support (Private Sector) | 282 | * | 385 |
| Environment | 1,500 | * | 1,500 |
| Natural Resources and Biodiversity | 1,312 | * | 1,254 |
| Program Support (Environment) | 188 | * | 246 |
| Humanitarian Assistance | 68 | * | 200 |
| Protection, Assistance and Solutions | 68 | * | 0 |
| Protection and Solutions | 68 | * | 0 |
| Disaster Readiness | 0 | * | 200 |
| Capacity Building, Preparedness, and Planning | 0 | * | 200 |

Linkages with the Millennium Challenge Corporation (MCC)

Senegal is Millennium Challenge Corporation (MCC) eligible. The MCC has approved a grant of up to \$6.5 million to assist Senegal in the development of its Compact.

Statement of Changes

Funding for Senegal has decreased from FY 2006 levels in CSH, DA, FMF, NADR and P.L. 480 accounts. The CSH account has decreased by \$1.7 million and DA has decreased by \$10.8 million. Though PMI funding will mitigate the affect to health programs, this decrease is reflected in a scaled-down education program. NADR was zeroed out from \$1.2 million and P.L. 480 decreased by \$1 million. Economic Growth decreased by \$2.1 million. Governing Justly and Democratically increased by \$.742 million in recognition of the tremendous impact that improved governance can have on Senegal's economic performance, poverty reduction, and the GOS' ability to deliver social services.

SEYCHELLES
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Republic of Seychelles is a peaceful small archipelago in the Indian Ocean, which has for three decades suffered from excessive state control of the economy. Poor economic policies, hard currency shortages, and heavy-handed politics have taken their toll on Seychelles. Despite the highest per capita income in Africa, shortages in foodstuffs such as rice, sugar, and basic consumer goods are common. Foreign exchange restrictions prevent many Seychellois from traveling abroad and cripple normal economic activity. An overvalued currency inhibits foreign investment and hurts the tourist industry. Seychelles has one of the highest debt service ratios in the world. President Michel, the long-time vice-president who inherited the top job in 2004, has taken quiet but steady steps to repair the economy but lacks the will and the political clout to make substantive reform. The top foreign policy objectives in Seychelles are to promote cooperation in the Global War on Terror, support good governance and democratic processes, and encourage economic reform and growth.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 103 | * | 100 |
| Total | 103 | * | 100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 103 | * | 100 |
| Total | 103 | * | 100 |

Peace and Security (\$0.1 million): Investments in defense, military and border security restructuring, reform, and operations will help build a professional military that respects civilian rule. These courses include professional military education and training on civil-military relations, military justice and defense resources management.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 103 | * | 100 |
| Peace & Security | 103 | * | 100 |
| Stabilization Operations and Security Sector Reform | 103 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 103 | * | 100 |

SIERRA LEONE
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Five years after the end of the civil war in Sierra Leone, peace has been sustained and progress is underway. A democratically elected government has been in place since 2002 and the next Presidential and Parliamentary elections are scheduled for July 2007 and local elections for spring 2008. So far, this is a post-conflict international donor success story. However, like other countries which have emerged from devastating civil wars, Sierra Leone still suffers from weak governmental institutions. Resources are not yet managed to benefit the people, but reforms are slowly unfolding through decentralization. Though many causes of the civil war remain unresolved, increasing pressure from a growingly articulate civil society is forcing the government to respond more positively. While a culture of impunity, corruption, poor governance, and widespread poverty persists, efforts to address these challenges are showing signs of improvement. The country's economic and social institutions were substantially destroyed in the course of the conflict and Sierra Leone still ranks among the poorest countries in the world, performing poorly on the indicators of human development and women's economic, political, and social empowerment.

The goals of U.S. transformational diplomacy in Sierra Leone have been to prevent the reoccurrence of conflict and rebuild political and economic institutions so that Sierra Leone can emerge as a constructive ally for peace and prosperity. The government of Sierra Leone is focusing on foreign investment as the key to generating growth and employment, revitalizing the following sectors: mining (gold, diamond, platinum, rutile, bauxite), agriculture, fisheries and tourism. As such, the United States focuses on good governance in the mining (diamond and gold) and agriculture sectors. In addition, developmental food aid will help to address food insecurity, as well as health and economic growth objectives.

Sierra Leone is one of two countries chosen for the United Nations Peace Building Commission, a new program aimed at assisting former Peace Keeping Operations countries emerging from conflict to consolidate peace and security gains and move towards development. Importantly, the International Monetary Fund and World Bank declared in late 2006 that Sierra Leone had reached the completion point for debt relief under the Heavily Indebted Poor Countries initiative, removing approximately \$994 million of external debt. As a result, external debt has been reduced from \$1.8 billion (150% of 2005 GDP) to about \$162 million (13.6% of 2005 GDP).

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 311 | * | 550 |
| Governing Justly & Democratically | 14,577 | * | 1,000 |
| Investing in People | 3,118 | * | 6,180 |
| Economic Growth | 11,532 | * | 8,820 |
| Total | 29,538 | * | 16,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 3,756 | * | 4,000 |
| Economic Support Fund | 13,000 | * | 0 |
| International Military Education & Training | 311 | * | 400 |
| International Narcotics Control and Law Enforcement | 0 | * | 150 |
| Public Law 480 (Food Aid) | 12,471** | * | 12,000 |
| Total | 29,538 | * | 16,550 |

**FY 2006 includes \$4.699 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.6 million): The United States will support training and institution building to help the country professionalize its security forces and better address drug trafficking and smuggling. The threat of organized crime in Sierra Leone is increasing, and the Government of Sierra Leone possesses little capacity to combat this trend. U.S. assistance will strengthen the Sierra Leonean criminal justice system's response to criminal activity by organizing a series of capacity building training workshops for Sierra Leonean law enforcement officials on community policing, investigative techniques, and crime scene training. Funding will also sponsor Sierra Leonean law enforcement officials' travel to the United States for exposure to U.S. government interagency working groups combating crime.

Governing Justly and Democratically (\$1.0 million): Funding will be invested in local governance and decentralization activities, strengthening local government and civil society. Good governance and anti-corruption, diamond sector reform, at the local and national level, and some media will be included in this overarching initiative.

Investing in People (\$6.2 million): Key vulnerable groups, especially women and children, will be targeted in an effort to continue improving their general welfare. Funding will support the continuation of programming in maternal and child health, selective feeding, and food for recovery, as a means to rebuild and protect human and productive assets to vulnerable groups.

Economic Growth (\$8.8 million): Funding will support continued efforts to rebuild the agriculture sector and generate jobs. In addition, funding will support diamond and gold sector reform under the local governance and decentralization program. The U.S. will continue targeting key vulnerable groups with investments in agriculture to improve food security. Such programs will particularly target women, youth, and other marginalized groups, thereby enhancing economic growth and promoting peace and security.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 29,538 | * | 16,550 |
| Peace & Security | 311 | * | 550 |
| Stabilization Operations and Security Sector Reform | 311 | * | 400 |
| Defense, Military, and Border Restructuring, Reform and Operations | 311 | * | 400 |
| Counter-Narcotics | 0 | * | 50 |
| Interdiction | 0 | * | 50 |
| Transnational Crime | 0 | * | 100 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Financial Crimes and Money Laundering | 0 | * | 100 |
| Governing Justly & Democratically | 14,577 | * | 1,000 |
| Rule of Law and Human Rights | 13,000 | * | 0 |
| Constitutions, Laws, and Legal Systems | 13,000 | * | 0 |
| Good Governance | 0 | * | 1,000 |
| Local Government and Decentralization | 0 | * | 1,000 |
| Political Competition and Consensus-Building | 925 | * | 0 |
| Elections and Political Processes | 600 | * | 0 |
| Program Support (Political Competition) | 325 | * | 0 |
| Civil Society | 652 | * | 0 |
| Media Freedom and Freedom of Information | 300 | * | 0 |
| Program Support (Civil Society) | 352 | * | 0 |
| Investing in People | 3,118 | * | 6,180 |
| Health | 3,118 | * | 6,180 |
| Maternal and Child Health | 3,118 | * | 6,180 |
| Economic Growth | 11,532 | * | 8,820 |
| Agriculture | 10,127 | * | 7,820 |
| Agricultural Sector Productivity | 9,727 | * | 7,820 |
| Program Support (Agriculture) | 400 | * | 0 |
| Environment | 1,405 | * | 1,000 |
| Natural Resources and Biodiversity | 1,000 | * | 1,000 |
| Program Support (Environment) | 405 | * | 0 |

Statement of Changes

Funding for Sierra Leone has decreased from FY 2006 levels in ESF and increased in INCLE and IMET. ESF funds have been zeroed out from \$13 million, which results in a large decrease in Governing Justly and Democratically programs. The increase of \$0.15 million in INCLE funds will be used to initiate training to law enforcement officials. The increase of \$0.89 million in IMET funding will be used, in part, to address anti-corruption, institutional capacity building, and disaster preparedness within Sierra Leone uniformed services.

SOMALIA
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Developments in Somalia remain highly fluid. U.S. foreign policy objectives in Somalia are to eliminate the terrorist threat, promote political stability by supporting the establishment of a functioning central government, and address the humanitarian needs of the Somali people. The fragile, nascent Transitional Federal Institutions (TFIs) are only beginning to function and to control territory, while warlords and extremists continue to undermine stability. Given the absence of central institutions in Somalia for over 15 years, the rebuilding of law enforcement, judicial, health, education, business, and other institutions remains a significant challenge and priority for donor assistance. In addition, the semi-autonomous regions of Somaliland and Puntland are moving to establish systems of law and order in their respective regions. The United States, in coordination with regional and international partners, is actively engaged in encouraging a process of inclusive dialogue and reconciliation between the TFIs and key stakeholders in Somalia, including business leaders, clan elders, civil society, women's groups, and moderate Islamists, with the goal of forming an inclusive government of national unity based on the framework of the Transitional Federal Charter. Critical interventions from the United States and other donor partners are also helping to build the governance capacity of the TFIs, thereby building domestic confidence in the ability of the TFIs to provide governance services.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 400 | * | 2,300 |
| Governing Justly & Democratically | 4,512 | * | 5,700 |
| Investing in People | 3,000 | * | 4,300 |
| Humanitarian Assistance | 27,377 | * | 0 |
| Total | 35,289 | * | 12,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 0 | * | 1,000 |
| Development Assistance | 7,912 | * | 9,000 |
| Peacekeeping Operations | 0 | * | 2,300 |
| Public Law 480 (Food Aid) | 27,377** | * | 0 |
| Total | 35,289 | * | 12,300 |

**FY 2006 includes \$27.377 million of P.L. 480 Title II emergency food aid. In addition to \$27.377 million, Somalia received an additional \$54 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

In the FY 2007 supplemental, the Administration is requesting \$20 million from the IDFA account and \$40 million from the PKO account.

Peace and Security (\$2.3 million): To stabilize the security environment inside Somalia, U.S. assistance will be used to provide residual support for regional peacekeeping operations in Somalia and support security sector reform. U.S. assistance programs will help rebuild key security institutions in Somalia, including technical assistance and support for the development of

a professional, unified national army in coordination with an ongoing process of political dialogue and reconciliation. U.S. funding will also support community reconciliation and peace building efforts, including income generating opportunities that address some of the root causes of conflict and adherence to extremist ideologies.

Governing Justly and Democratically (\$5.7 million): U.S. assistance will support programs to rebuild governance at the national and regional level, including the regional administrations in Somaliland and Puntland. U.S. programs will provide assistance for the TFIs to help re-establish appropriate judicial, legislative and executive functions, including rebuilding the administrative capacity of local institutions that provide basic services. Funds will also be coordinated with multilateral efforts to support the ongoing political processes outlined by the Transitional Federal Charter. U.S. assistance will continue to expand support for existing and emerging civil society institutions, including independent media outlets, which are key stakeholders in Somalia.

Investing in People (\$4.3 million): The United States will support the delivery of critical social services, including education facilities and essential health interventions. The integrated program will provide support for essential social services directly at the school and community level. The program will assist communities to rehabilitate school facilities and improve access to primary schools. Those same communities will be assisted with an essential package of health interventions to address the common illnesses of malaria, diarrhea, and acute respiratory illness.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 35,289 | * | 12,300 |
| Peace & Security | 400 | * | 2,300 |
| Stabilization Operations and Security Sector Reform | 0 | * | 2,300 |
| Operations Support | 0 | * | 2,300 |
| Conflict Mitigation and Reconciliation | 400 | * | 0 |
| Peace and Reconciliation Processes | 400 | * | 0 |
| Governing Justly & Democratically | 4,512 | * | 5,700 |
| Good Governance | 0 | * | 3,700 |
| Public Sector Executive Function | 0 | * | 1,700 |
| Local Government and Decentralization | 0 | * | 2,000 |
| Civil Society | 4,512 | * | 2,000 |
| Civic Participation | 4,405 | * | 2,000 |
| Program Support (Civil Society) | 107 | * | 0 |
| Investing in People | 3,000 | * | 4,300 |
| Health | 2,500 | * | 1,000 |
| Maternal and Child Health | 0 | * | 500 |
| Water Supply and Sanitation | 2,500 | * | 500 |
| Education | 500 | * | 3,300 |
| Basic Education | 500 | * | 3,300 |
| Humanitarian Assistance | 27,377 | * | 0 |
| Protection, Assistance and Solutions | 27,377 | * | 0 |
| Crisis Assistance and Recovery | 27,377 | * | 0 |

Statement of Changes

The increase of funding between FY 2006 and FY 2008 to support programs in the Peace and Security objective reflects new opportunities presented to the international community to help stabilize the situation in Somalia and establish long-term security and stability through security sector reform and the development of professional security sector institutions. Similarly, the increase of funds between FY 2006 and FY 2008 in the Governing Justly and Democratically objective reflect new opportunities to reach a lasting political solution in Somalia and will help build the capacity of the TFI and support key tasks related to the transitional process outlined by the Transitional Federal Charter.

SOUTH AFRICA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The U.S. Government's (USG) relationship with South Africa is transforming from that of donor to one of strategic partnership. Activities in Peace and Security will continue to increase in importance while development programs will be phased out in the next couple of years. During this transition, USG assistance will be strategically targeted to assist the South African Government (SAG) in unleashing its full development potential by addressing key bottlenecks to economic growth, particularly in the small and medium-sized (SME) enterprise sector. USG assistance will address the emerging threat of multi-drug resistant (MDR) and extreme drug resistant (XDR) tuberculosis (TB) while continuing to strengthen the SAG's capacity to deliver replicable models of primary health care.

Despite 28 successive quarters of economic growth, a spectacular increase in revenue generation, and well-developed financial, legal, and transport sectors, South Africa has been unable to fully realize its developmental capacity. This is largely due to the lack of capacity across all spheres of the SAG to address social ills such as high rates of HIV/AIDS and tuberculosis, increasing rates of HIV/AIDS and TB co-infection, rampant crime, a 26% unemployment rate, and uneven access to basic services and infrastructure. Positive aspects of the country's market environment are undermined by a large unskilled and uneducated labor force, particularly among the black majority.

The greatest opportunities for USG interventions in South Africa lie in expanding partnerships with the SAG to build capacity that promotes economic growth, improves the management of TB, ensures the sustainable and integrated delivery of quality primary health care services at the local level, and addresses immediate diplomatic, military, and political-military issues. The U.S. and South African presidents have publicly committed to increased bilateral cooperation on issues of mutual concern, including economic growth, counterterrorism, nonproliferation and regional conflict resolution.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 983 | * | 2,200 |
| Governing Justly & Democratically | 6,560 | * | 100 |
| Investing in People | 205,882 | * | 595,000 |
| Economic Growth | 10,780 | * | 11,700 |
| Total | 224,205 | * | 609,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|----------------------------|-------------|---------------|--------------|
| Child Survival and Health | 5,070 | * | 3,500 |
| Development Assistance | 25,662 | * | 3,000 |
| Economic Support Fund | 1,287 | * | 10,000 |
| Foreign Military Financing | 0 | * | 100 |
| Global HIV/AIDS Initiative | 191,553 | * | 591,500 |

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| International Military Education & Training | 0 | * | 900 |
| International Narcotics Control and Law Enforcement | 594 | * | 0 |
| Nonproliferation, Antiterrorism & Demining | 39 | * | 0 |
| Total | 224,205 | * | 609,000 |
| Peace Corps | 3382 | * | 3028 |

Peace and Security (\$2.2 million): Because South Africa is a strategic partner for the USG and plays such a major economic and political role on the continent, USG programs will further enhance South African capacity to play a constructive role in addressing regional challenges. USG programs will augment military capacity and improve the overall readiness of the South African military to respond to regional conflict. Professional training and education for the military will improve capacity for regional peacekeeping and peace enforcement missions on the African continent. USG assistance to South Africa will also promote stabilization operations, combat transnational crime, and help to build the capacity of the SAG to implement regional peace and reconciliation activities on the African continent. Pending resolution of Article 98 concerns, the USG will use FMF and IMET funds to enhance the SAG's strategic airlift, medical readiness, disaster response, and peacekeeping capabilities. USG programs will also aid in reducing trafficking-in-persons and migrant smuggling.

Governing Justly and Democratically (\$0.1 million): USG assistance will promote political pluralism and consensus-building by focusing on elections and political processes. Using ESF, the program will broaden participation in the democratic process as South Africa prepares for pivotal presidential elections in 2009. The USG will support outreach to groups such as women voters and voters in rural areas using techniques such as community radio.

Investing in People (\$595.0 million): South Africa has one of the highest estimated TB infection rates in the world, ranking 5th on the World Health Organization list of 22 high-burden countries. TB is the leading cause of death in HIV-infected individuals (estimated to be 5.6 million, second only to India), and HIV is the propellant fueling the TB epidemic. The emergence of MDR and XDR TB is a threat to public health and requires immediate action. Despite making tremendous strides in creating a single unified public health system and improving access to services, the historical inequities in health status of South Africans remain a challenge, as do the issues of quality and sustainability of health services at the local level. As requested by the SAG, the USG primary healthcare and TB programs target systems-strengthening rather than direct service delivery. Using Child Survival and Health funds, the USG, in collaboration with the World Health Organization and national authorities, will assist in increasing TB cure rates and improve the SAG's capacity to plan and rapidly implement its Directly Observed Treatment Support program. USG support will also strengthen the delivery of primary health care services, including family planning, and provide an integrated package of maternal and child health services.

Linkages with the President's Plan for AIDS Relief (PEPFAR): South Africa, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. South Africa will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$11.7 million): Economic growth is essential to South Africa's struggle to redress economic inequality. The backbone of South Africa's approach to creating jobs is stimulating the productivity and competitiveness of SMEs. USG programs will accordingly strengthen the ability of SMEs to reliably meet domestic market-driven requirements with the intent that they will enter the export market as suppliers to larger exporting firms. Programs will also increase market opportunities for U.S. businesses in South Africa and broaden success under the African Growth and Opportunity Act, in support of the Presidential African Global Competitiveness Initiative. USG programs will leverage resources from commercial banks and other sources to meet these objectives. USG assistance will use Economic Support Funds (ESF) and Development Assistance funding (DA) to promote private sector competitiveness, advance private sector productivity, expand financial services, and strengthen the financial and business sector through the establishment of national regulatory entities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 224,205 | * | 609,000 |
| Peace & Security | 983 | * | 2,200 |
| Counter-Terrorism | 39 | * | 0 |
| Governments' Capabilities | 39 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 1,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 1,000 |
| Transnational Crime | 944 | * | 200 |
| Financial Crimes and Money Laundering | 194 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 311 | * | 188 |
| Program Support (Crime) | 439 | * | 12 |
| Conflict Mitigation and Reconciliation | 0 | * | 1,000 |
| Peace and Reconciliation Processes | 0 | * | 939 |
| Program Support (Conflict) | 0 | * | 61 |
| Governing Justly & Democratically | 6,560 | * | 100 |
| Rule of Law and Human Rights | 1,287 | * | 0 |
| Justice System | 1,145 | * | 0 |
| Program Support (Rule of Law) | 142 | * | 0 |
| Good Governance | 5,273 | * | 0 |
| Local Government and Decentralization | 3,801 | * | 0 |
| Anti-Corruption Reforms | 889 | * | 0 |
| Program Support (Governance) | 583 | * | 0 |
| Political Competition and Consensus-Building | 0 | * | 100 |
| Elections and Political Processes | 0 | * | 100 |
| Investing in People | 205,882 | * | 595,000 |
| Health | 197,373 | * | 595,000 |
| HIV/AIDS | 191,553 | * | 591,500 |
| Tuberculosis | 1,977 | * | 2,000 |
| Avian Influenza | 165 | * | 0 |
| Maternal and Child Health | 1,615 | * | 500 |
| Family Planning and Reproductive Health | 1,313 | * | 1,000 |
| Water Supply and Sanitation | 750 | * | 0 |
| Education | 7,909 | * | 0 |
| Basic Education | 7,909 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 600 | * | 0 |
| Social Services | 600 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------------------|----------------|------------------|-----------------|
| Economic Growth | 10,780 | * | 11,700 |
| Financial Sector | 1,000 | * | 2,800 |
| Financial Sector Enabling Environment | 279 | * | 300 |
| Financial Services | 650 | * | 2,313 |
| Program Support (Financial Sector) | 71 | * | 187 |
| Infrastructure | 750 | * | 0 |
| Modern Energy Services | 667 | * | 0 |
| Program Support (Infrastructure) | 83 | * | 0 |
| Agriculture | 2,850 | * | 0 |
| Agricultural Sector Productivity | 2,648 | * | 0 |
| Program Support (Agriculture) | 202 | * | 0 |
| Private Sector Competitiveness | 5,180 | * | 8,900 |
| Business Enabling Environment | 465 | * | 500 |
| Private Sector Productivity | 2,954 | * | 6,597 |
| Workforce Development | 1,264 | * | 1,200 |
| Program Support (Private Sector) | 497 | * | 603 |
| Environment | 1,000 | * | 0 |
| Clean Productive Environment | 889 | * | 0 |
| Program Support (Environment) | 111 | * | 0 |

Statement of Changes

In FY 2008 and beyond, the USG will bolster military-to-military training relationships and support South Africa's leadership in the region. The USG will continue to support economic growth programs using ESF with a focus on private sector productivity and financial services, particularly as these relate to SMEs. Partnerships will be encouraged in areas of mutual interest including trade, investment, and resource management, in line with the transformational diplomacy objective of "sustaining partnership." Programs that will be phased out in FY 2008 include: local government and decentralization; anti-corruption; agriculture; water and sanitation; clean productive environment; modern energy services; basic education; justice; and counterterrorism. Substantial increases in funding for HIV/AIDS from the GHAI account will be used to expand HIV/AIDS prevention, care, and treatment programs.

SUDAN
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the development of Sudan are the devastation wrought by the 22-year North-South civil war which left over two million dead and more than four million Sudanese displaced, the ongoing violence and atrocities in Darfur, and the fragility of the political situation in the East. The signing of the Comprehensive Peace Agreement (CPA) in January 2005 and the Darfur Peace Agreement (DPA) in May 2006 present the United States a unique opportunity to promote a just, viable political settlement to the conflicts in a unified Sudan. However, the continuing violence in Darfur poses a serious challenge to the fragile peace accords, making it difficult to focus sufficient attention on the massive recovery needs in the South, and on North-South cooperation. In addition to the ongoing need for intensive diplomatic engagement that will continue to be required, the successful implementation of these agreements hinges upon the coordinated and timely roll-out of substantial assistance and recovery programs focused on reducing the drivers of conflict. Priorities for U.S. assistance are: ending the violence and atrocities in Darfur; facilitating implementation of the CPA and the DPA; promoting the Government's sharing of power and wealth; and providing life-saving humanitarian assistance to Sudan's people. The U.S. integrated approach supports the implementation of the CPA and DPA by fostering the conditions for restored stability, providing tangible benefits of peace for displaced and returning communities, and improving governance.

Funding for FY 2008 is based on the assumption that the DPA will eventually hold and the CPA will continue to be implemented. It is projected that internally displaced persons (IDPs) and refugees will continue to return to the South and will begin returning to Darfur in FY 2007. In FY 2008 it is anticipated that reconstruction will continue in southern Sudan and begin in Darfur. It is also anticipated that similar levels of assistance by other bilateral/multilateral agencies will continue in Darfur as well as the South, much of which will focus on areas complementary to U.S. efforts. U.S. assistance levels are also predicated on the assumption that many of the sanctions on Sudan will continue to be in place.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 98,719 | * | 91,170 |
| Governing Justly & Democratically | 37,629 | * | 84,562 |
| Investing in People | 29,700 | * | 39,550 |
| Economic Growth | 70,027 | * | 105,068 |
| Humanitarian Assistance | 262,698 | * | 358,850 |
| Total | 498,773 | * | 679,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 19,000 | * | 0 |
| Development Assistance | 70,000 | * | 0 |
| Economic Support Fund | 19,800 | * | 245,900 |
| Foreign Military Financing | 0 | * | 100 |
| International Disaster and Famine Assistance | 164,990 | * | 113,500 |
| International Military Education & Training | 0 | * | 300 |
| International Narcotics Control and Law Enforcement | 0 | * | 24,000 |
| Nonproliferation, Antiterrorism & Demining | 3,020 | * | 4,000 |
| Peacekeeping Operations | 70,000 | * | 41,400 |
| Public Law 480 (Food Aid) | 145,208** | * | 245,000 |
| Transition Initiatives | 6,755 | * | 5,000 |
| Total | 498,773 | * | 679,200 |

**FY 2006 includes \$145.208 million of P.L. 480 Title II emergency food aid. In addition to \$145.208 million, Sudan received an additional \$225 million of FY 2006 supplemental funds. Emergency food aid has not been allocated to countries in FY 2008

In addition to receiving FY 2006 supplemental funds from the P.L. 480 account, Sudan also received supplemental funds in the amount of \$66.3 million from the IDFA account and \$116 million from the PKO account. In FY 2007, the Administration is requesting supplemental funding for Sudan: \$40 million from the IDFA account; \$150 million from the PKO account; and an additional \$150 million from the P.L. 480 account.

Peace and Security (\$91.2 million): In light of ongoing violence in Darfur, the United States will maintain its multilateral commitments to the United Nations Mission in Sudan by providing U.S. law enforcement and support services in the South and Darfur. In addition to its significant peacekeeping contributions, U.S. assistance will support local level conflict mitigation, disarmament, demobilization, and reintegration efforts, as well as the integration of the forces in the South and Darfur. To this end, the United States will continue to work with the Government of National Unity and the regional Government of Southern Sudan, and the political parties to implement the CPA and to ensure that militia integration and disarmament demobilization and reintegration proceeds on schedule. Successful integration of the forces of two former enemies--the Government of Sudan and the Sudan People's Liberation Army (SPLA)--and proper downsizing and transformation of the SPLA are vital aspects of ensuring the long term stability of southern Sudan. Training and infrastructure development for the police, justice, and corrections systems will also add to long term security in Sudan, in part by combating impunity for violence against vulnerable groups such as women and girls.

Governing Justly and Democratically (\$84.6 million): A large part of U.S. assistance in this area will help build basic democratic institutions, train political parties, organize a census agency and prepare for national elections - all key elements of a vibrant democracy and transformation in Sudan. The United States will support improved governance of key public sector functions which will have major new responsibilities for management of wealth and power sharing under the CPA. Assistance will also support a functioning justice system that respects the rule of law and human rights, helping to bolster the government's legitimacy and increase the Sudanese people's confidence in the government's ability to protect their rights and interests.

Investing in People (\$39.6 million): As the United States begins to shift the balance from humanitarian to reconstruction and development assistance, the majority of support in this area will focus on increasing access to basic education and primary health care in urban and rural

areas. The U.S. emphasizes investment in essential services and community infrastructure in order to encourage and sustain the return of IDPs and refugees, rebuild local communities, and reduce tensions.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Sudan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$105.1 million): The CPA and DPA provide for wealth sharing to ensure regions in the periphery are accorded revenue from the central government. A critical aspect of the success of these agreements and Sudan's long-term economic growth will be rehabilitation of critical infrastructure. Accordingly, improving roads and transport services, as well as water and sanitation services, will be the major focus of U.S. assistance in the economic growth area. Improving food security, increasing agricultural productivity and supporting livelihoods will be the other main focal point for U.S. assistance in reviving the Sudanese economy. Assistance will also be provided to support private sector productivity, micro-enterprise and financial sector development.

Humanitarian Assistance (\$358.9 million): Although Sudan should be shifting to a reconstruction phase by FY 2008, humanitarian assistance needs will likely remain high. Meeting humanitarian needs in Sudan will, therefore, continue to be a top priority and will be reassessed on an ongoing basis. Support will continue to be needed for IDPs and other vulnerable populations and to bolster livelihoods for returnees and other conflict-affected populations. Food aid is expected to be a significant and critical component of this assistance.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 498,773 | * | 679,200 |
| Peace & Security | 98,719 | * | 91,170 |
| Stabilization Operations and Security Sector Reform | 75,520 | * | 69,130 |
| Operations Support | 70,000 | * | 0 |
| Destruction and Security of Conventional Weapons | 0 | * | 600 |
| Explosive Remnants of War (ERW) | 3,020 | * | 3,400 |
| Immediate Protection of Civilians in Conflict | 0 | * | 1,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 41,800 |
| Law Enforcement Restructuring, Reform and Operations | 2,500 | * | 22,150 |
| Program Support (Stabilization) | 0 | * | 180 |
| Conflict Mitigation and Reconciliation | 23,199 | * | 22,040 |
| Conflict Mitigation | 12,789 | * | 12,500 |
| Peace and Reconciliation Processes | 5,022 | * | 6,100 |
| Preventive Diplomacy | 4,750 | * | 3,000 |
| Program Support (Conflict) | 638 | * | 440 |
| Governing Justly & Democratically | 37,629 | * | 84,562 |
| Rule of Law and Human Rights | 0 | * | 1,850 |
| Justice System | 0 | * | 1,850 |
| Good Governance | 12,361 | * | 12,810 |
| Public Sector Executive Function | 9,051 | * | 7,100 |
| Local Government and Decentralization | 3,043 | * | 750 |
| Anti-Corruption Reforms | 0 | * | 4,000 |
| Program Support (Governance) | 267 | * | 960 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Political Competition and Consensus-Building | 12,361 | * | 50,824 |
| Consensus-Building Processes | 5,569 | * | 5,500 |
| Elections and Political Processes | 0 | * | 28,000 |
| Political Parties | 6,700 | * | 16,494 |
| Program Support (Political Competition) | 92 | * | 830 |
| Civil Society | 12,907 | * | 19,078 |
| Civic Participation | 4,600 | * | 9,338 |
| Media Freedom and Freedom of Information | 8,103 | * | 9,400 |
| Program Support (Civil Society) | 204 | * | 340 |
| Investing in People | 29,700 | * | 39,550 |
| Health | 17,600 | * | 23,300 |
| HIV/AIDS | 2,328 | * | 6,000 |
| Tuberculosis | 500 | * | 500 |
| Malaria | 1,972 | * | 2,500 |
| Other Public Health Threats | 800 | * | 3,570 |
| Maternal and Child Health | 10,809 | * | 5,830 |
| Family Planning and Reproductive Health | 1,191 | * | 700 |
| Water Supply and Sanitation | 0 | * | 4,200 |
| Education | 8,700 | * | 16,250 |
| Basic Education | 8,700 | * | 16,250 |
| Social and Economic Services and Protection for Vulnerable Populations | 3,400 | * | 0 |
| Social Services | 3,400 | * | 0 |
| Economic Growth | 70,027 | * | 105,068 |
| Macroeconomic Foundation for Growth | 4,000 | * | 0 |
| Monetary policy | 4,000 | * | 0 |
| Infrastructure | 44,848 | * | 81,640 |
| Modern Energy Services | 1,400 | * | 2,000 |
| Transport Services | 36,664 | * | 77,970 |
| Program Support (Infrastructure) | 6,784 | * | 1,670 |
| Agriculture | 9,799 | * | 17,128 |
| Agricultural Enabling Environment | 6,500 | * | 6,000 |
| Agricultural Sector Productivity | 2,334 | * | 9,600 |
| Program Support (Agriculture) | 965 | * | 1,528 |
| Private Sector Competitiveness | 5,945 | * | 3,500 |
| Business Enabling Environment | 2,352 | * | 0 |
| Private Sector Productivity | 2,700 | * | 3,000 |
| Program Support (Private Sector) | 893 | * | 500 |
| Economic Opportunity | 2,750 | * | 0 |
| Inclusive Financial Markets | 2,450 | * | 0 |
| Program Support (Econ Opportunity) | 300 | * | 0 |
| Environment | 2,685 | * | 2,800 |
| Natural Resources and Biodiversity | 700 | * | 2,600 |
| Clean Productive Environment | 1,400 | * | 0 |
| Program Support (Environment) | 585 | * | 200 |
| Humanitarian Assistance | 262,698 | * | 358,850 |
| Protection, Assistance and Solutions | 262,698 | * | 358,850 |
| Crisis Assistance and Recovery | 262,698 | * | 358,500 |
| Program Support (Protection) | 0 | * | 350 |

Statement of Changes

In FY 2006, the U.S. focused the majority of resources on responding to the enormous humanitarian needs throughout Sudan. In FY 2008, it is expected that the DPA and CPA will both be in the process of being actively implemented requiring lower levels of humanitarian assistance. As part of a broader U.S. approach to shift funding from DA and CSH to ESF supported programs in Rebuilding countries, Sudan will use increased levels of ESF to strengthen the Government of Southern Sudan and support the implementation of the CPA and DPA. A sharp decline in PKO funds in 2008 is due to the expected transition from an African Union peacekeeping force to a United Nations peacekeeping force in Darfur. U.S. contributions to the United Nations force will be met through assessed dues to the United Nations, which is not reflected in this request.

SWAZILAND
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Swaziland is governed by a ruling monarchy, supported by a small elite who reinforce the traditional culture which gives them a privileged position, and which is accepted unquestioningly by the majority of Swazis. The country's recently ratified constitution, the first in over 30 years, basically confirms the powers which the king previously exercised by decree, and does not adequately provide for separation of powers. Corruption siphons government funds which should be invested in health and education. Swaziland's HIV/AIDS prevalence rate is 39.2%, among the highest in the world. The pandemic devastates communities and has orphaned an estimated 70,000 children (out of a population of about 1.1 million). The majority of the population engages in subsistence agriculture, hindered by years-long drought conditions in much of the country.

On the positive side, Swaziland is a peaceful country, open to humanitarian and development aid and eager for foreign direct investment. Outside pressure over several years led Swaziland to conform to most internationally recognized labor rights. The government welcomes USG-funded HIV/AIDS programs but lacks the capacity to offer much support to them.

Swaziland maintains a good relationship with the United States, as well as with its neighbors, on matters of regional stability and cooperation. The Umbutfo Swaziland Defense Force (USDF), created in 1973, is a small, disciplined force of about 3,900 men and women. The USDF's main activities are border security, HIV/AIDS activities among its own ranks, internal security, and duties having to do with the Royal Family. Recently, the USDF has been assuming more internal security responsibilities. Given the governance and political climate, the increased use of the USDF in this capacity has negative implications for the United States' interests in good governance, rule of law, and civilian control of an apolitical, professional military.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|-------------|---------------|--------------|
| Peace & Security | 123 | * | 100 |
| Investing in People | 0 | * | 7,500 |
| Total | 123 | * | 7,600 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Child Survival and Health | 0 | * | 7,500 |
| International Military Education & Training | 123 | * | 100 |
| Total | 123 | * | 7,600 |
| Peace Corps | 1882 | * | 1433 |

Peace and Security (\$0.1 million): FY 2008 International Military Education and Training (IMET) resources will fund military assistance programs that promote a higher degree of professionalism in the Swazi Defense forces through education on the role of the military in a

democracy. IMET funds will also be used to train the Umbutfo Swaziland Defense Force to be an apolitical, professional force respectful of human rights, capable of participating in regional peacekeeping.

Investing in People (\$7.5 million): Having the highest HIV prevalence rate in the world at nearly 40%, Swaziland is experiencing devastating economic and social impacts related to HIV/AIDS. Targeted U.S. assistance in Swaziland, through funding from the President's Emergency Plan for AIDS Relief, is directed at programming HIV/AIDS services in prevention and behavior change, counselling and testing, palliative care, HIV/Tuberculosis integration, and AIDS treatment services. U.S. assistance will also support capacity building for local non-governmental, community and faith-based organizations, develop and strengthen human capacity development (HCD) approaches to address the severe crisis in the strained workforce of skilled providers of HIV/AIDS services, and assist in the planning, coordination and implementation of sub-recipients receiving Global Fund grants. To assist the Government of the Kingdom of Swaziland in promoting a more effective response to the HIV/AIDS epidemic, the USG will provide technical assistance to ensure quality of HIV/AIDS strategies through increased targeted advocacy, policy development, systems strengthening, capacity building, and the strengthening of civil society for sustainable community responses to the HIV epidemic.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Swaziland will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 123 | * | 7,600 |
| Peace & Security | 123 | * | 100 |
| Stabilization Operations and Security Sector Reform | 123 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 123 | * | 100 |
| Investing in People | 0 | * | 7,500 |
| Health | 0 | * | 7,500 |
| HIV/AIDS | 0 | * | 7,500 |

Statement of Changes

In FY 2006, CSH and GHAI funds were routed through the Regional HIV/AIDS Program in Pretoria, South Africa. In FY 2008, these significantly increased HIV/AIDS funds will go directly to Swaziland.

TANZANIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

With an average GDP per capita of \$300 in 2004, Tanzania is one of the world's poorest countries and is heavily dependent on foreign aid. The quality of, and access to, education, health capacity and delivery of services, infant mortality and maternal morbidity, are major challenges to development in Tanzania. Tanzania's long and poorly controlled border also poses a serious threat in terms of security and transnational crime. Nonetheless, Tanzania is an admirable example of economic reform and political stability on the African continent. A real GDP growth rate of 6.9% in 2005 and successful 2005 elections considered to have been generally free and fair contribute to this picture. Based on its overall policy performance, Tanzania became a Millennium Challenge Corporation (MCC)-eligible country in FY 2006. In addition, Tanzania has signaled strongly that it would like closer U.S.-Tanzanian military relations and to begin participation in peace-keeping operations. Marring the otherwise impressive political landscape, however, is the fragile political situation on the Island of Zanzibar. The two dominant political parties are highly polarized and volatile, while major reconciliation efforts remain yet to be seen.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 2,701 | * | 900 |
| Governing Justly & Democratically | 1,414 | * | 1,074 |
| Investing in People | 127,387 | * | 333,465 |
| Economic Growth | 6,082 | * | 6,111 |
| Humanitarian Assistance | 13,711 | * | 0 |
| Total | 151,295 | * | 341,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 21,954 | * | 22,100 |
| Development Assistance | 12,617 | * | 12,950 |
| Economic Support Fund | 0 | * | 3,600 |
| Global HIV/AIDS Initiative | 100,312 | * | 302,000 |
| International Military Education & Training | 0 | * | 300 |
| International Narcotics Control and Law Enforcement | 0 | * | 450 |
| Nonproliferation, Antiterrorism & Demining | 2,701 | * | 150 |
| Public Law 480 (Food Aid) | 13,711** | * | 0 |
| Total | 151,295 | * | 341,550 |
| Peace Corps | 2718 | * | 2753 |

**FY 2006 includes \$13.711 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.9 million): As the only major donor funding Tanzania's security sector, the United States will provide vital technical assistance for badly needed security sector reform, including internal controls against police corruption, professional development opportunities for the police force, and forensic capabilities to increase successful prosecutions. U.S. counterterrorism assistance will focus on supporting the Tanzanian government's desire to

establish its own Counterterrorism (CT) Center. The center will also train Tanzania's law enforcement on port and harbor security, upgrade Tanzania's border management system, and strengthen crisis response capacity. As U.S.-Tanzanian military-to-military relations expand, the United States will provide a wider range of assistance toward stabilization operations, including coastal security training and assistance to counter illicit trafficking in conventional weapons.

Governing Justly and Democratically (\$1.01 million): U.S. assistance can best help build democracy in Tanzania by supporting efforts to strengthen political transparency and accountability. U.S. assistance will fund programs to work primarily with civic groups, parliamentarians and politicians.

Investing in People (\$333.5 million): At 5.7 births per woman, Tanzania has one of the highest fertility rates in Africa as well as one of the highest rates of maternal mortality (578 per 100,000 live births). These factors dilute the impact of strong economic growth, making growth and poverty reduction difficult, which could elevate the country's vulnerability to civil strife. Malaria is the number one killer of children. U.S. assistance will dramatically improve malaria prevention and treatment, especially for pregnant women and children. U.S. assistance will also provide resources to address the high fertility rate that is contributing to maternal mortality and undercutting the positive impact of recent economic growth. Cost-effective survival interventions such as Vitamin A supplementation will be supported nationwide. Only 7% of Tanzanians attend secondary school, and only two in five girls complete primary school. U.S. assistance will support basic education in Tanzania, especially for girls. A principal objective is increased training of English, math and science teachers, and equipping schools, particularly on Zanzibar, with math and science equipment/textbooks and training aids for both primary and secondary levels. Education activities also support the goals of the East African Counterterrorism Initiative on Zanzibar and in Southern Tanzania.

Linkage with the President's Malaria Initiative (PMI): In FY 2008, Tanzania will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50%. These proven interventions include artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Tanzania, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Tanzania will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$6.1 million): U.S. economic growth assistance will focus on increasing Tanzania's export of agricultural cash crops, focusing on strengthening the investment climate, encouraging privatization, and increasing agricultural productivity to raise incomes and reduce poverty. Given the importance of tourism, growth of the Tanzanian economy relies heavily on conservation of its parks and oceans. Assistance will support improved natural resources management and preservation of biodiversity. The United States is the only donor working with the parliament on legislation to address environmental degradation. Promotion of alternative cooking fuels is urgently needed to keep the environment from being irreversibly damaged. A similar problem exists along the coastline, where over-fishing is taking a heavy toll. The United

States will work with the Jane Goodall Institute, African Wildlife Foundation and World Wildlife Fund to assist villagers living around Tanzania's game parks to have a better understanding of environmental balance.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 151,295 | * | 341,550 |
| Peace & Security | 2,701 | * | 900 |
| Counter-Terrorism | 2,701 | * | 150 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 150 |
| Governments' Capabilities | 2,701 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 750 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 300 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 450 |
| Governing Justly & Democratically | 1,414 | * | 1,074 |
| Good Governance | 1,245 | * | 810 |
| Legislative Function and Processes | 395 | * | 310 |
| Anti-Corruption Reforms | 637 | * | 298 |
| Program Support (Governance) | 213 | * | 202 |
| Civil Society | 169 | * | 264 |
| Civic Participation | 169 | * | 215 |
| Program Support (Civil Society) | 0 | * | 49 |
| Investing in People | 127,387 | * | 333,465 |
| Health | 122,266 | * | 324,100 |
| HIV/AIDS | 100,312 | * | 302,000 |
| Tuberculosis | 417 | * | 1,500 |
| Malaria | 11,500 | * | 11,500 |
| Other Public Health Threats | 791 | * | 0 |
| Maternal and Child Health | 3,312 | * | 4,500 |
| Family Planning and Reproductive Health | 5,934 | * | 4,600 |
| Education | 5,121 | * | 9,365 |
| Basic Education | 5,121 | * | 9,365 |
| Economic Growth | 6,082 | * | 6,111 |
| Trade and Investment | 860 | * | 0 |
| Trade and Investment Capacity | 810 | * | 0 |
| Program Support (Trade) | 50 | * | 0 |
| Agriculture | 1,289 | * | 2,111 |
| Agricultural Enabling Environment | 429 | * | 811 |
| Agricultural Sector Productivity | 810 | * | 1,200 |
| Program Support (Agriculture) | 50 | * | 100 |
| Environment | 3,933 | * | 4,000 |
| Natural Resources and Biodiversity | 3,463 | * | 3,525 |
| Program Support (Environment) | 470 | * | 475 |
| Humanitarian Assistance | 13,711 | * | 0 |
| Protection, Assistance and Solutions | 13,711 | * | 0 |
| Crisis Assistance and Recovery | 13,711 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Tanzania was selected as an MCC-eligible country in November 2005. On May 24, 2006, the Government of Tanzania and the MCC signed a threshold country program for \$11.2 million. The program is designed to enhance local capacities to fight corruption, strengthen the rule of law, improve governance, and increase oversight of public procurement. Tanzania has developed a compact proposal expected to focus on poverty reduction through sustained economic growth as the core objective. A compact agreement may be agreed to and take effect during FY 2008.

Statement of Changes

Among program elements, there have been increases in Basic Education, Maternal and Child Health, and Tuberculosis and trade-off decreases in Family Planning and Reproductive Health, Government's Capabilities, and Trade and Investment Capacity. It is important to focus the USG program in Tanzania on the major development challenges in the country; as such, a strategic decision to focus on health, education, and natural resource management was made. The education program budget figures show an increase from \$5.1 million in FY 2006 to \$9.4 million in FY 2008, reflecting the priority we place on this program element. Significant increases in HIV/AIDS funding through the GHAI account will provide increased HIV/AIDS prevention, care, and treatment services to the people of Tanzania.

TOGO
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Since the 1990s, most bilateral and multilateral aid to Togo has been cut off because of the country's halting transition to democracy, poor human rights record, and failure to service its external debt. Togo is still suffering the after effects of the February 2005 death of President Eyadema, who led Africa's first military coup d'etat, and of nearly 40 years of his misrule. The Government of Togo now seeks to convince the international community that it is on the path to political and economic reform and has taken a number of steps to engage its domestic opponents and begin the reform process.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 69 | * | 100 |
| Governing Justly & Democratically | 0 | * | 120 |
| Total | 69 | * | 220 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Development Assistance | 0 | * | 120 |
| International Military Education & Training | 37 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 32 | * | 0 |
| Total | 69 | * | 220 |
| Peace Corps | 2687 | * | 2675 |

Peace and Security (\$0.1 million): Togo's success at democratization rests on the military's acquiescence during this process and the reformulation of the military's role. Funding will be used to professionalize the military, which includes programs to educate civilian and military officials about respect for human rights, rule of law, and appropriate civilian-military relations in a democracy.

Governing Justly and Democratically (\$0.1 million): The assistance program will focus on modernizing the judiciary. This funding will complement the efforts of other donors within the framework of a comprehensive judicial reform program to strengthen the judiciary and reinforce the rule of law.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 69 | * | 220 |
| Peace & Security | 69 | * | 100 |
| Stabilization Operations and Security Sector Reform | 69 | * | 100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 69 | * | 100 |
| Governing Justly & Democratically | 0 | * | 120 |
| Rule of Law and Human Rights | 0 | * | 120 |
| Justice System | 0 | * | 120 |

UGANDA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The biggest obstacle to Uganda's advancement is the armed insurgency of the Lord's Resistance Army (LRA), resulting in the displacement of millions of northern Ugandans. Uganda returned to a multi-party political system after 20 years of "no-party" rule and faces many additional challenges in rolling-out the new multi-party political system at all levels. Other challenges include corruption, which limits further expansion of foreign direct investment, continued high rates of population growth (third highest in the world at 3%), low quality of education, and the continued effects of HIV/AIDS, malaria and other preventable and infectious diseases.

President Museveni has proved to be a true working partner and a stalwart supporter of the United States and the United Nations. Building upon this strong partnership, US assistance programs in all objectives have achieved notable progress, and it is expected that they will continue to do so.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 2,030 | * | 4,750 |
| Governing Justly & Democratically | 2,378 | * | 4,100 |
| Investing in People | 197,435 | * | 292,750 |
| Economic Growth | 42,561 | * | 27,650 |
| Total | 244,404 | * | 329,250 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 20,648 | * | 20,900 |
| Development Assistance | 23,414 | * | 29,500 |
| Global HIV/AIDS Initiative | 145,000 | * | 255,000 |
| International Military Education & Training | 340 | * | 500 |
| International Narcotics Control and Law Enforcement | 0 | * | 350 |
| Nonproliferation, Antiterrorism & Demining | 140 | * | 0 |
| Public Law 480 (Food Aid) | 54,862** | * | 23,000 |
| Total | 244,404 | * | 329,250 |
| Peace Corps | 1828 | * | 1849 |

**FY 2006 includes \$41.203 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$4.8 million): As northern Uganda transitions from a conflict emergency, increasing support will need to be provided to reintegrate ex-combatants and advance national reconciliation. In cooperation with the Ugandan police, U.S. assistance will: 1) develop forensic laboratory capabilities to enhance criminal investigations and prosecutions; 2) support community policing in northern Uganda; and 3) assist in reducing the illicit trafficking in conventional weapons. Funds will also be used to continue to restore professionalism in Uganda's downsized military. The U.S. will also support the Government's ongoing efforts to stem trafficking in persons and migrant smuggling. Due to Uganda's strategic location and porous borders, additional funds will be provided to deny terrorist sponsorship and sanctuary.

Governing Justly and Democratically (\$4.1 million): As Uganda returns to a multi-party political system, the U.S. will support increased participation in democratic processes through strengthening democratic representation and civil society, while increasing public awareness of multi-party democracy; and improved peaceful political competition. The U.S. will also help prepare for the upcoming 2011 elections.

Investing in People (\$292.8 million): U.S. investment in family planning programs will help slow one of the highest population growth rates in the world (3.3%), with an average of seven children per woman.

With over 220,000 under-five deaths occurring in Uganda each year, the majority due to preventable diseases and malnutrition, maternal child health (MCH) improvements will also have a significant impact on all levels of development.. The U.S. will combat tuberculosis, promote positive nutritional practices, and provide supplementary feeding for malnourished youth and support orphans and vulnerable children.

U.S. assistance under the Africa Education Initiative will support head teacher training and curriculum reform at the post-primary level. The United States also plans to continue supporting Universal Primary Education in Uganda, and to enhance the quality of primary education. .

Linkage with the President's Malaria Initiative: The U.S. will expand efforts to scale up proven preventive and treatment interventions toward achievement of 85% coverage among vulnerable groups to support the PMI goal of reducing malaria-related morbidity by 50%.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Uganda, a PEPFAR focus country, will receive significant support to scale up integrated prevention, care and treatment programs throughout the country.

Economic Growth (\$27.7 million): To alleviate widespread poverty and expand economic growth efforts to northern Uganda, the U.S. will focus on improving agriculture, water and sanitation The U.S. will protect bio-diversity, including the environmentally threatened Albertine Rift and endangered areas of northern Uganda.

Humanitarian Assistance (\$0.5 million): The U.S. will support the Famine Early Warning System to better manage the risk of food insecurity.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 244,404 | * | 329,250 |
| Peace & Security | 2,030 | * | 4,750 |
| Counter-Terrorism | 100 | * | 150 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 150 |
| Stabilization Operations and Security Sector Reform | 380 | * | 2,900 |
| Disarmament, Demobilization & Reintegration (DDR) | 0 | * | 1,900 |
| Destruction and Security of Conventional Weapons | 40 | * | 0 |
| Immediate Protection of Civilians in Conflict | 0 | * | 500 |
| Defense, Military, and Border Restructuring, Reform and Operations | 340 | * | 0 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 500 |
| Transnational Crime | 250 | * | 200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trafficking-in-Persons and Migrant Smuggling | 250 | * | 200 |
| Conflict Mitigation and Reconciliation | 1,300 | * | 1,500 |
| Conflict Mitigation | 92 | * | 192 |
| Peace and Reconciliation Processes | 958 | * | 641 |
| Program Support (Conflict) | 250 | * | 667 |
| Governing Justly & Democratically | 2,378 | * | 4,100 |
| Good Governance | 2,378 | * | 1,000 |
| Legislative Function and Processes | 250 | * | 388 |
| Local Government and Decentralization | 1,053 | * | 389 |
| Program Support (Governance) | 1,075 | * | 223 |
| Political Competition and Consensus-Building | 0 | * | 2,000 |
| Consensus-Building Processes | 0 | * | 493 |
| Elections and Political Processes | 0 | * | 493 |
| Political Parties | 0 | * | 492 |
| Program Support (Political Competition) | 0 | * | 522 |
| Civil Society | 0 | * | 1,100 |
| Civic Participation | 0 | * | 858 |
| Program Support (Civil Society) | 0 | * | 242 |
| Investing in People | 197,435 | * | 292,750 |
| Health | 190,710 | * | 286,250 |
| HIV/AIDS | 145,000 | * | 255,000 |
| Tuberculosis | 1,878 | * | 2,200 |
| Malaria | 9,500 | * | 9,500 |
| Maternal and Child Health | 26,997 | * | 13,050 |
| Family Planning and Reproductive Health | 6,335 | * | 6,500 |
| Water Supply and Sanitation | 1,000 | * | 0 |
| Education | 5,925 | * | 6,500 |
| Basic Education | 5,925 | * | 6,500 |
| Social and Economic Services and Protection for Vulnerable Populations | 800 | * | 0 |
| Social Services | 800 | * | 0 |
| Economic Growth | 42,561 | * | 27,650 |
| Trade and Investment | 1,107 | * | 0 |
| Trade and Investment Capacity | 907 | * | 0 |
| Program Support (Trade) | 200 | * | 0 |
| Agriculture | 37,521 | * | 21,150 |
| Agricultural Sector Productivity | 36,328 | * | 19,990 |
| Program Support (Agriculture) | 1,193 | * | 1,160 |
| Private Sector Competitiveness | 0 | * | 2,000 |
| Private Sector Productivity | 0 | * | 1,778 |
| Program Support (Private Sector) | 0 | * | 222 |
| Environment | 3,933 | * | 4,500 |
| Natural Resources and Biodiversity | 3,289 | * | 4,000 |
| Program Support (Environment) | 644 | * | 500 |

Linkages with the Millennium Challenge Corporation (MCC)

Uganda will receive Millennium Challenge Account Threshold Program funds for corruption prevention, investigation and prosecution, particularly in the area of public procurement.

Statement of Changes

The FY 2008 budget for Uganda reflects increases in agriculture, private sector competitiveness and environment, which will be critical in assisting northern Uganda to stimulate economic growth in a post-conflict situation. Additional resources for family planning will support Uganda's efforts in tackling its high fertility rate. Uganda will also receive increased democracy and governance funding to promote pluralism in Uganda's Parliament.

ZAMBIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to Zambia's advancement include legacies of endemic corruption, state intervention in the economy, and under-investment in social sectors. Such legacies erode public confidence in government and hamper economic and social development. Although Zambia is peaceful, it continues to rank near the bottom of the United Nation's Human Development Index and will not meet most of the United Nations Millennium Development Goals in the foreseeable future.

Zambia's history of promoting peace at home and abroad, its multi-party political system, and its continuing transition to a free market economy provide opportunities for U.S. Government (USG) assistance to support its growth. The fragile peace in neighboring Democratic Republic of Congo and instability in neighboring Zimbabwe heighten the importance of a stable, democratic and prosperous Zambia for the region. United States engagement can help Zambians build a prosperous and democratic country.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 361 | * | 400 |
| Governing Justly & Democratically | 750 | * | 500 |
| Investing in People | 149,397 | * | 308,270 |
| Economic Growth | 12,623 | * | 11,817 |
| Humanitarian Assistance | 1,694 | * | 15,206 |
| Total | 164,825 | * | 336,193 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 16,004 | * | 10,770 |
| Development Assistance | 27,972 | * | 17,023 |
| Global HIV/AIDS Initiative | 116,000 | * | 290,000 |
| International Military Education & Training | 261 | * | 400 |
| Nonproliferation, Antiterrorism & Demining | 100 | * | 0 |
| Public Law 480 (Food Aid) | 4,488** | * | 18,000 |
| Total | 164,825 | * | 336,193 |
| Peace Corps | 4055 | * | 3600 |

**FY 2006 includes \$1.533 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Peace and Security (\$0.4 million): USG programs strengthen the U.S. partnership with Zambia in the Global War on Terror (GWOT) by training military officers in counter-terrorism. IMET programs strengthen the U.S. partnership with Zambia in the GWOT by training military officers in counter-terrorism and training to better control the country's borders and providing immigration officials with the tools to collect and analyze traveler data. The African Contingency Operations Training and Assistance program provides training and other crisis response assistance to contingents of the Zambian military to enhance its capacity to effectively participate

in humanitarian relief and peace keeping operations. With difficult neighbors, such as Zimbabwe and the Democratic Republic of Congo, the Zambian military could play an important role in regional peacekeeping efforts.

Governing Justly and Democratically (\$0.5 million): Poor political rights and civil liberties are significant issues hindering Zambia's development. The United States' sharply targeted assistance promotes rule of law and human rights in Zambia by focusing on creating judicial independence. With the upcoming elimination of USAID's Democracy and Governance activities (end of FY 2007), concerns in this area are addressed principally by the country's Millennium Challenge Corporation (MCC) Threshold program, which focuses on fighting corruption and improving government effectiveness.

Investing in People (\$308.3 million): Very short life expectancy, high levels of maternal mortality, relatively low literacy and large income inequality present severe problems for Zambia's development. USG assistance addresses the country's poor socio-economic conditions by promoting health and education, with a focus on increasing equitable access to quality basic education, strengthening maternal and child health, combating tuberculosis, and improving family planning and reproductive health. USG programs help to reduce the prevalence of disease, improve quality and access to primary education and school-based health and nutrition, and promote the rights of women, including the reduction of trafficking in persons and gender-based violence.

Linkages with the President's Malaria Initiative (PMI): Zambia will be a new PMI country in FY 2008. PMI's goal is to reduce malaria-related morbidity by 50% in 15 participating African countries. Zambia will achieve this goal over three years by reaching 85% coverage of vulnerable groups with proven preventive and therapeutic interventions. These include: artemisinin-based combination therapies for the treatment of malaria; a combination of insecticide-treated mosquito nets and indoor residual spraying to prevent malaria; and intermittent preventive treatment to address the impact of malaria in pregnancy.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Zambia, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care, and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Zambia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$11.8 million): Despite indicators suggesting that Zambia's economy has expanded moderately over the past five to six years, the country has a major problem with economic diversification, relying primarily upon copper and other mineral exports. USG assistance promotes agriculture, private sector competitiveness, financial services, trade and investment, and economic opportunity by addressing agricultural and private sector productivity, advancing trade and investment capacity, promoting inclusive economic law and property rights, improving financial services, and strengthening the agricultural, business, financial, and trade and investment enabling environments. The program also works to remove regulatory and institutional constraints on businesses, reform financial and capital markets, and promote the growth of small and medium-sized enterprises, particularly those in the agricultural sector.

Humanitarian Assistance (\$15.2 million): Sustainable economic and social progress in Zambia is hindered by recurrent droughts and floods. Innovative USG assistance will merge food

security with income generation activities, agricultural projects, and private sector-oriented activities in two provinces which are chronically devastated by drought or flood, thereby enabling participants to break out of the perpetual cycle of dependency.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 164,825 | * | 336,193 |
| Peace & Security | 361 | * | 400 |
| Counter-Terrorism | 100 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 261 | * | 400 |
| Defense, Military, and Border Restructuring, Reform and Operations | 261 | * | 400 |
| Governing Justly & Democratically | 750 | * | 500 |
| Rule of Law and Human Rights | 0 | * | 500 |
| Judicial Independence | 0 | * | 500 |
| Good Governance | 750 | * | 0 |
| Anti-Corruption Reforms | 750 | * | 0 |
| Investing in People | 149,397 | * | 308,270 |
| Health | 132,004 | * | 300,770 |
| HIV/AIDS | 116,000 | * | 290,000 |
| Tuberculosis | 989 | * | 1,500 |
| Malaria | 7,659 | * | 6,270 |
| Maternal and Child Health | 4,192 | * | 0 |
| Family Planning and Reproductive Health | 3,164 | * | 3,000 |
| Education | 17,393 | * | 7,500 |
| Basic Education | 17,393 | * | 7,500 |
| Economic Growth | 12,623 | * | 11,817 |
| Trade and Investment | 1,804 | * | 1,717 |
| Trade and Investment Enabling Environment | 527 | * | 489 |
| Trade and Investment Capacity | 1,178 | * | 1,094 |
| Program Support (Trade) | 99 | * | 134 |
| Financial Sector | 1,301 | * | 911 |
| Financial Services | 1,243 | * | 835 |
| Program Support (Financial Sector) | 58 | * | 76 |
| Agriculture | 7,285 | * | 7,071 |
| Agricultural Enabling Environment | 865 | * | 802 |
| Agricultural Sector Productivity | 5,723 | * | 5,515 |
| Program Support (Agriculture) | 697 | * | 754 |
| Private Sector Competitiveness | 1,592 | * | 1,515 |
| Private Sector Productivity | 1,453 | * | 1,349 |
| Program Support (Private Sector) | 139 | * | 166 |
| Economic Opportunity | 641 | * | 603 |
| Strengthen Microenterprise Productivity | 611 | * | 567 |
| Program Support (Econ Opportunity) | 30 | * | 36 |
| Humanitarian Assistance | 1,694 | * | 15,206 |
| Protection, Assistance and Solutions | 0 | * | 15,206 |
| Crisis Assistance and Recovery | 0 | * | 15,000 |
| Program Support (Protection) | 0 | * | 206 |
| Disaster Readiness | 1,694 | * | 0 |
| Capacity Building, Preparedness, and Planning | 1,694 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Zambia is an MCC Threshold country. The program is a two-year, \$24.3 million effort to fight corruption and improve government effectiveness. The program's three-pronged strategy in combating corruption focuses on preventing corruption in targeted government institutions, enhancing public service delivery to the private sector, and improving the border management of trade.

Statement of Changes

The Investing in People objective will see significant changes. The African Education Initiative provided a significant one-time DA boost in funding through the Fast Track Initiative for Education in FY 2006. The Humanitarian Assistance objective has shifted its focus from disaster readiness to protection assistance and solutions, and will be increased significantly for FY 2008. These resources will assist farmers in drought prone provinces within Zambia to develop alternative and sustainable methods for obtaining water for irrigation and to grow more drought resistant crops to mitigate the damaging effects of recurring droughts. These additional P.L. 480 funds will help indigent Zambia farmers build sustainable defenses against natural disasters. Significant increases in funding for HIV/AIDS through the GHAI account will provide increased HIV/AIDS prevention, care, and treatment services to the Zambian people.

ZIMBABWE

Obstacles and Opportunities for Advancing Transformational Diplomacy

In order to lay the groundwork for Zimbabwe's return to democracy and prosperity, U.S. assistance must help the country confront a number of obstacles, including a democratic opposition and civil society that have been weakened by years of government repression, an economic meltdown and concomitant increasing humanitarian needs, and a serious HIV/AIDS epidemic. The 2008 Presidential election, if it occurs on schedule, presents the next major opportunity to advance democracy. Democratic forces will need support from the United States to push forward constitutional and elections reform to ensure that elections are free and fair. The regime itself is increasingly fractionalized by differences of opinion over the succession issue and how to turn around the economy and this may provide an opening to leverage officials of the Zimbabwe African National Union - Patriotic Front to support reforms. The poorly conceived and implemented land reform process and ruinous economic policies have undermined popular support for the regime and have resulted in the fastest imploding economy in the world (characterized by -5.5% GDP, nearly 1,200% inflation, and 80% of the population below the poverty line) and chronic food insecurity for 50% of the population. The HIV/AIDS prevalence rate, at 18.1%, equates to one in four adults being HIV positive, 185,000 AIDS-related deaths and a similar number of new infections each year, contributing to an orphan population of 1.6 million, the highest rate per capita worldwide. This, in combination with out-migration of skilled professionals and deterioration in the school system, will make rebuilding Zimbabwe a challenge despite its wealth of natural resources and, until recently, relatively high level of human capital and infrastructure development.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Governing Justly & Democratically | 6,586 | * | 3,000 |
| Investing in People | 10,973 | * | 18,010 |
| Total | 17,559 | * | 21,010 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 10,973 | * | 18,010 |
| Development Assistance | 3,601 | * | 3,000 |
| Economic Support Fund | 2,970 | * | 0 |
| Transition Initiatives | 15 | * | 0 |
| Total | 17,559 | * | 21,010 |

Governing Justly and Democratically (\$3.0 million): Operating under the current assumption that elections will proceed on time in March or April 2008 and that, if they are free and fair, they will place a more moderate individual in power, FY 2008 funding will be targeted principally at consensus building activities aimed at promoting peaceful agreement on democratic reform, rules, and frameworks as well as broad-based participation in determining, defining, and negotiating changes to governing structures and electoral processes. Illustrative activities include legislative reform, national dialogue, referenda on key issues, civil society participation in the process, and assistance to communicate issues, engender debate, and convey enacted reforms to the general

populace. Funding will be required early in the fiscal year to support final elements of an elections strategy, including monitoring, in the months immediately preceding an election. Additionally, funding is necessary for program support costs such as staff salaries, travel, training, and ICASS expenses. If the elected government is reform-minded, supplemental assistance will be requested, consistent with an ongoing forward planning exercise, to undertake medium- and long-term democracy and economic governance-related assistance such as judicial reform, local government capacity development, civil society and media strengthening, and private sector growth.

If elections do not occur in 2008, or if elections continue the status quo, FY 2008 programming under the Governing Justly and Democratically objective will be reassessed to determine the most promising course needed to assist the democratic opposition to survive and to maintain pressure on the regime to reform. The United States will promote a continuing dialogue with domestic and regional audiences on economic mismanagement, political manipulation, and human rights abuses. Furthermore, the United States plans to build the capacity of the legislature to enable governmental debate and public hearings on important issues, strengthen advocacy skills and overall participation of civil society organizations in the democratic process, support independent media, including Voice of America, and continue efforts to realize election reform and a stronger opposition voice.

Investing in People (\$18.0 million): Zimbabwe is fighting one of the most severe HIV/AIDS epidemics in the world. The U.S. HIV/AIDS program is a five-year, multi-agency strategy focused on the prevention, care, and treatment of the disease. FY 2008 funding will target mother-to-child transmission of HIV/AIDS, promote behavior change through mass media and interpersonal communication, provide voluntary counseling and testing and post-test services, male and female condoms, and anti-retrovirals to Zimbabweans, strengthen supply chain management within the health sector, support orphans and vulnerable children with legal, medical, and psycho-social services, and integrate family planning into HIV/AIDS services. Additionally, the United States will support continued policy dialogue and participation in multi-donor fora (such as the Global Fund's Country Coordinating Mechanism) and program management costs such as staff salaries, travel, training, and ICASS expenses.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Zimbabwe will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Zimbabwe will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 17,559 | * | 21,010 |
| Governing Justly & Democratically | 6,586 | * | 3,000 |
| Rule of Law and Human Rights | 500 | * | 0 |
| Human Rights | 500 | * | 0 |
| Good Governance | 415 | * | 400 |
| Legislative Function and Processes | 415 | * | 400 |
| Political Competition and Consensus-Building | 800 | * | 535 |
| Consensus-Building Processes | 0 | * | 335 |
| Elections and Political Processes | 500 | * | 200 |
| Political Parties | 300 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Civil Society | 4,871 | * | 2,065 |
| Civic Participation | 3,531 | * | 900 |
| Media Freedom and Freedom of Information | 1,000 | * | 800 |
| Program Support (Civil Society) | 340 | * | 365 |
| Investing in People | 10,973 | * | 18,010 |
| Health | 10,973 | * | 18,010 |
| HIV/AIDS | 9,787 | * | 17,000 |
| Family Planning and Reproductive Health | 1,186 | * | 1,010 |

Statement of Changes

Though presidential elections are not yet certain for 2008, assistance will create pressure for elections to continue on schedule and will encompass strengthening democratic political parties, updating the voter rolls, educating voters, promoting issues-based dialogue, ensuring appropriate media coverage, parallel vote tabulation, and monitoring of polling sites. U.S. support will allow assessments to be conducted to identify cross-sectoral needs and required interventions in an environment conducive to reform. The analysis will feed into multi-donor planning efforts.

Should elections proceed in 2008, with FY 2008 resources, the United States anticipates further programmatic changes to focus on consensus-building, as discussed above.

AFRICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The enormous size and diversity of sub-Saharan Africa poses some significant challenges for foreign assistance resources. Sub-Saharan Africa has at least one country in each of the five country categories, and the region's challenges range from states facing difficult rebuilding after periods of collapse to states that are thriving democracies promoting economic growth. The principal goal of the Africa Regional Program is to support U.S. efforts in Peace and Security and Governing Justly and Democratically programs in sub-Saharan Africa. While the Africa Regional Program demonstrates the strong U.S. commitment to fighting terrorism and helping promote the empowerment of women, the vast bulk of U.S. resources in the Africa region are devoted to Investing in People or Economic Growth, specifically in fighting HIV/AIDS and malaria, as well as providing emergency food assistance to populations facing natural disasters, conflict, or state collapse.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 47,397 | * | 21,333 |
| Governing Justly & Democratically | 7,130 | * | 2,300 |
| Investing in People | 2,700 | * | 4,950 |
| Economic Growth | 3,737 | * | 0 |
| Total | 60,964 | * | 28,583 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Economic Support Fund | 15,408 | * | 7,250 |
| Foreign Military Financing | 3,960 | * | 0 |
| International Military Education & Training | 136 | * | 133 |
| International Narcotics Control and Law Enforcement | 594 | * | 0 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 7,200 |
| Peacekeeping Operations | 40,866 | * | 14,000 |
| Total | 60,964 | * | 28,583 |

The State Africa regional program received \$5 million of FY 2006 supplemental funds from the PKO account.

Peace and Security (\$21.3 million): One of the highest priorities for programming Africa Regional resources is the promotion of Peace and Security. Africa Regional funds will continue to be used to support a range of activities, including training programs to strengthen African capacity to fight terrorism, and to enhance border and coastal security. The Trans-Sahara Counterterrorism Partnership, a robust and multifaceted program to deny terrorists safe-havens, operational bases, and recruitment opportunities, will also be supported.

Governing Justly and Democratically (\$2.3 million): Africa Regional resources will be used to improve the administration of justice for victims of domestic violence as part of the Women's

Justice and Empowerment Presidential Initiative (WJEI). WJEI seeks to help the governments of Benin, Kenya, Zambia and South Africa: 1) improve their ability to investigate, prosecute, and adjudicate gender based violence (GBV); 2) raise awareness of GBV; and 3) provide GBV victims with support.

Investing in People (\$5.0 million): Regional funds will be used to support programs in two broad areas of WJEI activity: 1) efforts to strengthen the awareness of violence against women and children, and change related attitudes and behavior; and 2) the provision of support and assistance to victims. WJEI programs will complement existing HIV/AIDS prevention and care activities funded by the President's Emergency Plan for AIDS Relief.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 60,964 | * | 28,583 |
| Peace & Security | 47,397 | * | 21,333 |
| Counter-Terrorism | 2,285 | * | 7,200 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 1,200 |
| De-Legitimize Terrorist Ideology | 650 | * | 0 |
| Governments' Capabilities | 1,635 | * | 6,000 |
| Stabilization Operations and Security Sector Reform | 44,962 | * | 14,133 |
| Defense, Military, and Border Restructuring, Reform and Operations | 44,962 | * | 14,133 |
| Conflict Mitigation and Reconciliation | 150 | * | 0 |
| Peace and Reconciliation Processes | 150 | * | 0 |
| Governing Justly & Democratically | 7,130 | * | 2,300 |
| Rule of Law and Human Rights | 1,394 | * | 2,300 |
| Justice System | 897 | * | 0 |
| Human Rights | 497 | * | 2,300 |
| Good Governance | 3,060 | * | 0 |
| Legislative Function and Processes | 500 | * | 0 |
| Public Sector Executive Function | 860 | * | 0 |
| Local Government and Decentralization | 1,000 | * | 0 |
| Anti-Corruption Reforms | 700 | * | 0 |
| Political Competition and Consensus-Building | 1,350 | * | 0 |
| Elections and Political Processes | 1,000 | * | 0 |
| Political Parties | 350 | * | 0 |
| Civil Society | 1,326 | * | 0 |
| Civic Participation | 556 | * | 0 |
| Media Freedom and Freedom of Information | 770 | * | 0 |
| Investing in People | 2,700 | * | 4,950 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,700 | * | 4,950 |
| Social Services | 1,350 | * | 3,950 |
| Social Assistance | 1,350 | * | 1,000 |
| Economic Growth | 3,737 | * | 0 |
| Trade and Investment | 1,365 | * | 0 |
| Trade and Investment Enabling Environment | 990 | * | 0 |
| Trade and Investment Capacity | 375 | * | 0 |
| Private Sector Competitiveness | 500 | * | 0 |
| Business Enabling Environment | 500 | * | 0 |
| Environment | 1,872 | * | 0 |
| Natural Resources and Biodiversity | 1,872 | * | 0 |

AFRICA REGIONAL - USAID
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Transformational diplomacy faces tremendous challenges in sub-Saharan Africa, but there is a willingness on the part of its countries and institutions to partner with the United States in achieving greater security, stability, and growth on the continent. The major obstacles to Africa's advancement are widespread poverty, illiteracy, hunger, disease, environmental degradation, conflict, and poor governance. Most of these are best addressed through country-specific interventions, but regional programs are needed to buttress those efforts in a number of areas, as reflected by Presidential initiatives in such areas as trade, agriculture, HIV/AIDS and malaria. The principal goal of Africa Regional programs is to strengthen selected African regional institutions and organizations - including non-governmental organizations and associations - to improve their capacity to contribute to Africa's development in an environment of stability and security. Assistance will strategically support interventions across all of the priority areas and enhance the U.S. Government's effort to move African countries up the development hierarchy.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|----------------|
| Peace & Security | 2,518 | * | 5,850 |
| Governing Justly & Democratically | 2,593 | * | 6,100 |
| Investing in People | 71,952 | * | 121,955 |
| Economic Growth | 20,090 | * | 46,275 |
| Total | 97,153 | * | 180,180 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|----------------|
| Child Survival and Health | 28,204 | * | 88,730 |
| Development Assistance | 68,949 | * | 91,450 |
| Total | 97,153 | * | 180,180 |

Peace and Security (\$5.9 million): Assistance will support conflict mitigation and response; peace and reconciliation processes, and preventive diplomacy; as well as the efforts of African regional institutions to address conflict and respond swiftly to unforeseen circumstances with African-based organizations. U.S. assistance will also support stabilization operations and security sector reform aimed at the protection of civilians in conflict.

Governing Justly and Democratically (\$6.1 million): By far the greatest part of good governance work must be done at the country level, but some trans-boundary interventions and partnership with regional organizations make an important contribution to strengthening institutions of good governance on the continent. U.S. assistance is directed at civil society strengthening, media freedom, and freedom of information. Funds are also directed at the African Union to strengthen its capacities, particularly with respect to elections and political processes.

Investing in People (\$122 million): The disease burden in Africa is the highest in the world. Life expectancy is lower than other regions and continues to decline. The health of Africans has deteriorated over the past decade because of the devastating interactions among poverty, conflict, and the rapid spread of HIV/AIDS and other infectious diseases such as tuberculosis and malaria. Poor health status has led to low productivity and perpetuation of poverty and inequity. U.S. assistance will support health programs directed at malaria, maternal and child health, family planning and reproductive health, tuberculosis, HIV/AIDS and other health threats. Funds will support the President's Malaria Initiative as it seeks to reduce malaria deaths by half in 15 target countries. Funds will also support African-based institutions working to address other challenges in the health sector. Under the Africa Education Initiative, U.S. assistance will support equitable access to quality basic education and include girls' scholarships, textbooks, and learning materials.

Economic Growth (\$46.3 million): U.S. assistance will support African-based institutions/organizations such as the African Union's New Partnership for Africa's Development, the Comprehensive Africa Agriculture Development Program, the Common Market for East and Southern Africa, the Economic Community of West African States, the Southern African Development Community, and the West African Economic and Monetary Union in the areas of: agricultural production and enabling environment; seed research; and the development of biotechnology tools under the Initiative to End Hunger in Africa. Funds will also support expanding trade and promoting export competitiveness under the African Global Competitiveness Initiative. Funds will support: infrastructure, including modern energy, communications and transport services; private sector competitiveness, including the business enabling environment and private sector productivity; economic opportunity, including strengthening micro-enterprise productivity; and, financial services and the financial sector enabling environment. Assistance is also directed at the environment, including trans-boundary natural resource and biodiversity conservation programs, and is designed to leverage public-private partnerships for water and sanitation development.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 97,153 | * | 180,180 |
| Peace & Security | 2,518 | * | 5,850 |
| Counter-Terrorism | 250 | * | 300 |
| Program Support (Counter-Terrorism) | 250 | * | 300 |
| Conflict Mitigation and Reconciliation | 2,268 | * | 5,550 |
| Conflict Mitigation | 800 | * | 2,500 |
| Peace and Reconciliation Processes | 668 | * | 2,500 |
| Preventive Diplomacy | 300 | * | 0 |
| Program Support (Conflict) | 500 | * | 550 |
| Governing Justly & Democratically | 2,593 | * | 6,100 |
| Rule of Law and Human Rights | 1,319 | * | 1,788 |
| Human Rights | 1,229 | * | 1,250 |
| Program Support (Rule of Law) | 90 | * | 538 |
| Good Governance | 525 | * | 847 |
| Legislative Function and Processes | 0 | * | 500 |
| Program Support (Governance) | 525 | * | 347 |
| Political Competition and Consensus-Building | 90 | * | 1,003 |
| Elections and Political Processes | 0 | * | 865 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Program Support (Political Competition) | 90 | * | 138 |
| Civil Society | 659 | * | 2,462 |
| Civic Participation | 529 | * | 1,615 |
| Program Support (Civil Society) | 130 | * | 847 |
| Investing in People | 71,952 | * | 121,955 |
| Health | 31,066 | * | 93,795 |
| HIV/AIDS | 2,261 | * | 1,000 |
| Tuberculosis | 2,583 | * | 2,000 |
| Malaria | 1,365 | * | 71,025 |
| Other Public Health Threats | 2,542 | * | 3,075 |
| Maternal and Child Health | 10,994 | * | 8,900 |
| Family Planning and Reproductive Health | 4,897 | * | 2,200 |
| Water Supply and Sanitation | 6,424 | * | 5,595 |
| Education | 34,309 | * | 28,160 |
| Basic Education | 34,309 | * | 28,160 |
| Social and Economic Services and Protection for Vulnerable Populations | 6,577 | * | 0 |
| Social Services | 5,692 | * | 0 |
| Social Assistance | 885 | * | 0 |
| Economic Growth | 20,090 | * | 46,275 |
| Trade and Investment | 1,769 | * | 10,940 |
| Trade and Investment Enabling Environment | 685 | * | 10,100 |
| Trade and Investment Capacity | 383 | * | 0 |
| Program Support (Trade) | 701 | * | 840 |
| Financial Sector | 2,194 | * | 500 |
| Financial Sector Enabling Environment | 982 | * | 225 |
| Financial Services | 982 | * | 275 |
| Program Support (Financial Sector) | 230 | * | 0 |
| Infrastructure | 4,097 | * | 5,500 |
| Modern Energy Services | 825 | * | 1,000 |
| Communications Services | 1,547 | * | 2,900 |
| Transport Services | 471 | * | 1,000 |
| Program Support (Infrastructure) | 1,254 | * | 600 |
| Agriculture | 8,780 | * | 21,210 |
| Agricultural Enabling Environment | 5,842 | * | 18,450 |
| Agricultural Sector Productivity | 1,450 | * | 750 |
| Program Support (Agriculture) | 1,488 | * | 2,010 |
| Private Sector Competitiveness | 578 | * | 0 |
| Business Enabling Environment | 116 | * | 0 |
| Private Sector Productivity | 382 | * | 0 |
| Program Support (Private Sector) | 80 | * | 0 |
| Economic Opportunity | 96 | * | 3,000 |
| Strengthen Microenterprise Productivity | 0 | * | 3,000 |
| Program Support (Econ Opportunity) | 96 | * | 0 |
| Environment | 2,576 | * | 5,125 |
| Natural Resources and Biodiversity | 1,502 | * | 2,750 |
| Clean Productive Environment | 510 | * | 2,100 |
| Program Support (Environment) | 564 | * | 275 |

CENTRAL AFRICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite the richness of the natural resources of the Congo Basin, its people are among the poorest in the world. One of the primary challenges for U.S. assistance is striking a balance between the use of natural resources to satisfy current human needs and the protection of the resource base for the needs of future generations. Many countries in central Africa are emerging from conflict, and weak and inefficient governance structures are the norm. Insecurity is a very real concern in many countries and infrastructure is extremely poor throughout the 70 million hectares of the Basin, creating little incentive for any increased legitimate economic investment. While the Congo Basin has great economic potential if managed appropriately, that potential is a source of conflict and regional instability throughout central Africa. Through the Central African Regional Program for the Environment (CARPE), the United States is increasing local, national, and regional natural resource management and governance capacity not only to prevent the loss of forest strength and biodiversity, but also to improve the livelihoods of the region's 100 million inhabitants.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|---------------|
| Economic Growth | 17,500 | * | 11,300 |
| Total | 17,500 | * | 11,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------|---------------|---------------|---------------|
| Development Assistance | 17,500 | * | 11,300 |
| Total | 17,500 | * | 11,300 |

Economic Growth (\$11.3 million): U.S. assistance, through CARPE, will improve livelihoods for inhabitants of the Congo Basin while promoting the sustainable use of natural resources and biodiversity conservation. CARPE activities take place in 12 key biodiversity landscapes in seven countries (Rwanda, the Republic of the Congo, the Central African Republic, Cameroon, Equatorial Guinea, the Democratic Republic of Congo, and Gabon). Many of these landscapes are trans-boundary in nature and require consultation and cooperation among different national governments. CARPE also supports cross-cutting activities that serve the entire Basin such as monitoring of deforestation trends, natural resource governance, and harmonization of policies. These cross-cutting issues include two additional countries - Burundi and Sao Tome and Principe.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------------------|-------------|---------------|--------------|
| TOTAL | 17,500 | * | 11,300 |
| Economic Growth | 17,500 | * | 11,300 |
| Environment | 17,500 | * | 11,300 |
| Natural Resources and Biodiversity | 15,670 | * | 9,765 |
| Program Support (Environment) | 1,830 | * | 1,535 |

EAST AFRICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Obstacles to stability in East Africa are linked to high levels of poverty, weak governance and institutions that are unwilling or unable to respond to the needs of thousands of marginalized and impoverished people. In the Horn of Africa (HOA) region, instability results from a combustible combination of regional state weakness (including prolonged statelessness within the borders of the former Somali republic), broad, unregulated availability of automatic weapons, and the advent of international terrorism and transnational criminality. These factors have coalesced to make the arid lowland border areas of the Horn of Africa among the most fragile and lawless territories in Africa. In the Great Lakes region, instability is more likely to be related to an abundance of natural resources that leads to illegal extraction and trading and related corruption. Sustainable resolution of many of the factors of instability and insecurity require improved governance, better access to basic social services, and expanded opportunities for productive economic activity. Many of the region's problems - particularly poor governance - must be addressed on a country-specific basis. Other problems, however, demand cross-border attention, particularly expanding economic opportunities and improving social service delivery to pastoralists who regularly cross international boundaries in search of water and pasture, and regulating cross-border trade in extractive products. Thus, while some attention should appropriately be provided directly to cross-border issues of peace and security in both the HOA and the Great Lakes, other funding must go to resolving issues of poverty and quality of life that, in the longer term, will reduce the influence of extremist ideas.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 2,227 | * | 7,360 |
| Governing Justly & Democratically | 1,249 | * | 1,000 |
| Investing in People | 10,448 | * | 5,760 |
| Economic Growth | 31,273 | * | 10,200 |
| Total | 45,197 | * | 24,320 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|---------------|
| Child Survival and Health | 10,098 | * | 5,760 |
| Development Assistance | 20,299 | * | 18,560 |
| International Disaster and Famine Assistance | 14,800 | * | 0 |
| Total | 45,197 | * | 24,320 |

Peace and Security (\$7.4 million): The focus of the HOA program is to increase stability in the region, especially along Kenya's and Ethiopia's border with Somalia, which remains unstable, insecure and a potential breeding ground for international terrorism. The program will leverage additional funds from the Department of Defense in the combined effort to deny safe haven for terrorists and diminish the underlying conditions that foster extremism. Resources will be allocated primarily to conflict mitigation and counter-terrorism activities that provide economic incentives and alternatives to extremism. Funds will also contribute to regional security in the Great Lakes region related to the extraction and trade of both forestry and mining products.

Governing Justly and Democratically (\$1.0 million): The regional program will focus on: strengthened public-private partnerships to address the lack of transparency and accountability in the transport corridor; civic participation in conflict mitigation; and more effective engagement in governance of the local security sector in target cross-border zones. Investments will support African partners, including, community based organizations, peace committees, regional associations of revenue authorities, transport authorities, professional associations of country and regional freight clearing and forwarding agents.

Investing in People (\$5.8 million): The regional program complements bilateral efforts of the President's Emergency Program for AIDS Relief (HIV/AIDS prevention, care, and treatment) through a transport corridor program and support to African children affected by HIV/AIDS. Investments will be made in programs along the busiest transport corridors through which high numbers of vulnerable people are infected with HIV. By focusing attention throughout the region on these cross-border areas and leveraging country-level resources and strengthening regional African health institutions, HIV and other diseases can be prevented and treated in greater numbers.

Economic Growth (\$10.2 million): From a regional perspective, economic growth is most likely to be achieved through increased cross-border trade, efficient service delivery and increased agricultural productivity. Funds will be used to support the Africa Global Competitiveness Initiative (AGCI), the African Growth and Opportunities Act, and the Initiative to End Hunger in Africa, to encourage regional economic growth with a specific concentration on trade and investment, agriculture, and private sector competitiveness. Regional organizations involved in technology development and transfer, economic policy and implementation, and regional private sector federations and associations will help in maintaining a regional economic growth and integration focus.

Funds will be aimed at increasing the effectiveness of African trade institutions to facilitate the growth of African economies through enhanced efficiency and competitiveness as outlined in the AGCI. To increase the integration of African economies, more countries will be assisted to join and improve their participation in regional economic communities resulting in the creation of larger regional markets. Funds will also be used to promote an enabling environment for improved productivity of smallholder agriculture, with the goal of raising rural incomes.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 45,197 | * | 24,320 |
| Peace & Security | 2,227 | * | 7,360 |
| Stabilization Operations and Security Sector Reform | 0 | * | 1,400 |
| Immediate Protection of Civilians in Conflict | 0 | * | 1,400 |
| Conflict Mitigation and Reconciliation | 2,227 | * | 5,960 |
| Conflict Mitigation | 1,815 | * | 5,500 |
| Peace and Reconciliation Processes | 0 | * | 460 |
| Program Support (Conflict) | 412 | * | 0 |
| Governing Justly & Democratically | 1,249 | * | 1,000 |
| Good Governance | 936 | * | 1,000 |
| Anti-Corruption Reforms | 108 | * | 1,000 |
| Program Support (Governance) | 828 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Civil Society | 313 | * | 0 |
| Civic Participation | 113 | * | 0 |
| Program Support (Civil Society) | 200 | * | 0 |
| Investing in People | 10,448 | * | 5,760 |
| Health | 10,198 | * | 5,760 |
| HIV/AIDS | 5,241 | * | 2,000 |
| Tuberculosis | 791 | * | 760 |
| Malaria | 197 | * | 0 |
| Maternal and Child Health | 1,681 | * | 1,150 |
| Family Planning and Reproductive Health | 2,288 | * | 1,850 |
| Education | 250 | * | 0 |
| Basic Education | 250 | * | 0 |
| Economic Growth | 31,273 | * | 10,200 |
| Macroeconomic Foundation for Growth | 617 | * | 0 |
| Program Support (Macro Econ) | 617 | * | 0 |
| Trade and Investment | 3,280 | * | 2,035 |
| Trade and Investment Enabling Environment | 2,311 | * | 2,035 |
| Program Support (Trade) | 969 | * | 0 |
| Infrastructure | 2,352 | * | 1,971 |
| Communications Services | 700 | * | 1,112 |
| Transport Services | 1,038 | * | 859 |
| Program Support (Infrastructure) | 614 | * | 0 |
| Agriculture | 23,361 | * | 5,595 |
| Agricultural Enabling Environment | 5,550 | * | 1,361 |
| Agricultural Sector Productivity | 14,977 | * | 4,234 |
| Program Support (Agriculture) | 2,834 | * | 0 |
| Environment | 1,663 | * | 599 |
| Natural Resources and Biodiversity | 888 | * | 399 |
| Clean Productive Environment | 0 | * | 200 |
| Program Support (Environment) | 775 | * | 0 |

SOUTHERN AFRICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Challenged by poverty and insufficient investment, hard hit by the HIV/AIDS pandemic, and continually beset by droughts and food insecurity, Southern Africa has seen its average life expectancy drop from 57 to 33 years. The continuing political crisis in Zimbabwe illustrates the fragility of sustaining democratic principles and institutions in the region. Southern Africa has nine of the 10 highest HIV/AIDS country prevalence rates in the world. A major obstacle to economic progress remains inconsistent or contradictory policies to promote trade and investment across the region. Without effective trans-boundary water management, growth in the region will not reach its full potential and food security will remain a perennial problem.

Against this bleak picture is the more positive image of a region with relatively well-developed infrastructure, diverse natural resources, generally better health and education than the rest of sub-Saharan Africa (apart from HIV/AIDS); and nascent democratic governments. Southern Africa remains peaceful relative to other regions on the continent, which makes possible steps towards successful regional integration. Overall stability and security of the region is best served by investments to foster economic growth, and bolster principles of good governance, including the governance of shared natural resources. Regional organizations are essential to ensure effective norms and standards for governance, coordinate and assist with the threat posed by HIV/AIDS, and promote economic growth through regional and international trade.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Governing Justly & Democratically | 1,183 | * | 2,000 |
| Investing in People | 7,401 | * | 2,000 |
| Economic Growth | 15,404 | * | 10,600 |
| Humanitarian Assistance | 150,995 | * | 0 |
| Total | 174,983 | * | 14,600 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|----------------|---------------|---------------|
| Child Survival and Health | 7,401 | * | 2,000 |
| Development Assistance | 16,799 | * | 12,600 |
| Public Law 480 (Food Aid) | 150,783** | * | 0 |
| Total | 174,983 | * | 14,600 |

**FY 2006 includes \$150.783 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008

Governing Justly and Democratically (\$2.0 million): Reducing executive dominance through stronger non-executive institutions will be the primary strategy for promoting good governance. U.S. assistance is directed at promoting good governance, improving legislative processes, and increasing political competition and consensus building. Funds will be used to strengthen the Southern African Development Community-Parliamentary Forum to promote increased implementation of regional norms and standards related to free and fair elections.

Investing in People (\$2.0 million): USAID's regional HIV/AIDS core activities will: 1) provide specialized technical and management support to PEPFAR programs in eight countries; 2) budget for, implement and provide technical and management support to the countries of Swaziland and Lesotho; and, 3) conduct cross-country activities, such as facilitating the exchange of information and experiences, building the capacity of regional networks, and supporting cross-border activities to mitigate the further spread of HIV/AIDS in the region.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): USAID manages the Regional HIV/AIDS Program in Southern Africa to coordinate U.S. assistance and to maximize the contribution of the PEPFAR programs managed by country offices across the region.

Economic Growth (\$10.6 million): The Presidential Initiative to End Hunger in Africa and the Africa Growth and Competitiveness Initiative (AGCI) activities are implemented regionally by USAID in close coordination with other bilateral USAID missions. AGCI is implemented primarily through USAID's Regional Competitiveness (Trade) Hub, which serves as the coordinating mechanism for the delivery of targeted trade-related assistance. USAID funds will focus on expanding private sector-led regional and international trade. U.S. assistance will also increase agriculture trade through agricultural policy reform and developing modern energy and transport infrastructure. All elements will combine to work with relevant regional and multi-country organizations, as well as with other donor resources. Moreover, U.S. assistance will help to conserve valuable natural resources by engaging regionally with the Southern Africa Development Community in the water sector. To create a "model" river basin management program, the United States will continue assistance to the Okavango River Basin Commission to develop an effective regional organization to address essential water management requirements.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 174,983 | * | 14,600 |
| Governing Justly & Democratically | 1,183 | * | 2,000 |
| Good Governance | 0 | * | 400 |
| Legislative Function and Processes | 0 | * | 383 |
| Program Support (Governance) | 0 | * | 17 |
| Political Competition and Consensus-Building | 971 | * | 1,600 |
| Elections and Political Processes | 775 | * | 1,450 |
| Program Support (Political Competition) | 196 | * | 150 |
| Civil Society | 212 | * | 0 |
| Civic Participation | 200 | * | 0 |
| Program Support (Civil Society) | 12 | * | 0 |
| Investing in People | 7,401 | * | 2,000 |
| Health | 7,401 | * | 2,000 |
| HIV/AIDS | 7,401 | * | 2,000 |
| Economic Growth | 15,404 | * | 10,600 |
| Trade and Investment | 5,422 | * | 3,700 |
| Trade and Investment Enabling Environment | 4,822 | * | 2,050 |
| Trade and Investment Capacity | 0 | * | 1,177 |
| Program Support (Trade) | 600 | * | 473 |
| Financial Sector | 1,641 | * | 0 |
| Financial Sector Enabling Environment | 1,500 | * | 0 |
| Program Support (Financial Sector) | 141 | * | 0 |
| Infrastructure | 0 | * | 2,700 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Modern Energy Services | 0 | * | 1,069 |
| Transport Services | 0 | * | 1,300 |
| Program Support (Infrastructure) | 0 | * | 331 |
| Agriculture | 6,138 | * | 2,400 |
| Agricultural Enabling Environment | 0 | * | 2,190 |
| Agricultural Sector Productivity | 5,600 | * | 0 |
| Program Support (Agriculture) | 538 | * | 210 |
| Environment | 2,203 | * | 1,800 |
| Natural Resources and Biodiversity | 1,933 | * | 1,688 |
| Program Support (Environment) | 270 | * | 112 |
| Humanitarian Assistance | 150,995 | * | 0 |
| Protection, Assistance and Solutions | 150,783 | * | 0 |
| Crisis Assistance and Recovery | 150,783 | * | 0 |
| Disaster Readiness | 212 | * | 0 |
| Capacity Building, Preparedness, and Planning | 200 | * | 0 |
| Program Support (Disaster Readiness) | 12 | * | 0 |

WEST AFRICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to West Africa's advancement are weak governance, few economic opportunities, corruption, low education, poor health, and external forces of disruption. A snapshot of the West Africa sub-region reveals that, despite development interventions over the past several decades, many of the countries in West Africa continue to fall at the bottom of the Human Development Index report on human needs. These obstacles impede the U.S. Government's transformational diplomacy efforts to bring about peace and development in many West African countries. Many of these challenges in health, trade, and governance require concerted regional interventions among the countries to reinforce progress at the country level. Opportunities exist to enhance stability and security, prerequisites for other developmental efforts, in this resource-rich yet conflict-ridden region by supporting conflict mitigation and counter-terrorism activities; promoting regional economic growth and integration; and addressing specific health threats, which undermine progress in other areas and the region.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 6,244 | * | 13,900 |
| Governing Justly & Democratically | 1,557 | * | 0 |
| Investing in People | 21,645 | * | 11,500 |
| Economic Growth | 28,220 | * | 14,700 |
| Total | 57,666 | * | 40,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 18,216 | * | 11,500 |
| Development Assistance | 39,450 | * | 28,600 |
| Total | 57,666 | * | 40,100 |

Peace and Security (\$13.9 million): In an area of porous borders easily traversed by destabilizing groups, U.S. assistance will support the development aspects of the Trans-Sahara Counter Terrorism Partnership (TSCTP) in Niger, Chad, and Mauritania. Funds directed to TSCTP will be used to promote good governance, spread messages on alternatives to political violence, and mitigate the various risk factors that leave populations vulnerable to extremism. In collaboration with the Economic Community of West African States (ECOWAS) and its Commission for Political Affairs, Peace and Security, U.S. assistance will continue to support conflict prevention and mitigation in the West Africa region.

Investing in People (\$11.5 million): U.S. assistance will focus on family planning, reproductive health, and HIV/AIDS. In partnership with the West African Health Organization and other regional organizations, U.S. assistance will be directed at strengthening regional implementing capacity to replicate best practices for reproductive health and improving cross-border collaboration. U.S. assistance will also promote best practices and strengthen regional capacity in developing coordinated regional responses to HIV/AIDS for adoption by regional programs and donors.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): USAID/West Africa (WA) provides technical and administrative support to the Cote d'Ivoire PEPFAR program and serves as its USAID backstop Mission. USAID/WA will also continue to work with USAID non-presence countries to support HIV/AIDS interventions in collaboration with U.S. Embassies.

Economic Growth (\$14.7 million): U.S. assistance will be used to strengthen African institutions through the Comprehensive Africa Agriculture Development Program within the framework of the New Partnership for Africa's Development. U.S. assistance will also help improve the policy environment for agriculture as well as support the ECOWAS in its agribusiness public-private sector alliances. Funds will support the Permanent Inter-State Committee for Drought Control in the Sahel to strengthen regional capacity to monitor crop and food production, reinforce early warning systems, and respond to food crises.

U.S. assistance will strengthen the ability of African institutions to implement the African Global Competitiveness Initiative (AGCI) and increase trade under the African Growth and Opportunities Act. Funds will support infrastructure and work to reduce costs by facilitating regional investments in the West Africa Gas Pipeline and West Africa Power Pool, as well as integrated cellular telephone networks and streamlined customs procedures along transportation corridors. U.S. assistance will also help improve rules and regulations that impede trade and reduce tariffs on exported goods, in cooperation with ECOWAS and the West African Economic and Monetary Union. Funds will be directed at improving the business enabling environment and financial services to reduce lender risk and increase access to financial services, as well as to improve African firms' competitiveness to help expand exports to the United States and other key markets. Support will also be provided to the Sahel Club of the Organization for Economic Co-operation and Development in its efforts to promote studies on economic development and dialogue between African Heads of State.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 57,666 | * | 40,100 |
| Peace & Security | 6,244 | * | 13,900 |
| Counter-Terrorism | 5,000 | * | 12,700 |
| De-Legitimize Terrorist Ideology | 4,152 | * | 11,783 |
| Program Support (Counter-Terrorism) | 848 | * | 917 |
| Transnational Crime | 326 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 296 | * | 0 |
| Program Support (Crime) | 30 | * | 0 |
| Conflict Mitigation and Reconciliation | 918 | * | 1,200 |
| Conflict Mitigation | 818 | * | 1,080 |
| Program Support (Conflict) | 100 | * | 120 |
| Governing Justly & Democratically | 1,557 | * | 0 |
| Good Governance | 900 | * | 0 |
| Anti-Corruption Reforms | 792 | * | 0 |
| Program Support (Governance) | 108 | * | 0 |
| Civil Society | 657 | * | 0 |
| Civic Participation | 597 | * | 0 |
| Program Support (Civil Society) | 60 | * | 0 |
| Investing in People | 21,645 | * | 11,500 |
| Health | 21,645 | * | 11,500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| HIV/AIDS | 8,014 | * | 3,500 |
| Maternal and Child Health | 1,623 | * | 800 |
| Family Planning and Reproductive Health | 8,579 | * | 7,200 |
| Water Supply and Sanitation | 3,429 | * | 0 |
| Economic Growth | 28,220 | * | 14,700 |
| Trade and Investment | 6,420 | * | 2,900 |
| Trade and Investment Enabling Environment | 2,325 | * | 675 |
| Trade and Investment Capacity | 3,455 | * | 1,935 |
| Program Support (Trade) | 640 | * | 290 |
| Financial Sector | 221 | * | 600 |
| Financial Sector Enabling Environment | 0 | * | 270 |
| Financial Services | 200 | * | 270 |
| Program Support (Financial Sector) | 21 | * | 60 |
| Infrastructure | 4,665 | * | 5,000 |
| Modern Energy Services | 3,911 | * | 1,260 |
| Communications Services | 72 | * | 540 |
| Transport Services | 284 | * | 2,700 |
| Program Support (Infrastructure) | 398 | * | 500 |
| Agriculture | 14,849 | * | 6,200 |
| Agricultural Enabling Environment | 5,500 | * | 2,250 |
| Agricultural Sector Productivity | 7,865 | * | 3,233 |
| Program Support (Agriculture) | 1,484 | * | 717 |
| Environment | 2,065 | * | 0 |
| Natural Resources and Biodiversity | 1,782 | * | 0 |
| Program Support (Environment) | 283 | * | 0 |

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EAST ASIA AND THE PACIFIC

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East Asia and the Pacific Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 106,551 | * | 98,491 |
| Development Assistance | 96,988 | * | 104,651 |
| Economic Support Fund | 181,665 | * | 152,726 |
| Foreign Military Financing | 37,867 | * | 31,275 |
| Global HIV/AIDS Initiative | 31,214 | * | 87,700 |
| International Military Education & Training | 9,169 | * | 7,449 |
| International Narcotics Control and Law Enforcement | 10,395 | * | 18,240 |
| Nonproliferation, Antiterrorism & Demining | 31,049 | * | 21,868 |
| Public Law 480 (Food Aid) | 14,068 | * | 0 |
| Total | 518,966 | * | 522,400 |

The East Asian and Pacific (EAP) region is home to some of our most stalwart security and trade partners, to an established power, Japan, and a rising power, China, as well as the world's largest Muslim-majority democracy, Indonesia. The United States seeks to sustain partnerships with treaty allies -- Australia, Japan, South Korea, the Philippines, and Thailand and, through strengthened multilateral cooperation with our partners, to end North Korea's nuclear and missile programs. The United States is at the same time expanding dialogue with China, encouraging it to act as a responsible stakeholder in the international system and encouraging dialogue between Beijing and the elected leaders in Taipei.

Dynamic economic growth has brought a greater measure of prosperity to the region, created a massive new middle classes, and accelerated regional integration. The region accounts for nearly one-third of the world's population, one-quarter of global GDP, a predominant share of global growth, nearly one-fifth of U.S. exports, and over one-quarter of U.S. imports. In all, trans-Pacific trade now totals some three-quarters of a trillion dollars a year. While democracy has advanced steadily, institutions are fragile, and freedom remains remote for many. Political repression, human rights abuses, and endemic corruption continue in many countries. Although, governments have strengthened counterterrorism capacity, sophisticated terrorist organizations continue to pose grave threats. Notable strides have been made in combating the spread of infectious diseases, illegal trafficking, and other criminal activity, but more can be accomplished to advance the region's development.

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for East Asia and the Pacific (\$ in thousands)

| | FY 2006 Actual | FY 2008 Request |
|--|-------------------|--------------------|
| TOTAL | 518,966 | 522,400 |
| 1 Peace & Security | 100,321 | 91,838 |
| 1.1 Counter-Terrorism | 15,994 | 15,312 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 3,060 | 2,990 |
| 1.3 Stabilization Operations and Security Sector Reform | 67,721 | 56,210 |
| 1.4 Counter-Narcotics | 1,490 | 3,045 |
| 1.5 Transnational Crime | 6,090 | 2,248 |
| 1.6 Conflict Mitigation and Reconciliation | 5,966 | 12,033 |
| 2 Governing Justly & Democratically | 77,410 | 55,074 |
| 2.1 Rule of Law and Human Rights | 22,312 | 13,785 |
| 2.2 Good Governance | 40,146 | 28,111 |
| 2.3 Political Competition and Consensus-Building | 8,177 | 7,569 |
| 2.4 Civil Society | 6,775 | 5,609 |
| 3 Investing in People | 225,902 | 263,483 |
| 3.1 Health | 172,784 | 196,542 |
| 3.2 Education | 49,729 | 66,716 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 3,389 | 225 |
| 4 Economic Growth | 109,216 | 109,840 |
| 4.1 Macroeconomic Foundation for Growth | 1,375 | 1,000 |
| 4.2 Trade and Investment | 22,373 | 26,150 |
| 4.3 Financial Sector | 6,813 | 440 |
| 4.4 Infrastructure | 6,724 | 9,185 |
| 4.5 Agriculture | 7,174 | 5,965 |
| 4.6 Private Sector Competitiveness | 26,763 | 42,640 |
| 4.7 Economic Opportunity | 7,710 | 4,730 |
| 4.8 Environment | 30,284 | 19,730 |
| 5 Humanitarian Assistance | 6,117 | 2,165 |
| 5.1 Protection, Assistance and Solutions | 5,107 | 2,055 |
| 5.2 Disaster Readiness | 1,010 | 110 |

Peace and Security (\$91.8 million): Security ties within the region have resulted in a network of alliances and friendships. The United States has strengthened ties with Indonesia, Malaysia, the Philippines, Singapore, Thailand and Mongolia. U.S. assistance has played a key role in the important successes Southeast Asian governments have achieved in fighting terrorism, but threats to U.S. interests and the need for greater capacity and cooperation among local governments remains significant. The assistance request will maintain and help build on effective counterterrorism programs, strengthen law enforcement and legal institutions, support anti-trafficking programs, and address the conditions that terrorists exploit. The United States will continue to support efforts to bring about a peace agreement in the Philippines to end a long-running insurgency in the south, and to promote peace and reconciliation work in Indonesia.

Throughout the region funds will support military reform and enhance the ability of security forces to combat traditional and transnational threats, while respecting human rights. Addressing serious threats to vulnerable shipping lanes, including the Strait of Malacca, is critical to our regional counterterrorism regime as well as enhancing cooperation between national agencies among Sulu and Sulawesi Seas tri-border countries.

Governing Justly and Democratically (\$55.1 million): Aiding democratic development, ending tyranny and promoting the rule of law and human rights remain high priorities. The region has showcased impressive democratic transformations in places as diverse as South Korea, the Philippines, Indonesia, Mongolia, and Taiwan. After 30 years of authoritarian rule, Indonesia has emerged as the world's third-largest democratic state. The Administration will focus significant resources in concert with allies to support Indonesia's new democracy, the success of which is critical to our global and regional interests.

Investing in People (\$263.5 million): The U.S. will continue to invest in basic education, health care needs and HIV/AIDS prevention, treatment and care in East Asia and the Pacific. Efforts will help bolster people's faith and confidence in government institutions as these investments, particularly at the local level, help governments meet the needs of their people. In Indonesia, resources will continue to support the President's Education Initiative – a six year, \$157 million educational reform initiative to improve public, private, religious, and secular schools. In Cambodia, a successful program to reduce the prevalence and impact of HIV/AIDS and scale up health interventions especially for women and children will continue. In Vietnam, \$87.7 million will be invested from the President's Emergency Plan for AIDS Relief. Preventing and controlling the spread of other infectious diseases such as tuberculosis, malaria, and avian influenza (AI) will continue to be regional priorities. Southeast Asia is the site of most AI cases and human deaths, and the most likely origin of a pandemic.

Economic Growth (\$109.8 million): Foreign assistance and diplomatic resources in this objective are focused on opening markets, facilitating trade, promoting transparency, combating corruption, and supporting efforts to combat poverty and promote sustained growth. Regionally, assistance programs will continue to promote responsible fisheries management in the Pacific, address clean water, sanitation, clean energy technology, more effective use and management of natural resources, and protect biodiversity. Throughout the region, it is essential that the U.S. continue to promote global trade liberalization through bilateral Free Trade Agreements, tax treaties, and Trade and Investment Framework Agreement negotiations and implementation. Economic reform will be advanced through anti-corruption programs in countries such as the Philippines, Indonesia and Mongolia, as well as through APEC and Association of Southeast Asian Nations (ASEAN) programs.

Humanitarian Assistance (\$2.2 million): Funds will be directed to assist ASEAN member countries to prepare regional disaster management plans and assistance and recovery programs for displaced Burmese on the Thai-Burma border.

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BURMA

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States' top priority in Burma is the establishment of a democratic state that observes the rule of law and fully respects human rights. The Burmese military, during over 40 years of rule, has systematically gutted the courts, legislative bodies, and educational and public health systems, destroyed the country's universities, and severely mismanaged the economy. Investors have pulled out, leading the regime to rely on corrupt business interests that permit the wholesale plunder and destruction of Burma's rich natural resources. The regime has refused to recognize the results of elections in 1990 when over 80% of the people voted in favor of democratic government. Pro-democracy forces have been significantly weakened by many years of harsh repression and have negligible governing experience. Burma's steady political and socioeconomic decline has exacerbated problems threatening regional stability.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 400 | * | 0 |
| Governing Justly & Democratically | 4,171 | * | 550 |
| Investing in People | 1,732 | * | 2,025 |
| Humanitarian Assistance | 4,587 | * | 2,055 |
| Total | 10,890 | * | 4,630 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|--------------|
| Child Survival and Health | 0 | * | 1,040 |
| Development Assistance | 0 | * | 800 |
| Economic Support Fund | 10,890 | * | 2,790 |
| Total | 10,890 | * | 4,630 |

Governing Justly and Democratically (\$0.6 million): Inside Burma, U.S. assistance will help build the capacity of the Burmese people by providing them with the information and skills that will enable them to participate effectively in an inclusive dialogue bringing together pro-democracy supporters, ethnic minorities, and the military to chart a viable political transition to a free and democratic Burma that respects the human rights of all of its diverse people.

Investing in People (\$2 million): The Burmese regime provides negligible funding to meet the education and health needs of the country. Inside Burma, the United States provides HIV/AIDS prevention, care, and treatment assistance which has proven to be a model for the international community to ensure effective delivery of assistance to those most in need inside Burma through private clinics. Basic and higher education funding seeks to strengthen English training throughout the country so that information can be read and absorbed by a broader audience and specifically targets the future leaders of a democratic Burma to provide them the higher education denied to them in their own country. On the Thai-Burma border, the goal of the education program is to provide basic quality education to Burmese refugees and migrants who have been displaced into Thailand.

Humanitarian Assistance (\$2.1 million): On the Thai-Burma border, U.S. humanitarian assistance provides crisis assistance and recovery programs to meet the primary health care needs of Burmese who have been displaced within eastern Burma, or into Thailand as illegal migrants or refugees. The Government of Thailand does not provide social or health services to these Burmese populations within Thailand. A portion of the Migration and Refugee Account (MRA) request will also go to funding the health, education and personal safety needs of migrant and refugee populations living along the Thai-Burma border.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Burma will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Swaziland will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations. In FY 2008, \$1 million of USAID funding is planned for HIV/AIDS with GHAI amounts to be determined at a later date.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 10,890 | * | 4,630 |
| Peace & Security | 400 | * | 0 |
| Transnational Crime | 400 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 400 | * | 0 |
| Governing Justly & Democratically | 4,171 | * | 550 |
| Rule of Law and Human Rights | 2,965 | * | 300 |
| Constitutions, Laws, and Legal Systems | 100 | * | 250 |
| Human Rights | 2,844 | * | 50 |
| Program Support (Rule of Law) | 21 | * | 0 |
| Civil Society | 1,206 | * | 250 |
| Civic Participation | 125 | * | 200 |
| Media Freedom and Freedom of Information | 1,022 | * | 50 |
| Program Support (Civil Society) | 59 | * | 0 |
| Investing in People | 1,732 | * | 2,025 |
| Health | 0 | * | 1,040 |
| HIV/AIDS | 0 | * | 1,040 |
| Education | 1,732 | * | 985 |
| Basic Education | 1,482 | * | 735 |
| Higher Education | 250 | * | 250 |
| Humanitarian Assistance | 4,587 | * | 2,055 |
| Protection, Assistance and Solutions | 4,587 | * | 2,055 |
| Crisis Assistance and Recovery | 4,327 | * | 1,932 |
| Program Support (Protection) | 260 | * | 123 |

Statement of Changes

The FY 2008 funding request for Burma reflects a \$6.3 million decrease from the FY 2006 appropriated level. Funds for the following programs decrease: human rights, media freedom, basic education, and crisis assistance and recovery, while funds for constitutions, laws, and legal systems; civic participation; and 3.1.1 HIV/AIDS increase. These changes are intended to maintain support for key civil society and health initiatives within Burma and for Burmese refugees in Thailand.

CAMBODIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Cambodia currently enjoys a level of peace and security not seen in more than a generation, but remains one of the poorest countries in the world and is engaged in a difficult transition to democratic governance. Cambodia's weak rule of law, rampant corruption and weak institutions are major challenges to Cambodia's democratic and economic growth. While political opposition plays a role in the country's political affairs, the ruling party maintains firm control of all branches of the government. Local elections are scheduled for 2007, and a national election in 2008. Cambodia's health and education systems were decimated during the reign of the Khmer Rouge (1975-1979) and subsequent Vietnamese involvement. This legacy, along with high levels of corruption, continues to undermine the country's social and economic development as reflected in poor human development indicators. With more than half of Cambodia's growing population under the age of 25, programs to improve child health, strengthen the education system, combat the spread of HIV/AIDS, increase youth participation in the political process and expand economic opportunities are important priorities.

Accessible educational systems, a skilled, healthy labor force, and an informed electorate are vital for expanding economic and political development. However, underlying economic weaknesses remain. Economic opportunity and competitiveness are retarded by corruption, and the lack of enabling environment and legal protections for investors. Women contribute substantially to the economy, comprising most of the garment sector workforce, but are underrepresented in economic decision-making and the political arena. Poor governance and corruption degrade natural resources and contribute to local-level land conflicts. Unless systemic improvements are made, anticipated gains from oil and gas development could generate further corruption and disenfranchisement.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 6,044 | * | 2,980 |
| Governing Justly & Democratically | 15,882 | * | 7,725 |
| Investing in People | 30,536 | * | 25,756 |
| Economic Growth | 2,471 | * | 4,445 |
| Total | 54,933 | * | 40,906 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 28,556 | * | 24,700 |
| Development Assistance | 5,483 | * | 1,056 |
| Economic Support Fund | 14,850 | * | 12,170 |
| Foreign Military Financing | 990 | * | 200 |
| International Military Education & Training | 54 | * | 70 |
| International Narcotics Control and Law Enforcement | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 5,000 | * | 2,510 |
| Total | 54,933 | * | 40,906 |
| Peace Corps | 1081 | * | 1379 |

Peace and Security (\$3 million): With the easing of restrictions on military assistance to Cambodia in 2006, the U.S. will assist with weapons destruction programs, as well as clearing landmines while responding positively to a long-standing Cambodian request for assistance to improve its military's capability to interdict and deter a myriad of potent transnational threats from across its porous borders.

Governing Justly and Democratically (\$7.7 million): Cambodia would benefit from strong and independent democratic institutions -especially the judiciary - to strengthen the rule of law and build a framework for lasting democracy. U.S. assistance will support a wide-ranging set of activities to redress the current culture of impunity associated with corruption, political rights and civil liberties. By enhancing transparency and accountability in government, fighting corruption and strengthening civil society's ability to influence national and local public policies, U.S. assistance will address Cambodia's major obstacles prohibiting advancement to the Transforming Country level.

Investing in People (\$25.8 million): Without improved health care and control of preventable infectious diseases that sap the population or an education system that prepares Cambodia's youth for the workplace, Cambodia will lack the human capital to sustain economic or democratic growth. The FY 2008 request prioritizes Health (\$24.7 million) to continue a successful program to reduce the prevalence and impact of HIV/AIDS, and scale up health interventions that contribute to significant and measurable reductions in mortality, especially for women and children. Education funds (\$1.1 million) will be used to combat corruption in the education sector.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Cambodia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Cambodia will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$4.4 million): To support the policy priority of economic reform and growth, these funds will improve Private Sector Competitiveness (\$2.5 million) by addressing governance and rule of law issues such as the need for commercial law reform and alternative dispute resolution, improving productivity in key sectors, and fostering private sector demand for policy, legal, and regulatory reforms. New Economic Opportunities (\$2 million) will be created by increasing access to business services, strengthening productivity, and improving the business enabling environment for small and micro-enterprises.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 54,933 | * | 40,906 |
| Peace & Security | 6,044 | * | 2,980 |
| Stabilization Operations and Security Sector Reform | 6,044 | * | 2,780 |
| Operations Support | 990 | * | 200 |
| Explosive Remnants of War (ERW) | 5,000 | * | 2,510 |
| Defense, Military, and Border Restructuring, Reform and Operations | 54 | * | 70 |
| Counter-Narcotics | 0 | * | 200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Interdiction | 0 | * | 200 |
| Governing Justly & Democratically | 15,882 | * | 7,725 |
| Rule of Law and Human Rights | 7,776 | * | 2,000 |
| Justice System | 882 | * | 846 |
| Human Rights | 6,042 | * | 846 |
| Program Support (Rule of Law) | 852 | * | 308 |
| Good Governance | 3,289 | * | 3,725 |
| Local Government and Decentralization | 1,021 | * | 1,852 |
| Anti-Corruption Reforms | 1,968 | * | 1,507 |
| Program Support (Governance) | 300 | * | 366 |
| Political Competition and Consensus-Building | 4,000 | * | 500 |
| Elections and Political Processes | 3,795 | * | 224 |
| Political Parties | 0 | * | 224 |
| Program Support (Political Competition) | 205 | * | 52 |
| Civil Society | 817 | * | 1,500 |
| Civic Participation | 755 | * | 1,305 |
| Program Support (Civil Society) | 62 | * | 195 |
| Investing in People | 30,536 | * | 25,756 |
| Health | 28,556 | * | 24,700 |
| HIV/AIDS | 14,652 | * | 11,000 |
| Tuberculosis | 2,970 | * | 2,000 |
| Malaria | 1,479 | * | 0 |
| Other Public Health Threats | 1,337 | * | 1,337 |
| Maternal and Child Health | 5,148 | * | 7,363 |
| Family Planning and Reproductive Health | 2,970 | * | 3,000 |
| Education | 1,980 | * | 1,056 |
| Basic Education | 1,980 | * | 1,056 |
| Economic Growth | 2,471 | * | 4,445 |
| Private Sector Competitiveness | 1,221 | * | 2,495 |
| Business Enabling Environment | 561 | * | 940 |
| Private Sector Productivity | 583 | * | 1,405 |
| Program Support (Private Sector) | 77 | * | 150 |
| Economic Opportunity | 1,250 | * | 1,950 |
| Policy Environment for Micro and Small Enterprises | 571 | * | 894 |
| Strengthen Microenterprise Productivity | 571 | * | 894 |
| Program Support (Econ Opportunity) | 108 | * | 162 |

Statement of Changes

Funding for Cambodia has decreased from FY 2006 levels in all accounts. There have been increases in private sector competitiveness, economic opportunity program areas, and also in the maternal/child health, local governance and civic participation elements. Trade-off decreases in political processes, human rights, HIV/AIDS, TB, malaria and demining programs were made. The funding increases are aimed at new openings in the economy and with the government, while the decreases are largely associated with the Cambodian government's success in addressing those areas.

CHINA

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States welcomes the rise of a confident, peaceful and prosperous China and has encouraged China to become a responsible stakeholder in the international system. The goal is a China that brings its practices into compliance with international standards, including in the areas of trade, non-proliferation and human rights, which shares the U.S. commitment to world peace and stability and to open markets, and cooperates on pressing global and regional issues. Such a China would provide significant positive contributions toward strengthening and shaping international institutions in ways supportive of U.S. policy goals. To date, China's strong economic opening and development have not been matched by political reform. The Communist Party maintains a monopoly on political power and limits the degree to which China moves toward rule of law and democracy. Transparency and accountability are still lacking at all levels of government. The environment for civil society and media to operate is tightly controlled. Despite these restrictions, the Chinese government will likely look for mechanisms to improve governance as social unrest and dislocation increase in China. The U.S. can take advantage of limited openings to foster movement towards the rule of law, increase public participation in government decision making, and cultivate the growth of civil society as a means of introducing long-term changes in China.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Governing Justly & Democratically | 1,108 | * | 1,325 |
| Investing in People | 5,174 | * | 7,740 |
| Economic Growth | 2,628 | * | 225 |
| Total | 8,910 | * | 9,290 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|--------------|---------------|--------------|
| Child Survival and Health | 0 | * | 7,290 |
| Development Assistance | 4,950 | * | 0 |
| Economic Support Fund | 3,960 | * | 2,000 |
| Total | 8,910 | * | 9,290 |
| Peace Corps | 1,683 | * | 1,953 |

Governing Justly and Democratically (\$1.3 million): The U.S. plans to continue funding a resident legal advisor and support a small number of rule of law programs to encourage reform toward representative government, prepare elected leaders to hold public office, and develop effective and responsive local governance structures. The U.S. will strengthen the capacities of NGOs to act as agents of reform and enhance their overall operating environment. Focusing on the justice system in this manner will promote the rights of vulnerable populations in China, while simultaneously ameliorating judicial independence and the rule of law.

Investing in People (\$7.8 million): Most of this funding will help to combat HIV/AIDS in China. Programs supporting ethnic Tibetan communities in China will be continued, improving environmental conservation, and addressing community health needs.

Linkages with the President's Plan for AIDS Relief (PEPFAR): China will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. China will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations. In FY 2008, \$7 million of USAID funding is planned for HIV/AIDS and \$3 million is planned for HHS/GAP with GHAI amounts to be determined at a later date.

Economic Growth (\$0.2 million): In Tibet, a program focusing on promoting and sustaining economic livelihoods provides education as well as skills training in areas that help ethnic Tibetans meet community needs and find jobs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 8,910 | * | 9,290 |
| Governing Justly & Democratically | 1,108 | * | 1,325 |
| Rule of Law and Human Rights | 1,108 | * | 1,325 |
| Justice System | 1,108 | * | 1,207 |
| Program Support (Rule of Law) | 0 | * | 118 |
| Investing in People | 5,174 | * | 7,740 |
| Health | 2,402 | * | 7,290 |
| HIV/AIDS | 0 | * | 7,000 |
| Other Public Health Threats | 1,188 | * | 290 |
| Water Supply and Sanitation | 1,214 | * | 0 |
| Education | 1,188 | * | 225 |
| Basic Education | 1,188 | * | 225 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,584 | * | 225 |
| Social Services | 1,584 | * | 0 |
| Social Assistance | 0 | * | 225 |
| Economic Growth | 2,628 | * | 225 |
| Economic Opportunity | 0 | * | 225 |
| Strengthen Microenterprise Productivity | 0 | * | 212 |
| Program Support (Econ Opportunity) | 0 | * | 13 |
| Environment | 2,628 | * | 0 |
| Clean Productive Environment | 2,600 | * | 0 |
| Program Support (Environment) | 28 | * | 0 |

Statement of Changes

Funding for China has slightly increased from FY 2006 levels. There is a large increase in the HIV/AIDS element because China is a focus of the PEPFAR program. Corresponding decreases were made in elements related to other public health threats, water supply, basic education, social services to vulnerable populations, and clean environment. The decreases reflect the Chinese government's ability to address these concerns with its own resources and through other international assistance programs.

EAST TIMOR
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

East Timor is the second newest country in the world as well as one of the poorest, with socio-economic indices among the worst in the world. As illustrated by recent violence and political instability, the transition of East Timor to stable democracy with a free and productive economy remains a considerable task and will require assistance to support substantial institution building. In order to advance the transformational diplomacy goal in East Timor, the United States will need to focus on reestablishing the basic functions of government, including the security services. U.S. foreign assistance focuses primarily on fostering economic growth and promoting democratic institutions, as well as reforming law enforcement institutions and the military to help East Timor meet its growing security challenges. The United States will coordinate closely with other major donors and the United Nations in order to maximize the collective resources in a way that can best stabilize East Timor and firmly place it on a more sustainable path.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 2,668 | * | 1,410 |
| Governing Justly & Democratically | 5,800 | * | 2,845 |
| Investing in People | 5,852 | * | 0 |
| Economic Growth | 7,820 | * | 5,795 |
| Humanitarian Assistance | 520 | * | 0 |
| Total | 22,660 | * | 10,050 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Economic Support Fund | 18,810 | * | 8,640 |
| Foreign Military Financing | 990 | * | 0 |
| International Military Education & Training | 193 | * | 400 |
| International Narcotics Control and Law Enforcement | 1,485 | * | 1,010 |
| Public Law 480 (Food Aid) | 1,182** | * | 0 |
| Total | 22,660 | * | 10,050 |
| Peace Corps | 827 | * | 0 |

**FY 2006 includes \$1.182 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$1.4 million): The United States can best assist East Timor in establishing peace and security by focusing on stabilization operations and security sector reform. U.S. assistance will provide training to the security services to help them become more non-partisan, competent, and professional, in part to regain the trust and confidence of the Timorese people. Assuming East Timor re-establishes its law enforcement services, INCLE programming will emphasize assisting and advising the police in capacity and capability building and in organizational reform, and will incorporate crisis management and human rights training, in coordination with key donors and the UN mission.

Governing Justly and Democratically (\$2.8 million): U.S. efforts will work to strengthen the rule of law and human rights and support the development of civil society. The program in the rule of law and human rights area will help reform the fragmented justice system by strengthening oversight institutions; improving basic administration of justice institutions; enhancing civil society's capacity to monitor administration of justice and ensure that it is delivered fairly; and expand access to justice. Funds targeted at civil society development will support the freedom of expression by providing financial assistance to the independent media, which remains susceptible to political and financial hurdles.

Economic Growth (\$5.8 million): U.S. assistance will target agriculture, private sector competitiveness, and economic opportunity. The United States seeks to help East Timor implement landmark land legislation by supporting the development of a land tenure and titling system. This will improve the economic and investment climate, as well as facilitate the reconstruction effort and return of internally displaced persons to their homes. Assistance also seeks to improve private sector performance, particularly in the agricultural sector, where 80 percent of the population makes its living. Programs will strengthen links between farmers and their markets; transfer appropriate technologies to producers; diversify the agricultural base, with a particular focus on agro-forestry and livestock; strengthen small-scale enterprises in villages, particularly through the provision of business development services; and increase access to financial services. These programs will generate employment opportunities and thereby contribute to poverty reduction and stability.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 22,660 | * | 10,050 |
| Peace & Security | 2,668 | * | 1,410 |
| Stabilization Operations and Security Sector Reform | 2,668 | * | 1,410 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,183 | * | 400 |
| Law Enforcement Restructuring, Reform and Operations | 1,485 | * | 810 |
| Program Support (Stabilization) | 0 | * | 200 |
| Governing Justly & Democratically | 5,800 | * | 2,845 |
| Rule of Law and Human Rights | 1,300 | * | 2,070 |
| Justice System | 1,150 | * | 1,600 |
| Program Support (Rule of Law) | 150 | * | 470 |
| Good Governance | 1,130 | * | 0 |
| Public Sector Executive Function | 1,000 | * | 0 |
| Program Support (Governance) | 130 | * | 0 |
| Political Competition and Consensus-Building | 2,020 | * | 0 |
| Elections and Political Processes | 1,200 | * | 0 |
| Political Parties | 600 | * | 0 |
| Program Support (Political Competition) | 220 | * | 0 |
| Civil Society | 1,350 | * | 775 |
| Media Freedom and Freedom of Information | 1,200 | * | 600 |
| Program Support (Civil Society) | 150 | * | 175 |
| Investing in People | 5,852 | * | 0 |
| Health | 5,392 | * | 0 |
| Malaria | 1,650 | * | 0 |
| Maternal and Child Health | 3,742 | * | 0 |
| Education | 460 | * | 0 |
| Basic Education | 460 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Economic Growth | 7,820 | * | 5,795 |
| Agriculture | 2,645 | * | 1,830 |
| Agricultural Sector Productivity | 2,350 | * | 1,500 |
| Program Support (Agriculture) | 295 | * | 330 |
| Private Sector Competitiveness | 2,815 | * | 2,745 |
| Business Enabling Environment | 0 | * | 2,000 |
| Private Sector Productivity | 500 | * | 250 |
| Workforce Development | 2,000 | * | 0 |
| Program Support (Private Sector) | 315 | * | 495 |
| Economic Opportunity | 2,360 | * | 1,220 |
| Inclusive Financial Markets | 500 | * | 500 |
| Strengthen Microenterprise Productivity | 1,600 | * | 500 |
| Program Support (Econ Opportunity) | 260 | * | 220 |
| Humanitarian Assistance | 520 | * | 0 |
| Protection, Assistance and Solutions | 520 | * | 0 |
| Crisis Assistance and Recovery | 520 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

East Timor is eligible for MCC compact assistance.

Statement of Changes

The FY 2008 funding request for East Timor represents a decrease from FY 2006 appropriated levels. Changes in program areas reflect an emphasis of our foreign assistance on East Timor's transition to a stable democracy with a growing economy through key initiatives such as the program to develop a land tenure and titling system to improve the economic and investment climate and facilitate the return of persons displaced during recent unrest.

FIJI
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Fiji has long suffered from a "coup culture," with four illegal changes of democratic governments in the past 19 years. The most recent coup took place in December 2006 when the commander of the Fiji military appointed himself acting President and dismissed the elected government. The United States has condemned the military's actions and its efforts to consolidate control in Fiji through the appointment of an "interim" cabinet, with Commodore Frank Bainimarama as "interim" Prime Minister. On December 19, the United States government announced that it was suspending assistance to the government of Fiji in accordance with section 508 of the Foreign Operations Appropriations Act until the President or Secretary of State determines that a democratically elected government has taken office.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 729 | * | 370 |
| Total | 729 | * | 370 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Foreign Military Financing | 494 | * | 110 |
| International Military Education & Training | 235 | * | 260 |
| Total | 729 | * | 370 |
| Peace Corps | 1832 | * | 1768 |

Peace and Security (\$0.4 million): U.S. foreign assistance to Fiji, if it resumes due to a return to a democratically elected government, will remain focused on security. This focus is because of the importance the U.S. attaches to a professional, responsible Fijian military that recognizes its appropriate role in a democracy and that can participate in peacekeeping operations. The RFMF has launched an ambitious plan to modernize its forces to make them more capable and interoperable with other coalition militaries. Future U.S. assistance must also focus on ways to impress on the RFMF the need to remain subordinate to the elected civilian government.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 729 | * | 370 |
| Peace & Security | 729 | * | 370 |
| Stabilization Operations and Security Sector Reform | 729 | * | 370 |
| Immediate Protection of Civilians in Conflict | 279 | * | 270 |
| Defense, Military, and Border Restructuring, Reform and Operations | 450 | * | 100 |

INDONESIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The overarching U.S. foreign policy priority in Indonesia is to assist its transformation into a stable, moderate democracy capable of addressing regional and global challenges in partnership with the international community. A significant investment in Indonesia is critical to support reform efforts. The United States has the opportunity to enhance relations with the world's fourth-largest country, third-largest democracy and largest majority-Muslim nation. Under the leadership of pro-American, pro-democracy, pro-market, reform-minded President Yudhoyono, Indonesia is emerging as a dynamic democracy, playing a leadership role throughout Southeast Asia and the developing world. The Government of Indonesia has embarked on a broad range of good governance initiatives to include major economic, policy, military and bureaucratic reforms. The U.S. image in Indonesia received a boost from the tremendous U.S. response to the calamitous tsunami and earthquakes that devastated Aceh and from the normalization of bilateral military relations. Indonesia has become a strong partner in the war on terror.

The range of obstacles faced in Indonesia include active international terrorists; ethnic and separatist conflicts; weak institutions; high levels of corruption; poverty and underemployment; and low levels of education and poor health conditions among the Indonesian population.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 20,689 | * | 41,715 |
| Governing Justly & Democratically | 31,802 | * | 29,414 |
| Investing in People | 77,819 | * | 87,510 |
| Economic Growth | 26,858 | * | 27,000 |
| Total | 157,168 | * | 185,639 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 28,017 | * | 32,060 |
| Development Assistance | 33,199 | * | 60,950 |
| Economic Support Fund | 69,300 | * | 60,000 |
| Foreign Military Financing | 990 | * | 15,700 |
| International Military Education & Training | 938 | * | 974 |
| International Narcotics Control and Law Enforcement | 4,950 | * | 10,050 |
| Nonproliferation, Antiterrorism & Demining | 6,888 | * | 5,905 |
| Public Law 480 (Food Aid) | 12,886** | * | 0 |
| Total | 157,168 | * | 185,639 |

**FY 2006 includes \$2.998 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$41.7 million): The U.S. supports Indonesia's imperative to address both immediate and longer-term security threats through stabilization operations and security sector reform; conflict mitigation and response; addressing transnational crime; counter-terrorism;

enhancing strategic trade control systems; and combating weapons of mass destruction (WMD). Reestablishing full military-to-military relations in 2005 was a major step forward; supporting. Programs will strengthen Indonesia's capacity to respond to disasters and counter-terrorism issues. Support to the Indonesian military enhances command and control, increases the Navy's capacity to monitor strategic waterways, and strengthens the military's transport capability. Support to the National Police expands their ability to prevent and respond to crime and terrorism. Improving interoperability with the U.S., and multilateral cooperation, especially in the tri-border area between Mindanao, Sabah, and Sulawesi, are critical to eradicating the Southeast Asia terrorist threat. Indonesia will be eligible to receive Excess Defense Articles (EDA) in FY 2008 under Section 516 of the Foreign Assistance Act, which can be used to help meet equipment needs. Programs will continue to promote peace and reconciliation work underway in strategic areas. Programs also will help to combat illegal logging and other natural resource management challenges that intensify conflict. Programs will address also trafficking in persons and migrant smuggling.

Governing Justly and Democratically (\$29.4 million): After over 30 years of authoritarian rule, Indonesia has emerged as the world's third-largest democracy. Assistance will strengthen the justice and legislative sectors; support civil society; strengthen respect for human rights; address corruption; strengthen participatory, transparent, accountable governance at both the national and local levels; and promote civic dialogue and participation that ensures a democratic legal framework. Support for a free and fair Presidential election in 2009 will be crucial to a consolidation of democracy in Indonesia. Governance and democracy programs will directly impact continued democratic transition.

Investing in People (\$87.6 million): Basic services will be targeted, including basic and higher education, health and clean water programs. The cornerstone Investing in People program is an investment in the Indonesian people through President Bush's six-year initiative to improve the quality of education. The initiative introduces critical concepts missing in Indonesian education, most notably promotion of critical thinking in classrooms; in-service training for teachers in math, science and reading; active community and parental participation to strengthen governance of the education system; relevant work and life skills for youth to better compete for jobs in the future; and enhanced higher education exchanges to the U.S. and English language learning opportunities. The education program reaches into Islamic madrassah, and other private schools. Investing in People programs will also improve access to quality services for mothers and children; will ensure households adopt adequate health and hygiene practices; and will focus on major communicable diseases, including HIV and TB.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Indonesia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. In FY 2008, \$8.3 million of USAID funding is planned for HIV/AIDS with GHAI amounts to be determined at a later date.

Economic Growth (\$27 million): Increased productivity, income and prosperity are key to Indonesia's future economic success and to continued support for its broader reform efforts. Indonesia cannot resolve threats from radicalism and communal strife and respond to natural disasters and disease without a healthy economy. Programs will promote greater transparency and combat corruption, leading to an improved trade and investment climate, financial sector safety and soundness, and increased private sector competitiveness. Economic governance institutions in partnership with the private sector and civil society will also be strengthened. Promoting a healthy environment to help assure sustainable growth, natural resources management and biodiversity conservation is also a key component of this objective.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 157,168 | * | 185,639 |
| Peace & Security | 20,689 | * | 41,715 |
| Counter-Terrorism | 6,888 | * | 5,415 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 1,215 |
| Governments' Capabilities | 6,055 | * | 4,200 |
| Program Support (Counter-Terrorism) | 833 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 490 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 490 |
| Stabilization Operations and Security Sector Reform | 5,878 | * | 23,974 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,928 | * | 16,674 |
| Law Enforcement Restructuring, Reform and Operations | 3,950 | * | 6,675 |
| Program Support (Stabilization) | 0 | * | 625 |
| Counter-Narcotics | 500 | * | 500 |
| Interdiction | 500 | * | 500 |
| Transnational Crime | 2,407 | * | 818 |
| Financial Crimes and Money Laundering | 1,512 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 685 | * | 645 |
| Program Support (Crime) | 210 | * | 173 |
| Conflict Mitigation and Reconciliation | 5,016 | * | 10,518 |
| Conflict Mitigation | 3,500 | * | 6,797 |
| Peace and Reconciliation Processes | 1,186 | * | 3,100 |
| Program Support (Conflict) | 330 | * | 621 |
| Governing Justly & Democratically | 31,802 | * | 29,414 |
| Rule of Law and Human Rights | 1,968 | * | 5,450 |
| Justice System | 1,367 | * | 4,627 |
| Human Rights | 500 | * | 700 |
| Program Support (Rule of Law) | 101 | * | 123 |
| Good Governance | 25,191 | * | 16,971 |
| Legislative Function and Processes | 7,800 | * | 2,550 |
| Local Government and Decentralization | 16,103 | * | 13,800 |
| Program Support (Governance) | 1,288 | * | 621 |
| Political Competition and Consensus-Building | 1,936 | * | 5,269 |
| Elections and Political Processes | 800 | * | 4,028 |
| Political Parties | 986 | * | 1,067 |
| Program Support (Political Competition) | 150 | * | 174 |
| Civil Society | 2,707 | * | 1,724 |
| Civic Participation | 2,557 | * | 1,550 |
| Program Support (Civil Society) | 150 | * | 174 |
| Investing in People | 77,819 | * | 87,510 |
| Health | 45,903 | * | 37,560 |
| HIV/AIDS | 7,920 | * | 8,300 |
| Tuberculosis | 2,970 | * | 3,000 |
| Maternal and Child Health | 27,043 | * | 20,760 |
| Family Planning and Reproductive Health | 2,970 | * | 0 |
| Water Supply and Sanitation | 5,000 | * | 5,500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Education | 31,916 | * | 49,950 |
| Basic Education | 27,916 | * | 46,950 |
| Higher Education | 4,000 | * | 3,000 |
| Economic Growth | 26,858 | * | 27,000 |
| Macroeconomic Foundation for Growth | 975 | * | 0 |
| Fiscal policy | 975 | * | 0 |
| Trade and Investment | 4,232 | * | 7,300 |
| Trade and Investment Enabling Environment | 0 | * | 6,890 |
| Trade and Investment Capacity | 4,123 | * | 0 |
| Program Support (Trade) | 109 | * | 410 |
| Financial Sector | 4,500 | * | 0 |
| Financial Sector Enabling Environment | 4,173 | * | 0 |
| Program Support (Financial Sector) | 327 | * | 0 |
| Agriculture | 2,481 | * | 0 |
| Agricultural Enabling Environment | 2,372 | * | 0 |
| Program Support (Agriculture) | 109 | * | 0 |
| Private Sector Competitiveness | 7,387 | * | 14,200 |
| Business Enabling Environment | 1,693 | * | 10,011 |
| Private Sector Productivity | 5,438 | * | 3,737 |
| Program Support (Private Sector) | 256 | * | 452 |
| Environment | 7,283 | * | 5,500 |
| Natural Resources and Biodiversity | 6,806 | * | 4,900 |
| Clean Productive Environment | 244 | * | 408 |
| Program Support (Environment) | 233 | * | 192 |

Linkages with the Millennium Challenge Corporation (MCC)

In November 2006, USAID Indonesia and the Government of Indonesia signed a \$55 million, two-year agreement for Millennium Challenge Corporation (MCC) assistance, under the MCC Threshold Program, to be programmed and managed through USAID Indonesia. The Threshold Program is designed to assist Indonesia achieve MCC Compact eligibility status by undertaking activities in areas where Indonesia currently falls short as measured by indicators that MCC tracks. The Threshold Program was designed in coordination with the GOI, the U.S. Embassy Indonesia Country Team, other donors, and on-going USAID activities to ensure maximum collaboration and leveraging of resources.

A \$20 million immunization program will assist the Government to immunize at least 80% of children under the age of one for diphtheria, tetanus, and pertussis and 90% of children for measles. A \$35 million anti-corruption program includes implementation of court administrative reforms and greater judicial transparency, increased enforcement capabilities to fight money laundering, prosecution of cases of public corruption, and reduction of opportunities for corruption through the modernization of public procurement systems.

Statement of Changes

Funding for Indonesia has increased from FY 2006 appropriated levels to the FY 2008 request level by 19%. The largest increase, in Peace and Security, reflects the normalization of military ties in 2005. Funding is increased to expand the Indonesia Education Initiative to improve the quality of basic education in Indonesia as a key part of the U.S. strategy to address the ongoing challenges of poverty and underemployment, and improve the quality of basic governmental services provided to the population.

LAOS
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Laos faces a myriad of challenges in advancing to Transforming Country status. As a communist, one-party state that affords extremely limited political rights and civil liberties, Laos has significant gaps in the Governing Justly & Democratically category. It does not have an independent media and has limited control over corruption. Laos fares moderately better in the Investing in People and Economic Growth categories, but still struggles with inadequate infrastructure and limited governmental resources and capacity. Major avenues of U.S. cooperation with Laos have been in the areas of promoting peace and security. The Lao Government has been generally receptive to working with the U.S. in instituting reforms only in relation to economic development and some limited judicial reform.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 4,290 | * | 3,250 |
| Governing Justly & Democratically | 0 | * | 220 |
| Investing in People | 0 | * | 1,051 |
| Economic Growth | 0 | * | 50 |
| Total | 4,290 | * | 4,571 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Child Survival and Health | 0 | * | 1,051 |
| Economic Support Fund | 0 | * | 470 |
| International Military Education & Training | 0 | * | 70 |
| International Narcotics Control and Law Enforcement | 990 | * | 1,580 |
| Nonproliferation, Antiterrorism & Demining | 3,300 | * | 1,400 |
| Total | 4,290 | * | 4,571 |

Peace and Security (\$3.3 million): Our highest foreign policy priority in Laos is promoting democracy and freedom. However, in view of the limited opportunities given to us by the Lao to do so, the U.S. takes advantage of the cooperation the two countries enjoy in other areas to promote the democracy and freedom agenda indirectly. To this end, the bulk of foreign assistance will be dedicated to programs that promote peace and security. The FY 2008 request for the Peace and Security objective will support three Program Areas: Stabilization Operations and Security Sector Reform (\$1.5 million), aimed at removing unexploded ordnance and providing English-language training and orientation visits for Lao defense officials; Transnational Crime (\$0.2 million), focused on combating the trafficking of persons; and Counter-Narcotics (\$1.6 million), aimed at providing assistance to villagers who are at high risk of reverting to poppy production and strengthening local law enforcement capacity to deal with the growing threat of methamphetamine trafficking.

Investing in People (\$1.1 million): The entire FY 2008 request for Laos in this area will be used to increase local capacity for a sustainable response to public health threats other than HIV/AIDS, TB or malaria.

Governing Justly and Democratically (\$0.2 million): Recognizing the Lao sensitivity toward democracy and governance programs, the FY 2008 request is limited to: Rule of Law and Human Rights (\$0.1 million) that continues to build on ongoing efforts aimed at improving the justice system and Civil Society (\$0.1 million) that is a new initiative seeking to expand the oversight capacity of the National Assembly.

Economic Growth (\$0.1 million): The FY 2008 request continues support for Laos to improve its trade and investment environment, enabling Laos to better take advantage of the U.S. - Laos Bilateral Trade Agreement and to move forward toward accession to the World Trade Organization.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 4,290 | * | 4,571 |
| Peace & Security | 4,290 | * | 3,250 |
| Stabilization Operations and Security Sector Reform | 3,300 | * | 1,470 |
| Explosive Remnants of War (ERW) | 2,970 | * | 1,400 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 70 |
| Program Support (Stabilization) | 330 | * | 0 |
| Counter-Narcotics | 990 | * | 1,580 |
| Alternative Development and Alternative Livelihoods | 440 | * | 500 |
| Interdiction | 50 | * | 300 |
| Drug Demand Reduction | 25 | * | 100 |
| Program Support (Narcotics) | 475 | * | 680 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 0 | * | 220 |
| Rule of Law and Human Rights | 0 | * | 120 |
| Justice System | 0 | * | 120 |
| Good Governance | 0 | * | 100 |
| Legislative Function and Processes | 0 | * | 100 |
| Investing in People | 0 | * | 1,051 |
| Health | 0 | * | 1,051 |
| Other Public Health Threats | 0 | * | 1,051 |
| Economic Growth | 0 | * | 50 |
| Trade and Investment | 0 | * | 50 |
| Trade and Investment Enabling Environment | 0 | * | 50 |

Statement of Changes

Funding for Laos increased slightly from FY 2006. Changes within the program were new activities in justice systems, and trafficking in persons, with a corresponding decrease in demining activities. These shifts were aimed at new opportunities with the government of Laos in key areas of mutual interest.

MALAYSIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States has a valuable opportunity to build a more cooperative relationship with Malaysia, a key Muslim-majority state in Southeast Asia and an important contributor to conflict resolution and peacekeeping both regionally and internationally. Prime Minister Abdullah Badawi has abandoned the often shrill anti-American rhetoric of his predecessor Mahathir Mohamad and values Malaysia's expanding partnership with the United States. Key opportunities for transformational diplomacy include enhancing the capability of Malaysia to combat terrorist activities, halt WMD proliferation and work with its neighbors to guarantee the security of critical maritime areas.

Southeast Asia has been accurately dubbed the second front in the war on terrorism. International terrorist organizations, most notably Jemaah Islamiyah (JI), operate throughout the region and use Malaysia for planning and fundraising. Malaysia's rapidly developing high-technology sector is a potential resource for illicit activity, as demonstrated by a Malaysian company's role producing centrifuge components for the A.Q. Khan nuclear proliferation network. Malaysia borders two critical maritime areas: the Strait of Malacca and the Sulu and Sulawesi seas. Ensuring the safety of these important waterways is fundamental to the security of Southeast Asia and the stability of the global economy. Malaysia also shares a land border with southern Thailand, where Muslim insurgents have waged a multi-year campaign of violence, making border security in that area a concern as well.

U.S. investments so far have yielded some encouraging results. Malaysia is moving aggressively against terrorists, having adopted a tough set of anti-terror laws, and shares critical information with the United States. Largely as a result of U.S. urging, Malaysia has formalized its nonproliferation commitment by acceding to the IAEA Additional Protocol, adopting the Chemical Weapons Convention and working with the United States on export controls, including the drafting of a comprehensive export control law that would be the basis for controlling the trade of materials that could benefit WMD programs. With U.S. encouragement, Malaysia has also established a coast guard, the Maritime Enforcement Agency, which is working to develop its operational capabilities.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 2,417 | * | 3,730 |
| Total | 2,417 | * | 3,730 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| International Military Education & Training | 891 | * | 920 |
| International Narcotics Control and Law Enforcement | 0 | * | 800 |
| Nonproliferation, Antiterrorism & Demining | 1,526 | * | 2,010 |
| Total | 2,417 | * | 3,730 |

Peace and Security (\$3.7 million): The primary focus of U.S. assistance in Malaysia is to pursue Peace and Security objectives. Funds support programs in four key areas: (1) Enhancing Government Capabilities in Counter-Terrorism (CT); (2) Assisting Defense, Military and Border Security Restructuring, Reform and Operations; (3) Countering WMD Proliferation and Combating WMD Terrorism; and (4) Enhancing Law Enforcement Restructuring, Reform and Operations. Antiterrorism assistance will further enhance Malaysian capabilities to prevent, investigate, and respond to terrorist incidents, including cyber-terrorism and WMD mass casualty incidents, as well as provide regional CT training in coordination with Malaysia's regional training center and other initiatives. Security assistance will provide critical training to Malaysian military and law-enforcement officials. Funds also will enhance maritime border security by providing training and equipment as part of the Border Control Assessment Initiative, focused on the critical Sulu and Sulawesi seas area. Finally, the priorities with respect to nonproliferation are to help Malaysia adopt and implement a comprehensive export control law, enhance its licensing process and further develop its enforcement capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 2,417 | * | 3,730 |
| Peace & Security | 2,417 | * | 3,730 |
| Counter-Terrorism | 1,106 | * | 2,040 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 281 | * | 750 |
| Governments' Capabilities | 825 | * | 1,290 |
| Combating Weapons of Mass Destruction (WMD) | 420 | * | 490 |
| Counter WMD Proliferation and Combat WMD Terrorism | 420 | * | 490 |
| Stabilization Operations and Security Sector Reform | 891 | * | 1,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 780 | * | 800 |
| Law Enforcement Restructuring, Reform and Operations | 111 | * | 400 |

Statement of Changes

Funding for Malaysia has increased from FY 2006 appropriated levels. The FY 2008 request contains an increase for counterterrorism and law enforcement restructuring, which is designed to help combat terrorist travel by providing Malaysia with a computerized watch-listing system at its major airports and border crossings. Further increases in Peace and Security reflect Malaysia's expanded participation in the Anti-Terrorism Assistance program, including through the Southeast Asia Regional Counterterrorism Center. These requested funds would strengthen Malaysian capabilities as a security partner and reinforce the positive trend in our bilateral relationship overall.

MARSHALL ISLANDS

Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the advancement of the Republic of the Marshall Islands' (RMI) are transparency and financial stability. The RMI has since 1986 received significant amounts of U.S. assistance through the Compact of Free Association. This compact was amended in 2003, with new provisions establishing greater oversight and mechanisms to stimulate economic self-sufficiency. Nonetheless, the RMI has lagged in economic development, and public sector hiring has outpaced that of the private sector. A small (in terms of population) nation with a massive Exclusive Economic Zone, the RMI is increasingly vulnerable to transnational threats.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 60 |
| Total | 0 | * | 60 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 60 |
| Total | 0 | * | 60 |

Peace and Security (\$0.1 million): U.S. funding will support the RMI Sea Patrol's efforts to increase its professionalism so that it can perform two vital maritime security functions: patrol the Kwajalein Atoll when the U.S. Army-Kwajalein Atoll/Reagan Test Site is performing operations; and increase the RMI's ability to patrol its own maritime boundaries, thereby enhancing the country's ability to deal with transnational crime.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 0 | * | 60 |
| Peace & Security | 0 | * | 60 |
| Stabilization Operations and Security Sector Reform | 0 | * | 60 |
| Immediate Protection of Civilians in Conflict | 0 | * | 60 |

Statement of Changes

The FY 2008 request for the Marshall Islands reflects the first year of funding.

MONGOLIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Mongolia's transition to a market-oriented economy is far from complete, and many pressing development challenges remain. Reforms in the areas of economic privatization and rule of law are needed to enhance Mongolia's ability to attract long-term foreign investment and alleviate poverty. Mongolia's continued democratic and economic success hinges on its ability to tackle a series of governance issues, including establishment of greater accountability, transparency and anti-corruption measures. Mongolia must be able to protect its own borders and cooperate with its neighbors and regional partners to combat transnational crime and terrorism. The U.S. has an opportunity to assist Mongolia in advancing the transformational diplomacy goal by supporting the transition to free-market democracy while maintaining friendly, sustainable relations with its two neighbors, Russia and China.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 3,836 | * | 2,640 |
| Governing Justly & Democratically | 2,650 | * | 0 |
| Economic Growth | 4,775 | * | 6,200 |
| Total | 11,261 | * | 8,840 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Economic Support Fund | 7,425 | * | 6,200 |
| Foreign Military Financing | 2,970 | * | 1,000 |
| International Military Education & Training | 866 | * | 970 |
| International Narcotics Control and Law Enforcement | 0 | * | 670 |
| Total | 11,261 | * | 8,840 |
| Peace Corps | 1747 | * | 1995 |

Peace and Security (\$2.6 million): U.S. security assistance will focus on defense, military, border security and law enforcement restructuring, reform, and operations, as well as trafficking in persons. U.S. efforts will assist Mongolia in building a brigade of international peacekeepers and developing a regional peacekeeping training center that can host bilateral and multilateral exercises that contribute to regional stability and confidence-building. Funding will also provide for oversight and execution of a detailed multi-year action program to implement security sector reform across the Mongolian Armed Forces.

Economic Growth (\$6.2 million): U.S. economic growth assistance will focus on encouraging increased private sector competitiveness, eliminating specific regulatory bottlenecks to private sector growth, and mitigating the impact of corruption on trade and private investment. Direct assistance to micro, small and medium-sized enterprises among rural communities and urban migrants will continue, helping to broaden Mongolia's economic base and reduce poverty. In addition, resources will help Mongolia introduce critical reforms in key strategic sectors (particularly energy). Assistance will also help Mongolia expand its competitiveness and implement tax, financial sector, and anti-corruption initiatives and education.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 11,261 | * | 8,840 |
| Peace & Security | 3,836 | * | 2,640 |
| Counter-Terrorism | 0 | * | 24 |
| Governments' Capabilities | 0 | * | 24 |
| Stabilization Operations and Security Sector Reform | 3,836 | * | 2,616 |
| Operations Support | 505 | * | 152 |
| Defense, Military, and Border Restructuring, Reform and Operations | 3,320 | * | 1,794 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 670 |
| Program Support (Stabilization) | 11 | * | 0 |
| Governing Justly & Democratically | 2,650 | * | 0 |
| Rule of Law and Human Rights | 2,100 | * | 0 |
| Justice System | 2,000 | * | 0 |
| Program Support (Rule of Law) | 100 | * | 0 |
| Good Governance | 550 | * | 0 |
| Legislative Function and Processes | 100 | * | 0 |
| Anti-Corruption Reforms | 400 | * | 0 |
| Program Support (Governance) | 50 | * | 0 |
| Economic Growth | 4,775 | * | 6,200 |
| Macroeconomic Foundation for Growth | 400 | * | 0 |
| Fiscal policy | 350 | * | 0 |
| Program Support (Macro Econ) | 50 | * | 0 |
| Trade and Investment | 1,125 | * | 0 |
| Trade and Investment Enabling Environment | 300 | * | 0 |
| Trade and Investment Capacity | 725 | * | 0 |
| Program Support (Trade) | 100 | * | 0 |
| Financial Sector | 400 | * | 0 |
| Financial Services | 350 | * | 0 |
| Program Support (Financial Sector) | 50 | * | 0 |
| Infrastructure | 1,250 | * | 1,000 |
| Modern Energy Services | 1,200 | * | 1,000 |
| Program Support (Infrastructure) | 50 | * | 0 |
| Private Sector Competitiveness | 0 | * | 5,200 |
| Business Enabling Environment | 0 | * | 3,200 |
| Private Sector Productivity | 0 | * | 2,000 |
| Economic Opportunity | 1,600 | * | 0 |
| Strengthen Microenterprise Productivity | 1,500 | * | 0 |
| Program Support (Econ Opportunity) | 100 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Mongolia is currently involved in the final negotiations leading to a Compact with the MCC. The Compact is anticipated to be completed by late summer of 2007. The levels of funding are still unknown as the MCC has not made its final determinations on the programs to be funded under the Compact.

Statement of Changes

Funding for Mongolia decreased from FY 2006 in key accounts such as ESF and FMF. In order to maintain impact with the reduced funding, programs are focusing on private sector competitiveness.

NORTH KOREA

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Democratic People's Republic of Korea (DPRK)/North Korea is a highly centralized communist state with the fourth largest army in the world. In part due to the North Korean Government's focus on funding its military capabilities, North Korea's economy is an exceptionally weak performer. The country suffers from chronic food shortages. The North Korean Government maintains a rigid, closed society, largely disregarding the human rights of its citizens. Overall, the country is a destabilizing force in its region and in the wider global community. The United States is committed to a stable North Korea, wherein its citizens live in freedom and prosperity. In October 2004, Congress passed and the President signed the North Korean Human Rights Act, which supports human rights and democracy programs, programs to promote freedom of information, and measures to protect and assist refugees and human trafficking victims.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Governing Justly & Democratically | 0 | * | 2,000 |
| Total | 0 | * | 2,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 2,000 |
| Total | 0 | * | 2,000 |

Governing Justly and Democratically (\$2 million): There are select means for promoting democracy and human rights in North Korea. Defectors have expressed that access to balanced and non-propagandized information from abroad has been critical to their awakening about the realities of North Korea and subsequent desire to seek freedom. The United States seeks to empower independent defector voices, independent journalists and democracy activists. The U.S. also seeks to promote greater awareness about the human rights situation inside North Korea, and to support efforts to document the North's abuses.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 0 | * | 2,000 |
| Governing Justly & Democratically | 0 | * | 2,000 |
| Rule of Law and Human Rights | 0 | * | 1,000 |
| Human Rights | 0 | * | 1,000 |
| Civil Society | 0 | * | 1,000 |
| Media Freedom and Freedom of Information | 0 | * | 1,000 |

Statement of Changes

The Administration did not request bilateral funding for North Korea in FY 2006.

PAPUA NEW GUINEA

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Papua New Guinea, which has the resources to be a viable state in the Pacific, is struggling due to weakened political institutions and the primacy of local political interests over national concerns, which have undermined governance and fostered corruption. Papua New Guinea's political landscape is characterized by shifting alliances and minimal party loyalty. The government's ability to deliver basic services has generally deteriorated. Papua New Guinea's already overwhelmed system of medical services is being further challenged by a serious and growing HIV/AIDS problem.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|-------------|---------------|--------------|
| Peace & Security | 288 | * | 280 |
| Investing in People | 0 | * | 2,080 |
| Total | 288 | * | 2,360 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Child Survival and Health | 0 | * | 2,080 |
| International Military Education & Training | 288 | * | 280 |
| Total | 288 | * | 2,360 |

Investing in People (\$2.1 million): Addressing the transnational threat of HIV/AIDS is an essential element of our transformational diplomacy effort. In Papua New Guinea there is a growing threat of HIV infection. Funding the Child Survival and Health programs directed towards HIV/AIDS aims to alleviate some of the threats. Papua New Guinea will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Peace and Security (\$0.3 million): Funding for Papua New Guinea focuses on defense, military, and border security restructuring, reform, and operations and will support the building of a more professional and better disciplined defense force. Funds will also enhance the Papua New Guinea Defense Force's border control and maritime security capabilities. Funds also aim to improve civil-security force relations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 288 | * | 2,360 |
| Peace & Security | 288 | * | 280 |
| Stabilization Operations and Security Sector Reform | 288 | * | 280 |
| Defense, Military, and Border Restructuring, Reform and Operations | 288 | * | 280 |
| Investing in People | 0 | * | 2,080 |
| Health | 0 | * | 2,080 |
| HIV/AIDS | 0 | * | 2,080 |

Statement of Changes

The budget greatly increases from the FY 2006 actual funding to the FY 2008 request, reflecting \$2 million to address HIV/AIDS issues. This reflects an effort to move country specific funding from regional programs to country programs. Funding for HIV/AIDS programs previously went to Papua New Guinea through regional funding mechanisms.

PHILIPPINES
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the Philippines' advancement are lagging economic development, weak institutions of governance, corruption, and security and terrorism threats. Although it is rich in human and natural resources, economic development in the Philippines has lagged behind its East Asian neighbors. An estimated 42% of the population lives below the \$2 per day poverty line, with Muslim Mindanao constituting the most marginalized area of the country. Although significant peace, development, and security enforcement gains have been achieved, armed conflict, widespread corruption, weak rule of law, a persistent fiscal deficit, and poor economic competitiveness continue to undermine the effectiveness of governance. As the Philippines struggles to provide sufficient jobs, infrastructure, health services, and education for its rapidly growing population, it must also address the conditions that terrorists seek to exploit.

U.S. assistance can help the Philippines achieve the following goals: 1) Deny terrorists safe haven, encourage communities to make the choice against terrorism, and win the ideological battle against terrorism; 2) Support the peace process in the conflict-affected areas of Mindanao; 3) Ensure continued progress on governance issues by combating corruption, improving revenue administration, reducing the fiscal deficit, and promoting greater rule of law and judicial efficiency; 4) Support the transformation of the economy into one that can generate jobs for its increasing population, is more welcoming of foreign investment, more open to free trade, and increasingly able to protect intellectual property rights; 5) Help manage over-exploited and polluted forest, coastal, and marine resources vital to food security, human health, and economic growth; and 6) Reverse the deterioration in the education system in order to both spur competitiveness and economic growth and promote increased access to health and family planning services.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 40,824 | * | 19,563 |
| Governing Justly & Democratically | 13,171 | * | 8,100 |
| Investing in People | 36,170 | * | 31,391 |
| Economic Growth | 23,022 | * | 25,615 |
| Total | 113,187 | * | 84,669 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|---------------|
| Child Survival and Health | 24,651 | * | 17,510 |
| Development Assistance | 24,212 | * | 22,900 |
| Economic Support Fund | 24,750 | * | 25,996 |
| Foreign Military Financing | 29,700 | * | 11,100 |
| International Military Education & Training | 2,926 | * | 1,550 |
| International Narcotics Control and Law Enforcement | 1,980 | * | 1,150 |
| Nonproliferation, Antiterrorism & Demining | 4,968 | * | 4,463 |
| Total | 113,187 | * | 84,669 |
| Peace Corps | 2767 | * | 2753 |

Peace and Security (\$19.6 million): The U.S. can best assist the Philippines in establishing peace and security by focusing on stabilization operations and security sector reform, and conflict mitigation and response. With respect to stabilization operations and security sector reform, U.S. funds will actively support the institutional, long-term Philippine Defense Reform (PDR) program, while supporting and complementing Department of Defense-funded bilateral military exercises, and deploying the Joint Special Operations Task Force-Philippines, which is increasingly focused on the Sulu Archipelago, a region that continues to be vulnerable to terrorist activity. Funds will also help sustain counterterrorism capability and key support and logistics functions. In addition, funds will support the institutional development of the law enforcement and criminal justice system and build capacity to prevent, investigate, and successfully prosecute narcotics and other forms of transnational crime. In the area of Transnational Crime, the United States will support the Philippines' efforts to address financial crimes and money laundering and trafficking in persons. The multi-sectoral activities focused on conflict-affected areas of Mindanao (described below) also contribute to peace and security. Indeed, 60% of development resources go to Mindanao to help consolidate peace.

Governing Justly and Democratically (\$8.1 million): U.S. assistance will support programs in governance, the rule of law and human rights, and political competition and consensus building. Investments in governance will support democratic local governance and decentralization, as well as anti-corruption efforts at both local and national levels. In the area of rule of law and human rights, U.S. funds will work towards an equitable and more responsive justice system by ensuring equality before the law, fair trial standards, and other elements of procedural fairness and efficiency. As for political competition and consensus building, U.S. assistance will support more efficient and transparent elections and political processes.

Investing in People (\$31.4 million): The United States will continue assisting the Philippines in the critical areas of health and education. In health, U.S. assistance will be used to improve local government capacity to deliver basic education, maternal and child health, family planning, and TB services and improve the private sector's ability to provide quality health services to those who can afford to pay. All HIV/AIDS funds will be used to increase local capacity for HIV/AIDS surveillance and prevention. In water and sanitation, U.S. funds will help the Philippines to develop low-cost improvements to water and sanitation at the local level, particularly in Mindanao. Education programs will focus on equitable access to quality basic education in conflict-affected areas of Mindanao, especially at the elementary level. Education assistance also supports youth employability and livelihoods development, both critical for sustained economic growth in Mindanao.

Economic Growth (\$25.6 million): U.S. funding will focus on increasing private sector competitiveness by addressing constraints to trade and investment, as well as sustainable employment growth. U.S. assistance will also address the "gap" factors where the Philippines falls short in terms of regulatory quality, business environment, and foreign direct investment -- all of which are needed to improve the business climate to provide jobs. Programs in Mindanao will seek to spur the growth of micro-enterprises, improve economic infrastructure, increase agricultural productivity, and provide job-skills training. In the environment and energy sectors, U.S. funds will help the Philippines address threats to economic competitiveness due to the deterioration in natural resources, promote alternative energy generation and production, and support public-private sector partnerships to finance water-related infrastructure.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 113,187 | * | 84,669 |
| Peace & Security | 40,824 | * | 19,563 |
| Counter-Terrorism | 3,768 | * | 3,983 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 483 |
| Governments' Capabilities | 3,768 | * | 3,500 |
| Combating Weapons of Mass Destruction (WMD) | 400 | * | 210 |
| Counter WMD Proliferation and Combat WMD Terrorism | 400 | * | 210 |
| Stabilization Operations and Security Sector Reform | 35,206 | * | 13,870 |
| Destruction and Security of Conventional Weapons | 600 | * | 270 |
| Defense, Military, and Border Restructuring, Reform and Operations | 32,626 | * | 12,650 |
| Law Enforcement Restructuring, Reform and Operations | 1,980 | * | 950 |
| Counter-Narcotics | 0 | * | 200 |
| Interdiction | 0 | * | 200 |
| Transnational Crime | 700 | * | 200 |
| Financial Crimes and Money Laundering | 200 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 500 | * | 200 |
| Conflict Mitigation and Reconciliation | 750 | * | 1,100 |
| Conflict Mitigation | 750 | * | 556 |
| Peace and Reconciliation Processes | 0 | * | 500 |
| Program Support (Conflict) | 0 | * | 44 |
| Governing Justly & Democratically | 13,171 | * | 8,100 |
| Rule of Law and Human Rights | 3,910 | * | 1,000 |
| Justice System | 3,342 | * | 0 |
| Human Rights | 500 | * | 1,000 |
| Program Support (Rule of Law) | 68 | * | 0 |
| Good Governance | 9,261 | * | 5,300 |
| Public Sector Executive Function | 3,548 | * | 3,767 |
| Local Government and Decentralization | 1,000 | * | 1,007 |
| Anti-Corruption Reforms | 4,410 | * | 0 |
| Program Support (Governance) | 303 | * | 526 |
| Political Competition and Consensus-Building | 0 | * | 1,800 |
| Elections and Political Processes | 0 | * | 1,756 |
| Program Support (Political Competition) | 0 | * | 44 |
| Investing in People | 36,170 | * | 31,391 |
| Health | 28,310 | * | 18,491 |
| HIV/AIDS | 990 | * | 1,000 |
| Tuberculosis | 3,465 | * | 3,910 |
| Maternal and Child Health | 4,356 | * | 7,131 |
| Family Planning and Reproductive Health | 15,840 | * | 5,200 |
| Water Supply and Sanitation | 3,659 | * | 1,250 |
| Education | 7,860 | * | 12,900 |
| Basic Education | 7,860 | * | 12,900 |
| Economic Growth | 23,022 | * | 25,615 |
| Macroeconomic Foundation for Growth | 0 | * | 1,000 |
| Fiscal policy | 0 | * | 1,000 |
| Trade and Investment | 1,705 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trade and Investment Enabling Environment | 1,455 | * | 0 |
| Trade and Investment Capacity | 250 | * | 0 |
| Financial Sector | 1,813 | * | 0 |
| Financial Services | 1,813 | * | 0 |
| Infrastructure | 5,274 | * | 7,775 |
| Modern Energy Services | 3,560 | * | 1,618 |
| Transport Services | 1,104 | * | 5,387 |
| Program Support (Infrastructure) | 610 | * | 770 |
| Agriculture | 500 | * | 3,000 |
| Agricultural Sector Productivity | 467 | * | 2,933 |
| Program Support (Agriculture) | 33 | * | 67 |
| Private Sector Competitiveness | 4,630 | * | 6,400 |
| Business Enabling Environment | 0 | * | 4,544 |
| Private Sector Productivity | 1,500 | * | 0 |
| Workforce Development | 3,130 | * | 1,700 |
| Program Support (Private Sector) | 0 | * | 156 |
| Economic Opportunity | 2,000 | * | 700 |
| Inclusive Financial Markets | 2,000 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 700 |
| Environment | 7,100 | * | 6,740 |
| Natural Resources and Biodiversity | 6,300 | * | 5,232 |
| Clean Productive Environment | 505 | * | 900 |
| Program Support (Environment) | 295 | * | 608 |

Linkages with the Millennium Challenge Corporation (MCC)

The Philippines recently initiated a two-year, \$21 million MCC threshold Program that focuses on fighting corruption and improving performance in the revenue administration agencies, and strengthening the Office of the Ombudsman (the office of the special prosecutor charged with trying corrupt government officials). The USG's ongoing work in countering corruption across government agencies, improving judicial efficiency by improving judicial procedures, improving public expenditure management, and boosting revenue collection all complement the efforts to be undertaken under the MCC Threshold Program.

Statement of Changes

The FY 2008 request represents a reduction from FY 2006 levels. Priority funding is focused on democracy and economic growth, particularly to consolidate peace in Mindanao.

SAMOA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Although largely dependent on remittances from abroad, Samoa's parliamentary democracy, history of stability, gradual economic liberalization and embrace of the private sector have helped ensure that Samoa's economy is healthier than that of many other Pacific Island countries. Samoa is a signatory of the Treaty of Rome and the International Criminal Court and has not signed an Article 98 agreement with the United States. Therefore, Samoa is ineligible for Foreign Military Financing, grant Excess Defense Articles, or Economic Support Funds without a presidential waiver.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 40 |
| Total | 0 | * | 40 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 40 |
| Total | 0 | * | 40 |
| Peace Corps | 1368 | * | 1433 |

Peace and Security (\$0.04 million): Funding will help Samoa's police force develop an effective maritime law enforcement and surveillance capability. Funding would provide for training in basic coastal surveillance and sea-borne law enforcement skills in accordance with U.S. leadership doctrines, emphasizing civilian control. Department of Defense/Coast Guard training would contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of Samoa's maritime Exclusive Economic Zone and improve the safety of Samoa's fishing fleet.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| TOTAL | 0 | * | 40 |
| Peace & Security | 0 | * | 40 |
| Stabilization Operations and Security Sector Reform | 0 | * | 40 |
| Immediate Protection of Civilians in Conflict | 0 | * | 40 |

Statement of Changes

FY 2008 will be the second year of Peace and Security assistance requested for Samoa. The Administration did not request or receive funding for Samoa in FY 2006.

SINGAPORE
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Singapore is one of the world's three busiest ports. Its status as a communications, transport, and financial hub for Southeast Asia makes it liable to exploitation by terrorists as well as by criminals moving goods, money, and people through the region. Singapore has taken strong action in the last several years to improve its controls on a range of sensitive goods and technologies, though aspects of its trade control regime still fall short of international best practices. Singapore has been on the forefront of efforts to improve travel document security, and participates enthusiastically in the Proliferation Security Initiative (PSI). Opportunities for transformational diplomacy in Singapore are based on perspectives it shares with the United States on many of the most important issues confronting both nations.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 140 | * | 725 |
| Total | 140 | * | 725 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| Nonproliferation, Antiterrorism & Demining | 140 | * | 725 |
| Total | 140 | * | 725 |

Peace and Security (\$0.7 million): Singapore's importance to regional communications, finance, and transportation gives it a key role to play in the effort to deter, detect and interdict the flow of weapons of mass destruction (WMD), their delivery systems, related technology, and advanced conventional weapons. As such, the focus of U.S. assistance will be to Control WMD and Counter WMD Proliferation. The U.S. must also help Singapore to bring its strategic trade control system into line with multilateral nonproliferation norms and to improve enforcement capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 140 | * | 725 |
| Peace & Security | 140 | * | 725 |
| Combating Weapons of Mass Destruction (WMD) | 140 | * | 725 |
| Counter WMD Proliferation and Combat WMD Terrorism | 140 | * | 725 |

Statement of Changes

The FY 2008 request for Singapore will provide an overall increase of \$0.6 million from the FY 2006 appropriated level to combat the proliferation of WMD. This increase reflects Singapore's importance as a regional transport, communications and finance hub and the need to deter and interdict the movement of WMD. Funding would increase technical expertise to Singapore so that it can expand its controlled goods list and better identify and stop high-risk shipments.

SOLOMON ISLANDS

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacles to the Solomon Island's advancement are political instability and conflict. In 2000, the island of Guadalcanal became the center of a violent ethnic clash that subverted the police and other government institutions, destroying the country's export industries. Order was restored in 2003 with a large-scale police intervention, the Regional Assistance Mission Solomon Islands (RAMSI), which was led by Australia. Underlying social tensions remain unresolved and have contributed to an economic crisis, which has worsened chronic poverty and the already insufficient infrastructure. Some political leaders are attempting to undermine RAMSI efforts, focusing on local political interests above national concerns. The U.S. sees the potential to improve political and social stability by supporting the RAMSI intervention.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 149 | * | 150 |
| Total | 149 | * | 150 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 149 | * | 150 |
| Total | 149 | * | 150 |
| Peace Corps | 22 | * | 27 |

Peace and Security (\$0.2 million): U.S. assistance focuses on defense, military, and border security restructuring, reform, and operations and will support strengthening the professionalism of the security forces - all key objectives of RAMSI and U.S. policy towards the Solomon Islands. In addition, the funds will help develop an effective maritime security capability.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 149 | * | 150 |
| Peace & Security | 149 | * | 150 |
| Stabilization Operations and Security Sector Reform | 149 | * | 150 |
| Defense, Military, and Border Restructuring, Reform and Operations | 149 | * | 150 |

TAIWAN
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The U.S. seeks to assist Taiwan in establishing export controls that meet international standards, and in improving adherence to trafficking in persons prohibitions in line with UN Protocols. Taiwan has the basic framework for an export control system, but the system falls far short of international standards. Taiwan's ability to enforce regulations designed to combat trafficking in persons and other transnational criminal activity is also in need of improvement. Through coordination on a comprehensive plan of action against human trafficking, the U.S. will assist Taiwan, currently a Tier Two country in the Trafficking in Persons Report, tackle one major activity of regional criminal networks.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 450 | * | 775 |
| Total | 450 | * | 775 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 450 | * | 575 |
| Total | 450 | * | 775 |

Peace and Security (\$0.8 million): U.S funding for export control enhancements will: 1) establish licensing processes so that technical experts, intelligence agencies and foreign policy officials are able to evaluate license applications with proliferation implications, and deny such applications when warranted, 2) provide enforcement agencies (such as Customs) with training and resources necessary to detect, identify and interdict unlicensed shipments as well as to prosecute violators, 3) establish an outreach program to make industry aware of controls and consequences of violating them. With respect to transnational crime, U.S. funds will assist law enforcement agencies in Taiwan to develop comprehensive plans to combat trafficking in persons, including by expanding prevention efforts. Funds will also allow NGOs to provide shelter for trafficking victims.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 450 | * | 775 |
| Peace & Security | 450 | * | 775 |
| Combating Weapons of Mass Destruction (WMD) | 450 | * | 575 |
| Counter WMD Proliferation and Combat WMD Terrorism | 450 | * | 575 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |

THAILAND
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Among the major challenges facing Thailand is the restoration of democracy in the wake of the September 2006 military coup that overthrew the duly-elected prime minister and continuing separatist violence in the ethnic Malay-Muslim southern provinces. The problem in the South has claimed many victims, raised human rights concerns, and caused tense trans-border relations with Malaysia. Other obstacles include corruption, low police investigative capacity, and weak judicial prosecutions which are also areas that the U.S. would like to help Thailand address. The U.S. Government is pushing for a return to democratic, civilian rule in the near term, and a shortened timetable for a new constitution and new elections. This budget request presumes that events in Thailand will include a return to democratic rule in 2007 that will allow us to continue our assistance to the Royal Thai Government.

In recent years, Thailand has played a leadership role by dispatching military units to Afghanistan and Iraq, sending military observers to Aceh to support the peace process there, and providing access to its military facilities for force projection, military exercises, and regional humanitarian relief. Thailand seeks to improve its ability to fight the Global War on Terrorism, in close partnership with the United States.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 8,833 | * | 6,500 |
| Governing Justly & Democratically | 990 | * | 0 |
| Investing in People | 0 | * | 1,040 |
| Total | 9,823 | * | 7,540 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Child Survival and Health | 0 | * | 1,040 |
| Economic Support Fund | 990 | * | 0 |
| Foreign Military Financing | 1,485 | * | 500 |
| International Military Education & Training | 2,369 | * | 1,200 |
| International Narcotics Control and Law Enforcement | 990 | * | 2,300 |
| Nonproliferation, Antiterrorism & Demining | 3,989 | * | 2,500 |
| Total | 9,823 | * | 7,540 |
| Peace Corps | 2212 | * | 2278 |

Peace and Security (\$6.5 million): Given Thailand's key regional security and counterterrorism role, and given the challenges faced by the Thai Government in responding to violence in its southern provinces, targeted U.S. assistance in the security and law enforcement areas is the key to ensuring that the Thai Government has the tools to play an important and responsible role in the international system and domestically. In the area of stabilization operations and security sector reform, the United States will invest in operations support, border security and military

restructuring and reform. Assistance in law enforcement reform, restructuring, and operations will directly improve enforcement capabilities and support legal and legislative reform, anti-corruption measures, and regional border interdiction efforts. Counterterrorism assistance will focus on the Royal Thai Government's capabilities to address twin issues in Thailand of border security and improving counterterrorism capabilities. Finally, assistance will help to improve the capabilities to stem a wide range of elements associated with the proliferation of weapons of mass destruction.

Investing in People (\$1.0 million): A portion of the MRA request and the Burma request will go to funding the health, education and personal safety needs of migrant and refugee populations living along the Thai-Burma border.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Thailand will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. Thailand will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 9,823 | * | 7,540 |
| Peace & Security | 8,833 | * | 6,500 |
| Counter-Terrorism | 3,729 | * | 2,100 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Governments' Capabilities | 3,629 | * | 2,100 |
| Combating Weapons of Mass Destruction (WMD) | 160 | * | 400 |
| Counter WMD Proliferation and Combat WMD Terrorism | 160 | * | 400 |
| Stabilization Operations and Security Sector Reform | 4,844 | * | 4,000 |
| Operations Support | 2,369 | * | 1,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,485 | * | 500 |
| Law Enforcement Restructuring, Reform and Operations | 990 | * | 2,300 |
| Transnational Crime | 100 | * | 0 |
| Financial Crimes and Money Laundering | 100 | * | 0 |
| Governing Justly & Democratically | 990 | * | 0 |
| Rule of Law and Human Rights | 990 | * | 0 |
| Human Rights | 990 | * | 0 |
| Investing in People | 0 | * | 1,040 |
| Health | 0 | * | 1,040 |
| HIV/AIDS | 0 | * | 1,040 |

Statement of Changes

The FY 2008 funding request for Thailand is a \$2.3 million decrease from FY 2006 actual levels. Funds have increased to respond to the HIV/AIDS epidemic as a part of the President's Emergency Plan for AIDS Relief. Peace and Security levels of funding for IMET and FMF have been reduced in order to accommodate increases in International Narcotics Control and Law Enforcement funding to help Thailand better respond to separatist violence in the ethnic Malay-Muslim southern provinces.

TONGA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Tonga is undergoing a political transformation as the monarchy weakens and popular calls for democracy strengthen. Failure to move quickly toward a more representative form of government contributed to the outbreak of devastating riots in the capital city in late 2006. Tonga is an active participant in regional peacekeeping operations, and has already deployed troops to Iraq and committed to deploy there again in 2007. Tonga is also a troop-contributing country to the Australian-led Regional Assistance Mission to the Solomon Islands and has plans to join United Nations' peacekeeping operations in future years.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 361 | * | 395 |
| Total | 361 | * | 395 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Foreign Military Financing | 248 | * | 200 |
| International Military Education & Training | 113 | * | 195 |
| Total | 361 | * | 395 |
| Peace Corps | 1371 | * | 1258 |

Peace and Security (\$0.4 million): U.S. foreign assistance supports Tongan interoperability with Coalition forces in Iraq and enhances their readiness to participate in peacekeeping operations. U.S. assistance also focuses on peace and security through the support of defense, military, border security restructuring, reform, and operations, and support civil-security force relations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 361 | * | 395 |
| Peace & Security | 361 | * | 395 |
| Stabilization Operations and Security Sector Reform | 361 | * | 395 |
| Immediate Protection of Civilians in Conflict | 113 | * | 195 |
| Defense, Military, and Border Restructuring, Reform and Operations | 248 | * | 200 |

VANUATU
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Regional stability in the South Pacific is vital for promoting the viability of its fragile democratic states, and is therefore necessary to support transformational diplomacy. Weak governmental institutions and ethnic tensions leave these states chronically poor and their people largely without government services. Countries in the region lack the means to secure their often numerous and distant island chains. Although suffering from many of these challenges and the additional strains caused by ethnic tensions, Vanuatu's democratic institutions are an example to neighboring states.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 98 | * | 115 |
| Total | 98 | * | 115 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 98 | * | 115 |
| Total | 98 | * | 115 |
| Peace Corps | 2122 | * | 2195 |

Peace and Security (\$0.1 million): Funding for Defense, Military, and Border Restructuring, Reform, and Operations will help Vanuatu's police force develop an effective maritime law enforcement and surveillance capability. Funding will provide for training in basic coastal surveillance and sea-borne law enforcement skills in accordance with U.S. leadership doctrines, emphasizing civilian control. Assistance will also help improve force discipline and enhance effectiveness in regional peacekeeping and disaster relief efforts. Finally, training will contribute to broad-based economic growth in Vanuatu by assisting its maritime police patrol to strengthen enforcement of Vanuatu's maritime Exclusive Economic Zone.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 98 | * | 115 |
| Peace & Security | 98 | * | 115 |
| Stabilization Operations and Security Sector Reform | 98 | * | 115 |
| Defense, Military, and Border Restructuring, Reform and Operations | 98 | * | 115 |

Linkages with the Millennium Challenge Corporation (MCC)

Vanuatu signed a five year compact agreement with MCC in 2006. The first installment of the \$65.69 million infrastructure project has been disbursed. The project is designed to improve transportation, trade, and tourism networks.

VIETNAM
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Fundamental economic and social changes are reshaping Vietnam. Its January 2007 accession to the WTO will accelerate the reform process with a new focus on the compelling need to strengthen virtually every aspect of economic governance. While the Vietnamese Communist Party's preoccupation with regime stability continues to affect the pace of political and social change, Vietnam's leaders also understand they must confront the lack of government accountability and rampant corruption to retain the tacit consent of the people to govern. Top policy makers also understand that long-term, sustained economic progress will require a complete revision of Vietnam's economic and commercial legal framework and reform of the judiciary.

U.S. assistance programs outlined below are designed to build on significant past success in Vietnam, working to improve the framework of economic governance and addressing the consequences of war. U.S. and other international efforts to help improve governance and foster a healthy civil society will continue in FY 2008, including efforts to promote human rights and democracy. The U.S. - Vietnam bilateral relationship is growing rapidly, expanding into regional cooperation on terrorism, countering drugs and money laundering, as well as other security issues. In this environment, the confidence and trust Vietnamese officials have in U.S. program provides an opportunity to make a profound impact on Vietnam's overall political and economic direction over the coming years.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 3,819 | * | 1,315 |
| Governing Justly & Democratically | 95 | * | 800 |
| Investing in People | 33,114 | * | 87,700 |
| Economic Growth | 3,803 | * | 4,900 |
| Total | 40,831 | * | 94,715 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 3,818 | * | 0 |
| Economic Support Fund | 1,980 | * | 5,700 |
| Global HIV/AIDS Initiative | 31,214 | * | 87,700 |
| International Military Education & Training | 49 | * | 195 |
| International Narcotics Control and Law Enforcement | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 3,770 | * | 920 |
| Total | 40,831 | * | 94,715 |

Peace and Security (\$1.3 million): Funding will be used to continue existing programs to eliminate explosive remnants of war, and other proposed programs support Vietnam's capacity to address international security challenges; for Defense, Military and Border Security

Restructuring, Reform, Operations to provide medical emergency, disaster response and English language training to prepare the Vietnamese military to participate in international peacekeeping operations in the future; for the control of WMD transit; and for counternarcotics interdiction to enhance law enforcement cooperation.

Governing Justly and Democratically (\$0.8 million): The U.S. continues efforts to persuade Vietnam to adopt internationally accepted norms in respecting human rights, religious freedom and democracy. The United States will allocate funds to further involve women in the democratic process, promote the rule of law, enhance government transparency, promote political openness and develop the institutional capacity of the National Assembly. While GVN sensitivities effectively limit our ability to establish democracy programs, the activities that the United States can finance provide a vital underpinning to the USG human rights/religious freedom strategy.

Investing in People (\$87.7 million). Linkages with the President's Plan for AIDS Relief (PEPFAR): Vietnam, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Vietnam will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$4.9 million): A top U.S. priority in Vietnam is support for economic policies conducive to reform. Funds will be focused on trade and investment, as well as improving the business enabling environment to affect legal and regulatory reform, develop and extend economic governance reform, open and improve trade policy, and provide IPR training, focusing on judges and prosecutors. Programs will promote economic freedom, private sector development, transparency and rule of law by strengthening the institutional capacity of the private sector, civil society and the Vietnamese Government. Additionally, they aim to deepen long-term relations between Vietnamese and U.S. regulatory institutions such as the Securities and Exchange Commission and Federal Trade Commission.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 40,831 | * | 94,715 |
| Peace & Security | 3,819 | * | 1,315 |
| Combating Weapons of Mass Destruction (WMD) | 390 | * | 100 |
| Counter WMD Proliferation and Combat WMD Terrorism | 390 | * | 100 |
| Stabilization Operations and Security Sector Reform | 3,429 | * | 1,015 |
| Explosive Remnants of War (ERW) | 3,380 | * | 820 |
| Defense, Military, and Border Restructuring, Reform and Operations | 49 | * | 195 |
| Counter-Narcotics | 0 | * | 200 |
| Interdiction | 0 | * | 200 |
| Governing Justly & Democratically | 95 | * | 800 |
| Rule of Law and Human Rights | 95 | * | 300 |
| Justice System | 83 | * | 260 |
| Program Support (Rule of Law) | 12 | * | 40 |
| Good Governance | 0 | * | 500 |
| Legislative Function and Processes | 0 | * | 432 |
| Program Support (Governance) | 0 | * | 68 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Investing in People | 33,114 | * | 87,700 |
| Health | 31,444 | * | 87,700 |
| HIV/AIDS | 31,214 | * | 87,700 |
| Avian Influenza | 230 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,670 | * | 0 |
| Social Services | 1,670 | * | 0 |
| Economic Growth | 3,803 | * | 4,900 |
| Trade and Investment | 1,670 | * | 3,100 |
| Trade and Investment Enabling Environment | 1,468 | * | 2,700 |
| Program Support (Trade) | 202 | * | 400 |
| Agriculture | 823 | * | 0 |
| Agricultural Sector Productivity | 750 | * | 0 |
| Program Support (Agriculture) | 73 | * | 0 |
| Private Sector Competitiveness | 1,310 | * | 1,800 |
| Business Enabling Environment | 1,151 | * | 1,624 |
| Program Support (Private Sector) | 159 | * | 176 |

Statement of Changes

Overall funding for Vietnam programs in FY 2008 would more than double FY 2006 appropriated levels due to the large increase in GHAI funds to support PEPFAR programming. In addition to the dramatic change in HIV/AIDS, among program elements, there would be an increase of \$1.1million in Economic Growth and \$0.7 million in Governing Justly and Democratically, and decreases of \$2.5 million humanitarian demining. These funding shifts redirect scarce resources to areas with the highest potential for long-term reform, supporting Vietnam's efforts to shift to a market economy system and focusing on legislation, reforming the legal system, building civil institutions, and fostering good governance and transparency.

ASIA AND NEAR EAST REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Asia and Near East (ANE) region faces a tremendous range of obstacles to greater economic and social development including: terrorism, narco/human-trafficking, high population growth, weak education and health systems, poor governance, corruption, unemployment, and environmental degradation. Overcoming these obstacles requires national, regional, and global efforts. The ANE Central program focuses on transnational and regional issues that cannot be adequately addressed through bilateral programs alone. ANE Central activities are designed to: advance regional and transnational development priorities that cross borders and cannot be addressed with bilateral programs; and increase the impact of ANE field programs through technical analysis, identification, and dissemination of best practices, and support field missions in program design, assessment, and outreach.

ANE Central activities contribute to objectives in East Asia and Pacific (EAP), South and Central Asia (SCA), and the Middle East and North Africa (NEA), but it is not possible to differentiate the allocation of funding among the three sub-regions since activities and staff may operate in one, more than one, or all sub-regions depending on the nature of the issue being addressed.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 0 | * | 225 |
| Governing Justly & Democratically | 450 | * | 1,025 |
| Investing in People | 11,579 | * | 5,440 |
| Economic Growth | 5,625 | * | 4,375 |
| Total | 17,654 | * | 11,065 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 6,386 | * | 2,870 |
| Development Assistance | 11,268 | * | 7,395 |
| Economic Support Fund | 0 | * | 800 |
| Total | 17,654 | * | 11,065 |

Peace and Security (\$0.2 million): ANE will provide technical expertise to help field missions and their partners adapt their programs to better address insecurity, conflict, and terrorism based on the latest research and field experience.

Governing Justly & Democratically (\$1.0 million): The most effective approaches to making national governments and public sector institutions more effective, efficient, and accountable to their citizens will be identified and piloted in interested countries. Activities are designed to counter the shortcomings in governance that hinder economic development and fuel corruption, extremism, and conflict.

Investing in People (\$5.4 million): In the health sector, ANE will continue to work primarily in countries where there is not USAID mission, or countries where the USAID mission has no HIV/AIDS program, to customize and apply the latest technologies and practices in HIV/AIDS prevention, care, and information management in response to the unique challenges of the epidemic in the ANE region. In FY 2008, ANE will supplement the bilateral programs in maternal and child survival and reproductive health by disseminating evidence-based best practices and, as needed, providing fora for practitioners to share them. These best practices include, for example, the use of zinc in the treatment and prevention of diarrhea. The goal is to reduce the timeframe in which these best practices become widely utilized in ANE field programs. For example, it took almost twenty years for vitamin A treatment to become widespread.

In the education sector, ANE will continue to support field missions with technical expertise in basic and higher education. This will include application of analysis on education interventions in post-crisis environments and best practices for promoting tolerance and moderation in countries with large Muslim populations. ANE will provide long-term training opportunities for future public and private sector leaders in interested countries. The program will develop innovative approaches to identifying potential future leaders, provide a centralized mechanism for country programs that would otherwise be unable to invest in this area, promote effective post-training reintegration and develop a system to track long term impact.

Economic Growth (\$4.4 million): ANE's Jobs for the 21st Century Initiative will promote workforce development and trade and investment in Asia and the Middle East. The program will identify and disseminate best practices in workforce development to serve as a foundation in the design and implementation of bilateral and regional efforts. Funds will also be used to support trade capacity building through a variety of approaches ranging from assistance for trade negotiations to overall policy reform.

In the agriculture sector, ANE activities will continue to support strategic alliances with Consultative Group for International Agricultural Research (CGIAR) institutions to improve the enabling environment for agriculture-led growth, increase rural employment, and connect underdeveloped countries to global markets. Attention will be placed on fostering new public-private partnerships to increase productivity and strengthen food security.

ANE's Blue Revolution initiative will increase access and transform water management and thereby improve security, prosperity, and health in the ANE region. The ANE central program, working in partnership with the USAID Middle East regional program (OMEP), will focus on stimulating transboundary, regional, and international interaction and cooperation, augmenting associated national water programs in the Middle East, and disseminating the best practices and lessons learned across the ANE region.

ANE will continue to promote best practices and regional collaboration in biodiversity conservation, natural resources management, and energy security across the ANE region. Working in partnership with the USAID Asia regional program (RDMA), ANE will focus on advancing the President's Initiative Against Illegal Logging in Asia and supporting implementation of the U.S.- Indonesia Memorandum of Understanding on illegal logging and associated trade.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 17,654 | * | 11,065 |
| Peace & Security | 0 | * | 225 |
| Counter-Terrorism | 0 | * | 225 |
| Program Support (Counter-Terrorism) | 0 | * | 225 |
| Governing Justly & Democratically | 450 | * | 1,025 |
| Good Governance | 225 | * | 800 |
| Public Sector Executive Function | 0 | * | 350 |
| Program Support (Governance) | 225 | * | 450 |
| Civil Society | 225 | * | 225 |
| Program Support (Civil Society) | 225 | * | 225 |
| Investing in People | 11,579 | * | 5,440 |
| Health | 7,186 | * | 4,040 |
| HIV/AIDS | 1,079 | * | 700 |
| Other Public Health Threats | 446 | * | 225 |
| Maternal and Child Health | 3,722 | * | 960 |
| Family Planning and Reproductive Health | 1,139 | * | 985 |
| Water Supply and Sanitation | 800 | * | 1,170 |
| Education | 4,393 | * | 1,400 |
| Basic Education | 4,168 | * | 800 |
| Higher Education | 225 | * | 600 |
| Economic Growth | 5,625 | * | 4,375 |
| Trade and Investment | 2,183 | * | 1,350 |
| Trade and Investment Enabling Environment | 773 | * | 900 |
| Trade and Investment Capacity | 530 | * | 0 |
| Program Support (Trade) | 880 | * | 450 |
| Agriculture | 525 | * | 925 |
| Agricultural Enabling Environment | 300 | * | 700 |
| Program Support (Agriculture) | 225 | * | 225 |
| Private Sector Competitiveness | 0 | * | 400 |
| Workforce Development | 0 | * | 400 |
| Environment | 2,917 | * | 1,700 |
| Natural Resources and Biodiversity | 1,562 | * | 500 |
| Clean Productive Environment | 380 | * | 525 |
| Program Support (Environment) | 975 | * | 675 |

EAST ASIA AND PACIFIC REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The importance of multilateral cooperation and deepening regional economic integration in the Asia-Pacific region has significantly increased. The East Asia and Pacific region is the largest market for U.S. exports, accounting for \$575 billion - or some 64 percent - of total U.S. exports in 2005. U.S. economic concerns are accordingly considerable, including protection of intellectual property rights, adoption of standards, and enhancing market access. Strengthening U.S. participation in regional organizations to which the United States is a full member -- Asia Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations Regional Forum (ARF) -- and enhancing our partnership with the Association of Southeast Asian Nations (ASEAN) are essential means to effective U.S. political and economic engagement region wide.

A major terrorist threat exists in the East Asian and Pacific region from several Al Qaida-affiliated groups operating in SE Asia, mainly in the Philippines, Indonesia, and Malaysia. The United States can best assist the countries facing this terrorist threat through a targeted mix of bilateral and regional assistance aimed at boosting the capacity and political will needed to capture or kill the terrorists and at shaping public attitudes in support of tolerance and moderation and in opposition to violent extremism. The United States maintains valuable security relationships with some ASEAN members and works with them on matters of mutual concerns such as counterterrorism, maritime security, illegal narcotics and other international crime. U.S. assistance provides the means to pursue these mutual interests as well as offering support for broader engagement with the peoples and governments in the region.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 2,768 | * | 5,600 |
| Governing Justly & Democratically | 1,291 | * | 1,070 |
| Investing in People | 2,128 | * | 200 |
| Economic Growth | 22,513 | * | 22,385 |
| Humanitarian Assistance | 1,010 | * | 110 |
| Total | 29,710 | * | 29,365 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Economic Support Fund | 28,710 | * | 25,760 |
| Foreign Military Financing | 0 | * | 2,465 |
| International Narcotics Control and Law Enforcement | 0 | * | 280 |
| Nonproliferation, Antiterrorism & Demining | 1,000 | * | 860 |
| Total | 29,710 | * | 29,365 |

Peace and Security (\$5.6 million): The U.S. will engage in a number of regional initiatives and partner with ASEAN, APEC and ARF to advance its peace and security objectives for the region.

For example, the United States will increase the capacity of ASEAN to fight terrorism, interdict narcotics trafficking, fight transnational crimes such as money laundering, and address trafficking in persons and migrant smuggling. With respect to non-proliferation of WMD and civil-military cooperation and maritime cooperation, the U.S. will support the institutional development of the ARF. Additionally, funds will support the activities of the U.S. Committee of the Council on Security and Cooperation in the Asia Pacific (CSCAP), capitalizing on the ARF's growing openness to CSCAP and other Track II organizations. The United States will work with APEC to help protect the region's food supply from acts of bioterrorism and deliberate contamination, address the threat of abuse of financial systems by terrorists and weapons of mass destruction (WMD) proliferation. The U.S. will further participate in the Regional Strategy Initiative (RSI) for Southeast Asia, which top priorities are denying physical safe haven to terrorist and attacking the ideology that generates terrorism, and support the Regional Maritime Security Program, focusing on building specific capacities in maritime surveillance, interdiction, and command and control.

Governing Justly and Democratically (\$1.0 million): The United States will assist ASEAN on governance issues that may include, but are not limited to, strengthening their constitutions, laws, and legal systems and addressing human rights, and will also encourage good governance by improving public sector executive function and anti-corruption reforms.

Investing in People (\$0.2 million): The U.S. provides technical assistance and capacity building to APEC to promote improvements in and greater access to basic education (including coordinating with the First Lady's K-12 education program), in particular to encourage English language training.

Economic Growth (\$22.3 million): Building on existing cooperation programs, the United States will work with ASEAN states to improve their trade and investment, financial sector and agricultural sector enabling environments, and enhance modern energy services. Specific activities will strengthen the policy environment for micro and small enterprises, and encourage inclusive economic law and property rights. The U.S. will contribute to the Developing Asian Institutions Fund to build the technical and policy capacity to ultimately achieve a Free Trade Area of the Asia-Pacific (FTAAP). The U.S. will also support The Economic Assistance Agreement associated with the 1987 Multilateral Fisheries Treaty (the "Treaty"), through which the U.S. assists the Forum Fisheries Agency (FFA), the only source of U.S. economic development assistance to the vast majority of the Pacific Islands.

Humanitarian Assistance (\$0.1 million): The U.S. will partner with ASEAN member countries to prepare regional disaster management plans, and will continue to provide assistance to ASEAN in capacity building, preparedness and planning for natural disasters.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 29,710 | * | 29,365 |
| Peace & Security | 2,768 | * | 5,600 |
| Counter-Terrorism | 485 | * | 1,525 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 140 |
| De-Legitimize Terrorist Ideology | 0 | * | 150 |
| Governments' Capabilities | 485 | * | 1,220 |
| Program Support (Counter-Terrorism) | 0 | * | 15 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Combating Weapons of Mass Destruction (WMD) | 1,100 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 1,100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 2,465 |
| Operations Support | 0 | * | 2,465 |
| Counter-Narcotics | 0 | * | 365 |
| Interdiction | 0 | * | 355 |
| Program Support (Narcotics) | 0 | * | 10 |
| Transnational Crime | 983 | * | 830 |
| Financial Crimes and Money Laundering | 300 | * | 350 |
| Intellectual Property Theft, Corporate Espionage, and Cyber Security | 350 | * | 350 |
| Trafficking-in-Persons and Migrant Smuggling | 333 | * | 100 |
| Program Support (Crime) | 0 | * | 30 |
| Conflict Mitigation and Reconciliation | 200 | * | 415 |
| Peace and Reconciliation Processes | 0 | * | 50 |
| Preventive Diplomacy | 200 | * | 360 |
| Program Support (Conflict) | 0 | * | 5 |
| Governing Justly & Democratically | 1,291 | * | 1,070 |
| Rule of Law and Human Rights | 100 | * | 220 |
| Constitutions, Laws, and Legal Systems | 0 | * | 200 |
| Justice System | 100 | * | 0 |
| Program Support (Rule of Law) | 0 | * | 20 |
| Good Governance | 500 | * | 715 |
| Public Sector Executive Function | 100 | * | 300 |
| Anti-Corruption Reforms | 300 | * | 350 |
| Governance of the Security Sector | 100 | * | 0 |
| Program Support (Governance) | 0 | * | 65 |
| Political Competition and Consensus-Building | 221 | * | 0 |
| Elections and Political Processes | 221 | * | 0 |
| Civil Society | 470 | * | 135 |
| Civic Participation | 470 | * | 25 |
| Media Freedom and Freedom of Information | 0 | * | 100 |
| Program Support (Civil Society) | 0 | * | 10 |
| Investing in People | 2,128 | * | 200 |
| Health | 1,793 | * | 0 |
| HIV/AIDS | 1,000 | * | 0 |
| Avian Influenza | 400 | * | 0 |
| Other Public Health Threats | 393 | * | 0 |
| Education | 200 | * | 200 |
| Basic Education | 200 | * | 200 |
| Social and Economic Services and Protection for Vulnerable Populations | 135 | * | 0 |
| Social Services | 135 | * | 0 |
| Economic Growth | 22,513 | * | 22,385 |
| Trade and Investment | 9,800 | * | 10,800 |
| Trade and Investment Enabling Environment | 600 | * | 1,400 |
| Trade and Investment Capacity | 9,200 | * | 9,400 |
| Financial Sector | 100 | * | 440 |
| Financial Sector Enabling Environment | 100 | * | 400 |
| Program Support (Financial Sector) | 0 | * | 40 |
| Infrastructure | 200 | * | 410 |
| Modern Energy Services | 200 | * | 400 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Program Support (Infrastructure) | 0 | * | 10 |
| Agriculture | 200 | * | 210 |
| Agricultural Enabling Environment | 100 | * | 200 |
| Agricultural Sector Productivity | 100 | * | 0 |
| Program Support (Agriculture) | 0 | * | 10 |
| Private Sector Competitiveness | 9,400 | * | 9,400 |
| Business Enabling Environment | 200 | * | 200 |
| Private Sector Productivity | 9,000 | * | 9,000 |
| Workforce Development | 200 | * | 200 |
| Economic Opportunity | 500 | * | 635 |
| Inclusive Financial Markets | 250 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 300 |
| Strengthen Microenterprise Productivity | 250 | * | 275 |
| Inclusive Economic Law and Property Rights | 0 | * | 50 |
| Program Support (Econ Opportunity) | 0 | * | 10 |
| Environment | 2,313 | * | 490 |
| Natural Resources and Biodiversity | 1,230 | * | 50 |
| Clean Productive Environment | 1,083 | * | 400 |
| Program Support (Environment) | 0 | * | 40 |
| Humanitarian Assistance | 1,010 | * | 110 |
| Disaster Readiness | 1,010 | * | 110 |
| Capacity Building, Preparedness, and Planning | 1,010 | * | 100 |
| Program Support (Disaster Readiness) | 0 | * | 10 |

Linkages with the Millennium Challenge Corporation (MCC)

Currently, two APEC members, Indonesia and Philippines, are involved in Threshold Programs with the Millennium Challenge Corporation (MCC). When considering funding for the Developing Asian Institutions Fund, the United States will continue to evaluate complementarities with MCC programs, other U.S. foreign assistance programs and programs funded by other donors while seeking to avoid duplication or producing an adverse effect on other programs.

REGIONAL DEVELOPMENT MISSION - ASIA
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The highly disparate countries of South and East Asia present challenges to regional governance, economic reform, and development. While some countries have experienced periods of sustained economic growth, the uneven distribution of gains has left out vulnerable populations. On the political front, terrorism is a growing concern. In addition, countries must address environmental concerns as the region continues to urbanize and industrialize. HIV/AIDS continues to be a critical problem and other infectious diseases, such as Avian Influenza, have already taken a serious toll on economies in the region.

USAID's Asia regional program focuses on transnational development priorities that cross borders and cannot be addressed solely with bilateral programs. This includes strengthening regional institutions to take the lead in tackling regional challenges. The regional program reduces the spread of HIV/AIDS and other infectious diseases; mitigates the regional and global environmental impacts of rapid industrialization and urbanization; conserves biodiversity; and promotes increased trade and U.S. access to Asian economic markets.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Peace & Security | 1,500 | * | 0 |
| Investing in People | 21,798 | * | 11,550 |
| Economic Growth | 9,701 | * | 8,850 |
| Total | 32,999 | * | 20,400 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 18,941 | * | 8,850 |
| Development Assistance | 14,058 | * | 11,550 |
| Total | 32,999 | * | 20,400 |

Investing in People (\$11.6 million): The program works region-wide to control the spread of HIV, malaria, tuberculosis, and other infectious diseases and to mitigate the effects on individuals and their families throughout the region. Additionally, the program supports capacity building of regional institutions to strengthen regional responses to infectious diseases. A critical area of support is strategic information and monitoring and evaluation in the region.

Half of all Asians lack access to safe water, and two thirds are without access to basic sanitation, which has significant impacts on human health and productivity. The USAID Asia regional program will increase access to improved water and sanitation services in direct support of the Paul Simon Water for the Poor Act and the Sustainable City goals of the Association of Southeast Asian Nations (ASEAN).

Economic Growth (\$8.9 million): USAID will advance regional trade and investment by facilitating ASEAN's economic reform and integration process. USAID will strengthen ASEAN regional trade and investment capacity through regional supply chain development and cultivate a more favorable economic environment. USAID will facilitate significant improvements in the level of intra-regional trade and strengthen the ASEAN Secretariat by increasing its capacity to initiate, coordinate, and implement ASEAN development activities. Ultimately, USAID support to ASEAN will help narrow the development gap between member nations and achieve the realization of the ASEAN Economic Community by 2015.

USAID will fund environment programs that work across more than ten countries to address the transnational problems of global climate change, illegal logging, and conflicts over access to natural resources that can only be addressed successfully through a regional approach. Environmental governance issues and public participation are closely integrated into all environment programs. USAID will strengthen regional institutions to restore ecosystem connectivity in key regional biodiversity corridors; improve the livelihoods of the rural poor; strengthen environmental governance and institutions; improve forest management practices; promote the legal timber trade; reduce transboundary conflict; and strengthen overall regional cooperation on forest management, trade, and enforcement. USAID will also pilot policies and practices that will lead to increased investments in energy efficiency, renewable energy, and clean technologies. These activities will reduce greenhouse gas emissions and result in significant energy savings, while also addressing Asia's acute air pollution problems and improving energy security. In addition, USAID will pilot innovative policies and practices for strengthening environmental law enforcement by supporting the Asian Environmental Compliance Enforcement Network and ASEAN Wildlife Enforcement Network.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 32,999 | * | 20,400 |
| Peace & Security | 1,500 | * | 0 |
| Transnational Crime | 1,500 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 1,500 | * | 0 |
| Investing in People | 21,798 | * | 11,550 |
| Health | 21,798 | * | 11,550 |
| HIV/AIDS | 13,078 | * | 2,500 |
| Tuberculosis | 1,607 | * | 1,500 |
| Malaria | 1,967 | * | 3,500 |
| Other Public Health Threats | 1,794 | * | 1,350 |
| Maternal and Child Health | 495 | * | 0 |
| Water Supply and Sanitation | 2,857 | * | 2,700 |
| Economic Growth | 9,701 | * | 8,850 |
| Trade and Investment | 1,658 | * | 3,550 |
| Trade and Investment Enabling Environment | 1,370 | * | 2,397 |
| Trade and Investment Capacity | 0 | * | 940 |
| Program Support (Trade) | 288 | * | 213 |
| Environment | 8,043 | * | 5,300 |
| Natural Resources and Biodiversity | 4,577 | * | 2,160 |
| Clean Productive Environment | 3,139 | * | 2,500 |
| Program Support (Environment) | 327 | * | 640 |

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EUROPE AND EURASIA

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Europe and Eurasia Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|----------------|
| Child Survival and Health | 5,146 | * | 0 |
| Development Assistance | 100 | * | 0 |
| Economic Support Fund | 36,630 | * | 12,850 |
| Foreign Military Financing | 140,571 | * | 129,325 |
| Freedom Support Act | 406,848 | * | 270,019 |
| International Military Education & Training | 27,703 | * | 25,989 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 26,081 | * | 18,400 |
| Public Law 480 (Food Aid) | 3,370 | * | 0 |
| Assistance for Eastern Europe and Baltic States | 357,390 | * | 289,322 |
| Total | 1,003,839 | * | 746,405 |

Europe is a region simultaneously transforming and supporting the transformation of other parts of the world. Within the region, European allies and institutions (EU, NATO, and OSCE) play an essential role in helping countries like Georgia and Ukraine complete and consolidate democratic advances. Across the globe, European allies are critical partners in supporting transformation in the Middle East, Asia, Africa, and Latin America. European partners are playing a critical role in operations related to the Global War on Terror. To further the capacity of European allies to engage in these operations, the FY 2008 request focuses on improving their forces' professionalism, niche capacity, and interoperability with NATO.

In FY 2008, the United States will continue to focus on the unfinished business of stabilizing the Balkans and anchoring them in Euro-Atlantic institutions. Supporting a final Kosovo settlement will entail infrastructure development, institutional reform, and debt relief, as well as additional reform and development assistance in neighboring areas. The United States will remain heavily engaged in Serbia, Montenegro, Albania, Bosnia, and Macedonia to mitigate spillover effects of the Kosovo outcome and to promote accountability for war criminals, cooperation with international and domestic tribunals, and arrests of all indictees. The greatest opportunity in the Balkans is the basic desire among governments and populations to integrate into Euro-Atlantic institutions. Prospective membership in the EU and NATO provides a powerful stimulus to democratic and economic reform, often eliciting the political will that must accompany U.S. assistance if that assistance is to have an impact. Membership in these institutions also provides a ready-made benchmark against which to measure the results of U.S. aid.

In Eurasia, the United States will continue to help consolidate the new democracies in Georgia, Ukraine, and Moldova by helping these countries fight corruption and put in place legislation and institutions that can promote democratic reform, human rights and economic growth. These countries have made a decisive - but still fragile - break with their Soviet past, and need U.S. support and assistance as they move closer to European and Euro-Atlantic institutions. Partners in Western and Central Europe have a similarly strong interest in seeing these countries succeed, and U.S. assistance policies will continue to be closely coordinated with theirs. Another central aim of U.S. assistance to Eurasia is confronting democratic backsliding. While Russia is no longer the totalitarian adversary of the Cold War, the United States has a vital interest in helping

Russia become an open, democratic, and stable geopolitical partner. To this end, the United States will engage with Russia where it can be done productively, while continuing to stand firm for democracy and human rights. In Belarus, where the authoritarian regime is more determined than ever to consolidate control, there is an opportunity to support pro-democracy forces together with strong and effective support from Belarus' European neighbors, who share U.S. goals.

In addition to funds listed above, MCC funding for Europe and Eurasia includes Compacts with Armenia (\$235 million) and Georgia (\$295 million) and Threshold Country Programs for Albania (\$13.85 million), Moldova (\$24 million), and Ukraine (\$45 million). In these cases, development assistance funding is focused to complement MCC resources and maximize the impact of its development activities.

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for Europe and Eurasia (in \$ thousands)

| | FY 2006 Actual | FY 2008 Request |
|--|---------------------------|----------------------------|
| TOTAL | 1,003,839 | 746,405 |
| 1 Peace & Security | 382,223 | 299,289 |
| 1.1 Counter-Terrorism | 5,319 | 4,940 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 47,419 | 32,230 |
| 1.3 Stabilization Operations and Security Sector Reform | 244,855 | 214,319 |
| 1.4 Counter-Narcotics | - | 1,800 |
| 1.5 Transnational Crime | 11,163 | 9,450 |
| 1.6 Conflict Mitigation and Reconciliation | 73,467 | 36,550 |
| 2 Governing Justly & Democratically | 268,072 | 195,677 |
| 2.1 Rule of Law and Human Rights | 54,265 | 49,707 |
| 2.2 Good Governance | 56,068 | 52,594 |
| 2.3 Political Competition and Consensus-Building | 31,874 | 32,947 |
| 2.4 Civil Society | 125,865 | 60,429 |
| 3 Investing in People | 89,574 | 73,324 |
| 3.1 Health | 62,400 | 48,574 |
| 3.2 Education | 15,978 | 15,200 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 11,196 | 9,550 |
| 4 Economic Growth | 248,023 | 162,415 |
| 4.1 Macroeconomic Foundation for Growth | 22,365 | 10,190 |
| 4.2 Trade and Investment | 14,971 | 12,775 |
| 4.3 Financial Sector | 25,976 | 13,555 |
| 4.4 Infrastructure | 26,262 | 36,700 |
| 4.5 Agriculture | 39,346 | 19,400 |
| 4.6 Private Sector Competitiveness | 96,030 | 47,402 |
| 4.7 Economic Opportunity | 20,535 | 20,650 |
| 4.8 Environment | 2,538 | 1,743 |

| | | |
|--|--------|--------|
| 5 Humanitarian Assistance | 15,947 | 15,700 |
| 5.1 Protection, Assistance and Solutions | 15,947 | 11,400 |
| 5.2 Disaster Readiness | - | 2,200 |
| 5.3 3 Migration Management | - | 2,100 |

Peace and Security (\$299.3 million): Funding is requested to assist partners in fighting and winning the Global War on Terror; preventing the proliferation of weapons of mass destruction; supporting the reform, professionalization, and capacity building of the military, police, border guards, and customs officials; promoting integration with Euro-Atlantic institutions through reform, interoperability, and building of niche capacity; and, building capabilities to combat transnational threats including trafficking-in-persons, smuggling, and other types of crime.

Governing Justly and Democratically (\$195.7 million): Assistance programs will support free, fair, and competitive political processes and elections; facilitate anti-corruption efforts; support institutional reform and checks and balances; promote the development of and access to balanced information; build civil society organization and enhance their capacities to advocate for positive and construction political, economic, and social reforms; empower activists and human rights monitors in authoritarian societies; and, through exchanges, provide exposure to democratic practices and values.

Investing in People (\$73.3 million): Funding will support programming to increase awareness and develop local capacity to treat infectious diseases; improve primary, maternal, child, and reproductive health standards; build public awareness of the dangers of trafficking-in-person and provide support for victims including their social and economic reintegration into society; and, work with teachers, university professors, and education officials to improved curriculum and instruction.

Economic Growth (\$162.4 million): Funding is requested to support energy sector privatization, efficiency, and transparency; promote the accession and participation in international economic institutions; improve revenue collection, budgeting processes, and banking systems; address Kosovo's critical infrastructure needs; and, support private sector regulatory reform, credit access to small- and medium-sized enterprises, and improved agriculture sector productivity.

Humanitarian Assistance (\$15.7 million): Funding will support provision of shelter, medical care, counseling, education, and water and sanitation for displaced persons; provide food aid for vulnerable groups; procure and deliver donated humanitarian commodities such as medicines, equipment, clothing, and food; and improve conditions in schools, clinics, orphanages, and homes for the elderly.

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ALBANIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite a communist history absent of democratic traditions and a market economy, the current Government of Albania (GOA) has committed to making the much-needed political, legal, economic, military and social reforms necessary to integrate into Euro-Atlantic institutions. Staunchly pro-American, Albania has been a steadfast partner on issues of crucial importance to the United States, committing troops in Iraq, Afghanistan, and Bosnia-Herzegovina, and providing unwavering support in the fight against terrorism. Countering substantial progress in military integration and macroeconomic stability, Albania's economic integration indicators are among the lowest in the region. The GOA must continue major economic reforms and infrastructure improvements and the private sector should improve competitiveness if the country is to attract the investment necessary to raise the standard of living. Despite progress in Albania's 2005 parliamentary elections, the politically contentious preparations for 2007's local government elections underscore that there are additional opportunities for assistance. Albania must continue to strengthen governance institutions and earn the people's trust. It can accomplish this by vigorously continuing efforts to confront corruption, close down criminal networks, broaden economic growth, and increase investment in its people through improved health programs and workforce development.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 10,643 | * | 6,800 |
| Governing Justly & Democratically | 8,495 | * | 5,800 |
| Investing in People | 2,500 | * | 3,100 |
| Economic Growth | 8,610 | * | 4,300 |
| Total | 30,248 | * | 20,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 3,465 | * | 2,600 |
| International Military Education & Training | 1,028 | * | 600 |
| Nonproliferation, Antiterrorism & Demining | 1,005 | * | 600 |
| Assistance for Eastern Europe and Baltic States | 24,750 | * | 16,200 |
| Total | 30,248 | * | 20,000 |
| Peace Corps | 1962 | * | 2079 |

Peace and Security (\$6.8 million): The United States supports Albania's goal to integrate into Euro-Atlantic institutions, beginning with NATO accession. Albania remains an extraordinarily strong supporter and partner in the Global War on Terror, a partnership that must be maintained and enhanced. Albania has increased troop commitments in both Iraq and Afghanistan. For NATO accession, while the GOA has provided assurances, much needs to be done to advance military preparedness. Assistance will develop and modernize the Albanian armed forces in order to provide a better prepared and more interoperable force. In addition, U.S. assistance will improve law enforcement capabilities, specifically tackling trans-national crime, combating

terrorism, interdicting weapons of mass destruction, and cutting sources of terrorist financing. Assistance will also work to counter illicit weapons and human trafficking.

Governing Justly and Democratically (\$5.8 million): Key to Albania's NATO and EU accession are aggressive efforts to fight organized crime and corruption, more effective governance, and improved government accountability. Assistance will help Albania promote judicial inspectorates as a means for courts to check abuses of power, and work to deter official corruption by professionalizing and reforming prosecutorial units. Local government decentralization and anti-corruption reforms to improve government accountability will promote good governance. In support of civil society, assistance will help nongovernmental organizations build capacity as anti-corruption advocacy "watchdogs." The GOA's ability or will to enforce compliance with enacted anti-corruption laws remains weak. The United States will improve the capacity of state institutions charged with implementation of anti-corruption laws. Programs will help local governments deal with deal with fiscal management, elections, and large asset transfers.

Economic Growth (\$4.3 million): Albania has a major challenge in addressing economic inequality and poverty. Decades of isolation have left its economy and infrastructure in far worse condition than its neighbors. Wide-spread electricity shortages stifle economic growth and drive up basic commodity prices, while weak competitiveness and a poor business environment have stymied broad-based, export driven economic expansion. Improving private sector competitiveness is crucial for long-term sustainable economic growth, and this will be promoted by increasing private sector productivity and improving the investment climate. Improving the productivity of Albania's agriculture sector (the primary employer in the country) to compete regionally can be achieved by lowering costs of production, improving product quality, increasing market efficiency, meeting international standards, and improving infrastructure. Establishing regulatory and legal conditions that promote an efficient and competitive power market will make energy more accessible and available for economic stability and growth.

Investing in People (\$3.1 million): Albania's health indicators are far below regional norms. The GOA has made health care a priority, but to raise overall health standards, the United States will continue to improve preventive and primary health care and reform health systems. Severe fiscal constraints make large increases in health investment uncertain. Programs focused on implementing extensive legal, regulatory, financial and programmatic reforms of the health care system are essential to raising health indicators. Albania has the lowest contraceptive prevalence rate in Eastern Europe. Assistance will be provided for family planning and reproductive health to promote modern methods of contraception, the continued roll-out of essential primary health care services, including maternal and child health, HIV/AIDS, and TB.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 30,248 | * | 20,000 |
| Peace & Security | 10,643 | * | 6,800 |
| Counter-Terrorism | 200 | * | 0 |
| Governments' Capabilities | 200 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 505 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 505 | * | 300 |
| Stabilization Operations and Security Sector Reform | 8,308 | * | 6,000 |
| Destruction and Security of Conventional Weapons | 300 | * | 300 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Defense, Military, and Border Restructuring, Reform and Operations | 4,493 | * | 3,200 |
| Law Enforcement Restructuring, Reform and Operations | 3,462 | * | 2,450 |
| Program Support (Stabilization) | 53 | * | 50 |
| Transnational Crime | 1,630 | * | 500 |
| Trafficking-in-Persons and Migrant Smuggling | 1,530 | * | 436 |
| Program Support (Crime) | 100 | * | 64 |
| Governing Justly & Democratically | 8,495 | * | 5,800 |
| Rule of Law and Human Rights | 3,243 | * | 2,300 |
| Constitutions, Laws, and Legal Systems | 600 | * | 0 |
| Judicial Independence | 0 | * | 1,193 |
| Justice System | 2,377 | * | 918 |
| Program Support (Rule of Law) | 266 | * | 189 |
| Good Governance | 1,400 | * | 2,200 |
| Local Government and Decentralization | 1,300 | * | 1,207 |
| Anti-Corruption Reforms | 0 | * | 650 |
| Governance of the Security Sector | 0 | * | 186 |
| Program Support (Governance) | 100 | * | 157 |
| Political Competition and Consensus-Building | 900 | * | 0 |
| Elections and Political Processes | 300 | * | 0 |
| Political Parties | 500 | * | 0 |
| Program Support (Political Competition) | 100 | * | 0 |
| Civil Society | 2,952 | * | 1,300 |
| Civic Participation | 2,082 | * | 1,098 |
| Media Freedom and Freedom of Information | 620 | * | 92 |
| Program Support (Civil Society) | 250 | * | 110 |
| Investing in People | 2,500 | * | 3,100 |
| Health | 2,500 | * | 3,100 |
| HIV/AIDS | 100 | * | 0 |
| Tuberculosis | 100 | * | 0 |
| Other Public Health Threats | 900 | * | 700 |
| Maternal and Child Health | 1,050 | * | 700 |
| Family Planning and Reproductive Health | 350 | * | 1,700 |
| Economic Growth | 8,610 | * | 4,300 |
| Financial Sector | 1,371 | * | 0 |
| Financial Sector Enabling Environment | 400 | * | 0 |
| Financial Services | 800 | * | 0 |
| Program Support (Financial Sector) | 171 | * | 0 |
| Infrastructure | 800 | * | 500 |
| Modern Energy Services | 750 | * | 469 |
| Program Support (Infrastructure) | 50 | * | 31 |
| Agriculture | 1,900 | * | 1,500 |
| Agricultural Sector Productivity | 1,700 | * | 1,342 |
| Program Support (Agriculture) | 200 | * | 158 |
| Private Sector Competitiveness | 4,539 | * | 2,300 |
| Business Enabling Environment | 175 | * | 373 |
| Private Sector Productivity | 2,955 | * | 1,490 |
| Workforce Development | 1,100 | * | 280 |
| Program Support (Private Sector) | 309 | * | 157 |

Linkages with the Millennium Challenge Corporation (MCC)

Albania is an MCC threshold country, approved for \$13.85 million in 2006. The Threshold Program for Albania, which will end in FY 2008, should significantly reduce opportunities for corruption in tax administration, public procurement, and business registration. These improvements in governance were chosen to improve Albania's performance in the Ruling Justly and Economic Freedom indicators tracked by MCC as well as increase investment, government revenue, and economic growth.

Statement of Changes

Funding for Albania has decreased from FY 2006 levels. Among program elements, there has been an increase in funding for good governance programs and trade-off decreases in security and transnational crime programs, political competition programs and financial sector assistance. These funding shifts are targeted at gaps in key indicators, specifically aimed at addressing corruption in Albania, and reflect both Albania's increasing ability to take on more responsibility for military sector development, and its solid financial sector growth.

ARMENIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

While Armenia's economic growth and standard of living surpass most Developing category countries, the sustainability of this performance is placed in doubt by the Government of Armenia's (GOAM) inconsistent approach to implementing democratic reforms. The repercussions of historical conflicts further constrain Armenia's development. The long-running conflict with Azerbaijan over Nagorno-Karabakh and closed borders with Azerbaijan and Turkey hamper economic development, drain government resources, and hinder regional integration. By supporting democratic and economic reforms and promoting regional stability, U.S. assistance to Armenia works to transform the country into a stable partner, at peace with its neighbors, where democracy, human rights, and the rule of law are respected and the benefits of sustained economic growth are widely shared.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 12,774 | * | 6,300 |
| Governing Justly & Democratically | 18,001 | * | 12,200 |
| Investing in People | 16,351 | * | 6,300 |
| Economic Growth | 25,772 | * | 12,900 |
| Humanitarian Assistance | 1,600 | * | 1,200 |
| Total | 74,498 | * | 38,900 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 3,960 | * | 3,000 |
| Freedom Support Act | 69,000 | * | 35,000 |
| International Military Education & Training | 838 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 700 | * | 600 |
| Total | 74,498 | * | 38,900 |
| Peace Corps | 1814 | * | 1881 |

Peace and Security (\$6.3 million): U.S. assistance to Armenia will work to enhance regional and global security in support of the Global War on Terror by strengthening Armenia's borders, particularly with Iran, and help them to implement effective strategic trade controls in order to prevent trafficking in weapons of mass destruction or other illicit materials. U.S. assistance will also help to establish a professional, NATO-interoperable Armenian military capable of combating terrorism, protecting its territory and participating in international peacekeeping exercises and operations. Training and technical assistance will be provided to investigators and financial institutions to fight corruption. U.S. assistance will also advance regional stability by supporting conflict mitigation projects through support for research and grants to non-governmental organizations (NGOs).

Governing Justly and Democratically (\$12.2 million): Armenia's democratic institutions remain underdeveloped. Significant gaps persist in the areas of electoral process, civil society,

media freedom, the rule of law, protection of human rights, and anti-corruption. U.S. assistance will support the implementation of constitutional reforms related to the separation of government powers. Funds will be used to provide substantial assistance to strengthen electoral and political processes in the run-up to the 2008 presidential elections; promote greater citizen engagement in the political process; increase respect by law enforcement officials for human rights; increase the responsiveness of local government to the needs of communities; and promote checks on executive authority by strengthening the legislature and judiciary. U.S. assistance will also work with Armenians to combat corruption by supporting civil society efforts to single out and seek redress against corrupt officials and by partnering with specific government entities that demonstrate the political will to implement anti-corruption measures.

Investing in People (\$6.3 million): U.S. assistance to Armenia will support an increase in living standards by addressing challenges with and/or in the health sector, the environment, education, social services, and vulnerable populations. In the health sector, funds will promote modern methods of family planning to improve maternal and child health care and reduce the country's infant mortality rate. Efforts to support vulnerable populations will also focus on improved and better-targeted social assistance and social service programs, reducing the need for government subsidies, strengthening employment services and reforming social insurance programs. Program goals include helping vulnerable individuals to become self-reliant and providing services to help fill remaining gaps. Education-related activities will focus on making Armenia's education system more competitive and market-oriented in support of Armenia's progress towards an open, prosperous and equitable society.

Economic Growth (\$12.9 million): Armenia's strong economic growth and high degree of openness to foreign investment in recent years enables the country's transition to a market-oriented, globally-integrated system to continue. This growth is disproportionately centered in Yerevan and many of Armenia's poorest citizens outside of the capital are excluded from its benefits. U.S. assistance will work both from the "bottom up," by promoting the growth of small- and medium-sized enterprises and the financial sector that supports them as well as from the "top down," through technical assistance aimed at regulatory reforms which will improve the business climate. To assist those who have not reaped the benefits of economic growth, the United States will continue programs that provide immediate tangible benefits, such as rehabilitating town and village water systems and providing community self-help development grants. Assistance will also provide extensive support to enhance safety at the Armenian Nuclear Power Plant and help Armenia develop energy sources to improve its energy security.

Humanitarian Assistance (\$1.2 million): To address the needs of more than 300,000 displaced by the unresolved conflict regarding Nagorno-Karabakh, as well as those of other vulnerable communities, the United States will provide food, essential medicines, and shelter.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 74,498 | * | 38,900 |
| Peace & Security | 12,774 | * | 6,300 |
| Combating Weapons of Mass Destruction (WMD) | 4,351 | * | 1,100 |
| Counter WMD Proliferation and Combat WMD Terrorism | 3,983 | * | 1,050 |
| Program Support (WMD) | 368 | * | 50 |
| Stabilization Operations and Security Sector Reform | 7,798 | * | 4,500 |
| Operations Support | 3,960 | * | 3,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Defense, Military, and Border Restructuring, Reform and Operations | 838 | * | 300 |
| Law Enforcement Restructuring, Reform and Operations | 2,955 | * | 1,176 |
| Program Support (Stabilization) | 45 | * | 24 |
| Transnational Crime | 0 | * | 700 |
| Financial Crimes and Money Laundering | 0 | * | 190 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 488 |
| Program Support (Crime) | 0 | * | 22 |
| Conflict Mitigation and Reconciliation | 625 | * | 0 |
| Peace and Reconciliation Processes | 625 | * | 0 |
| Governing Justly & Democratically | 18,001 | * | 12,200 |
| Rule of Law and Human Rights | 610 | * | 3,100 |
| Constitutions, Laws, and Legal Systems | 0 | * | 1,000 |
| Judicial Independence | 305 | * | 1,200 |
| Justice System | 305 | * | 900 |
| Good Governance | 5,042 | * | 3,600 |
| Legislative Function and Processes | 100 | * | 698 |
| Public Sector Executive Function | 0 | * | 1,097 |
| Local Government and Decentralization | 1,500 | * | 897 |
| Anti-Corruption Reforms | 3,427 | * | 897 |
| Program Support (Governance) | 15 | * | 11 |
| Political Competition and Consensus-Building | 4,006 | * | 2,600 |
| Consensus-Building Processes | 120 | * | 295 |
| Elections and Political Processes | 2,745 | * | 1,476 |
| Political Parties | 1,076 | * | 787 |
| Program Support (Political Competition) | 65 | * | 42 |
| Civil Society | 8,343 | * | 2,900 |
| Civic Participation | 7,017 | * | 1,697 |
| Media Freedom and Freedom of Information | 433 | * | 893 |
| Program Support (Civil Society) | 893 | * | 310 |
| Investing in People | 16,351 | * | 6,300 |
| Health | 11,664 | * | 2,800 |
| HIV/AIDS | 105 | * | 0 |
| Tuberculosis | 163 | * | 0 |
| Avian Influenza | 1,124 | * | 0 |
| Maternal and Child Health | 3,494 | * | 900 |
| Family Planning and Reproductive Health | 4,173 | * | 900 |
| Water Supply and Sanitation | 2,605 | * | 1,000 |
| Education | 624 | * | 1,700 |
| Basic Education | 200 | * | 800 |
| Higher Education | 424 | * | 900 |
| Social and Economic Services and Protection for Vulnerable Populations | 4,063 | * | 1,800 |
| Policies, Regulations, and Systems | 2,041 | * | 1,000 |
| Social Services | 1,036 | * | 500 |
| Social Assistance | 986 | * | 300 |
| Economic Growth | 25,772 | * | 12,900 |
| Macroeconomic Foundation for Growth | 4,200 | * | 800 |
| Fiscal policy | 3,510 | * | 766 |
| Monetary policy | 510 | * | 0 |
| Program Support (Macro Econ) | 180 | * | 34 |
| Trade and Investment | 1,944 | * | 1,100 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trade and Investment Enabling Environment | 560 | * | 344 |
| Trade and Investment Capacity | 1,110 | * | 601 |
| Program Support (Trade) | 274 | * | 155 |
| Financial Sector | 3,014 | * | 1,700 |
| Financial Sector Enabling Environment | 900 | * | 697 |
| Financial Services | 2,100 | * | 995 |
| Program Support (Financial Sector) | 14 | * | 8 |
| Infrastructure | 4,919 | * | 3,400 |
| Modern Energy Services | 4,028 | * | 2,947 |
| Communications Services | 502 | * | 184 |
| Program Support (Infrastructure) | 389 | * | 269 |
| Agriculture | 6,346 | * | 2,700 |
| Agricultural Enabling Environment | 73 | * | 852 |
| Agricultural Sector Productivity | 5,938 | * | 1,705 |
| Program Support (Agriculture) | 335 | * | 143 |
| Private Sector Competitiveness | 4,942 | * | 1,700 |
| Business Enabling Environment | 1,251 | * | 440 |
| Private Sector Productivity | 1,085 | * | 352 |
| Workforce Development | 2,009 | * | 703 |
| Program Support (Private Sector) | 597 | * | 205 |
| Economic Opportunity | 73 | * | 1,500 |
| Inclusive Financial Markets | 0 | * | 300 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 500 |
| Strengthen Microenterprise Productivity | 73 | * | 600 |
| Inclusive Economic Law and Property Rights | 0 | * | 100 |
| Environment | 334 | * | 0 |
| Clean Productive Environment | 334 | * | 0 |
| Humanitarian Assistance | 1,600 | * | 1,200 |
| Protection, Assistance and Solutions | 1,600 | * | 1,200 |
| Protection and Solutions | 0 | * | 400 |
| Crisis Assistance and Recovery | 1,600 | * | 800 |

Linkages with the Millennium Challenge Corporation (MCC)

In March 2006, a \$235 million Millennium Challenge Account compact was signed with Armenia. The main goal of the program is the reduction of rural poverty through improvements in the agriculture sector, including rehabilitating rural roads and improving irrigation systems. Armenia's compact with the Millennium Challenge Corporation (MCC) was designed to be a powerful incentive to the Armenian government to meet its commitments to good governance. Other U.S. programs will support Armenia's progress in democratic reform to help it maintain its eligibility for this Compact. Programs described in the economic growth objective are designed to provide a stronger economic enabling environment for this Compact as well as complement the rural growth that MCC assistance is targeted to boost.

Statement of Changes

Funding for Armenia has decreased significantly from FY 2006 levels. Funding for Peace and Security decreased, specifically in defense, military and border restructuring and law enforcement operations due to the completion of infrastructure projects such as a state-of-the-art forensics lab. With the exception of the modern energy services, all program elements in Economic Growth were reduced. Decreases in the agriculture and infrastructure elements were due to some overlap with MCC programs. Beginning in FY 2005, the United States undertook a multi-year election assistance program in advance of the 2007 parliamentary and 2008 presidential elections. Prior year funding was taken into account in decreasing program elements related to political parties and political and electoral processes in FY 2008. Increases were made in program elements related to judicial independence in order to assist the GOAM in undertaking further reforms in this area. Both Humanitarian Assistance and Investing in People were reduced across all program element areas, with the expectation that the GOAM will begin to contribute more to social reform and assisting refugees of the Nagorno-Karabakh conflict.

AZERBAIJAN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

While Azerbaijan is taking important steps to harness its energy resources, democratic and economic reforms are major obstacles to Azerbaijan's advancement. As energy pipelines are completed and the major offshore fields move toward increased production in 2007, Azerbaijan is expected to benefit from substantial energy revenues. Providing technical assistance to the Government of Azerbaijan (GOAJ) on strategic budgeting, combating corruption, avoiding inflation, and establishing a path to sustainable development will be a key component of U.S. assistance in the economic growth sector. A principal impediment to Azerbaijan's political, economic and social development is the unresolved conflict with Armenia over Nagorno-Karabakh. The current cease-fire is frequently violated, thereby inhibiting the ability of the United States to provide robust security assistance. U.S.-funded assistance to encourage a free and fair presidential election in 2008 and to advance media freedom, civil society, and human rights is critical to furthering Azerbaijan's democratic development.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 13,372 | * | 8,080 |
| Governing Justly & Democratically | 11,639 | * | 9,700 |
| Investing in People | 3,814 | * | 2,000 |
| Economic Growth | 14,301 | * | 5,100 |
| Humanitarian Assistance | 2,880 | * | 500 |
| Total | 46,006 | * | 25,380 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 3,960 | * | 4,300 |
| Freedom Support Act | 34,205 | * | 18,000 |
| International Military Education & Training | 823 | * | 1,000 |
| Nonproliferation, Antiterrorism & Demining | 5,064 | * | 2,080 |
| Public Law 480 (Food Aid) | 1,954** | * | 0 |
| Total | 46,006 | * | 25,380 |
| Peace Corps | 1,867 | * | 2029 |

**FY 2006 includes \$1.954 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$8.1 million): U.S. assistance to Azerbaijan will support the larger struggle against terrorism and other transnational threats. U.S. operations support will strengthen Azerbaijani security institutions, improving their ability to work with the United States against international terrorist organizations and other destabilizing influences. U.S. assistance will help develop the Azerbaijani maritime capabilities, improve airspace management, and assist in the modernization and interoperability of the military with NATO through the Partnership for Peace. The United States will support defense, military and border security restructuring, reform and operations to inhibit the spread of weapons of mass destruction. Additional investments in the security environment will eliminate explosive remnants of war and fight trafficking in persons

and migrant smuggling. U.S. assistance will strengthen the ability of the Prosecutor General's anti-corruption unit to fight financial crimes and money laundering as well as strengthen government capabilities to develop a comprehensive anti-terrorism and anti-money laundering regime.

Governing Justly and Democratically (\$9.7 million): U.S. assistance is necessary to combat corruption, foster democratic reform, promote independent media, strengthen the legislature, develop civil society, and ensure the protection of fundamental human rights and freedoms. These developments will be needed for Azerbaijan to continue to be a partner of the United States on security issues and to ensure that the country's energy revenues are used to improve the lives of its citizens. U.S. assistance will improve the capabilities of legal professionals to represent Azerbaijani citizens before the courts and will assist in creating sustainable institutions that improve access to justice. Support for anti-corruption reforms will complement efforts to strengthen the rule of law by improving laws and legal institutions and increasing respect for human rights. Assistance to strengthen political and electoral processes will promote pluralism, advance election administration and fair and transparent handling of election disputes, improve the quality of public debate, promote consensus building among officials, and prepare elections-related civil society groups and observers to participate in and monitor the pivotal 2008 elections cycle. U.S. assistance will also help develop an independent, transparent and responsive legislature. Work with civil society organizations will support the conduct of advocacy campaigns on pressing social issues and democratic reform that will engage the citizenry. Support for media freedom and freedom of information will lead to a more responsible and responsive media sector.

Investing in People (\$2 million): With nearly half its population under the age of 24 and with less than 1 percent of GDP allocated for health, social investment will be critical to the long-term development of Azerbaijan. The United States can best assist Azerbaijan in this area by supporting primary health care reforms which emphasize improvements in health governance and finance to use the health budget efficiently to increase access and overall quality of health services and reduce the country's high under-five mortality rate. Family planning and reproductive health programs will increase the use of modern methods of family planning. U.S. assistance in these areas aims to improve the governance of the health sector by enhancing information systems, training health care professionals, improving financial management, and increasing the interaction of health care professionals and policy-makers with communities.

Economic Growth (\$5.1 million): Azerbaijan has the potential to fall victim to the consequences of the "Dutch Disease," i.e., a long-term trade imbalance due to excessive dependence on the energy sector. This is combined with inadequate policy, technical, institutional, and financial support to the non-energy sectors. Consequently, U.S. assistance will focus on economic diversification, private sector development, transparency in revenue and expenditure management processes, anti-inflation strategies, and sustainable development. U.S. assistance will strengthen the government's budget process and enhance its capacity to articulate comprehensive economic strategies under reconciled and integrated fiscal and monetary policy. Poverty reduction and job creation goals will be met by increasing agricultural and private sector productivity, and improving the business enabling environment. In addition, U.S. assistance will work to advance the financial system to improve access to capital in the non-oil sector and increase the efficiency of financial intermediation by supporting the supply of new products and improving the quality of services. Finally, investments in workforce development will give Azerbaijanis the opportunity to acquire hands-on skills in agriculture and other areas.

Humanitarian Assistance (\$0.5 million): More than 600,000 people remain uprooted by the Nagorno-Karabakh conflict. U.S. assistance will support government efforts to find durable solutions to integrate internally displaced persons while maintaining regional stability.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 46,006 | * | 25,380 |
| Peace & Security | 13,372 | * | 8,080 |
| Counter-Terrorism | 350 | * | 400 |
| Governments' Capabilities | 350 | * | 400 |
| Combating Weapons of Mass Destruction (WMD) | 2,150 | * | 1,200 |
| Counter WMD Proliferation and Combat WMD Terrorism | 2,009 | * | 1,200 |
| Program Support (WMD) | 141 | * | 0 |
| Stabilization Operations and Security Sector Reform | 10,347 | * | 6,280 |
| Operations Support | 3,960 | * | 4,300 |
| Explosive Remnants of War (ERW) | 3,064 | * | 480 |
| Defense, Military, and Border Restructuring, Reform and Operations | 823 | * | 1,000 |
| Law Enforcement Restructuring, Reform and Operations | 2,462 | * | 490 |
| Program Support (Stabilization) | 38 | * | 10 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 196 |
| Program Support (Crime) | 0 | * | 4 |
| Conflict Mitigation and Reconciliation | 525 | * | 0 |
| Conflict Mitigation | 512 | * | 0 |
| Program Support (Conflict) | 13 | * | 0 |
| Governing Justly & Democratically | 11,639 | * | 9,700 |
| Rule of Law and Human Rights | 1,514 | * | 1,500 |
| Constitutions, Laws, and Legal Systems | 0 | * | 890 |
| Judicial Independence | 0 | * | 445 |
| Justice System | 1,348 | * | 0 |
| Program Support (Rule of Law) | 166 | * | 165 |
| Good Governance | 2,400 | * | 2,000 |
| Legislative Function and Processes | 1,860 | * | 1,156 |
| Anti-Corruption Reforms | 274 | * | 622 |
| Program Support (Governance) | 266 | * | 222 |
| Political Competition and Consensus-Building | 1,711 | * | 2,000 |
| Elections and Political Processes | 186 | * | 898 |
| Political Parties | 1,350 | * | 898 |
| Program Support (Political Competition) | 175 | * | 204 |
| Civil Society | 6,014 | * | 4,200 |
| Civic Participation | 4,281 | * | 2,957 |
| Media Freedom and Freedom of Information | 798 | * | 591 |
| Program Support (Civil Society) | 935 | * | 652 |
| Investing in People | 3,814 | * | 2,000 |
| Health | 3,814 | * | 2,000 |
| Other Public Health Threats | 2,375 | * | 0 |
| Maternal and Child Health | 0 | * | 1,000 |
| Family Planning and Reproductive Health | 1,439 | * | 1,000 |
| Economic Growth | 14,301 | * | 5,100 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Macroeconomic Foundation for Growth | 5,978 | * | 1,800 |
| Fiscal policy | 5,158 | * | 853 |
| Monetary policy | 510 | * | 853 |
| Program Support (Macro Econ) | 310 | * | 94 |
| Trade and Investment | 174 | * | 0 |
| Trade and Investment Enabling Environment | 166 | * | 0 |
| Program Support (Trade) | 8 | * | 0 |
| Financial Sector | 3,804 | * | 900 |
| Financial Sector Enabling Environment | 3,732 | * | 883 |
| Program Support (Financial Sector) | 72 | * | 17 |
| Agriculture | 4,345 | * | 400 |
| Agricultural Enabling Environment | 124 | * | 0 |
| Agricultural Sector Productivity | 4,137 | * | 392 |
| Program Support (Agriculture) | 84 | * | 8 |
| Private Sector Competitiveness | 0 | * | 2,000 |
| Business Enabling Environment | 0 | * | 864 |
| Private Sector Productivity | 0 | * | 672 |
| Workforce Development | 0 | * | 384 |
| Program Support (Private Sector) | 0 | * | 80 |
| Humanitarian Assistance | 2,880 | * | 500 |
| Protection, Assistance and Solutions | 2,880 | * | 500 |
| Protection and Solutions | 0 | * | 500 |
| Crisis Assistance and Recovery | 2,880 | * | 0 |

Statement of Changes

Funding for Azerbaijan has decreased from FY 2006 levels, with the exception of an increase in the Foreign Military Financing account. The increase in the operational support element in Peace and Security was in response to GOAJ involvement in Iraq and Afghanistan and the need for training to support these operations. Among program elements, there were significant decreases in Economic Growth, specifically in macroeconomic policy, trade and investment and agriculture. Program elements in Investing in People were reduced in response to commitments by the GOAJ to co-finance health projects. Similarly Humanitarian Assistance was reduced as the GOAJ becomes more responsive to working with internally displaced persons. While funding for elements such as civil society and media decreased in the Governing Justly and Democratically objective, elements such as legislative function and process and elections increased. This takes into account Azerbaijan's presidential election in 2008 and the need to build a strong and transparent legislature.

BELARUS

Obstacles and Opportunities for Advancing Transformational Diplomacy

The broad goal of transformational diplomacy in Belarus is its transformation from one of the world's "outposts of tyranny" to a democratic, peaceful and prosperous state. Obstacles to this goal are many. Belarus has an authoritarian regime that claims its legitimacy through a non-democratic referendum and fraudulent elections. The regime suppresses pro-democracy groups, alternative political voices and sources of independent information. It has enacted retrograde economic policies and maintains close relations with rogue states. It has a highly dependent relationship with Russia that could threaten its political sovereignty and/or its economic stability. Obstacles include the government's disregard of fundamental rights of assembly, association and expression; human rights abuses including of demonstrators, pro-democracy activists and opposition politicians; regime control of nearly all media outlets and severe restrictions of press freedoms; criminal penalties both for "discrediting Belarus" and for organizing activities of an unregistered non-governmental organization (NGO); manipulation of 80 percent of the work force through short-term contracts for state employees; a highly restricted and restrictive operating environment for assistance; restrictions on freedom of religion; and a justice system that is used as a tool of oppression. Although the March 2006 Belarusian presidential campaign and election were illustrative of the country's repressive political environment, they also demonstrated opportunity for transformational diplomacy in the form of considerable momentum and increased unity of the country's democratic forces. Through a transparent, democratic process, the opposition nominated and supported a single candidate who proved effective in building a pro-democracy coalition and turning out small but credible support at the polls. These results - as well as a five-day demonstration of thousands of protestors following the announcement of fraudulent election 'results' - demonstrated the potential for transformational diplomacy to promote democratic change.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 250 | * | 0 |
| Governing Justly & Democratically | 9,187 | * | 9,100 |
| Investing in People | 522 | * | 600 |
| Economic Growth | 1,305 | * | 0 |
| Humanitarian Assistance | 470 | * | 300 |
| Total | 11,734 | * | 10,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|---------------|
| Freedom Support Act | 11,484 | * | 10,000 |
| Nonproliferation, Antiterrorism & Demining | 250 | * | 0 |
| Total | 11,734 | * | 10,000 |

Governing Justly and Democratically (\$9.1 million): U.S. assistance will support robust democracy promotion with the goal of empowering the Belarusian people to determine their future and reform their state. The fundamental focus of this assistance is on strengthening the capacity of the pro-democracy opposition, civil society and independent media to engage a

growing share of the population and deepen and broaden the demand within Belarus for democratic change. Assistance will support external media and exchanges to promote access to independent information and exposure to democratic values. Funds will also be provided for polling, election monitoring and legal support. Funding for elections and political processes in part reflects anticipated 2008 parliamentary elections. Given the Government of Belarus's harassment, intimidation and imprisonment of pro-democracy activists and other individuals exercising their fundamental rights, U.S. funding will support oppressed activists in defense of human rights.

Assistance will focus on developing the capacity of pro-democracy parties and on strengthening civil society groups and associations of those with a stake in democratic change (including youth, women, students, independent journalists, and entrepreneurs). This assistance will also build civil society's partnership with the pro-democracy political parties to increase the breadth of public participation in political life and enhance the ability of the parties to appeal to Belarusians on the basis of an issues-based platform.

The United States will continue to organize regular donor and implementer coordination meetings to ensure continued international strategic coordination and complementarity of democracy promotion assistance.

Investing in People (\$0.6 million): Assistance under the Investing in People objective is targeted to demonstrate U.S. concern for the Belarusian people, address the border-transcending problem of trafficking in persons, and build the capacity of the pro-democracy movement through higher education. Funding will support training in basic job skills and facilitate employment access for vulnerable populations in depressed and border areas targeting women at risk. U.S. assistance under this objective will continue to build NGO sustainability and emphasize cross-border NGO cooperation and networking in order to strengthen local civil society and increase the exposure of Belarusians to their democratic neighbors. Assistance for higher education provides support to students looking for an alternative to the regime-dominated system of higher education as well as those deprived of an education due to democratic activism. Funding supports distance learning through and capacity-building of the European Humanities University, the sole independent Belarusian institution of higher education, now stripped of its license and operating in Lithuania.

Humanitarian Assistance (\$0.3 million): Funding will support the delivery of donated medicine, medical and relief supplies, and medical expertise to the most vulnerable Belarusian populations and support community-based provision of services to orphans and other vulnerable populations. This assistance and related public diplomacy efforts reinforce U.S. concern for the Belarusian people.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 11,734 | * | 10,000 |
| Peace & Security | 250 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 250 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 250 | * | 0 |
| Governing Justly & Democratically | 9,187 | * | 9,100 |
| Rule of Law and Human Rights | 0 | * | 400 |
| Human Rights | 0 | * | 380 |
| Program Support (Rule of Law) | 0 | * | 20 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Political Competition and Consensus-Building | 2,080 | * | 2,500 |
| Elections and Political Processes | 0 | * | 475 |
| Political Parties | 1,975 | * | 1,899 |
| Program Support (Political Competition) | 105 | * | 126 |
| Civil Society | 7,107 | * | 6,200 |
| Civic Participation | 5,003 | * | 4,022 |
| Media Freedom and Freedom of Information | 1,802 | * | 1,915 |
| Program Support (Civil Society) | 302 | * | 263 |
| Investing in People | 522 | * | 600 |
| Health | 522 | * | 0 |
| Family Planning and Reproductive Health | 522 | * | 0 |
| Education | 0 | * | 300 |
| Higher Education | 0 | * | 300 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 300 |
| Social Services | 0 | * | 300 |
| Economic Growth | 1,305 | * | 0 |
| Agriculture | 180 | * | 0 |
| Agricultural Enabling Environment | 180 | * | 0 |
| Private Sector Competitiveness | 1,125 | * | 0 |
| Business Enabling Environment | 1,070 | * | 0 |
| Program Support (Private Sector) | 55 | * | 0 |
| Humanitarian Assistance | 470 | * | 300 |
| Protection, Assistance and Solutions | 470 | * | 300 |
| Crisis Assistance and Recovery | 470 | * | 300 |

Statement of Changes

Overall funding for Belarus has decreased 15 percent from FY 2006 to the proposed FY 2008 level. Almost all of this reduction is captured in the proposed zeroing out of funding under the Economic Growth objective in FY 2008. The relative priority placed on the Governing Justly and Democratically objective reflects the focus of U.S. policy toward Belarus on robust democracy promotion and allows the United States and other donors to maximize assistance funding in their areas of comparative advantage.

BOSNIA AND HERZEGOVINA

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

A democratic, economically sound, and secure Bosnia and Herzegovina (BiH) is critical to stability in the Balkans. More than 10 years after a calamitous conflict that poisoned relations among ethnic groups and destroyed the country's infrastructure, BiH has made significant progress in rebuilding and becoming an economically stable country moving toward Euro-Atlantic integration. The Office of the High Representative (OHR) is preparing to transition into a less intrusive European Union (EU) presence but that transition may be delayed given uncertainties over regional stability resulting from the upcoming Kosovo settlement. Despite significant reform progress, Bosnia remains burdened by porous borders, fragile relations between ethnic groups, complex and overlapping layers of government, endemic corruption, and nascent state-level government structures. Much work remains to strengthen state institutions and rationalize policies, systems, and structures at all levels of government. Impediments in the labor market and business environment make it difficult for legitimate enterprises to succeed and for average citizens to improve their earnings and standards of living. To progress, BiH must make a successful transition away from international supervision and toward fully functioning, state-level institutions and structures that are capable of managing its national security, its economy, and its governance. Among these, the top priorities for U.S. foreign policy are strengthening national capacity for defense, counterterrorism and law enforcement. Continued progress in the economic and governance spheres, however, is also seen as essential to ensure that BiH remains on the path toward European and Euro-Atlantic integration and toward becoming a fully democratic, multi-ethnic state.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 17,952 | * | 14,550 |
| Governing Justly & Democratically | 19,683 | * | 12,050 |
| Economic Growth | 13,387 | * | 6,350 |
| Total | 51,022 | * | 32,950 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 8,910 | * | 7,800 |
| International Military Education & Training | 973 | * | 1,000 |
| Nonproliferation, Antiterrorism & Demining | 1,539 | * | 1,250 |
| Assistance for Eastern Europe and Baltic States | 39,600 | * | 22,900 |
| Total | 51,022 | * | 32,950 |

Peace and Security (\$14.6 million): Advancing peace and security still remains the top priority in post-conflict BiH. With the transfer from the Stabilization Force (SFOR) to an EU force, U.S. assistance is shifting from a strategy of protecting BiH to one of helping it align, equip and train state-level structures and institutions capable of providing their own protection. Bosnia has contributed five rotations of military explosive ordinance disposal units to the multinational force in Iraq demonstrating its transition from a consumer to an exporter of security assistance. U.S.

assistance to defense, military and border security restructuring, reform and operations will support a unified national level defense structure under a national ministry and operational command, with common training, personnel systems, and uniforms. This will eventually transform the armed forces of BiH into a professional, multi-ethnic and NATO-interoperable force. Bosnia's recent accession to NATO's Partnership for Peace (PfP) was a welcome milestone in that process and an acknowledgement of the significant progress Bosnia has made in reforming its defense structures. Support to law enforcement, reform, restructuring and operations will provide training and equipment to BiH law enforcement institutions, particularly state-level agencies, to strengthen their counter-terrorism capacities and professionalize domestic law enforcement, thus increasing public trust in this institution. Building expertise in countering illicit trafficking in conventional weapons and weapons of mass destruction (WMD) proliferation is vital to reducing the availability of small arms and light weapons and enhancing border security in a country where transnational movement of terrorists threatens U.S. national security.

Additional tools to combat corruption and possible terrorist activity will be funded through technical support to trace financial crimes and money laundering and halt trafficking in persons and migrant smuggling. U.S. assistance will improve BiH law enforcement capabilities through training in airport security management, hostage negotiation, crisis response, rural border patrol operations and VIP Protection. The goal of these programs is to enable the government of BiH to institutionalize and sustain skills within their police training academy.

Governing Justly and Democratically (\$12.0 million): A range of technical assistance activities will consolidate democratic gains in BiH, including helping BiH reform its constitution, laws and legal institutions; strengthen the effectiveness of its elections and political processes; and enact local government reform and decentralization at the canton and municipal level. U.S. assistance will help reduce corruption and strengthen justice sector capabilities and judicial independence through police training, justice sector technical assistance, and secondment of prosecutors. The United States will assist BiH to strengthen its civil society, increase participation of vulnerable and minority groups, and improve media freedom and freedom of information. To support human rights in BiH and facilitate the completion strategy for the International Criminal Tribunal for the Former Yugoslavia (ICTY), the United States will provide assistance to the war crimes chamber of the State Court, building local capacity and enabling it to assume cases from ICTY.

Economic Growth (\$6.4 million): Significant progress has been made already to help BiH modernize its economy. Past U.S. support for tax reform, the banking sector and the privatization of state owned enterprises are notable successes. BiH also accelerated efforts to remove impediments to small and medium enterprises. However, indicators for regulatory quality in BiH are still quite low. Next stage assistance will focus on strengthening the business and financial sectors and the policy environment for micro and small enterprises. To help BiH attract foreign direct investment and improve its access to other markets, the United States will provide technical assistance to develop capacity and the enabling environment for trade and investment. Many of the investments the United States has made to improve the BiH economy will be unsustainable if there is not sufficient expertise in modern accountancy, financial management and other aspects of private sector operation. Lastly, as BiH is a member of the community of nations in Southeast Europe that cooperate on the generation, transmission and regulation of the power sector, it is vitally important to continue support for modern energy services.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 51,022 | * | 32,950 |
| Peace & Security | 17,952 | * | 14,550 |
| Counter-Terrorism | 485 | * | 650 |
| Governments' Capabilities | 485 | * | 650 |
| Combating Weapons of Mass Destruction (WMD) | 895 | * | 400 |
| Counter WMD Proliferation and Combat WMD Terrorism | 895 | * | 0 |
| Program Support (WMD) | 0 | * | 400 |
| Stabilization Operations and Security Sector Reform | 15,883 | * | 12,800 |
| Defense, Military, and Border Restructuring, Reform and Operations | 9,883 | * | 8,800 |
| Law Enforcement Restructuring, Reform and Operations | 5,910 | * | 3,920 |
| Program Support (Stabilization) | 90 | * | 80 |
| Transnational Crime | 689 | * | 700 |
| Financial Crimes and Money Laundering | 159 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 500 | * | 475 |
| Program Support (Crime) | 30 | * | 25 |
| Governing Justly & Democratically | 19,683 | * | 12,050 |
| Rule of Law and Human Rights | 6,977 | * | 6,650 |
| Constitutions, Laws, and Legal Systems | 0 | * | 909 |
| Judicial Independence | 0 | * | 637 |
| Justice System | 4,110 | * | 2,682 |
| Human Rights | 2,235 | * | 1,819 |
| Program Support (Rule of Law) | 632 | * | 603 |
| Good Governance | 4,460 | * | 2,300 |
| Local Government and Decentralization | 4,000 | * | 1,996 |
| Program Support (Governance) | 460 | * | 304 |
| Political Competition and Consensus-Building | 2,680 | * | 1,000 |
| Political Parties | 2,400 | * | 840 |
| Program Support (Political Competition) | 280 | * | 160 |
| Civil Society | 5,566 | * | 2,100 |
| Civic Participation | 4,396 | * | 1,714 |
| Media Freedom and Freedom of Information | 800 | * | 286 |
| Program Support (Civil Society) | 370 | * | 100 |
| Economic Growth | 13,387 | * | 6,350 |
| Trade and Investment | 399 | * | 600 |
| Trade and Investment Enabling Environment | 309 | * | 232 |
| Trade and Investment Capacity | 0 | * | 232 |
| Program Support (Trade) | 90 | * | 136 |
| Financial Sector | 1,613 | * | 500 |
| Financial Sector Enabling Environment | 1,378 | * | 427 |
| Program Support (Financial Sector) | 235 | * | 73 |
| Infrastructure | 850 | * | 1,000 |
| Modern Energy Services | 800 | * | 941 |
| Program Support (Infrastructure) | 50 | * | 59 |
| Agriculture | 51 | * | 0 |
| Agricultural Enabling Environment | 35 | * | 0 |
| Program Support (Agriculture) | 16 | * | 0 |
| Private Sector Competitiveness | 4,700 | * | 2,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Private Sector Productivity | 4,070 | * | 1,658 |
| Program Support (Private Sector) | 630 | * | 342 |
| Economic Opportunity | 5,774 | * | 2,250 |
| Policy Environment for Micro and Small Enterprises | 5,000 | * | 1,855 |
| Program Support (Econ Opportunity) | 774 | * | 395 |

Statement of Changes

Funding for Bosnia and Herzegovina has decreased from FY 2006 levels in all accounts (with the exception of the International Military Education and Training account). This reflects both competing priorities worldwide and a growing expectation that Bosnian institutions shoulder increased responsibility for the country's economic, democratic, and security sector reforms, even while the United States maintains its firm commitment to assisting Bosnia and Herzegovina in those transitions.

BULGARIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Bulgaria has made impressive progress, becoming a NATO member in 2004 and entering the European Union (EU) in January 2007. Ensuring Bulgaria remains a dependable and increasingly capable NATO ally is a key priority for U.S. assistance. Bulgaria is a steadfast contributor to the Global War on Terror (GWOT) and coalition operations in Iraq, Afghanistan, Kosovo, and Bosnia and Herzegovina, and recently allowed stationing of U.S. forces at three Bulgarian bases. Bulgaria has also made solid contributions as a new NATO member and supports NATO activities outside its historic area of operation. With its recent experience in democratic transition and historic links to the Middle East and Central Asia, Bulgaria is uniquely suited to support transformational diplomacy and democratic development beyond Europe's borders. At the same time, it is reliant on U.S. assistance to complete its military modernization, improve its interoperability with NATO, and increase its deployment capabilities. Bulgaria also continues to possess enormous stockpiles of cold war era small arms and light weapons (SA/LW) and ammunition, stored at poorly maintained and insecure facilities. U.S. focus must remain on helping Bulgaria build the capabilities it needs to become a truly integrated member of the Euro-Atlantic family of democratic nations and a strong partner of the United States in countering common security threats.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 12,254 | * | 15,200 |
| Governing Justly & Democratically | 12,516 | * | 0 |
| Economic Growth | 7,210 | * | 0 |
| Total | 31,980 | * | 15,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 9,900 | * | 13,200 |
| International Military Education & Training | 1,580 | * | 1,700 |
| Nonproliferation, Antiterrorism & Demining | 400 | * | 300 |
| Assistance for Eastern Europe and Baltic States | 20,100 | * | 0 |
| Total | 31,980 | * | 15,200 |
| Peace Corps | 3197 | * | 2893 |

Peace and Security (\$15.2 million): The top U.S. priority in Bulgaria in FY 2008 is to complete its military transformation and improve its NATO interoperability to enable effective participation in NATO and other coalition operations. U.S. assistance will support security restructuring, reform, and operations by building Bulgaria's NATO niche capabilities and will also support Bulgaria's current participation in coalition operations. The United States will also counter illicit trafficking in conventional weapons by supporting the destruction of Bulgaria's excess SA/LW and ammunition, which are a proliferation risk and a threat to the civilian population. Safeguarding these stockpiles drains Bulgaria's military resources, hampering its ability to become a fully professionalized, modern military.

Although Bulgaria has achieved gains in the transition to market economy and democracy sufficient to justify cessation of U.S. assistance in these sectors, the country continues to face challenges in the justice sector, public administration, and corruption. The European Union is actively engaged in supporting Bulgarian reforms in these sectors, building upon the institutional capacity developed through past U.S. assistance. Support for East European Democracy (SEED) assistance in economic and democratic transition was phased out in FY 2006.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 31,980 | * | 15,200 |
| Peace & Security | 12,254 | * | 15,200 |
| Counter-Terrorism | 0 | * | 300 |
| Governments' Capabilities | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 11,880 | * | 14,900 |
| Destruction and Security of Conventional Weapons | 400 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 11,480 | * | 14,900 |
| Transnational Crime | 145 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 145 | * | 0 |
| Conflict Mitigation and Reconciliation | 229 | * | 0 |
| Conflict Mitigation | 229 | * | 0 |
| Governing Justly & Democratically | 12,516 | * | 0 |
| Rule of Law and Human Rights | 6,574 | * | 0 |
| Justice System | 5,899 | * | 0 |
| Program Support (Rule of Law) | 675 | * | 0 |
| Good Governance | 4,250 | * | 0 |
| Local Government and Decentralization | 2,500 | * | 0 |
| Anti-Corruption Reforms | 1,350 | * | 0 |
| Program Support (Governance) | 400 | * | 0 |
| Civil Society | 1,692 | * | 0 |
| Civic Participation | 1,337 | * | 0 |
| Media Freedom and Freedom of Information | 155 | * | 0 |
| Program Support (Civil Society) | 200 | * | 0 |
| Economic Growth | 7,210 | * | 0 |
| Macroeconomic Foundation for Growth | 436 | * | 0 |
| Fiscal policy | 436 | * | 0 |
| Trade and Investment | 650 | * | 0 |
| Trade and Investment Capacity | 500 | * | 0 |
| Program Support (Trade) | 150 | * | 0 |
| Financial Sector | 1,684 | * | 0 |
| Financial Sector Enabling Environment | 1,534 | * | 0 |
| Program Support (Financial Sector) | 150 | * | 0 |
| Infrastructure | 200 | * | 0 |
| Modern Energy Services | 200 | * | 0 |
| Agriculture | 634 | * | 0 |
| Agricultural Enabling Environment | 438 | * | 0 |
| Program Support (Agriculture) | 196 | * | 0 |
| Private Sector Competitiveness | 3,606 | * | 0 |
| Business Enabling Environment | 2,656 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|----------------------------------|----------------|------------------|-----------------|
| Workforce Development | 750 | * | 0 |
| Program Support (Private Sector) | 200 | * | 0 |

Statement of Changes

Bulgaria graduated from SEED transition assistance in FY 2006, reflecting Bulgaria's progress in economic and democratic reforms. International Military Education and Training (IMET) and Foreign Military Financing (FMF) funding for Bulgaria has increased from FY 2006 to FY 2008. This increase is designed to assist Bulgaria in meeting its new NATO membership requirements and to enable Bulgaria to continue its important contributions to coalition operations.

CROATIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Croatia's continuing development presents an opportunity to secure the benefits of peace and stability for the region and to further contribute to regional and global security through eventual membership in NATO. As it works towards implementing the necessary reforms to obtain eventual European Union and NATO membership, Croatia graduated from U.S. transition assistance in FY 2006.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 1,300 | * | 774 |
| Governing Justly & Democratically | 6,842 | * | 0 |
| Economic Growth | 8,008 | * | 0 |
| Total | 16,150 | * | 774 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| International Military Education & Training | 0 | * | 179 |
| Nonproliferation, Antiterrorism & Demining | 1,300 | * | 595 |
| Assistance for Eastern Europe and Baltic States | 14,850 | * | 0 |
| Total | 16,150 | * | 774 |

Peace and Security (\$0.8 million): U.S. assistance is needed to secure Croatia's borders, improve cross-border cooperation, strengthen law enforcement capabilities, and combat the proliferation of weapons of mass destruction (WMD). Funding will also promote defense reform and military restructuring, which are essential for establishing interoperability capabilities required both to participate in coalition operations with the U.S. and to meet NATO's performance-based membership criteria.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|--------------|
| TOTAL | 16,150 | * | 774 |
| Peace & Security | 1,300 | * | 774 |
| Combating Weapons of Mass Destruction (WMD) | 1,300 | * | 595 |
| Counter WMD Proliferation and Combat WMD Terrorism | 1,300 | * | 595 |
| Stabilization Operations and Security Sector Reform | 0 | * | 179 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 179 |
| Governing Justly & Democratically | 6,842 | * | 0 |
| Rule of Law and Human Rights | 862 | * | 0 |
| Justice System | 605 | * | 0 |
| Human Rights | 248 | * | 0 |
| Program Support (Rule of Law) | 9 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Good Governance | 3,836 | * | 0 |
| Local Government and Decentralization | 2,482 | * | 0 |
| Program Support (Governance) | 1,354 | * | 0 |
| Civil Society | 2,144 | * | 0 |
| Civic Participation | 1,713 | * | 0 |
| Media Freedom and Freedom of Information | 110 | * | 0 |
| Program Support (Civil Society) | 321 | * | 0 |
| Economic Growth | 8,008 | * | 0 |
| Agriculture | 2,658 | * | 0 |
| Agricultural Sector Productivity | 2,402 | * | 0 |
| Program Support (Agriculture) | 256 | * | 0 |
| Private Sector Competitiveness | 5,350 | * | 0 |
| Private Sector Productivity | 4,584 | * | 0 |
| Program Support (Private Sector) | 766 | * | 0 |

Statement of Changes

Croatia graduated from SEED transition assistance in FY 2006, reflecting Croatia's progress in economic and democratic reforms. As a result of a Presidential waiver of American Servicemembers Protection Act (ASPA) restrictions, Croatia can now receive International Military and Education Training (IMET). Due to competing global priorities, funding was not requested for the border security program that was funded in FY 2006 through the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) account.

CYPRUS
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

U.S. strategic goals in Cyprus include building regional stability through a comprehensive settlement of the Cyprus conflict, enhancing cooperation on counter-terrorism, promoting economic prosperity and security, and disrupting criminal organizations, particularly networks of human traffickers. The Cyprus conflict is an obstacle to achieving region-wide U.S. policy goals, since its resolution is critical to Turkey's European Union accession process as well as an important factor in achieving regional stability. Foreign assistance focuses on creating conditions conducive to resolution of the conflict, supporting reunification of the island, promoting peace and cooperation between Greek and Turkish communities, addressing economic disparities between the Turkish Cypriots and Greek Cypriots, and supporting initiatives that encourage a durable peaceful settlement.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|---------------|
| Peace & Security | 20,150 | * | 11,000 |
| Total | 20,150 | * | 11,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|---------------|
| Economic Support Fund | 19,800 | * | 11,000 |
| Nonproliferation, Antiterrorism & Demining | 350 | * | 0 |
| Total | 20,150 | * | 11,000 |

Peace and Security (\$11 million): Cyprus specific challenges center on the current impasse in UN-brokered negotiations, a widening social gap between Greek and Turkish Cypriots, and persistent economic disparity between the two groups. Recent polls indicate that young Greek Cypriots are not interested in living with Turkish Cypriots and that Turkish Cypriots are growing restless with their economic and social isolation. There is concern that anti-settlement voices may gain ground due to lack of interaction between the two communities, under-developed civil society, and differences in wealth and opportunities.

U.S. assistance addresses the factors impeding a political settlement, encouraging the growth of pro-solution political will among Turkish Cypriots, and building the capacity of civil society island-wide to advocate for peace and reunification. The United States is the only donor providing foreign assistance in Cyprus that promotes a political solution. Although the EU proposed aid and trade assistance to the Turkish Cypriots following their pro-reunification vote in 2004, this assistance focuses on infrastructure and harmonization with EU standards, reducing the costs of reunification rather than promoting reconciliation between the two communities.

As part of U.S. conflict mitigation efforts, assistance concentrates on creating economic opportunities and enhancing economic growth in the Turkish Cypriot community, as well as on broadening Turkish Cypriot access to Greek Cypriot markets and services, and to U.S. and international markets for trade and investment. U.S. assistance provides the primary resources for

programs in critical areas such as banking reform, private sector-led growth, workforce development, vocational training, natural resource management, and the adoption of international norms that include anti-money laundering. These interventions help build the basis for a negotiated peace. Economic development increases support for pro-solution leaders and helps prevent the balance of power from shifting back to those who oppose a settlement.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 20,150 | * | 11,000 |
| Peace & Security | 20,150 | * | 11,000 |
| Combating Weapons of Mass Destruction (WMD) | 350 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 350 | * | 0 |
| Conflict Mitigation and Reconciliation | 19,800 | * | 11,000 |
| Peace and Reconciliation Processes | 19,379 | * | 11,000 |
| Program Support (Conflict) | 421 | * | 0 |

Statement of Changes

The top priority for Cyprus is conflict mitigation and reconciliation funding, aimed at preparing for and encouraging the reunification of the island. Due to competing global priorities, FY 2008 funding for Cyprus has decreased from FY 2006 by \$9.2 million or 45 percent. No Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) have been requested as Cyprus graduated from the U.S.-funded border security program.

CZECH REPUBLIC
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Czech Republic has embraced a pro-transatlantic foreign policy and democratic transformation around the world. With its membership in NATO, European Union, and the World Trade Organization (WTO), combined with increasing activism in international affairs, the Czech Republic has proven an important and reliable ally in promoting democracy, market reforms, anti-terrorism, and non-proliferation. Continuing security assistance provides an opportunity to secure the benefits of peace and stability for the region and to further improve the interoperability of the armed forces of the Czech Republic to participate in coalition operations supporting the Global War on Terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 5,993 | * | 4,300 |
| Total | 5,993 | * | 4,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 3,957 | * | 3,000 |
| International Military Education & Training | 2,036 | * | 1,300 |
| Total | 5,993 | * | 4,300 |

Peace and Security (\$4.3 million): The Czech Republic is making important strides in modernizing its military to provide better-equipped and better trained forces to participate in international security operations. U.S. assistance helps secure the Czech Republic's capability to enhance regional stability and contribute alongside the United States and its allies in coalition operations around the globe. Funding will provide specialized equipment in line with NATO niche requirements, as well as support English language training and professional military education, which will better prepare Czech forces for NATO/U.S. interoperability.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 5,993 | * | 4,300 |
| Peace & Security | 5,993 | * | 4,300 |
| Stabilization Operations and Security Sector Reform | 5,993 | * | 4,300 |
| Defense, Military, and Border Restructuring, Reform and Operations | 5,993 | * | 4,300 |

Statement of Changes

Funding for Czech Republic has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Czech Armed Forces. IMET and FMF allocations to the Czech Republic remain substantial in recognition of the Czech Republic's important role as a contributor to coalition operations.

ESTONIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Estonia is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. An Estonian platoon is deployed in Baghdad, and Estonia has committed 150 soldiers to a British-led Provincial Reconstruction Team in Helmand province in southern Afghanistan. Estonia joined NATO in 2004 and considers NATO the cornerstone of its security and defense. Estonia's history of Soviet occupation during the past century, however, leads many Estonian military and civilian leaders to question the use of limited resources on out-of-country operations rather than on funding their own internal defense capability. Foreign assistance to Estonia provides the opportunity to sustain and expand the strong partnership the United States has formed with Estonia, contribute to improved NATO interoperability, and support Estonia's military commitments abroad, including in Afghanistan, Iraq, Kosovo, and Bosnia.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 5,797 | * | 4,100 |
| Total | 5,797 | * | 4,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 4,451 | * | 3,000 |
| International Military Education & Training | 1,296 | * | 1,100 |
| Nonproliferation, Antiterrorism & Demining | 50 | * | 0 |
| Total | 5,797 | * | 4,100 |

Peace and Security (\$4.1 million): Foreign assistance to Estonia provides an exponential return on investment by maintaining strong political support for global coalition operations and a willingness to provide personnel, equipment, and associated support. U.S. security assistance will promote increased NATO interoperability and improve Estonian defense capabilities and force readiness through training and the provision of military equipment. U.S. programs will bolster the capability of Estonia's armed forces to conduct peacekeeping operations and help develop Estonia's NATO niche capabilities to further contribute to the global security and to fighting the Global War on Terrorism. The programs will also allow Estonia to continue efforts to provide training and share NATO accession experiences with its neighbors, such as Georgia and Ukraine.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 5,797 | * | 4,100 |
| Peace & Security | 5,797 | * | 4,100 |
| Combating Weapons of Mass Destruction (WMD) | 50 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 50 | * | 0 |
| Stabilization Operations and Security Sector Reform | 5,747 | * | 4,100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 5,747 | * | 4,100 |

Statement of Changes

Funding for Estonia has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Estonian Armed Forces. IMET and FMF allocations to Estonia remain substantial in recognition of the Estonia's important role as a contributor to coalition operations.

GEORGIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Georgia's rapid progress on reform since its 2003 Rose Revolution provides a historic opportunity to advance the country's transition to a free market democracy by strengthening the rule of law, improving governance, increasing economic growth, and supporting Georgia's ability to invest in its people. These steps would increase the appeal for residents of the separatist regions of Abkhazia and South Ossetia to reintegrate with Georgia, fostering a peaceful resolution to these long-standing conflicts and enhancing regional stability. Sustained development is critical for Georgia to serve as the beacon of reform President Bush identified it as in 2005, serving as a democratic model in the strategic seam between Europe, Eurasia and the Middle East. Obstacles remain, however. To consolidate recent gains, Georgia must strengthen its democratic institutions, in particular, by increasing judicial independence, parliamentary oversight of the executive branch, rule of law consistent with respect for human rights, and government transparency. Additionally, if reforms are to be sustained, Georgia must create an environment receptive to opposition and minority voices, in part by strengthening media freedom, holding elections that fully meet international standards, and engendering equitable treatment for minorities. Despite significant reforms, rural poverty has increased and there has been little development outside of the capital. Georgia faces increased pressure from Russia as it deepens its Euro-Atlantic ties and becomes a transit corridor for Caspian energy to international markets. The January 2006 energy crisis proved that Georgia is reliant on energy supplies from Russia, a weakness the Kremlin has chosen to exploit. Russian support for separatists continues to hinder efforts to advance peaceful resolutions to the conflicts in South Ossetia and Abkhazia that respect Georgia's territorial integrity.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 34,753 | * | 25,415 |
| Governing Justly & Democratically | 15,434 | * | 14,400 |
| Investing in People | 9,560 | * | 8,100 |
| Economic Growth | 22,445 | * | 13,800 |
| Humanitarian Assistance | 3,396 | * | 2,800 |
| Total | 85,588 | * | 64,515 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 100 | * | 0 |
| Foreign Military Financing | 11,880 | * | 10,000 |
| Freedom Support Act | 67,780 | * | 50,500 |
| International Military Education & Training | 1,275 | * | 800 |
| Nonproliferation, Antiterrorism & Demining | 3,137 | * | 3,215 |
| Public Law 480 (Food Aid) | 1,416** | * | 0 |
| Total | 85,588 | * | 64,515 |
| Peace Corps | 1804 | * | 1906 |

**FY 2006 includes \$1.416 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$25.4 million): The United States can best assist Georgia in establishing peace and security by focusing on stabilization operations and security sector reform. U.S. programs will assist in the development and modernization of the Georgian armed forces, specifically by bolstering their peacekeeping capabilities and preparing them for invitation into NATO. Georgia has taken a number of steps to reform its Ministries of Interior and Defense. U.S. programs aim to strengthen Georgia's ability to secure its borders by detecting and deterring trafficking in WMD and other illicit materials and enhance regional stability by helping professionalize Georgia's military. U.S. assistance will also help Georgia strengthen the rule of law by improving police management and training and equipping law enforcement authorities to combat trafficking, organized crime, money laundering, and terrorist financing. U.S. assistance will also advance regional stability by supporting conflict mitigation projects in South Ossetia and Abkhazia.

Governing Justly and Democratically (\$14.4 million): Despite Georgia's success in streamlining and decentralizing government and combating corruption, independent assessments indicate that Georgian institutions function less effectively than the average of those in the Developing category. The United States will help Georgia consolidate democratic gains by supporting improved effectiveness, transparency, responsiveness and accountability of all branches of government. U.S. assistance will enhance the ability of Georgian civil society groups and independent media to engage the government on issues of public concern and to promote government accountability. U.S. efforts will further support the development of checks and balances by working to strengthen the independence and professionalism of the judiciary and the legislature; facilitate efforts to strengthen pluralism and create a more stable party system and ensure a free, fair and orderly electoral process; and improve respect for human rights by law enforcement officials.

Investing in People (\$8.1 million): Georgia meets or surpasses the average of Developing category countries for all but two indicators under this objective - public expenditure on health and education. The Government of Georgia (GOG) does not have the administrative capacity to deliver public services necessary for raising living standards. Georgia's alarming abortion rate, officially reported at 3.7 per woman, ranks highest in the world. U.S.-funded health programs will help mitigate HIV/AIDS, including in Abkhazia; control Georgia's tuberculosis epidemic by expanding coverage of the universally-recognized Directly Observed Treatment Short-Course (DOTS) protocol; provide improved maternal and child health care to reverse backsliding in Georgia's under-five mortality rate; and increase the use of modern methods of family planning. Funding will support a primary health care reform program to improve the ability of the Ministry of Labor, Health, and Social Affairs to provide cost-effective health services and promote efficient social sector financing. U.S.-funded education programs will not only support both the decentralization and reform of the basic education system but will also increase transparency and curriculum reform in higher education.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Georgia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$13.8 million): Georgia meets or surpasses the average for Developing category countries in all economic growth indicators except one: business climate. Nevertheless, the business climate is steadily improving, and in September 2006 the World Bank listed Georgia as one of the top reformers in this area. Georgia ranks next to last among Eurasian states in per

capita income; deteriorating infrastructure and lack of market diversity hamper trade and undermine investment. U.S. assistance will help implement free market reforms to improve the trade and business and agricultural climates; develop micro-, small-, and medium-sized enterprises; make financial markets more inclusive; improve productivity; and strengthen monetary and fiscal policy. To address Georgia's critical need for energy security, U.S. programs will help diversify energy imports, reduce dependency on imported hydrocarbons by stabilizing electricity supply, improve sector efficiency, and facilitate Caspian-European energy transit. U.S. assistance will also work to improve the service quality, efficiency and bankability of the water utilities, thus improving the delivery of municipal services.

Humanitarian Assistance (\$2.8 million): More than 250,000 persons remain uprooted by the conflicts in Abkhazia and South Ossetia. U.S. assistance will support the GOG's efforts to address their humanitarian needs until long-term solutions are found to integrate internally displaced persons or until these persons are allowed to return to their homes in the separatists regions. U.S. assistance will improve social services and protection for vulnerable populations by facilitating the transport of essential medicines for humanitarian purposes.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 85,588 | * | 64,515 |
| Peace & Security | 34,753 | * | 25,415 |
| Counter-Terrorism | 1,014 | * | 565 |
| Governments' Capabilities | 1,014 | * | 565 |
| Combating Weapons of Mass Destruction (WMD) | 864 | * | 1,200 |
| Counter WMD Proliferation and Combat WMD Terrorism | 616 | * | 1,200 |
| Program Support (WMD) | 248 | * | 0 |
| Stabilization Operations and Security Sector Reform | 30,353 | * | 20,750 |
| Operations Support | 11,880 | * | 10,000 |
| Destruction and Security of Conventional Weapons | 0 | * | 1,956 |
| Explosive Remnants of War (ERW) | 2,123 | * | 700 |
| Defense, Military, and Border Restructuring, Reform and Operations | 8,219 | * | 5,716 |
| Law Enforcement Restructuring, Reform and Operations | 7,038 | * | 1,762 |
| Program Support (Stabilization) | 1,093 | * | 616 |
| Counter-Narcotics | 0 | * | 300 |
| Eradication | 0 | * | 294 |
| Program Support (Narcotics) | 0 | * | 6 |
| Transnational Crime | 0 | * | 600 |
| Financial Crimes and Money Laundering | 0 | * | 392 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 196 |
| Program Support (Crime) | 0 | * | 12 |
| Conflict Mitigation and Reconciliation | 2,522 | * | 2,000 |
| Peace and Reconciliation Processes | 2,350 | * | 1,864 |
| Program Support (Conflict) | 172 | * | 136 |
| Governing Justly & Democratically | 15,434 | * | 14,400 |
| Rule of Law and Human Rights | 2,760 | * | 2,800 |
| Constitutions, Laws, and Legal Systems | 0 | * | 1,187 |
| Judicial Independence | 515 | * | 791 |
| Justice System | 2,215 | * | 495 |
| Human Rights | 0 | * | 297 |
| Program Support (Rule of Law) | 30 | * | 30 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Good Governance | 6,810 | * | 5,400 |
| Legislative Function and Processes | 855 | * | 944 |
| Public Sector Executive Function | 3,032 | * | 1,887 |
| Local Government and Decentralization | 2,539 | * | 1,321 |
| Anti-Corruption Reforms | 0 | * | 944 |
| Program Support (Governance) | 384 | * | 304 |
| Political Competition and Consensus-Building | 523 | * | 3,400 |
| Consensus-Building Processes | 0 | * | 536 |
| Elections and Political Processes | 0 | * | 1,786 |
| Political Parties | 467 | * | 714 |
| Program Support (Political Competition) | 56 | * | 364 |
| Civil Society | 5,341 | * | 2,800 |
| Civic Participation | 4,961 | * | 1,936 |
| Media Freedom and Freedom of Information | 210 | * | 775 |
| Program Support (Civil Society) | 170 | * | 89 |
| Investing in People | 9,560 | * | 8,100 |
| Health | 7,655 | * | 4,600 |
| HIV/AIDS | 1,441 | * | 1,500 |
| Tuberculosis | 977 | * | 500 |
| Other Public Health Threats | 1,647 | * | 0 |
| Maternal and Child Health | 1,565 | * | 500 |
| Family Planning and Reproductive Health | 725 | * | 1,600 |
| Water Supply and Sanitation | 1,300 | * | 500 |
| Education | 1,905 | * | 1,700 |
| Basic Education | 1,263 | * | 1,200 |
| Higher Education | 642 | * | 500 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 1,800 |
| Policies, Regulations, and Systems | 0 | * | 1,800 |
| Economic Growth | 22,445 | * | 13,800 |
| Macroeconomic Foundation for Growth | 1,820 | * | 1,200 |
| Fiscal policy | 1,000 | * | 519 |
| Monetary policy | 574 | * | 519 |
| Program Support (Macro Econ) | 246 | * | 162 |
| Trade and Investment | 1,831 | * | 1,500 |
| Trade and Investment Enabling Environment | 1,302 | * | 945 |
| Trade and Investment Capacity | 428 | * | 472 |
| Program Support (Trade) | 101 | * | 83 |
| Financial Sector | 920 | * | 800 |
| Financial Sector Enabling Environment | 0 | * | 774 |
| Financial Services | 893 | * | 0 |
| Program Support (Financial Sector) | 27 | * | 26 |
| Infrastructure | 5,554 | * | 3,000 |
| Modern Energy Services | 5,041 | * | 2,723 |
| Program Support (Infrastructure) | 513 | * | 277 |
| Agriculture | 6,805 | * | 1,800 |
| Agricultural Enabling Environment | 1,286 | * | 471 |
| Agricultural Sector Productivity | 5,130 | * | 1,226 |
| Program Support (Agriculture) | 389 | * | 103 |
| Private Sector Competitiveness | 2,314 | * | 3,500 |
| Business Enabling Environment | 2,115 | * | 1,828 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Private Sector Productivity | 0 | * | 914 |
| Workforce Development | 0 | * | 457 |
| Program Support (Private Sector) | 199 | * | 301 |
| Economic Opportunity | 2,802 | * | 2,000 |
| Inclusive Financial Markets | 0 | * | 1,404 |
| Policy Environment for Micro and Small Enterprises | 144 | * | 468 |
| Strengthen Microenterprise Productivity | 2,479 | * | 0 |
| Program Support (Econ Opportunity) | 179 | * | 128 |
| Environment | 399 | * | 0 |
| Natural Resources and Biodiversity | 350 | * | 0 |
| Program Support (Environment) | 49 | * | 0 |
| Humanitarian Assistance | 3,396 | * | 2,800 |
| Protection, Assistance and Solutions | 3,396 | * | 2,800 |
| Protection and Solutions | 0 | * | 2,000 |
| Crisis Assistance and Recovery | 3,396 | * | 800 |

Linkages with the Millennium Challenge Corporation (MCC)

Georgia has a \$295 million Millennium Challenge Corporation (MCC) compact focused on rehabilitating regional infrastructure and promoting private sector development. The economic growth programs described above are intended to underpin and reinforce this MCC compact investment.

Statement of Changes

Funding for Georgia has decreased from FY 2006 levels. Among program elements, there were significant decreases in Economic Growth, specifically in trade and investment, infrastructure and agriculture. These decreases take into account Georgia's significant progress in reforming the business climate, attracting investment, the GOG's adoption of a comprehensive energy sector strategy, and reforms in the agriculture sector. There was also a substantial decrease in Peace and Security, specifically in defense, military and border restructuring and law enforcement operations. This is due to the completion of infrastructure projects such as border posts and commitment by the GOG to continue these projects. While democratic reforms are progressing at a rapid pace in Georgia, funding in the Governing Justly and Democratically remained relatively stable, recognizing the need to further democratic reform and consolidate the gains of the Rose Revolution.

GREECE
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite its strategic location in the Eastern Mediterranean and large defense budget, the Greeks have not always played a substantive role in NATO. International Military Educational Training (IMET) contributes substantially toward interoperability of Greek forces within NATO, and helps focus Greek officers on the positive impact Greece can have within the wider Alliance.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 573 | * | 590 |
| Total | 573 | * | 590 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 573 | * | 590 |
| Total | 573 | * | 590 |

Peace and Security (\$0.6 million): U.S. assistance is focused on IMET funding to enhance regional stability, build close ties/mutual understanding, and assist with Greek military transformation. IMET substantially increases NATO interoperability through hands-on equipment training, facilitates understanding between our militaries, and augments sales of U.S. defense-related items that are crucial to NATO effectiveness. In turn, more comprehensive Greek participation in NATO enhances regional security, and increases Greek capabilities in GWOT.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 573 | * | 590 |
| Peace & Security | 573 | * | 590 |
| Stabilization Operations and Security Sector Reform | 573 | * | 590 |
| Defense, Military, and Border Restructuring, Reform and Operations | 573 | * | 590 |

Statement of Changes

Funding of security sector programs has remained steady from FY 2006 to FY 2008, reflecting continued U.S. engagement in this sector.

HUNGARY
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States and Hungary enjoy a strong relationship based on shared values of democratic and free-market principles. Since Hungary joined the EU and NATO, the scope and depth of its relationship with the United States has broadened and matured. Hungary is a firm ally in the Global War on Terror, contributing troops to NATO missions in Afghanistan, Iraq, and the Balkans. Hungary plays an important role in promoting security, democracy and stability in the region, in part due its strategic geopolitical position. With the highest public debt ratio in the EU, Hungary has had to abandon its commitment to adopting the Euro by 2010 and has embarked on an aggressive economic reform package, which includes cutting back on defense-related expenditures. U.S. assistance provides the opportunity to counteract these pressures and maintain the momentum of Hungary's development as a positive force in regional stability and global coalition operations.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 4,799 | * | 3,200 |
| Total | 4,799 | * | 3,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 2,474 | * | 2,000 |
| International Military Education & Training | 1,685 | * | 1,200 |
| Nonproliferation, Antiterrorism & Demining | 640 | * | 0 |
| Total | 4,799 | * | 3,200 |

Peace and Security (\$3.2 million): Foreign assistance to Hungary contributes to regional stability and helps maintain strong political support for coalition operations including a willingness to provide personnel, equipment, and other resources for these operations. Funds will promote the development of a smaller, flexible, sustainable, and NATO-interoperable military capable of meeting NATO Article V commitments and participation in peace support operations. Funds will also help Hungary develop niche capabilities and provide English language training and professional military education to ensure interoperability with NATO.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 4,799 | * | 3,200 |
| Peace & Security | 4,799 | * | 3,200 |
| Counter-Terrorism | 640 | * | 0 |
| Governments' Capabilities | 640 | * | 0 |
| Stabilization Operations and Security Sector Reform | 4,159 | * | 3,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,159 | * | 3,200 |

Statement of Changes

Funding for Hungary has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Hungarian Armed Forces. IMET and FMF allocations to Hungary remain substantial in recognition of the Hungary's important role as a contributor to coalition operations.

IRELAND
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Ireland is an important ally in promoting the U.S. transatlantic agenda, especially the Global War on Terrorism. Sectarian struggle in Northern Ireland constitutes an obstacle to fuller Irish engagement in support of this agenda. U.S. assistance promotes peace and reconciliation processes in support of Irish and British efforts to defuse sectarian differences in Northern Ireland, and fosters economic revival in areas affected by the conflict.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|--------------|
| Peace & Security | 15,444 | * | 500 |
| Economic Growth | 1,386 | * | 500 |
| Total | 16,830 | * | 1,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------|---------------|---------------|--------------|
| Economic Support Fund | 16,830 | * | 1,000 |
| Total | 16,830 | * | 1,000 |

Peace and Security (\$0.6 million): U.S. assistance supports the peace process through the Walsh Visa Program, which brings unemployed young people from Northern Ireland and six border counties of the Ireland to the U.S. where they are offered training in conflict resolution.

Economic Growth (\$0.4 million): Funding is focused on fostering economic revival in affected areas, as well as employment and job training through the Walsh Visa Program.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|--------------|
| TOTAL | 16,830 | * | 1,000 |
| Peace & Security | 15,444 | * | 500 |
| Conflict Mitigation and Reconciliation | 15,444 | * | 500 |
| Peace and Reconciliation Processes | 14,965 | * | 500 |
| Program Support (Conflict) | 479 | * | 0 |
| Economic Growth | 1,386 | * | 500 |
| Private Sector Competitiveness | 1,386 | * | 500 |
| Workforce Development | 1,067 | * | 500 |
| Program Support (Private Sector) | 319 | * | 0 |

Statement of Changes

The sharp decrease in Economic Support Funds (ESF) to Ireland between FY 2006 and FY 2008 reflects the sunset of the Walsh Visa Program and Ireland's progress in conflict resolution. It is expected that FY 2008 will be the final year of U.S. assistance to Ireland.

KOSOVO
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Administration anticipates that by FY 2008 Kosovo will have entered a distinctly new phase in its status and development. The political process begun in November 2005 under the auspices of the UN-Special envoy to determine Kosovo's status should be complete, and FY 2008 will likely be the first full post-status fiscal year. Kosovo will have to balance its security with development and integration priorities. The U.S. vision for Kosovo is the territory's transformation into a stable, democratic society, fully respecting the rights of its minorities, at peace with its neighbors and on an irreversible path to European integration. After more than seven years of UN administration and oversight, Kosovo institutions are assuming greater responsibility for many governmental functions in accordance with UNSCR 1244. Managing these transitions will be the key challenge for the U.S., working closely with the Contact Group and EU allies and fellow UN Security Council members. While Kosovo's final status has not yet been defined, U.S. foreign policy goals are well-defined to help Kosovo regardless of the status outcome and matched by assistance programs. U.S. assistance programs are designed to complement the U.S. goals of stability, economic and democratic development, and integration into Euro-Atlantic institutions. Kosovo's major challenges are developing a sound market-based economy, unemployment, corruption, crime, and the need for greater protection of minority rights. On this last, U.S. assistance has been included to assist with the return and reintegration of those displaced.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|----------------|
| Peace & Security | 30,486 | * | 43,000 |
| Governing Justly & Democratically | 26,636 | * | 43,746 |
| Investing in People | 250 | * | 15,800 |
| Economic Growth | 20,428 | * | 43,100 |
| Humanitarian Assistance | 0 | * | 6,000 |
| Total | 77,800 | * | 151,646 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|----------------|
| International Military Education & Training | 0 | * | 400 |
| Nonproliferation, Antiterrorism & Demining | 100 | * | 0 |
| Assistance for Eastern Europe and Baltic States | 77,700 | * | 151,246 |
| Total | 77,800 | * | 151,646 |

Peace and Security (\$43.0 million): While Kosovo's current security situation is calm, as status negotiations move toward conclusion, the security situation will need to be monitored closely. Although the United Nations Mission in Kosovo (UNMIK) maintains its executive role in sensitive areas like protection of minority rights and law and order, it will likely be completing its mandate in 2007 and a new international civilian mission will be established to oversee implementation of the status settlement. While the EU will lead the development of Kosovo's rule of law sector post-status, the United States will be actively involved in the follow-on International

Civilian Office, which will succeed UNMIK and oversee status implementation, as well as to the NATO-led Kosovo Force. With minimal experience in governance, the Provisional Institutions of Self-Government (PISG) lack capacity in many sectors, and will continue to need international assistance and capacity building support. In addition, Kosovo must deal with the tensions that still exist between Kosovo's ethnic Albanians and other ethnicities, particularly Kosovo Serbs, which may be further exacerbated during the period following determination of final status. Instability in Kosovo in the post-status period could result in an outbreak of ethnic conflict, or serve as an invitation to terrorist elements. Kosovo will require substantial assistance before its institutions can fully assume responsibility for maintaining a safe and secure environment and administering justice. Specific programs will continue to assist the Kosovo Police Service through training and capacity-building. Other programs will target the development of Kosovo's security sector, ensuring that Kosovo's current and future security institutions develop democratically, with international standards of professionalism and accountability. This will be achieved through English language training, human rights and rule of law training, conflict mitigation services, and programs targeting trafficking and other transnational threats.

Governing Justly and Democratically (\$43.7 million): Confidence in central and local government, as well as increased respect for the rule of law and increased capacity of the criminal justice system, will be crucial to stability and economic growth. Local governments, in particular, are the nexus where issues of ethnic reconciliation, return and reintegration of displaced persons, empowerment of minorities, and the provision of basic services for social stability and public safety come together. Programs in this area will include supporting more effective local government through decentralization, strengthening and solidifying an independent judiciary, supporting the continued development of political parties, and assisting civil society.

Investing in People (\$15.8 million): U.S. programs will focus on basic education and capacity-building among government agencies. Programs aimed at higher education will allow Kosovars to develop the skills, attitudes and behaviors needed to create robust governance institutions, and to support increased economic activity. Special investments will also be made in Kosovo's youth, the dominant demographic group. Programs will focus on addressing public health threats, including Avian Influenza.

Economic Growth (\$43.1 million): Kosovo's social stability will require building a solid foundation for economic growth. Poverty reduction and reduced unemployment will require not only government-level programs aimed at fiscal policy and legislation, but development of a robust private sector, especially the critical development of the energy sector, and infrastructure to support economic development. It has been estimated that the withdrawal of UNMIK and reductions in international personnel overall will lead to a contraction of the Kosovo economy, with deep recessions especially in the housing and service sectors. Depending on the outcome of on-going status negotiations, Kosovo may also be servicing a substantial debt burden. U.S. assistance is prepared to help the government deal with this debt. Additional programs will focus on developing Kosovo's integration regionally and internationally, by working to incorporate international standards in the public and private sectors (e.g., agricultural sanitary and phytosanitary standards).

Humanitarian Assistance (\$6.0 million): Regardless of the status outcome, there is the possibility of population movements within and from Kosovo as a result of final status negotiations. Additionally, there are still approximately 200,000 Kosovars displaced in Serbia and 16,000 Kosovo refugees in Montenegro; the United States has committed to providing assistance to those persons who choose to return to Kosovo once status is decided. U.S. humanitarian assistance will assist these returnees with reintegration into Kosovo's society and

the rebuilding of their livelihoods. Kosovo also lacks the capability to deal with natural disasters and other contingencies and will require assistance to build local capacities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 77,800 | * | 151,646 |
| Peace & Security | 30,486 | * | 43,000 |
| Combating Weapons of Mass Destruction (WMD) | 100 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 27,750 | * | 30,900 |
| Disarmament, Demobilization & Reintegration (DDR) | 0 | * | 4,410 |
| Destruction and Security of Conventional Weapons | 0 | * | 500 |
| Immediate Protection of Civilians in Conflict | 0 | * | 7,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 7,900 |
| Law Enforcement Restructuring, Reform and Operations | 27,500 | * | 9,800 |
| Program Support (Stabilization) | 250 | * | 1,290 |
| Counter-Narcotics | 0 | * | 600 |
| Interdiction | 0 | * | 588 |
| Program Support (Narcotics) | 0 | * | 12 |
| Transnational Crime | 0 | * | 3,500 |
| Financial Crimes and Money Laundering | 0 | * | 1,408 |
| Intellectual Property Theft, Corporate Espionage, and Cyber Security | 0 | * | 980 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 1,000 |
| Program Support (Crime) | 0 | * | 112 |
| Conflict Mitigation and Reconciliation | 2,636 | * | 8,000 |
| Conflict Mitigation | 2,467 | * | 6,221 |
| Peace and Reconciliation Processes | 169 | * | 889 |
| Program Support (Conflict) | 0 | * | 890 |
| Governing Justly & Democratically | 26,636 | * | 43,746 |
| Rule of Law and Human Rights | 10,172 | * | 13,600 |
| Constitutions, Laws, and Legal Systems | 959 | * | 3,689 |
| Judicial Independence | 1,316 | * | 4,612 |
| Justice System | 7,247 | * | 3,782 |
| Human Rights | 617 | * | 461 |
| Program Support (Rule of Law) | 33 | * | 1,056 |
| Good Governance | 4,531 | * | 19,646 |
| Legislative Function and Processes | 1,036 | * | 0 |
| Public Sector Executive Function | 460 | * | 3,379 |
| Local Government and Decentralization | 3,035 | * | 10,278 |
| Anti-Corruption Reforms | 0 | * | 2,414 |
| Governance of the Security Sector | 0 | * | 2,897 |
| Program Support (Governance) | 0 | * | 678 |
| Political Competition and Consensus-Building | 1,882 | * | 5,000 |
| Consensus-Building Processes | 0 | * | 924 |
| Elections and Political Processes | 1,046 | * | 2,773 |
| Political Parties | 836 | * | 924 |
| Program Support (Political Competition) | 0 | * | 379 |
| Civil Society | 10,051 | * | 5,500 |
| Civic Participation | 8,164 | * | 2,862 |
| Media Freedom and Freedom of Information | 1,887 | * | 1,908 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Program Support (Civil Society) | 0 | * | 730 |
| Investing in People | 250 | * | 15,800 |
| Health | 0 | * | 5,500 |
| Other Public Health Threats | 0 | * | 1,000 |
| Water Supply and Sanitation | 0 | * | 4,500 |
| Education | 250 | * | 7,300 |
| Basic Education | 0 | * | 5,300 |
| Higher Education | 250 | * | 2,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 3,000 |
| Social Services | 0 | * | 3,000 |
| Economic Growth | 20,428 | * | 43,100 |
| Macroeconomic Foundation for Growth | 4,062 | * | 1,000 |
| Fiscal policy | 4,062 | * | 889 |
| Program Support (Macro Econ) | 0 | * | 111 |
| Trade and Investment | 1,785 | * | 2,000 |
| Trade and Investment Enabling Environment | 1,785 | * | 0 |
| Trade and Investment Capacity | 0 | * | 1,796 |
| Program Support (Trade) | 0 | * | 204 |
| Financial Sector | 1,388 | * | 1,000 |
| Financial Sector Enabling Environment | 843 | * | 171 |
| Financial Services | 545 | * | 682 |
| Program Support (Financial Sector) | 0 | * | 147 |
| Infrastructure | 3,295 | * | 20,100 |
| Modern Energy Services | 3,295 | * | 5,000 |
| Communications Services | 0 | * | 4,500 |
| Transport Services | 0 | * | 10,600 |
| Agriculture | 1,421 | * | 1,000 |
| Agricultural Enabling Environment | 0 | * | 561 |
| Agricultural Sector Productivity | 1,421 | * | 373 |
| Program Support (Agriculture) | 0 | * | 66 |
| Private Sector Competitiveness | 8,477 | * | 9,500 |
| Business Enabling Environment | 2,788 | * | 949 |
| Private Sector Productivity | 2,804 | * | 6,169 |
| Workforce Development | 2,885 | * | 1,898 |
| Program Support (Private Sector) | 0 | * | 484 |
| Economic Opportunity | 0 | * | 7,500 |
| Strengthen Microenterprise Productivity | 0 | * | 4,500 |
| Inclusive Economic Law and Property Rights | 0 | * | 2,250 |
| Program Support (Econ Opportunity) | 0 | * | 750 |
| Environment | 0 | * | 1,000 |
| Clean Productive Environment | 0 | * | 1,000 |
| Humanitarian Assistance | 0 | * | 6,000 |
| Protection, Assistance and Solutions | 0 | * | 1,700 |
| Protection and Solutions | 0 | * | 1,700 |
| Disaster Readiness | 0 | * | 2,200 |
| Capacity Building, Preparedness, and Planning | 0 | * | 1,300 |
| Mitigation | 0 | * | 900 |
| 3 Migration Management | 0 | * | 2,100 |
| Institutional Support and Capacity-building | 0 | * | 1,890 |
| Program Support (Migration) | 0 | * | 210 |

Statement of Changes

Kosovo's FY 2008 budget request is a 95% increase from FY 2006. The Administration anticipates that by FY 2008 Kosovo will have entered a distinctly new phase in its status and development. The political process begun in November 2005 to determine Kosovo's status should be complete, and FY 2008 will likely be the first full post-status fiscal year. This heightened request is to support the U.S. goal of the territory's transformation into a stable, democratic society, fully respecting the rights of its minorities, at peace with its neighbors and on an irreversible path to European integration. Among program elements, the most substantial increases have been in security sector reform, infrastructure, and economic opportunity. New program focuses include investing in people and humanitarian assistance. All of these funding increases are aimed at promoting stability in the region post-status and providing the necessary tools for solid democratic and economic development to Kosovo's governing institutions.

LATVIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Latvia is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. Latvia is playing a key role in GWOT, providing substantial public, diplomatic, and military support, and with troops in Afghanistan and Iraq. Latvia has suffered three casualties in Iraq, but the government remains committed to supporting stabilization efforts. It also participates in peacekeeping operations in the Balkans. The United States supports Latvia's efforts to share its experiences with other countries transitioning to free market democracies, particularly Ukraine, Moldova, and Georgia. Foreign assistance to Latvia provides the opportunity for the United States to sustain and expand a strong partnership, support Latvia's commitment to ongoing activities in Afghanistan and Iraq, and work with the Latvian military to develop niche capabilities needed by NATO.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 7,376 | * | 4,100 |
| Total | 7,376 | * | 4,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 5,940 | * | 3,000 |
| International Military Education & Training | 1,326 | * | 1,100 |
| Nonproliferation, Antiterrorism & Demining | 110 | * | 0 |
| Total | 7,376 | * | 4,100 |

Peace and Security (\$4.1 million): Foreign assistance to Latvia provides an significant return on investment by maintaining strong political support for coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will assist the modernization of the Latvian military and ensure Latvia's continued participation in international peacekeeping missions, as well as in other U.S. and NATO stability operations. Funds will continue to support Latvia's integration into NATO by restructuring and modernizing the Latvian Armed Forces and promoting the development of Latvia's niche capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 7,376 | * | 4,100 |
| Peace & Security | 7,376 | * | 4,100 |
| Counter-Terrorism | 60 | * | 0 |
| Governments' Capabilities | 60 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 50 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 50 | * | 0 |
| Stabilization Operations and Security Sector Reform | 7,266 | * | 4,100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 7,266 | * | 4,100 |

Statement of Changes

Funding for Latvia has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Latvian Armed Forces. IMET and FMF allocations remain substantial in recognition of Latvia's important role as a contributor to coalition operations.

LITHUANIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Lithuania is a strong and reliable transatlantic partner in advancing peace, stability, and democracy in Europe and beyond. For many years, it has maintained peacekeepers in the Balkans and last year established the lead in a Provincial Reconstruction Team (PRT) in western Afghanistan. Foreign assistance to Lithuania provides the opportunity to sustain and expand the strong partnership the United States has formed with Lithuania, support its commitment to ongoing activities in Afghanistan and Iraq, and work with the Lithuanian military to help it develop niche capabilities needed by NATO.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 6,274 | * | 4,100 |
| Total | 6,274 | * | 4,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 4,455 | * | 3,000 |
| International Military Education & Training | 1,281 | * | 1,100 |
| Nonproliferation, Antiterrorism & Demining | 538 | * | 0 |
| Total | 6,274 | * | 4,100 |

Peace and Security (\$4.1 million): Foreign assistance to Lithuania provides a significant return on investment by maintaining strong political support for coalition operations and a willingness to provide personnel, equipment, and associated support. Funds will provide military equipment and training to assist the modernization of the Lithuanian military and ensure Lithuania's continued participation in international peacekeeping missions as well as in other U.S. and NATO stability operations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 6,274 | * | 4,100 |
| Peace & Security | 6,274 | * | 4,100 |
| Combating Weapons of Mass Destruction (WMD) | 538 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 538 | * | 0 |
| Stabilization Operations and Security Sector Reform | 5,736 | * | 4,100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 5,736 | * | 4,100 |

Statement of Changes

Funding for Lithuania has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This decrease reflects the increasing capability and NATO interoperability of the Lithuanian Armed Forces. IMET and FMF allocations remain substantial in recognition of the Lithuania's important role as a contributor to coalition operations. Lithuania graduated from U.S.-funded border security assistance and thus no Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds were requested in FY 2008.

MACEDONIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Since gaining independence in 1991, Macedonia has struggled to overcome a legacy of socialism and to deal with challenges to its territorial integrity and sovereignty. Although its resources and capabilities are still limited, it is committed to continued transformation and has proven to be a staunch supporter of the United States in international fora and a strong ally in the Global War on Terrorism (GWOT). Since ethnic tensions boiled over into a brief insurgency in 2001, security and stability have greatly improved, but institutional weaknesses and economic challenges remain. U.S. engagement will further reinforce Macedonia against internal and external threats to its stability while facilitating its integration into the Euro-Atlantic community. This includes assisting its government to continue economic, democratic and military reforms to build strong, stable political institutions and constructive relations with neighbors; prepare it for NATO and EU membership; and enhance its capacity as a partner in the GWOT. Specific challenges include overcoming crime and corruption, which continue to erode the public's confidence in government and discourage local and foreign investment, and addressing high unemployment (38.6 percent), which erodes confidence in government and creates the potential for ethnic tension and unrest.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 7,996 | * | 6,885 |
| Governing Justly & Democratically | 13,489 | * | 6,850 |
| Investing in People | 8,791 | * | 3,000 |
| Economic Growth | 11,779 | * | 8,300 |
| Total | 42,055 | * | 25,035 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 3,960 | * | 4,500 |
| International Military Education & Training | 700 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 2,295 | * | 1,135 |
| Assistance for Eastern Europe and Baltic States | 35,100 | * | 18,900 |
| Total | 42,055 | * | 25,035 |
| Peace Corps | 1677 | * | 2031 |

Peace and Security (\$6.9 million): U.S. assistance will help Macedonia to reform its military and secure its borders. U.S. programs will enhance Macedonian military capabilities in line with NATO standards, while also increasing its capacities for participation in international missions. Law enforcement programs will assist in better prosecution of major criminal cases; training to improve crime investigation and undercover techniques; improved application of police resources; better border security and expanded community outreach; and countering illicit trafficking in conventional weapons. To improve government capabilities to address terrorism, U.S. funding will assist in raising police and prosecutors' skills to NATO standards and provide maintenance for a modern and highly effective border control system. U.S. assistance also helps the Macedonians counter WMD proliferation, transnational crime, and trafficking in persons.

Governing Justly and Democratically (\$6.9 million): Furtherance of the rule of law will be achieved through assistance to the justice system. Its impact will increase the effectiveness of court case management to reduce case backlog; increase access to justice; and increase the effectiveness of court decisions and contract enforcement, thus improving the investment environment in Macedonia. Good governance will be achieved through assistance for local government decentralization, which will stress municipal accountability and greater participation by citizens in the decision making process on issues such as capital expenditures. This will result in increased local political competition and transparency and greater economic development. Civil society as a check on the powers and actions of government will continue to receive assistance to allow local organizations to represent citizens' interests to government in areas of reform necessary for EU accession. Political competition and consensus building will be furthered by assistance for elections, political processes, and political parties. Such support will make the Parliament more independent and responsive to citizen input.

Investing in People (\$3.0 million): As Macedonia looks toward EU accession, it must focus on the quality of its education system to ensure that what is taught in schools is relevant to the needs of the modern market. Basic education assistance will result in increased, equitable access to information technology, improved math and science teaching, renovated schools that are more conducive to learning and greater access by minority students. Emphasis on critical thinking and inquiry-based methods will prepare students to become more productive participants in the local polity and economy.

Economic Growth (\$8.3 million): Private sector competitiveness will be supported through a strengthened business enabling environment to encourage business formation and address high unemployment; and private sector productivity to assist growing industries compete in global markets, increase value added exports, and attract foreign investment. Agricultural productivity will be improved through assistance to agribusinesses through adoption of global standards and certifications, improved agricultural policies, and integration of advanced and emerging technologies. Advisors on fiscal and monetary policy reforms to improve trade and investment enabling environment and capacity will be provided to achieve more rapid and efficient overall economic performance. The low youth employment rate will improve through workforce development assistance ensuring students are prepared for the 21st century marketplace with computer technology, analytical, and cooperative working skills. Strong linkages between schools and the business sector will be created and sustained to improve curriculum relevancy and employment opportunities for youth. Institutions will be strengthened and people trained to adjust to the demands of the modern economy.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 42,055 | * | 25,035 |
| Peace & Security | 7,996 | * | 6,885 |
| Counter-Terrorism | 1,595 | * | 400 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 150 | * | 0 |
| Governments' Capabilities | 1,445 | * | 400 |
| Combating Weapons of Mass Destruction (WMD) | 700 | * | 535 |
| Counter WMD Proliferation and Combat WMD Terrorism | 700 | * | 535 |
| Stabilization Operations and Security Sector Reform | 5,701 | * | 5,950 |
| Destruction and Security of Conventional Weapons | 0 | * | 200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Defense, Military, and Border Restructuring, Reform and Operations | 4,660 | * | 5,000 |
| Law Enforcement Restructuring, Reform and Operations | 1,025 | * | 735 |
| Program Support (Stabilization) | 16 | * | 15 |
| Governing Justly & Democratically | 13,489 | * | 6,850 |
| Rule of Law and Human Rights | 4,236 | * | 2,550 |
| Justice System | 4,070 | * | 2,450 |
| Program Support (Rule of Law) | 166 | * | 100 |
| Good Governance | 5,295 | * | 1,700 |
| Legislative Function and Processes | 900 | * | 0 |
| Local Government and Decentralization | 4,151 | * | 1,510 |
| Program Support (Governance) | 244 | * | 190 |
| Political Competition and Consensus-Building | 789 | * | 1,200 |
| Elections and Political Processes | 0 | * | 541 |
| Political Parties | 712 | * | 541 |
| Program Support (Political Competition) | 77 | * | 118 |
| Civil Society | 3,169 | * | 1,400 |
| Civic Participation | 2,722 | * | 1,317 |
| Media Freedom and Freedom of Information | 260 | * | 0 |
| Program Support (Civil Society) | 187 | * | 83 |
| Investing in People | 8,791 | * | 3,000 |
| Education | 8,791 | * | 3,000 |
| Basic Education | 7,045 | * | 3,000 |
| Higher Education | 1,746 | * | 0 |
| Economic Growth | 11,779 | * | 8,300 |
| Macroeconomic Foundation for Growth | 520 | * | 300 |
| Fiscal policy | 442 | * | 255 |
| Program Support (Macro Econ) | 78 | * | 45 |
| Trade and Investment | 0 | * | 300 |
| Trade and Investment Enabling Environment | 0 | * | 170 |
| Trade and Investment Capacity | 0 | * | 85 |
| Program Support (Trade) | 0 | * | 45 |
| Infrastructure | 300 | * | 0 |
| Modern Energy Services | 300 | * | 0 |
| Agriculture | 1,472 | * | 800 |
| Agricultural Sector Productivity | 1,422 | * | 773 |
| Program Support (Agriculture) | 50 | * | 27 |
| Private Sector Competitiveness | 9,487 | * | 6,900 |
| Business Enabling Environment | 2,650 | * | 2,389 |
| Private Sector Productivity | 6,252 | * | 2,296 |
| Workforce Development | 0 | * | 1,653 |
| Program Support (Private Sector) | 585 | * | 562 |

Statement of Changes

Funding for Macedonia under SEED is declining relative to security and military assistance for this ally and GWOT partner. Limited resources for economic growth will continue to support private sector productivity and address high unemployment. Further reform of the justice sector and participation of civil society will continue to be priorities for funding.

MALTA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Although Malta does not belong to NATO or Partnership for Peace, its location at the crossroads of key Mediterranean transport lanes makes it an important partner of the United States in addressing regional security concerns. U.S. assistance can help maximize the effectiveness of Malta's efforts to combat transnational threats.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 760 | * | 45 |
| Total | 760 | * | 45 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 45 |
| Nonproliferation, Antiterrorism & Demining | 760 | * | 0 |
| Total | 760 | * | 45 |

Peace and Security (\$45,000): U.S. assistance will include providing training to help professionalize Malta's officer and enlisted corps, as well as providing maritime interdiction training. Funding will promote defense reform and modernization of the military, as well as a stronger military-to-military relationship between the U.S. and Malta.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 760 | * | 45 |
| Peace & Security | 760 | * | 45 |
| Counter-Terrorism | 100 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 660 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 660 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 45 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 45 |

Statement of Changes

As a result of a Presidential waiver of American Servicemembers Protection Act (ASPA) restrictions, Malta can now receive International Military and Education Training (IMET) funding whereas it was ineligible in FY 2006. No Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) have been requested as Malta graduated from the U.S.-funded border security program.

MOLDOVA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

For Moldova, the U.S. transformational diplomacy goal is a democratic and prosperous country, secure within its recognized borders and free to become a full partner in the Euro-Atlantic community. Moldova is the poorest country in Europe. Economic dependence on Russia as an export market and energy provider have subjected Moldova to Russian pressure, most notably bans on its wine and agricultural products and suspension of natural gas supplies. The unresolved conflict involving the authoritarian separatist regime in Moldova's Transnistria region remains a major impediment to development and European integration. Russia's failure to withdraw troops and munitions from the area undermines Moldova's sovereignty and national unity, while a lack of effective border controls along the Transnistrian section of the Moldova-Ukraine border creates opportunities for smuggling, human trafficking, and other transnational crime. Other obstacles to progress include corruption; political interference in the media, energy regulation and the judiciary; and limited foreign direct investment. Lack of economic opportunity drives many Moldovans to seek work abroad; Moldova has a major human trafficking problem and an economy dependent on remittances put largely toward consumption. Nonetheless, over the past three years, the Government of Moldova (GOM) has made a strategic turn toward the West, making progress on reforms to set Moldova on a path to European integration, renewed IMF and World Bank funding, and an environment more conducive to investment. A strict new Ukrainian-Moldovan customs regime and an EU Border Assistance Mission are helping choke off illicit trade that supports the Transnistrian separatist regime.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 4,566 | * | 1,675 |
| Governing Justly & Democratically | 7,541 | * | 8,800 |
| Investing in People | 0 | * | 200 |
| Economic Growth | 7,170 | * | 3,000 |
| Humanitarian Assistance | 347 | * | 300 |
| Total | 19,624 | * | 13,975 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 495 | * | 0 |
| Freedom Support Act | 17,820 | * | 13,300 |
| International Military Education & Training | 989 | * | 600 |
| Nonproliferation, Antiterrorism & Demining | 320 | * | 75 |
| Total | 19,624 | * | 13,975 |
| Peace Corps | 2403 | * | 2491 |

Peace and Security (\$1.7 million): Assistance will support restructuring, modernization, and reform of the Moldovan armed forces to promote NATO interoperability and participation in international missions. Moldova has been a strong supporter of GWOT and has sent contingents to support Coalition forces in Iraq. U.S. assistance will also focus on strengthening border

security and combating transnational crime (including human trafficking, money laundering and WMD proliferation); supporting law enforcement reform; strengthening the rule of law; and strengthening GOM counterterrorism capabilities.

Governing Justly and Democratically (\$8.8 million): U.S. assistance will support the GOM's democratic reform efforts and build institutional capacity to strengthen democracy and rule of law. Funding focuses on building civil society and media capacity and watchdog capabilities, promoting justice system reform and integration, and combating corruption. Assistance also aims to foster judicial independence, improve security sector governance, and strengthen legislative capacity. Civil society and media assistance will also place an emphasis on exposing Transnistrians to objective information and democratic values and on building links between Transnistrians and the rest of Moldova. Funding to strengthen electoral and political processes will facilitate democratic parliamentary elections in 2009.

Investing in People (\$0.2 million): Funding under this objective will focus on providing social services, job training, and access to employment for vulnerable populations, including trafficking victims and those vulnerable to trafficking. Moldova is a primary source and transit country for trafficking in persons.

Economic Growth (\$3.0 million): U.S. assistance will promote economic reform, diversification of export markets and energy sources, and integration with Southeastern Europe. Funding will focus on building enabling environments, increasing the competitiveness of agricultural exports, reducing the shadow economy, and supporting reforms necessary to promote growth, permit European and regional integration, encourage foreign investment, and permit continued access to international financial institution resources. Assistance will promote agricultural and regulatory reform, help develop financial and banking instruments in the agricultural sector, and assist Moldova in exploiting international export opportunities. Limited technical assistance in the energy sector will promote energy security, diversification, transparency, stability and efficiency as well as European integration. Assistance will also support increasing economic opportunity, reducing unemployment, and exchange programs to build human capital.

Humanitarian Assistance (\$0.3 million): Assistance will support transportation of donated pharmaceuticals and medical equipment particularly to vulnerable populations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 19,624 | * | 13,975 |
| Peace & Security | 4,566 | * | 1,675 |
| Counter-Terrorism | 0 | * | 75 |
| Governments' Capabilities | 0 | * | 75 |
| Combating Weapons of Mass Destruction (WMD) | 1,063 | * | 200 |
| Counter WMD Proliferation and Combat WMD Terrorism | 852 | * | 143 |
| Program Support (WMD) | 211 | * | 57 |
| Stabilization Operations and Security Sector Reform | 2,253 | * | 900 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,484 | * | 600 |
| Law Enforcement Restructuring, Reform and Operations | 757 | * | 294 |
| Program Support (Stabilization) | 12 | * | 6 |
| Transnational Crime | 1,250 | * | 500 |
| Financial Crimes and Money Laundering | 98 | * | 191 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trafficking-in-Persons and Migrant Smuggling | 1,096 | * | 287 |
| Program Support (Crime) | 56 | * | 22 |
| Governing Justly & Democratically | 7,541 | * | 8,800 |
| Rule of Law and Human Rights | 945 | * | 1,500 |
| Judicial Independence | 0 | * | 276 |
| Justice System | 869 | * | 1,103 |
| Program Support (Rule of Law) | 76 | * | 121 |
| Good Governance | 2,982 | * | 1,400 |
| Legislative Function and Processes | 0 | * | 187 |
| Local Government and Decentralization | 2,248 | * | 0 |
| Anti-Corruption Reforms | 542 | * | 936 |
| Governance of the Security Sector | 0 | * | 187 |
| Program Support (Governance) | 192 | * | 90 |
| Political Competition and Consensus-Building | 1,234 | * | 1,800 |
| Elections and Political Processes | 0 | * | 446 |
| Political Parties | 1,100 | * | 1,159 |
| Program Support (Political Competition) | 134 | * | 195 |
| Civil Society | 2,380 | * | 4,100 |
| Civic Participation | 2,157 | * | 2,438 |
| Media Freedom and Freedom of Information | 75 | * | 1,407 |
| Program Support (Civil Society) | 148 | * | 255 |
| Investing in People | 0 | * | 200 |
| Education | 0 | * | 100 |
| Higher Education | 0 | * | 100 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 100 |
| Social Services | 0 | * | 100 |
| Economic Growth | 7,170 | * | 3,000 |
| Trade and Investment | 396 | * | 200 |
| Trade and Investment Enabling Environment | 127 | * | 164 |
| Trade and Investment Capacity | 198 | * | 0 |
| Program Support (Trade) | 71 | * | 36 |
| Financial Sector | 1,627 | * | 0 |
| Financial Services | 1,627 | * | 0 |
| Infrastructure | 0 | * | 400 |
| Modern Energy Services | 0 | * | 400 |
| Agriculture | 4,310 | * | 1,100 |
| Agricultural Enabling Environment | 4,300 | * | 798 |
| Agricultural Sector Productivity | 0 | * | 299 |
| Program Support (Agriculture) | 10 | * | 3 |
| Private Sector Competitiveness | 837 | * | 1,100 |
| Business Enabling Environment | 0 | * | 952 |
| Program Support (Private Sector) | 837 | * | 148 |
| Economic Opportunity | 0 | * | 200 |
| Inclusive Financial Markets | 0 | * | 94 |
| Strengthen Microenterprise Productivity | 0 | * | 94 |
| Program Support (Econ Opportunity) | 0 | * | 12 |
| Humanitarian Assistance | 347 | * | 300 |
| Protection, Assistance and Solutions | 347 | * | 300 |
| Protection and Solutions | 0 | * | 300 |
| Crisis Assistance and Recovery | 347 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Moldova's MCA Threshold Program to combat corruption will dedicate approximately \$24 million over two years to strengthening judicial capacity; enhancing the monitoring and advocacy capacity of civil society and the media; reforming the health system; reducing corruption in tax, customs administration and police bodies; and reforming and improve the Center for Combating Economic Crime and Corruption. Assistance described above to address the Governing Justly and Democratically objective will fund activities that underpin the Threshold Program and maximize its impact. The MCC has made clear that MCA Compact approval and funding will be contingent on Moldova's progress in combating corruption.

Statement of Changes

Overall funding for Moldova has decreased by 29 percent from FY 2006 to the proposed FY 2008 level. Nonetheless, an increased focus on democratization is reflected in an absolute funding increase for Governing Justly and Democratically, while funding for Peace and Security and for Economic Growth has decreased as a result. Within the Governing Justly and Democratically objective, there is a shift in focus from local governance and legislative function to justice sector reform, combating corruption, civil society capacity-building, and political processes. While the Economic Growth budget has decreased, funding is focused on helping expand Moldova's private sector competitiveness and market alternatives. The decrease in funding for the Peace and Security objective reflects in part a decrease in the funding necessary to redirect WMD expertise to civilian research and a focus away from foreign military financing. While funding for combating trafficking in persons has decreased under Peace and Security, FY 2008 funding for workforce development and social assistance for vulnerable populations will mitigate against trafficking. The FY 2008 budget also does not capture the intention to use FY 2007 funding to provide technical assistance to the Moldovan anti-trafficking center established under the President's initiative to combat trafficking in persons.

MONTENEGRO

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

On June 13, 2006, the United States formally recognized Montenegro as the world's newest independent and sovereign nation. With that status, Montenegro now faces new responsibilities toward its own people, its regional neighbors, and as a member of the community of nations. The United States must assist Montenegro in advancing its role as a force for regional stability in the Balkans and promoting its integration into the Euro-Atlantic community. Critical state functions that assist Montenegro in becoming a responsible regional and global actor must be fortified. A factor affecting the stability of this tiny nation (pop. 600,000) is its impoverished, and majority ethnic-Serb northern territory. Job creation and economic revival, particularly in north, will be a key to maintaining stability and deterring ethnic discord. To move forward as a democracy, Montenegro must drastically reduce the twin threats of organized crime and corruption, and further develop its civil society.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 449 | * | 1,100 |
| Governing Justly & Democratically | 4,564 | * | 1,572 |
| Economic Growth | 9,987 | * | 5,600 |
| Total | 15,000 | * | 8,272 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| International Military Education & Training | 0 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 600 |
| Assistance for Eastern Europe and Baltic States | 15,000 | * | 7,572 |
| Total | 15,000 | * | 8,272 |

Peace and Security (\$1.1 million): As a new nation, Montenegro's path toward becoming a responsible regional and global actor will depend upon its own capabilities to secure its borders and increase the effectiveness of law enforcement and the military. Funds will be used to support professional military education and exchanges, as well as English language training in civil-security force relations. Assistance in countering illicit trafficking in WMD and conventional weapons will help to secure border crossings and seaports. The United States will further assist Montenegro to fight organized crime and corruption by combating trafficking in persons and migrant smuggling and by strengthening law enforcement reform, restructuring, and operations through police training on investigating and prosecuting crimes.

Governing Justly and Democratically (\$1.6 million): To further the aims of the new Montenegrin nation to develop as a vibrant democracy, U.S. assistance will focus on strengthening the rule of law through reform of the justice system, addressing corruption, and strengthening civil society's role.

Economic Growth (\$5.6 million): Long-term stability in Montenegro is impossible without sustained economic development and job creation. Most legislation supporting private sector growth is in place or will be by 2008, but there remains a critical need for economic stimulus in the north, where poverty is twice as high as in the central and southern regions of the country. To ensure stability in the economy overall, Montenegro must implement reforms consonant with IMF advice to control inflation and enforce fiscal discipline. In addition to providing technical assistance, economic growth programs will support the private sector, including the agricultural sector.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 15,000 | * | 8,272 |
| Peace & Security | 449 | * | 1,100 |
| Combating Weapons of Mass Destruction (WMD) | 74 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 15 | * | 300 |
| Program Support (WMD) | 59 | * | 0 |
| Stabilization Operations and Security Sector Reform | 350 | * | 800 |
| Destruction and Security of Conventional Weapons | 0 | * | 300 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 100 |
| Law Enforcement Restructuring, Reform and Operations | 347 | * | 392 |
| Program Support (Stabilization) | 3 | * | 8 |
| Transnational Crime | 25 | * | 0 |
| Financial Crimes and Money Laundering | 21 | * | 0 |
| Program Support (Crime) | 4 | * | 0 |
| Governing Justly & Democratically | 4,564 | * | 1,572 |
| Rule of Law and Human Rights | 1,716 | * | 400 |
| Judicial Independence | 434 | * | 0 |
| Justice System | 1,126 | * | 392 |
| Program Support (Rule of Law) | 156 | * | 8 |
| Good Governance | 719 | * | 500 |
| Legislative Function and Processes | 440 | * | 0 |
| Anti-Corruption Reforms | 0 | * | 360 |
| Program Support (Governance) | 279 | * | 140 |
| Political Competition and Consensus-Building | 140 | * | 300 |
| Elections and Political Processes | 120 | * | 0 |
| Political Parties | 0 | * | 257 |
| Program Support (Political Competition) | 20 | * | 43 |
| Civil Society | 1,989 | * | 372 |
| Civic Participation | 1,406 | * | 332 |
| Media Freedom and Freedom of Information | 233 | * | 0 |
| Program Support (Civil Society) | 350 | * | 40 |
| Economic Growth | 9,987 | * | 5,600 |
| Macroeconomic Foundation for Growth | 1,199 | * | 900 |
| Fiscal policy | 853 | * | 813 |
| Program Support (Macro Econ) | 346 | * | 87 |
| Trade and Investment | 142 | * | 0 |
| Trade and Investment Enabling Environment | 100 | * | 0 |
| Program Support (Trade) | 42 | * | 0 |
| Infrastructure | 58 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Modern Energy Services | 50 | * | 0 |
| Program Support (Infrastructure) | 8 | * | 0 |
| Agriculture | 490 | * | 300 |
| Agricultural Enabling Environment | 0 | * | 207 |
| Agricultural Sector Productivity | 338 | * | 0 |
| Program Support (Agriculture) | 152 | * | 93 |
| Private Sector Competitiveness | 8,098 | * | 3,600 |
| Business Enabling Environment | 996 | * | 436 |
| Private Sector Productivity | 5,680 | * | 2,179 |
| Program Support (Private Sector) | 1,422 | * | 985 |
| Economic Opportunity | 0 | * | 800 |
| Inclusive Economic Law and Property Rights | 0 | * | 720 |
| Program Support (Econ Opportunity) | 0 | * | 80 |

Statement of Changes

Montenegro's successful referendum on independence has paved the way for the introduction of U.S. military assistance for the first time. U.S. funding for democratic reform will decline relative to security and law enforcement assistance to help Europe's newest nation build capacity to secure its people and its borders. With limited resources, economic growth programs, particularly in the less promising, non-tourism areas will be a priority for SEED funding.

POLAND
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Poland is a key ally in Central Europe and one of the United States' strongest partners on the continent. Poland was one of only three coalition countries to join the United States with troops on the ground at the beginning of Operation Iraqi Freedom, and Polish troops play a strong leadership role in command of the Coalition Forces' Multinational Division-Center South in Iraq. Poland plays an active role in EU, NATO and UN peacekeeping missions around the world, with military, civilian and police personnel deployed in such places as Kosovo, Bosnia and Herzegovina, Macedonia, Montenegro, the Sinai, the Golan Heights, Sudan and the Democratic Republic of Congo. Poland's costly deployments abroad and its military transformation at home put real pressures on a lower-middle income country also working to overhaul its health care sector and upgrade poor infrastructure. Also, despite widespread public admiration for the United States and elite support for political-military cooperation, public support for critical areas of cooperation like Iraq and missile defense remains soft. U.S. assistance provides the opportunity to maintain political support for a range of U.S. security objectives and increase Poland's capability to deploy and sustain professional forces in close support of U.S. deployments in the Global War on Terror.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|---------------|
| Peace & Security | 31,840 | * | 29,200 |
| Total | 31,840 | * | 29,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 29,700 | * | 27,200 |
| International Military Education & Training | 2,140 | * | 2,000 |
| Total | 31,840 | * | 29,200 |

Peace and Security (\$29.2 million): Foreign assistance to Poland contributes to regional stability, the maintenance of strong political support for coalition operations, and a willingness to provide personnel, equipment, and other resources for these operations. U.S. security assistance is aimed at maximizing the strength of Polish deployments in support of U.S. security operations. U.S. assistance does this by financing assets that directly support Polish deployments, supporting Poland's defense transformation into a more effective NATO-integrated force. Security assistance will provide Poland with the equipment and training to continue its coalition contributions and its military modernization/reform. U.S. assistance will also support Poland's efforts to increase its deployable capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 31,840 | * | 29,200 |
| Peace & Security | 31,840 | * | 29,200 |
| Stabilization Operations and Security Sector Reform | 31,840 | * | 29,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 31,840 | * | 29,200 |

Statement of Changes

Funding for Poland has decreased from FY 2006 levels in the Foreign Military Financing (FMF) and International Military Education and Training (IMET) accounts. This marginal decrease reflects the increasing capability and NATO interoperability of the Polish Armed Forces. The substantial IMET and FMF allocations to Poland are in recognition of the Poland's leading role in coalition operations.

PORTUGAL
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Portugal suffers from poor economic performance and faces budgetary challenges in meeting its NATO transformation goals, despite being a member of the EU since 1986. Portugal is currently trying to reduce its budget deficit from approximately 6 percent to less than 3 percent of GDP in accordance with EU requirements. In spite of Portugal making NATO a priority, it will continue to face budgetary challenges to ensure that its military forces are interoperable with those of other NATO members.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 593 | * | 690 |
| Total | 593 | * | 690 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 593 | * | 690 |
| Total | 593 | * | 690 |

Peace and Security (\$0.7 million): Funding is focused on International Military Educational Training (IMET) to strengthen Portugal's ability to play an active role in collective defense organization and international peacekeeping efforts. Portugal's continued participation in both NATO and other international peacekeeping operations directly benefits U.S. security goals. IMET continues to be an essential component of Portugal's military force modernization program, its internal reorganization of service and joint headquarters staffing, as well as the overall professional military education of Portugal's armed forces.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 593 | * | 690 |
| Peace & Security | 593 | * | 690 |
| Stabilization Operations and Security Sector Reform | 593 | * | 690 |
| Defense, Military, and Border Restructuring, Reform and Operations | 593 | * | 690 |

Statement of Changes

International Military Education and Training (IMET) funding for Portugal has increased somewhat from FY 2006 to FY 2008. The IMET allocation to Portugal recognizes its continuing role in coalition operations.

ROMANIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Romania has remained steadfast as a partner in GWOT, NATO, and coalition operations. Romania has developed its capabilities for NATO and multinational operations and has repeatedly demonstrated a willingness to volunteer its forces and assets when called upon. The new U.S.-Romanian agreement authorizing an expanded U.S. military presence in Romania - particularly along the Black Sea coast - will pave the way for combined training and rapid deployment to unstable regions to the east. Romania's efforts to promote greater cooperation among its Black Sea neighbors in the areas of defense, law enforcement, energy, economic development and democratization complement the U.S. goal of enhancing stability in this sensitive and increasingly important region. Romania entered the EU in January 2007. However, additional U.S. assistance will be required to support Romania in completing its military modernization, improving its interoperability with U.S. and NATO forces, and increasing its deployment capabilities for NATO's collective defense and out-of-theater operations.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 16,105 | * | 20,200 |
| Governing Justly & Democratically | 6,103 | * | 0 |
| Investing in People | 4,475 | * | 0 |
| Economic Growth | 7,472 | * | 0 |
| Humanitarian Assistance | 200 | * | 0 |
| Total | 34,355 | * | 20,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 12,870 | * | 18,400 |
| International Military Education & Training | 1,485 | * | 1,800 |
| Assistance for Eastern Europe and Baltic States | 20,000 | * | 0 |
| Total | 34,355 | * | 20,200 |
| Peace Corps | 3001 | * | 3232 |

Peace and Security: (\$20.2 million): The United States will facilitate Romania's continued integration into NATO, expand its capabilities, and support continued contributions to NATO and coalition operations, including in Iraq and Afghanistan. Assistance in defense, military, and security sector restructuring will be used to provide the Romanian military with needed defense articles, service and training. U.S. assistance will contribute to Romania's base modernization, key communications and information technology, and training of their military personnel.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 34,355 | * | 20,200 |
| Peace & Security | 16,105 | * | 20,200 |
| Stabilization Operations and Security Sector Reform | 16,105 | * | 20,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 14,355 | * | 20,200 |
| Law Enforcement Restructuring, Reform and Operations | 1,724 | * | 0 |
| Program Support (Stabilization) | 26 | * | 0 |
| Governing Justly & Democratically | 6,103 | * | 0 |
| Rule of Law and Human Rights | 150 | * | 0 |
| Program Support (Rule of Law) | 150 | * | 0 |
| Good Governance | 950 | * | 0 |
| Local Government and Decentralization | 900 | * | 0 |
| Program Support (Governance) | 50 | * | 0 |
| Political Competition and Consensus-Building | 900 | * | 0 |
| Political Parties | 700 | * | 0 |
| Program Support (Political Competition) | 200 | * | 0 |
| Civil Society | 4,103 | * | 0 |
| Civic Participation | 3,853 | * | 0 |
| Media Freedom and Freedom of Information | 50 | * | 0 |
| Program Support (Civil Society) | 200 | * | 0 |
| Investing in People | 4,475 | * | 0 |
| Health | 3,240 | * | 0 |
| HIV/AIDS | 300 | * | 0 |
| Other Public Health Threats | 1,190 | * | 0 |
| Maternal and Child Health | 125 | * | 0 |
| Family Planning and Reproductive Health | 800 | * | 0 |
| Water Supply and Sanitation | 825 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,235 | * | 0 |
| Social Services | 1,235 | * | 0 |
| Economic Growth | 7,472 | * | 0 |
| Macroeconomic Foundation for Growth | 475 | * | 0 |
| Fiscal policy | 404 | * | 0 |
| Program Support (Macro Econ) | 71 | * | 0 |
| Trade and Investment | 425 | * | 0 |
| Trade and Investment Enabling Environment | 425 | * | 0 |
| Infrastructure | 425 | * | 0 |
| Modern Energy Services | 300 | * | 0 |
| Program Support (Infrastructure) | 125 | * | 0 |
| Agriculture | 3,200 | * | 0 |
| Agricultural Sector Productivity | 2,650 | * | 0 |
| Program Support (Agriculture) | 550 | * | 0 |
| Private Sector Competitiveness | 2,947 | * | 0 |
| Private Sector Productivity | 1,700 | * | 0 |
| Program Support (Private Sector) | 1,247 | * | 0 |
| Humanitarian Assistance | 200 | * | 0 |
| Protection, Assistance and Solutions | 200 | * | 0 |
| Crisis Assistance and Recovery | 200 | * | 0 |

Statement of Changes

Romania graduated from SEED transition assistance in FY 2006, reflecting Romania's progress in economic and democratic reforms. International Military Education and Training (IMET) and Foreign Military Financing (FMF) funding for Romania has increased from FY 2006 to FY 2008. This increase is designed to assist Romania in meeting its new NATO membership requirements and to enable Romania to continue its important contributions to coalition operations.

RUSSIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Russia has the capacity to act as a strong and effective partner in areas of common interest, such as non-proliferation, counter-terrorism, energy, and health. Despite Russia's growing wealth, however, it is still in many ways a Developing category country with uneven distribution of wealth, large-scale corruption, democratic backsliding, excessive government interference in the economy, and growing demographic and health crises. While Russia is no longer the totalitarian adversary of the Cold War, since President Putin's reelection in March 2004, the Government of Russia (GOR) has systematically consolidated power over national mass media, strategic economic sectors, the judiciary, and regional and local governments. These developments, as well as increased pressure on non-governmental organizations (NGOs), represent major obstacles to achieving a fully free-market, democratic system built on checks and balances. In the social sector, despite seemingly well-intentioned policies and pledges to address issues such as deteriorating health care and HIV/AIDS, health trends are ominous and many federal social service programs are hindered greatly by corruption and other challenges to implementation. In the North Caucasus, the GOR's unwillingness to meet humanitarian needs of internally displaced persons (IDPs) exacerbates regional instability and creates an environment ripe for extremism. Russian weapon sales to such states as Iran, Syria, and Venezuela are cause for great concern throughout the international community. In relations with its neighbors, Russia has often taken a confrontational approach, using energy and energy pricing as a political lever, encouraging separatists in the "frozen conflicts," imposing trade sanctions and defending undemocratic regimes. The United States has a vital interest in helping Russia become an open, democratic, and stable geopolitical partner by encouraging a wide range of economic, social, and political ties. To this end, the United States will engage with Russia where it can be done productively, while continuing to stand firm - with the support of European and other allies - for democracy and human rights.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 8,186 | * | 7,600 |
| Governing Justly & Democratically | 43,430 | * | 26,200 |
| Investing in People | 24,180 | * | 17,300 |
| Economic Growth | 8,535 | * | 0 |
| Humanitarian Assistance | 0 | * | 1,100 |
| Total | 84,331 | * | 52,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 2,970 | * | 0 |
| Freedom Support Act | 80,200 | * | 50,000 |
| International Military Education & Training | 461 | * | 700 |
| Nonproliferation, Antiterrorism & Demining | 700 | * | 1,500 |
| Total | 84,331 | * | 52,200 |

Peace and Security (\$7.6 million): The United States can best support Russia in establishing peace and security by working to consolidate, secure, and/or destroy and dismantle Russia's weapons of mass destruction. The Department of Defense (DOD) Nunn-Lugar Cooperative Threat Reduction programs are assisting Russia to destroy its strategic missiles and delivery systems, while securing facilities and materials. Department of Energy (DOE) activities assist in securing and disposing of nuclear and radiological material. Given the scale of DOD and DOE programs, programming under this heading is focused on complementary efforts such as strengthening Russia's export control system to prevent proliferation of weapons of mass destruction and helping former bio-weapons scientists find peaceful, civilian, and commercial uses for their skills.

In order to strengthen Russia's capacity to play a constructive role in support of international security, U.S. assistance and training will increase the Russian military's inter-operability with U.S. and NATO forces, including improving aspects of civil/military interaction. Other programs will support joint efforts with Russia to combat organized and transnational crime, such as drug smuggling and trafficking in persons, as well as cyber-crime and terrorist financing. Many of these programs are also geared towards law enforcement and criminal justice sector reform, modernization, and restructuring. U.S. programs in the North Caucasus will focus on conflict mitigation and response in the reconciliation process, so as to help stem the spread of violence and instability. In addition, U.S. assistance will foster recovery and re-integration in the region through programs that promote economic opportunities and youth employment, health, sanitation and community development, and stem the spread of extremist ideologies.

Governing Justly and Democratically (\$26.2 million): Given Russia's backsliding on democratic reform, this area continues to be a U.S. policy priority. U.S. assistance will work to strengthen Russian political, civil, and justice sector institutions to reinforce democratic principles; protect human rights and the rule of law; assist local governments to open channels of public participation and be more responsive to citizens' demands; and promote the development of a vibrant civil society that encourages tolerance and facilitates the free exchange of ideas. With Duma elections scheduled for December 2007 and presidential elections for March 2008, U.S. assistance will continue to promote a democratic electoral process with active public participation and observation to ensure transparency. Other democratization assistance will promote and support advocacy organizations, human rights groups, and independent think tanks as well as improve access to information and the quality and sustainability of (mostly regional) independent media.

Investing in People (\$17.3 million): As a result of demographic forces, Russia's population is expected to fall 30 percent by 2050, threatening workforce viability. This issue, combined with serious health challenges, already affect Russia's ability to act as a strong and effective partner. Russia has one of the fastest growing HIV/AIDS epidemics in the world with the number of HIV-infected persons exceeding 370,000 and growing at 3 to 5 percent per year; an estimated 20 percent of the population and an increasing number of HIV-infected Russians are infected with tuberculosis (TB); treatment of HIV/AIDS is complicated by Russia's high rates of TB infection and intravenous drug use. As a result, U.S. programs will support HIV/AIDS awareness efforts, prevention, research, access to treatment, and technical guidance for the Global Fund AIDS programs (GFATM). U.S.-funded programs are creating the models to help Russia measure and deal with its evolving and growing epidemic. These models increase the ability of Russia's local and national governments to respond to the epidemic in an organized and sustainable way. In addition, in support of the Bratislava Initiative, which promotes U.S.-Russian cooperation to combat HIV/AIDS, the United States will provide significant assistance to improve public health standards and health education in Russia. U.S. assistance will also target the reproductive health

of mothers and children, further focusing the GOR on its demographic challenges, and will emphasize work on models and approaches to improve child welfare.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Russia will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Humanitarian Assistance (\$1.1 million): The GOR's unwillingness or inability to meet the humanitarian needs of over 230,000 IDPs in the North Caucasus exacerbates regional instability and creates an environment ripe for extremism. In order to provide humanitarian relief, stem instability, undermine recruitment by extremist forces, and illustrate U.S. commitment to the people of Russia, the United States will continue to support shelter repair, improved water systems, and nascent economic development in the region.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 84,331 | * | 52,200 |
| Peace & Security | 8,186 | * | 7,600 |
| Combating Weapons of Mass Destruction (WMD) | 3,450 | * | 3,200 |
| Counter WMD Proliferation and Combat WMD Terrorism | 3,386 | * | 3,160 |
| Program Support (WMD) | 64 | * | 40 |
| Stabilization Operations and Security Sector Reform | 812 | * | 1,200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 461 | * | 700 |
| Law Enforcement Restructuring, Reform and Operations | 344 | * | 490 |
| Program Support (Stabilization) | 7 | * | 10 |
| Counter-Narcotics | 0 | * | 200 |
| Interdiction | 0 | * | 196 |
| Program Support (Narcotics) | 0 | * | 4 |
| Transnational Crime | 2,304 | * | 950 |
| Financial Crimes and Money Laundering | 0 | * | 196 |
| Intellectual Property Theft, Corporate Espionage, and Cyber Security | 0 | * | 147 |
| Trafficking-in-Persons and Migrant Smuggling | 1,156 | * | 588 |
| Organized and Gang-related Crime | 1,125 | * | 0 |
| Program Support (Crime) | 23 | * | 19 |
| Conflict Mitigation and Reconciliation | 1,620 | * | 2,050 |
| Conflict Mitigation | 1,525 | * | 1,224 |
| Peace and Reconciliation Processes | 0 | * | 706 |
| Program Support (Conflict) | 95 | * | 120 |
| Governing Justly & Democratically | 43,430 | * | 26,200 |
| Rule of Law and Human Rights | 5,691 | * | 5,100 |
| Judicial Independence | 1,200 | * | 2,313 |
| Justice System | 2,567 | * | 1,572 |
| Human Rights | 1,497 | * | 832 |
| Program Support (Rule of Law) | 427 | * | 383 |
| Good Governance | 3,880 | * | 3,400 |
| Local Government and Decentralization | 2,985 | * | 2,351 |
| Anti-Corruption Reforms | 394 | * | 610 |
| Program Support (Governance) | 501 | * | 439 |
| Political Competition and Consensus-Building | 5,195 | * | 3,900 |
| Consensus-Building Processes | 0 | * | 489 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Elections and Political Processes | 1,184 | * | 979 |
| Political Parties | 3,900 | * | 2,349 |
| Program Support (Political Competition) | 111 | * | 83 |
| Civil Society | 28,664 | * | 13,800 |
| Civic Participation | 21,710 | * | 9,583 |
| Media Freedom and Freedom of Information | 4,958 | * | 3,256 |
| Program Support (Civil Society) | 1,996 | * | 961 |
| Investing in People | 24,180 | * | 17,300 |
| Health | 19,165 | * | 17,300 |
| HIV/AIDS | 10,970 | * | 11,000 |
| Tuberculosis | 3,829 | * | 3,500 |
| Other Public Health Threats | 1,066 | * | 1,300 |
| Family Planning and Reproductive Health | 3,300 | * | 1,500 |
| Education | 240 | * | 0 |
| Higher Education | 240 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 4,775 | * | 0 |
| Social Services | 4,775 | * | 0 |
| Economic Growth | 8,535 | * | 0 |
| Trade and Investment | 1,663 | * | 0 |
| Trade and Investment Enabling Environment | 1,474 | * | 0 |
| Program Support (Trade) | 189 | * | 0 |
| Agriculture | 100 | * | 0 |
| Agricultural Sector Productivity | 94 | * | 0 |
| Program Support (Agriculture) | 6 | * | 0 |
| Private Sector Competitiveness | 820 | * | 0 |
| Private Sector Productivity | 750 | * | 0 |
| Program Support (Private Sector) | 70 | * | 0 |
| Economic Opportunity | 5,952 | * | 0 |
| Inclusive Financial Markets | 5,176 | * | 0 |
| Program Support (Econ Opportunity) | 776 | * | 0 |
| Humanitarian Assistance | 0 | * | 1,100 |
| Protection, Assistance and Solutions | 0 | * | 1,100 |
| Protection and Solutions | 0 | * | 600 |
| Crisis Assistance and Recovery | 0 | * | 500 |

Statement of Changes

Overall funding for Russia has decreased from FY 2006 levels by 40 percent. By the end of FY 2007, all Economic Growth assistance for Russia will have been phased out, as agreed by the State/USAID Joint Policy Council Executive Committee. Humanitarian Assistance funding will be introduced in FY 2008 to provide basic housing and sanitation needs in the North Caucasus, reflecting an improvement in the security situation in the region which enhances the ability of U.S. assistance to reach IDPs in more isolated locations. Among program elements, there has been an increase in conflict mitigation and reconciliation, political competition and consensus building, and humanitarian assistance and decreases in some health programs, social and economic programs for vulnerable populations, and economic growth. These funding shifts are aimed at building up the capabilities of Russian political parties and NGOs in the run-up to Russia's presidential election as well as working with IDPs in the North Caucasus. As Russians enhance their capabilities through participation in technical training and pilot programs in the health field, it is expected that resources in this area will continue to decline.

SERBIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The size, location, ethnic composition, and economic potential of Serbia make it a linchpin for durable stability in the Balkans as well as a useful future contributor in Europe to addressing global challenges. Resolving regional conflicts and improving regional stability requires, with U.S. assistance, a series of mutually reinforcing economic, democratic and security sector reforms that will help advance Serbia toward membership in the Euro-Atlantic institutions. Serbia must work hard to overcome a legacy of ethnic division and economic decline, and to gain acceptance from the international community. Fed by unprofessional media and memories of the NATO bombing campaign, Serbia's populace remains largely distrustful of the United States and its motives in this region. With the breakup of the state union of Serbia and Montenegro and the possibility of an unpopular outcome in Kosovo, Serbian public opinion may be even more negative toward the United States and the Western world. The most critical issue for U.S. engagement is to minimize any negative political fallout in Serbia from the Kosovo status process. Making progress toward long-term recovery and reconciliation within and among the states of the region requires a comprehensive approach to assisting with Serbia's reforms, with special attention to the vulnerable, multi-ethnic areas of Sandzak, Vojvodina and Southern Serbia.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 3,002 | * | 2,950 |
| Governing Justly & Democratically | 23,100 | * | 16,200 |
| Investing in People | 0 | * | 1,500 |
| Economic Growth | 44,908 | * | 32,600 |
| Total | 71,010 | * | 53,250 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| International Military Education & Training | 0 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 1,560 | * | 1,650 |
| Assistance for Eastern Europe and Baltic States | 69,450 | * | 51,300 |
| Total | 71,010 | * | 53,250 |

Peace and Security (\$3.0 million): In the Balkans, Serbia is regarded as the most significant proliferator of weapons and radioactive materials. Improving border security will be achieved, with U.S. assistance, through better law enforcement, reform, restructuring and operations. The security sector will be strengthened significantly by countering illicit trafficking in conventional weapons, and instituting safeguards to control WMD and counter WMD proliferation. Additionally, U.S. assistance will improve civil-security force relations by supporting professional military education and exchanges, as well as English language training.

Governing Justly and Democratically (\$16.2 million): Many of the challenges facing Serbia stem from the immaturity of its democratic institutions. To build a sustainable democracy, it

must take credible steps forward to reign in corruption, strengthen the rule of law, improve the electoral process, support independent media, and embrace civil society. U.S. assistance will strengthen democratic political parties; the legislative branch; local government and decentralization; consensus building; political, civil society, and media freedom; and freedom of information. U.S. assistance will also aim to promote an effective and independent judiciary. Consolidation of the rule of law will undergird U.S. efforts to strengthen governing institutions, invigorate the private sector and generally stabilize the country.

Investing in People (\$1.5 million): The Balkan wars of the 1990s contributed to the displacement of over 200,000 ethnic Serbs from the territory of Kosovo. Support for critical social services directed at this vulnerable population will help to abate disillusionment and contain the potential for conflict among this group. A robust youth exchange program will continue to provide Serbians of all ethnicities access to U.S. society and the outside world from which they have been excluded.

Economic Growth (\$32.6 million): Serbia has made notable progress in economic and democratic reforms, but in order to aspire to EU membership, it must advance competition policy, reduce external debt, decrease its large trade deficit, and divest dormant state owned enterprises through privatization. The remnants of non-performing state-owned enterprises distort regional economies, while the ensuing unemployment and rising poverty fuel discontent and ethnic tension. U.S. assistance will improve the climate for investment and growth by further reforming the financial and business sector environments. These programs will work in tandem with measures to elevate private sector productivity and agriculture sector productivity. Under initiatives to create more inclusive financial markets and to strengthen microenterprise productivity, U.S. assistance will increase economic opportunities in vulnerable areas using a rapid response and flexible contingency planning program that addresses core issues of local-level job creation and social inclusion, thereby reducing the risk of instability and conflict in vulnerable regions with concentrations of disadvantaged populations. Finally, improving debt management, fiscal transparency and accountability through fiscal policy reforms and building trade and investment capacity are essential elements for EU accession.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 71,010 | * | 53,250 |
| Peace & Security | 3,002 | * | 2,950 |
| Combating Weapons of Mass Destruction (WMD) | 1,560 | * | 900 |
| Counter WMD Proliferation and Combat WMD Terrorism | 1,560 | * | 900 |
| Stabilization Operations and Security Sector Reform | 1,242 | * | 2,050 |
| Destruction and Security of Conventional Weapons | 0 | * | 750 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 300 |
| Law Enforcement Restructuring, Reform and Operations | 1,194 | * | 980 |
| Program Support (Stabilization) | 48 | * | 20 |
| Transnational Crime | 200 | * | 0 |
| Financial Crimes and Money Laundering | 170 | * | 0 |
| Program Support (Crime) | 30 | * | 0 |
| Governing Justly & Democratically | 23,100 | * | 16,200 |
| Rule of Law and Human Rights | 5,260 | * | 4,400 |
| Constitutions, Laws, and Legal Systems | 0 | * | 390 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Judicial Independence | 0 | * | 2,341 |
| Justice System | 5,009 | * | 1,170 |
| Human Rights | 0 | * | 390 |
| Program Support (Rule of Law) | 251 | * | 109 |
| Good Governance | 637 | * | 4,300 |
| Legislative Function and Processes | 0 | * | 2,119 |
| Public Sector Executive Function | 0 | * | 645 |
| Local Government and Decentralization | 0 | * | 1,198 |
| Anti-Corruption Reforms | 587 | * | 0 |
| Program Support (Governance) | 50 | * | 338 |
| Political Competition and Consensus-Building | 2,969 | * | 2,000 |
| Consensus-Building Processes | 0 | * | 903 |
| Political Parties | 2,800 | * | 903 |
| Program Support (Political Competition) | 169 | * | 194 |
| Civil Society | 14,234 | * | 5,500 |
| Civic Participation | 13,747 | * | 3,550 |
| Media Freedom and Freedom of Information | 290 | * | 1,874 |
| Program Support (Civil Society) | 197 | * | 76 |
| Investing in People | 0 | * | 1,500 |
| Education | 0 | * | 1,000 |
| Basic Education | 0 | * | 1,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 500 |
| Social Services | 0 | * | 500 |
| Economic Growth | 44,908 | * | 32,600 |
| Macroeconomic Foundation for Growth | 2,112 | * | 3,800 |
| Fiscal policy | 1,882 | * | 3,135 |
| Program Support (Macro Econ) | 230 | * | 665 |
| Trade and Investment | 308 | * | 700 |
| Trade and Investment Enabling Environment | 300 | * | 681 |
| Program Support (Trade) | 8 | * | 19 |
| Financial Sector | 1,626 | * | 3,800 |
| Financial Sector Enabling Environment | 1,548 | * | 3,366 |
| Program Support (Financial Sector) | 78 | * | 434 |
| Infrastructure | 0 | * | 500 |
| Modern Energy Services | 0 | * | 500 |
| Agriculture | 2,445 | * | 7,800 |
| Agricultural Enabling Environment | 1,542 | * | 1,580 |
| Agricultural Sector Productivity | 0 | * | 5,269 |
| Program Support (Agriculture) | 903 | * | 951 |
| Private Sector Competitiveness | 32,483 | * | 11,000 |
| Business Enabling Environment | 4,825 | * | 1,893 |
| Private Sector Productivity | 26,315 | * | 8,519 |
| Program Support (Private Sector) | 1,343 | * | 588 |
| Economic Opportunity | 5,934 | * | 5,000 |
| Inclusive Financial Markets | 0 | * | 951 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 3,803 |
| Strengthen Microenterprise Productivity | 5,690 | * | 0 |
| Program Support (Econ Opportunity) | 244 | * | 246 |

Statement of Changes

While funding under SEED to support economic growth, good governance and further democratic reform is declining overall, Serbia will remain a priority for U.S. assistance in the region. Economic Growth continues to be a priority for SEED assistance in Serbia in FY 2008. Funding for law enforcement reform and to address corruption will remain relatively steady, and new funding to support professionalization of the military (IMET) will continue in its second year.

SLOVAKIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The challenge in Slovakia is maintaining defense reform and ensuring Slovakia's continuing contribution to North Atlantic Treaty Organization (NATO) operations and regional stability. The new government disagrees with some U.S. foreign policy objectives and is expected to pursue a Eurocentric foreign policy. Progress made on corruption, minority rights, military modernization, and democratic reform could falter. U.S. assistance provides the opportunity to encourage Slovakia to continue to modernize its armed forces and avoid scaling back its cooperation with NATO or U.S.-led peacekeeping efforts. The continuation of U.S. assistance towards the achievement of peace and security objectives at this time will help Slovakia consolidate its gains and maintain its development as a positive and stabilizing influence among its neighbors in the region and globally.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 5,328 | * | 4,100 |
| Total | 5,328 | * | 4,100 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 3,960 | * | 3,000 |
| International Military Education & Training | 962 | * | 1,100 |
| Nonproliferation, Antiterrorism & Demining | 406 | * | 0 |
| Total | 5,328 | * | 4,100 |

Peace and Security (\$4.1 million): U.S. assistance promotes NATO interoperability and capabilities within the Slovak armed forces. Funds will be used to support the development of niche capabilities for NATO, strengthen Slovakia's ability to contribute to NATO peacekeeping missions, and provide a better prepared and more interoperable combat force at tactical and operational levels. Funding will provide equipment and training to promote defense reform, modernization, and to support Slovakia's NATO niche capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 5,328 | * | 4,100 |
| Peace & Security | 5,328 | * | 4,100 |
| Combating Weapons of Mass Destruction (WMD) | 406 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 406 | * | 0 |
| Stabilization Operations and Security Sector Reform | 4,922 | * | 4,100 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,922 | * | 4,100 |

Statement of Changes

International Military Education and Training (IMET) funding for Slovakia has increased from FY 2006 to FY 2008, while Foreign Military Financing (FMF) funding has decreased. This change reflects the increasing capability and NATO interoperability of the Slovakian Armed Forces. IMET allocations have increased somewhat in recognition of the Slovakia's important role as a contributor to coalition operations. Slovakia graduated from U.S.-funded border security assistance and thus no Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds were requested in FY 2008.

SLOVENIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Slovenia currently has troops deployed to the International Security Assistance Force in Afghanistan and to Kosovo, as well as instructors to the NATO Training Mission to Iraq, and maintains troops in Bosnia and Herzegovina as part of the EU's Althea Plan. Future efforts by Slovenia to provide peacekeeping troops and to support GWOT will help bolster stability in the Western Balkans and strengthen our common defense against terrorists. Slovenia must also fulfill its obligations as a NATO member by meeting NATO Force Goals and ensure its border and customs officials are able to secure the country's borders. The continuation of U.S. assistance in the Peace and Security objective will help Slovenia maintain its development momentum as a positive and stabilizing influence in the region and globally.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 1,439 | * | 1,385 |
| Total | 1,439 | * | 1,385 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 494 | * | 500 |
| International Military Education & Training | 895 | * | 885 |
| Nonproliferation, Antiterrorism & Demining | 50 | * | 0 |
| Total | 1,439 | * | 1,385 |

Peace and Security (\$1.4 million): U.S. assistance will promote NATO interoperability and assist in the modernization and reform of Slovenia's military, as well as increase its ability to participate in international missions. Military assistance will help develop Slovenia's niche capabilities, provide English language training, and promote the rule of law, human rights, and civilian control of the military. Technical training will also be provided to Slovenia's deployable combat forces and support elements.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 1,439 | * | 1,385 |
| Peace & Security | 1,439 | * | 1,385 |
| Combating Weapons of Mass Destruction (WMD) | 50 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 50 | * | 0 |
| Stabilization Operations and Security Sector Reform | 1,389 | * | 1,385 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,389 | * | 1,385 |

TURKEY
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Situated at the crossroads of Europe, the Middle East and the Caucasus, Turkey plays a vital role in the region. As a victim of both domestic and international terrorism, Turkey finds itself in need of improved counter-terrorism capabilities and finance controls. Turkey has also seen an increase in nuclear smuggling and WMD-related incidents, which underscore the need for training in illicit weapons detection, licensing and enhanced border controls. Turkey continues to face a transshipment drug problem from Afghanistan to Europe through Eastern Turkey. Finally, high unemployment and poverty, particularly in the Kurdish-speaking southeast, have led to domestic instability and pose an obstacle to EU accession. Despite these obstacles, numerous opportunities to advance the transformational diplomacy goal exist. With a Muslim population of over 70 million, a working secular democracy, a free market economy and NATO's second-largest military, Turkey can serve as a leader for neighboring states and Muslim nations worldwide. In addition, Turkey is currently active in virtually all aspects of U.S. military operations in the Middle East, the Balkans and Central Asia, including Afghanistan and Iraq.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|---------------|
| Peace & Security | 18,591 | * | 17,575 |
| Economic Growth | 0 | * | 800 |
| Total | 18,591 | * | 18,375 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Economic Support Fund | 0 | * | 850 |
| Foreign Military Financing | 14,850 | * | 11,825 |
| International Military Education & Training | 3,011 | * | 3,000 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 730 | * | 2,200 |
| Total | 18,591 | * | 18,375 |

Peace and Security (\$17.6 million): U.S. assistance focuses on the modernization of the Turkish Armed Forces and improving interoperability with U.S. and NATO forces. This is essential to enable the Turkish military to participate in GWOT, as well as reconstruction and stabilization efforts in Iraq and Afghanistan. Turkey's well-trained military personnel are increasingly needed to meet the challenges of regional instability, international terrorism and long-term peacekeeping. U.S. funding supports training in key professional skills, and instills a positive view of the U.S. and its military, as well as a commitment to civilian control of the military. Moreover, Turkey is building an indigenous defense industry aided by foreign companies; the terms under which these funds are provided help ensure that the U.S. defense industry can compete effectively to participate in the process.

U.S. assistance also focuses on counter-narcotics, transnational crime, counter-terrorism and combating weapons of mass destruction (WMD). Most Afghan-derived opiates are believed to

transit Turkey, which also serves as a base for major narcotics traffickers and brokers. U.S. assistance supports cooperation between Turkish and Afghan law enforcement officials and helps Turkish authorities target regional criminal organizations. U.S. assistance supports outreach programs to encourage greater Turkish commitment to fight al Qaeda and other extremist Islamist groups, as well as efforts to counter the Kurdistan Worker's Party (PKK) terrorist group in Turkey and develop trilateral U.S.-Iraqi-Turkish counter-terrorism cooperation. To prevent WMD proliferation, U.S. assistance supports activities to enhance Turkey's strategic trade control system, training for licensing officers and border guards, and provision of equipment designed to enhance detection, targeting, and inspection capabilities.

Economic Growth (\$0.8 million): U.S. assistance supports increased productivity of the agricultural sector, increasing standards of living in Turkey's poorest areas. Funding will also support a program to strengthen micro-enterprise productivity by enhancing U.S.-Turkish business relations, helping attract foreign direct investment, and providing Turkish entrepreneurs increased exposure to Western business practices.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 18,591 | * | 18,375 |
| Peace & Security | 18,591 | * | 17,575 |
| Counter-Terrorism | 380 | * | 1,550 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 750 |
| De-Legitimize Terrorist Ideology | 0 | * | 50 |
| Governments' Capabilities | 380 | * | 750 |
| Combating Weapons of Mass Destruction (WMD) | 350 | * | 600 |
| Counter WMD Proliferation and Combat WMD Terrorism | 350 | * | 600 |
| Stabilization Operations and Security Sector Reform | 17,861 | * | 14,825 |
| Operations Support | 14,850 | * | 11,825 |
| Defense, Military, and Border Restructuring, Reform and Operations | 3,011 | * | 3,000 |
| Counter-Narcotics | 0 | * | 500 |
| Interdiction | 0 | * | 500 |
| Transnational Crime | 0 | * | 100 |
| Financial Crimes and Money Laundering | 0 | * | 100 |
| Economic Growth | 0 | * | 800 |
| Agriculture | 0 | * | 400 |
| Agricultural Sector Productivity | 0 | * | 400 |
| Economic Opportunity | 0 | * | 400 |
| Strengthen Microenterprise Productivity | 0 | * | 400 |

Statement of Changes

The increase in Economic Support Funds (ESF) from FY 2006 to FY 2008 reflects the importance of addressing economic development issues that, in turn, can help deep seated social problems. High unemployment and poverty, particularly in the Kurdish-speaking Southeast, have led to domestic instability, posing an obstacle to Turkey's EU accession. The increase in International Narcotics Control and Law Enforcement (INCLE) funding reflects the need to address a sharply increased flow of opiates from Afghanistan through Turkey to world markets. An increase in Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funding reflects the high priority of anti-terrorism and border security assistance to Turkey. The reduction of Foreign Military Financing (FMF) to Turkey reflects competing priorities worldwide.

UKRAINE
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The broad goal of transformational diplomacy in Ukraine is a democratic, prosperous, and secure Ukraine fully integrated into the Euro-Atlantic community. A reformed justice system, a healthy economy, and energy security are necessary elements to ensure realization of the benefits of democracy. The 2004 Orange Revolution provided a key opportunity to advance toward this goal, and an important objective of U.S. assistance is to ensure that the democratic gains of 2004 are carried through by the newly elected Ukrainian government. The United States continues to promote a legacy of legislation and sustainable institutions that advance democratic reform, human rights and economic growth. Endemic corruption and destabilizing criminal activity are serious obstacles to progress, and a factionalized political environment has also slowed the legislative, judicial and market reforms necessary for closer integration with the EU, accession to the WTO and greater integration into the world economy. Increased political will from the Government of Ukraine (GOU) is also required to ensure transparency, security, and diversification of the energy sector and to curb one of Europe's fastest growing HIV/AIDS epidemics. Ukraine has begun implementing a Millennium Challenge Account (MCA) Threshold Program to fight corruption. In November 2006, Ukraine was made Compact-eligible by the Millennium Challenge Corporation (MCC) Board.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 43,390 | * | 35,900 |
| Governing Justly & Democratically | 23,633 | * | 20,400 |
| Investing in People | 9,450 | * | 11,000 |
| Economic Growth | 22,616 | * | 15,500 |
| Humanitarian Assistance | 990 | * | 1,200 |
| Total | 100,079 | * | 84,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|---------------|
| Child Survival and Health | 2,176 | * | 0 |
| Foreign Military Financing | 10,890 | * | 9,000 |
| Freedom Support Act | 82,160 | * | 71,000 |
| International Military Education & Training | 1,753 | * | 1,900 |
| Nonproliferation, Antiterrorism & Demining | 3,100 | * | 2,100 |
| Total | 100,079 | * | 84,000 |
| Peace Corps | 5056 | * | 5151 |

Peace and Security (\$35.9 million): Priorities under the Peace and Security objective include supporting the restructuring, modernization and reform of the Ukrainian armed forces necessary for interoperability with and possible eventual accession to NATO. U.S. assistance will also support development of Ukrainian forces deployable for international missions. Assistance within this objective will also focus on law enforcement reform; countering WMD and conventional weapons proliferation; nuclear safety; reintegration of weapons scientists in civilian

pursuits; export control; border security; combating transnational crime, including trafficking in persons and intellectual property theft; and counternarcotics. Strengthening the rule of law in Ukraine and promoting the reorganization of its law enforcement bodies to comport with European norms are essential to the country's Euro-Atlantic integration, to economic reform, and hence to our transformational diplomacy. Ukraine has been a strong participant in peacekeeping and other international missions in Iraq, Afghanistan, the Balkans, the Middle East and Africa and has been a key partner in tackling the challenge of weapons proliferation. By far the largest funding requirement under the Peace and Security objective is for nuclear safety as it includes \$19.5 million for the Chernobyl Shelter Implementation Project. This proposed funding level reflects our international commitment to contribute \$203 million by FY 2009 to the construction of a shelter over the sarcophagus of the Chernobyl nuclear reactor. By the end of FY 2006, the United States had met \$153 million of its current \$203 million commitment.

Governing Justly and Democratically (\$20.4 million): The United States focuses democracy assistance to Ukraine on consolidating democratic progress since the Orange Revolution. Assistance under this objective targets rule of law and justice system reform; good governance and anti-corruption efforts; civil society and independent media capacity-building; and strengthening of the political process and political parties. Good governance capacity-building will contribute to improved government performance, economic growth, political stability, and peace and security. Assistance is focused on helping civil society and the media act as anti-corruption watchdogs as well as on building institutional capacity and promoting good governance in the executive branch, legislature, criminal justice sector and local government. Funding requested to strengthen electoral and political processes in part reflects the intent to support Ukraine in conducting a free and fair presidential election in October 2009. Democratization assistance will fund activities complementary to and supportive of the anti-corruption focus of Ukraine's MCA Threshold Country Plan.

Investing in People (\$11.0 million): Funding under the Investing in People objective will focus on combating HIV/AIDS and tuberculosis (TB), on family planning and reproductive health, and on providing social services and job training for vulnerable populations, including trafficking victims and those vulnerable to trafficking. Ukraine has one of the world's fastest rates of increase in HIV and tuberculosis infection. Both diseases are at the pre-epidemic outbreak levels seen earlier in African countries that were later devastated by these infectious diseases. Assistance programs to arrest the spread of HIV/AIDS will also help prevent mother-to-child transmission of HIV/AIDS, address the spread of multi-drug-resistant strains of TB and stem the potential long-term disruption HIV/AIDS poses to Ukraine's economic growth.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Ukraine will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$15.5 million): U.S. economic assistance focuses on the energy sector and on building enabling environments (trade and investment, business, financial, and agricultural) to promote growth, facilitate European integration and implement WTO accession (on the assumption that Ukraine will have acceded to the WTO by FY 2008). Ukraine's long-term political stability is closely linked to its economic prosperity and especially to the rise of a broad entrepreneurial middle class. In addition, assistance to the energy sector will support the Ukraine Nuclear Fuels Qualification Project, energy policy reform, and technical assistance to promote energy security, diversification, transparency and efficiency. Assistance under this objective will include legislative reform and anti-corruption components. Funding will also support education, business internships, and exchanges to build human capital.

Humanitarian Assistance (\$1.2 million): Limited funding will support transportation of donated pharmaceuticals and medical equipment, particularly to Chernobyl-affected areas but also to depressed areas in eastern Ukraine, and small reconstruction and water projects.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 100,079 | * | 84,000 |
| Peace & Security | 43,390 | * | 35,900 |
| Combating Weapons of Mass Destruction (WMD) | 26,670 | * | 21,600 |
| Counter WMD Proliferation and Combat WMD Terrorism | 26,213 | * | 19,530 |
| Program Support (WMD) | 457 | * | 2,070 |
| Stabilization Operations and Security Sector Reform | 15,635 | * | 13,400 |
| Destruction and Security of Conventional Weapons | 1,500 | * | 1,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 12,643 | * | 10,900 |
| Law Enforcement Restructuring, Reform and Operations | 1,470 | * | 1,470 |
| Program Support (Stabilization) | 22 | * | 30 |
| Counter-Narcotics | 0 | * | 200 |
| Drug Demand Reduction | 0 | * | 196 |
| Program Support (Narcotics) | 0 | * | 4 |
| Transnational Crime | 1,085 | * | 700 |
| Intellectual Property Theft, Corporate Espionage, and Cyber Security | 0 | * | 184 |
| Trafficking-in-Persons and Migrant Smuggling | 1,000 | * | 461 |
| Program Support (Crime) | 85 | * | 55 |
| Governing Justly & Democratically | 23,633 | * | 20,400 |
| Rule of Law and Human Rights | 1,596 | * | 5,000 |
| Judicial Independence | 0 | * | 288 |
| Justice System | 1,534 | * | 4,519 |
| Program Support (Rule of Law) | 62 | * | 193 |
| Good Governance | 8,536 | * | 5,600 |
| Legislative Function and Processes | 1,225 | * | 871 |
| Public Sector Executive Function | 0 | * | 697 |
| Local Government and Decentralization | 5,534 | * | 1,395 |
| Anti-Corruption Reforms | 680 | * | 1,395 |
| Governance of the Security Sector | 0 | * | 523 |
| Program Support (Governance) | 1,097 | * | 719 |
| Political Competition and Consensus-Building | 3,083 | * | 3,400 |
| Elections and Political Processes | 732 | * | 1,977 |
| Political Parties | 2,038 | * | 1,078 |
| Program Support (Political Competition) | 313 | * | 345 |
| Civil Society | 10,418 | * | 6,400 |
| Civic Participation | 4,754 | * | 4,645 |
| Media Freedom and Freedom of Information | 4,925 | * | 1,301 |
| Program Support (Civil Society) | 739 | * | 454 |
| Investing in People | 9,450 | * | 11,000 |
| Health | 9,292 | * | 10,100 |
| HIV/AIDS | 4,114 | * | 7,750 |
| Tuberculosis | 1,575 | * | 1,500 |
| Avian Influenza | 225 | * | 0 |
| Other Public Health Threats | 212 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Maternal and Child Health | 1,931 | * | 0 |
| Family Planning and Reproductive Health | 1,235 | * | 850 |
| Education | 158 | * | 100 |
| Higher Education | 158 | * | 100 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 800 |
| Social Services | 0 | * | 800 |
| Economic Growth | 22,616 | * | 15,500 |
| Macroeconomic Foundation for Growth | 1,064 | * | 0 |
| Fiscal policy | 479 | * | 0 |
| Monetary policy | 425 | * | 0 |
| Program Support (Macro Econ) | 160 | * | 0 |
| Trade and Investment | 1,680 | * | 3,400 |
| Trade and Investment Enabling Environment | 1,105 | * | 2,628 |
| Trade and Investment Capacity | 367 | * | 350 |
| Program Support (Trade) | 208 | * | 422 |
| Financial Sector | 7,461 | * | 3,000 |
| Financial Sector Enabling Environment | 1,152 | * | 2,215 |
| Financial Services | 5,733 | * | 554 |
| Program Support (Financial Sector) | 576 | * | 231 |
| Infrastructure | 6,000 | * | 4,100 |
| Modern Energy Services | 5,611 | * | 4,030 |
| Program Support (Infrastructure) | 389 | * | 70 |
| Agriculture | 2,989 | * | 1,600 |
| Agricultural Enabling Environment | 1,793 | * | 595 |
| Agricultural Sector Productivity | 1,170 | * | 991 |
| Program Support (Agriculture) | 26 | * | 14 |
| Private Sector Competitiveness | 1,937 | * | 2,400 |
| Business Enabling Environment | 1,837 | * | 1,896 |
| Workforce Development | 0 | * | 380 |
| Program Support (Private Sector) | 100 | * | 124 |
| Economic Opportunity | 0 | * | 1,000 |
| Inclusive Financial Markets | 0 | * | 948 |
| Program Support (Econ Opportunity) | 0 | * | 52 |
| Environment | 1,485 | * | 0 |
| Natural Resources and Biodiversity | 1,396 | * | 0 |
| Program Support (Environment) | 89 | * | 0 |
| Humanitarian Assistance | 990 | * | 1,200 |
| Protection, Assistance and Solutions | 990 | * | 1,200 |
| Crisis Assistance and Recovery | 990 | * | 1,200 |

Linkages with the Millennium Challenge Corporation (MCC)

Ukraine's MCA Threshold Program, approved and funded by the MCC Board in 2006, will dedicate approximately \$45 million over a two-year period to anti-corruption activities in judicial reform; GOU ethical and administrative standards; higher education; streamlining and enforcement of government regulations; and monitoring and advocacy by civil society and the media. Assistance described above to address the Governing Justly and Democratically objective will fund activities - such as strengthening Ukraine's ability to investigate and prosecute corruption - that underpin the Threshold Country Program and maximize its impact. The MCC has made clear that MCA Compact approval and funding will be contingent on Ukraine's progress in combating corruption.

Statement of Changes

Overall funding for Ukraine has decreased 17 percent from FY 2006 to the proposed FY 2008 level. While funding cuts have been spread across the objectives, the FY 2008 budget proposes increased funding to support justice sector reform, combat HIV/AIDS, and promote economic growth and opportunity by improving trade, investment, and financial sector enabling environments. The increased focus on justice sector reform reflects the importance of curbing corruption and organized crime to improving government performance, economic growth, political stability, peace and security, and Euro-Atlantic integration. A substantial increase in funding to combat HIV/AIDS reflects the priority the President places on combating HIV/AIDS, particularly in pre-epidemic, high growth rate areas. Improving trade, investment and financial sector environments will promote economic growth and security against external economic pressures.

EURASIA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Eurasian countries are having difficulty transitioning from Soviet political, economic, and social control to free-market democracies while addressing the twenty-first century's transnational threats. While most Eurasian countries implemented some policy reforms to liberalize and strengthen their economies in 2006, only three made progress on democratic reform. Unfortunately, the regional cooperation that could cement both the momentum for and fruits of reform is thwarted by festering border disputes, persistent tension between ethnic minority groups, and regional political pressures. This paucity of regional cooperation prevents Eurasian countries from collaborating to resolve issues that transcend borders and inhibits their integration into international and Euro-Atlantic institutions. Regionally-budgeted assistance boosts the effectiveness of bilateral programs by fostering regional cooperation, provides a rapid response mechanism for political and/or humanitarian emergencies, and supports regionally-based or Washington-based personnel and platforms to implement regional transformational diplomacy objectives.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 18,329 | * | 7,410 |
| Governing Justly & Democratically | 5,189 | * | 4,790 |
| Investing in People | 6,992 | * | 2,749 |
| Economic Growth | 7,625 | * | 4,970 |
| Humanitarian Assistance | 6,064 | * | 2,300 |
| Total | 44,199 | * | 22,219 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|---------------|
| Freedom Support Act | 44,199 | * | 22,219 |
| Total | 44,199 | * | 22,219 |

Peace and Security (\$7.4 million): Borders throughout the Eurasian region are porous and regional law enforcement cooperation is weak. U.S. regional assistance programs improve regional law enforcement capabilities and regional cooperation with U.S. law enforcement to combat trans-border drug trafficking and organized crime. Funding will be used to support important multilateral programs such as the Almaty-based Central Asian Regional Information and Coordination Center (CARICC) for combating organized crime and other UN-sponsored projects, as well as multi-country training at the International Law Enforcement Academy (ILEA) in Budapest. U.S. regional assistance promotes cooperation to strengthen weak Eurasian money-laundering and other counterterrorism capacities, thereby limiting the threat of terrorism in, through, and from the region. To reduce the spread of weapons of mass destruction-related materials and knowledge, U.S. regional assistance bolsters bilateral programs by supporting regional cooperation, including support for channeling the skills of the region's nuclear scientists into civilian work.

Festering regional conflicts continue to threaten internal and regional stability in Eurasia. The United States works actively under the auspices of the Organization for Security and Cooperation in Europe (OSCE) to resolve regional conflicts, contain and reduce instability, assist with post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism, and promote reform. The OSCE's work on democratization, good governance, economic development, security reform, and related efforts reflect an integrated approach designed to prevent conflicts and unrest. Funding for the OSCE is requested under this heading as well as in the Europe Regional and International Organizations section of the budget justification.

Governing Justly and Democratically (\$4.8 million): On the whole, democratic institutions in Eurasia remain weak. In 2006, those countries at the forefront of democratization were challenged by the difficulty of sustaining the momentum of reform while those that had been backsliding in previous years fell further behind. U.S. regional assistance programs aim to boost bilateral efforts by seeking to promote regional information sharing and nurturing cross-border links and cooperation, enabling governmental and non-governmental actors to share best practices and experience. Funding supports programs to advance bilateral efforts to develop sustainable civil society institutions and funds analytical tools that capture Eurasia's progress in moving toward democratic societies. Networks of non-governmental organizations help build a groundswell of democratic reformers who can push autocratic or unresponsive governments to take citizen's concerns into account. Funding also supports independent media development to increase access to objective information and promote regional knowledge and understanding of current events.

Investing in People (\$2.7 million): Life expectancy in the Eurasian region is lower now than it was in 1989. U.S. assistance promotes regional public health information-sharing and cooperation, strengthens countries' ability to prevent the spread of disease, including HIV/AIDS and drug-resistant tuberculosis, and improves living standards. In many countries of the region, failure to develop and sustain market-oriented social services undermines public support for economic and democratic reform. U.S. regional assistance supplements bilateral efforts to improve policies, regulations and systems.

Economic Growth (\$5.0 million): Most Eurasian countries do not benefit from robust regional trade or investment. U.S. regional assistance funds feasibility studies and provides for technical assistance to advance economic development; opens opportunities for U.S. business; promotes regional integration of energy markets, energy security and supply diversification; and fosters regional border control and customs cooperation. Eurasian countries as a whole made some progress on fiscal reform in 2006. Regional financial sector reform programs improve the success of internal fiscal reform efforts, contribute to economic growth, and inform and influence governments to bring their practices in line with international agreements and European practices. In 2006, energy crises telescoped out of Eurasia into Western Europe. Regional assistance programs build support for efforts to create regional energy networks that will provide for regional energy security. Citizens of the entire region continue to suffer the injurious effects of Soviet planners' lack of concern for the environment. U.S. regional programs advance regional cooperation to safeguard remaining natural resources and biodiversity.

Humanitarian Assistance (\$2.3 million): Many of the countries of Eurasia are not able to maintain emergency response capabilities or provide for vulnerable populations, including the hundreds of thousands of internally displaced persons and refugees produced by territorial disputes. U.S. regional humanitarian assistance covers operational costs and provides a rapid response mechanism to address unanticipated humanitarian needs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 44,199 | * | 22,219 |
| Peace & Security | 18,329 | * | 7,410 |
| Counter-Terrorism | 495 | * | 500 |
| Governments' Capabilities | 421 | * | 425 |
| Program Support (Counter-Terrorism) | 74 | * | 75 |
| Combating Weapons of Mass Destruction (WMD) | 198 | * | 100 |
| Counter WMD Proliferation and Combat WMD Terrorism | 144 | * | 73 |
| Program Support (WMD) | 54 | * | 27 |
| Stabilization Operations and Security Sector Reform | 3,369 | * | 1,875 |
| Explosive Remnants of War (ERW) | 400 | * | 0 |
| Law Enforcement Restructuring, Reform and Operations | 2,924 | * | 1,837 |
| Program Support (Stabilization) | 45 | * | 38 |
| Transnational Crime | 387 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 298 | * | 0 |
| Program Support (Crime) | 89 | * | 0 |
| Conflict Mitigation and Reconciliation | 13,880 | * | 4,935 |
| Conflict Mitigation | 2,000 | * | 2,000 |
| Preventive Diplomacy | 11,880 | * | 2,935 |
| Governing Justly & Democratically | 5,189 | * | 4,790 |
| Rule of Law and Human Rights | 106 | * | 140 |
| Program Support (Rule of Law) | 106 | * | 140 |
| Good Governance | 159 | * | 280 |
| Program Support (Governance) | 159 | * | 280 |
| Political Competition and Consensus-Building | 2,375 | * | 2,080 |
| Consensus-Building Processes | 280 | * | 0 |
| Elections and Political Processes | 2,000 | * | 2,000 |
| Program Support (Political Competition) | 95 | * | 80 |
| Civil Society | 2,549 | * | 2,290 |
| Civic Participation | 100 | * | 0 |
| Media Freedom and Freedom of Information | 99 | * | 0 |
| Program Support (Civil Society) | 2,350 | * | 2,290 |
| Investing in People | 6,992 | * | 2,749 |
| Health | 3,489 | * | 2,049 |
| HIV/AIDS | 1,355 | * | 0 |
| Tuberculosis | 373 | * | 400 |
| Other Public Health Threats | 2 | * | 650 |
| Maternal and Child Health | 501 | * | 314 |
| Family Planning and Reproductive Health | 571 | * | 485 |
| Water Supply and Sanitation | 687 | * | 200 |
| Education | 2,475 | * | 0 |
| Higher Education | 2,475 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,028 | * | 700 |
| Policies, Regulations, and Systems | 1,028 | * | 700 |
| Economic Growth | 7,625 | * | 4,970 |
| Macroeconomic Foundation for Growth | 263 | * | 390 |
| Fiscal policy | 230 | * | 90 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Program Support (Macro Econ) | 33 | * | 300 |
| Trade and Investment | 3,574 | * | 2,100 |
| Trade and Investment Enabling Environment | 3,437 | * | 2,024 |
| Program Support (Trade) | 137 | * | 76 |
| Financial Sector | 935 | * | 450 |
| Financial Sector Enabling Environment | 460 | * | 200 |
| Program Support (Financial Sector) | 475 | * | 250 |
| Infrastructure | 1,863 | * | 1,100 |
| Modern Energy Services | 1,363 | * | 650 |
| Program Support (Infrastructure) | 500 | * | 450 |
| Private Sector Competitiveness | 709 | * | 555 |
| Business Enabling Environment | 0 | * | 275 |
| Private Sector Productivity | 511 | * | 0 |
| Program Support (Private Sector) | 198 | * | 280 |
| Environment | 281 | * | 375 |
| Program Support (Environment) | 281 | * | 375 |
| Humanitarian Assistance | 6,064 | * | 2,300 |
| Protection, Assistance and Solutions | 6,064 | * | 2,300 |
| Crisis Assistance and Recovery | 5,354 | * | 1,530 |
| Program Support (Protection) | 710 | * | 770 |

EUROPE REGIONAL

Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The countries of Southeastern Europe have made considerable progress since the 1990s, but obstacles are still posed by the incomplete transition from communism, economic stagnation, limited investment in human capital, transnational threats, and continuing ethnic tensions. The legacy of the conflicts of the previous decade continues to hinder efforts to solve problems in a cooperative manner. Nevertheless, the development of free market economies and democratic political systems continues to advance. The desire of the people of the region to see their countries fully integrate into Euro-Atlantic institutions presents an opportunity to achieve significant further progress. Regionally-budgeted assistance is crucial in supporting cross-border knowledge transfer and cooperative programs, providing a rapid response mechanism to address unforeseen political and/or humanitarian emergencies, and supporting regionally-based or Washington-based personnel and platforms that contribute to achieving transformational diplomacy objectives.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 21,459 | * | 10,565 |
| Governing Justly & Democratically | 12,590 | * | 3,869 |
| Investing in People | 2,689 | * | 1,675 |
| Economic Growth | 5,079 | * | 5,595 |
| Total | 41,817 | * | 21,704 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Nonproliferation, Antiterrorism & Demining | 977 | * | 500 |
| Assistance for Eastern Europe and Baltic States | 40,840 | * | 21,204 |
| Total | 41,817 | * | 21,704 |

Peace and Security (\$10.6 million): Many of the countries of Southeastern Europe have weak border controls and law enforcement bodies that are still not adequate to meet the growing challenge of transnational organized crime. U.S. assistance supports law enforcement activities that can counter this threat most effectively at the regional level, including coordinated international investigations and prosecutions. U.S. assistance is also positioned to provide a rapid response capability when developments with an effect on the entire region, such as the Kosovo status issue, require urgent action.

Festering regional conflicts continue to threaten internal and regional stability in Europe. The United States works actively under the auspices of the Organization for Security and Cooperation in Europe (OSCE) to resolve regional conflicts, contain and reduce instability, assist with post-conflict rehabilitation, combat transnational threats to stability, implement measures against terrorism, and promote reform. The OSCE's work on democratization, good governance, economic development, security reform, and related efforts reflects an integrated approach designed to prevent conflicts and unrest. Funding for the Organization for Security and

Cooperation in Europe (OSCE) is requested under this heading as well as in the Eurasia Regional and International Organizations sections of the budget justification.

Governing Justly and Democratically (\$3.9 million): Stronger democratic institutions and respect for the rule of law are crucial to the continued democratic transition of Southeastern Europe. U.S. assistance supporting regional initiatives in these areas builds on the incentives provided by the desire of countries in the region to fulfill NATO and EU membership criteria. Programs are structured to increase the degree of regional ownership of cooperation activities over time and reduce the role of donors. Since in several countries there is a possibility of snap elections that will test still-fragile democratic institutions, funding is requested to help ensure they are free and fair. U.S. assistance fosters progress in free speech, professional journalism, plurality of news sources, and sound business management, as well as supporting institutions of independent media. Funding also supports analytical tools that capture Southeastern Europe's progress in moving toward democratic societies and advances bilateral and regional efforts to develop sustainable civil society institutions. Small grants to the alumni of U.S. exchange, training and other public diplomacy programs sustain their efforts to advance reform in their countries and build strong relationships between the United States and countries of the region.

Investing in People (\$1.7 million): Health indicators including infant mortality and life expectancy have shown improvement in Southeastern Europe over the past decade. U.S. regional assistance promotes regional public health information sharing and cooperation, strengthening countries' ability to prevent the spread of disease, focusing on critical areas such as HIV/AIDS. Significant parts of the population of the region do not benefit sufficiently from the general progress in health and social indicators in the region. U.S. regional assistance supplements bilateral efforts to improve policies, regulations and systems.

Economic Growth (\$5.6 million): Economic development of Southeastern Europe is handicapped by the inability of countries to participate fully in the international trading system and exploit fully trade and investment opportunities with neighbors. U.S. assistance helps countries work together to implement trade laws and regulation consistent with rules of the World Trade Organization and develop structures that will help bring the benefits of freer trade, as well as enhance their ability to attract foreign investment. Regional financial sector reform programs promote fiscal reform, contribute to economic growth, and help bring laws and practices into line with international agreements. Achieving a reliable and affordable energy supply is a challenge that can be addressed effectively only on a regional basis. U.S. assistance supports implementation of regional energy markets, spurring economic growth and contributing to stability. Abuse of the environment and failure to price water and public services rationally in the communist era took a toll on the infrastructure and environmental quality of the region. U.S. assistance programs promote cooperation among the countries of the region to safeguard natural resources and maintain biodiversity.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 41,817 | * | 21,704 |
| Peace & Security | 21,459 | * | 10,565 |
| Counter-Terrorism | 0 | * | 500 |
| Governments' Capabilities | 0 | * | 500 |
| Combating Weapons of Mass Destruction (WMD) | 835 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 835 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Stabilization Operations and Security Sector Reform | 990 | * | 1,000 |
| Law Enforcement Restructuring, Reform and Operations | 975 | * | 980 |
| Program Support (Stabilization) | 15 | * | 20 |
| Transnational Crime | 3,448 | * | 1,000 |
| Financial Crimes and Money Laundering | 736 | * | 980 |
| Trafficking-in-Persons and Migrant Smuggling | 1,535 | * | 0 |
| Organized and Gang-related Crime | 585 | * | 0 |
| Program Support (Crime) | 592 | * | 20 |
| Conflict Mitigation and Reconciliation | 16,186 | * | 8,065 |
| Peace and Reconciliation Processes | 0 | * | 2,500 |
| Preventive Diplomacy | 16,186 | * | 5,565 |
| Governing Justly & Democratically | 12,590 | * | 3,869 |
| Rule of Law and Human Rights | 1,853 | * | 267 |
| Constitutions, Laws, and Legal Systems | 0 | * | 43 |
| Judicial Independence | 0 | * | 43 |
| Justice System | 944 | * | 43 |
| Human Rights | 350 | * | 43 |
| Program Support (Rule of Law) | 559 | * | 95 |
| Good Governance | 181 | * | 268 |
| Program Support (Governance) | 181 | * | 268 |
| Political Competition and Consensus-Building | 1,407 | * | 1,767 |
| Consensus-Building Processes | 1,167 | * | 1,059 |
| Elections and Political Processes | 0 | * | 573 |
| Political Parties | 0 | * | 87 |
| Program Support (Political Competition) | 240 | * | 48 |
| Civil Society | 9,149 | * | 1,567 |
| Civic Participation | 8,685 | * | 392 |
| Media Freedom and Freedom of Information | 150 | * | 82 |
| Program Support (Civil Society) | 314 | * | 1,093 |
| Investing in People | 2,689 | * | 1,675 |
| Health | 1,059 | * | 1,125 |
| HIV/AIDS | 364 | * | 0 |
| Tuberculosis | 120 | * | 0 |
| Other Public Health Threats | 69 | * | 1,125 |
| Maternal and Child Health | 146 | * | 0 |
| Family Planning and Reproductive Health | 118 | * | 0 |
| Water Supply and Sanitation | 242 | * | 0 |
| Education | 1,535 | * | 0 |
| Higher Education | 1,535 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 95 | * | 550 |
| Policies, Regulations, and Systems | 95 | * | 550 |
| Economic Growth | 5,079 | * | 5,595 |
| Macroeconomic Foundation for Growth | 236 | * | 0 |
| Fiscal policy | 177 | * | 0 |
| Program Support (Macro Econ) | 59 | * | 0 |
| Trade and Investment | 0 | * | 875 |
| Trade and Investment Enabling Environment | 0 | * | 574 |
| Trade and Investment Capacity | 0 | * | 144 |
| Program Support (Trade) | 0 | * | 157 |
| Financial Sector | 533 | * | 1,405 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------------------|----------------|------------------|-----------------|
| Financial Sector Enabling Environment | 252 | * | 1,234 |
| Program Support (Financial Sector) | 281 | * | 171 |
| Infrastructure | 1,998 | * | 2,600 |
| Modern Energy Services | 1,500 | * | 2,071 |
| Program Support (Infrastructure) | 498 | * | 529 |
| Private Sector Competitiveness | 2,273 | * | 347 |
| Business Enabling Environment | 693 | * | 0 |
| Private Sector Productivity | 648 | * | 0 |
| Workforce Development | 375 | * | 0 |
| Program Support (Private Sector) | 557 | * | 347 |
| Environment | 39 | * | 368 |
| Natural Resources and Biodiversity | 0 | * | 120 |
| Program Support (Environment) | 39 | * | 248 |

EUROPE REGIONAL
Regional

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 41,817 | * | 21,704 |
| Peace & Security | 21,459 | * | 10,565 |
| Counter-Terrorism | 0 | * | 500 |
| Governments' Capabilities | 0 | * | 500 |
| Combating Weapons of Mass Destruction (WMD) | 835 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 835 | * | 0 |
| Stabilization Operations and Security Sector Reform | 990 | * | 1,000 |
| Law Enforcement Restructuring, Reform and Operations | 975 | * | 980 |
| Program Support (Stabilization) | 15 | * | 20 |
| Transnational Crime | 3,448 | * | 1,000 |
| Financial Crimes and Money Laundering | 736 | * | 980 |
| Trafficking-in-Persons and Migrant Smuggling | 1,535 | * | 0 |
| Organized and Gang-related Crime | 585 | * | 0 |
| Program Support (Crime) | 592 | * | 20 |
| Conflict Mitigation and Reconciliation | 16,186 | * | 8,065 |
| Peace and Reconciliation Processes | 0 | * | 2,500 |
| Preventive Diplomacy | 16,186 | * | 5,565 |
| Governing Justly & Democratically | 12,590 | * | 3,869 |
| Rule of Law and Human Rights | 1,853 | * | 267 |
| Constitutions, Laws, and Legal Systems | 0 | * | 43 |
| Judicial Independence | 0 | * | 43 |
| Justice System | 944 | * | 43 |
| Human Rights | 350 | * | 43 |
| Program Support (Rule of Law) | 559 | * | 95 |
| Good Governance | 181 | * | 268 |
| Program Support (Governance) | 181 | * | 268 |
| Political Competition and Consensus-Building | 1,407 | * | 1,767 |
| Consensus-Building Processes | 1,167 | * | 1,059 |
| Elections and Political Processes | 0 | * | 573 |
| Political Parties | 0 | * | 87 |
| Program Support (Political Competition) | 240 | * | 48 |
| Civil Society | 9,149 | * | 1,567 |
| Civic Participation | 8,685 | * | 392 |
| Media Freedom and Freedom of Information | 150 | * | 82 |
| Program Support (Civil Society) | 314 | * | 1,093 |
| Investing in People | 2,689 | * | 1,675 |
| Health | 1,059 | * | 1,125 |
| HIV/AIDS | 364 | * | 0 |
| Tuberculosis | 120 | * | 0 |
| Other Public Health Threats | 69 | * | 1,125 |
| Maternal and Child Health | 146 | * | 0 |
| Family Planning and Reproductive Health | 118 | * | 0 |
| Water Supply and Sanitation | 242 | * | 0 |
| Education | 1,535 | * | 0 |
| Higher Education | 1,535 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Social and Economic Services and Protection for Vulnerable Populations | 95 | * | 550 |
| Policies, Regulations, and Systems | 95 | * | 550 |
| Economic Growth | 5,079 | * | 5,595 |
| Macroeconomic Foundation for Growth | 236 | * | 0 |
| Fiscal policy | 177 | * | 0 |
| Program Support (Macro Econ) | 59 | * | 0 |
| Trade and Investment | 0 | * | 875 |
| Trade and Investment Enabling Environment | 0 | * | 574 |
| Trade and Investment Capacity | 0 | * | 144 |
| Program Support (Trade) | 0 | * | 157 |
| Financial Sector | 533 | * | 1,405 |
| Financial Sector Enabling Environment | 252 | * | 1,234 |
| Program Support (Financial Sector) | 281 | * | 171 |
| Infrastructure | 1,998 | * | 2,600 |
| Modern Energy Services | 1,500 | * | 2,071 |
| Program Support (Infrastructure) | 498 | * | 529 |
| Private Sector Competitiveness | 2,273 | * | 347 |
| Business Enabling Environment | 693 | * | 0 |
| Private Sector Productivity | 648 | * | 0 |
| Workforce Development | 375 | * | 0 |
| Program Support (Private Sector) | 557 | * | 347 |
| Environment | 39 | * | 368 |
| Natural Resources and Biodiversity | 0 | * | 120 |
| Program Support (Environment) | 39 | * | 248 |

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NEAR EAST

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Near East Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Child Survival and Health | 0 | * | 35,733 |
| Development Assistance | 10,284 | * | 6,000 |
| Economic Support Fund | 1,351,350 | * | 1,263,332 |
| Foreign Military Financing | 3,814,469 | * | 3,934,400 |
| International Military Education & Training | 12,244 | * | 15,727 |
| International Narcotics Control and Law Enforcement | 990 | * | 88,300 |
| Nonproliferation, Antiterrorism & Demining | 16,798 | * | 56,691 |
| Public Law 480 (Food Aid) | 4,723 | * | 0 |
| Transition Initiatives | 343 | * | 0 |
| Total | 5,211,201 | * | 5,400,183 |

The Near East region presents considerable opportunities to use U.S. assistance to bolster efforts at political and economic reform, assist the parties in pursuing a resolution to the Israeli-Palestinian conflict, ensure the security of our allies and mitigate the influence of extremist regimes and movements. The most immediate challenge - for both the United States and our moderate partners in the region - is ensuring security and stability in Iraq.

Some obstacles to advancing transformational diplomacy in the region are well-known. The results of free elections in West Bank/Gaza and Lebanon underscore the need to more effectively strengthen political moderates. In addition to these high profile issues, other challenges common to the developing world beset the region's poorer countries. Population growth is higher than almost anywhere else in the world. The existence of an outsized youth cohort (roughly 50-60% of the population is under age 24) exacerbates all aspects of political, social and economic problems where available educational resources are poor, government services are inadequate and good jobs are few. Such an environment facilitates the recruitment of young people toward extreme ideologies and potentially violent action. Relatively weak economic performance is ascribed by the International Monetary Fund (IMF) to a number of interrelated factors, including high population growth, lagging political and institutional reforms, large and costly public sectors, poor educational systems, and weak trade and finance regimes. Corruption remains a pervasive problem that undercuts both economic growth and good governance.

In the year ahead, the USG will employ regional and bilateral foreign assistance to pursue a strategy in the Near East region that aims to: help Iraqis take the lead on a new strategy to improve security, promote national reconciliation, and spur economic growth; renew progress toward a two-state solution to the Israeli-Palestinian conflict; expand counter-terrorism cooperation with the states of North Africa; secure Libya's renunciation of terrorism; and assist regional partners in establishing an effective Middle East and North Africa Financial Action Task Force. In addition, the U.S. will promote efforts at political, economic, and educational reform in the region. As the leading democracy promotion donor, U.S. assistance programs will help political parties to effectively aggregate and represent citizens' interests, support politically active civil society organizations, and help create avenues for citizens to participate in oversight and advocacy that improve governance and build a democratic culture. Assistance will support countries to negotiate and implement trade agreements, and take advantage of the resulting

economic opportunities. In addition to State and USAID funds, MCC funding includes a Threshold program with Jordan and MCC eligibility for Morocco.

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for the Near East

| | FY 2006 Actual | FY 2008 Request |
|--|-------------------|--------------------|
| TOTAL | 5,211,201 | 5,400,183 |
| 1 Peace & Security | 3,946,516 | 4,091,098 |
| 1.1 Counter-Terrorism | 6,994 | 39,291 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 804 | 4,400 |
| 1.3 Stabilization Operations and Security Sector Reform | 3,928,903 | 4,039,407 |
| 1.5 Transnational Crime | 4,865 | 4,000 |
| 1.6 Conflict Mitigation and Reconciliation | 4,950 | 4,000 |
| 2 Governing Justly & Democratically | 225,385 | 407,340 |
| 2.1 Rule of Law and Human Rights | 34,683 | 107,570 |
| 2.2 Good Governance | 40,232 | 128,450 |
| 2.3 Political Competition and Consensus-Building | 55,410 | 30,700 |
| 2.4 Civil Society | 95,060 | 140,620 |
| 3 Investing in People | 281,458 | 394,451 |
| 3.1 Health | 108,881 | 134,487 |
| 3.2 Education | 170,312 | 259,664 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 2,265 | 300 |
| 4 Economic Growth | 736,944 | 482,794 |
| 4.1 Macroeconomic Foundation for Growth | 165,373 | 161,506 |
| 4.2 Trade and Investment | 255,697 | 56,909 |
| 4.3 Financial Sector | 210,650 | 17,670 |
| 4.4 Infrastructure | 5,823 | 4,000 |
| 4.5 Agriculture | 23,664 | 76,050 |
| 4.6 Private Sector Competitiveness | 41,215 | 98,269 |
| 4.7 Economic Opportunity | 10,522 | 27,000 |
| 4.8 Environment | 24,000 | 41,390 |
| 5 Humanitarian Assistance | 20,898 | 24,500 |
| 5.1 Protection, Assistance and Solutions | 20,898 | 24,500 |

Peace and Security (\$4.09 billion): In order to combat terrorism and promote peace and security, U.S. assistance will continue robust, cooperative efforts with regional governments to prevent terrorist attacks, disrupt terrorist finance, and bring terrorists to justice. Through assistance and training programs, the USG is helping friendly governments in the region build their regulatory, enforcement, and operational counter-terrorism capabilities, including strengthening regional military and law enforcement forces and financial oversight and regulatory capabilities. Military-to-military cooperation will remain a high priority in order to bolster local capabilities to contain conflict, protect national territory, and pre-empt the establishment of safe havens for terrorists, while enhancing civilian oversight of the military. A principal concern in the region is the potential exploitation by terrorist organizations of the weak governmental

controls along the border areas in the Trans-Sahara region. U.S. assistance supports the efforts of the Trans-Sahara Counter-Terrorism Partnership (TSCTP) to help friendly states enhance their counter-terrorism capabilities and improve border controls.

The pursuit of weapons of mass destruction by regional powers and non-state actors remains a principal source of threat and instability in the Middle East. The United States and its key European allies are working in concert to prevent Iran from acquiring nuclear weapon capability. The United States is prepared to respond positively to concrete steps taken to address WMD concerns as it did in response to Libya's implementation of its December 2003 commitment to eliminate WMD and MTCR-class missile programs.

Governing Justly and Democratically (\$407.3 million): The budget request for an 80% increase in funding in FY 2008 over FY 2006 for this objective reflects the importance of improved governance to addressing the underlying conditions of underdevelopment and extremism. The bulk of the increase will be devoted to work on governance and political reform in Iraq, Jordan, Lebanon and Yemen. Through regional programs, such as MEPI, and bilateral assistance, the USG will support institutional reforms that strengthen the rule of law, combat corruption, improve performance of government institutions and expand opportunities for effective public participation in the political process. The USG will work with and help build the capacity of civil society to promote democratic, economic, and educational reform and to fully empower women. Finally, the USG remains committed to work in cooperation with international organizations and non-governmental organizations to promote adherence to universally accepted standards of respect for human rights and civil liberties in the region. In particular, U.S. assistance will enhance efforts to combat Trafficking in Persons throughout the region, as well as promote concepts of religious, racial, and ethnic tolerance.

Investing in People (\$394.4 million): The budget request for a 41% increase in FY 2008 over FY 2006 for this objective underscores the contribution of health care and education to ameliorating the underlying causes of extremism and supporting economic growth. U.S. assistance will continue to emphasize women's access to education and health care, while supporting reforms that improve quality in both for all citizens. Investments in girls' education pay off in higher rates of school attendance, attainment, and completion among their children, as well as in improvements in the status of women within families, the local community, and the political arena. Most of the increase will support good performance on reforms in both sectors in Egypt, Jordan and Morocco. Additional resources will help strengthen access to health care in Yemen.

Economic Growth (\$482.8 million): U.S. assistance will support reforms that professionalize the financial sector, encourage private sector development, and further open the economies to trade and investment. With respect to the latter, the USG will strengthen bilateral economic ties through Trade and Investment Framework Agreements and Free Trade Agreements designed to promote economic reform. U.S. assistance will facilitate expanded regional engagement on trade and investment, as well as promote WTO accession and compliance. Progress in these dimensions will help countries expand their economic base and participate more fully in the global economy. In all but four countries (Lebanon, Iraq, Syria, and Yemen), some economic reforms have taken root, which have contributed to positive GDP growth rates. Moreover, continued support for economic improvement will help weaken support for extremists.

Humanitarian Assistance (\$24.5 million): The focus of U.S. assistance will be on meeting the significant humanitarian needs of the Palestinian people.

Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The result of these differences in the allocation of emergency food aid between FY 2006 and FY 2008 is significant in Africa and marginally so for SCA. It is not significant for this region where emergency food aid was a very small percentage of total assistance to the region in FY 2006.

ALGERIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

After over a decade protecting state institutions against civil insurgency, Algeria is now rebuilding its political and economic systems. Algeria is a significant and stable exporter of oil and gas with \$66 billion in reserves. The U.S. assistance relationship with Algeria has been modest with programs favoring small technical assistance efforts to respond to Algeria's need to reform its formerly closed, single-party political system, weak civil society, and public sector-dominated economy. The increased funding request represents significant realignment of U.S. assistance to increase support for democracy and governance and economic growth, while maintaining a strong security relationship. U.S. assistance encourages the development of a strong military-to-military relationship and Algerian participation in U.S. military training. U.S. assistance programs will also ask Algeria, as a wealthy country, to match foreign assistance provided.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 823 | * | 1,720 |
| Governing Justly & Democratically | 0 | * | 400 |
| Economic Growth | 0 | * | 765 |
| Total | 823 | * | 2,885 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 1,165 |
| International Military Education & Training | 823 | * | 700 |
| International Narcotics Control and Law Enforcement | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 820 |
| Total | 823 | * | 2,885 |

Peace and Security (\$1.7 million): Fighting a fundamentalist insurgency in the 1990s gave Algeria's military and security services vast experience combating terrorism and extremism. The U.S. Government seeks to cultivate Algeria as a partner in fighting global terrorism. Political and economic reform will underpin Algeria's ability to maintain peace and security within its own borders and in the Maghreb and Sahel. Algeria is a significant counter-terrorism partner in northwest Africa. The Joint Military Dialogue (JMD), joint military exercises (JCETs), the IMET program, the Trans-Sahara Counter-Terrorism Partnership, and potential Foreign Military Sales combine to underscore a growing security relationship and provide the technical assistance and equipment for Algeria to maintain internal security and regional stability. The IMET program in Algeria has provided substantial results for modest outlays of funds. These programs strengthen U.S. ties to a major regional power as it reshapes its post-Cold War orientation. Through this assistance, Algerian military personnel attend U.S. military training, thus enhancing their awareness of international norms of human rights, civilian control of the military, technical training, and English language training. In addition to military training and counter-terrorism, U.S. foreign assistance programs strengthen cooperation in combating transnational crime.

Governing Justly (\$0.4 million): Funding is focused on efforts to develop a democratic, transparent and accountable political system, as well as a civil society that respects basic human rights and empowers women.

Economic Growth (\$0.8 million): U.S. assistance will support reform of the financial sector environment and promote a more favorable investment climate to encourage increased foreign direct investment.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 823 | * | 2,885 |
| Peace & Security | 823 | * | 1,720 |
| Counter-Terrorism | 0 | * | 820 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 820 |
| Stabilization Operations and Security Sector Reform | 823 | * | 700 |
| Defense, Military, and Border Restructuring, Reform and Operations | 823 | * | 700 |
| Transnational Crime | 0 | * | 200 |
| Financial Crimes and Money Laundering | 0 | * | 200 |
| Governing Justly & Democratically | 0 | * | 400 |
| Rule of Law and Human Rights | 0 | * | 200 |
| Human Rights | 0 | * | 200 |
| Civil Society | 0 | * | 200 |
| Civic Participation | 0 | * | 200 |
| Economic Growth | 0 | * | 765 |
| Trade and Investment | 0 | * | 400 |
| Trade and Investment Enabling Environment | 0 | * | 400 |
| Financial Sector | 0 | * | 365 |
| Financial Sector Enabling Environment | 0 | * | 365 |

Statement of Changes

Funding for Algeria has increased considerably from FY 2006 levels. ESF funding will support new activities under Governing Justly and Democratically and Economic Growth, while INCLE and NADR will fund new activities under Peace and Security. Meanwhile, IMET will continue to serve as the centerpiece of the U.S. Government-GOA military-military relationship and assist in the restructuring of Algeria's forces. This rebalancing of the small U.S. aid program in Algeria reflects a broadening of the overall bilateral relationship and efforts to ensure U.S. ability to leverage significant opportunities to further Algeria's reform agenda as well as possible synergies in the shared fight against terrorism.

BAHRAIN
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Bahrain has no strategic oil reserves, a population of 420,000, and the lowest GDP of any Gulf Cooperation Council (GCC) country. As Bahrain is making the transition to a post-oil economy by implementing economic reforms in the context of the U.S.-Bahrain Free Trade Agreement (FTA), U.S support for Bahrain's military and counterterrorism efforts will be important. A small country in a turbulent, strategically vital region, Bahrain is unable to provide for its own defense, and relies on U.S. military support. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges faced by Bahrain, and underscore the need to enhance our bilateral security cooperation. U.S. assistance also bolsters Bahrain's counterterrorism efforts and encourages the government's significant ongoing political and economic reforms.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 19,005 | * | 6,200 |
| Governing Justly & Democratically | 0 | * | 1,100 |
| Total | 19,005 | * | 7,300 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Economic Support Fund | 0 | * | 1,100 |
| Foreign Military Financing | 15,593 | * | 4,300 |
| International Military Education & Training | 651 | * | 650 |
| Nonproliferation, Antiterrorism & Demining | 2,761 | * | 1,250 |
| Total | 19,005 | * | 7,300 |

Peace & Security (\$6.2 million): Working with Bahrain to maintain regional peace and security in the face of Iran's threat is a critical U.S. foreign policy goal. Toward this end, funding will help build Bahraini defensive capacities to counter and deter regional threats; maintain and upgrade U.S.-origin weapons systems, further develop a truly integrated air defense network and expand maritime interdiction operations; enhance interoperability with U.S. forces, promote military professionalism and respect for human rights, and reinforce the importance of a strong, cooperative political/military relationship between American and Bahraini military officers. These goals also underlie the Gulf Security Dialogue. Bahrain faces a significant threat from indigenous extremists as well as from al-Qa'ida terrorists operating in the region. An attack in Bahrain would be a catastrophic setback for the government's goal of attracting direct foreign investment for its post-oil economy. U.S. funding for counterterrorism programs will support the development of a border entry security program and training Bahraini law enforcement personnel to enhance their counterterrorism capabilities.

Governing Justly and Democratically (\$1.1 million): Funding will encourage key reform objectives, such as building the institution of an independent judiciary and strengthening legislative functions and processes.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 19,005 | * | 7,300 |
| Peace & Security | 19,005 | * | 6,200 |
| Counter-Terrorism | 0 | * | 1,250 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 500 |
| Governments' Capabilities | 0 | * | 750 |
| Stabilization Operations and Security Sector Reform | 19,005 | * | 4,950 |
| Defense, Military, and Border Restructuring, Reform and Operations | 19,005 | * | 4,950 |
| Governing Justly & Democratically | 0 | * | 1,100 |
| Rule of Law and Human Rights | 0 | * | 300 |
| Human Rights | 0 | * | 300 |
| Good Governance | 0 | * | 300 |
| Legislative Function and Processes | 0 | * | 300 |
| Political Competition and Consensus-Building | 0 | * | 500 |
| Political Parties | 0 | * | 500 |

Statement of Changes

Funding for Bahrain has decreased significantly from FY 2006 levels by account, particularly in the NADR and FMF accounts, reflecting a shift in emphasis to good governance, political reform and strengthening civil society.

EGYPT
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Egypt is a powerful force for peace and stability in the Middle East. It is a vital U.S. partner in the search for Middle East peace, in efforts to transform Afghanistan and Iraq and in the global war on terror. U.S. assistance to Egypt has long played - and continues to play - a central role in Egypt's economic, social and military transformation. Egypt has committed to a significant economic reform process that promises to bind our two nations together more closely through trade and investment. Egyptian citizens are also demanding democratic reforms to expand the scope of civil liberties, to introduce transparency and accountability in government and to foster more democratic institutions.

U.S. foreign policy priorities in Egypt are to remain engaged with the Government of Egypt (GOE) in promoting political and economic reforms, while nurturing continuing cooperation in the war on terrorism and GOE support for U.S. regional policies. The U.S. Government supports the enactment of the political reforms outlined by President Mubarak during the 2005 Presidential campaign, namely: replacement of the emergency law with a modern counterterrorism law; revision and modernization of the law governing the judiciary; revision of the media law to expand press freedom; new legislation to strengthen local councils; revision of the penal code to narrow the power of authorities to hold people without charge; and parliamentary input on broader constitutional reform. The United States also supports Prime Minister Nazif's economic reform package and remains committed to the goal of a bilateral Free Trade Agreement with Egypt.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|------------------|---------------|------------------|
| Peace & Security | 1,290,537 | * | 1,305,870 |
| Governing Justly & Democratically | 50,000 | * | 50,000 |
| Investing in People | 178,130 | * | 232,028 |
| Economic Growth | 260,620 | * | 132,972 |
| Total | 1,779,287 | * | 1,720,870 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Economic Support Fund | 490,050 | * | 415,000 |
| Foreign Military Financing | 1,287,000 | * | 1,300,000 |
| International Military Education & Training | 1,208 | * | 1,300 |
| International Narcotics Control and Law Enforcement | 0 | * | 3,000 |
| Nonproliferation, Antiterrorism & Demining | 1,029 | * | 1,570 |
| Total | 1,779,287 | * | 1,720,870 |

Peace and Security (\$1.3 billion): The U.S. receives a range of strategic benefits from security assistance to Egypt, particularly in Afghanistan, Iraq and in the pursuit of Middle East peace. U.S. assistance has helped facilitate peace between Israel and Egypt, curbing tensions in a

historically volatile region and providing a model for other Arab states. U.S. military assistance has also helped cement Egypt as a strong coalition partner. The Foreign Military Financing (FMF) program is the backbone of Egypt's military procurement budget, which is chiefly used to sustain U.S. equipment. International Military Education and Training (IMET) funding provides technical development and training for the Egyptian military, enhances professionalism, and builds mutual understanding between the United States and Egypt. The U.S. Government requests new International Narcotics Control and Law Enforcement (INCLE) funding in FY 2008 to increase law enforcement's ability to launch critically needed police training on human rights and effective community policing practices as well as to address shortcomings in the prevention of trafficking in persons. Finally, security assistance helps Egypt participate in numerous peacekeeping operations, including Sudan, Liberia, East Timor, Pakistan, and Afghanistan. Security assistance also helps Egypt participate in regional military exercises such as Bright Star - America's largest military exercise.

Governing Justly and Democratically (\$50.0 million): U.S. assistance supports the reform initiatives outlined by President Mubarak during the presidential campaign of 2005, which are now underway in the Egyptian Parliament and other institutions. Particular attention is paid to improving the Egyptian judicial system. At the same time, U.S. assistance also supports the efforts of non-governmental organizations to increase public participation in governance, promote human rights, improve government accountability and bolster grassroots engagement for democratic and political reform. At the local level, the U.S. Government will continue to assist grassroots organizations that work to link citizens with the government and increase transparency and accountability of local government.

In addition to assistance programs, the U.S. Government works to build an understanding of and respect for U.S. policies and values by expanding public outreach in Egypt through a public diplomacy strategy that includes expanding cultural exchange programs, increasing outreach travel of the Ambassador and Mission personnel, expanding English ACCESS Micro scholarships, supporting private people-to-people initiatives and publicizing U.S. assistance.

Investing in People (\$232.0 million): The United States and Egypt have worked together to improve power, telecommunications, and water services which have benefited almost half the population. Funding in FY 2008 will ensure that the capacity of the health sector can sustain these remarkable gains through increased efficiency and management improvements. Areas requiring additional technical and management expertise will be strengthened, including those in Avian Influenza and the prevention and control of Hepatitis C. Hospitals and clinics will be renovated so health service providers can continue to provide high-quality health and family planning services for women, children, and couples. The U.S. Government's education assistance is helping to change the Egyptian educational system from one that rewards memorization and passive knowledge to one that promotes critical thinking and problem-solving skills. Funding in FY 2008 will continue to support Egypt's drive towards sustained school-based reform as part of its basic education program and provide opportunities for academic and technical training in U.S. post-secondary institutions. For basic education, U.S. assistance will finance teacher and administrator training, information technology, school construction, girls' scholarships, adult literacy, training for school board of trustees, and management information systems. For post-secondary education, U.S. assistance will finance a community college scholarship program as well as some at the masters' degree level. Finally, education and health will be the subject of future balance of payments assistance under negotiation now, modeled on the financial sector cash transfer program.

Economic Growth (\$132.9 million): U.S. assistance supports Egypt's transition to a market-oriented, private-sector led economy to attract foreign investment and generate more productive jobs. Recent U.S. assistance directly supported significant private-sector led growth in liberalized sectors such as agriculture, telecommunications, and insurance. U.S. assistance also played a prominent role in the GOE's ongoing efforts to improve customs administration, tax administration, and intellectual property protection, as well as improving Egyptian participation in World Trade Organization processes. Privatization of the Bank of Alexandria and other measures resulted in a \$275 million disbursement under the Financial Sector Memorandum of Understanding between the U.S. and Egypt in January 2007. Other U.S. technical and financial assistance for the financial sector supports creation of a mortgage market, a health insurance sector, and continued rapid growth of microfinance, particularly for women's enterprises in the poorest segments of Egypt's economy. Trade capacity building includes a major initiative with the Egyptian Customs Authority as well as modernization of the inspection system for traded goods. The U.S. Government partners with the GOE in reforming commercial law and implementing these reforms through legal and judicial education. Private sector development will be the subject of future balance of payments assistance under negotiation now, modeled on the financial sector cash transfer.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,779,287 | * | 1,720,870 |
| Peace & Security | 1,290,537 | * | 1,305,870 |
| Counter-Terrorism | 750 | * | 1,070 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 500 | * | 700 |
| Governments' Capabilities | 250 | * | 370 |
| Combating Weapons of Mass Destruction (WMD) | 279 | * | 500 |
| Counter WMD Proliferation and Combat WMD Terrorism | 279 | * | 500 |
| Stabilization Operations and Security Sector Reform | 1,289,508 | * | 1,304,300 |
| Operations Support | 100,000 | * | 100,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,188,208 | * | 1,201,300 |
| Law Enforcement Restructuring, Reform and Operations | 1,300 | * | 3,000 |
| Governing Justly & Democratically | 50,000 | * | 50,000 |
| Rule of Law and Human Rights | 15,973 | * | 16,950 |
| Justice System | 11,700 | * | 11,700 |
| Human Rights | 4,023 | * | 5,000 |
| Program Support (Rule of Law) | 250 | * | 250 |
| Good Governance | 4,250 | * | 11,250 |
| Local Government and Decentralization | 4,000 | * | 5,000 |
| Anti-Corruption Reforms | 0 | * | 6,000 |
| Program Support (Governance) | 250 | * | 250 |
| Civil Society | 29,777 | * | 21,800 |
| Civic Participation | 25,127 | * | 18,550 |
| Media Freedom and Freedom of Information | 4,400 | * | 3,000 |
| Program Support (Civil Society) | 250 | * | 250 |
| Investing in People | 178,130 | * | 232,028 |
| Health | 52,607 | * | 73,104 |
| HIV/AIDS | 2,378 | * | 0 |
| Avian Influenza | 1,202 | * | 0 |
| Other Public Health Threats | 27,873 | * | 55,786 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Maternal and Child Health | 14,409 | * | 9,768 |
| Family Planning and Reproductive Health | 6,745 | * | 7,550 |
| Education | 125,523 | * | 158,924 |
| Basic Education | 54,408 | * | 116,429 |
| Higher Education | 71,115 | * | 42,495 |
| Economic Growth | 260,620 | * | 132,972 |
| Macroeconomic Foundation for Growth | 27,873 | * | 56,736 |
| Fiscal policy | 13,937 | * | 55,736 |
| Monetary policy | 13,936 | * | 1,000 |
| Trade and Investment | 13,937 | * | 32,868 |
| Trade and Investment Enabling Environment | 13,937 | * | 32,868 |
| Financial Sector | 195,050 | * | 4,000 |
| Financial Sector Enabling Environment | 146,250 | * | 2,000 |
| Financial Services | 48,750 | * | 2,000 |
| Program Support (Financial Sector) | 50 | * | 0 |
| Infrastructure | 2,823 | * | 0 |
| Communications Services | 2,823 | * | 0 |
| Agriculture | 0 | * | 3,500 |
| Agricultural Sector Productivity | 0 | * | 3,000 |
| Program Support (Agriculture) | 0 | * | 500 |
| Private Sector Competitiveness | 16,937 | * | 34,868 |
| Business Enabling Environment | 13,937 | * | 32,868 |
| Private Sector Productivity | 3,000 | * | 2,000 |
| Environment | 4,000 | * | 1,000 |
| Natural Resources and Biodiversity | 4,000 | * | 1,000 |

Statement of Changes

ESF funding for Egypt in FY 2008 will decrease by \$80 million from the FY 2006 level, in accordance with the 10 year glidepath agreement reached between the U.S. Government and the GOE in 1998, whereby Egypt's assistance is reduced by \$40 million annually. Among program areas, there has been a \$54 million increase in Investing in People and a \$127 million decrease in Economic Growth. These funding shifts reflect the maturing relationship with the Government of Egypt to be embodied in a new cash transfer program which supports policy reforms.

The INCLE funding request is new. In FY 2006 the Policing Reform Project, which supported management modernization and improved policing approaches of the Egyptian National Police, was funded by an ESF transfer to INL. INCLE funding in FY 2008 will build on that work with a new focus on human rights and community policing. It will also help Egypt address shortcomings in preventing trafficking in persons.

IRAN

Obstacles and Opportunities for Advancing Transformational Diplomacy

Iran's pursuit of a nuclear weapons capability, support for terrorism, destabilizing activities in neighboring states, and abysmal human rights record can ultimately be addressed only if the Iranian regime makes a strategic decision to alter its behavior. The United States has joined with its European allies, Russia, China, and other partners to pressure Iran to meet its international obligations and provide objective proof and guarantees that its nuclear program is only for peaceful purposes. But even with a diverse set of tools and solid multilateral engagement, addressing the Iranian challenge successfully will require patience and persistence. Our multi-faceted diplomatic efforts must be sustained if a confrontation between the international community and the Iranian regime is to be avoided.

Recognizing that our differences with Iran lie with the illicit behavior and dangerous ambitions of the regime -- not the legitimate aspirations and interests of the Iranian people -- our strategy is to counter the threats posed by the government of Iran while expanding our engagement and outreach to the Iranian people. A variety of democracy-related programs will promote free and open participation in the political process and greater access to unbiased information, increased respect for basic human rights, and provide training on organizational development, communication techniques, and civic advocacy. These programs support respect for freedom of association and speech, and more open and free participation in the political process.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|---------------|
| Governing Justly & Democratically | 0 | * | 75,000 |
| Total | 0 | * | 75,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------|-------------|---------------|---------------|
| Economic Support Fund | 0 | * | 75,000 |
| Total | 0 | * | 75,000 |

Governing Justly and Democratically (\$75 million): The U.S. will encourage the development of Iranian civil society, supporting efforts to expand citizen participation in the political process, to increase freedom of speech and protect the right of freedom of assembly. In addition to addressing Iranian civil society networks and political activists, this program will support human rights defenders, labor activists, women, students, religious and ethnic minorities, rule of law, and justice programs.

FY 2008 funding is requested to support the development of new independent media efforts to provide unbiased forms of information to the Iranian people, including the development of Persian broadcast materials on subjects such as women's rights, democracy, human rights, and corruption.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 0 | * | 75,000 |
| Governing Justly & Democratically | 0 | * | 75,000 |
| Civil Society | 0 | * | 75,000 |
| Civic Participation | 0 | * | 50,000 |
| Media Freedom and Freedom of Information | 0 | * | 25,000 |

Statement of Changes

Activities directed toward Iran were previously funded through the Middle East Partnership Initiative and the Human Rights and Democracy Fund. These activities are now identified as part of the request for Iran, consistent with the principle of allocating funds intended for country programs to country budgets. The Administration will seek any attendant legislative authorities required by this change.

IRAQ Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

In the FY 2006 Supplemental and FY 2007 budget request, the Administration clearly spelled out our strategy to shift from reconstruction programs, supported under the Iraq Relief and Reconstruction Fund (IRRF), to programs to increase Iraq's capacity to manage its own affairs. It also stressed the need to support military operations with short-term economic and political programs to stabilize communities, while also engaging Iraq on the longer term economic and political reforms necessary to complete its transition. The major obstacles to Iraq's advancement remain the continuing violence by brutal extremists and the difficulties the Government of Iraq has had in completing its political reconciliation process. While Iraq has increasing budgetary resources, it faces significant obstacles in the form of inadequate capacity to design and execute its budgets. To address these obstacles, the President outlined the New Way Forward in Iraq on January 10, 2007. The following day, Secretary Rice noted that success in Iraq is not just a point of "Iraqi resolve" but also of "Iraqi capability." Foreign assistance is designed to build this capability and to support Iraq's transition to self-reliance. This assistance is a critical component of the President's Iraq strategy.

Foreign assistance is a critical element of the strategy to reduce violence in Baghdad and strategic Iraqi cities. Foreign assistance will support a range of democracy and rule of law programs, which will strengthen the political process and offer an increasingly attractive alternative to pursuing political aims by violence. Foreign assistance will also provide Iraq the technical assistance it needs to enact economic reforms required to support business formation and job generation, which will also help reduce the climate of violence and intolerance. Reducing violence will help enable national reconciliation, marginalize extremists, and promote moderate, non-sectarian politics in Iraq.

At the national level, foreign assistance will help Iraq develop the administrative capacity in its ministries and the economic reforms necessary to govern in an effective and transparent manner. At the provincial level, we will continue to help local Iraqi government more effectively meet the needs of citizens through job creation and community-identified projects. Provincial Reconstruction Teams (PRTs) will continue to play a leading role in coordinating an array of U.S. programs in the provinces with the local Iraqi Provincial Reconstruction Development Councils.

The FY 2008 funding continues to address the three tracks of the President's National Strategy for Victory in Iraq -- security, political and economic -- complementing anticipated Department of Defense efforts.

Iraq received \$1.6 billion in foreign assistance funds under a FY 2006 supplemental. The FY 2007 Supplemental request in foreign assistance funding for Iraq is \$2.3 billion. Foreign assistance funds of \$966 million have been requested under the FY 2008 Emergency Request. Information on these requests is contained in the corresponding section of this document.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 85,980 |
| Governing Justly & Democratically | 55,440 | * | 171,820 |

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|----------------|
| Investing in People | 0 | * | 25,000 |
| Economic Growth | 0 | * | 109,000 |
| Total | 55,440 | * | 391,800 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|----------------|
| Economic Support Fund | 55,440 | * | 298,000 |
| International Military Education & Training | 0 | * | 2,000 |
| International Narcotics Control and Law Enforcement | 0 | * | 75,800 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 16,000 |
| Total | 55,440 | * | 391,800 |

Peace and Security (\$85.9 million): As Iraq faces the challenges of moving from reconstruction and security to long-term economic and political reforms, the need to foster peace and stability takes on an ever more pivotal role. Efforts will continue to overcome sectarian and religious divisions. Funding will maintain demining activities, building Iraqi capacity to implement this critical activity. Support will continue for the WMD scientist redirection program in Iraq as well as the development of antiterrorism capabilities. Funding will increase the Iraqi military's awareness of international human rights norms, fostering respect for the principle of civilian control of the military and the rule of law, and providing Iraqi military officers with necessary technical skills.

Governing Justly and Democratically (\$171.8 million): The focus of the funds will expand from building the capacity of Iraq's institutions and civil society to advancing more stable, moderate political processes. Funding will make major contributions to encourage the political arena as a forum for reconciliation, and to empower Iraqi citizens to engage with their government. In addition, requested funds will provide support for continued constitutional development to ensure Iraqis - especially women - are able to make maximum use of the protections and rights outlined in the Constitution. Ministry capacity-building efforts will continue to train officials, increase transparency, and build core public sector functions, including effective public budgeting, financial management, and procurement. Funding will also ensure that the former regime is held accountable for its crimes. Finally, assistance will help the Iraqis develop the institutional and societal frameworks on which the rule of law rests while also addressing more immediate problems that impede the effective functioning of the justice system.

Investing in People (\$25 million): Funds will strengthen higher education, developing the next generation of professionals required to carry forward Iraq's political and economic reforms. At the provincial level, significant investments will be made on a needs basis across a variety of sectors, (health, water, education), as PRTs work with local communities in identifying and implementing community projects.

Economic Growth (\$109 million): This funding seeks to strengthen the emerging growth in the Iraqi private sector by broadening economic opportunity in the provincial areas, building future capacity, and supporting targeted initiatives. The funding will enable both near-term efforts, such as micro-financing, and longer-term reforms essential to develop Iraq's private sector. This funding also provides increased emphasis on Iraq's agricultural sector, given this sector's strategic role as a major employer.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 55,440 | * | 391,800 |
| Peace & Security | 0 | * | 85,980 |
| Counter-Terrorism | 0 | * | 2,100 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 2,100 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 1,000 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 1,000 |
| Stabilization Operations and Security Sector Reform | 0 | * | 78,880 |
| Operations Support | 0 | * | 60,000 |
| Explosive Remnants of War (ERW) | 0 | * | 12,900 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 2,000 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 3,980 |
| Conflict Mitigation and Reconciliation | 0 | * | 4,000 |
| Peace and Reconciliation Processes | 0 | * | 4,000 |
| Governing Justly & Democratically | 55,440 | * | 171,820 |
| Rule of Law and Human Rights | 0 | * | 67,820 |
| Justice System | 0 | * | 52,820 |
| Human Rights | 0 | * | 5,000 |
| Program Support (Rule of Law) | 0 | * | 10,000 |
| Good Governance | 18,000 | * | 84,000 |
| Legislative Function and Processes | 18,000 | * | 19,000 |
| Public Sector Executive Function | 0 | * | 25,000 |
| Local Government and Decentralization | 0 | * | 31,000 |
| Anti-Corruption Reforms | 0 | * | 9,000 |
| Political Competition and Consensus-Building | 18,500 | * | 8,000 |
| Elections and Political Processes | 18,500 | * | 2,000 |
| Political Parties | 0 | * | 6,000 |
| Civil Society | 18,940 | * | 12,000 |
| Civic Participation | 18,940 | * | 12,000 |
| Investing in People | 0 | * | 25,000 |
| Health | 0 | * | 3,000 |
| Water Supply and Sanitation | 0 | * | 3,000 |
| Education | 0 | * | 22,000 |
| Higher Education | 0 | * | 22,000 |
| Economic Growth | 0 | * | 109,000 |
| Macroeconomic Foundation for Growth | 0 | * | 7,000 |
| Fiscal policy | 0 | * | 7,000 |
| Trade and Investment | 0 | * | 7,000 |
| Trade and Investment Enabling Environment | 0 | * | 7,000 |
| Infrastructure | 0 | * | 3,000 |
| Modern Energy Services | 0 | * | 3,000 |
| Agriculture | 0 | * | 50,000 |
| Agricultural Enabling Environment | 0 | * | 25,000 |
| Agricultural Sector Productivity | 0 | * | 25,000 |
| Private Sector Competitiveness | 0 | * | 22,000 |
| Business Enabling Environment | 0 | * | 7,000 |
| Workforce Development | 0 | * | 15,000 |
| Economic Opportunity | 0 | * | 20,000 |
| Inclusive Financial Markets | 0 | * | 20,000 |

Statement of Changes

The FY08 funding request represents an increase from the FY06 enacted level of \$61 million. During FY06, \$5 billion of the \$18.4 billion Iraq Relief and Reconstruction Fund II was disbursed.

ISRAEL
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Israel is a parliamentary democracy. Its governmental system is based on several basic laws enacted by its unicameral parliament, the Knesset. The country has a diversified, technologically advanced economy with substantial but decreasing government ownership and a strong high-tech sector.

Commitment to Israel's security and well-being has been a cornerstone of U.S. policy in the Middle East since Israel's creation in 1948. Continuing U.S. assistance to Israel acknowledges these ties and signals U.S. commitment. The broad issues of Arab-Israeli peace have been a major focus of the U.S.-Israeli relationship. U.S. efforts to reach a Middle East peace settlement based on UN Security Council Resolutions 242 and 338 have been based on the premise that as Israel takes calculated risks for peace, the United States will help minimize those risks.

The President remains committed to the Roadmap as the best way to move forward towards the realization of a two-state solution in which Israel and a viable, independent Palestinian state will live side-by-side in peace and security.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|------------------|---------------|------------------|
| Peace & Security | 2,257,726 | * | 2,400,500 |
| Economic Growth | 237,600 | * | 0 |
| Total | 2,495,326 | * | 2,400,500 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Economic Support Fund | 237,600 | * | 0 |
| Foreign Military Financing | 2,257,200 | * | 2,400,000 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 526 | * | 0 |
| Total | 2,495,326 | * | 2,400,500 |

Peace and Security (\$2.4 billion): Israel is a critical player in our regional efforts to maintain security and stability. Helping Israel maintain its qualitative military advantage enhances security by preventing regional conflict and builds the confidence necessary for Israel to take calculated risks for peace. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. The FY 2006 FMF for Israel is \$2.257 billion and is crucial to Israel's multi-year defense modernization plan. By 2008, FMF will plateau at \$2.4 billion.

The 2006 Trafficking in Persons Report ranked Israel a Tier 2 Watch List country. Therefore, foreign assistance is needed to help draft legislation, train law enforcement, and encourage governments to develop or expand comprehensive assistance to victims.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 2,495,326 | * | 2,400,500 |
| Peace & Security | 2,257,726 | * | 2,400,500 |
| Counter-Terrorism | 526 | * | 0 |
| Program Support (Counter-Terrorism) | 526 | * | 0 |
| Stabilization Operations and Security Sector Reform | 2,257,200 | * | 2,400,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 2,257,200 | * | 2,400,000 |
| Transnational Crime | 0 | * | 500 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 500 |
| Economic Growth | 237,600 | * | 0 |
| Trade and Investment | 237,600 | * | 0 |
| Trade and Investment Enabling Environment | 237,600 | * | 0 |

Statement of Changes

In FY 2006 Israel received \$240 million, less the one-percent rescission. Since FY 1999, per a U.S.-Government of Israel agreement, Congress has reduced ESF to Israel by \$120 million per year while increasing FMF by \$60 million per year (figures pre-rescission). By FY 2008, ESF will be eliminated. Additionally, no NADR funds have been requested in FY 2008 as the Israelis have completed all offered counterterrorism programs.

JORDAN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Strategically located by virtue of its common borders with Iraq, Syria, the West Bank, Israel and Saudi Arabia, Jordan is a key partner for the United States in the Middle East. U.S. political and economic ties with Jordan have never been stronger. The Government of Jordan (GOJ) provides substantial support for shared goals: 1) build a unified, stable, prosperous Iraq; 2) achieve a two-state solution to the Israeli-Palestinian conflict; 3) combat terrorism and extremist ideology; and 4) advance political, economic and social reform in the Middle East.

King Abdullah II was largely successful in forging a consensus among the country's elite in support of continued economic and political reform, and enhanced security in the wake of the November 2005 Amman bombings. U.S. assistance will continue to support GOJ political and economic reforms.

Jordan's GDP growth in 2006 exceeded 6 percent for the third year running, in large part because of ongoing economic liberalization as well as capital inflows from the Gulf and from Iraqi expatriates. Questions of income disparity remain; unemployment and poverty persist in the 15 percent range. Despite this, the government weathered popular unhappiness and continued to cut fuel subsidies, which had seriously depleted the public treasury. Once the final cut is made, which is scheduled for early 2007, the subsidies will be eliminated.

Given the instability in Iraq and in the Palestinian territories, the GOJ understandably remains focused on security considerations, while continuing with its reform efforts. U.S. assistance plays a key role in Jordan's strategy for security and reform.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 213,411 | * | 229,622 |
| Governing Justly & Democratically | 15,000 | * | 27,030 |
| Investing in People | 48,000 | * | 92,500 |
| Economic Growth | 184,500 | * | 164,067 |
| Total | 460,911 | * | 513,219 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 0 | * | 21,350 |
| Economic Support Fund | 247,500 | * | 263,547 |
| Foreign Military Financing | 207,900 | * | 200,000 |
| International Military Education & Training | 3,020 | * | 3,067 |
| International Narcotics Control and Law Enforcement | 0 | * | 1,500 |
| Nonproliferation, Antiterrorism & Demining | 2,491 | * | 23,755 |
| Total | 460,911 | * | 513,219 |
| Peace Corps | 1516 | * | 1588 |

Peace and Security (\$229.6 million): Jordan remains a strong, responsible and responsive partner in the Global War on Terror. U.S. assistance to Jordan addresses a broad array of issues including counterterrorism, border security, counter-proliferation, promoting stability in Iraq, advancing Israeli-Palestinian talks, and supporting democracy and stability in Lebanon. Jordan plays an important role in efforts to bolster Palestinian President Abbas. The U.S. Government provides key training and equipment that enhance Jordanian capability to strengthen security and stability at home and in the region.

Specifically, U.S. programs strengthen Jordan's counterterrorism and border security capabilities. U.S. funds also support the modernization, readiness, and enhanced interoperability of the Jordanian Armed Forces (JAF). Other U.S. assistance aims to improve the professionalism of the JAF and to reinforce among the Jordanian officer corps the importance of a strong, cooperative political/military relationship with the United States. The JAF currently supports U.S. efforts throughout the region by training local forces (Iraq, Lebanon, Afghanistan), and providing logistical support upon request. This robust military assistance program pays invaluable dividends in the form of interoperability, access, coordination, and mutual understanding.

Jordan provides a primary avenue for shipments of U.S. military equipment, supplies and personnel destined for Iraq. The country has hosted training for Iraqi military and police cadets. The GOJ has led regional outreach efforts to Iraqi Sunnis, remains a major proponent of a national unity government in Iraq and continues to advocate a message of tolerance and moderation in Islam.

Governing Justly and Democratically (\$27.0 million): The King and GOJ are committed to political reform, with the vision of transforming Jordan's tribally based politics into a modern political system with large, issue-based parties. The primary objectives of U.S. assistance are to support the GOJ's ambitious reform plan through targeted programming. The U.S. Government works closely with the GOJ and local implementers on programs to empower civil society, empower women, promote political party development, strengthen the technical capacity of local and national government, the judiciary and the press, and provide technical assistance for municipal elections expected in mid 2007 and parliamentary elections planned for late 2007.

Investing in People (\$93.5 million): With no oil and few natural resources, Jordan is focused on developing a knowledge-based economy. The GOJ invests more than 25% of GDP in education, health, pensions, and welfare. U.S. programming supports Jordanian efforts to improve education, build schools, train teachers and help students transition from the classroom to the workplace. A program to introduce technology into schools is a key component of that effort. U.S. assistance also strives to improve access to and quality of healthcare, particularly for mothers and infants. A significant water program helps the GOJ to deliver clean water to more people which also contributes to an improved standard of living.

Economic Growth (\$164.1 million): Jordan's greatest challenges are poverty and unemployment. These twin economic challenges threaten Jordan's stability and economic growth and constrain the government's ability to advance important political and economic reforms. A major component of the U.S. program in Jordan aims to complement GOJ efforts to create jobs, promote economic growth and advance structural reforms. Structural reforms include greater transparency in the budget process, a more effective system of taxation and improved management of scarce water resources. Approximately 45 percent of Jordan's ESF allotment each year goes towards a cash transfer to the GOJ for budgetary support.

Jordan and the United States have a Free Trade Agreement (FTA); Jordan benefits from Qualifying Industrial Zones that have increased exports to the United States to more than \$1 billion annually - roughly 10 percent of GDP. U.S. assistance to expand economic opportunities builds on economic reforms by striving for a more transparent, efficient, and responsive public sector, more effective legal and regulatory reforms, and greater private sector growth, especially in terms of capitalizing on the bilateral FTA.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|--|---------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 460,911 | * | 513,219 |
| Peace & Security | 213,411 | * | 229,622 |
| Counter-Terrorism | 2,491 | * | 22,755 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 491 | * | 400 |
| Governments' Capabilities | 2,000 | * | 22,355 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 1,000 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 1,000 |
| Stabilization Operations and Security Sector Reform | 210,920 | * | 204,567 |
| Operations Support | 107,900 | * | 100,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 103,020 | * | 104,567 |
| Transnational Crime | 0 | * | 1,300 |
| Financial Crimes and Money Laundering | 0 | * | 1,300 |
| Governing Justly & Democratically | 15,000 | * | 27,030 |
| Rule of Law and Human Rights | 2,200 | * | 4,500 |
| Judicial Independence | 200 | * | 1,000 |
| Justice System | 2,000 | * | 2,000 |
| Human Rights | 0 | * | 1,500 |
| Good Governance | 3,600 | * | 13,530 |
| Legislative Function and Processes | 3,600 | * | 1,500 |
| Public Sector Executive Function | 0 | * | 9,050 |
| Local Government and Decentralization | 0 | * | 1,480 |
| Anti-Corruption Reforms | 0 | * | 1,500 |
| Political Competition and Consensus-Building | 4,200 | * | 3,000 |
| Elections and Political Processes | 4,200 | * | 0 |
| Political Parties | 0 | * | 3,000 |
| Civil Society | 5,000 | * | 6,000 |
| Civic Participation | 5,000 | * | 4,000 |
| Media Freedom and Freedom of Information | 0 | * | 2,000 |
| Investing in People | 48,000 | * | 92,500 |
| Health | 36,000 | * | 43,000 |
| HIV/AIDS | 950 | * | 500 |
| Maternal and Child Health | 9,630 | * | 6,500 |
| Family Planning and Reproductive Health | 6,420 | * | 7,000 |
| Water Supply and Sanitation | 19,000 | * | 29,000 |
| Education | 12,000 | * | 49,500 |
| Basic Education | 12,000 | * | 49,000 |
| Higher Education | 0 | * | 500 |
| Economic Growth | 184,500 | * | 164,067 |
| Macroeconomic Foundation for Growth | 137,500 | * | 97,770 |
| Fiscal policy | 4,000 | * | 2,700 |
| Monetary policy | 133,500 | * | 95,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Program Support (Macro Econ) | 0 | * | 70 |
| Trade and Investment | 0 | * | 7,086 |
| Trade and Investment Enabling Environment | 0 | * | 4,406 |
| Trade and Investment Capacity | 0 | * | 2,300 |
| Program Support (Trade) | 0 | * | 380 |
| Financial Sector | 0 | * | 2,370 |
| Financial Sector Enabling Environment | 0 | * | 1,000 |
| Financial Services | 0 | * | 1,200 |
| Program Support (Financial Sector) | 0 | * | 170 |
| Infrastructure | 3,000 | * | 1,000 |
| Communications Services | 3,000 | * | 1,000 |
| Agriculture | 6,000 | * | 6,500 |
| Agricultural Enabling Environment | 0 | * | 200 |
| Agricultural Sector Productivity | 6,000 | * | 6,160 |
| Program Support (Agriculture) | 0 | * | 140 |
| Private Sector Competitiveness | 9,000 | * | 18,951 |
| Business Enabling Environment | 0 | * | 2,725 |
| Private Sector Productivity | 5,000 | * | 10,337 |
| Workforce Development | 4,000 | * | 5,592 |
| Program Support (Private Sector) | 0 | * | 297 |
| Economic Opportunity | 9,000 | * | 0 |
| Inclusive Financial Markets | 3,000 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 4,000 | * | 0 |
| Strengthen Microenterprise Productivity | 2,000 | * | 0 |
| Environment | 20,000 | * | 30,390 |
| Natural Resources and Biodiversity | 6,000 | * | 6,600 |
| Clean Productive Environment | 14,000 | * | 22,590 |
| Program Support (Environment) | 0 | * | 1,200 |

Linkages with the Millennium Challenge Corporation (MCC)

Jordan is an MCC Compact-eligible country and currently receives funds from a Threshold program. The \$25 million Threshold program focuses on local governments and customs reform, targeting improvements in selected MCC indicators. This assistance will be used to advance Jordan's progress toward a Compact. Jordan and the MCC are presently discussing the outlines of a Compact.

Statement of Changes

This budget requests an increase in ESF funding for Peace and Security, Investing in People and Economic Growth in FY 2008. Among program elements, the request marks an increase in Governments' Capabilities, Public Sector Executive Function, Water Supply and Sanitation, Basic Education, and Clean Productive Environment. Conversely, the request decreases funding for Monetary Policy and Operations Support. These funding shifts are aimed at directing more resources toward priority program elements and enhancing the ability of Jordan to take on more responsibility for its reform agenda. The budget request also significantly increases NADR funding in light of the terrorism threat confronting Jordan.

KUWAIT
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Kuwait provides indispensable support in terms of access to its facilities, resources, and land to support military operations in Iraq. It is anticipated that for the duration of coalition military presence in Iraq, the U.S. Mission in Kuwait will be intensively engaged in managing and facilitating day-to-day aspects of support for those activities with host government agencies. Maintaining that level of support and encouraging Kuwait to continue to act as an ally in building new regional security structures and deterring future threats in this strategic region will be a top priority over the next five years. Success in reaching this goal in FY 2008 will be achieved through U.S. military, education and training programs. Kuwait has provided extraordinary levels of assistance to support U.S. military operations and reconstruction programs in Iraq. The U.S. diplomatic effort will work closely with CENTCOM and the Government of Kuwait on a multi-year strategy that serves the mutual interests of the United States and Kuwait. To underscore its commitment to the U.S. security relationship, in 2004 the Government of Kuwait quickly constructed a new permanent U.S. military base, turning it over three years ahead of schedule.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 628 | * | 15 |
| Governing Justly & Democratically | 0 | * | 470 |
| Total | 628 | * | 485 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 470 |
| International Military Education & Training | 0 | * | 15 |
| Nonproliferation, Antiterrorism & Demining | 628 | * | 0 |
| Total | 628 | * | 485 |

Peace and Security (\$15,000): Funding will support Kuwait's continued participation in U.S. military, education and training programs, which further the goals of fighting terrorism, and maintaining regional peace and security in the face of Iran's threat.

Governing Justly and Democratically (\$470,000): U.S. assistance will support judicial system reform and enhance efforts to amend and strengthen Kuwaiti laws related to terrorism, especially those which prohibit financial support for terror activities, and conspiracy. Funding will also assist with improvements to Kuwait's electoral processes; and furthering human rights and democracy through the advancement of civil society.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 628 | * | 485 |
| Peace & Security | 628 | * | 15 |
| Stabilization Operations and Security Sector Reform | 628 | * | 15 |
| Defense, Military, and Border Restructuring, Reform and Operations | 628 | * | 15 |
| Governing Justly & Democratically | 0 | * | 470 |
| Civil Society | 0 | * | 470 |
| Civic Participation | 0 | * | 470 |

Statement of Changes

Funding for Kuwait has increased from FY 2006 levels. Increased IMET and ESF funding will serve to further strengthen the bilateral security relationship with Kuwait based on bilateral cooperation on regional threats and the Gulf Security Dialogue.

LEBANON
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

In 2005, widespread Lebanese and international outrage provoked by the February 14 assassination of former Prime Minister Rafiq Hariri transformed Lebanon's political landscape. The withdrawal of Syrian military forces, free and fair parliamentary elections, and the first truly indigenous government in nearly thirty years have nurtured the conditions conducive to transformational diplomacy and promotion of President Bush's Freedom Agenda.

Last summer's conflict between Israel and Hizbollah resulted in significant devastation, and the United States and the international community supported humanitarian and reconstruction efforts as well as provided support to ensure that United Nations Security Council Resolution 1701 could be fulfilled. Additional pressing post conflict needs to be addressed by the United States are identified in the FY 2007 supplemental request.

The United States' long-term goal remains a sovereign, stable, democratic, and economically viable Lebanon at peace with Israel and surrounding states. To that end, U.S. assistance to Lebanon is largely geared toward two parallel objectives: to counter or blunt the remaining Syrian interference in Lebanon and to help build the governance capacity and economic viability of the country. Restoring Lebanese sovereignty and democracy is consistent with America's global counter-terrorism goals and its regional goals, e.g. disarmament of Hizbollah to reduce transnational terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 7,443 | * | 17,676 |
| Governing Justly & Democratically | 6,500 | * | 10,000 |
| Investing in People | 8,325 | * | 6,500 |
| Economic Growth | 12,910 | * | 25,600 |
| Humanitarian Assistance | 14,146 | * | 0 |
| Total | 49,324 | * | 59,776 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 2,000 | * | 0 |
| Economic Support Fund | 39,600 | * | 42,100 |
| Foreign Military Financing | 3,713 | * | 9,600 |
| International Military Education & Training | 752 | * | 1,500 |
| International Narcotics Control and Law Enforcement | 0 | * | 1,800 |
| Nonproliferation, Antiterrorism & Demining | 2,978 | * | 4,776 |
| Public Law 480 (Food Aid) | 281** | * | 0 |
| Total | 49,324 | * | 59,776 |

**FY 2006 includes \$.281 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$17.7 million): Our efforts under the Peace and Security objective concentrate largely on countering the remaining residual Syrian interference in Lebanon, including through Hizbollah. With arms acquired in defiance of international law, Hizbollah maintains the ability to draw Lebanon into war with Israel without reference to Lebanon's cabinet or Parliament as demonstrated by Hizbollah's initiation of war with Israel in July/August 2006. As such, U.S. security assistance would promote Lebanese control over southern Lebanon and Palestinian refugee camps, to prevent them from being used as bases to attack Israel. The U.S. Government's active military-to-military programs enhance the professionalism of the Lebanese Armed Forces, reinforcing the concept of Lebanese civilian control. To foster peace and security, the U.S. intends to build upon welcome and unprecedented Lebanese calls to control the influx of weapons. Assistance will also build capacity for Lebanon's security and judicial authorities, including ongoing support to the United Nations investigation of Hariri's murder and the implementation of international terrorism conventions.

Governing Justly and Democratically (\$10.0 million): U.S. assistance will focus on reviving Lebanon's own political traditions in order to establish transparent, credible, and democratic governing institutions in Lebanon. As the Syrians had prevented effective self-governance for decades, capacity building activities and technical support are needed in a broad range of governmental and non-governmental institutions. A new, fair election law is essential to overcoming Lebanese public skepticism about the democratic process. The U.S. will continue to promote protection of human rights, including advancing the role of women. Lebanon's progress in these areas, while real, has so far been limited.

Investing in People (\$6.5 million): U.S. investments in the Lebanese people focus on assistance to educational institutions and civil society. Support for five American educational institutions and for sustainable linkages between Lebanese and American scholars and institutions strengthens the capacity of the Lebanese people to assume full responsibility for their sovereignty and creates a more favorable environment for bilateral cooperation. The U.S. is encouraging civil society groups to identify common interests as a means to reduce tensions. Assistance will also continue to provide social services for vulnerable populations through small grants to local NGOs and through programs that help survivors of landmines and their families.

Economic Growth (\$25.6 million): The U.S. goal is to promote a Lebanese-designed and implemented reform program that will revive Lebanon's economy, creating jobs and wealth. The U.S. will continue to help integrate Lebanon into the world economy, including through the long-stalled World Trade Organization accession process, better protection of intellectual property rights, and development of a more efficient information technology sector. These policies are designed to lead to increased trade and investment, as well as better protection of U.S. copyrights and patents. The U.S. is also creating economic opportunities, particularly in rural areas, and working to improve the effectiveness of the private sector, to strengthen Lebanon's political stability.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 49,324 | * | 59,776 |
| Peace & Security | 7,443 | * | 17,676 |
| Counter-Terrorism | 0 | * | 3,776 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 100 |
| Governments' Capabilities | 0 | * | 3,676 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Stabilization Operations and Security Sector Reform | 7,443 | * | 13,900 |
| Explosive Remnants of War (ERW) | 2,978 | * | 1,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,465 | * | 12,900 |
| Governing Justly & Democratically | 6,500 | * | 10,000 |
| Rule of Law and Human Rights | 0 | * | 3,000 |
| Judicial Independence | 0 | * | 3,000 |
| Good Governance | 6,500 | * | 5,800 |
| Legislative Function and Processes | 0 | * | 1,000 |
| Local Government and Decentralization | 6,000 | * | 2,500 |
| Anti-Corruption Reforms | 500 | * | 2,300 |
| Political Competition and Consensus-Building | 0 | * | 200 |
| Political Parties | 0 | * | 200 |
| Civil Society | 0 | * | 1,000 |
| Civic Participation | 0 | * | 1,000 |
| Investing in People | 8,325 | * | 6,500 |
| Education | 6,060 | * | 6,200 |
| Basic Education | 610 | * | 800 |
| Higher Education | 5,450 | * | 5,400 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,265 | * | 300 |
| Social Services | 2,265 | * | 300 |
| Economic Growth | 12,910 | * | 25,600 |
| Trade and Investment | 510 | * | 2,000 |
| Trade and Investment Enabling Environment | 0 | * | 2,000 |
| Trade and Investment Capacity | 500 | * | 0 |
| Program Support (Trade) | 10 | * | 0 |
| Agriculture | 10,077 | * | 6,300 |
| Agricultural Sector Productivity | 10,057 | * | 6,300 |
| Program Support (Agriculture) | 20 | * | 0 |
| Private Sector Competitiveness | 1,101 | * | 5,300 |
| Private Sector Productivity | 750 | * | 5,000 |
| Workforce Development | 331 | * | 300 |
| Program Support (Private Sector) | 20 | * | 0 |
| Economic Opportunity | 1,222 | * | 2,000 |
| Inclusive Financial Markets | 450 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 2,000 |
| Strengthen Microenterprise Productivity | 752 | * | 0 |
| Program Support (Econ Opportunity) | 20 | * | 0 |
| Environment | 0 | * | 10,000 |
| Natural Resources and Biodiversity | 0 | * | 2,000 |
| Clean Productive Environment | 0 | * | 8,000 |
| Humanitarian Assistance | 14,146 | * | 0 |
| Protection, Assistance and Solutions | 14,146 | * | 0 |
| Crisis Assistance and Recovery | 14,141 | * | 0 |
| Program Support (Protection) | 5 | * | 0 |

Statement of Changes

U.S. assistance for Lebanon has increased between FY 2006 and FY 2008. In addition, the U.S. has made changes at the program element level aimed at strengthening the democratic institutions of Lebanon as the tools for carrying the country towards meaningful economic and social development.

LIBYA

Obstacles and Opportunities for Advancing Transformational Diplomacy

Libya has recently made great strides towards rejoining the community of nations after years of isolation. It has renounced weapons of mass destruction. It has changed course from a country fomenting international terrorism to an increasingly valuable partner against terrorism, settling the claims of many victims of its past acts. On May 15, 2006, President Bush certified to Congress that Libya had met the statutory requirements for rescission of its designation as a state sponsor of terrorism. Secretary Rice rescinded Libya's designation as a state sponsor of terrorism on June 30, 2006.

Libyans confront enormous tasks of political and economic reform, including the rebuilding of critical institutions that suffered from decades of mismanagement. Libya depends heavily on revenue generated from the oil sector, which provides practically all export earnings and about one-quarter of its GDP. These oil revenues and a small population give Libya one of the highest per capita GDPs in Africa, but little benefit flows to ordinary citizens. Libyan officials in the past three years have made some progress on economic reforms as part of a broader campaign to reintegrate the country into the international fold. As a wealthy country and one with significant political baggage, Libya will be provided technical assistance to increase its capacity. Such assistance will support the development of expertise and capacity to strengthen reform, including diversifying a rigid and public sector-dominated economy and bolstering currently weak civil society actors. Targeted assistance can be effective, but is likely to meet resistance from vested elites absent real Government of Libya (GOL) cooperation. Given its wealth, Libya will be expected to fund programs to the extent possible.

Foreign assistance to Libya will initially be targeted to the Peace and Security objective in order to graduate Libya from a Restrictive country to a Developing country. Assistance in this objective will be complemented by a robust International Visitors Leadership Program (IVLP) and other exchanges as well as the inclusion of Libyan citizens in regional initiatives that can build a democratic cadre to advance internal reforms. These activities will be implemented with the goal of expanding assistance to Governing Justly and Democratically and Economic Growth, as the regulatory and political environment permits. These objectives reflect top U.S. priorities in our bilateral engagement with Libya.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 650 |
| Governing Justly & Democratically | 0 | * | 300 |
| Economic Growth | 0 | * | 200 |
| Total | 0 | * | 1,150 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 500 |
| International Military Education & Training | 0 | * | 350 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 300 |
| Total | 0 | * | 1,150 |

Peace and Security (\$0.7 million): Dismantlement of Libya's weapons of mass destruction remains a key foreign policy objective. The Libya Scientist Engagement Program funded through NADR supports Libya's request for Western assistance in redirecting former WMD scientists in Libya towards civilian careers that can enhance the country's economic development. The scientist engagement program, carried out in close coordination with the Libyan Government, identifies four priority areas for engagement efforts: nuclear medicine, water management, oil/gas technologies and services, and environmental monitoring. The scientist engagement program will continue to work with the United Kingdom and the U.S. Department of Energy to engage Libya's nuclear, chemical, and missile experts. Projects will continue to promote project sustainability and integration of the former weapons scientist into existing research and development organizations.

IMET funded assistance will educate and train Libyan security forces. Consistent with similar programs in the region, initial funding would be used for English language education as U.S. Government representatives in country seek to identify candidates for specific courses on civil-military relations, border security, counterterrorism, etc. This would include training programs that bring Libyan officers to the U.S. and expose them to democratic practices and respect for human rights. The GOL would pay for additional training and education with national funds.

Governing Justly and Democratically (\$0.3 million): ESF funds will advance the Freedom Agenda in Libya. Starting with a platform of enhanced Libyan participation in regional initiatives and targeted IVLP exchanges, assistance will help build a cadre of indigenous democrats in civil society and government who can carry forward critical internal reforms. Complemented by enhanced cooperation on visa regimes critical to the implementation of assistance programs, U.S. assistance will support small scale technical assistance programs to build institutional capacity and advance responsive and transparent governance, rule of law, and enhanced human rights awareness and professionalism among the security forces.

Economic Growth (\$0.2 million): After sanctions against Libya were lifted, U.S. companies have become increasingly interested in the Libyan market. However, Libya's investment climate and trade infrastructure are not suitable for international companies after three decades of isolation. Limited technical assistance, provided by ESF, in implementing Libya's new National Economic Strategy, as well as a Commercial Law Development Program will help U.S. companies operate more effectively and capitalize on new opportunities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 0 | * | 1,150 |
| Peace & Security | 0 | * | 650 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 0 | * | 350 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 350 |
| Governing Justly & Democratically | 0 | * | 300 |
| Rule of Law and Human Rights | 0 | * | 200 |
| Human Rights | 0 | * | 200 |
| Good Governance | 0 | * | 100 |
| Legislative Function and Processes | 0 | * | 100 |
| Economic Growth | 0 | * | 200 |
| Trade and Investment | 0 | * | 200 |
| Trade and Investment Enabling Environment | 0 | * | 200 |

Statement of Changes

FY 2008 is the first year of funding for Libya due to the rescission of its designation as a state sponsor of terrorism.

MOROCCO

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Morocco remains one of the United States' oldest and closest allies in the region. A stable, democratizing, liberalizing Arab Muslim nation, an important actor in the Global War on Terrorism and a constructive force in the pursuit of Middle East peace, partnership with Morocco is vital to U.S. interests in the Middle East.

The Government of Morocco continues to undertake a series of economic, political, and social reforms. Examples include the Moudawana al Ousra, the revised family law that has expanded the rights and status of women, and the political party law, intended to expand participation in the political process, make parties more effective, and extend the reach of democratization. The most critical challenge for Morocco today is to address and implement changes to improve the lives and futures of its citizens, especially youth. Wide socio-economic differences and a poorly performing non-diversified economy have created opportunities for extremist recruitment, as illustrated by the 2003 Casablanca terrorist bombings.

U.S. policy towards Morocco emphasizes sustained and strong engagement and identifies priorities for reform, conflict resolution, counterterrorism cooperation and public outreach. Consistent with the Millennium Challenge Corporation conditionality, the U.S. supports political, economic, social reform in Morocco and the region in a number of ways: through the Middle East Partnership Initiative (MEPI), State and USAID bilateral assistance, public diplomacy, and sustained high-level dialogue and advocacy. Development assistance aims to improve education, create employment, alleviate poverty, and strengthen the capacity of central and local government institutions.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 16,024 | * | 7,555 |
| Governing Justly & Democratically | 6,440 | * | 5,500 |
| Investing in People | 4,752 | * | 3,000 |
| Economic Growth | 7,982 | * | 13,000 |
| Total | 35,198 | * | 29,055 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 8,284 | * | 6,000 |
| Economic Support Fund | 10,890 | * | 15,500 |
| Foreign Military Financing | 12,375 | * | 3,655 |
| International Military Education & Training | 1,884 | * | 1,800 |
| International Narcotics Control and Law Enforcement | 990 | * | 1,000 |
| Nonproliferation, Antiterrorism & Demining | 775 | * | 1,100 |
| Total | 35,198 | * | 29,055 |
| Peace Corps | 3739 | * | 3855 |

Peace and Security (\$7.6 million): A range of U.S. programs assist Morocco to better control its borders, police its cities, deny indigenous or transnational terrorists the ability to operate, and to support international conflict resolution and peace keeping. All of these efforts to promote a stable, more prosperous and secure Morocco will help the Moroccan government continue as a partner in confronting extremism, promoting reform, and pursuing peace and stability in the Middle East.

The Foreign Military Financing assistance program bolsters Morocco's ability to perform core antiterrorism and anti-trafficking missions, helping preserve regional stability. International Military Education and Training funding assists in maintaining an effective and historically strong military-to-military relationship.

Governing Justly and Democratically (\$5.5 million): U.S. democracy programs work to strengthen the capacity of citizens, representatives, and local authorities to participate effectively in the political process. The programs work at national and local levels to support free and fair elections, effective political parties, accountable institutions, a free press, functioning independent broadcast media and strengthen civic participation. Morocco has made substantial progress as a regional leader in democratic reforms; 2002 parliamentary elections were the most free and fair to date. The 2007 elections are expected to continue this trend.

The United States works to build an understanding of and respect for U.S. policies and values by expanding public outreach in Morocco through a reinforced public diplomacy strategy. This includes implementing the American Corners concept in Morocco, expanding cultural exchange programs, increasing outreach travel of the Ambassador and Mission personnel, expanding English ACCESS Micro scholarships, creating an American Presence Post in Marrakech with a substantial public diplomacy focus, supporting private people to people initiatives, publicizing U.S. assistance, and extending Radio Sawa coverage.

Investing in People (\$3.0 million): Current programs target functional literacy training for women and basic education to combat school drop-out. Work in this area is tied to Economic Growth and Peace and Security objectives, since a trained workforce will allow more Moroccans to participate fully in the economy and reduce the potential for youth to be influenced by messages of intolerance. The basic education program helps Morocco increase its capacity to provide primary and middle school age rural children with better access to quality basic education.

Economic Growth (\$13.0 million): A bilateral Free Trade Agreement (FTA) entered into force on January 1, 2006. Economic assistance aims to ensure effective implementation and full compliance with the terms of the agreement. Programs also focus on increasing productivity in agriculture and agribusiness, creating new business opportunities outside of agriculture and agribusiness, and improving the business environment. The latter area includes workforce development, which focuses on skills training, including entrepreneurship training, for increased employability, productivity and opportunity.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 35,198 | * | 29,055 |
| Peace & Security | 16,024 | * | 7,555 |
| Counter-Terrorism | 710 | * | 900 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 200 | * | 400 |
| Governments' Capabilities | 510 | * | 500 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 200 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 200 |
| Stabilization Operations and Security Sector Reform | 15,249 | * | 6,455 |
| Operations Support | 1,884 | * | 1,800 |
| Defense, Military, and Border Restructuring, Reform and Operations | 12,375 | * | 3,655 |
| Law Enforcement Restructuring, Reform and Operations | 990 | * | 1,000 |
| Transnational Crime | 65 | * | 0 |
| Financial Crimes and Money Laundering | 65 | * | 0 |
| Governing Justly & Democratically | 6,440 | * | 5,500 |
| Good Governance | 5,440 | * | 3,000 |
| Legislative Function and Processes | 1,437 | * | 900 |
| Local Government and Decentralization | 3,458 | * | 1,585 |
| Program Support (Governance) | 545 | * | 515 |
| Political Competition and Consensus-Building | 1,000 | * | 1,000 |
| Elections and Political Processes | 830 | * | 800 |
| Program Support (Political Competition) | 170 | * | 200 |
| Civil Society | 0 | * | 1,500 |
| Civic Participation | 0 | * | 1,500 |
| Investing in People | 4,752 | * | 3,000 |
| Education | 4,752 | * | 3,000 |
| Basic Education | 4,752 | * | 3,000 |
| Economic Growth | 7,982 | * | 13,000 |
| Trade and Investment | 1,250 | * | 2,190 |
| Trade and Investment Enabling Environment | 1,120 | * | 830 |
| Trade and Investment Capacity | 0 | * | 1,120 |
| Program Support (Trade) | 130 | * | 240 |
| Financial Sector | 0 | * | 660 |
| Financial Services | 0 | * | 600 |
| Program Support (Financial Sector) | 0 | * | 60 |
| Agriculture | 4,508 | * | 3,750 |
| Agricultural Enabling Environment | 900 | * | 2,000 |
| Agricultural Sector Productivity | 3,191 | * | 1,550 |
| Program Support (Agriculture) | 417 | * | 200 |
| Private Sector Competitiveness | 2,224 | * | 6,400 |
| Business Enabling Environment | 0 | * | 1,197 |
| Private Sector Productivity | 948 | * | 0 |
| Workforce Development | 846 | * | 4,722 |
| Program Support (Private Sector) | 430 | * | 481 |

Linkages with the Millennium Challenge Corporation (MCC)

Morocco was named as an eligible "low income country" for Millennium Challenge Account assistance in 2005 and 2006. The Moroccan government submitted a \$733 million proposal to MCC on August 1, 2006 that focuses on relieving constraints to growth in agriculture, fishing, artisan, and small enterprise finance sectors of the Moroccan economy. MCC is now in the process of examining the proposal to decide which, if any, of Morocco's proposed programs should receive MCC funding.

Statement of Changes

Funding for Morocco decreased 17% from FY 2006 to FY 2008. The primary cuts were taken in Peace and Security assistance in accordance with U.S. strategic priorities. Economic Growth funding will increase by \$2.7 million and Investing in People by \$600,000 from FY 2006 to FY 2008 to further the investment climate and focus on Free Trade Agreement implementation. Funding for Governing Justly and Democratically will decrease by \$940,000 over the same period. Prior year funding in this objective marked an increase for election assistance.

OMAN
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Oman occupies a strategic location on the Arabian Peninsula and on the southern shore of the Strait of Hormuz. As the Strait forms a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases. This has proven invaluable for U.S. combat support and readiness in the Gulf. Oman was a stalwart supporter of the U.S. operations in Iraq, providing critical support in a wide variety of areas. The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. Continued access and assistance will be vital to the success of any future operations in Southwest Asia.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|---------------|---------------|---------------|
| Peace & Security | 15,395 | * | 13,505 |
| Total | 15,395 | * | 13,505 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 13,860 | * | 10,105 |
| International Military Education & Training | 1,135 | * | 1,500 |
| Nonproliferation, Antiterrorism & Demining | 400 | * | 1,900 |
| Total | 15,395 | * | 13,505 |

Peace & Security (\$13.5 million): U.S. funds will continue to enhance Oman's capability to monitor its land, sea, and air borders, including the vital Strait of Hormuz, and improve the Omani military's interoperability with U.S. forces. This capability directly supports the war on terrorism, complements expanding maritime interdiction operations, and helps ensure that the deployment route to the Gulf remains unobstructed. These funds also tangibly demonstrate U.S. support for a moderate Gulf ally that will remain indispensable with regard to future contingencies in the region.

U.S. assistance in support of military education and training also serves to enhance the U.S. military relationship with Oman. Funds will support training covering a broad range of areas to include Professional Military Education, English language, technical and logistics training, medical corps development, demining efforts and maritime operations. U.S.-funded training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes professionalism and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. Omani officer and non-commissioned officer attendance at technical training and PME courses foster one-to-one relationships that pay invaluable rewards in the form of access, operational coordination and mutual, professional understanding. Maintenance, logistics and specialist training will also serve to enhance the Sultanate of Oman's military's value as a training and

coalition partner. Oman is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Oman will use the EDA to improve its ability to monitor its borders, particularly near the vital Strait of Hormuz, and to improve interoperability with U.S. forces.

U.S. assistance will also prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies and other weapons through a cooperative program to help strengthen and expand an effective export control system in Oman. Funding shall focus on improving legal/regulatory, enforcement and licensing procedures and capabilities. Anti-terrorism assistance will support continued training focused on newly developed, advanced courses, designed to sustain Oman's counterterrorism training capabilities and, in addition, promote multilateral cooperation through regional training courses.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 15,395 | * | 13,505 |
| Peace & Security | 15,395 | * | 13,505 |
| Counter-Terrorism | 400 | * | 1,400 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 500 |
| Governments' Capabilities | 400 | * | 900 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 500 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 500 |
| Stabilization Operations and Security Sector Reform | 14,995 | * | 11,605 |
| Defense, Military, and Border Restructuring, Reform and Operations | 14,995 | * | 11,605 |

Statement of Changes

A significant increase in NADR funding in the FY 2008 request reflects an increased emphasis on preventing the proliferation of weapons of mass destruction, and providing anti-terrorism assistance.

QATAR
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

A small country in a turbulent, yet strategically vital region, Qatar is a partner with the U.S. regarding its strategic defense. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges facing Qatar and underscore the need to enhance U.S.-Qatari bilateral security cooperation. U.S. assistance bolsters Qatar's counterterrorism efforts and its ability to protect critical energy infrastructure which is essential to global economic prosperity.

Despite widespread opposition to U.S. policies on key regional issues such as Iraq and Israeli-Palestinian matters, relations with the government are strong. The military-to-military relations are critical, and Qatari support is essential to U.S. operations in Iraq and Afghanistan. Increasing the exposure of Qataris to U.S. military training not only enhances military relations and interoperability but also exposes future leaders of the Qatari military to important U.S. values and ideals. By encouraging the government and leaders of civil society to address the root causes of discontent that fuel support for terrorism, the U.S. seeks to eliminate popular support for terrorist groups.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 906 | * | 285 |
| Total | 906 | * | 285 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 15 |
| Nonproliferation, Antiterrorism & Demining | 906 | * | 270 |
| Total | 906 | * | 285 |

Peace and Security (\$0.3 million): Funding will combat terrorist ideology and support U.S. military, education and training programs. Military relations between the U.S. and Qatar are extremely close, and Qatari support has been essential for U.S. operations in Iraq and Afghanistan.

Increasing the number of Qatari officers at U.S. military training improves military-to-military cooperation by enhancing interoperability with U.S. forces, promoting military professionalism, building Qatari defensive capacities, and reinforcing the importance of a strong, cooperative political/ military relationship between American and Qatari military officers. These goals also underlie the Gulf Security Dialogue.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 906 | * | 285 |
| Peace & Security | 906 | * | 285 |
| Counter-Terrorism | 906 | * | 270 |
| Governments' Capabilities | 906 | * | 270 |
| Stabilization Operations and Security Sector Reform | 0 | * | 15 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 15 |

Statement of Changes

At a decreased level of \$285,000 (from \$906,000 in FY 2006), NADR funding is strategically focused on countering extremist ideology.

SAUDI ARABIA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States and Saudi Arabia have a strong relationship, dating back to 1945 when King Abd' al-Aziz met with President Roosevelt. Saudi Arabia works closely with the United States to address threats to regional and global security, most particularly through counterterrorism cooperation.

The host of Islam's holiest sites in Mecca and Medina, and a leader among the world's oil producers, Saudi Arabia exerts tremendous moral authority and economic influence throughout the region and beyond. It nonetheless has limited ability to provide for its own defense. It is anticipated that Saudi Arabia will rely on U.S. security support over the long term, particularly given the aggressive and destabilizing foreign policies of neighboring Iran. U.S. assistance is aimed at bolstering security cooperation, including supporting Saudi Arabia's counterterrorism efforts and its ability to protect energy infrastructure, which is essential to global economic prosperity.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 1,577 | * | 115 |
| Total | 1,577 | * | 115 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| International Military Education & Training | 0 | * | 15 |
| Nonproliferation, Antiterrorism & Demining | 1,577 | * | 100 |
| Total | 1,577 | * | 115 |

Peace and Security (\$0.1 million): Working with Saudi Arabia to counter terrorism and to maintain regional peace and stability in the face of Iran's threat is a critical U.S. foreign policy goal. U.S. assistance will fund Saudi Arabia's continued participation in U.S. military, education and training programs, which enhances interoperability with U.S. forces, promotes military professionalism and respect for human rights, builds Saudi defensive capacities, and reinforces the importance of a strong, cooperative political/military relationship between American and Saudi military officers. These goals also underlie the Gulf Security Dialogue.

Aware of the important role of reform in assuring the long-term stability of Saudi Arabia, and its importance in combating extremist ideology that underlies terrorism, U.S. support will assist the Saudi government's efforts to delegitimize terrorist ideology and religious extremism.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,577 | * | 115 |
| Peace & Security | 1,577 | * | 115 |
| Stabilization Operations and Security Sector Reform | 1,577 | * | 115 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,577 | * | 115 |

Statement of Changes

With \$115,000 in NADR funding for FY 2008, a reduction from \$1.5 million from FY 2006, the program is strategically focused on counterterrorism training and energy infrastructure protection.

TUNISIA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Tunisia is an important U.S. ally as a moderate voice on regional issues and a valued partner in the global war on terror. The country is a leader in women's rights, economic performance, and education; however substantial reforms to protect human rights and open the political space are still needed. U.S. assistance will help the Tunisian military enhance capabilities to apprehend and defeat indigenous and transnational terrorist elements and combat trafficking by increasing border monitoring using a combination of air support assets, maritime patrol and tactical ground surveillance and response capabilities, further enhancing Tunisia's value as an ally in the global war on terrorism. The United States supports the Tunisian government's desire to transform its military into one that responds rapidly to terrorism as well as to one that is able to project peacekeepers when the UN or African Union requires.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 10,285 | * | 4,564 |
| Governing Justly & Democratically | 0 | * | 200 |
| Total | 10,285 | * | 4,764 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Economic Support Fund | 0 | * | 200 |
| Foreign Military Financing | 8,413 | * | 2,064 |
| International Military Education & Training | 1,847 | * | 1,800 |
| International Narcotics Control and Law Enforcement | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 25 | * | 500 |
| Total | 10,285 | * | 4,764 |

Peace and Security (\$4.6 million): To cement Tunisian cooperation in the global war on terror, the U.S. request will encourage active engagement on joint counterterrorism efforts; reinvigorate counterterrorism exercises and training programs for the police; help Tunisia strengthen its ability to monitor and control its frontiers, participate in more regional initiatives, and use public diplomacy to combat the implicit sympathy with terrorists which colors some local media and public opinion.

Governing Justly and Democratically (\$0.2 million): Limited freedoms of expression and association in Tunisia have been identified as the key obstacles to democratic reform. Funding will support programs and exchanges to promote professional training of journalists, encouraging use of and access to the Internet, and civil society training, including regional programs for emerging civil society leaders. Funding will also be directed at Muslim/youth outreach programs aimed at sectors of society vulnerable to growing anti-American sentiment and extremism.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 10,285 | * | 4,764 |
| Peace & Security | 10,285 | * | 4,564 |
| Counter-Terrorism | 0 | * | 400 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 400 |
| Combating Weapons of Mass Destruction (WMD) | 25 | * | 100 |
| Counter WMD Proliferation and Combat WMD Terrorism | 25 | * | 100 |
| Stabilization Operations and Security Sector Reform | 10,260 | * | 3,864 |
| Defense, Military, and Border Restructuring, Reform and Operations | 10,260 | * | 3,864 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 0 | * | 200 |
| Civil Society | 0 | * | 200 |
| Civic Participation | 0 | * | 200 |

Statement of Changes

The budget request for assistance to Tunisia in FY 2008 represents a reduction from FY 2006 levels. Funds to support Peace and Security will decline from \$10.3 million to \$4.6 million. The Peace and Security objective remains a vital aspect of our security relationship with Tunisia, including in the area of counterterrorism, and the funding for the elements have been shifted to reflect this focus. Under the Governing Justly and Democratically objective, \$200,000 will support new programs and exchanges promoting freedom of expression and association, identified as the key obstacles to democratic reform in Tunisia, and Muslim/youth outreach public diplomacy aimed at sectors of society vulnerable to anti-American sentiment and extremism.

UNITED ARAB EMIRATES
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United Arab Emirates (UAE) is an important commercial center for the Middle East and beyond which faces unique challenges. U.S. assistance will target Emirati capabilities to prevent the UAE's ports from being used as WMD transshipment points and will assist Emirati authorities in combating terrorist financing.

As a small country in a turbulent region, the UAE is unable to provide for its own defense, and relies on U.S. support. The increasingly aggressive and destabilizing foreign policies of neighboring Iran have sharpened the security challenges faced by the UAE, and underscore the need to enhance our bilateral security cooperation. U.S. assistance also bolsters the UAE's counterterrorism efforts and its ability to protect energy infrastructure, which is essential to global economic prosperity.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 961 | * | 615 |
| Total | 961 | * | 615 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 15 |
| International Narcotics Control and Law Enforcement | 0 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 961 | * | 300 |
| Total | 961 | * | 615 |

Peace & Security (\$0.6 million): U.S. assistance will fund the UAE's participation in U.S. security, education and training programs, which will provide the basis for our efforts to enhance interoperability with U.S. forces, promote security forces' professionalism and respect for human rights, build Emirati defensive capacities, and reinforce the importance of a strong, cooperative bilateral political/security relationship. These goals also underlie the Gulf Security Dialogue.

The UAE is the primary banking hub for the Gulf region. U.S. assistance in the area of transnational crime will support programs to assist Emirati authorities to combat terrorist financing.

Dubai is the largest man-made port in the world and the largest port in the Middle East. U.S. assistance will fund counterproliferation efforts to ensure Emirati ports do not serve as WMD transshipment points.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 961 | * | 615 |
| Peace & Security | 961 | * | 615 |
| Counter-Terrorism | 661 | * | 0 |
| Governments' Capabilities | 661 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 0 | * | 15 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 15 |
| Transnational Crime | 300 | * | 300 |
| Financial Crimes and Money Laundering | 300 | * | 300 |

Statement of Changes

The decrease in NADR funding in the FY 2008 request reflects an increased emphasis on assisting the UAE to combat terror financing.

WEST BANK AND GAZA

Obstacles and Opportunities for Advancing Transformational Diplomacy

On January 25, 2006, Palestinian Legislative Council elections brought Hamas, a U.S.-designated Foreign Terrorist Organization, to power within the Palestinian Authority (PA). The United States and the rest of the Middle East Quartet (the Russian Federation, the European Union and the United Nations) have called on the Hamas-led PA government to accept the three principles of peace: renunciation of terror and violence, recognition of Israel, and acceptance of previous obligations and agreements, including the Roadmap. The U.S. assistance strategy ensures that U.S. Government aid does not provide economic nor political benefit to a Hamas-led government that refuses to accept the Quartet principles. Although the United States has terminated direct assistance to the PA government, the U.S. remains committed to helping address the legitimate needs of the Palestinian people. Such support aims to address humanitarian needs and strengthen moderate voices, the private sector, and initiatives in health and education thereby building the capacity of the Palestinian people to assume responsibility for their future. This support also maintains the focus on Hamas' failure to meet its obligations and its inability to govern effectively.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 95,765 | * | 3,500 |
| Governing Justly & Democratically | 24,846 | * | 18,000 |
| Investing in People | 18,169 | * | 12,000 |
| Economic Growth | 7,753 | * | 19,000 |
| Humanitarian Assistance | 6,752 | * | 24,500 |
| Total | 153,285 | * | 77,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|---------------|
| Child Survival and Health | 0 | * | 10,000 |
| Economic Support Fund | 148,500 | * | 63,500 |
| International Narcotics Control and Law Enforcement | 0 | * | 3,500 |
| Public Law 480 (Food Aid) | 4,442** | * | 0 |
| Transition Initiatives | 343 | * | 0 |
| Total | 153,285 | * | 77,000 |

**FY 2006 includes \$4.442 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$3.5 million): A critical component of bolstering peace and security within West Bank/Gaza is supporting law enforcement reform, including the Presidential Guard, and curtailing financial crimes and money laundering.

Governing Justly and Democratically (\$18.0 million): The U.S. focus is good governance, specifically, bolstering the justice system and encouraging judicial independence, fostering the growth of political parties, and supporting local government. By institution building in this manner, the United States intends to promote the rule of law, stability and reform.

Investing in People (\$12.0 million): Public health, especially maternal and child health must be addressed to move West Bank/Gaza forward. The United States is also making key investments in basic education and workforce development.

Economic Growth (\$19.0 million): The lack of economic opportunity is a source of instability in West Bank/Gaza. The United States has focused its efforts on agricultural productivity, support for micro-enterprises, creating private sector opportunity and bolstering trade.

Humanitarian Assistance (\$24.5 million): The focus of U.S. assistance at this time is on meeting the significant humanitarian needs of the Palestinian people. The U.S. is committed to continuing essential humanitarian assistance to the non-refugee Palestinian population, not served through UNRWA programs. The humanitarian assistance program is focused on helping the most vulnerable of the Palestinian population meet their basic human needs by providing food aid, and other emergency assistance (shelter, water, sanitation, hygiene and health).

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 153,285 | * | 77,000 |
| Peace & Security | 95,765 | * | 3,500 |
| Stabilization Operations and Security Sector Reform | 91,265 | * | 2,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 91,000 | * | 0 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 2,000 |
| Program Support (Stabilization) | 265 | * | 0 |
| Transnational Crime | 4,500 | * | 1,500 |
| Financial Crimes and Money Laundering | 4,500 | * | 1,500 |
| Governing Justly & Democratically | 24,846 | * | 18,000 |
| Rule of Law and Human Rights | 0 | * | 2,000 |
| Judicial Independence | 0 | * | 1,000 |
| Justice System | 0 | * | 1,000 |
| Good Governance | 300 | * | 3,500 |
| Legislative Function and Processes | 0 | * | 1,500 |
| Local Government and Decentralization | 0 | * | 2,000 |
| Program Support (Governance) | 300 | * | 0 |
| Political Competition and Consensus-Building | 15,300 | * | 5,500 |
| Consensus-Building Processes | 13,000 | * | 2,000 |
| Elections and Political Processes | 2,000 | * | 1,000 |
| Political Parties | 0 | * | 2,500 |
| Program Support (Political Competition) | 300 | * | 0 |
| Civil Society | 9,246 | * | 7,000 |
| Civic Participation | 8,943 | * | 6,000 |
| Media Freedom and Freedom of Information | 0 | * | 1,000 |
| Program Support (Civil Society) | 303 | * | 0 |
| Investing in People | 18,169 | * | 12,000 |
| Health | 16,987 | * | 10,000 |
| Avian Influenza | 350 | * | 0 |
| Other Public Health Threats | 0 | * | 5,000 |
| Maternal and Child Health | 16,637 | * | 5,000 |
| Education | 1,182 | * | 2,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Basic Education | 0 | * | 2,000 |
| Higher Education | 1,182 | * | 0 |
| Economic Growth | 7,753 | * | 19,000 |
| Trade and Investment | 0 | * | 4,000 |
| Trade and Investment Capacity | 0 | * | 4,000 |
| Agriculture | 2,000 | * | 6,000 |
| Agricultural Sector Productivity | 2,000 | * | 6,000 |
| Private Sector Competitiveness | 5,453 | * | 4,000 |
| Private Sector Productivity | 5,000 | * | 2,000 |
| Workforce Development | 0 | * | 2,000 |
| Program Support (Private Sector) | 453 | * | 0 |
| Economic Opportunity | 300 | * | 5,000 |
| Strengthen Microenterprise Productivity | 0 | * | 5,000 |
| Program Support (Econ Opportunity) | 300 | * | 0 |
| Humanitarian Assistance | 6,752 | * | 24,500 |
| Protection, Assistance and Solutions | 6,752 | * | 24,500 |
| Crisis Assistance and Recovery | 6,752 | * | 24,500 |

Statement of Changes

The FY 2008 funding request for the West Bank and Gaza has decreased from FY 2006 levels, due in large part to legal and policy restrictions arising from the election of Hamas in January 2006. Following the election of Hamas, the U.S. Government revised its foreign assistance strategy to focus on three goals: 1) fostering democratization; 2) providing for the legitimate needs of the Palestinian people; and 3) encouraging private sector growth. Therefore, the U.S. increased the proportion of funding allocated to Humanitarian Assistance, Economic Growth, and Investing in People. U.S. Government assistance in these three core objectives will help the Palestinian people directly and support moderates such as Palestinian President Abbas without providing support for Hamas.

YEMEN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Yemen continues to be an essential U.S. partner in the war on terrorism. While the U.S. and Yemen have made great progress in uprooting the al-Qaida presence in the country, Yemen requires continued U.S. material support to be successful in its ongoing counterterrorism efforts. The Government of Yemen (GOY) has undertaken significant strides toward opening its multi-party political system to full public participation, and to include women. Yemen is evolving into a multi-party democracy and is slowly taking necessary steps to move its economy away from oil dependence. U.S. assistance to Yemen is critical to ensure that these policies continue on track and serve as an example to other countries in the region.

Yemen is one of the world's poorest countries, and its pressing economic and development needs are a complicating factor in its struggle to root out terrorist elements. U.S. development assistance will focus on high and fast impact services in health, basic education, agriculture and democratic reform. Development assistance will be targeted to poor and remote governorates where the U.S. Government and the GOY are seeking the support of the Yemeni tribes in the war on terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 10,780 | * | 10,226 |
| Governing Justly & Democratically | 1,109 | * | 6,450 |
| Investing in People | 5,732 | * | 6,383 |
| Economic Growth | 1,079 | * | 0 |
| Total | 18,700 | * | 23,059 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 0 | * | 4,383 |
| Economic Support Fund | 7,920 | * | 8,450 |
| Foreign Military Financing | 8,415 | * | 4,676 |
| International Military Education & Training | 924 | * | 1,000 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 1,441 | * | 4,050 |
| Total | 18,700 | * | 23,059 |

Peace and Security (\$10.2 million): Funding supports the ongoing, three-pronged security assistance program that focuses on developing Yemeni Counter-Terrorism Unit and Special Operations Forces capabilities, building a viable Coast Guard, and improving military capacity to conduct security missions. Yemen is eligible in FY 2008 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act, which would finance the continued development of a coast guard and military forces. The FMF and IMET funds will continue to directly support U.S. counterterrorism goals through the ongoing design, development, and facilitation of a National Counter Terrorist Coordination Center, whose express

mission will be to coordinate all counter terrorist operations and enhance communication between the armed forces. NADR funding supports export control and related border security assistance (EXBS) efforts and small arms and light weapons programs. NADR/Anti-terrorism Assistance is requested for newly developed advanced courses and continued training designed to sustain Yemen's counterterrorism training capabilities. NADR/Terrorism Interdiction Program assistance is requested implement new and increased program operations and equipment that Yemen will use in support of the ongoing war on terrorism.

Governing Justly (\$6.5 million): U.S. assistance will promote democratic development in Yemen by supporting activities to strengthen Parliament, train party officials and local councils, improve electoral participation and processes, support conflict resolution, and strengthen the capacity of non-governmental organizations and community based organizations in Yemen. The United States will work to strengthen the capacity of representative institutions, including Parliament and local councils. USAID will continue support for strengthening Parliament with an emphasis on improving governance through legislative reform. In 2006, USAID signed an agreement with the Government of Yemen to support transparency and anti-corruption efforts in Yemen. USAID will continue to promote anti-corruption activities by partnering with the High Tender Board, the Central Organization for Control and Audit and the tax authority's Legal Department, and by providing technical assistance to the Journalists' Syndicate and the Supreme Judicial Council. USAID will also support media capacity, empowerment of women in the legal profession, and tribal conflict mitigation. Finally, U.S. assistance will provide technical assistance for monitoring the upcoming elections and the development of civil society and rule of law.

Investing in People (\$6.4 million): In the health sector, U.S. assistance will provide technical assistance, immunizations, training, and medical equipment; renovate hospitals and clinics; and foster community mobilization through religious leaders. In order to improve maternal and child health, family planning, and reproductive health, USAID will train 450 health workers, renovate 15 health facilities, and provide six mobile health units. In education, U.S. assistance will continue to fund the renovation of 77 schools including the construction of 8 multi-purpose rooms large enough to hold 100 people. It will also embark on training school and ministry of education employees on data collection and the use of data for decision making. The U.S. is committed to supporting the Government of Yemen's efforts to improve basic education, especially for women and girls, by providing enhanced access to quality primary education.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 18,700 | * | 23,059 |
| Peace & Security | 10,780 | * | 10,226 |
| Counter-Terrorism | 550 | * | 2,050 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 1,300 |
| Governments' Capabilities | 550 | * | 750 |
| Combating Weapons of Mass Destruction (WMD) | 200 | * | 500 |
| Counter WMD Proliferation and Combat WMD Terrorism | 200 | * | 500 |
| Stabilization Operations and Security Sector Reform | 10,030 | * | 7,676 |
| Destruction and Security of Conventional Weapons | 0 | * | 1,500 |
| Explosive Remnants of War (ERW) | 691 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 9,339 | * | 5,676 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Governing Justly & Democratically | 1,109 | * | 6,450 |
| Good Governance | 912 | * | 3,200 |
| Legislative Function and Processes | 0 | * | 500 |
| Public Sector Executive Function | 0 | * | 500 |
| Local Government and Decentralization | 0 | * | 2,000 |
| Anti-Corruption Reforms | 733 | * | 0 |
| Program Support (Governance) | 179 | * | 200 |
| Political Competition and Consensus-Building | 0 | * | 1,500 |
| Consensus-Building Processes | 0 | * | 650 |
| Elections and Political Processes | 0 | * | 350 |
| Political Parties | 0 | * | 500 |
| Civil Society | 197 | * | 1,750 |
| Civic Participation | 50 | * | 1,000 |
| Media Freedom and Freedom of Information | 0 | * | 750 |
| Program Support (Civil Society) | 147 | * | 0 |
| Investing in People | 5,732 | * | 6,383 |
| Health | 3,287 | * | 4,383 |
| Maternal and Child Health | 3,287 | * | 2,192 |
| Family Planning and Reproductive Health | 0 | * | 2,191 |
| Education | 2,445 | * | 2,000 |
| Basic Education | 2,445 | * | 2,000 |
| Economic Growth | 1,079 | * | 0 |
| Agriculture | 1,079 | * | 0 |
| Agricultural Sector Productivity | 1,079 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Yemen's eligibility in the MCC Threshold Program was suspended in 2005, however, the GOY is intent on making the numerous political and economic reforms necessary for its reinstatement.

Statement of Changes

Funding for Governing Justly and Democratically and Investing in People increased from FY 2006 to FY 2008 to emphasize the importance of Yemen's development needs and provide support for political and economic reforms that are essential to Yemen's future stability.

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

MIDDLE EAST REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

U.S. foreign policy interests are intricately linked with the future of the Middle East and North Africa (MENA). The U.S. seeks a Middle East of independent states, at peace with each other, and fully participating in an open, global market of goods, services, and ideas. U.S. security is linked to the capacity of MENA states to create peace and security, govern justly and effectively, and invest in their people. The MENA states must promote a responsible citizenry that is capable of meeting the challenges and opportunities of the 21st century. The United States' goals for the Middle East are promoting peace in the region and diminishing the underlying causes of terrorism.

The USAID Middle East Regional request includes funding for Middle East Regional Cooperation and Middle East Multilaterals. USAID's Office of Middle East Programs (USAID/OMEP) directly supports these strategic interests through targeted youth leadership initiatives; improving water resource management to reduce tension fueled by water shortages; and advancing regional reform efforts to combat corruption and govern justly. With its available resources, USAID/OMEP addresses these issues, focusing on transnational and regional issues and opportunities that cannot be fully addressed through bilateral programs.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 2,500 |
| Governing Justly & Democratically | 0 | * | 300 |
| Investing in People | 0 | * | 1,000 |
| Total | 0 | * | 3,800 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------|-------------|---------------|--------------|
| Economic Support Fund | 0 | * | 3,800 |
| Total | 0 | * | 3,800 |

Peace and Security (\$2.5 million): The United States can address regional MENA challenges through counter-terrorism programs that de-legitimize terrorist ideology. OMEP will support activities that target youth, including leadership programs and media initiatives to counterbalance terrorist messages and ideology and promote innovative regional youth networks. OMEP will develop scholarship programs, youth networks, and programs with the Arab media to combat extremism, increase cross-cultural understanding, and mitigate conflict. OMEP's media programs in particular will work closely with indigenous organizations to develop content by Arabs, for Arabs, in promoting positive social development. Programs will focus on youth ranging from kindergarten through university.

OMEP will establish a regional Peace Scholarship program to bring promising young people from across MENA to the U.S. for education at community colleges and for short-term technical training courses, leadership training, and "experience America" programs. Although differing in approach, this program will complement the Middle East Partnership Initiative's regional training and education programs.

Governing Justly and Democratically (\$0.3 million): OMEP will tackle public corruption by supporting the development of international networks of anti-corruption activists to promote increased transparency in public procurement, rule of law, government ethics, and any other field where public abuse is rampant. Through public-private partnerships, OMEP's anti-corruption program will work with regional institutions to establish anti-corruption laws and standards. Other parts of the program will educate and train citizens and non-governmental organizations to be advocates against corruption.

Investing in People (\$1.0 million): The countries of the MENA region face a looming water crisis, increasing competition and heightening tensions across the region. OMEP will help transform water management practices and achieve water security, working through regional approaches and institutions to foster inter-regional cooperation and support transboundary water dispute resolution. OMEP will facilitate the development of shared solutions to common water problems as well as focus on particular sub-regions where potential conflict can be mitigated, such as the Tigris and Euphrates watershed that affects populations in Turkey, Syria, and Iraq - three countries of high foreign policy interest to the United States.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|------------------|-----------------|
| TOTAL | 0 | * | 3,800 |
| Peace & Security | 0 | * | 2,500 |
| Counter-Terrorism | 0 | * | 2,500 |
| De-Legitimize Terrorist Ideology | 0 | * | 2,500 |
| Governing Justly & Democratically | 0 | * | 300 |
| Good Governance | 0 | * | 300 |
| Anti-Corruption Reforms | 0 | * | 300 |
| Investing in People | 0 | * | 1,000 |
| Health | 0 | * | 1,000 |
| Water Supply and Sanitation | 0 | * | 1,000 |

NEAR EAST REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The State Near East Regional Account funds the Middle East Partnership Initiative (MEPI), which is transformational diplomacy in action. MEPI is a critical tool that allows the U.S. to respond rapidly with support for reform efforts driven by the people of the broader Middle East and North Africa, including in Syria, Iran, and Libya. Also, by promoting democratic change and freedom throughout the region, MEPI is an important element in efforts to combat extremism and to create new opportunities for the people of the region.

Obstacles to transformational diplomacy in the region include extremism, water crises, poor educational systems, inadequate government services, economies that cannot provide sufficient jobs and opportunities, and restrictive governments. These challenges notwithstanding, important opportunities exist. Reformers have stepped forward so democracy can spread, education can thrive, economies can grow, and women can be empowered. Examples of progress include: elections in the region have become more transparent and credible; economies are opening up and developing; education systems are modernizing; and women are participating in new ways in the region.

This request will ensure that MEPI can consolidate and reinforce gains already made, develop new openings, coordinate longer term reform activities, and capitalize on new opportunities. NEA will work with regional partners and indigenous institutions in each area - democratic change, economic, education, and women's empowerment - to directly support the growth of free and democratic societies in the Middle East.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 5,250 | * | 0 |
| Governing Justly & Democratically | 66,050 | * | 40,770 |
| Investing in People | 18,350 | * | 16,040 |
| Economic Growth | 24,500 | * | 18,190 |
| Total | 114,150 | * | 75,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|---------------|---------------|
| Economic Support Fund | 113,850 | * | 75,000 |
| Nonproliferation, Antiterrorism & Demining | 300 | * | 0 |
| Total | 114,150 | * | 75,000 |

Governing Justly & Democratically (\$40.8 million): In FY 2008, MEPI will promote democratic reforms throughout the region by providing technical assistance for critical legislative and municipal elections, supporting and training political parties and candidates, and assisting local non-governmental organizations with voter and civic education campaigns. MEPI will continue its support of the Foundation for the Future -- a multilateral, not-for-profit entity with a

focus on grant-making in support of democracy and reform. MEPI will also support viable, ongoing civil society reform efforts through G-8 Broader Middle East and North Africa democracy initiatives and through programs focused on increasing the population's access to free and independent media. As part of MEPI's response to the state of weak governing institutions across the Middle East and North Africa, some programming will be targeted toward good governance and legislative strengthening.

MEPI will focus on improving national laws, and empowering women through societal change and democracy building. MEPI programs will be designed to encourage underrepresented groups to participate in reform efforts and the eventual open and participatory political process. The U.S. plans to continue to develop the capacity of public defenders, prosecutors, and judges on critical principles of code reform for criminal and civil law, constitutional reform, human rights, and methods to preserve judicial independence. The women's empowerment program will promote women as decision-makers, provide professional development training and mentoring, and help to secure women's equal rights under the law.

Investing in People (\$16.0 million): MEPI is working to transform the quality of education in the region through two key areas. First, MEPI will continue to offer programs that influence the quality of education through improved curriculum content and delivery. Second, MEPI will expand its focus on strengthening democratic values in both formal and non-formal education environments by continuing to promote civic engagement and responsibility. Since a quality education is a critical building block to establishing freedom and democracy, MEPI programs are designed to increase student awareness of civic rights and responsibilities, develop their leadership skills and foster their ability to think critically. These programs will also focus on developing an understanding of the fundamental values, principles and institutions of constitutional democracy among teachers and students.

Economic Growth (\$18.2 million): Economic Growth programs will combine trade initiatives that encourage governments to change their policies with assistance for civil society and the business communities in the region. One example of this approach is a technical assistance program which reviews trade laws and regulations to assure their compliance with the World Trade Organization and Free Trade Agreement (FTA) obligations; provide expertise to countries in the region on the legal, regulatory, and policy aspects of intellectual property rights compliance and enforcement; and provide technical support for the negotiation and implementation of labor requirements in FTAs and Trade and Investment Framework Agreements. Other programs will focus on improving the business environment throughout the Middle East by assisting political, judicial, regulatory, and commercial leaders to make improvements to their policies, laws, and organizational structures. This funding will also make it possible to support the Fund for the Future-an entity that assists the growth of a viable middle class by investing in profit-making small- and medium-sized enterprises.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 114,150 | * | 75,000 |
| Peace & Security | 5,250 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 300 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 300 | * | 0 |
| Conflict Mitigation and Reconciliation | 4,950 | * | 0 |
| Peace and Reconciliation Processes | 4,950 | * | 0 |
| Governing Justly & Democratically | 66,050 | * | 40,770 |
| Rule of Law and Human Rights | 16,510 | * | 12,600 |
| Judicial Independence | 2,000 | * | 0 |
| Justice System | 6,200 | * | 6,100 |
| Human Rights | 8,000 | * | 6,000 |
| Program Support (Rule of Law) | 310 | * | 500 |
| Good Governance | 1,230 | * | 3,470 |
| Legislative Function and Processes | 1,100 | * | 3,300 |
| Program Support (Governance) | 130 | * | 170 |
| Political Competition and Consensus-Building | 16,410 | * | 11,000 |
| Elections and Political Processes | 9,400 | * | 5,000 |
| Political Parties | 6,700 | * | 5,500 |
| Program Support (Political Competition) | 310 | * | 500 |
| Civil Society | 31,900 | * | 13,700 |
| Civic Participation | 28,400 | * | 8,200 |
| Media Freedom and Freedom of Information | 3,000 | * | 5,000 |
| Program Support (Civil Society) | 500 | * | 500 |
| Investing in People | 18,350 | * | 16,040 |
| Education | 18,350 | * | 16,040 |
| Basic Education | 7,450 | * | 8,865 |
| Higher Education | 10,900 | * | 7,175 |
| Economic Growth | 24,500 | * | 18,190 |
| Trade and Investment | 2,400 | * | 1,165 |
| Trade and Investment Enabling Environment | 2,200 | * | 1,000 |
| Program Support (Trade) | 200 | * | 165 |
| Financial Sector | 15,600 | * | 10,275 |
| Financial Sector Enabling Environment | 15,000 | * | 9,275 |
| Program Support (Financial Sector) | 600 | * | 1,000 |
| Private Sector Competitiveness | 6,500 | * | 6,750 |
| Business Enabling Environment | 6,100 | * | 6,250 |
| Program Support (Private Sector) | 400 | * | 500 |

Multinational Forces and Observers

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Multinational Force and Observers (MFO), an independent civil/military international organization, is a critical component of the Egyptian-Israeli Peace Treaty, which in turn is a fundamental element of regional stability. The MFO monitors compliance with the Treaty and since September 2005, implementation of the Egyptian Border Guard Agreement between the two parties. It also provides an effective liaison system between the Israeli and Egyptian defense forces which is the primary mechanism for dialogue. Attaining a comprehensive peace between Israel and all of its neighbors is a fundamental U.S. goal and critical to protecting U.S. security interests in the Middle East. The Egyptian-Israeli Peace Treaty and its security arrangements, monitored by the MFO, are cornerstones of U.S. efforts to attain such a peace.

Resources to Help Advance Regional Stability

Request by Objective
(\$ in thousands)

| Objective | FY 2006 Actual | FY 2007 Estimate | FY 2008 Request |
|--------------------|----------------|------------------|-----------------|
| Peace and Security | 21,000 | 21,000 | 21,000 |
| Total | 21,000 | 21,000 | 21,000 |

Peace and Security (\$21 million): The United States has a firm political commitment to provide one-third of the annual MFO operating budget, with the other two-thirds provided by Israel and Egypt. FY 2008 PKO funds will be used to fulfill that U.S. pledge by financing MFO operating expenses. Subject to Congressional authorization and appropriations, the United States is committed to support the MFO's mission until the parties to the agreement that created the MFO mutually agree that the MFO is no longer necessary. The MFO's long-standing effectiveness is demonstrated by the continued compliance with the treaty and the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system. FY 2008 PKO funds will continue to provide for operating expenses, possibly also including enhanced force protection of personnel, and expanded requirements related to the Gaza disengagement, and previously planned aircraft upgrades.

SOUTH AND CENTRAL ASIA

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South and Central Asia Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Child Survival and Health | 168,381 | * | 225,500 |
| Development Assistance | 248,639 | * | 69,250 |
| Economic Support Fund | 747,470 | * | 1,076,620 |
| Foreign Military Financing | 305,118 | * | 305,900 |
| Freedom Support Act | 102,012 | * | 81,566 |
| International Military Education & Training | 9,085 | * | 10,450 |
| International Narcotics Control and Law Enforcement | 267,620 | * | 311,750 |
| Nonproliferation, Antiterrorism & Demining | 57,536 | * | 56,550 |
| Public Law 480 (Food Aid) | 166,457 | * | 54,500 |
| Transition Initiatives | 3,497 | * | 0 |
| Total | 2,075,815 | * | 2,192,086 |

There are few places more critical to U.S. interests or in greater need of sustained U.S. attention than South and Central Asia. With nearly a quarter of the world's population, the region has the potential to serve as a democratic and economically vibrant force, and a positive influence on neighboring regions. It is also home to some of the world's most dangerous threats - weapons of mass destruction, violent extremism, terrorism, narcotics, poverty, pandemics, illiteracy, and corrupt institutions.

Overarching aims in the region are to win the war and secure peace, development, and democracy in Afghanistan, to build a stable, long-term relationship with Pakistan, to reinforce a firm partnership with India, and to advance the President's Freedom Agenda in Central Asia as well as South Asia. To capitalize on the many opportunities and counteract the very real and immediate threats to this agenda, the Administration will utilize regional and bilateral foreign assistance to pursue a three-pronged strategy that aims to: build regional stability through counterterrorism and conflict resolution efforts; integrate South and Central Asia with energy, infrastructure, trade, and communication projects; and build the foundations of lasting democracy - education, economic growth, and transparent government.

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for South and Central Asia

(in \$ thousands)

| | FY 2006 Actual | FY 2008 Request |
|---|-------------------|--------------------|
| TOTAL | 2,075,815 | 2,192,086 |
| 1 Peace & Security | 775,261 | 782,650 |
| 1.1 Counter-Terrorism | 33,181 | 36,900 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 6,786 | 7,650 |
| 1.3 Stabilization Operations and Security Sector Reform | 424,770 | 364,600 |
| 1.4 Counter-Narcotics | 279,250 | 339,000 |

| | | |
|--|----------------|----------------|
| 1.5 Transnational Crime | 4,039 | 3,500 |
| 1.6 Conflict Mitigation and Reconciliation | 27,235 | 31,000 |
| 2 Governing Justly & Democratically | 173,947 | 291,796 |
| 2.1 Rule of Law and Human Rights | 40,616 | 93,382 |
| 2.2 Good Governance | 84,798 | 152,529 |
| 2.3 Political Competition and Consensus-Building | 21,102 | 21,500 |
| 2.4 Civil Society | 27,431 | 24,385 |
| 3 Investing in People | 416,374 | 411,300 |
| 3.1 Health | 279,188 | 290,630 |
| 3.2 Education | 135,336 | 118,670 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 1,850 | 2,000 |
| 4 Economic Growth | 604,691 | 647,430 |
| 4.1 Macroeconomic Foundation for Growth | 202,309 | 200,800 |
| 4.2 Trade and Investment | 20,762 | 26,810 |
| 4.3 Financial Sector | 18,153 | 23,315 |
| 4.4 Infrastructure | 280,519 | 271,325 |
| 4.5 Agriculture | 27,620 | 50,568 |
| 4.6 Private Sector Competitiveness | 24,817 | 50,727 |
| 4.7 Economic Opportunity | 16,604 | 16,885 |
| 4.8 Environment | 13,907 | 7,000 |
| 5 Humanitarian Assistance | 105,542 | 58,910 |
| 5.1 Protection, Assistance and Solutions | 72,616 | 52,775 |
| 5.2 Disaster Readiness | 14,038 | 6,135 |
| 5.3 Migration Management | 18,888 | - |

Peace and Security (\$782.6 million): A key front in the continuing war against terrorism resides in South and Central Asia, with the potential to fuel insurgencies, destroy local economies, and corrupt governments. Insurgent forces in Afghanistan and Pakistan continue to threaten regional peace and security. The recent attacks in Pakistan, the Bangladesh bombings in 2005 and occasional large scale terrorist attacks in India, such as the July 2006, Mumbai train bombings, illustrate an increasingly hostile environment. The nations of Central Asia are increasingly facing a growing extremist threat. To ensure that interventions are sustainable and focused on lessening reliance on U.S. funds, Peace and Security resources in the region, the vast majority of which are concentrated in Afghanistan and Pakistan, are focused on building the competence of recipient governments to build and sustain their own capacity to maintain stability.

In Afghanistan by the end of 2008, with the enhanced support of NATO, the Afghan Ministry of Defense loyal to the elected Afghan government, will be fully staffed with a capable Afghan National Army. The new Army will be able to provide increased stability with support from international military forces. There will also be a robust Afghan National Police force trained and equipped officers who will enforce laws within Afghanistan's borders and gain the respect and confidence of the Afghan people. Assistance funds will also continue strong support for counter-narcotics projects, aiming to steadily reduce poppy cultivation. To achieve long-term stability and economic growth, road construction, and provision of energy services are two priority areas for foreign development assistance to Afghanistan in FY 2008.

Sustainability in establishing the peace is equally important in Pakistan. This request devotes resources to support President Musharraf's Federally Administered Tribal Areas five-year economic development plan to gain control of the border areas and to advance prosperity there. The request fulfills the President's commitment to provide \$300 million in security assistance to Pakistan through FY 2009. Additional funding is also requested to support the border security program's Air Wing and improve counterterrorism training, particularly in the Federally Administered Tribal Areas.

Governing Justly and Democratically (\$291.8 million): With the exception of India, democracy is fragile across the region. Afghanistan, a new democracy, needs robust support. In Pakistan, the U.S. will intensify efforts to foster full democracy by building political party, local governance, and civil society capabilities and strengthening the electoral commission. The President's FY 2008 request increases democracy assistance by over \$40 million compared with the FY 2007 request. Programs will include supporting the Afghan initiated "Justice for All" and "Afghan National Development Strategy," and working to address the continuing endemic corruption that hampers both governance and economic development in Bangladesh. Funds under this objective for Nepal, the Kyrgyz Republic and Turkmenistan will support democratic openings through local efforts to push for reform.

Investing in People (\$411.3 million): The desperate state of health systems in South and Central Asia and consequent global disease rates, particularly HIV/AIDS and tuberculosis, threaten the success of development and security programs in the region. The United States will continue to fund efforts throughout the region to improve the reach of health services, extend maternal and child health services, stem global disease threats and help create a clean environment with water and sanitation programs. As part of President' Emergency Plan for AIDS Relief, HIV/AIDS programs will be used to increase local capacity for a sustainable response to the epidemic in South and Central Asia.

Education, particularly of women and girls, is fundamental to improving social development in all areas. The United States will continue to support improvements to quality basic education across the region and will find innovative ways to work in the tribal areas of Pakistan. In Central Asia, assistance programs will maintain basic education and English language teaching programs, and, if local conditions permit, increase student exchanges especially for Uzbek and Turkmen youth. In addition, funds will provide assistance to the American University of Central Asia in Bishkek as a forum for regional learning and exchange.

Economic Growth (\$647.4 million): FY 2008 is the first year the Administration will request funding to support its regional integration mission, which aims to: foster long-term stability between Afghanistan and its neighbors; encourage energy exports from Central to South Asia; and jump start trade within the region. Working with other partners and donors, as well as the private sector, funds will initiate programs in building energy, transportation (road, rail and air), and telecommunications links across the region. Additional assistance will complement this effort by creating a supportive investment climate, and encouraging investment that has long-term pay-offs.

Host government trade reform will complements infrastructure construction and customs reform programs. The U.S. will support initiatives such as Regional Opportunity Zones in the border regions of Afghanistan and Pakistan and will support Kazakhstan's accession to the World Trade Organization. The U.S. will look for opportunities to bolster intra-regional trade and economic integration as an engine of growth, notably via the South Asia Free Trade Area, which the U.S. supports as a prospective observer in the South Asian Association for Regional Cooperation.

Humanitarian Assistance (\$58.9 million): The United States led the international response to Pakistan's November 2005 earthquake. In FY 2008, humanitarian assistance funds for this region will continue to focus on recovery and reconstruction, including rebuilding hospitals and schools, strengthening public health works and district government capacities, and improving the livelihoods of affected Pakistanis.

Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. Given that it is emergency assistance, it must be accounted for when making regional or country comparisons between FY 2006 and FY 2008. This difference, therefore, should be accounted for when making regional or country comparisons between FY 2006 and FY 2008. For SCA as a whole, emergency food aid allocations to countries in FY 2006 totaled \$86.5 million. When emergency food aid is removed from the FY 2006 country totals the picture shows an additional 3 percent increase of the changes between FY 2006 and 2008. The swing that emergency food aid can have on the interpretation of country levels can be seen in the below table.

| | 2006 Actual | 2008 Request | Change FY06 - FY08 | Percent Change FY06 - FY08 |
|--|------------------------|-------------------------|-----------------------------------|---|
| South and Central Asia, with Emergency Food Aid | 2175115 | 2547086 | 371971 | 17% |
| South and Central Asia, without Emergency Food Aid | 2089614 | 2547086 | 457472 | 22% |
| Examples: | | | | |
| Afghanistan, with Emergency Food Aid | 1010780 | 1422050 | 411270 | 41% |
| Afghanistan, without Emergency Food Aid | 950749 | 1422050 | 471301 | 50% |
| | | | | |
| Tajikistan, with Emergency Food Aid | 40403 | 32120 | -8283 | -21% |
| Tajikistan, without Emergency Food Aid | 32821 | 32120 | -701 | -2% |

AFGHANISTAN

Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Afghanistan plays a strategic role in support of United States' interests against terrorism, promoting democracy, and combating the most significant supply of opium-based narcotics in the world. The United States' goal is to support a transition in Afghanistan to a more liberalized, licit, market-based economy and stable, participatory, democratic government built on an accountable Afghan National Security force, able to defend its borders and provide basic security to its people. The major obstacles to Afghanistan's advancement are a lack of security, human capital, inadequate infrastructure, and an accountable, participatory, and predictable rule-based economic and political governance structure. These obstacles are evident in inadequate power supply and transportation systems, widespread corruption, lack of respect for human rights, lack of human and institutional capacity, and opium production and trafficking.

This request provides resources for a strategic, prioritized, and integrated program that will support the United States' and Afghanistan's goals and objectives for FY 2008 and beyond. An interagency review process chaired by the National Security Council determined that to best counter and prevent further insurgency the U.S. needs to focus its foreign assistance resources in five sectors (Afghanistan National Army and Police Modernization, Infrastructure, Justice, Governance and the Pakistan border). The FY 2008 budget request starts the process of shifting resources to these critical sectors, but also needs to maintain an intensive post-conflict reconstruction assistance program across the country limit further openings for the insurgency. Accelerating reconstruction efforts is a critical component of the strategy to stabilize the country against the Taliban and other insurgents.

The United States is pursuing a multi-year program of political engagement, security sector assistance, improvements to Afghan governance, rule of law, and service delivery. Economic growth initiatives focus on roads, power, agricultural and rural development, and human capital formation through basic education and health service delivery. In order to respond to changing needs on the ground and consolidate progress already achieved, the FY 2008 request represents a sectoral prioritization to bring visible signs of good governance including improved security, justice, basic service delivery, and economic reconstruction and development to provincial capitals and rural areas, with an emphasis on the South and East, where the insurgency is growing and drug production is most prevalent.

The international community strongly supports these security, governance, counter-narcotics, and economic objectives. NATO-led peacekeeping missions are scattered around the country in 25 Provincial Reconstruction Teams with further plans to expand in 2008 and support a more widespread and integrated counter-insurgency and economic development program. At the February 2006 London Conference on Afghanistan, the international community pledged more than \$10.5 billion, and endorsed the Afghanistan Compact, a post-Bonn road-map that emphasizes Afghan leadership and greater effectiveness in the reconstruction process.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|------------------|
| Peace & Security | 378,079 | * | 380,750 |
| Governing Justly & Democratically | 102,909 | * | 202,000 |
| Investing in People | 103,715 | * | 129,900 |
| Economic Growth | 323,046 | * | 354,400 |
| Humanitarian Assistance | 60,031 | * | 0 |
| Total | 967,780 | * | 1,067,050 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|------------------|
| Child Survival and Health | 41,449 | * | 65,900 |
| Development Assistance | 174,021 | * | 0 |
| Economic Support Fund | 428,600 | * | 693,000 |
| International Military Education & Training | 979 | * | 1,700 |
| International Narcotics Control and Law Enforcement | 232,650 | * | 274,800 |
| Nonproliferation, Antiterrorism & Demining | 30,050 | * | 21,650 |
| Public Law 480 (Food Aid) | 60,031** | * | 10,000 |
| Total | 967,780 | * | 1,067,050 |

**FY 2006 includes \$60.031 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$380.8 million): The United States is playing a major supporting role with Afghan coalition partners in focusing resources and programs on counterterrorism, counter-narcotics, stabilization operations, security sector reform, demining, and destruction of conventional weapons. Counterterrorism funding will support Afghan leadership protection, terrorist interdiction and counter terrorist finance programs. Funds will support the mine action program and mobile weapons, ammunition, and explosive ordnance destruction teams. Approximately 20 percent (\$327 million) of Afghanistan's FY 2008 budget will sustain the counter-narcotics program - an integrated United States, Afghan, and donor strategy to combat opium poppy cultivation, opiate processing, and trafficking, which are a significant source of corruption and financing for anti-government elements. Initiatives include an opium poppy elimination program, an alternative livelihood program, an Afghan Eradication Force, a drug enforcement and interdiction program, public diplomacy efforts, drug demand reduction programs, and drug control capacity building.

Governing Justly and Democratically (\$202.0 million): The successful presidential and parliamentary elections in 2004 - 2005 were major milestones in the development of Afghanistan's political institutions. The United States will use FY 2008 funds to strengthen nascent democratic institutions at the national and sub-national levels in order to better serve the Afghan people and help them build a legitimate state. This includes programs involving the Executive Branch, Parliament, the judicial and correctional systems, the police, and civil society.

Of funds designated for democracy and governance, approximately \$116 million will support the Afghan-initiated, multi-donor "Justice for All" and Afghan National Development Strategy programs, including the Afghan Reconstruction Trust Fund. Approximately \$68 million will focus on linking the formal justice sector with informal customary justice systems, and improving

justice at the provincial level through capacity building, as already done in Kabul. Finally, approximately \$30 million will be used by Provincial Reconstruction Teams to stabilize the country and integrate conflict mitigation, peace, and reconciliation initiatives into rural reconstruction programs.

Investing in People (\$129.9 million): Funds under this objective will support projects in both the health and education sectors. Health programs will focus on improving the health of women of reproductive age and children under five, augmenting reproductive health care service delivery, preventing tuberculosis, increasing access to quality health care services, and enabling individuals, families and communities to protect their health. FY 2008 resources for health will be used to improve the quality of service delivery and expand health care at the both the provincial and central levels. This will be accomplished through training, health service delivery in 13 provinces and capacity building within the Ministry of Public Health.

In education, programmatic emphasis is placed on improving the quality of basic and higher education services, enhancing teacher competency, developing both the formal and non-formal education sectors, supporting and sustaining competent teaching, and strengthening both health and education services. Programs aim to strengthen the Ministry of Education's capacity, improving teacher performance, skills development, and ensuring adequate school materials and environments for learning. Activities are designed to emphasize critical thinking and conflict resolution.

Economic Growth (\$354.4 million): The Economic Growth request focuses on agricultural development, infrastructure rehabilitation, and support for trade, financial sector development, and private sector expansion. \$262 million will support road rehabilitation and modern energy services in the volatile South, where other donors are now reluctant to invest due to the insurgency and related security concerns. In the energy sector, funding will be used to continue construction of the Northern and Southern Electrical Power Systems. In agriculture, resources will help modernize commercial agriculture through high-value crop diversification and productivity enhancements.

FY 2008 funds will be used to strengthen economic governance, continue ongoing fiscal reforms, improve Central Bank operations, increase revenue generation through customs collection and tax reforms, undertake regulatory reform, and support the privatization of state-owned enterprises and utilities. Resources will promote trade and investment, strengthen financial services, increase private sector productivity, and strengthen micro-enterprise opportunities and vocational training to improve workforce skills.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 967,780 | * | 1,067,050 |
| Peace & Security | 378,079 | * | 380,750 |
| Counter-Terrorism | 13,320 | * | 2,900 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 1,200 | * | 1,600 |
| Governments' Capabilities | 12,120 | * | 1,300 |
| Combating Weapons of Mass Destruction (WMD) | 400 | * | 750 |
| Counter WMD Proliferation and Combat WMD Terrorism | 400 | * | 750 |
| Stabilization Operations and Security Sector Reform | 75,809 | * | 19,700 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Destruction and Security of Conventional Weapons | 2,830 | * | 3,000 |
| Explosive Remnants of War (ERW) | 13,500 | * | 15,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 979 | * | 1,700 |
| Law Enforcement Restructuring, Reform and Operations | 58,500 | * | 0 |
| Counter-Narcotics | 268,550 | * | 326,900 |
| Eradication | 138,000 | * | 190,300 |
| Alternative Development and Alternative Livelihoods | 119,488 | * | 118,610 |
| Interdiction | 5,000 | * | 13,000 |
| Drug Demand Reduction | 3,000 | * | 3,000 |
| Program Support (Narcotics) | 3,062 | * | 1,990 |
| Transnational Crime | 0 | * | 500 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 500 |
| Conflict Mitigation and Reconciliation | 20,000 | * | 30,000 |
| Conflict Mitigation | 6,000 | * | 8,000 |
| Peace and Reconciliation Processes | 11,724 | * | 10,000 |
| Program Support (Conflict) | 2,276 | * | 12,000 |
| Governing Justly & Democratically | 102,909 | * | 202,000 |
| Rule of Law and Human Rights | 29,800 | * | 72,000 |
| Constitutions, Laws, and Legal Systems | 600 | * | 835 |
| Judicial Independence | 700 | * | 835 |
| Justice System | 26,500 | * | 68,835 |
| Human Rights | 2,000 | * | 835 |
| Program Support (Rule of Law) | 0 | * | 660 |
| Good Governance | 63,737 | * | 116,000 |
| Legislative Function and Processes | 2,372 | * | 0 |
| Public Sector Executive Function | 39,000 | * | 90,000 |
| Local Government and Decentralization | 17,083 | * | 12,000 |
| Program Support (Governance) | 5,282 | * | 14,000 |
| Political Competition and Consensus-Building | 3,537 | * | 10,000 |
| Consensus-Building Processes | 0 | * | 2,820 |
| Elections and Political Processes | 0 | * | 2,820 |
| Political Parties | 3,537 | * | 3,700 |
| Program Support (Political Competition) | 0 | * | 660 |
| Civil Society | 5,835 | * | 4,000 |
| Civic Participation | 3,835 | * | 1,670 |
| Media Freedom and Freedom of Information | 2,000 | * | 1,670 |
| Program Support (Civil Society) | 0 | * | 660 |
| Investing in People | 103,715 | * | 129,900 |
| Health | 52,347 | * | 74,400 |
| Tuberculosis | 2,079 | * | 1,500 |
| Other Public Health Threats | 1,386 | * | 500 |
| Maternal and Child Health | 29,369 | * | 59,900 |
| Family Planning and Reproductive Health | 18,626 | * | 11,500 |
| Water Supply and Sanitation | 887 | * | 1,000 |
| Education | 51,368 | * | 55,500 |
| Basic Education | 37,136 | * | 45,500 |
| Higher Education | 14,232 | * | 10,000 |
| Economic Growth | 323,046 | * | 354,400 |
| Trade and Investment | 8,112 | * | 19,960 |
| Trade and Investment Enabling Environment | 8,112 | * | 19,190 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Program Support (Trade) | 0 | * | 770 |
| Financial Sector | 12,000 | * | 14,940 |
| Financial Services | 11,293 | * | 14,940 |
| Program Support (Financial Sector) | 707 | * | 0 |
| Infrastructure | 257,511 | * | 262,000 |
| Modern Energy Services | 38,137 | * | 141,405 |
| Transport Services | 217,614 | * | 117,405 |
| Program Support (Infrastructure) | 1,760 | * | 3,190 |
| Agriculture | 10,723 | * | 31,400 |
| Agricultural Enabling Environment | 5,823 | * | 21,000 |
| Agricultural Sector Productivity | 3,960 | * | 9,740 |
| Program Support (Agriculture) | 940 | * | 660 |
| Private Sector Competitiveness | 10,000 | * | 7,800 |
| Private Sector Productivity | 9,153 | * | 6,370 |
| Program Support (Private Sector) | 847 | * | 1,430 |
| Economic Opportunity | 13,500 | * | 13,300 |
| Strengthen Microenterprise Productivity | 13,500 | * | 13,015 |
| Program Support (Econ Opportunity) | 0 | * | 285 |
| Environment | 11,200 | * | 5,000 |
| Natural Resources and Biodiversity | 11,200 | * | 5,000 |
| Humanitarian Assistance | 60,031 | * | 0 |
| Protection, Assistance and Solutions | 60,031 | * | 0 |
| Crisis Assistance and Recovery | 60,031 | * | 0 |

Statement of Changes

Afghanistan's FY 2008 request zeroes out the Development Assistance account (\$174 million in FY 2006) while increasing the Economic Support Fund by \$222 million. Between the two accounts, this results in a net increase of \$47.4 million. Given that Afghanistan is a Rebuilding country with a high degree of instability, Economic Support Funds are more suitable than Development Assistance funds. This increase is critical to fund infrastructure projects that will be the focus of reconstruction and counter-insurgency efforts.

Compared to FY 2006, key additional shifts among resources include: \$76.3 million more for energy services, \$58 million in more for democracy programs, \$15 million more for agriculture. These increases will fund critical programs to improve the daily life, institutions and livelihoods of Afghans. Compared to FY 2006, the FY 2008 request for Child Survival and Health funds also increased by \$24.5 million to focus on maternal child and health and family planning programs.

In the security sector, Afghanistan's FY 2008 request increases International Narcotics Control and Law Enforcement funding by \$46.2 million to enhance efforts to interdict traffickers of narcotics, eradicate poppy cultivation, and strengthen efforts to build the capacity of Afghanistan's judicial sector. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programming decreases by \$8.4 million in the FY 2008 request compared to FY 2006 levels. The majority of the funding will continue to support ongoing demining projects and small arms and weapons elimination as well as institutionalizing the Presidential Protection Service.

BANGLADESH
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Bangladesh faces numerous challenges - such as endemic corruption and a poisoned political dynamic - in its progress toward transformation. In determining the requirements to overcome these gaps, attention needs to be given to the absorptive capacity of Bangladeshi institutions to take on additional funds and the prospects for fostering the necessary political will to commit to reforms. The main opportunities for Bangladesh to advance lie in the promotion of peace and security - primarily by countering terrorism and violent extremism - and in the strengthening of democratic governance. Other opportunities include tackling the underlying social, demographic and economic factors that make Bangladesh vulnerable to violent extremism. A closely integrated program is critical to advancing the Transformational Diplomacy objectives. The FY 2008 budget continues a realignment of resources toward areas most important for this advancement. Bearing in mind the excellent coordination between the United States and other donors in Bangladesh and the relatively vast sums programmed by larger donors, this funding request also seeks to strategically place resources in targeted areas where the United States has a comparative advantage or meets an otherwise urgent and unfunded need, particularly with respect to democracy and governance, health, and education.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|----------------|
| Peace & Security | 7,872 | * | 10,625 |
| Governing Justly & Democratically | 7,359 | * | 21,479 |
| Investing in People | 46,334 | * | 66,615 |
| Economic Growth | 7,099 | * | 13,861 |
| Humanitarian Assistance | 15,905 | * | 7,210 |
| Total | 84,569 | * | 119,790 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|----------------|
| Child Survival and Health | 31,509 | * | 39,615 |
| Development Assistance | 10,889 | * | 39,650 |
| Economic Support Fund | 4,950 | * | 0 |
| Foreign Military Financing | 990 | * | 875 |
| International Military Education & Training | 930 | * | 800 |
| International Narcotics Control and Law Enforcement | 0 | * | 1,500 |
| Nonproliferation, Antiterrorism & Demining | 5,094 | * | 6,350 |
| Public Law 480 (Food Aid) | 30,207 | * | 31,000 |
| Total | 84,569 | * | 119,790 |
| Peace Corps | 706 | * | 0 |

Peace and Security (\$10.6 million): FY 2008 funding will continue support for vigorous and constructive engagement with Bangladeshi civilian, police, and military counterparts to: enhance

their capacity and willingness to counter terrorist activity and violent extremism; improve support for human rights; ensure that the military remains apolitical; and enhance the capacity of the military to engage in international peacekeeping operations. In FY 2008, Foreign Military Financing and International Military Education and Training will continue providing essential equipment to the border security forces as well as training in the tactics, operation, and maintenance of this equipment. Funding from the Non-Proliferation, Anti-Terrorism, Demining and Related Programs will support efforts to disrupt terrorist financial operations and train specialized counter-terrorist units in the police and military. Additional programs will support efforts to fight trafficking in persons, strengthen the local capacity to investigate and prosecute financial crimes and money laundering as well as narcotics interdiction efforts. The United States is a leading donor in this area, and while Bangladeshi security forces are starting from a low base, efforts to build their basic capabilities will allow for expanded programming and funding in future years.

Governing Justly and Democratically (\$21.5 million): Transparency and good governance are necessary foundations for peace, security, and development across all sectors. To support more effective and responsive democratic institutions in Bangladesh, the USG will promote comprehensive anti-corruption reforms; strengthen the institutions of governance, particularly at the local level; strengthen respect for human rights; and support democratic political parties. The USG will also support civil society and media groups and outreach to religious leaders and other leaders of influence. Building political will is a critical requirement to expand this area.

Investing in People (\$66.6 million): The enormity of the social and demographic pressures confronting the people of Bangladesh likewise threatens peace and security in this country. The United States will address these needs through focused interventions in basic education, complementing a \$1.8 billion effort by other donors, and continued need-based service delivery efforts in the health sector. Health sector programming includes a strategy to transition greater responsibility for provision of health services to the public and private sectors with a concurrent gradual redirection of funding to other program priorities. A more abrupt transition, absent appropriate and sustainable local capacities, would have a destabilizing effect, adversely impacting key indicators in these sectors.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Bangladesh will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$13.9 million): In spite of robust economic growth since the early 1990s, chronic poverty continues to affect a large portion of the population, as reflected in Bangladesh's poor performance on economic growth indicators measuring income, regulatory quality, foreign direct investment, and environmental protection. Progress in the economic growth area is hampered by a high degree of market isolation, poor economic governance, a tepid enabling environment, and an excessive government "footprint" in all sectors of the economy. To expand economic opportunities and equitable growth in Bangladesh, the United States will program resources to improve the training and skills of the Bangladeshi workforce, especially unemployed youth and the landless rural poor; increase private sector growth; and expand access to economic and social infrastructure, including changes in policy and law. PL 480 funding will also fund efforts to increase agricultural sector productivity and workforce development.

Humanitarian Assistance (\$7.2 million): Natural disasters can overwhelm any country's coping capacity and exacerbate social and economic pressures that give rise to violent conflict. The real possibility of catastrophic natural disaster in Bangladesh could lead to millions losing much of

their assets and undermining stability throughout the region by creating vast numbers of internally displaced persons or refugees. The USG will fund protection, assistance and solutions, and disaster readiness programs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 84,569 | * | 119,790 |
| Peace & Security | 7,872 | * | 10,625 |
| Counter-Terrorism | 5,094 | * | 6,050 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 1,450 | * | 2,500 |
| Governments' Capabilities | 3,644 | * | 3,550 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 1,920 | * | 1,675 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,920 | * | 1,675 |
| Counter-Narcotics | 0 | * | 600 |
| Interdiction | 0 | * | 300 |
| Drug Demand Reduction | 0 | * | 300 |
| Transnational Crime | 858 | * | 2,000 |
| Financial Crimes and Money Laundering | 0 | * | 500 |
| Intellectual Property Theft, Corporate Espionage, and Cyber Security | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 700 | * | 1,175 |
| Program Support (Crime) | 158 | * | 125 |
| Governing Justly & Democratically | 7,359 | * | 21,479 |
| Rule of Law and Human Rights | 1,403 | * | 1,280 |
| Justice System | 0 | * | 1,000 |
| Human Rights | 1,272 | * | 0 |
| Program Support (Rule of Law) | 131 | * | 280 |
| Good Governance | 3,123 | * | 13,129 |
| Legislative Function and Processes | 0 | * | 2,000 |
| Public Sector Executive Function | 0 | * | 1,229 |
| Local Government and Decentralization | 1,630 | * | 3,000 |
| Anti-Corruption Reforms | 1,328 | * | 6,600 |
| Program Support (Governance) | 165 | * | 300 |
| Political Competition and Consensus-Building | 1,653 | * | 4,900 |
| Consensus-Building Processes | 0 | * | 1,600 |
| Political Parties | 1,044 | * | 3,000 |
| Program Support (Political Competition) | 609 | * | 300 |
| Civil Society | 1,180 | * | 2,170 |
| Civic Participation | 1,000 | * | 1,000 |
| Media Freedom and Freedom of Information | 0 | * | 1,000 |
| Program Support (Civil Society) | 180 | * | 170 |
| Investing in People | 46,334 | * | 66,615 |
| Health | 41,524 | * | 58,115 |
| HIV/AIDS | 2,376 | * | 3,500 |
| Tuberculosis | 3,640 | * | 2,400 |
| Maternal and Child Health | 15,098 | * | 30,457 |
| Family Planning and Reproductive Health | 18,810 | * | 16,758 |
| Water Supply and Sanitation | 1,600 | * | 5,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Education | 3,960 | * | 6,500 |
| Basic Education | 3,960 | * | 6,500 |
| Social and Economic Services and Protection for Vulnerable Populations | 850 | * | 2,000 |
| Social Assistance | 850 | * | 2,000 |
| Economic Growth | 7,099 | * | 13,861 |
| Trade and Investment | 198 | * | 0 |
| Trade and Investment Enabling Environment | 198 | * | 0 |
| Infrastructure | 1,265 | * | 2,000 |
| Modern Energy Services | 1,150 | * | 1,800 |
| Program Support (Infrastructure) | 115 | * | 200 |
| Agriculture | 3,581 | * | 4,731 |
| Agricultural Enabling Environment | 751 | * | 631 |
| Agricultural Sector Productivity | 2,800 | * | 4,000 |
| Program Support (Agriculture) | 30 | * | 100 |
| Private Sector Competitiveness | 1,065 | * | 5,130 |
| Business Enabling Environment | 0 | * | 750 |
| Private Sector Productivity | 269 | * | 3,000 |
| Workforce Development | 780 | * | 1,000 |
| Program Support (Private Sector) | 16 | * | 380 |
| Environment | 990 | * | 2,000 |
| Natural Resources and Biodiversity | 982 | * | 1,800 |
| Program Support (Environment) | 8 | * | 200 |
| Humanitarian Assistance | 15,905 | * | 7,210 |
| Protection, Assistance and Solutions | 1,867 | * | 1,075 |
| Protection and Solutions | 900 | * | 500 |
| Crisis Assistance and Recovery | 904 | * | 500 |
| Program Support (Protection) | 63 | * | 75 |
| Disaster Readiness | 14,038 | * | 6,135 |
| Capacity Building, Preparedness, and Planning | 13,528 | * | 3,560 |
| Mitigation | 430 | * | 2,500 |
| Program Support (Disaster Readiness) | 80 | * | 75 |

Statement of Changes

Given that Bangladesh is a Developing country and one of the poorest countries in the region, Development Assistance is more suitable than Economic Support Funds. Therefore, the \$4.9 million FY 2006 Economic Support Funds for Bangladesh were phased out in the FY 2008 request in support of offsetting the dramatic \$30.0 million increase in Development Assistance. This increases funding to Good Governance, Education, Infrastructure and Private Sector Competitiveness programs, which builds on progress made in FY 2006. Child Survival and Health also received an additional \$8.1 million, which increases support to Maternal and Child Health, one of the most visible and beneficial U.S. Government programs in the region. Public Law 480 levels remained constant. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs, International Narcotics and Law Enforcement Funding increased by \$1.5 million and \$1.3 million, respectively. These increases will start new Counter-Narcotics and Transnational Crime programs and support gains already made in Counter-Terrorism and Combating Weapons of Mass Destruction programs. Building the basic capabilities of Bangladeshi security forces to investigate crime and interdict narcotics will allow the United States, as the lead donor in this area, to expand programming in future years.

INDIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States and India have initiated ambitious and multi-faceted cooperation geared toward building a new strategic partnership. This relationship is grounded in our common strategic interests of advancing global stability and prosperity, and guided by our shared values of democracy, diversity, and free markets. This highest foreign policy priority in India is to build a strong U.S.-India relationship that helps facilitate India's rise as an influential partner in the international system. To do so, India must more effectively address the developmental obstacles to the peace and security of its people.

With positive and improving economic growth-rates over the past quarter century, India is transforming. Its ability to reach its full potential is impeded by economic and developmental challenges. With one-sixth of the world's population and one-third of the world's poor, India's economic and social progress is critical. India's ability to achieve sustainable growth and reduce poverty depends greatly on its ability to stabilize its population growth, address the rise of infectious diseases such as HIV/AIDS, increase energy security, improve agricultural productivity, and promote economic opportunity. U.S. foreign assistance helps diminish the conditions that permit and/or promote extremism by focusing on the most underserved and poorest segments of the population.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 3,983 | * | 4,400 |
| Governing Justly & Democratically | 926 | * | 0 |
| Investing in People | 103,981 | * | 75,700 |
| Economic Growth | 16,059 | * | 900 |
| Total | 124,949 | * | 81,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|---------------|
| Child Survival and Health | 52,815 | * | 62,200 |
| Development Assistance | 19,700 | * | 900 |
| Economic Support Fund | 4,950 | * | 0 |
| International Military Education & Training | 1,272 | * | 1,300 |
| International Narcotics Control and Law Enforcement | 0 | * | 400 |
| Nonproliferation, Antiterrorism & Demining | 2,711 | * | 2,700 |
| Public Law 480 (Food Aid) | 43,501 | * | 13,500 |
| Total | 124,949 | * | 81,000 |

Peace and Security (\$4.4 million): U.S. assistance will support programs that provide military training, improve India's capabilities to counter terrorism and deny terrorist sponsorship, support the monitoring of transnational crime and counter narcotics programs. Assistance will also bolster the protection of intellectual property rights and prevent the proliferation of weapons of mass destruction. International Military and Education Training will focus on programs to enhance

military professionalism and facilitate cooperation and interoperability during joint exercises and military operations between the United States and India. These programs will strengthen India's capability to contribute to peacekeeping initiatives and the Global War on Terrorism. Non-proliferation, Anti-terrorism, De-mining and related programs will support training courses to improve India's law enforcement officials' ability to respond to terrorist threats. Training will help India to manage major incidents of terrorism and to mobilize domestic regions to work together on trans-regional problems. In addition, the border security program will help India improve its strategic trade and related border control systems. The program is designed to bring export and import control systems up to international standards.

Investing in People (\$75.7 million): India faces major obstacles in raising the education, health, and economic levels of its people. Funds under this objective will be used to integrate health services and nutrition to improve survival of children and their mothers, stem global disease threats (particularly HIV/AIDS and tuberculosis), and help India manage the growth of its rapidly increasing population.

Linkages with the President's Plan for AIDS Relief (PEPFAR): India will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. India will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$0.9 million): U.S. assistance will support initiatives to facilitate the opening of India's agricultural markets with active private sector participation. The activities will support the Agriculture Knowledge Initiative launched by the President in 2006. Funds also will be used to improve access to electricity services and increase environmentally sound and efficient technologies and approaches.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 124,949 | * | 81,000 |
| Peace & Security | 3,983 | * | 4,400 |
| Counter-Terrorism | 2,286 | * | 2,000 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 2,286 | * | 1,000 |
| Governments' Capabilities | 0 | * | 1,000 |
| Combating Weapons of Mass Destruction (WMD) | 425 | * | 700 |
| Counter WMD Proliferation and Combat WMD Terrorism | 425 | * | 700 |
| Stabilization Operations and Security Sector Reform | 1,272 | * | 1,300 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,272 | * | 1,300 |
| Counter-Narcotics | 0 | * | 400 |
| Drug Demand Reduction | 0 | * | 400 |
| Governing Justly & Democratically | 926 | * | 0 |
| Rule of Law and Human Rights | 926 | * | 0 |
| Human Rights | 871 | * | 0 |
| Program Support (Rule of Law) | 55 | * | 0 |
| Investing in People | 103,981 | * | 75,700 |
| Health | 98,553 | * | 75,700 |
| HIV/AIDS | 16,335 | * | 23,500 |
| Tuberculosis | 4,653 | * | 4,700 |
| Other Public Health Threats | 1,485 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Maternal and Child Health | 59,003 | * | 32,500 |
| Family Planning and Reproductive Health | 14,840 | * | 15,000 |
| Water Supply and Sanitation | 2,237 | * | 0 |
| Education | 5,428 | * | 0 |
| Basic Education | 5,428 | * | 0 |
| Economic Growth | 16,059 | * | 900 |
| Trade and Investment | 1,500 | * | 0 |
| Trade and Investment Capacity | 1,450 | * | 0 |
| Program Support (Trade) | 50 | * | 0 |
| Infrastructure | 10,960 | * | 300 |
| Modern Energy Services | 10,329 | * | 230 |
| Program Support (Infrastructure) | 631 | * | 70 |
| Agriculture | 1,690 | * | 600 |
| Agricultural Enabling Environment | 1,100 | * | 475 |
| Agricultural Sector Productivity | 390 | * | 0 |
| Program Support (Agriculture) | 200 | * | 125 |
| Private Sector Competitiveness | 150 | * | 0 |
| Workforce Development | 150 | * | 0 |
| Economic Opportunity | 1,609 | * | 0 |
| Strengthen Microenterprise Productivity | 1,343 | * | 0 |
| Program Support (Econ Opportunity) | 266 | * | 0 |
| Environment | 150 | * | 0 |
| Clean Productive Environment | 100 | * | 0 |
| Program Support (Environment) | 50 | * | 0 |

Statement of Changes

India's economy is presently growing at over 8 percent a year - making it one of the world's best-performing economies for a quarter century. Because of impressive economic growth trends, the FY 2008 U.S. foreign assistance request level for India decreased by 35 percent to \$81.0 million from the FY 2006 level of \$124.9 million. The FY 2008 budget request for Development Assistance dropped by \$18.7 million (95%), Economic Support Fund by \$5.0 million (100%), and P.L. 480 by \$30 million (69%). The Child Survival and Health programs request level reflects an increase of \$9.4 million over FY 2006. This increase represents a strategic shift to focus U.S. resources on energy, health, and agriculture. Compared to FY 2006, there is a slight increase in funding in the FY 2008 request under the Peace and Security objective for International Military Education and Training and in Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs supporting Defense, Military, and Border Restructuring, anti-terrorism and countering Weapons of Mass Destruction proliferation. These funds are necessary to facilitate interoperability during joint exercises and military operations between the United States and India and to enhance the Government of India's ability to focus on counter-narcotics, proliferation of weapons of mass destruction, and transnational crimes.

KAZAKHSTAN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Kazakhstan is a key U.S. partner in Central Asia. The major obstacles to Kazakhstan's further advancement are an economy dominated by oil exports, a restrictive political environment, and border security concerns. Despite recent years of rapid oil-driven growth, poverty persists in much of Kazakhstan and the economy is undeveloped outside of the energy sector. While Kazakhstan has demonstrated some progress in Governing Justly and Democratically, elections have not met international standards, opposition political parties are largely kept out of the national dialogue, and non-governmental media holdings are for the most part unable to offer objective information. Kazakhstan's vast land and sea borders are not sufficiently guarded against trafficking in narcotics, persons, conventional weapons, and weapons of mass destruction. Kazakhstan seeks a reformed defense establishment with NATO-interoperable units to allow it to better participate in international operations. Internally, Kazakhstan is threatened by the spread of communicable diseases, particularly HIV/AIDS and tuberculosis

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 10,521 | * | 8,400 |
| Governing Justly & Democratically | 6,405 | * | 4,500 |
| Investing in People | 3,777 | * | 3,500 |
| Economic Growth | 10,548 | * | 5,197 |
| Total | 31,251 | * | 21,597 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 3,465 | * | 2,000 |
| Freedom Support Act | 24,750 | * | 14,397 |
| International Military Education & Training | 995 | * | 1,000 |
| Nonproliferation, Antiterrorism & Demining | 2,041 | * | 4,200 |
| Total | 31,251 | * | 21,597 |
| Peace Corps | 2532 | * | 2718 |

Peace and Security (\$8.4 million): The United States can best assist Kazakhstan in this program area by focusing on stabilization operations, security sector reform and cooperative activities to combat the proliferation of weapons of mass destruction. Funding for stabilization operations and security sector reform will help Kazakhstan establish a professional, NATO-interoperable military capable of combating terrorism and protecting its territory. U.S. assistance will further enhance the ability of Kazakhstan's military forces to participate in coalition operations, building upon its experience from current deployments in Iraq. To address illicit trafficking in conventional weapons, U.S. assistance will support the elimination of excess and obsolete military stockpiles and ensure that Kazakhstan has the ability to license and control dual-use items and maintain robust control lists. A key area of cooperation is combating the proliferation of WMD, which the United States works to counter through programs to improve the prevention and interdiction capabilities of the Government of Kazakhstan.

Counter-terrorism, transnational crime, and counter-narcotics assistance will help Kazakhstan address threats to internal stability and improve law enforcement capabilities. In the area of transnational crime, funds are invested in training and technical assistance to strengthen the ability of law enforcement to combat trafficking in persons and migrant smuggling. The United States will provide training and assistance to investigators and financial institutions to fight financial crimes and money laundering. To counter drug trafficking, funds are invested to improve interdiction capabilities and to reduce demand. Other assistance programs will focus on continued engagement with the Kazakhstan's Border Guard Institute and Customs Academy, as well as equipping model ports of entry, to strengthen security at the border. U.S. assistance will also strengthen border security through the establishment of counter-narcotics checkpoints and through the provision of training and equipment to selected border posts. In addition, the United States will work with Kazakhstan to track illicit proceeds in order to dismantle transnational drug networks.

Governing Justly and Democratically (\$4.5 million): If Kazakhstan is to progress, it will need to strengthen political rights and civil liberties. Significant resources will be invested in these areas along with promotion of diverse political parties, support for human rights, and assistance to promote democratic reform. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Kazakhstan's efforts to reform its political culture. In the area of civil society, assistance funds will increase the sustainability of non-governmental organizations and bolster their capacity to build coalitions and promote genuine reform. Assistance programs will support implementation of democratic reforms, focusing on decentralization and strengthening local government by increasing the availability of information and promoting public engagement on policy issues. Satellite programming will be one mean to increase the public's access to objective information as well as support for the production of programming focused on policy debate. In the area of rule of law, U.S. assistance will strengthen the justice sector by providing training and technical assistance. U.S. assistance will promote human rights by strengthening the ability of local organizations to monitor abuses and assisting them to advocate for changes in laws and practices.

Investing in People (\$3.5 million): The U.S. Government categorizes Kazakhstan as a Developing Country under the new foreign assistance framework. Belying its classification, Kazakhstan scores higher on social sector performance indicators than many countries in the more developed Transforming category. However, in the area of health and education expenditures, Kazakhstan lags significantly behind. To address this issue, U.S. assistance funds are invested in health - particularly HIV/AIDS, tuberculosis, maternal and child health, and other public health threats.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Kazakhstan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$5.2 million): Primarily due to its oil wealth, Kazakhstan continues to enjoy robust growth in the energy sector. U.S. assistance will seek to broaden economic growth both industrially and geographically by focusing on the promotion of private sector competitiveness, small and medium-sized enterprise development, and reform of the trade and investment enabling environment. The economic assistance programming has been designed as a transitioning partnership between the U.S. Government and the Government of Kazakhstan. Over time, U.S. investment in the program will decrease as the Kazakhstan's share increases. In four years, the

Government of Kazakhstan will take full financial ownership of the program. U.S. support will continue, however, for the development of regional energy markets linking Central and South Asia.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 31,251 | * | 21,597 |
| Peace & Security | 10,521 | * | 8,400 |
| Counter-Terrorism | 991 | * | 1,500 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 500 |
| Governments' Capabilities | 991 | * | 1,000 |
| Combating Weapons of Mass Destruction (WMD) | 2,150 | * | 2,000 |
| Counter WMD Proliferation and Combat WMD Terrorism | 2,040 | * | 2,000 |
| Program Support (WMD) | 110 | * | 0 |
| Stabilization Operations and Security Sector Reform | 5,365 | * | 4,200 |
| Destruction and Security of Conventional Weapons | 0 | * | 700 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,460 | * | 3,000 |
| Law Enforcement Restructuring, Reform and Operations | 891 | * | 490 |
| Program Support (Stabilization) | 14 | * | 10 |
| Counter-Narcotics | 500 | * | 500 |
| Interdiction | 490 | * | 392 |
| Drug Demand Reduction | 0 | * | 98 |
| Program Support (Narcotics) | 10 | * | 10 |
| Transnational Crime | 1,515 | * | 200 |
| Financial Crimes and Money Laundering | 245 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 1,181 | * | 188 |
| Program Support (Crime) | 89 | * | 12 |
| Governing Justly & Democratically | 6,405 | * | 4,500 |
| Rule of Law and Human Rights | 1,552 | * | 1,000 |
| Justice System | 857 | * | 453 |
| Human Rights | 550 | * | 453 |
| Program Support (Rule of Law) | 145 | * | 94 |
| Political Competition and Consensus-Building | 345 | * | 1,000 |
| Consensus-Building Processes | 0 | * | 454 |
| Political Parties | 313 | * | 454 |
| Program Support (Political Competition) | 32 | * | 92 |
| Civil Society | 4,508 | * | 2,500 |
| Civic Participation | 2,857 | * | 1,388 |
| Media Freedom and Freedom of Information | 1,313 | * | 925 |
| Program Support (Civil Society) | 338 | * | 187 |
| Investing in People | 3,777 | * | 3,500 |
| Health | 3,732 | * | 3,500 |
| HIV/AIDS | 1,324 | * | 1,500 |
| Tuberculosis | 965 | * | 875 |
| Other Public Health Threats | 1,350 | * | 125 |
| Maternal and Child Health | 0 | * | 225 |
| Family Planning and Reproductive Health | 93 | * | 775 |
| Education | 45 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Higher Education | 45 | * | 0 |
| Economic Growth | 10,548 | * | 5,197 |
| Macroeconomic Foundation for Growth | 776 | * | 300 |
| Fiscal policy | 583 | * | 262 |
| Monetary policy | 93 | * | 0 |
| Program Support (Macro Econ) | 100 | * | 38 |
| Trade and Investment | 1,324 | * | 675 |
| Trade and Investment Enabling Environment | 1,078 | * | 596 |
| Trade and Investment Capacity | 92 | * | 0 |
| Program Support (Trade) | 154 | * | 79 |
| Financial Sector | 680 | * | 275 |
| Financial Sector Enabling Environment | 594 | * | 0 |
| Financial Services | 0 | * | 240 |
| Program Support (Financial Sector) | 86 | * | 35 |
| Infrastructure | 642 | * | 300 |
| Modern Energy Services | 560 | * | 262 |
| Program Support (Infrastructure) | 82 | * | 38 |
| Agriculture | 50 | * | 397 |
| Agricultural Sector Productivity | 47 | * | 397 |
| Program Support (Agriculture) | 3 | * | 0 |
| Private Sector Competitiveness | 6,707 | * | 3,250 |
| Business Enabling Environment | 2,388 | * | 1,746 |
| Private Sector Productivity | 3,467 | * | 1,091 |
| Program Support (Private Sector) | 852 | * | 413 |
| Economic Opportunity | 369 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 322 | * | 0 |
| Program Support (Econ Opportunity) | 47 | * | 0 |

Statement of Changes

Funding for Kazakhstan has decreased from FY 2006 levels by account with the exception of Nonproliferation, Anti-terrorism and Demining funds, which have been increased to reflect the priority of securing borders and combating extremism. Among program elements, reductions in the Economic Growth area were the most significant and represent the steepest downward funding trend for Kazakhstan. This reduction is the result of Kazakhstan's sustained economic growth and the government's decision to share the cost of U.S.-sponsored economic development programs. In addition, funding has been reduced as a result of Kazakhstan's significant progress in reforming the business and agricultural environments and its increasing ability to attract foreign investment. Within the decreasing bilateral budget, funding under Governing Justly and Democratically remains an important focus; these programs will continue to account for 20 percent of the budget.

KYRGYZ REPUBLIC

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The central obstacles to the Kyrgyz Republic's transformation are continuing political turmoil and rampant corruption. Both undermine effective governance and feed public cynicism about the political process. Lack of employment opportunities and economic growth are also impediments to the Kyrgyz Republic's future stability and to the survival of democratic institutions. In addition to internal problems, cross-border threats, especially the drug trade and the movement of terrorist groups, threaten to spark regional instability within South and Central Asia.

An important focus of U.S. assistance is strengthening the Government of the Kyrgyz Republic's capabilities to fight terrorism, halt narcotics trafficking, and combat other transnational threats. In addition, although many of the perceived opportunities for progress that followed the "Tulip Revolution" have yet to materialize, there have been signs of progress and concrete areas for increased cooperation still exist. The Government of the Kyrgyz Republic recognizes the importance of advancing reform and welcomes U.S. assistance in improving security, promoting economic development, and addressing social issues. Progress on strengthening democratic institutions and fighting corruption has been uneven.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 9,207 | * | 8,700 |
| Governing Justly & Democratically | 7,810 | * | 8,000 |
| Investing in People | 3,738 | * | 4,050 |
| Economic Growth | 13,209 | * | 8,265 |
| Humanitarian Assistance | 750 | * | 500 |
| Total | 34,714 | * | 29,515 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 1,881 | * | 1,500 |
| Freedom Support Act | 29,029 | * | 23,815 |
| International Military Education & Training | 887 | * | 1,200 |
| Nonproliferation, Antiterrorism & Demining | 2,917 | * | 3,000 |
| Total | 34,714 | * | 29,515 |
| Peace Corps | 1811 | * | 1914 |

Peace and Security (\$8.7 million): The United States can best assist the Kyrgyz Republic in this program area by focusing on, security sector reform, counter-narcotics efforts, and cooperative activities to combat the proliferation of weapons of mass destruction. Supporting military and border security restructuring, reform and operations can make an immediate and lasting impact on peace and security in the Kyrgyz Republic and the region. Ill-equipped and poorly trained military personnel and border guards are unable to combat numerous cross-border threats. Assistance to the Government of the Kyrgyz Republic's Security and Armed Forces will help improve overall governmental security capacity. In the area of counter-narcotics, U.S. funds will

help the Ministry of Internal Affairs and the Drug Control Agency improve interdiction capabilities. U.S investments in law enforcement, reform, restructuring, and operations will help the Government of the Kyrgyz Republic fight trafficking in persons, financial crimes, money laundering, and narcotics smuggling. The United States will also help prevent the proliferation of weapons of mass destruction by working to secure the Kyrgyz Republic's vulnerable borders.

Governing Justly and Democratically (\$8.0 million): Independent assessments indicate that the Kyrgyz Republic's democratic institutions perform far below the average for transforming countries. Despite being the most democratic state in Central Asia, the Kyrgyz Republic continues to lag, particularly in the areas of political rights, civil liberties, and independent media. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage the Kyrgyz Republic's efforts to reform its political culture. U.S. resources are focused on promoting good governance via local government reform and decentralization. Programs will work to further political and financial decentralization, strengthen elected local governments, and implement anti-corruption measures. Programs to strengthen civil society and promote media freedom will help foster checks and balances against government power. Assistance will also expand public access to information via satellite television, internet, and other media. Funding to promote democratic political and electoral processes aims to instill greater public confidence and reduce political turmoil. Assistance to strengthen the rule of law and human rights are an important part of this effort.

Investing in People (\$4.1 million): The Kyrgyz Republic surpasses or equals the average Transforming country score for all indicators except health and education expenditures. Due in part to U.S. assistance, public health system reform in the Kyrgyz Republic has become a model for Eurasian countries. U.S. assistance will support Government of the Kyrgyz Republic efforts to institute health system reforms and ensure the provision of quality, client-oriented, cost-effective primary health care services. A substantial portion of funding under this heading will go toward rectifying lingering problems in maternal and child health care. U.S. programs will work to prevent the spread of HIV/AIDS, tuberculosis and other diseases as part of the effort to protect the most vulnerable populations in the Kyrgyz Republic. Funding for teacher training and other activities in support of basic education will help reform a system which has severely deteriorated since Soviet times.

Linkages with the President's Plan for AIDS Relief (PEPFAR): The Kyrgyz Republic will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$8.3 million): As the Kyrgyz Republic's economy is overwhelmingly agrarian, investing in agricultural sector productivity will have a substantial impact throughout the country. A significant portion of U.S. assistance will support Kyrgyz efforts to build agribusiness competitiveness, improve local processing capacity, and expand export markets for Kyrgyz agricultural products. Linked to the success of agribusiness is the need to improve the business enabling environment and strengthen trade and investment. U.S. assistance will also help foster regional cooperation in trade policy to lower trade barriers, reduce trade associated costs, and increase the gains from international trade. In order to meet growing demand for electricity in South Asia and to increase revenue, U.S. assistance will promote policy and institutional reforms needed to improve energy sector performance and enable Kyrgyz participation in a regional energy market.

Humanitarian Assistance (\$0.5 million): Kyrgyz health and social welfare agencies are unable to assist the Kyrgyz Republic's most vulnerable populations. Humanitarian assistance

temporarily meets the basic needs of orphans, the elderly, and other institutionalized populations while the Government of the Kyrgyz Republic builds its capacity. Until the Government is able to meet the needs of these vulnerable groups, it will be difficult for the country to progress. These programs relieve suffering and at the same time identify areas where governmental services need improvement.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 34,714 | * | 29,515 |
| Peace & Security | 9,207 | * | 8,700 |
| Counter-Terrorism | 2,107 | * | 2,000 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 500 |
| Governments' Capabilities | 2,107 | * | 1,500 |
| Combating Weapons of Mass Destruction (WMD) | 1,560 | * | 1,000 |
| Counter WMD Proliferation and Combat WMD Terrorism | 1,462 | * | 1,000 |
| Program Support (WMD) | 98 | * | 0 |
| Stabilization Operations and Security Sector Reform | 4,370 | * | 4,000 |
| Defense, Military, and Border Restructuring, Reform and Operations | 2,768 | * | 2,700 |
| Law Enforcement Restructuring, Reform and Operations | 1,578 | * | 1,274 |
| Program Support (Stabilization) | 24 | * | 26 |
| Counter-Narcotics | 900 | * | 1,500 |
| Interdiction | 886 | * | 1,477 |
| Program Support (Narcotics) | 14 | * | 23 |
| Transnational Crime | 270 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 244 | * | 181 |
| Program Support (Crime) | 26 | * | 19 |
| Governing Justly & Democratically | 7,810 | * | 8,000 |
| Rule of Law and Human Rights | 716 | * | 1,000 |
| Judicial Independence | 492 | * | 0 |
| Justice System | 0 | * | 480 |
| Human Rights | 195 | * | 480 |
| Program Support (Rule of Law) | 29 | * | 40 |
| Good Governance | 2,546 | * | 3,000 |
| Legislative Function and Processes | 195 | * | 0 |
| Local Government and Decentralization | 1,836 | * | 2,193 |
| Anti-Corruption Reforms | 295 | * | 548 |
| Program Support (Governance) | 220 | * | 259 |
| Political Competition and Consensus-Building | 1,025 | * | 1,200 |
| Consensus-Building Processes | 293 | * | 0 |
| Elections and Political Processes | 0 | * | 633 |
| Political Parties | 634 | * | 452 |
| Program Support (Political Competition) | 98 | * | 115 |
| Civil Society | 3,523 | * | 2,800 |
| Civic Participation | 2,447 | * | 1,872 |
| Media Freedom and Freedom of Information | 849 | * | 748 |
| Program Support (Civil Society) | 227 | * | 180 |
| Investing in People | 3,738 | * | 4,050 |
| Health | 3,738 | * | 3,050 |
| HIV/AIDS | 1,185 | * | 1,000 |
| Tuberculosis | 737 | * | 750 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Other Public Health Threats | 1,648 | * | 400 |
| Maternal and Child Health | 0 | * | 900 |
| Family Planning and Reproductive Health | 168 | * | 0 |
| Education | 0 | * | 1,000 |
| Basic Education | 0 | * | 1,000 |
| Economic Growth | 13,209 | * | 8,265 |
| Macroeconomic Foundation for Growth | 761 | * | 300 |
| Fiscal policy | 662 | * | 261 |
| Program Support (Macro Econ) | 99 | * | 39 |
| Trade and Investment | 824 | * | 1,000 |
| Trade and Investment Enabling Environment | 581 | * | 627 |
| Trade and Investment Capacity | 156 | * | 268 |
| Program Support (Trade) | 87 | * | 105 |
| Financial Sector | 2,126 | * | 500 |
| Financial Sector Enabling Environment | 1,281 | * | 0 |
| Financial Services | 588 | * | 440 |
| Program Support (Financial Sector) | 257 | * | 60 |
| Infrastructure | 664 | * | 500 |
| Modern Energy Services | 584 | * | 440 |
| Program Support (Infrastructure) | 80 | * | 60 |
| Agriculture | 3,604 | * | 4,300 |
| Agricultural Enabling Environment | 532 | * | 0 |
| Agricultural Sector Productivity | 2,642 | * | 3,787 |
| Program Support (Agriculture) | 430 | * | 513 |
| Private Sector Competitiveness | 4,493 | * | 1,665 |
| Business Enabling Environment | 2,626 | * | 1,464 |
| Private Sector Productivity | 1,323 | * | 0 |
| Program Support (Private Sector) | 544 | * | 201 |
| Economic Opportunity | 737 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 529 | * | 0 |
| Strengthen Microenterprise Productivity | 119 | * | 0 |
| Program Support (Econ Opportunity) | 89 | * | 0 |
| Humanitarian Assistance | 750 | * | 500 |
| Protection, Assistance and Solutions | 750 | * | 500 |
| Crisis Assistance and Recovery | 750 | * | 500 |

Linkages with the Millennium Challenge Corporation (MCC)

The Kyrgyz Republic was selected as a Millennium Challenge Threshold Country. Its Threshold Country Plan, currently under consideration by the Millennium Challenge Corporation, focuses on anti-corruption measures, including justice sector reform, restructuring the office and authorities of the Prosecutor General, and combating corruption in law enforcement. The Millennium Challenge Corporation Threshold assistance will be carefully implemented in order to complement existing programs and avoid redundant efforts. In advance of the Millennium Challenge Corporation decision, U.S. assistance funds will support a Department of Justice Resident Legal Advisor stationed in Bishkek to work on rule of law and justice sector reform.

Statement of Changes

Funding for the Kyrgyz Republic declined from FY 2006 levels by account with the exception of the International Military Training and Exchanges and Nonproliferation, Anti-terrorism and Demining accounts, which have been increased to reflect the U.S. priority to secure borders and combat extremism in the region. Among program elements, reductions under Economic Growth were the most significant and represent the steepest downward funding trend for the Kyrgyz Republic. These reductions will allow the United States to maintain funding for the priority programs under the Peace and Security and Governing Justly and Democratically objectives. Funding in these areas will work to further democratic reforms and strengthen governance that began in the aftermath of the "Tulip" Revolution in 2005 and help stem the tide of illicit drugs and the rise of extremism in the region.

MALDIVES
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacle to the advancement of the Maldives is the need to continue to implement democratic reforms announced in 2003. The lack of separation of powers has hindered democratic development. Building up the capacity and legitimacy of political parties, is also vital, along with building government and civil society institutions characteristic of a democratic state. The 2004 tsunami hit the Maldives hard, causing an estimated \$450 million in damages. Continuing economic recovery, especially in the country's largest economic sector, tourism, must be a high priority. Other priorities include political reform and economic growth to assist the Maldives' development as a modern, democratic, prosperous, moderate Islamic country, as well as to develop professional and accountable security forces.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 173 | * | 195 |
| Total | 173 | * | 195 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 173 | * | 195 |
| Total | 173 | * | 195 |

Peace and Security (\$0.20 million): U.S. assistance will support security sector reform, restructuring, and operations, with a focus on professionalization, increased awareness of human rights, and enhanced interoperability with U.S. forces. The security services play an important role in the country's political reform process. The U.S. has supported engagement with the security services as they transition to an independent role in a democratic system.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 173 | * | 195 |
| Peace & Security | 173 | * | 195 |
| Stabilization Operations and Security Sector Reform | 173 | * | 195 |
| Defense, Military, and Border Restructuring, Reform and Operations | 173 | * | 195 |

Statement of Changes

Compared to FY 06 levels, the FY 2008 request for International Military Education and Training funds for Maldives increased by \$22,000. This builds on gains made in Security Sector Reform under the Peace and Security Objective.

NEPAL
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

The major obstacle to Nepal's advancement is a ten-year Maoist insurgency that has forced the retreat of the Government from much of the countryside. The resulting vacuum has displaced thousands from their homes and impeded service delivery, tourism, local development, and both foreign and domestic investment. Ongoing efforts to resolve the insurgency through negotiations and the concurrent effort to establish lasting democracy in Nepal offer extraordinary opportunities for transformational diplomacy. U.S. assistance will help push the peace process forward, and at the same time restore service delivery and expand law and order in order to strengthen the foundation for stability and advancement.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 4,488 | * | 6,140 |
| Governing Justly & Democratically | 1,490 | * | 2,500 |
| Investing in People | 21,971 | * | 17,985 |
| Economic Growth | 6,420 | * | 0 |
| Humanitarian Assistance | 1,213 | * | 0 |
| Total | 35,582 | * | 26,625 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 18,613 | * | 17,985 |
| Development Assistance | 8,393 | * | 4,000 |
| Economic Support Fund | 4,950 | * | 0 |
| International Military Education & Training | 644 | * | 790 |
| International Narcotics Control and Law Enforcement | 0 | * | 2,700 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 1,150 |
| Public Law 480 (Food Aid) | 1,213** | * | 0 |
| Transition Initiatives | 1,769 | * | 0 |
| Total | 35,582 | * | 26,625 |

**FY 2006 includes \$1.213 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$6.1 million): The United States can best assist Nepal in establishing peace and security by supporting a Disarmament, Demobilization, and Reintegration program for ex-combatants, reducing the prospects of renewed hostilities between the Government and the Maoists. The USG will also support conflict mitigation and peace and reconciliation processes by strengthening government responsiveness to its citizens. U.S. assistance also will be critical to efforts to improve law enforcement capabilities as the Government attempts to restore law and order throughout the country, a formidable task after ten years of atrophy. International Military Education and Training and Non-proliferation, Anti-Terrorism and Demining and Related Programs will continue to develop the Nepal Army's and the Nepal Police's general professionalism as well as promote increased respect for human rights and civilian authority.

Governing Justly and Democratically (\$2.5 million): To achieve broad improvement in the criminal justice system, prosecutorial capabilities must be strengthened in tandem with those of the police. U.S. International Narcotic and Law Enforcement and Anti-Terrorism Assistance will help make that a reality. In addition, programs to educate citizens about the political process and increase their participation in political life will increase the sense of popular investment in the political process, crucial to making participatory democracy lasting in Nepal. Additional programs will also support increased civil society participation and democratic governance at the local level by training community groups to utilize principles of participation, representation, transparency, and accountability in the management of their natural resources. The program will create an appreciation for the principles of good governance and respect for the rule of law at the grassroots level.

In addition, the Office Transition Initiatives will request funding for a program that will further support the peace and reconciliation process by developing the capacity of government and civil society and increase engagement of societal leaders in participatory governance processes.

Investing in People (\$18.0 million): One of the fundamental objectives of the Rebuilding country category is to build indigenous capacity to restart the delivery of and provide more equitable access to critical social services. This program will strengthen the government's ability to provide basic services to its citizens, thereby enhancing the visibility, legitimacy, and effectiveness of local and national government.

Child Survival and Health assistance will reduce maternal and child mortality through scale-up of proven interventions like community-based treatment for childhood illnesses, and field testing of new interventions for maternal and newborn survival. Voluntary family planning services will be enhanced through training, strengthened systems and policies, and increasing commodity availability. The program also addresses other public health threats by improving disease surveillance and prevention of infectious diseases. HIV/AIDS transmission will be reduced with prevention services; voluntary testing/counseling; and care, support and treatment.

These health programs will be carefully designed to target to conflict mitigation. For example, programs will train female community health volunteers, extend maternal and child health services to underserved and conflict-affected areas of Nepal, and will help contain the HIV-AIDS epidemic threatening the economic development and social cohesion of the country.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 35,582 | * | 26,625 |
| Peace & Security | 4,488 | * | 6,140 |
| Counter-Terrorism | 0 | * | 1,150 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 150 |
| Governments' Capabilities | 0 | * | 1,000 |
| Stabilization Operations and Security Sector Reform | 644 | * | 4,490 |
| Disarmament, Demobilization & Reintegration (DDR) | 0 | * | 1,780 |
| Defense, Military, and Border Restructuring, Reform and Operations | 644 | * | 790 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 1,700 |
| Program Support (Stabilization) | 0 | * | 220 |
| Transnational Crime | 297 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trafficking-in-Persons and Migrant Smuggling | 297 | * | 0 |
| Conflict Mitigation and Reconciliation | 3,547 | * | 500 |
| Conflict Mitigation | 570 | * | 0 |
| Peace and Reconciliation Processes | 2,977 | * | 445 |
| Program Support (Conflict) | 0 | * | 55 |
| Governing Justly & Democratically | 1,490 | * | 2,500 |
| Rule of Law and Human Rights | 325 | * | 1,000 |
| Justice System | 325 | * | 1,000 |
| Good Governance | 175 | * | 0 |
| Anti-Corruption Reforms | 175 | * | 0 |
| Political Competition and Consensus-Building | 990 | * | 500 |
| Elections and Political Processes | 0 | * | 445 |
| Political Parties | 990 | * | 0 |
| Program Support (Political Competition) | 0 | * | 55 |
| Civil Society | 0 | * | 1,000 |
| Civic Participation | 0 | * | 890 |
| Program Support (Civil Society) | 0 | * | 110 |
| Investing in People | 21,971 | * | 17,985 |
| Health | 18,613 | * | 17,985 |
| HIV/AIDS | 7,326 | * | 4,000 |
| Other Public Health Threats | 0 | * | 300 |
| Maternal and Child Health | 4,951 | * | 7,500 |
| Family Planning and Reproductive Health | 6,336 | * | 6,185 |
| Education | 3,358 | * | 0 |
| Basic Education | 3,358 | * | 0 |
| Economic Growth | 6,420 | * | 0 |
| Infrastructure | 3,368 | * | 0 |
| Transport Services | 3,368 | * | 0 |
| Agriculture | 1,485 | * | 0 |
| Agricultural Sector Productivity | 1,485 | * | 0 |
| Environment | 1,567 | * | 0 |
| Natural Resources and Biodiversity | 1,567 | * | 0 |
| Humanitarian Assistance | 1,213 | * | 0 |
| 3 Migration Management | 1,213 | * | 0 |
| Protection and Assistance | 1,213 | * | 0 |

Statement of Changes

The FY 2008 budget request of \$26.6 million is almost 28 percent less than Nepal's FY 2006 budget of \$32.5 million. Development Assistance funds were roughly halved and Economic Support Funds were zeroed out in FY 2008, but previously comprised 14 percent of the FY 2006 budget. Child Survival and Health Funds remained roughly constant in real terms but increased from 57 percent to 67 percent of the overall program. International Narcotics and Law Enforcement, International Military and Education and Training, and Nonproliferation, Anti-terrorism and Demining funding increased by a total of \$4.0 million. These increases will raise support to the following program elements: Counter-Terrorism -Government Capabilities and Defense, Military and Border Restructuring Reform, Law Enforcement Restructuring, and the Justice System. This increased request will build on the successes of FY 2006 programs and address the critical need to support Nepal's civilian control of the army and police and improve local security forces and justice officials' capability to enforce law and order.

PAKISTAN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States seeks to build a stable, long-term relationship with Pakistan. This request will maintain Pakistan's support in the Global War on Terrorism and efforts to build peaceful and positive relations with its neighbors, India and Afghanistan. U.S. assistance also will encourage Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society. The Pakistan request fulfills the President's commitment to provide \$600 million in economic and security assistance and \$50 million in earthquake reconstruction assistance on an annual basis through FY 2009.

Pakistan faces numerous and daunting gaps that obstruct its capacity to meet its development goals. Most seriously, economic and social deprivation creates an environment conducive to terrorist recruitment. The absence of a productive educational infrastructure, particularly in the Federally Administered Tribal Areas (FATA) region, has forced families to turn to private alternatives, including madrassas that are vulnerable to radical, extremist messages. Pakistan also lags in critical areas of health, infrastructure, and economic opportunities. The failure of democratic institutions to provide for stable governments capable of responding to popular demands and public needs has produced a revolving door of failed civilian and military administrations that have undermined Pakistani progress over decades.

Pakistan's border areas with Afghanistan in the North-West Frontier Province, the tribal areas, and parts of Baluchistan have Pakistan's worst development indicators and are critical to controlling ungoverned spaces in the war on terror. U.S. assistance supports Pakistan's new three-pronged strategy with the goal of improving security, stability, and economic opportunity in this border region. Enhanced governance will undermine the appeal of terrorist organizations in regions which have provided safe haven for violent extremists. To respond to these challenges, \$90 million in assistance for this region is being set aside for FY 2008. Areas of focus include education, health, road building, and economic growth. Innovative approaches, such as those possible under the Rural Support Program mechanism employed in other areas of Pakistan, will be pursued, in part to ensure local community involvement. Specific plans are being developed in close coordination with other donors as well as the Government of Pakistan, which should and must play a leadership role in projecting a strategic vision for the frontier area.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 342,592 | * | 341,700 |
| Governing Justly & Democratically | 22,320 | * | 41,600 |
| Investing in People | 114,684 | * | 103,000 |
| Economic Growth | 209,338 | * | 248,700 |
| Humanitarian Assistance | 17,675 | * | 50,000 |
| Total | 706,609 | * | 785,000 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 22,757 | * | 39,800 |
| Development Assistance | 26,990 | * | 18,000 |
| Economic Support Fund | 296,595 | * | 382,900 |
| Foreign Military Financing | 297,000 | * | 300,000 |
| International Military Education & Training | 2,037 | * | 2,000 |
| International Narcotics Control and Law Enforcement | 34,970 | * | 32,000 |
| Nonproliferation, Antiterrorism & Demining | 8,585 | * | 10,300 |
| Public Law 480 (Food Aid) | 17,675** | * | 0 |
| Total | 706,609 | * | 785,000 |

**FY 2006 includes \$17.675 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$341.7 million): Efforts will continue to support Pakistan's ability to counter extremist organizations and narcotics trafficking with a focus on the Pakistan-Afghanistan border area. Non-Proliferation, Anti-Terrorism, Demining and Related Programs and International Narcotics Control and Law Enforcement programs will improve the human and material capacity of Pakistan to secure its borders, facilitate counterterrorism efforts, and reduce illicit trafficking of narcotics, weapons and people. This request also continues assistance with force modernization and traditional defense capabilities. Foreign Military Financing programs will enhance Pakistan's border security and counterterrorism capabilities and force modernization through equipment upgrades and acquisitions. Equipment to be purchased may include fixed and rotary wing aerial transport and communications, surveillance, and ground support equipment. Programs will also support the maintenance of U.S.-origin equipment to ensure flight safety and continued equipment operation. This equipment will have a direct impact on the war on terrorism and will enhance U.S.-Pakistani interoperability. In addition, International Military Education and Training programs will raise the quality and professionalism of officers by focusing on defense management, civilian control of the military, human rights, and the rule of law.

Governing Justly & Democratically (\$41.6 million): Democratization and greater respect for human rights are critical to promoting moderation, combating the spread of extremism, and laying the foundation for political stability. Formation of a sustainable democracy will help ensure economic growth and a credible partner for the United States in the region. The USG will support internal democratic practices within political parties and civil society, promote free and fair elections, develop the media, and support the legislative process. Funds will support the devolution of responsibility and budgets to local governments, in part by strengthening their ability to deliver better public services. Elections are scheduled for FY 2008.

Investing in People (\$103.0 million): Pakistan faces major challenges in meeting the health needs of its large population and coping with an education system slow to reform. Pakistan has terrorist-linked charities and madrassas eager to step in and provide services the government does not make available for its citizens. Funds will help Pakistan to improve the quality of and access to public education, primary healthcare, and water and sanitation services. Scholarship programs will provide the opportunity for students from disadvantaged areas to obtain advanced degrees in agriculture and business and cultural exchanges for students enrolling in U.S.-based programs. Other funding uses include construction and training in both the education and health sectors, with an aim to improve infrastructure as well as the delivery of needed social services.

Economic Growth (\$248.7 million): The absence of a strong middle-class poses problems for democratization. Funds will create hope and opportunity through expanding access to microfinance in the most underserved areas of Pakistan and strengthening the competitiveness of promising industry sectors. Funds will be used to develop infrastructure in FATA in areas such as transport, power, irrigation, water, and vocational training. U.S. assistance programs will also provide a concrete demonstration to a skeptical Pakistani public of the benefits of the U.S.-Pakistan strategic partnership. U.S. budget support will provide Pakistan with fiscal flexibility and elicit greater Pakistani spending increases on education and the social sector than could be achieved through project assistance alone. Technical assistance will help Pakistan protect intellectual property rights and diversify its economy.

Humanitarian Assistance (\$50.0 million): The October 2005 earthquake caused massive loss of life, extensive damage to health and education facilities, and destroyed livelihoods in affected areas of Northwest Frontier Province and Azad Kashmir. Funds will be used to rebuild hospitals and schools, strengthen the systems and capacities of public health works and district government officials, and rebuild livelihoods for affected Pakistanis. This includes training for people in earthquake-resistant technology and other income generating programs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 706,609 | * | 785,000 |
| Peace & Security | 342,592 | * | 341,700 |
| Counter-Terrorism | 7,885 | * | 9,300 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 1,000 | * | 1,300 |
| De-Legitimize Terrorist Ideology | 6,885 | * | 0 |
| Governments' Capabilities | 0 | * | 8,000 |
| Combating Weapons of Mass Destruction (WMD) | 700 | * | 500 |
| Counter WMD Proliferation and Combat WMD Terrorism | 700 | * | 500 |
| Stabilization Operations and Security Sector Reform | 327,007 | * | 325,000 |
| Destruction and Security of Conventional Weapons | 0 | * | 500 |
| Defense, Military, and Border Restructuring, Reform and Operations | 324,337 | * | 318,500 |
| Law Enforcement Restructuring, Reform and Operations | 2,670 | * | 5,000 |
| Program Support (Stabilization) | 0 | * | 1,000 |
| Counter-Narcotics | 7,000 | * | 6,700 |
| Eradication | 6,000 | * | 4,000 |
| Interdiction | 1,000 | * | 1,000 |
| Drug Demand Reduction | 0 | * | 1,000 |
| Program Support (Narcotics) | 0 | * | 700 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 22,320 | * | 41,600 |
| Rule of Law and Human Rights | 0 | * | 14,100 |
| Constitutions, Laws, and Legal Systems | 0 | * | 1,000 |
| Judicial Independence | 0 | * | 1,500 |
| Justice System | 0 | * | 10,480 |
| Human Rights | 0 | * | 1,000 |
| Program Support (Rule of Law) | 0 | * | 120 |
| Good Governance | 9,140 | * | 18,950 |
| Legislative Function and Processes | 6,649 | * | 4,000 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Local Government and Decentralization | 2,335 | * | 13,600 |
| Program Support (Governance) | 156 | * | 1,350 |
| Political Competition and Consensus-Building | 13,180 | * | 3,500 |
| Elections and Political Processes | 12,600 | * | 1,500 |
| Political Parties | 0 | * | 1,950 |
| Program Support (Political Competition) | 580 | * | 50 |
| Civil Society | 0 | * | 5,050 |
| Civic Participation | 0 | * | 2,000 |
| Media Freedom and Freedom of Information | 0 | * | 3,000 |
| Program Support (Civil Society) | 0 | * | 50 |
| Investing in People | 114,684 | * | 103,000 |
| Health | 45,406 | * | 50,900 |
| HIV/AIDS | 1,330 | * | 2,000 |
| Tuberculosis | 1,485 | * | 2,400 |
| Other Public Health Threats | 1,980 | * | 0 |
| Maternal and Child Health | 28,571 | * | 19,500 |
| Family Planning and Reproductive Health | 12,040 | * | 25,500 |
| Water Supply and Sanitation | 0 | * | 1,500 |
| Education | 69,278 | * | 52,100 |
| Basic Education | 49,864 | * | 26,887 |
| Higher Education | 19,414 | * | 25,213 |
| Economic Growth | 209,338 | * | 248,700 |
| Macroeconomic Foundation for Growth | 200,000 | * | 200,000 |
| Fiscal policy | 200,000 | * | 200,000 |
| Trade and Investment | 7,789 | * | 3,800 |
| Trade and Investment Enabling Environment | 7,618 | * | 2,300 |
| Trade and Investment Capacity | 0 | * | 1,500 |
| Program Support (Trade) | 171 | * | 0 |
| Financial Sector | 1,549 | * | 7,000 |
| Financial Sector Enabling Environment | 1,257 | * | 1,500 |
| Financial Services | 0 | * | 5,500 |
| Program Support (Financial Sector) | 292 | * | 0 |
| Infrastructure | 0 | * | 1,500 |
| Modern Energy Services | 0 | * | 1,500 |
| Agriculture | 0 | * | 4,500 |
| Agricultural Sector Productivity | 0 | * | 4,384 |
| Program Support (Agriculture) | 0 | * | 116 |
| Private Sector Competitiveness | 0 | * | 28,515 |
| Business Enabling Environment | 0 | * | 11,365 |
| Private Sector Productivity | 0 | * | 12,689 |
| Workforce Development | 0 | * | 3,000 |
| Program Support (Private Sector) | 0 | * | 1,461 |
| Economic Opportunity | 0 | * | 3,385 |
| Policy Environment for Micro and Small Enterprises | 0 | * | 800 |
| Strengthen Microenterprise Productivity | 0 | * | 1,500 |
| Inclusive Economic Law and Property Rights | 0 | * | 900 |
| Program Support (Econ Opportunity) | 0 | * | 185 |
| Humanitarian Assistance | 17,675 | * | 50,000 |
| Protection, Assistance and Solutions | 0 | * | 50,000 |
| Crisis Assistance and Recovery | 0 | * | 44,520 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------------|----------------|------------------|-----------------|
| Program Support (Protection) | 0 | * | 5,480 |
| 3 Migration Management | 17,675 | * | 0 |
| Protection and Assistance | 17,675 | * | 0 |

Statement of Changes

Pakistan's overall funding levels increased by \$94 million from the FY 2006 base budget levels. This increase is for the President's commitments to earthquake reconstruction and economic development in Pakistan's frontier regions. Compared to FY 2006 levels, Pakistan's FY 2008 request for Development Assistance funding decreased by \$9.0 million. This represents a reduction in funding for basic education programming, but also represents a shift in funding for many programs to Economic Support Funds, which increased by \$86.0 million. This increase provides support for Rule of Law and Human Rights, Good Governance, Civil Society, Higher Education and Financial Sector programs. These programs will bolster stabilizing efforts in the border area with Afghanistan. Child Survival and Health also received an increase of \$17.0 million which mostly represents an increase in support to Maternal and Child Health. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs and Foreign Military Financing increased by \$1.7 million and \$3.0 million, respectively. These increases will bolster gains made in Counter-Terrorism and Defense, Military, and Border Restructuring, Reform and Operations. A decrease of almost \$3 million in International Narcotics and Law Enforcement funding represents a drop in Stabilization Operations and Security Sector Reform because the Border Security Program Roads was phased out and infrastructure and commodities were greatly reduced because the Department of Defense will fulfill this requirement in FY 2008.

SRI LANKA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The conflict in Sri Lanka between the Government and the terrorist organization Liberation Tigers of Tamil Eelam (LTTE) is preventing the country from transforming into a prosperous, stable democracy. Peace would reduce the threat of regional and international terrorism and stabilize Sri Lanka as a partner for the United States in South Asia. Resolving the conflict through a political settlement requires moving the Sri Lankan government and the LTTE to a durable cessation of violence and hostilities. The Millennium Challenge Corporation (MCC) recently classified Sri Lanka as an eligible compact country. The Western Province, including the capital city, Colombo, meets Transforming country criteria. However, the north, east and south more accurately reflect the Rebuilding category. The situation is unlikely to change in the near-term, as escalating violence has caused the peace process to break down and has led to an undeclared war with human rights violations and a humanitarian crisis. The international community is engaged in the peace process and is working toward bringing both sides back to negotiations. It is essential to monitor, investigate, and promote accountability for human rights abuses, as well as assist democratic institutions to help prevent abuses and conflicts in the future. Continued divergence between economic and social indicators in the Western Province and those in the rest of the country will only entrench inequalities. For this reason, supporting efforts toward peace and key democratic and economic reforms are of the utmost importance. A stronger and more geographically inclusive economy will contribute to the success of implementing and sustaining a peace agreement. Further, addressing good governance, decentralization, and poverty in the south, as well as economic opportunities for Tamils and Muslims in the north and east, are necessary for solidifying support for peace and eliminating the rhetoric of extreme elements.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 8,822 | * | 3,450 |
| Governing Justly & Democratically | 4,705 | * | 1,367 |
| Investing in People | 1,000 | * | 0 |
| Economic Growth | 0 | * | 2,133 |
| Total | 14,527 | * | 6,950 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Development Assistance | 3,705 | * | 4,000 |
| Economic Support Fund | 3,960 | * | 0 |
| Foreign Military Financing | 990 | * | 850 |
| International Military Education & Training | 529 | * | 600 |
| International Narcotics Control and Law Enforcement | 0 | * | 350 |
| Nonproliferation, Antiterrorism & Demining | 3,615 | * | 1,150 |
| Transition Initiatives | 1,728 | * | 0 |
| Total | 14,527 | * | 6,950 |

Peace & Security (\$3.5 million): Sri Lanka is at a crossroads and U.S. assistance can play a role in bringing the sides to the conflict back to the negotiating table. Foreign Military Financing and International Military Education and Training assistance is focused on stabilization operations and security sector reform with activities aimed at military-to-military programs comprising military training, exercises, and sustainment equipment. This will strengthen the Sri Lankan military's capability and help demonstrate to the Tamil Tigers that a return to war would be more costly. FY 2008 International Narcotics and Law Enforcement funds will be used for law enforcement reform to support a police force better able to maintain the rule of law. At the same time, assistance for conflict mitigation and peace and reconciliation processes - that includes support for multi-party dialogues, the Sri Lankan Government's Peace Secretariat, national level peace negotiations and advocacy, and local level activities - will serve to solidify support for peace. Non-proliferation, Anti-Terrorism, De-mining and related programs will fund activities directed at counter-terrorism initiatives focused on denying terrorist sponsorship and supporting government capabilities. It will also combat weapons of mass destruction proliferation by assisting Sri Lanka to detect, deter, prevent and interdict illicit trafficking in weapons. In addition, U.S. assistance is required for training police and prosecutors to increase investigations, arrests, prosecution, and convictions of trafficking crimes. Assistance will also increase cooperation between law enforcement and civil society groups (including international organizations) that provide victim assistance. Furthermore, development assistance will continue to invest in community early warning systems by keeping a finger on the pulse of local hotspots in order to avoid violent outbreaks. This will be done through resolution of multiethnic land disputes, water usage, access to land, service delivery in terms of public health and education, human rights violations, among other activities.

Governing Justly and Democratically (\$1.4 million): The 20-year conflict has weakened Sri Lanka's democratic institutions and civil society and contributed to an increase in human rights abuses. Programs will strengthen governance in Sri Lanka to address these serious concerns and in doing so enhance public commitment to and participation in the peace process. Development assistance will focus on creating participatory mechanisms for citizens at the local level, building the decision-making capacity of local authorities to address issues of governance and democratic weaknesses seen as root causes of the conflict, and enhancing local authorities' capacity to provide humanitarian assistance and basic protection for civilians. United States' support for strengthening civil society will focus on increasing its role in monitoring and preventing human rights abuses, holding the government accountable, fostering conflict prevention dialogues, advocating for democratic and economic reforms (including combating corruption and protecting minority rights) and participating more actively in public decision-making. Whenever possible, local-level efforts need to be logically and systematically integrated with international and nation-level initiatives addressing the root causes of the conflict, building key democratic institutions, and protecting human rights.

Economic Growth (\$2.1 million): A sustainable peace in Sri Lanka will depend on equitable distribution of the benefits of economic growth. Despite consistently positive economic growth over the last 20 years, the proportion of the population stuck in poverty remains the same because the Western Province, including the capital city, has benefited from economic growth disproportionately from the rest of the country. U.S. development assistance will target the most vulnerable populations from the conflict in strategic geographic areas outside of the Western Province. Assistance will be directed toward livelihoods and workforce development of vulnerable populations in demand-driven markets. It translates into workforce readiness (especially for individuals in the 17-25 age range), job creation for those conflict-affected populations, and development of niche markets and improved value chains for products from the conflict-affected areas. The private sector is eager to partner with the USG in workforce

development efforts in these geographic areas as the workforce capacity still fails to meet its needs. In partnership with the private sector, U.S. assistance in workforce development will not only position the country's workforce for economic growth, but also address serious equity and poverty issues in all areas of the country.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 14,527 | * | 6,950 |
| Peace & Security | 8,822 | * | 3,450 |
| Counter-Terrorism | 275 | * | 900 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 275 | * | 500 |
| Governments' Capabilities | 0 | * | 400 |
| Combating Weapons of Mass Destruction (WMD) | 300 | * | 250 |
| Counter WMD Proliferation and Combat WMD Terrorism | 300 | * | 250 |
| Stabilization Operations and Security Sector Reform | 4,559 | * | 1,800 |
| Explosive Remnants of War (ERW) | 3,040 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,519 | * | 1,450 |
| Law Enforcement Restructuring, Reform and Operations | 0 | * | 350 |
| Conflict Mitigation and Reconciliation | 3,688 | * | 500 |
| Peace and Reconciliation Processes | 3,688 | * | 500 |
| Governing Justly & Democratically | 4,705 | * | 1,367 |
| Rule of Law and Human Rights | 500 | * | 502 |
| Justice System | 500 | * | 0 |
| Human Rights | 0 | * | 502 |
| Good Governance | 2,205 | * | 200 |
| Public Sector Executive Function | 0 | * | 200 |
| Local Government and Decentralization | 2,205 | * | 0 |
| Civil Society | 2,000 | * | 665 |
| Civic Participation | 1,600 | * | 350 |
| Media Freedom and Freedom of Information | 0 | * | 190 |
| Program Support (Civil Society) | 400 | * | 125 |
| Investing in People | 1,000 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 1,000 | * | 0 |
| Social Services | 665 | * | 0 |
| Social Assistance | 335 | * | 0 |
| Economic Growth | 0 | * | 2,133 |
| Financial Sector | 0 | * | 100 |
| Financial Services | 0 | * | 100 |
| Private Sector Competitiveness | 0 | * | 1,833 |
| Private Sector Productivity | 0 | * | 600 |
| Workforce Development | 0 | * | 1,000 |
| Program Support (Private Sector) | 0 | * | 233 |
| Economic Opportunity | 0 | * | 200 |
| Strengthen Microenterprise Productivity | 0 | * | 200 |

Statement of Changes

Compared to FY 2006 levels, Sri Lanka's FY 2008 request for Child Survival and Health and Economic Support Funds were both zeroed out but with an increase in Development Assistance funding by \$0.3 million. This represents an increase for Civil Society and Private Sector

Competitiveness programs. Decreases are in programming in Conflict Mitigation and Reconciliation, Good Governance, Civil Society, and Social Services. Non-Proliferation, Anti-Terrorism, Demining and Other Related Programs decreased by \$2.5 million in Explosive Remnants of War and Defense, Military, and Border Restructuring, Reform and Operations. INL programs received new funding of \$0.4 million which will focus on Law Enforcement Restructuring, Reform and Operations.

TAJIKISTAN
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The specter of the 1992-1997 civil war continues to hang over Tajikistan. Thus the major obstacle to Tajikistan's advancement is the government's inability to move beyond the post-civil war mentality of maintaining stability and focus on improving its record on democratic and economic reform. Government implementation of reform in these areas would improve Tajikistan's governance, employment, and investment climate. The Government of Tajikistan is intent on improving its infrastructure (especially hydro-power) so it can expand its export and trade options to growing markets in South Asia. Tajikistan, a strong supporter in the Global War on Terror, took over responsibility for controlling its border with Afghanistan after the withdrawal of Russian border forces in 2005 and plays a key role in counter-narcotics and counterterrorism efforts. Tajikistan's democracy and human rights record remains poor and there has been recent democracy backsliding as illustrated by the flawed presidential election in November 2006. Support to strengthen border security, counter-narcotics efforts, democratic reform, and economic growth is key to helping Tajikistan advance.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 6,853 | * | 14,940 |
| Governing Justly & Democratically | 7,046 | * | 4,600 |
| Investing in People | 7,841 | * | 4,200 |
| Economic Growth | 9,595 | * | 7,580 |
| Humanitarian Assistance | 9,068 | * | 800 |
| Total | 40,403 | * | 32,120 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Foreign Military Financing | 495 | * | 675 |
| Freedom Support Act | 23,760 | * | 26,880 |
| International Military Education & Training | 348 | * | 565 |
| Nonproliferation, Antiterrorism & Demining | 1,970 | * | 4,000 |
| Public Law 480 (Food Aid) | 13,830** | * | 0 |
| Total | 40,403 | * | 32,120 |

**FY 2006 includes \$7.582 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$14.9 million): While Tajikistan has enjoyed nearly a decade of peace and stability, the full effects of the 2005 Russian border patrol pullout may not yet be apparent. Inexperience, lack of funds, and inadequate capacity to take on this task make border control the greatest challenge to stability and progress in Tajikistan. The United States can best assist Tajikistan in maintaining peace and security by focusing resources on counter-terrorism and counter-narcotics efforts, stabilization operations, security sector reform, and combating the proliferation of weapons of mass destruction.

The main focus of these programs will be border security, specifically improving the Government of Tajikistan's ability to fill the void left by the departure of Russian border guards. Ongoing support will ensure that border guards operate effectively to prevent illicit trafficking and the movement of terrorists across Tajikistan's borders. Assistance will also foster the development of a professional military that meets Western standards and an improved law enforcement capacity, which will augment Tajikistan's ability to maintain peace and security - a necessary step for advancement in other sectors of national development.

While drug trafficking through Tajikistan continues to threaten the progress made in recent years, Tajikistan continues to be a regional leader in narcotics interdictions and is committed to reducing the flow of illicit drugs and arms through its borders. Funds are being invested to improve the government's ability to interdict narcotics and prevent the proceeds of drug smuggling from being funneled into domestic and regional criminal activities. U.S. assistance will also bolster Government of Tajikistan efforts to fight trafficking in persons.

Governing Justly and Democratically (\$4.6 million): Tajikistan's democratic institutions are weakest in the areas of political rights, media freedom, judicial independence, and civil liberties. The Government of Tajikistan has shown some willingness to reform its practices. To capitalize on current openings, U.S. assistance will focus on supporting initiatives to develop sustainable indigenous civil society organizations and to improve local governance. These programs will work in tandem with U.S. efforts to strengthen the capacity of communities to hold local government accountable. The U.S. will promote media freedom and civil liberties through programs to increase public access to information such as satellite broadcasting and to communicate local news and issues objectively. Funding will also focus on fostering the development of political parties, strengthening human rights, and reforming the justice system. The overall goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Tajikistan's efforts to reform its political culture.

Investing in People (\$4.2 million): Tajikistan's spending on health and education lags well behind the average for Transforming countries. The needs in health and education are so severe that they jeopardize progress in other priority objectives. To address these needs effectively, U.S. assistance will focus on improving the quality of services, increasing community involvement, and strengthening systems in both the health and education sectors. This approach will improve indigenous capacity to provide these services. Specific programs will focus on health sector reforms related to financing, family planning, medical education, and primary health care delivery. Maternal and child health will remain another priority focus. The United States will also provide technical assistance with HIV/AIDS prevention, including implementation of HIV/AIDS grants from the Global Fund, and assistance with the expansion of the DOTS strategy for tuberculosis control. Investments in basic education will help the Government of Tajikistan reform the basic education system, which has deteriorated significantly since Soviet times.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Tajikistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$7.6 million): Despite economic growth averaging ten percent in recent years, Tajikistan is one of the world's poorest countries and its economy remains fragile. In order to encourage economic growth and reform, Tajikistan needs to focus on three areas: trade and investment, agricultural sector productivity, and private sector competitiveness. To foster progress in those areas, U.S. assistance will strengthen the Government of Tajikistan's capacity to undertake further structural reforms, eliminate corruption, reduce regulatory barriers, and

improve the investment climate. Programs will also work to improve economic policymaking and the business environment by strengthening property rights. To further Tajikistan's integration with its neighbors, the United States will support the development of a transparent regional energy market to link Central and South Asia. The United States will also work to strengthen the financial sector and access to capital by improving the banking practices of the National Bank and promoting microfinance institutions.

Humanitarian Assistance (\$0.8 million): Humanitarian aid relieves suffering by providing basic necessities and mitigating natural disasters, such as the 2006 earthquakes in Khatlon province which left over 20,000 people homeless. U.S. assistance will provide medicines, food, and basic necessities to vulnerable populations. It will also provide for the implementation of small scale reconstruction projects to restore shelter and basic services to orphans, elderly and other institutionalized populations, and pre-position disaster readiness supplies.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 40,403 | * | 32,120 |
| Peace & Security | 6,853 | * | 14,940 |
| Counter-Terrorism | 1,070 | * | 10,200 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 1,000 |
| Governments' Capabilities | 1,070 | * | 9,200 |
| Combating Weapons of Mass Destruction (WMD) | 600 | * | 1,000 |
| Counter WMD Proliferation and Combat WMD Terrorism | 600 | * | 1,000 |
| Stabilization Operations and Security Sector Reform | 2,218 | * | 1,740 |
| Destruction and Security of Conventional Weapons | 300 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 843 | * | 1,240 |
| Law Enforcement Restructuring, Reform and Operations | 1,059 | * | 490 |
| Program Support (Stabilization) | 16 | * | 10 |
| Counter-Narcotics | 2,300 | * | 1,800 |
| Interdiction | 2,265 | * | 1,470 |
| Drug Demand Reduction | 0 | * | 294 |
| Program Support (Narcotics) | 35 | * | 36 |
| Transnational Crime | 665 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 640 | * | 192 |
| Program Support (Crime) | 25 | * | 8 |
| Governing Justly & Democratically | 7,046 | * | 4,600 |
| Rule of Law and Human Rights | 1,100 | * | 1,100 |
| Justice System | 1,083 | * | 492 |
| Human Rights | 0 | * | 591 |
| Program Support (Rule of Law) | 17 | * | 17 |
| Good Governance | 3,270 | * | 800 |
| Local Government and Decentralization | 3,032 | * | 742 |
| Program Support (Governance) | 238 | * | 58 |
| Political Competition and Consensus-Building | 372 | * | 400 |
| Political Parties | 345 | * | 371 |
| Program Support (Political Competition) | 27 | * | 29 |
| Civil Society | 2,304 | * | 2,300 |
| Civic Participation | 1,261 | * | 1,618 |
| Media Freedom and Freedom of Information | 932 | * | 571 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Program Support (Civil Society) | 111 | * | 111 |
| Investing in People | 7,841 | * | 4,200 |
| Health | 6,592 | * | 2,900 |
| HIV/AIDS | 1,336 | * | 1,000 |
| Tuberculosis | 785 | * | 900 |
| Other Public Health Threats | 1,830 | * | 0 |
| Maternal and Child Health | 2,499 | * | 1,000 |
| Family Planning and Reproductive Health | 142 | * | 0 |
| Education | 1,249 | * | 1,300 |
| Basic Education | 1,249 | * | 1,300 |
| Economic Growth | 9,595 | * | 7,580 |
| Macroeconomic Foundation for Growth | 383 | * | 200 |
| Fiscal policy | 354 | * | 185 |
| Program Support (Macro Econ) | 29 | * | 15 |
| Trade and Investment | 895 | * | 1,200 |
| Trade and Investment Enabling Environment | 557 | * | 1,120 |
| Trade and Investment Capacity | 279 | * | 0 |
| Program Support (Trade) | 59 | * | 80 |
| Financial Sector | 1,265 | * | 500 |
| Financial Sector Enabling Environment | 1,170 | * | 0 |
| Financial Services | 0 | * | 462 |
| Program Support (Financial Sector) | 95 | * | 38 |
| Infrastructure | 820 | * | 800 |
| Modern Energy Services | 203 | * | 784 |
| Transport Services | 600 | * | 0 |
| Program Support (Infrastructure) | 17 | * | 16 |
| Agriculture | 4,039 | * | 2,800 |
| Agricultural Enabling Environment | 29 | * | 1,388 |
| Agricultural Sector Productivity | 3,896 | * | 1,204 |
| Program Support (Agriculture) | 114 | * | 208 |
| Private Sector Competitiveness | 2,193 | * | 2,080 |
| Business Enabling Environment | 1,674 | * | 1,923 |
| Private Sector Productivity | 354 | * | 0 |
| Program Support (Private Sector) | 165 | * | 157 |
| Humanitarian Assistance | 9,068 | * | 800 |
| Protection, Assistance and Solutions | 9,068 | * | 800 |
| Crisis Assistance and Recovery | 9,068 | * | 800 |

Statement of Changes

With the exception of Child Survival and Health and P.L. 480 Food Aid, funding has increased for Tajikistan from FY 2006 levels by account. The discontinuation of food aid programs accounts for the net decline of U.S. funding from FY 2006 to FY 2008. The most significant increase from FY 2006 is in Peace and Security, where assistance is focused on improving border security and helping Tajikistan prevent drug trafficking and movement of terrorists across its border with Afghanistan. Decreases in Humanitarian Assistance, Investing in People, and Governing Justly and Democratically help to offset large increases in Peace and Security and allow Economic Growth programs to remain steady. Economic reform programs will build on the significant improvement in Tajikistan's economy, working to promote trade and investment, agricultural sector productivity, and private sector competitiveness.

TURKMENISTAN

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Saparmurat Niyazov, the President of Turkmenistan, whose policies were a major obstacle to the country's advancement, died in December 2006. It remains to be seen if the transition of power will result in a change of course for Turkmenistan or if Niyazov's repressive political and economic policies will outlast him. Niyazov's death offers the United States an opportunity to turn a page in its relationship with Turkmenistan and encourage the development of a more stable, democratic, and prosperous country. What the political transition will mean for domestic and foreign policies remains unknown, but nearly all independent democratic activity is prohibited. Turkmenistan's future will hinge especially on the next generation. Awareness of the outside world, including knowledge of international democratic and human rights standards, will be a key to change. Educational opportunities will be extremely important. Niyazov's education policies cut secondary education to nine grades and severely damaged the quality of the entire educational system. The likely next president has pledged to reverse some education policies of the past, including increasing education to ten years. Before Niyazov's death, the Government of Turkmenistan had done some work to reform its health system, although transparency of the Government's efforts to combat infectious diseases remains a challenge. Turkmenistan's shared borders with Iran and Afghanistan make it a key player in the fight to combat trafficking in weapons of mass destruction, narcotics, and persons.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 1,408 | * | 1,450 |
| Governing Justly & Democratically | 2,098 | * | 2,200 |
| Investing in People | 1,540 | * | 2,100 |
| Economic Growth | 892 | * | 800 |
| Total | 5,938 | * | 6,550 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 297 | * | 0 |
| Freedom Support Act | 4,950 | * | 5,500 |
| International Military Education & Training | 291 | * | 300 |
| Nonproliferation, Antiterrorism & Demining | 400 | * | 750 |
| Total | 5,938 | * | 6,550 |
| Peace Corps | 1658 | * | 1880 |

Peace and Security (\$1.5 million): The United States can best help Turkmenistan in this area by helping to secure its borders through provision of equipment and training to border authorities and by focusing on the area of stabilization operations and security sector reform. U.S. funds will help Turkmenistan control its borders with Iran and Afghanistan. These programs will work to improve Turkmenistan's ability to counter terrorism and prevent the trafficking of narcotics. Particular effort will focus on helping Turkmen authorities to prevent the proliferation of weapons of mass destruction equipment and technology.

Governing Justly and Democratically (\$2.2 million): Turkmenistan's progress in the areas of political rights, civil liberties, and independent media lags far behind countries in the Transforming category. Significant resources will need to be applied to these areas if the U.S. goal of advancing Turkmenistan into the Transforming country category is to be met. The goal for this sector is to maintain a multi-faceted and comprehensive set of programs that will effectively aid and encourage Turkmenistan's efforts to reform its political culture. U.S. resources will help civil society and community-based organizations become more effective advocates for reform as well as support their capacity to promote democracy and respect for human rights. Assistance will expand public access to information via satellite television, the internet, and other media. Other programs will expose Turkmen prosecutors and judges to the U.S. criminal justice system. The United States will invest in democracy and human rights education to develop indigenous demand for a democratic society that respects human rights.

Investing in People (\$2.1 million): Turkmenistan's health sector is in disrepair. Its institutions are ill prepared to fight the spread of HIV/AIDS and tuberculosis. In active partnership with the United States, Turkmenistan is reforming its practices to improve the level of services and working to attract other donor resources. Maternal and child health will remain another priority focus. U.S. assistance will invest in the next generation of leadership through programs in basic education, and higher education.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Turkmenistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$0.8 million): Until now, the Government of Turkmenistan has shown little interest in macro-economic reform, but local government officials are interested in cooperation with the United States to improve the private agricultural sector, where the majority earns its livelihood. The United States will focus on increasing agricultural productivity and identifying new markets in order to address the challenges facing private farmers. In addition, the United States will explore the interim government's stated willingness to consider reform of the energy sector.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 5,938 | * | 6,550 |
| Peace & Security | 1,408 | * | 1,450 |
| Combating Weapons of Mass Destruction (WMD) | 400 | * | 750 |
| Counter WMD Proliferation and Combat WMD Terrorism | 400 | * | 750 |
| Stabilization Operations and Security Sector Reform | 1,008 | * | 500 |
| Defense, Military, and Border Restructuring, Reform and Operations | 588 | * | 300 |
| Law Enforcement Restructuring, Reform and Operations | 414 | * | 196 |
| Program Support (Stabilization) | 6 | * | 4 |
| Counter-Narcotics | 0 | * | 200 |
| Drug Demand Reduction | 0 | * | 196 |
| Program Support (Narcotics) | 0 | * | 4 |
| Governing Justly & Democratically | 2,098 | * | 2,200 |
| Rule of Law and Human Rights | 0 | * | 500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Justice System | 0 | * | 95 |
| Human Rights | 0 | * | 379 |
| Program Support (Rule of Law) | 0 | * | 26 |
| Civil Society | 2,098 | * | 1,700 |
| Civic Participation | 1,865 | * | 1,423 |
| Media Freedom and Freedom of Information | 125 | * | 190 |
| Program Support (Civil Society) | 108 | * | 87 |
| Investing in People | 1,540 | * | 2,100 |
| Health | 1,540 | * | 1,600 |
| HIV/AIDS | 244 | * | 1,000 |
| Tuberculosis | 586 | * | 600 |
| Other Public Health Threats | 703 | * | 0 |
| Family Planning and Reproductive Health | 7 | * | 0 |
| Education | 0 | * | 500 |
| Basic Education | 0 | * | 200 |
| Higher Education | 0 | * | 300 |
| Economic Growth | 892 | * | 800 |
| Trade and Investment | 45 | * | 0 |
| Trade and Investment Capacity | 42 | * | 0 |
| Program Support (Trade) | 3 | * | 0 |
| Agriculture | 638 | * | 700 |
| Agricultural Enabling Environment | 53 | * | 0 |
| Agricultural Sector Productivity | 475 | * | 579 |
| Program Support (Agriculture) | 110 | * | 121 |
| Private Sector Competitiveness | 209 | * | 100 |
| Private Sector Productivity | 169 | * | 0 |
| Workforce Development | 0 | * | 81 |
| Program Support (Private Sector) | 40 | * | 19 |

Statement of Changes

Funding for Turkmenistan has increased from FY 2006 levels in all accounts with the exception of Foreign Military Financing. Modest increases in funding levels for Turkmenistan will allow the United States to demonstrate to the new government the benefits of an expanded relationship, while at the same time looking for indications that the new leadership intends to put Turkmenistan on a new course. Among program elements, a slight reduction in the Economic Growth area was needed to fund increases in other areas and is also the result of improved economic performance due to rising gas prices. Significant increases in Investing in People will help to offset the damaging social welfare policies of the former President Niyazov and pave the way for reform. Keeping Peace and Security funding levels constant will allow previously successful U.S. programs to continue assisting the Government of Turkmenistan in securing its borders against transnational threats.

UZBEKISTAN

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

The largest obstacle to U.S. assistance to Uzbekistan derives from the fact that the Government of Uzbekistan increasingly views U.S. assistance as a threat to its rule. Since the 2003-2005 "Color Revolutions" in Georgia, Ukraine, and the Kyrgyz Republic and particularly following the international condemnation of the violent upheaval in Andijon in 2005, the Government of Uzbekistan has actively limited U.S. assistance to strengthen civil society, independent media, human rights, and political processes. Civil society organizations and community-based groups face severe repression in carrying out activities geared toward addressing social and political needs. Democratic and economic reforms are stalled and the Government is moving backward on its prior commitments. Corruption is endemic and has permeated virtually every facet of public life. Despite these difficulties, there are opportunities for the United States to pursue democratic reform and respect for human rights, promote regional stability, counter terrorism, strengthen economic growth, and address health concerns. In hopes of a reversal of the backsliding trends in Uzbekistan, the most populous country in Central Asia, the United States will continue to engage directly with the Uzbek people whenever possible via assistance mechanisms not yet closed by the Government, such as health and economic reform programs. Simultaneously, the United States will seek Uzbek participation in some regional activities and develop alternative media outlets to support individuals still working for improved human rights and democratic and economic reform.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 1,110 | * | 1,500 |
| Governing Justly & Democratically | 7,934 | * | 3,150 |
| Investing in People | 5,235 | * | 2,830 |
| Economic Growth | 2,641 | * | 1,494 |
| Humanitarian Assistance | 900 | * | 400 |
| Total | 17,820 | * | 9,374 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|---------------|---------------|--------------|
| Freedom Support Act | 17,820 | * | 8,474 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 900 |
| Total | 17,820 | * | 9,374 |

Peace and Security (\$1.5 million): After the 2005 Andijon events, the Government of Uzbekistan did not renew the lease for the U.S. military airbase at Kharshi-Khanabad and the U.S. military vacated the airbase ahead of schedule. The airbase had been used to support operations in Afghanistan. Security assistance to Uzbekistan is limited because the Secretary of State has not been able to determine that Uzbekistan has undertaken promised political and economic reforms; however, the United States continues limited cooperation in situations where our views converge. For example, in November 2006, the Government of Uzbekistan signed an agreement with Department of Defense to permit the overflight of commercial carriers.

Uzbekistan is a stakeholder in regional stability and supports the Global War on Terror. U.S. assistance will help Uzbekistan counter terrorism, counter proliferation of weapons of mass destruction and their related technologies, and interdict narcotics in porous border regions by providing training and equipment to selected border posts. In addition to interdiction programs, U.S. assistance will support Uzbekistan's drug demand reduction efforts. Demand reduction focuses on youth and provides training on the detrimental effects of drug use. Limited funding will support the work of non-governmental organizations to prevent trafficking in persons and care for victims.

Governing Justly and Democratically (\$3.2 million): Uzbekistan lags behind on all democracy indicators, particularly political rights, civil liberties, and independent media, and the Government is not interested in reform in these areas. By protecting and promoting citizens' rights during a period in which opportunities for exercising these rights are increasingly limited, programs will help strengthen civil society and maintain the space that does exist for the exercise of those rights. Programs will develop local capacity to protect human rights, including programs that bring activists and potential new leaders out of the country, and promote mechanisms for citizens to engage with their local government. To address key constraints on the exercise of civil liberties, programs will provide access to legal information and legal advice, especially on the framework for non-governmental organization and media operation. The Government of Uzbekistan controls all media outlets, including print, internet, and television. U.S. assistance will focus on breaking the information blockade by providing citizens with increased access to objective information through satellite television and the internet and increased linkages with organizations outside of the country. Limited funding will assist citizens to carry out reforms devoted to the promotion of the rule of law by training defense lawyers.

Investing in People (\$2.8 million): Although government expenditures on health and education are significantly below the transforming country threshold; U.S. assistance has provided the Government of Uzbekistan with a model for reform should it choose to pursue new directions in health or education. The bulk of Investing in People resources will support government and donor efforts to modernize and restructure the public health system and support efforts to establish more efficient, integrated health systems to address HIV/AIDS and tuberculosis. Maternal and child health will remain another priority focus. Health-related assistance will fight corruption and improve government effectiveness in the sector. Smaller levels of funding will focus on maintaining and reinforcing previous investments in the areas of education finance and teacher training.

Linkages with the President's Plan for AIDS Relief (PEPFAR): Uzbekistan will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$1.5 million): Fundamental shortcomings in foreign direct investment, regulatory quality, and business environment hamper Uzbekistan's overall economic progress. The faltering economy, high unemployment, closed borders to trade, and lack of political will to reform also contribute to an unstable situation in the region. Given the lack of political will, U.S. resources will largely focus on enhancing agribusiness competitiveness and improving the capacity of local firms to seize market opportunities and increase their export and domestic sales. Additional resources will expand microfinance programs and credit unions by building basic capacity so that entrepreneurs may expand their businesses. Programs will also work to strengthen the business enabling environment, develop public expenditure management, and improve economic decision making at the local level.

Humanitarian Assistance (\$0.4 million): Assistance will provide basic necessities and medical assistance to vulnerable populations including orphans, the elderly and isolated poverty-stricken populations.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 17,820 | * | 9,374 |
| Peace & Security | 1,110 | * | 1,500 |
| Counter-Terrorism | 0 | * | 900 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 400 |
| Governments' Capabilities | 0 | * | 500 |
| Combating Weapons of Mass Destruction (WMD) | 251 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 182 | * | 0 |
| Program Support (WMD) | 69 | * | 0 |
| Stabilization Operations and Security Sector Reform | 425 | * | 0 |
| Law Enforcement Restructuring, Reform and Operations | 419 | * | 0 |
| Program Support (Stabilization) | 6 | * | 0 |
| Counter-Narcotics | 0 | * | 400 |
| Interdiction | 0 | * | 196 |
| Drug Demand Reduction | 0 | * | 196 |
| Program Support (Narcotics) | 0 | * | 8 |
| Transnational Crime | 434 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 387 | * | 178 |
| Program Support (Crime) | 47 | * | 22 |
| Governing Justly & Democratically | 7,934 | * | 3,150 |
| Rule of Law and Human Rights | 1,569 | * | 900 |
| Justice System | 0 | * | 268 |
| Human Rights | 1,400 | * | 535 |
| Program Support (Rule of Law) | 169 | * | 97 |
| Good Governance | 602 | * | 450 |
| Local Government and Decentralization | 537 | * | 402 |
| Program Support (Governance) | 65 | * | 48 |
| Civil Society | 5,763 | * | 1,800 |
| Civic Participation | 4,546 | * | 960 |
| Media Freedom and Freedom of Information | 986 | * | 768 |
| Program Support (Civil Society) | 231 | * | 72 |
| Investing in People | 5,235 | * | 2,830 |
| Health | 5,105 | * | 2,480 |
| HIV/AIDS | 1,414 | * | 1,200 |
| Tuberculosis | 1,242 | * | 1,000 |
| Avian Influenza | 587 | * | 0 |
| Other Public Health Threats | 1,746 | * | 0 |
| Maternal and Child Health | 0 | * | 280 |
| Family Planning and Reproductive Health | 116 | * | 0 |
| Education | 130 | * | 350 |
| Basic Education | 0 | * | 350 |
| Higher Education | 130 | * | 0 |
| Economic Growth | 2,641 | * | 1,494 |
| Macroeconomic Foundation for Growth | 389 | * | 0 |
| Fiscal policy | 253 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Program Support (Macro Econ) | 136 | * | 0 |
| Trade and Investment | 75 | * | 0 |
| Trade and Investment Enabling Environment | 75 | * | 0 |
| Financial Sector | 451 | * | 0 |
| Financial Services | 293 | * | 0 |
| Program Support (Financial Sector) | 158 | * | 0 |
| Agriculture | 1,337 | * | 1,140 |
| Agricultural Enabling Environment | 115 | * | 780 |
| Agricultural Sector Productivity | 799 | * | 0 |
| Program Support (Agriculture) | 423 | * | 360 |
| Private Sector Competitiveness | 0 | * | 354 |
| Business Enabling Environment | 0 | * | 292 |
| Program Support (Private Sector) | 0 | * | 62 |
| Economic Opportunity | 389 | * | 0 |
| Policy Environment for Micro and Small Enterprises | 253 | * | 0 |
| Program Support (Econ Opportunity) | 136 | * | 0 |
| Humanitarian Assistance | 900 | * | 400 |
| Protection, Assistance and Solutions | 900 | * | 400 |
| Protection and Solutions | 0 | * | 400 |
| Crisis Assistance and Recovery | 900 | * | 0 |

Statement of Changes

Funding for Uzbekistan has declined significantly from FY 2006 levels in nearly every account with the exception of Nonproliferation, Anti-terrorism and Demining funds, which is the only area of U.S. assistance where activities have not been severely curtailed. Though reduced from FY 2006, programs in Governing Justly and Democratically, which represent 34 percent of the bilateral budget, remain the top priority in a country where repression and political obfuscation are increasingly the norm. Peace and Security funding has increased slightly as border security and counter-narcotics programs are some of the only remaining areas where U.S. and Uzbek interests intersect. A slower decline for Investing in People and the maintenance of modest Humanitarian Assistance funding allow the United States to remain engaged, where possible, directly with the people of Uzbekistan.

CENTRAL ASIA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

Interference from neighboring nations, widespread corruption, and an inadequate social infrastructure remain the primary obstacles to progress in Central Asia. These obstacles increase the threat of extremism and regional instability and undermine U.S. efforts to combat terror including Operation Enduring Freedom. Access to quality education, economic opportunities, democratic reforms, and regional integration are limited, preventing Central Asian countries from achieving balanced political and economic growth. Porous borders and nascent legal traditions allow illicit trafficking to flourish and encourage cross-border terrorist activity, especially along the shared southern border with Afghanistan. Unsecured borders and corrupt border control procedures also hinder regional integration by restricting the essential flow of goods and people that underpin economic linkages. In spite of the many obstacles, there are numerous opportunities for the United States and the countries of Central Asia to build regional stability. For example, efforts to reform and facilitate regional energy markets will utilize the region's substantial natural resources with the aim of creating sustainable and equitable prosperity. In addition, the United States is working to instill the values of democracy by encouraging governmental transparency, working to reform educational systems and fostering independent media.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Governing Justly & Democratically | 0 | * | 400 |
| Investing in People | 2,038 | * | 700 |
| Economic Growth | 903 | * | 1,400 |
| Total | 2,941 | * | 2,500 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|--------------|---------------|--------------|
| Child Survival and Health | 1,238 | * | 0 |
| Freedom Support Act | 1,703 | * | 2,500 |
| Total | 2,941 | * | 2,500 |

Governing Justly and Democratically (\$0.4 million): Central Asian countries suffer acutely from the lack of an independent media, which stifles democratic progress and civil society. Biased reporting exported to the region routinely mischaracterizes U.S. interests in the region, hurting American efforts to help build democratic, stable, and prosperous nations in Central Asia. Independent assessments show gaps for all Central Asian countries in independent media when compared to more advanced countries. Increasing access to objective information through development of an independent media is critical to the overall foreign assistance programs, especially in such closed societies as Uzbekistan and Turkmenistan. Assistance funding will support media freedom by training journalists at the American University of Central Asia in the Kyrgyz Republic. This program will attract students from across Central Asia, providing students from repressive countries with examples of journalistic best practices from freer nations in South Asia. Regional funds will also support satellite television broadcasting.

Investing in People (\$0.7 million): Government expenditure on education lags behind the Transforming category average in every country of Central Asia. Education, particularly the education of women and girls, has declined markedly in the region since the Soviet period. Education is the foundation for improving social development across the board: reducing infant/maternal mortality, improving health care, literacy, civic participation, and economic growth. The regional higher education program will help build the American University of Central Asia in the Kyrgyz Republic into a regional center of excellence, with a department of education and a school of public policy to train civil servants from throughout Central Asia. Similarly, other assistance programs in higher education will establish scholarships to educate leaders from Central Asia in the leading South Asian universities. To ensure sustainability and efficiency, the United States has developed strategic relationships on education with the World Bank and the Asian Development Bank to maximize the value of U.S. Government investments.

Economic Growth (\$1.4 million): The United States can best help the countries of Central Asia to increase economic growth through the development of a power corridor for large-scale exports of Central Asian electricity to South Asia. Assistance aims to establish a transparent, competitive electricity market in Central Asia; increase electricity trade; and make development of hydroelectricity resources financially feasible. Assistance will also introduce market-based solutions for current and future regional disputes related to hydroelectric facilities and reservoirs and build the capacity of the Central Asian Republics' electricity regulators to develop the electricity industry while protecting the interest of consumers. This funding will only be used in Central Asia and thus does not overlap with the South Asia Regional Initiative on Energy (SARI-E), funded through the South Asia budget. The Regional Electricity Markets Assistance Program (REMAP) complements the SARI-E initiative, with an initial focus on enhancing cooperation and the integration of electricity systems of Kazakhstan, the Kyrgyz Republic and Tajikistan.

In order to bolster the trade and investment enabling-environment, the United States will focus on reducing trade barriers and burdensome customs regulations in Central Asia. Assistance will encourage host governments to reduce duties and border crossing fees, which will not only bolster regional trade, but reduce corruption at the borders as well.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 2,941 | * | 2,500 |
| Governing Justly & Democratically | 0 | * | 400 |
| Civil Society | 0 | * | 400 |
| Media Freedom and Freedom of Information | 0 | * | 360 |
| Program Support (Civil Society) | 0 | * | 40 |
| Investing in People | 2,038 | * | 700 |
| Health | 2,038 | * | 0 |
| HIV/AIDS | 1,271 | * | 0 |
| Tuberculosis | 238 | * | 0 |
| Other Public Health Threats | 165 | * | 0 |
| Maternal and Child Health | 265 | * | 0 |
| Family Planning and Reproductive Health | 99 | * | 0 |
| Education | 0 | * | 700 |
| Higher Education | 0 | * | 700 |
| Economic Growth | 903 | * | 1,400 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Trade and Investment | 0 | * | 175 |
| Trade and Investment Enabling Environment | 0 | * | 157 |
| Program Support (Trade) | 0 | * | 18 |
| Financial Sector | 82 | * | 0 |
| Financial Sector Enabling Environment | 74 | * | 0 |
| Program Support (Financial Sector) | 8 | * | 0 |
| Infrastructure | 348 | * | 1,225 |
| Modern Energy Services | 313 | * | 1,101 |
| Program Support (Infrastructure) | 35 | * | 124 |
| Agriculture | 473 | * | 0 |
| Agricultural Sector Productivity | 425 | * | 0 |
| Program Support (Agriculture) | 48 | * | 0 |

SOUTH AND CENTRAL ASIA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The activities funded under the South and Central Asia Regional program will address two main concerns. First, the lack of integrated approaches combined with porous borders in South and Central Asia have allowed terrorist safe havens and narcotics trafficking to flourish, especially along Afghanistan's shared borders with countries of South and Central Asia. This situation also hampers efforts to combat trafficking in persons and the spread of illegal arms and weapons of mass destruction. Second, extremism and regional instability will remain threats as long as education remains at current low levels in much of South and Central Asia.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 153 | * | 400 |
| Governing Justly & Democratically | 2,945 | * | 0 |
| Investing in People | 520 | * | 720 |
| Total | 3,618 | * | 1,120 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|--------------|---------------|--------------|
| Economic Support Fund | 3,465 | * | 720 |
| Nonproliferation, Antiterrorism & Demining | 153 | * | 400 |
| Total | 3,618 | * | 1,120 |

Peace and Security (\$0.4 million): Non-proliferation, Anti-Terrorism, Demining and Related Programs - Export and Border Security will fund a combined regional workshop on law enforcement and border management, the first of its kind, and will equip participating border security guards and customs officers from South and Central Asia with the basic skill sets needed to detect and prevent trafficking in illicit materials. Enhancing security at the borders in this way will facilitate a move away from illicit trafficking of weapons and narcotics and other items to licit, productive trade and investment. The workshop will be followed up with training, exchanges, and enforcement equipment provided by a number of U.S. assistance programs.

Investing in People (\$0.72 million): Education, particularly the education of women and girls, is the foundation for improving development in all areas: reducing infant/maternal mortality, improving health care, basic hygiene, literacy, civic participation, economic growth, and many other areas. Assistance will improve education programs throughout the region with Economic Support Funds. Multi-country programs focusing on basic education will include: promoting child-centered teaching methods and finding innovative ways to work in the tribal regions of Pakistan; focusing on teacher training in Afghanistan; and introducing Western education concepts into education in Central Asia, including in math and science.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 3,618 | * | 1,120 |
| Peace & Security | 153 | * | 400 |
| Counter-Terrorism | 153 | * | 0 |
| Governments' Capabilities | 153 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 400 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 400 |
| Governing Justly & Democratically | 2,945 | * | 0 |
| Rule of Law and Human Rights | 2,725 | * | 0 |
| Constitutions, Laws, and Legal Systems | 250 | * | 0 |
| Human Rights | 2,475 | * | 0 |
| Civil Society | 220 | * | 0 |
| Media Freedom and Freedom of Information | 220 | * | 0 |
| Investing in People | 520 | * | 720 |
| Education | 520 | * | 720 |
| Basic Education | 320 | * | 720 |
| Higher Education | 200 | * | 0 |

SOUTH ASIA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The economies of South Asia are booming, resulting in strong emerging global partners who are increasingly concerned about energy security to sustain current growth rates. The regional average economic growth rate of 6 percent per year is constrained by 2-3 percent annually due to the lack of energy, and in some sectors by as much as 13 percent. Only 41 percent of the population in South Asia has access to modern energy - the lowest in the world. Unless South Asian energy constraints are remedied, the current economic boom threatens to become unbalanced, slowing growth and exacerbating already high rates of poverty and inequity. The resulting political backlash could slow progress toward cooperation and greater regional stability. South Asia is in fact rich in many forms of energy and bordered by complementary liquid and gaseous energy resources in the Middle East and Central Asia. The untapped potential of market power within and external to the region, as opposed to the lack of energy resources, drives South Asian energy shortages.

To realize energy security and maintain current growth trends, the USAID South Asia Regional Initiative/Energy (SARI/Energy) program assists eight South Asian countries - Afghanistan, Bhutan, India, Nepal, Bangladesh, Pakistan, Sri Lanka, and the Maldives - in maximizing the full potential of national, regional, and global energy markets. The objective of the SARI/Energy program is to increase South Asian energy security through energy market mechanisms, cross-border trade, and clean energy development. SARI/Energy accomplishments such as the Indo-Sri Lanka electricity submarine cable and the soon-to-be established Indian power exchange, have already demonstrated the benefits of regional energy trade and market mechanisms in harnessing private sector investment.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Economic Growth | 4,941 | * | 2,700 |
| Total | 4,941 | * | 2,700 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------|--------------|---------------|--------------|
| Development Assistance | 4,941 | * | 2,700 |
| Total | 4,941 | * | 2,700 |

Economic Growth (\$2.7 million): Affordable, sufficient, and sustainable sources of energy are essential to the continued economic growth of South Asia. U.S. assistance will increase energy security by supporting energy market design and implementation of power exchanges that will facilitate cross-border energy trade and investment in clean energy resources

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|----------------------------------|----------------|------------------|-----------------|
| TOTAL | 4,941 | * | 2,700 |
| Economic Growth | 4,941 | * | 2,700 |
| Infrastructure | 4,941 | * | 2,700 |
| Modern Energy Services | 4,468 | * | 2,251 |
| Program Support (Infrastructure) | 473 | * | 449 |

WESTERN HEMISPHERE

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Western Hemisphere Regional Overview

Obstacles and Opportunities for Advancing Transformational Diplomacy

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|------------------|---------------|------------------|
| Andean Counterdrug Initiative | 683,325 | * | 442,812 |
| Child Survival and Health | 140,861 | * | 107,821 |
| Development Assistance | 262,360 | * | 197,052 |
| Economic Support Fund | 120,456 | * | 363,744 |
| Foreign Military Financing | 109,950 | * | 82,800 |
| Global HIV/AIDS Initiative | 65,300 | * | 104,300 |
| International Military Education & Training | 12,876 | * | 11,967 |
| International Narcotics Control and Law Enforcement | 63,535 | * | 50,530 |
| Nonproliferation, Antiterrorism & Demining | 13,710 | * | 11,267 |
| Public Law 480 (Food Aid) | 109,613 | * | 77,500 |
| Transition Initiatives | 13,623 | * | 0 |
| Total | 1,595,609 | * | 1,449,793 |

Resources to Help Advance Transformational Diplomacy

Request by Objective and Area for the Western Hemisphere

| | FY 2006 Actual | FY 2008 Request |
|--|-------------------|--------------------|
| TOTAL | 1,595,609 | 1,449,793 |
| 1 Peace & Security | 833,632 | 763,499 |
| 1.1 Counter-Terrorism | 26,353 | 16,189 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 1,920 | 1,000 |
| 1.3 Stabilization Operations and Security Sector Reform | 188,100 | 151,604 |
| 1.4 Counter-Narcotics | 593,751 | 562,727 |
| 1.5 Transnational Crime | 3,339 | 5,979 |
| 1.6 Conflict Mitigation and Reconciliation | 20,169 | 26,000 |
| 2 Governing Justly & Democratically | 166,398 | 174,631 |
| 2.1 Rule of Law and Human Rights | 70,933 | 66,046 |
| 2.2 Good Governance | 47,488 | 43,259 |
| 2.3 Political Competition and Consensus-Building | 20,811 | 13,613 |
| 2.4 Civil Society | 27,166 | 51,713 |
| 3 Investing in People | 362,996 | 325,884 |
| 3.1 Health | 244,766 | 244,029 |
| 3.2 Education | 73,444 | 39,355 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 44,786 | 42,500 |
| 4 Economic Growth | 207,341 | 181,789 |
| 4.1 Macroeconomic Foundation for Growth | 8,350 | - |
| 4.2 Trade and Investment | 50,932 | 74,873 |
| 4.3 Financial Sector | 3,877 | 1,924 |

| | | |
|--|---------------|--------------|
| 4.4 Infrastructure | 6,218 | 3,430 |
| 4.5 Agriculture | 52,178 | 50,839 |
| 4.6 Private Sector Competitiveness | 17,840 | 20,838 |
| 4.7 Economic Opportunity | 8,806 | 7,355 |
| 4.8 Environment | 59,140 | 22,530 |
| 5 Humanitarian Assistance | 25,242 | 3,990 |
| 5.1 Protection, Assistance and Solutions | 24,462 | 2,000 |
| 5.2 Disaster Readiness | 480 | 1,990 |
| 5.3 Migration Management | 300 | - |

In 2006, 17 nations in the Western Hemisphere held presidential, parliamentary, or legislative elections. These elections highlighted what President Bush has called a "revolution of expectations" among voters, who expect responsive, accountable governments capable of responding to their needs. U.S. policy in the region is designed to help governments respond to their citizens by strengthening democracy, engendering widespread economic growth, building human capacity, and promoting security.

Development goals for the region are reflected in a common hemispheric agenda shaped by the Summits of the Americas and in the principle of representative democracy enshrined in the Inter-American Democratic Charter adopted in September 2001. It states that (1) the peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it, and (2) democracy is essential for the social, political, and economic development of the peoples of the Americas. Both bilaterally and in collaboration with such entities as the Organization of American States (OAS) and other institutions of the Inter-American system, the U.S is working to reduce poverty, inequality, political marginalization, and exclusion.

Foreign assistance for Latin America has nearly doubled since the start of the Administration, rising from \$862 million in FY 2001 to \$1.6 billion in FY 2008, including FY 2008 projected MCC disbursements. Colombia, Bolivia, Ecuador, Peru, and Haiti account for 70% of the region's FY 2008 budget request and remain priorities for the Administration's transformational diplomacy efforts. In contrast, the same five countries made up only 64% the FY 2006 budget. The FY 2008 budget request includes funding for Cuba to meet the Commission for Assistance to a Free Cuba II recommendations and continues our substantial support for implementation of the Central American and Dominican Republic Free Trade Agreement. In addition to State and USAID funds, on-going MCC funding includes compacts with Nicaragua (\$175 million), Honduras (\$215 million), El Salvador (\$461 million), and a Threshold Country Program for Paraguay (\$35 million). Guyana (\$12 million) and Peru are also eligible for Threshold Programs and hope to seek approval for funding in the near future.

Peace & Security (\$763.5 million): With all but one of the hemisphere's governments elected democratically, the principal security threat is no longer state to state warfare, but terrorism, organized crime, and trafficking in people and illicit goods, including illegal narcotics, which transcend national boundaries. The United States, working through the Summit of the Americas and the OAS, will continue to help reshape the Western Hemisphere's security agenda and institutions. Through law enforcement and intelligence cooperation, the ability to respond to new threats will be strengthened. The U.S. will continue building a new understanding of the linkage between security, economic prosperity, and the well-being of democratic institutions. Efforts will continue to reduce trafficking in persons and illicit goods, and provide alternatives to rural livelihoods built on the production of illegal narcotics.

Governing Justly & Democratically (\$174.6 million): Assistance programs will support efforts to create competitive and inclusive political systems so that all citizens have access to political power. With greater competition, less corruption, greater accountability of elected officials, and better stewardship of state resources, citizens of the region will enjoy an improved quality of life. To achieve this, programs will strengthen judicial independence and capacity, internal controls, and effective prosecution of corruption and other complex crimes. Assistance programs will also strengthen institutions of representative democracy, such as political parties, legislatures, executive agencies, media, and civil society.

Economic Growth (\$181.8 million): Access to economic opportunity, and the social mobility that it creates, are fundamental components of social justice and promoting prosperity. The U.S. will work with governments to fight poverty in the region by reducing the obstacles to entering the formal economy, implementing free trade agreements in Central America, the Dominican Republic, and the Andes, and improving weak investment climates. Assistance programs will enhance the ability of countries to improve income equality by increasing access of the poor to productive assets, improve the capacity of small and medium-sized enterprises, especially in the rural sector, to participate in and benefit from trade-led growth in a competitive, global environment. The U.S. will continue to press for market reform, transparency, and regulatory and legal environments conducive to opening and expanding the domestic private sector as well as attracting investment - domestic and foreign - that will expand employment opportunities. Programs will improve access to energy and explore possibilities of alternative fuels both as a way to create renewable energy as well as a source of employment. The U.S. will work to strengthen institutional capacities to reinforce labor rights, reduce corruption, and improve the overall environment for investment.

Investing in People & Humanitarian Assistance (\$225.6 million): Poverty, inequality, and social and political exclusion have denied many in the Americas access to opportunity. The United States will continue to invest in improved access to and quality of basic and advanced education, training, and health care, reduction of disease and disability, improved access to safe drinking water and sanitation services, better protection and management of natural and environmental resources, and security for their families and their property. The United States will provide life-saving humanitarian relief to refugees, displaced persons, and other vulnerable populations facing violent conflict, crisis, natural disasters, famine, persistent and dire poverty, and HIV/AIDS. The USG will also prepare for possible pandemics such as avian influenza. Programs will focus on preparation for potential natural disasters and environmental protection, and will help U.S. hemispheric neighbors develop the capacity to overcome these challenges and reduce vulnerabilities. These efforts will continue to help unlock the vast potential of the peoples of the Americas and will contribute to the sustainability of democracy and economic growth.

Please note that FY 2006 appropriations include P.L 480 Title II Emergency Food Aid programs allocated to countries on an as-needed basis over the course of FY 2006. The FY 2008 P.L. 480 Title II Emergency Food Aid request has not been allocated to specific countries, as emergency food aid needs will be determined on an as-needed basis over the course of FY 2008. The result of these differences in the allocation of emergency food aid between FY 2006 and FY 2008 is significant in Africa and marginally so for SCA. It is not significant for this region where emergency food aid was a very small percentage of total assistance to the region in FY 2006.

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ARGENTINA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Argentina plays a key role in hemispheric affairs. The top U.S. priorities in Argentina are to promote economic recovery and democratic institutions, and to enhance our partnership in promoting global security. U.S. foreign assistance is focused on Peace and Security as Argentina is a Sustaining Partner country. Despite Argentina's surprisingly robust economic recovery from the devastating 2001-2002 financial crisis, it is still coming to terms with the political, economic, and social consequences of this crisis. The Government of Argentina (GOA) has supported U.S. security goals during its 2005-2006 tenure on the United Nations (UN) Security Council, as well as through participation in international peacekeeping operations and in advocating weapons of mass destruction (WMD) non-proliferation. Argentina also cooperates with the United States in counterterrorism and counter-narcotics activities.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 1,632 | * | 2,022 |
| Total | 1,632 | * | 2,022 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| International Military Education & Training | 1,082 | * | 947 |
| International Narcotics Control and Law Enforcement | 0 | * | 305 |
| Nonproliferation, Antiterrorism & Demining | 550 | * | 770 |
| Total | 1,632 | * | 2,022 |

Peace and Security (\$2.0 million): International Military Education and Training (IMET) courses strengthen the concept of a professional, appropriately sized military, dedicated to the rule of law, and subordinated to civilian control. They also enhance Argentine interoperability with U.S. and NATO forces.

Having contributed to eight different UN peacekeeping missions, Argentina ranks third among Latin American nations in number of peacekeeping participants. Budget constraints have reduced this participation, but Argentina's commitment to contributing to international stability remains firm. Funding for peacekeeping training further encourages Argentina's participation in international peacekeeping operations, allowing U.S. military resources to be focused elsewhere. The GOA maximizes the hemispheric impact of its peacekeeping expertise by training peacekeeping units of other Latin American militaries at its peacekeeping training academy, and by sending instructors to assist Central American militaries in developing peacekeeping capabilities.

Argentina has sophisticated nuclear and chemical sectors, and is a leader in practicing and advocating non-proliferation and interdiction of WMD. It is the only South American country that has endorsed the Proliferation Security Initiative (PSI). Argentina is also the only country in the region to participate in the 20-state PSI Operational Experts Group. Funds will be used to

train and equip Argentine Customs to strengthen inspection-level enforcement and investigations, as well as conduct industry outreach on the licensing process for dual-use exports. This will assist the GOA in tightening its control over dual-use technology transfers. U.S. Coast Guard training of Argentina's Prefectura (Coast Guard) will further enhance its maritime enforcement capabilities, and improve security at major container cargo ports. This training will build on our existing investment in transforming the port of Buenos Aires into an operational Container Security Initiative port, which targets and pre-screens high-risk maritime cargo containers destined for the United States.

The trafficking of illicit narcotics through Argentina via commercial air carriers to the U.S. East Coast, especially New York, remains a concern. The GOA believes small, private aircraft are increasingly being used to smuggle narcotics into Argentina from Paraguay and Bolivia. Although most of these drugs remain in Argentina or are trans-shipped to Europe, some make their way to the United States. INCLE funding is used to provide training and operational support for narcotics trafficking interdiction.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,632 | * | 2,022 |
| Peace & Security | 1,632 | * | 2,022 |
| Counter-Terrorism | 0 | * | 470 |
| Governments' Capabilities | 0 | * | 470 |
| Combating Weapons of Mass Destruction (WMD) | 550 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 550 | * | 300 |
| Stabilization Operations and Security Sector Reform | 1,082 | * | 947 |
| Operations Support | 271 | * | 215 |
| Defense, Military, and Border Restructuring, Reform and Operations | 811 | * | 732 |
| Counter-Narcotics | 0 | * | 105 |
| Interdiction | 0 | * | 105 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |

Statement of Changes

Funding for Argentina has remained consistent with FY 2006 levels. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in INL's regional program. IMET funding has decreased by approximately \$135,000 and is consistent with program needs to assist the Argentine military.

BAHAMAS
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Bahamas, an archipelago the size of California strategically situated only 50 miles from U.S. shores, offers the U.S. vital opportunities to disrupt the movement of illicit drugs and illegal migrants, combat international financial crime, and protect U.S. shores from terrorism. U.S. Foreign Assistance is focused on Peace and Security as the Bahamas is a Sustaining Partner country. By encouraging The Bahamas to speak out within the region and globally for the values we share, we can help promote democracy, stability, free trade and economic prosperity in the Caribbean region and address human rights challenges worldwide.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 1,747 | * | 1,200 |
| Total | 1,747 | * | 1,200 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 99 | * | 0 |
| International Military Education & Training | 399 | * | 200 |
| International Narcotics Control and Law Enforcement | 495 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 754 | * | 500 |
| Total | 1,747 | * | 1,200 |

Peace and Security (\$1.2 million): The United States can best assist The Bahamas in establishing Peace and Security programs by focusing on stabilization operations, and security sector reform, counter-narcotics and counter-terrorism. With regards to stabilization operations and security sector reform, U.S. support will continue to develop a more professional and efficient security force and improve maritime and border security capabilities by providing basic military and maritime training to the Royal Bahamas Defense Force (RBDF).

In the area of counter-narcotics, U.S. investment will continue to focus on interdiction efforts. The Bahamas remains a major entry point for illegal drugs, illegal migrants and contraband from Haiti, Cuba and other countries. Operation Bahamas, Turks and Caicos (OPBAT), a multi-national, multi-agency drug interdiction effort, that brings together personnel from the Drug Enforcement Administration, the Department of Homeland Security (including the U.S. Coast Guard and U.S. Customs), the Defense Department, the Department of State, the Royal Bahamas Police Force, and the Royal Turks and Caicos Islands Police, will continue to spearhead U.S. efforts to protect the South East border of the U.S. from international drug trafficking into and through The Bahamas.

Since the Bahamas serves as a major point of entry of people and goods to the United States, U.S. assistance will continue to focus on counter-terrorism training, developing local anti-terror capacity, and providing equipment to make The Bahamas and the United States more secure against terrorism. Vessels and aircraft moving through the Bahamas archipelago often carry

drugs or smuggle people that could be used by terrorists. U.S. assistance to the Royal Bahamian Defense Forces and Police Forces help them increase their capacity to patrol the waters more effectively and enhance intelligence collection. For example, in 2006 the U.S. provided training to Bahamian police divers so they could inspect below the water line on ship hulls and port areas. Freeport, Bahamas is now part of both the U.S. Department of Energy's Megaports Program and the Department of Homeland Security's Container Security Initiative. Continued U.S. funding of these initiatives will allow for training and capacity development to protect our border and protect the 4 million Americans who travel to The Bahamas every year.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,747 | * | 1,200 |
| Peace & Security | 1,747 | * | 1,200 |
| Counter-Terrorism | 754 | * | 500 |
| Governments' Capabilities | 754 | * | 500 |
| Stabilization Operations and Security Sector Reform | 498 | * | 200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 498 | * | 200 |
| Counter-Narcotics | 495 | * | 500 |
| Interdiction | 495 | * | 500 |

Statement of Changes

Funding for the Bahamas has decreased from FY 2006 levels in several accounts, including NADR and IMET. The remaining funding levels are consistent with program needs to achieve U.S. policy goals. FMF funding was eliminated due to a refocusing of support on training and capacity development of local police and security personnel. The reduction of Foreign Military Financing (FMF) to the Bahamas reflects competing priorities worldwide.

BELIZE
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

With numerous islands and significant territorial waters in the Caribbean, Belize is a focal point for drug runners and human traffickers. It is currently incapable of adequately patrolling such a vast area with its nascent Coast Guard. U.S. assistance supports this Sustaining Partner country by strengthening Belizean interdiction and border security capabilities.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 492 | * | 370 |
| Total | 492 | * | 370 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Development Assistance | 0 | * | 200 |
| Foreign Military Financing | 198 | * | 0 |
| International Military Education & Training | 294 | * | 170 |
| Total | 492 | * | 370 |
| Peace Corps | 1842 | * | 2115 |

Peace and Security (\$0.4 million): The U.S. will provide military training and assistance for the Belize Defense Force and the recently-established Belize National Coast Guard. This training will help improve the professionalism of the two units, and improve Coast Guard operation and interdiction capabilities. This will result in enhanced protection of territorial sovereignty, improved maritime safety and search-and-rescue missions, increased protection of the rich marine environment, and a strengthened deterrent to illicit traffickers.

In the area of transnational crime, U.S. supports efforts to combat the trafficking in persons. Belize is currently a Tier 3 country on the Department's Annual Trafficking in Persons Report (2006). U.S. assistance will increase law enforcement efforts under the anti-trafficking law, make appreciable progress in protecting victims, and devote resources to preventing trafficking.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 492 | * | 370 |
| Peace & Security | 492 | * | 370 |
| Stabilization Operations and Security Sector Reform | 492 | * | 170 |
| Defense, Military, and Border Restructuring, Reform and Operations | 492 | * | 170 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |

Statement of Changes

From FY 2006 to FY 2008 the Belize program shifted from a focus on stabilization operations and security sector reform to trafficking-in-persons and migrant smuggling in order to tackle Belize's priority security issues. The shift was financed by a decrease in International Military Education and Training funds and an increase in Development Assistance funds. The reduction of Foreign Military Financing (FMF) to Belize reflects competing priorities worldwide.

BOLIVIA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

U.S. priorities in Bolivia are to strengthen fragile democratic institutions and processes; reverse the growth of illegal coca cultivation and cocaine production and disrupt trafficking routes; and reduce social and economic exclusion. The underpinnings of U.S. efforts are (1) the goal of closer ties between the United States, the Bolivian people, and the international community and (2) the tangible benefits that come with greater economic and political integration.

The United States' primary challenge in Bolivia is to support democracy actively in a country with a history of political unrest and an environment characterized by intense debate over Bolivia's political and economic future. Against this backdrop, Bolivia remains the poorest nation in South America and the third largest producer of illicit coca and cocaine, with serious social and economic problems and regional fragmentation. To help meet these challenges, partnerships will be developed with regional and local governments and non-governmental organizations (NGO), the private sector, and other non-executive branch entities to prevent further erosion of democracy, combat cocaine production and trafficking, improve healthcare, and increase educational opportunities.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 76,230 | * | 48,213 |
| Governing Justly & Democratically | 15,759 | * | 24,300 |
| Investing in People | 26,226 | * | 21,500 |
| Economic Growth | 15,575 | * | 15,700 |
| Humanitarian Assistance | 0 | * | 2,000 |
| Total | 133,790 | * | 111,713 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Andean Counterdrug Initiative | 79,200 | * | 30,000 |
| Child Survival and Health | 17,233 | * | 11,500 |
| Development Assistance | 10,091 | * | 39,000 |
| Economic Support Fund | 5,940 | * | 17,000 |
| International Military Education & Training | 0 | * | 188 |
| International Narcotics Control and Law Enforcement | 0 | * | 600 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 425 |
| Public Law 480 (Food Aid) | 15,953 | * | 13,000 |
| Transition Initiatives | 5,373 | * | 0 |
| Total | 133,790 | * | 111,713 |
| Peace Corps | 2888 | * | 2858 |

Peace and Security (\$48.2 million): U.S. assistance will continue to integrate and bolster efforts in counternarcotics--eradication, interdiction, and alternative development. While all three are

critical to combating cocaine production and trafficking, the Government of Bolivia's (GOB's) coca cultivation policy of relying on voluntary eradication compliance undercuts eradication efforts. Therefore, funding is primarily directed towards interdiction and alternative development. U.S. assistance will build local support for coca control and eradication, as well as improve the licit non-coca economy in coca growing areas. Public diplomacy efforts will highlight the damage to Bolivian society and Bolivia's neighbors caused by increased coca cultivation and cocaine, stress the benefits of alternative development and interdiction, and continue to fortify law enforcement cooperation and strengthen law enforcement capability.

Governing Justly and Democratically (\$24.3 million): U.S. assistance will encourage Bolivians to respect institutions and processes, support efforts to pursue pluralistic and representative democracy, and promote a more transparent form of representative government based on systemic checks and balances. Funding will be used to strengthen the Congress as well as state and local governments, encourage moderate national leaders, support legislation that complies with international standards to combat corruption and money laundering, and expand public diplomacy to emphasize the positive correlation between democracy and development. Activities will include training for judges, prosecutors, public defenders, and the police. U.S. assistance will also be provided to support an active, credible civil society as an important element of Bolivian democracy and to strengthen political parties.

Investing in People (\$21.5 million): Focusing on education and health, U.S. assistance will encourage greater civil society participation in the delivery of social services and help develop the capacity of state governments to respond to citizens' needs. By supporting exchange programs, training, and educational scholarships, as well as partnering with NGOs, local governments, and small- and medium-sized health providers, the U.S. will seek to build a new generation of moderate national leaders and promote the political development of indigenous communities. Such investments in education and health will support the promotion of just and democratic governance. U.S. assistance will emphasize prevention and control of infectious diseases; maternal and child health; and family planning and reproductive health.

Economic Growth (\$15.7 million): U.S. assistance aims to improve agricultural production, value-added manufacturing, and exports to Latin America, the United States, and Europe. Trade knowledge and skills will be strengthened by providing trade information to small businesses to help them link import-export markets and comply with international standards. Funds will be used to open new markets for agricultural products and encourage Bolivia to negotiate a Millennium Challenge Account (MCA) compact. Policy dialogue with the GOB will focus on proposals to reduce financial market distortions. U.S. assistance will strive to protect Bolivia's vast biodiversity and promote economic growth by engaging local indigenous communities, helping Bolivia establish regulatory oversight and technical norms to manage its forests, and focusing on exports and job creation (such as eco-tourism) associated with a regulated forestry sector. The food security program will support democratic participation and benefit Bolivia's poorest through food-for-work, on-farm and community infrastructure, and related activities.

Humanitarian Assistance (\$2.0 million): U.S. humanitarian assistance will support activities to decrease chronic malnutrition, increase the income of rural households through agribusiness development, and add value to the agricultural products sold by targeted beneficiaries.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 133,790 | * | 111,713 |
| Peace & Security | 76,230 | * | 48,213 |
| Counter-Terrorism | 0 | * | 425 |
| Governments' Capabilities | 0 | * | 425 |
| Stabilization Operations and Security Sector Reform | 1,364 | * | 188 |
| Defense, Military, and Border Restructuring, Reform and Operations | 34 | * | 188 |
| Law Enforcement Restructuring, Reform and Operations | 1,330 | * | 0 |
| Counter-Narcotics | 74,836 | * | 47,000 |
| Eradication | 16,890 | * | 7,528 |
| Alternative Development and Alternative Livelihoods | 31,652 | * | 17,000 |
| Interdiction | 19,689 | * | 18,138 |
| Drug Demand Reduction | 847 | * | 534 |
| Program Support (Narcotics) | 5,758 | * | 3,800 |
| Transnational Crime | 30 | * | 600 |
| Financial Crimes and Money Laundering | 30 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 600 |
| Governing Justly & Democratically | 15,759 | * | 24,300 |
| Rule of Law and Human Rights | 3,658 | * | 9,156 |
| Constitutions, Laws, and Legal Systems | 1,473 | * | 0 |
| Justice System | 2,049 | * | 8,656 |
| Program Support (Rule of Law) | 136 | * | 500 |
| Good Governance | 9,195 | * | 7,953 |
| Legislative Function and Processes | 1,042 | * | 2,453 |
| Local Government and Decentralization | 8,013 | * | 5,000 |
| Program Support (Governance) | 140 | * | 500 |
| Political Competition and Consensus-Building | 99 | * | 763 |
| Political Parties | 0 | * | 600 |
| Program Support (Political Competition) | 99 | * | 163 |
| Civil Society | 2,807 | * | 6,428 |
| Civic Participation | 2,485 | * | 5,928 |
| Media Freedom and Freedom of Information | 172 | * | 0 |
| Program Support (Civil Society) | 150 | * | 500 |
| Investing in People | 26,226 | * | 21,500 |
| Health | 22,992 | * | 15,500 |
| HIV/AIDS | 990 | * | 0 |
| Tuberculosis | 990 | * | 500 |
| Avian Influenza | 100 | * | 0 |
| Other Public Health Threats | 1,485 | * | 1,000 |
| Maternal and Child Health | 10,169 | * | 7,000 |
| Family Planning and Reproductive Health | 7,690 | * | 7,000 |
| Water Supply and Sanitation | 1,568 | * | 0 |
| Education | 882 | * | 6,000 |
| Basic Education | 882 | * | 2,000 |
| Higher Education | 0 | * | 4,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,352 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Social Assistance | 2,352 | * | 0 |
| Economic Growth | 15,575 | * | 15,700 |
| Trade and Investment | 2,592 | * | 3,005 |
| Trade and Investment Enabling Environment | 0 | * | 2,858 |
| Trade and Investment Capacity | 2,522 | * | 0 |
| Program Support (Trade) | 70 | * | 147 |
| Financial Sector | 844 | * | 1,124 |
| Financial Sector Enabling Environment | 0 | * | 958 |
| Financial Services | 764 | * | 0 |
| Program Support (Financial Sector) | 80 | * | 166 |
| Agriculture | 6,006 | * | 7,871 |
| Agricultural Sector Productivity | 5,961 | * | 7,777 |
| Program Support (Agriculture) | 45 | * | 94 |
| Environment | 6,133 | * | 3,700 |
| Natural Resources and Biodiversity | 6,121 | * | 3,405 |
| Program Support (Environment) | 12 | * | 295 |
| Humanitarian Assistance | 0 | * | 2,000 |
| Protection, Assistance and Solutions | 0 | * | 2,000 |
| Crisis Assistance and Recovery | 0 | * | 2,000 |

Linkages with the Millennium Challenge Corporation (MCC)

The Millennium Challenge Corporation is working with the GOB to sign an MCA compact. The Government's \$609 million project proposal focuses on transportation, infrastructure, and financial services.

Statement of Changes

Funding for Bolivia has decreased from FY 2006 levels by \$22 million across several accounts. Alternative development programs previously financed with ACI funds were shifted to the ESF account. CSH cuts were generally offset by increases in DA so that critical interventions in health and education are sustained. IMET funding increased from zero funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions. The reduction of Foreign Military Financing (FMF) to Bolivia reflects competing priorities worldwide.

BRAZIL
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Brazil is an emerging regional leader and is seeking to expand its presence on the world stage. Brazil is the world's fifth most populous country and eleventh largest economy with a resource-rich territory occupying about half of South America. A somewhat ineffective judicial system, an absence of the rule of law, and endemic infectious diseases in many poor corners of the country contribute to poverty and inequality, which in turn have fueled high levels of criminal violence. Brazil is a major transit country for illegal narcotics flows and faces a growing domestic drug abuse problem. The tri-border area shared with Argentina and Paraguay hosts significant illicit activities that could potentially provide funding for terrorist activities around the world. Brazil is an important player on many international environmental and health issues. Presidents Bush and Lula agreed in 2005 to a strategic partnership to expand bilateral cooperation.

U.S. priorities in Brazil to advance the Transformational Diplomacy Goal center on activities to gain Brazil's support on international issues; promote stability and security; strengthen law enforcement cooperation and capacity; and reduce infectious disease.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|--------------|
| Peace & Security | 7,055 | * | 1,718 |
| Investing in People | 3,605 | * | 2,000 |
| Economic Growth | 2,899 | * | 0 |
| Total | 13,559 | * | 3,718 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Andean Counterdrug Initiative | 5,940 | * | 1,000 |
| Child Survival and Health | 3,605 | * | 2,000 |
| Development Assistance | 2,899 | * | 0 |
| International Military Education & Training | 0 | * | 188 |
| Nonproliferation, Antiterrorism & Demining | 1,115 | * | 530 |
| Total | 13,559 | * | 3,718 |

Peace and Security (\$1.7 million): Brazil is a major transit country for narcotics, money laundering, and trafficking in persons. Brazil borders three major cocaine-source countries and has relatively well-developed communications, infrastructure, and banking services that make it a growing transit route for illicit narcotics to North America and Europe. NADR funds will permit the introduction to Brazil of enhanced capabilities to track, deter, and prevent the movement of terrorists through Brazilian ports of entry, including its airports. The United States is also concerned about terrorism financing in the Tri-Border Area of Argentina, Brazil, and Paraguay. Engaging the Brazilian government is key to strengthening Brazil's capabilities to combat these issues. In the area of counter-narcotics, programs will strengthen interdiction and support training and equipping of law enforcement to combat narco-trafficking, and continue demand

reduction and youth outreach activities. Brazil is a key partner in promoting regional stability and a leader in peacekeeping operations (PKO) in the hemisphere, contributing 1,200 troops to the United Nations mission in Haiti (MINUSTAH) as well as commanding the force. Greater Brazilian engagement in the region allows U.S. military resources to be focused elsewhere. International Military Education and Training (IMET) assistance to the Brazilian military will foster increased cooperation, exchange and interoperability with U.S. military forces; strengthen Brazilian capabilities to contribute to international peacekeeping missions, the global war on terrorism, and counter-narcotics efforts; and help contribute to efforts to build a professional Brazilian military dedicated to the rule of law and respect for human rights.

Investing in People (\$2.0 million): Better management of infectious diseases will directly foster sustainable development in Brazil, which in turn, will strengthen Brazil's capacity to contribute as a global partner of the United States. The U.S. will support efforts to combat tuberculosis (TB) by continuing to promote the World Health Organization-recommended TB control strategy by working with municipal and state governments in target areas. The program will also enhance the capacity of TB health workers and enhance the management and quality control system to ensure a continuous supply of high quality anti-TB drugs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 13,559 | * | 3,718 |
| Peace & Security | 7,055 | * | 1,718 |
| Counter-Terrorism | 1,115 | * | 530 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 0 | * | 530 |
| Governments' Capabilities | 1,115 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 188 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 188 |
| Counter-Narcotics | 5,940 | * | 1,000 |
| Interdiction | 5,062 | * | 300 |
| Drug Demand Reduction | 500 | * | 0 |
| Program Support (Narcotics) | 378 | * | 700 |
| Investing in People | 3,605 | * | 2,000 |
| Health | 2,714 | * | 2,000 |
| HIV/AIDS | 22 | * | 0 |
| Tuberculosis | 2,692 | * | 2,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 891 | * | 0 |
| Social Services | 891 | * | 0 |
| Economic Growth | 2,899 | * | 0 |
| Trade and Investment | 540 | * | 0 |
| Trade and Investment Enabling Environment | 500 | * | 0 |
| Program Support (Trade) | 40 | * | 0 |
| Infrastructure | 990 | * | 0 |
| Modern Energy Services | 811 | * | 0 |
| Program Support (Infrastructure) | 179 | * | 0 |
| Private Sector Competitiveness | 450 | * | 0 |
| Business Enabling Environment | 408 | * | 0 |
| Program Support (Private Sector) | 42 | * | 0 |
| Environment | 919 | * | 0 |
| Natural Resources and Biodiversity | 919 | * | 0 |

Statement of Changes

Funding for Brazil has decreased by nearly \$10 million from FY 2006 levels. U.S. assistance is focused in this Transforming country on the critical interventions of counter-narcotics assistance, managing infectious diseases, and assistance to the Brazilian military. IMET funding increased from no funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

CHILE
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

Chile is a solidly democratic and comparatively prosperous country, but key challenges remain to advancing transformational diplomacy goals. Chile is a transit country for narcotics trafficking and other international crimes, such as money laundering and trafficking in persons. Chilean law enforcement authorities are monitoring links to possible terrorist entities active in the tri-border region. Intellectual property rights piracy is also a growing problem. Chile suffers from a generally poor educational system and significant environmental problems. Energy shortages coupled with dependence on external sources of energy, flat levels of foreign investment, poverty, poor intellectual property rights protections, a dependence on primary exports and inadequate innovation threaten Chile's ability to complete the transition to a developed economy.

Opportunities for advancing the transformational diplomacy goal include promoting regional prosperity and security through enhanced bilateral and multilateral economic and commercial ties, military cooperation, and cooperation on regional and global issues. The successful implementation of these types of programs will further strengthen Chile's democracy and economy and allow Chile become a strong regional and hemispheric partner.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 1,708 | * | 1,350 |
| Total | 1,708 | * | 1,350 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 592 | * | 0 |
| International Military Education & Training | 646 | * | 600 |
| International Narcotics Control and Law Enforcement | 0 | * | 100 |
| Nonproliferation, Antiterrorism & Demining | 470 | * | 650 |
| Total | 1,708 | * | 1,350 |

Peace and Security (\$1.4 million): The United States can best assist Chile in establishing peace and security by focusing on stabilization operations and security sector reform, counter-narcotics, and combating weapons of mass destruction.

With regard to stabilization operations and security sector reform, U.S. investments support defense and military restructuring, reform, and operations. Engagement with Chile's security forces will strengthen modernization efforts, increase interoperability with U.S. forces, and further civilian control over the military. Chile remains an important partner in regional peacekeeping operations, allowing U.S. military resources to be focused elsewhere. U.S. programs directly strengthen Chile's capacity to sustain its contributions to ongoing peacekeeping operations and prepare for contributions to future operations.

U.S. investments train and equip Chilean law enforcement agencies to strengthen their ability to combat narco-trafficking, stem international crime and combat international terrorism. Investments that bolster Chilean port security and customs operations will strengthen Chile's capacity to combat proliferation of weapons of mass destruction.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 1,708 | * | 1,350 |
| Peace & Security | 1,708 | * | 1,350 |
| Counter-Terrorism | 0 | * | 350 |
| Governments' Capabilities | 0 | * | 350 |
| Combating Weapons of Mass Destruction (WMD) | 470 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 470 | * | 300 |
| Stabilization Operations and Security Sector Reform | 1,238 | * | 600 |
| Operations Support | 592 | * | 180 |
| Defense, Military, and Border Restructuring, Reform and Operations | 646 | * | 420 |
| Counter-Narcotics | 0 | * | 100 |
| Interdiction | 0 | * | 100 |

Statement of Changes

Funding for Chile has decreased minimally from FY 2006 levels. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. U.S. support for weapons of mass destruction programs will be increased by \$180,000. IMET funding has decreased approximately by \$46,000, but is consistent with program needs to assist the Chilean military. The reduction of Foreign Military Financing (FMF) to Chile reflects competing priorities worldwide.

COLOMBIA
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States and Colombia recognize that goals for a rebuilding country can only be met through continuing the ongoing comprehensive approach to support a unified campaign against narcotics trafficking and terrorism. The United States plans to accomplish this by strengthening Colombian state institutional capacity to promote economic and social development, alternative development, to provide humanitarian assistance, to protect human rights and the rule of law, as well as to continue interdiction and eradication programs. Transformational diplomacy supports Colombia's new realities based on progress that has been made under Plan Colombia and the U.S. national interest for a strong and successful Colombia in the Andean region. Colombia remains locked in a difficult armed conflict, in which the most important, but not sole, U.S. interests are to stem the flow of drugs and defeat the country's three foreign terrorist organizations. The United States seeks to eliminate the illicit drug trafficking that directly endangers or kills thousands of American citizens each year; support institutional democracy and the rule of law; promote human rights; assist the disadvantaged through market-based development and humanitarian assistance; protect U.S. citizens and commercial interests; and fight Colombian terrorist organizations, one of which will have held three U.S. citizens hostage for four years on February 13, 2007. The Government of Colombia (GOC) shares these goals and has been a steadfast partner in their pursuit.

Despite significant progress, many areas are still not yet free of competing narco-terrorist groups. As the Colombian government establishes control, whether through military and police operations or demobilization programs, it must provide recovered communities with government services, capable law enforcement, a working criminal justice system, licit economic opportunities, and the encouragement of a strengthened civil society in order to replace the illegitimate influence of illegal armed groups. President Uribe, who was re-elected with a convincing mandate in May 2006, is maintaining his strong commitment to these programs and has increased the government's counter-narcotics and counter-terror efforts. This has resulted in over 212,000 hectares (525,000 acres) of coca and opium poppy sprayed or manually eradicated in 2006, increased seizures of illicit drugs, the demobilization or desertion of 35,000 members of terrorist organizations, increased military and law enforcement activity, and new programs for economic development and good government. At the same time, Colombia has significantly augmented defense and social program spending and the GOC is levying an extra "war tax" in 2007-2011 that is expected to provide over \$3.5 billion to pay for increased military equipment and personnel costs.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 492,590 | * | 526,254 |
| Governing Justly & Democratically | 24,250 | * | 24,256 |
| Investing in People | 30,690 | * | 35,000 |
| Economic Growth | 8,500 | * | 4,200 |
| Humanitarian Assistance | 7,973 | * | 0 |
| Total | 564,003 | * | 589,710 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Andean Counterdrug Initiative | 464,781 | * | 366,968 |
| Economic Support Fund | 0 | * | 139,500 |
| Foreign Military Financing | 89,100 | * | 78,000 |
| International Military Education & Training | 1,673 | * | 1,500 |
| Nonproliferation, Antiterrorism & Demining | 5,476 | * | 3,742 |
| Public Law 480 (Food Aid) | 2,973** | * | 0 |
| Total | 564,003 | * | 589,710 |

**FY 2006 includes \$2.973 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Colombia received \$16.3 million in INCLE funds in FY2006 supplemental funding

Peace and Security (\$526.3 million): The United States contributes about nine percent of Colombia's military and police budgets and additional funds to assist those affected by violence and lawlessness. U.S. assistance supports the restructuring of defense, military and border security; law enforcement reform and operations; demobilization and reintegration of ex-militants, including child-ex-combatants; countering illicit trafficking in conventional weapons; and anti-kidnapping activities. The United States also provides operational and maintenance support for counter-drug and counter-terrorism aviation assets, and will support helicopters and facilities dedicated to protecting the Cano Limon pipeline, a critical component of Colombia's energy infrastructure. U.S. assistance will allow police forces to further expand their much needed presence in areas of conflict. The "Carabinero" or rural police program has enabled the GOC to establish a police presence in every Colombian municipality (equivalent to a U.S. county), including those formerly controlled by terrorist groups. The program is now strengthening police presence focusing on areas previously held by the demobilized paramilitaries.

Counter-narcotics funds are devoted to drug eradication and interdiction, and to anti-money laundering. Colombia is assuming steadily larger responsibilities, but funding must be maintained to consolidate the progress that has been made since 2000, including eradicating coca cultivation which could potentially have produced up to 275 metric tons of cocaine or seizing more than 125 metric tons of cocaine destined for the U.S. in each of the last two years.

A key element of U.S. support to counter-narcotics efforts is alternative development that promotes sustainable and equitable economic growth alternatives in regions vulnerable to drug production and conflict, with the intent of permanently ending involvement in illicit activities. In addition, the United States will provide assistance to the GOC's reintegration program for demobilized adult and child ex-combatants. As experience in numerous other countries has demonstrated, the successful socio-economic reintegration of ex-combatants is a particularly critical factor in determining the ultimate success of the peace process.

Governing Justly and Democratically (\$24.3 million): U.S. assistance will focus on rule of law and human rights by helping to promote access to justice, improve the justice system, protect human rights, and strengthen the laws and legal institutions. Colombia is converting from its

cumbersome written judicial system to a more efficient oral accusatorial system similar to that of the United States. Sixty-two percent of the population now lives in jurisdictions under the new oral accusatory judicial system, soon to spread to the rest of the country. Promotion and protection of human rights is critical to Colombia's conflict resolution and reconciliation efforts. Funds will also be used to strengthen the provision of government services in regions and communities previously controlled by illegal armed groups and support political parties.

Investing in People (\$35.0 million): U.S. assistance will be used to improve the livelihood of Colombia's large internally displaced persons (IDP) population. Funds will be used to provide critical medium to long-term assistance to vulnerable groups and IDPs and will focus on the successful re-integration of IDPs into mainstream Colombian society. Other programs will improve the ability of the GOC to provide services in newly-secured areas.

Economic Growth (\$4.2 million): U.S. assistance will focus on trade and investment, with special emphasis on small and medium enterprises and on the country's poorest regions. On February 27, 2006, the United States and Colombia concluded negotiations for a Free Trade Agreement. If ratified, it will help Colombia sustain and deepen economic progress made over the last several years. Expanding economic opportunities to populations at risk are a continued priority, particularly for indigenous populations, Afro-Colombians, and IDPs.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 564,003 | * | 589,710 |
| Peace & Security | 492,590 | * | 526,254 |
| Counter-Terrorism | 5,704 | * | 3,315 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 5,476 | * | 0 |
| Governments' Capabilities | 228 | * | 3,315 |
| Stabilization Operations and Security Sector Reform | 129,317 | * | 112,443 |
| Operations Support | 89 | * | 0 |
| Disarmament, Demobilization & Reintegration (DDR) | 18,910 | * | 11,442 |
| Destruction and Security of Conventional Weapons | 0 | * | 427 |
| Defense, Military, and Border Restructuring, Reform and Operations | 90,773 | * | 79,500 |
| Law Enforcement Restructuring, Reform and Operations | 19,545 | * | 20,000 |
| Program Support (Stabilization) | 0 | * | 1,074 |
| Counter-Narcotics | 357,569 | * | 409,617 |
| Eradication | 257,048 | * | 189,651 |
| Alternative Development and Alternative Livelihoods | 59,248 | * | 67,566 |
| Interdiction | 28,868 | * | 142,023 |
| Drug Demand Reduction | 822 | * | 214 |
| Program Support (Narcotics) | 11,583 | * | 10,163 |
| Transnational Crime | 0 | * | 879 |
| Financial Crimes and Money Laundering | 0 | * | 861 |
| Program Support (Crime) | 0 | * | 18 |
| Governing Justly & Democratically | 24,250 | * | 24,256 |
| Rule of Law and Human Rights | 19,690 | * | 20,606 |
| Constitutions, Laws, and Legal Systems | 0 | * | 250 |
| Justice System | 10,950 | * | 11,111 |
| Human Rights | 8,740 | * | 8,000 |
| Program Support (Rule of Law) | 0 | * | 1,245 |
| Good Governance | 3,230 | * | 2,900 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Local Government and Decentralization | 3,230 | * | 2,479 |
| Program Support (Governance) | 0 | * | 421 |
| Political Competition and Consensus-Building | 1,330 | * | 750 |
| Political Parties | 1,330 | * | 687 |
| Program Support (Political Competition) | 0 | * | 63 |
| Investing in People | 30,690 | * | 35,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 30,690 | * | 35,000 |
| Social Assistance | 30,690 | * | 35,000 |
| Economic Growth | 8,500 | * | 4,200 |
| Trade and Investment | 8,500 | * | 4,200 |
| Trade and Investment Capacity | 8,500 | * | 4,000 |
| Program Support (Trade) | 0 | * | 200 |
| Humanitarian Assistance | 7,973 | * | 0 |
| Protection, Assistance and Solutions | 7,973 | * | 0 |
| Crisis Assistance and Recovery | 7,973 | * | 0 |

Statement of Changes

Funding for Colombia has increased from FY 2006 levels by \$9.4 million. FY 2008 levels reflect the beginning of a consolidation stage and greater funding of activities by the GOC, particularly in the area of drug eradication and interdiction. Alternative development programs previously financed with Andean Counterdrug Initiative (ACI) funds were shifted to the Economic Support Fund (ESF) account.

COSTA RICA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

With territorial waters covering more than ten times its landmass, Costa Rica's Coast Guard faces significant operational constraints in enforcing its territorial sovereignty against narcotraffickers and traffickers in persons. Additionally, as the Costa Rican military was constitutionally disbanded in 1948, increased effort is required to foster civilian security ties with military assets in the region. U.S. priorities and assistance in Costa Rica is focused on peace and security activities in order to strengthen the Costa Rican Coast Guard's ability to combat territorial security threats.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 187 |
| Total | 0 | * | 187 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 187 |
| Total | 0 | * | 187 |
| Peace Corps | 1731 | * | 1876 |

Peace and Security (\$0.2 million): Assistance to the Costa Rican security forces will provide military training and assistance to further professionalize its coast guard and law enforcement services through courses focused on counter-narcotics operations, rule of law, and technical training.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 0 | * | 187 |
| Peace & Security | 0 | * | 187 |
| Stabilization Operations and Security Sector Reform | 0 | * | 187 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 187 |

Statement of Changes

The President's waiver of American Servicemembers' Protection Act (ASPA) sanctions in FY 2006 allows the U.S. to fund security assistance programs in FY 2008.

CUBA

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Castro regime is the only non-democratically-elected government in the Western Hemisphere. Currently, the regime is seeking to insulate itself from the consequences of Fidel Castro's death, incapacitation or ouster, and to ensure a succession of the Castro dictatorship. The regime is further hardening its edges and working to forestall opportunities for democratic change by putting hardliners in key positions and rolling back minimal economic openings. The Castro regime exerts absolute control over all media, and the lack of access to independent information enables the government to maintain a climate of fear. Through empowering civil society, the United States aims to expedite a rapid and successful transition to democracy in Cuba. While significant challenges remain, the opposition has made great strides at the grassroots level.

The second report of the Commission for Assistance to a Free Cuba (CAFC II), issued in July 2006, noted "the last several years have witnessed a sustained increase in the ability of the Cuban opposition to engage in acts of resistance, mobilize greater segments of the Cuban population, and communicate a positive vision for the future to the Cuban people and the international community." Further, the Commission reported that "it is critical that independent Cuban civil society groups continue to gain greater access to basic modern equipment to help expand distribution of independent information and facilitate pro-democracy activities. Continued access to these types of equipment help Cuba's civil society disseminate information to the Cuban people and counter regime efforts to maintain its grip on the Cuban people through exclusive control over all forms of communication."

To empower the Cuban people and the Cuban democratic opposition to take advantage of these new opportunities, the Commission recommended the Cuba Fund for a Democratic Future: \$80 million over two years to increase support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue developing assistance initiatives to help Cuban civil society realize a democratic transition.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Governing Justly & Democratically | 10,894 | * | 45,700 |
| Total | 10,894 | * | 45,700 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------|---------------|---------------|---------------|
| Development Assistance | 1,984 | * | 0 |
| Economic Support Fund | 8,910 | * | 45,700 |
| Total | 10,894 | * | 45,700 |

Governing Justly and Democratically (\$45.7 million): Working with like minded democratic partners, such as the EU, the United States will continue to support voices of civil society opposition and provide them with the tools necessary to speak out publicly. It is civil society that

will present a viable alternative to the failed policies of the Castro regime, and they will need resources, ranging from food and medicine to computers, informational material and radios, to do so. Breaking the regime's information blockade will require new and improved technologies to expand broadcasts to reliable information. The Cuban people need uncensored access to the Internet and other technologies to help them connect not only with the outside world, but with each other.

Funding for Cuba has been increased compared to FY 2007 levels in order to continue to meet our commitment to the recommendations of the second report of the Commission for Assistance to a Free Cuba (CAFC II) which recommended \$80 million over two years to provide support to increase support for Cuban civil society, expand international awareness, break the regime's information blockade, and continue developing assistance initiatives to help Cuban civil society realize a democratic transition.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 10,894 | * | 45,700 |
| Governing Justly & Democratically | 10,894 | * | 45,700 |
| Rule of Law and Human Rights | 2,550 | * | 5,000 |
| Constitutions, Laws, and Legal Systems | 500 | * | 0 |
| Human Rights | 2,050 | * | 5,000 |
| Political Competition and Consensus-Building | 1,000 | * | 7,000 |
| Consensus-Building Processes | 0 | * | 2,000 |
| Elections and Political Processes | 1,000 | * | 2,000 |
| Political Parties | 0 | * | 3,000 |
| Civil Society | 7,344 | * | 33,700 |
| Civic Participation | 3,894 | * | 18,000 |
| Media Freedom and Freedom of Information | 3,450 | * | 13,700 |
| Program Support (Civil Society) | 0 | * | 2,000 |

Statement of Changes

Overall funding for Cuba has increased from FY 2006 levels consistent with the CAFC II report recommendations.

DOMINICAN REPUBLIC

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Four trends threaten to undermine democracy in the Dominican Republic: (1) weak governance as characterized by widespread corruption, inadequate rule of law, frail institutions, and poor service delivery; (2) the need to adjust to the rapidly changing global economy; (3) rising levels of crime, often linked to narcotics-trafficking; and (4) the large and growing gap between the rich and the poor. These closely linked factors combine to reduce social cohesion, challenging policy makers to implement effective sustainable development initiatives. Getting governance right in these difficult circumstances is the major cross-cutting challenge for transformational development in the Dominican Republic.

In addressing these four trends, U.S. assistance programs will target areas where the United States has already proved to be effective as a donor and advocate for reform, complementing Dominican programs and the work of other donors. Assisted by new opportunities under the CAFTA-DR agreement, U.S. bilateral assistance will focus on assisting the Dominican Republic to overcome the key stumbling block for advancement to transforming country status and access to MCA funds: corruption. Corruption undermines the rule of law, inhibits a competitive business environment and an enabling regulatory framework, and contributes to inadequate and ineffective investment in health and education. U.S. foreign assistance will also help the Dominican Republic improve overall governance, implement CAFTA-DR, and help small businesses and rural communities take advantage of CAFTA-DR opportunities for trade and income generation.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 3,554 | * | 2,830 |
| Governing Justly & Democratically | 2,709 | * | 5,750 |
| Investing in People | 14,257 | * | 11,700 |
| Economic Growth | 4,430 | * | 10,950 |
| Total | 24,950 | * | 31,230 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 12,721 | * | 7,500 |
| Development Assistance | 7,835 | * | 11,100 |
| Economic Support Fund | 840 | * | 10,000 |
| Foreign Military Financing | 941 | * | 0 |
| International Military Education & Training | 1,328 | * | 980 |
| International Narcotics Control and Law Enforcement | 0 | * | 1,150 |
| Nonproliferation, Antiterrorism & Demining | 1,285 | * | 500 |
| Total | 24,950 | * | 31,230 |
| Peace Corps | 3279 | * | 3416 |

Promoting Peace and Security (\$2.8 million): U.S. assistance in this area ensures that law enforcement and judicial systems address crime/terrorism, drug trafficking, and money-laundering. Despite improvements, Dominican borders remain vulnerable to smuggling and the transit of criminals and terrorists. The United States will help Dominican border authorities define proper roles for the military, interdict illegal migrants, fight illicit drug operations, coordinate the military's natural disaster response efforts, and enhance counter-terrorism capabilities.

Governing Justly and Democratically (\$ 5.8 million): The Dominican Republic continues to need legal and administrative reform to fight corruption. The United States will increase support to the public prosecutor's office and the judiciary to prosecute crime effectively and reduce corruption; help make justice services more accessible, timely, and responsive; increase access to public information; and promote more transparent and accountable political financing and a more democratic political party system. Assistance will also strengthen civil society organizations that conduct oversight, expand citizen participation, and promote active media reporting of these issues.

Economic Growth (\$ 11.0 million): U.S. assistance will complement Dominican and other donor programs to streamline the regulatory framework and support the entry into force of CAFTA-DR and a more secure, predictable business environment essential to generate broad-based, sustainable economic growth. Programs will also help address current policy disincentives that inhibit private sector investment, innovation, and development; target improvements in competitiveness of small businesses, particularly those negatively affected by CAFTA-DR. In order to promote Dominican rural economic diversification programs will assist potential exporters in identifying new market opportunities and marketing strategies and expand the on-going pilot program in rural electrification. Activities that support Dominican environmental laws and regulations and Dominican efforts to implement clean energy policies and programs will also be funded.

Investing in People (\$ 11.7 million): U.S. assistance in this area will work to mitigate the devastating effects of poverty and help build a more equitable society by improving access to quality health care and primary education, encouraging greater grass roots support for investing in these areas. U.S. assistance will continue supporting Dominican health sector reform and implementation of the health component under the new social security system; maternal and child health programs; and tuberculosis detection and cure. The United States will promote quality primary education through improved education policy reform and implementation, with support from local communities and the Dominican private sector.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): The Dominican Republic will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 24,950 | * | 31,230 |
| Peace & Security | 3,554 | * | 2,830 |
| Counter-Terrorism | 1,285 | * | 500 |
| Governments' Capabilities | 1,285 | * | 500 |
| Stabilization Operations and Security Sector Reform | 2,269 | * | 980 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Defense, Military, and Border Restructuring, Reform and Operations | 2,269 | * | 980 |
| Counter-Narcotics | 0 | * | 1,150 |
| Interdiction | 0 | * | 850 |
| Program Support (Narcotics) | 0 | * | 300 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 2,709 | * | 5,750 |
| Rule of Law and Human Rights | 1,179 | * | 1,500 |
| Justice System | 1,111 | * | 1,330 |
| Program Support (Rule of Law) | 68 | * | 170 |
| Good Governance | 958 | * | 2,750 |
| Anti-Corruption Reforms | 890 | * | 2,425 |
| Program Support (Governance) | 68 | * | 325 |
| Political Competition and Consensus-Building | 572 | * | 1,500 |
| Elections and Political Processes | 410 | * | 660 |
| Political Parties | 60 | * | 665 |
| Program Support (Political Competition) | 102 | * | 175 |
| Investing in People | 14,257 | * | 11,700 |
| Health | 12,721 | * | 7,700 |
| HIV/AIDS | 6,138 | * | 5,000 |
| Tuberculosis | 1,613 | * | 700 |
| Maternal and Child Health | 3,237 | * | 1,172 |
| Family Planning and Reproductive Health | 1,733 | * | 628 |
| Water Supply and Sanitation | 0 | * | 200 |
| Education | 1,536 | * | 2,000 |
| Basic Education | 1,536 | * | 2,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 0 | * | 2,000 |
| Policies, Regulations, and Systems | 0 | * | 2,000 |
| Economic Growth | 4,430 | * | 10,950 |
| Trade and Investment | 756 | * | 1,000 |
| Trade and Investment Enabling Environment | 666 | * | 953 |
| Program Support (Trade) | 90 | * | 47 |
| Financial Sector | 495 | * | 0 |
| Financial Sector Enabling Environment | 495 | * | 0 |
| Infrastructure | 0 | * | 1,750 |
| Modern Energy Services | 0 | * | 1,650 |
| Program Support (Infrastructure) | 0 | * | 100 |
| Agriculture | 0 | * | 2,500 |
| Agricultural Sector Productivity | 0 | * | 2,400 |
| Program Support (Agriculture) | 0 | * | 100 |
| Private Sector Competitiveness | 1,512 | * | 4,500 |
| Business Enabling Environment | 814 | * | 1,362 |
| Private Sector Productivity | 407 | * | 2,845 |
| Program Support (Private Sector) | 291 | * | 293 |
| Environment | 1,667 | * | 1,200 |
| Natural Resources and Biodiversity | 760 | * | 480 |
| Clean Productive Environment | 759 | * | 670 |
| Program Support (Environment) | 148 | * | 50 |

Statement of Changes

Funding for the Dominican Republic has increased from FY 2006 levels. Among program elements, there has been an increase in Economic Growth and Governing Justly and Democratically programs in order to help the Dominican Republic attain a Millennium Challenge Compact. Limited FMF resources have been focused on relatively more unstable and strategic areas of the world. The increase in INCLE funding from FY 2006 to FY 2008 represents a programming of planned INCLE funds from a regional account into this bilateral program.

EASTERN CARIBBEAN
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Eastern Caribbean is dependent on traditional agriculture and tourism, both of which are susceptible to the ravages of natural disasters which are an annual occurrence in the region. The islands also have poor border controls and coast guards that rely almost entirely on the United States for funding. Opportunities for advancing the Transformational Diplomacy goal include strengthening democracy and governance in the region, and combating transnational crime and terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Peace & Security | 2,004 | * | 1,630 |
| Total | 2,004 | * | 1,630 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Foreign Military Financing | 905 | * | 0 |
| International Military Education & Training | 695 | * | 630 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 404 | * | 500 |
| Total | 2,004 | * | 1,630 |
| Peace Corps | 3132 | * | 3174 |

Peace and Security (\$1.6 million): The U.S. can best assist the Eastern Caribbean in establishing peace and security by focusing on counter-narcotics and counter-terrorism. In the area of interdiction, U.S. assistance enhances the capacity of Eastern Caribbean law enforcement to counter drug trafficking and related crimes such as money laundering, arms trafficking and corruption. U.S. funds would target the provision of specialized training and technical assistance in such areas as border control, criminal and money laundering investigations, and counter-terrorism. The United States will also support the professionalization and maritime security operations, including drug interdiction, of the Eastern Caribbean defense and police forces.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 2,004 | * | 1,630 |
| Peace & Security | 2,004 | * | 1,630 |
| Counter-Terrorism | 404 | * | 500 |
| Governments' Capabilities | 404 | * | 500 |
| Stabilization Operations and Security Sector Reform | 1,600 | * | 630 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,600 | * | 630 |
| Counter-Narcotics | 0 | * | 500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------|----------------|------------------|-----------------|
| Interdiction | 0 | * | 400 |
| Program Support (Narcotics) | 0 | * | 100 |

Statement of Changes

Funding for the Eastern Caribbean has remained consistent with FY 2006 levels. International Narcotics Control and Law Enforcement (INCLE), International Military Education and Training (IMET), and Foreign Military Financing (FMF) funding in FY 2006 were reflected neither in bilateral country programs nor in this regional program, but rather in other various regional programs. This consolidation of various programs has allowed the U.S. to prioritize and consolidate foreign assistance programs. The reduction of Foreign Military Financing (FMF) to the Eastern Caribbean reflects competing priorities worldwide.

ECUADOR
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Ecuador's chronic instability and its role as a major source of illegal immigration and drugs transiting to the United States require that we focus, in order of priority, on promoting democracy and good governance, peace and security (counter-narcotics and alternative development programs), economic growth, poverty reduction and environmental protection. None of the last three elected presidents has finished their terms in office. On January 15, 2007, Rafael Correa became the eighth President to take office over the past decade. Stable, transparent and participatory governance, strong institutions, and the rule of law are essential to reversing Ecuador's institutional weaknesses. Border areas in particular lack the political stability, security and alternative development necessary for their vulnerable populations to resist the corruptive power of drug smugglers. Erosion of natural resources, including the Amazon Basin and Galapagos, remain a concern. While Ecuador has relatively abundant resources, 37% of the population lives on less than \$2 a day. Seeking a better life, an estimated 10% of the total population has migrated to the United States and Europe in the past 10 years.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 19,800 | * | 13,562 |
| Governing Justly & Democratically | 2,770 | * | 3,072 |
| Investing in People | 295 | * | 0 |
| Economic Growth | 6,778 | * | 3,938 |
| Total | 29,643 | * | 20,572 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Andean Counterdrug Initiative | 19,800 | * | 7,000 |
| Development Assistance | 6,578 | * | 7,010 |
| Economic Support Fund | 3,265 | * | 6,000 |
| International Military Education & Training | 0 | * | 187 |
| International Narcotics Control and Law Enforcement | 0 | * | 200 |
| Nonproliferation, Antiterrorism & Demining | 0 | * | 175 |
| Total | 29,643 | * | 20,572 |
| Peace Corps | 3069 | * | 2863 |

Peace and Security (\$13.6 million): Ecuador is a cooperative partner in the fight against narco-trafficking, regional terrorism and trafficking in persons. Continued engagement with and support for Ecuadoran central and local governments, police, and military forces are key to advancing stability and security. Ecuador is an increasingly important transit route for Colombian cocaine, but has so far avoided the violence and coca cultivation that beset its neighbors. U.S. assistance will help create profitable jobs for populations vulnerable to the narco-economy, as well as strengthen Government of Ecuador (GOE) presence and increase security at the local level by improving the ability of municipal governments to address citizen

needs. Funds will also be used to construct and rehabilitate water and sanitation systems in border communities and to support other social infrastructure projects.

U.S. assistance will help repulse incursions by Colombian insurgents on the northern border, and support police and judicial training. Funds will be used to combat alien smuggling and trafficking in persons. Ecuador is a dollarized economy, making it an attractive site for money-laundering. \$180,000 is being requested to help train Ecuadorian authorities to detect money laundering and other illegal financial transactions. International Military Education and Training (IMET) will support the professionalization of the military through both professional military education courses and technical training. Funds will also be used to enhance civilian control of the military, respect for human rights, military justice reform, and management of defense resources.

Governing Justly and Democratically (\$3.1 million): Strengthening democratic institutions remains the U.S. Government's top priority. By focusing programs on local governments and civil society, the U.S. will promote confidence in democracy at the grass roots level. Funds will be used to promote local government reforms, including decentralization of authority and resources from the central government. Civil society organizations have also demonstrated their capacity to promote transparency, accountability and political reform. Support will continue to be provided to civil society organizations to encourage the stabilization of reforms at the national level. Funds will also be used to improve the ability of the Congress to promote constructive political and economic reforms.

Economic Growth (\$3.9 million): The United States is Ecuador's top trading partner. Trade preferences under the Andean Trade Preferences Act were extended six months in December 2006, with an additional six months conditioned upon completion of a Free Trade Agreement (FTA). Given the likelihood President Correa will keep his campaign promise of not pursuing an FTA, the roughly 40% of Ecuador's non-oil export economy will be less competitive with respect to the U.S. market once these benefits expire. The contract nullification and seizure of Occidental Petroleum assets in 2006 further damaged the investment climate. Internally, monopolistic elites continue to dominate significant portions of the economy and are reluctant to support fundamental reforms. U.S. assistance will help reform-oriented sectors of the business community develop and implement a national competitiveness agenda to promote trade, transparency and foreign investment, and advocate for a more open trade regime. Funds will be used to improve private sector competitiveness by addressing constraints within the business environment. The focus will be on building private sector organizations that will take the lead in making the case for continuing economic reform leading to further integration into the global economy.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 29,643 | * | 20,572 |
| Peace & Security | 19,800 | * | 13,562 |
| Counter-Terrorism | 0 | * | 175 |
| Governments' Capabilities | 0 | * | 175 |
| Stabilization Operations and Security Sector Reform | 0 | * | 187 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 187 |
| Counter-Narcotics | 19,600 | * | 13,000 |
| Alternative Development and Alternative Livelihoods | 10,611 | * | 5,221 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Interdiction | 7,335 | * | 6,220 |
| Drug Demand Reduction | 60 | * | 0 |
| Program Support (Narcotics) | 1,594 | * | 1,559 |
| Transnational Crime | 200 | * | 200 |
| Financial Crimes and Money Laundering | 180 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 180 |
| Program Support (Crime) | 20 | * | 20 |
| Governing Justly & Democratically | 2,770 | * | 3,072 |
| Rule of Law and Human Rights | 551 | * | 0 |
| Justice System | 483 | * | 0 |
| Program Support (Rule of Law) | 68 | * | 0 |
| Good Governance | 697 | * | 2,202 |
| Legislative Function and Processes | 0 | * | 150 |
| Local Government and Decentralization | 457 | * | 1,916 |
| Program Support (Governance) | 240 | * | 136 |
| Political Competition and Consensus-Building | 250 | * | 0 |
| Elections and Political Processes | 250 | * | 0 |
| Civil Society | 1,272 | * | 870 |
| Civic Participation | 1,128 | * | 750 |
| Program Support (Civil Society) | 144 | * | 120 |
| Investing in People | 295 | * | 0 |
| Health | 295 | * | 0 |
| Water Supply and Sanitation | 295 | * | 0 |
| Economic Growth | 6,778 | * | 3,938 |
| Trade and Investment | 558 | * | 2,000 |
| Trade and Investment Enabling Environment | 395 | * | 0 |
| Trade and Investment Capacity | 0 | * | 1,800 |
| Program Support (Trade) | 163 | * | 200 |
| Private Sector Competitiveness | 1,122 | * | 1,938 |
| Business Enabling Environment | 0 | * | 1,800 |
| Private Sector Productivity | 905 | * | 0 |
| Program Support (Private Sector) | 217 | * | 138 |
| Environment | 5,098 | * | 0 |
| Natural Resources and Biodiversity | 4,505 | * | 0 |
| Program Support (Environment) | 593 | * | 0 |

Statement of Changes

Funding for Ecuador has decreased by \$9 million from FY 2006 levels. Alternative development programs previously financed with Andean Counterdrug Initiative (ACI) funds were shifted to the ESF account. Nonetheless, a more focused and policy driven approach will continue in these areas with DA funds. IMET funding increased from no funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

EL SALVADOR
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

El Salvador is one of the United State's closest partners in the Western Hemisphere, supporting the global war on terrorism and serving as a model of post-conflict transition. The country has evolved rapidly from a recipient of international peacekeeping forces following the 1992 peace accords to a contributor in Iraq and elsewhere. The country is, moreover, an important partner and seat for U.S. regional counter-narcotics and law enforcement efforts, in addition to host for the Secretariat for Central American Integration (SICA).

Broad-based economic development and complementary investments in people are the highest priorities in El Salvador in order to stem an unprecedented surge in criminal violence and gang activity that deters foreign investment and fuels illegal migration. Our investments in Economic Growth will maximize the benefit of the recently implemented CAFTA trade agreement, assist El Salvador in maintaining its eligibility for MCC fund distributions, and strengthen the economy so that it can provide viable alternatives to potential gang recruits or economic migrants. In addition, our focused technical support in Peace and Security will help the Government of El Salvador's (GOES) military to prepare for deploying globally in support of multinational peacekeeping operations and coalition missions, such as its deployment in Iraq. Finally, contributions to Governing Justly and Democratically programs will help guide and reinforce the GOES as it modernizes and incorporates accountability into its legal system and government. The Investing in People and Economic Growth indicators are the two factors preventing El Salvador from graduating to the Sustaining Country category. Thus, the U.S. assistance package is designed to help El Salvador surmount that challenge.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 12,105 | * | 7,385 |
| Governing Justly & Democratically | 3,652 | * | 3,318 |
| Investing in People | 12,401 | * | 9,000 |
| Economic Growth | 17,112 | * | 5,157 |
| Total | 45,270 | * | 24,860 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 8,144 | * | 6,000 |
| Development Assistance | 24,165 | * | 11,475 |
| Foreign Military Financing | 9,900 | * | 4,800 |
| International Military Education & Training | 1,782 | * | 1,680 |
| International Narcotics Control and Law Enforcement | 0 | * | 800 |
| Nonproliferation, Antiterrorism & Demining | 423 | * | 105 |
| Public Law 480 (Food Aid) | 856** | * | 0 |
| Total | 45,270 | * | 24,860 |
| Peace Corps | 2508 | * | 2646 |

**FY 2006 includes \$.856 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$7.4 million): Funds in this area are targeted to aid El Salvador in confronting violent gangs as well as to support programs that are crucial to professionalizing the Salvadoran Armed Forces. El Salvador is the sole country in Latin America that contributes troops to the multinational force in Iraq. The bulk of these funds are channeled to provide training and maintain and/or modernize equipment that is crucial in preparing Salvadoran troops to participate in international peacekeeping operations, and to restore and sustain significant U.S. investment in helicopters, maritime vessels, and engineering equipment used for counternarcotics operations and for post-disaster relief and reconstruction. FMF funds help maintain the aircraft, vehicles and equipment that provide El Salvador's only significant disaster response capability. The GOES military's repeatedly-demonstrated ability to handle disaster response has helped erase years of popular mistrust of the armed forces and now relieves the burden that used to fall on the U.S. Government. The majority of this same equipment is critical to providing the El Salvadoran military the ability to interdict illicit trafficking, supporting both the Global War on Terror and U.S. counter-narcotics efforts. Funds also support El Salvador in its role as one of only three countries to host a Cooperative Security Location (CSL), a staging facility for U.S. anti-narcotics surveillance operations, as well as the host country for the U.S.-supported International Law Enforcement Academy (ILEA), one of only four such academies outside the United States. Violent crime, particularly that perpetrated by criminal gangs, has become the biggest concern of Salvadorans as well as a serious transnational problem. Largely as a result of gang activity, El Salvador's homicide rate is now one of the highest in Latin America. Training and liaison programs with Salvadoran law enforcement are designed to provide Salvadoran police with the skills necessary to combat these new threats.

Governing Justly and Democratically (\$3.3 million): While El Salvador scores relatively high on Democracy and Governance indicators, it still faces serious weaknesses in key institutions, especially its ineffective, overburdened, and opaque judicial system. The judicial system is widely considered to be the weak link in punishing those responsible for the violent crime that is paralyzing El Salvador. U.S. assistance priorities in this area are strengthening and modernizing the judicial system and promoting anti-corruption reforms.

Investing in People (\$9.0 million): U.S. projects in this area focus on enabling El Salvador to achieve the healthy, educated workforce necessary to sustain a growing economy. Education programs will help strengthen rural primary education by developing curricula, training teachers, and measuring student achievement. They will also complement U.S. efforts to improve law enforcement and promote community-level crime prevention activities by providing enhanced work and educational opportunities for youth at risk. In health, the program will support GOES efforts to increase public sector expenditures for health, improve the delivery of quality services to reduce child mortality and illness, improve maternal health and nutrition, improve family planning education and services, and slow the transmission of HIV/AIDS.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): El Salvador will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$5.2 million): El Salvador's 35 percent poverty rate fuels migration to the United States as its citizen's search for economic opportunity. By being the first country to ratify and implement the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), El Salvador is seeking aggressively to address this problem. Effective implementation of CAFTA-DR requires trade capacity-building efforts that will stimulate job creation and poverty alleviation. Additionally, support for watershed management projects will protect and increase

the supply of clean water, reducing a major impediment to economic growth and community health, but also provide a platform for job creation related to eco-tourism for local markets.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 45,270 | * | 24,860 |
| Peace & Security | 12,105 | * | 7,385 |
| Counter-Terrorism | 423 | * | 105 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 423 | * | 0 |
| Governments' Capabilities | 0 | * | 105 |
| Stabilization Operations and Security Sector Reform | 11,682 | * | 6,480 |
| Defense, Military, and Border Restructuring, Reform and Operations | 11,682 | * | 6,480 |
| Counter-Narcotics | 0 | * | 800 |
| Interdiction | 0 | * | 650 |
| Program Support (Narcotics) | 0 | * | 150 |
| Governing Justly & Democratically | 3,652 | * | 3,318 |
| Rule of Law and Human Rights | 600 | * | 1,918 |
| Justice System | 500 | * | 1,804 |
| Program Support (Rule of Law) | 100 | * | 114 |
| Good Governance | 3,052 | * | 1,400 |
| Local Government and Decentralization | 500 | * | 0 |
| Anti-Corruption Reforms | 2,290 | * | 1,316 |
| Program Support (Governance) | 262 | * | 84 |
| Investing in People | 12,401 | * | 9,000 |
| Health | 8,144 | * | 6,000 |
| HIV/AIDS | 1,089 | * | 2,000 |
| Other Public Health Threats | 1,115 | * | 400 |
| Maternal and Child Health | 2,970 | * | 1,800 |
| Family Planning and Reproductive Health | 2,970 | * | 1,800 |
| Education | 4,257 | * | 3,000 |
| Basic Education | 4,257 | * | 3,000 |
| Economic Growth | 17,112 | * | 5,157 |
| Macroeconomic Foundation for Growth | 850 | * | 0 |
| Fiscal policy | 765 | * | 0 |
| Program Support (Macro Econ) | 85 | * | 0 |
| Trade and Investment | 5,282 | * | 4,182 |
| Trade and Investment Enabling Environment | 636 | * | 0 |
| Trade and Investment Capacity | 4,254 | * | 3,939 |
| Program Support (Trade) | 392 | * | 243 |
| Financial Sector | 1,300 | * | 0 |
| Financial Services | 1,170 | * | 0 |
| Program Support (Financial Sector) | 130 | * | 0 |
| Agriculture | 4,448 | * | 0 |
| Agricultural Enabling Environment | 1,964 | * | 0 |
| Agricultural Sector Productivity | 2,084 | * | 0 |
| Program Support (Agriculture) | 400 | * | 0 |
| Private Sector Competitiveness | 460 | * | 0 |
| Business Enabling Environment | 414 | * | 0 |
| Program Support (Private Sector) | 46 | * | 0 |
| Environment | 4,772 | * | 975 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------------------|----------------|------------------|-----------------|
| Natural Resources and Biodiversity | 4,372 | * | 911 |
| Program Support (Environment) | 400 | * | 64 |

Linkages with the Millennium Challenge Corporation (MCC)

On November 29, 2006, El Salvador signed a \$461 million MCC compact that will serve as a basis for a regional development strategy to reduce poverty and stimulate economic growth in the impoverished northern zone of the country. The project will play a key role in the transformation of the northern region by improving access to basic services such as water, sanitation, and electricity; improving community infrastructure to facilitate greater access to health and education facilities as well as job markets; spurring new investment in value-added production chains to increase productivity and competitiveness of local and national businesses; increasing the number of local people with the necessary skills to drive a growing and diversified economy; and providing modern connectivity to local and regional producers with national, regional, and global markets via a northern transnational highway and a proposed network of complementary feeder roads. The Millennium Challenge Account (MCA) will provide nearly half the funds for this roads project, with the balance coming from the Salvadoran Government and other donors. The U.S. foreign assistance package is designed to support El Salvador in maintaining its eligibility for MCC funds during the full five years of compact implementation.

Statement of Changes

From FY 2006 to FY 2008 funding for El Salvador decreased by \$20.4 million. The decrease is focused on border security and under the economic growth objective, particularly in agriculture, trade and investment, and environment, where MCC compact funds are now supporting key programs. Funding for continued policy related trade and anti-corruption activities remains strong.

GUATEMALA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Guatemala is the largest country in Central America by population and economy. However, it suffers from severe crime, poverty, malnutrition, economic inequality and large gaps in indigenous inclusion. It is also a gateway to the U.S., making it a frequent route for illegal goods and immigrants.

Strong partnership and assistance from the U.S. will help Guatemala transform into a more secure, prosperous, and democratic country, where the rule of law prevails and human rights are respected. This transformation can be assisted by programs in the areas of Peace and Security and Governing Justly and Democratically. In addition, programs in Investing in People and Economic Growth will effectively promote growth and development in rural areas, expanding access to social services in these areas and assuring participation of small farmers in CAFTA-DR. Implementation of these programs will result in reduced migration pressures, increased exports and investment, a more educated and healthier population, more effective border control, and more effective law enforcement against gangs, organized crime, and terrorist threats. Furthermore, opportunities exist for Guatemala to become a stronger partner in hemisphere-wide efforts to expand free trade and promote and defend democracy.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 4,053 | * | 6,020 |
| Governing Justly & Democratically | 5,720 | * | 5,300 |
| Investing in People | 24,066 | * | 26,042 |
| Economic Growth | 9,066 | * | 12,458 |
| Humanitarian Assistance | 7,562 | * | 0 |
| Total | 50,467 | * | 49,820 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 12,040 | * | 12,500 |
| Development Assistance | 10,504 | * | 7,500 |
| Economic Support Fund | 5,445 | * | 10,000 |
| International Military Education & Training | 488 | * | 500 |
| International Narcotics Control and Law Enforcement | 2,475 | * | 5,320 |
| Public Law 480 (Food Aid) | 19,515** | * | 14,000 |
| Total | 50,467 | * | 49,820 |
| Peace Corps | 3692 | * | 3602 |

**FY 2006 includes \$7.559 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$6.0 million): A solid security framework lays the foundation for achieving development objectives; thus, boosting the Guatemalan Government's (GOG). Boosting Guatemala's law enforcement capacity by improving the legal framework and

strengthening the police force is critical. Major trafficking and alien smuggling routes converge in Guatemala and strain the GOG's already weak law enforcement and judicial institutions. To address this challenge jointly, the key elements of our Peace and Security program will focus on defeating organized crime, narco-trafficking, alien smuggling, money laundering, and transnational gangs. U.S. assistance programs will also provide training to modernize Guatemala's armed forces and enhance the capability of its Air Force and Navy to interdict drugs and undocumented migrants in transit to the U.S. Our assistance programs will build public confidence in law enforcement, mitigate crime, and address violence and security issues.

Governing Justly and Democratically (\$5.3 million): Investments in the justice system will strengthen the rule of law in Guatemala, thus reducing impunity and help move the country towards eligibility for Millennium Challenge Account funding. Programs to strengthen the rule of law will improve prosecutors' case management, particularly homicide cases; enhance coordination with police thereby strengthening investigation and analysis of cases; and address inefficiencies and corruption in the justice system. Given severe resource constraints, the GOG has weak presence and capacity in much of the country. U.S. assistance programs work with the new Guatemalan administration to boost opportunities for citizen involvement in community building and oversight, support efforts to decentralize government responsibilities, strengthen the public sector, and promote anti-corruption reforms. Finally, with security a continuing major concern, U.S. programs will help enhance governance of the security sector by improving relations between local communities and police, promoting crime prevention activities, and offering innovative alternatives for youth-at-risk.

Investing in People (\$26.0 million): Guatemala has one of the highest income inequalities in the world, with up to three quarters of its rapidly-expanding population classified as poor. It has the region's highest fertility rate and primary health care and nutrition are inadequate. The population is poorly educated, with only 30% completing primary school and 36% illiterate. While the government is spending an increasing portion of its limited budget on health and education, social investment in Guatemala is the lowest in Latin America relative to its GDP. U.S. assistance will help national and local government and non-governmental organizations to extend maternal child care, improve nutrition and hygiene, augment reproductive health services, reduce the impact of HIV/AIDS through prevention, develop and sustain education standards and improve access to education, and maintain food security.

At least 60% of those who benefit from increased access to primary education, reduced repetition rates, increased acquisition of skills and knowledge and increased primary school completion rates are rural and farm families. Every child who completes primary school can expect to earn on average \$150/month more than those who receive no primary education. Thus, U.S. supported education activities will also enable rural families and their children to transition and adapt to the opportunities from CAFTA-DR.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Guatemala will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$12.5 million): The overall goal of U.S. assistance in the Economic Growth area is to promote rural development, including the promotion of an enabling environment for increased trade and competitiveness, thus ensuring that economic growth exceeds population growth. Agricultural sector productivity will be critical as CAFTA-DR is implemented. Support will be provided to enhance specific industry clusters and improve access to markets and market information, financial services, and appropriate technology for small and new businesses.

Agricultural programs will help Guatemalan farmers transition and become more self-sufficient as well as diversify their export crops in order to better adapt to increased competition. Increased investment and trade via CAFTA-DR will raise revenues, helping the government to improve infrastructure and the investment climate, and promote sound economic policies and laws. Agricultural sector productivity will also be pursued through our food security program. U.S. environmental programs will support sustainable forestry activities, preserve biodiversity, and address clean production as it relates to the implementation of CAFTA-DR.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 50,467 | * | 49,820 |
| Peace & Security | 4,053 | * | 6,020 |
| Stabilization Operations and Security Sector Reform | 2,138 | * | 3,350 |
| Defense, Military, and Border Restructuring, Reform and Operations | 488 | * | 500 |
| Law Enforcement Restructuring, Reform and Operations | 1,350 | * | 2,500 |
| Program Support (Stabilization) | 300 | * | 350 |
| Counter-Narcotics | 1,835 | * | 2,470 |
| Eradication | 100 | * | 250 |
| Interdiction | 960 | * | 1,620 |
| Drug Demand Reduction | 220 | * | 200 |
| Program Support (Narcotics) | 555 | * | 400 |
| Transnational Crime | 80 | * | 200 |
| Financial Crimes and Money Laundering | 80 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 5,720 | * | 5,300 |
| Rule of Law and Human Rights | 2,046 | * | 2,796 |
| Justice System | 1,626 | * | 2,386 |
| Human Rights | 79 | * | 0 |
| Program Support (Rule of Law) | 341 | * | 410 |
| Good Governance | 2,469 | * | 2,204 |
| Legislative Function and Processes | 0 | * | 104 |
| Local Government and Decentralization | 850 | * | 828 |
| Anti-Corruption Reforms | 1,268 | * | 900 |
| Program Support (Governance) | 351 | * | 372 |
| Political Competition and Consensus-Building | 1,205 | * | 300 |
| Elections and Political Processes | 900 | * | 300 |
| Program Support (Political Competition) | 305 | * | 0 |
| Investing in People | 24,066 | * | 26,042 |
| Health | 18,853 | * | 23,042 |
| HIV/AIDS | 1,287 | * | 3,500 |
| Maternal and Child Health | 8,580 | * | 16,242 |
| Family Planning and Reproductive Health | 6,595 | * | 3,300 |
| Water Supply and Sanitation | 2,391 | * | 0 |
| Education | 4,257 | * | 3,000 |
| Basic Education | 4,257 | * | 3,000 |
| Social and Economic Services and Protection for Vulnerable Populations | 956 | * | 0 |
| Social Assistance | 956 | * | 0 |
| Economic Growth | 9,066 | * | 12,458 |
| Trade and Investment | 990 | * | 1,500 |
| Trade and Investment Enabling Environment | 759 | * | 714 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------------------|----------------|------------------|-----------------|
| Trade and Investment Capacity | 0 | * | 546 |
| Program Support (Trade) | 231 | * | 240 |
| Agriculture | 5,746 | * | 9,658 |
| Agricultural Enabling Environment | 80 | * | 500 |
| Agricultural Sector Productivity | 5,191 | * | 8,053 |
| Program Support (Agriculture) | 475 | * | 1,105 |
| Private Sector Competitiveness | 524 | * | 0 |
| Private Sector Productivity | 400 | * | 0 |
| Program Support (Private Sector) | 124 | * | 0 |
| Environment | 1,806 | * | 1,300 |
| Natural Resources and Biodiversity | 1,225 | * | 1,130 |
| Clean Productive Environment | 270 | * | 0 |
| Program Support (Environment) | 311 | * | 170 |
| Humanitarian Assistance | 7,562 | * | 0 |
| Protection, Assistance and Solutions | 7,562 | * | 0 |
| Crisis Assistance and Recovery | 7,562 | * | 0 |

Statement of Changes

In FY 2006 Guatemala received P.L. 480 Title II Emergency Food Aid in the amount of \$7.559 million. Since Emergency Food Aid has not been allocated to countries in FY 2008, the overall non-emergency budget for Guatemala has increased by \$6.912 million over FY 2006. Funding increased for border security, counter-narcotics, justice system, HIV/AIDS, maternal and child health, trade capacity, and agricultural sector productivity. Some programs previously funded from Development Assistance (DA) are now being funded with Economic Support Funds (ESF). Funding resources shifted significantly from DA to ESF, reflecting support for policy change efforts under CAFTA-DR.

GUYANA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Guyana is one of the poorest countries in the Western Hemisphere. Its economy is stagnant, and generally only criminal enterprises are well funded. Guyana's vast, ungoverned hinterland is available as an operating platform for transnational traffickers in cocaine, weapons, and people. Political stability is threatened by ethnic and social divisions and by the corrosive financial power of narcotics-traffickers. Violent crises usually plague each election season and threaten rule of law, though in August 2006 Guyana achieved its first peaceful elections in decades, due largely to intensive diplomacy and assistance by the international community. Poor governance, including weak executive, legislative, judicial, and law enforcement institutions, and lack of resources threaten political and social stability.

U.S. assistance to Guyana is critical to avoid further deterioration of the political, economic, social, and security systems. Therefore the United States is fostering stronger and more transparent institutions in all three branches of government, improving the quality of life through economic growth and more equitable distribution of its benefits, promoting political and social stability by resolving ethnic conflict, mitigating the impact of HIV/AIDS, and reducing trafficking in illicit drugs.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 411 | * | 550 |
| Governing Justly & Democratically | 1,940 | * | 2,105 |
| Investing in People | 18,000 | * | 21,300 |
| Economic Growth | 1,980 | * | 2,000 |
| Total | 22,331 | * | 25,955 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Development Assistance | 3,920 | * | 4,305 |
| Foreign Military Financing | 99 | * | 0 |
| Global HIV/AIDS Initiative | 18,000 | * | 21,300 |
| International Military Education & Training | 312 | * | 250 |
| International Narcotics Control and Law Enforcement | 0 | * | 100 |
| Total | 22,331 | * | 25,955 |
| Peace Corps | 1515 | * | 1376 |

Peace and Security (\$550,000): U.S. assistance will help improve the extremely limited capabilities of Guyana's police and military through training and equipment, including helping an investigative unit get under way and furthering the Guyanese military's ability to deny transnational criminals the use of Guyanese territory. U.S. assistance would also bolster the work of Guyana's nascent Financial Intelligence Unit.

Governing Justly and Democratically (\$2.105 million): Independent assessments indicate that Guyana's performance on Governing Justly and Democratically is average for developing countries. Poor governance in Guyana exacerbates social and political conflict. In FY 2008 the U.S. assistance program will continue to focus efforts on helping Guyana develop transparent, accountable, and professional government institutions; increase separation of powers; shift the focus of political parties away from ethnic to political issues, and improve legal and regulatory frameworks. The United States will continue working to strengthen civil society and media capacity for oversight, advocacy, and participation in the political process -- all factors necessary to secure democratic advances. The United States will work with development partners to assist Guyana in reforming its electoral system, a step that is imperative to end the cycle of political violence that threatens to plunge Guyana into chaos. Also, in coordination with development partners, the United States will assist Guyana to hold local government elections, which were last held in 1994 and have been postponed since 1999. The holding of these elections is a critical step to reviving the population's faith in democratic institutions.

Investing in People (\$21.3 million): Guyana is a President's Emergency Plan for AIDS Relief (PEPFAR) focus country and thus will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is invested in partnerships to help the nation build its capacity for a sustainable response. Guyana will also receive additional PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriation.

Economic Growth (\$2 million): Guyana lags substantially behind other developing countries on Economic Growth, though not on related indicators (Foreign Direct Investment, Inflation, and Regulatory Quality). U.S. assistance would help expand the now-stagnant economy to create a viable alternative to transnational criminal activity. U.S. efforts will center on improving Guyana's economic competitiveness and fiscal responsibility. To attract capital for economic growth, U.S. assistance will seek to improve the climate for private investment. This involves active support for economic and institutional reform, including a transparent tender process, simplified investment regulations, reduced red tape, an attractive investment regime, development of civil and commercial codes that respect private property and contracts, improved private business-oriented policies and regulations, promotion of public investment in transport, energy and communications infrastructures, and strengthened measures against corruption. The U.S. assistance will also improve public finance by supporting Guyana's tax reform efforts and activities that make effective use of debt relief. To promote entrepreneurial talent, the United States will support small and micro-business development and investment in value-added and non-traditional export sectors.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 22,331 | * | 25,955 |
| Peace & Security | 411 | * | 550 |
| Stabilization Operations and Security Sector Reform | 411 | * | 250 |
| Defense, Military, and Border Restructuring, Reform and Operations | 411 | * | 250 |
| Counter-Narcotics | 0 | * | 100 |
| Interdiction | 0 | * | 100 |
| Transnational Crime | 0 | * | 200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 1,940 | * | 2,105 |
| Rule of Law and Human Rights | 310 | * | 805 |
| Justice System | 260 | * | 805 |
| Program Support (Rule of Law) | 50 | * | 0 |
| Good Governance | 0 | * | 300 |
| Legislative Function and Processes | 0 | * | 100 |
| Local Government and Decentralization | 0 | * | 200 |
| Political Competition and Consensus-Building | 760 | * | 200 |
| Consensus-Building Processes | 180 | * | 0 |
| Elections and Political Processes | 400 | * | 200 |
| Program Support (Political Competition) | 180 | * | 0 |
| Civil Society | 870 | * | 800 |
| Civic Participation | 540 | * | 400 |
| Media Freedom and Freedom of Information | 200 | * | 400 |
| Program Support (Civil Society) | 130 | * | 0 |
| Investing in People | 18,000 | * | 21,300 |
| Health | 18,000 | * | 21,300 |
| HIV/AIDS | 18,000 | * | 21,300 |
| Economic Growth | 1,980 | * | 2,000 |
| Trade and Investment | 1,000 | * | 800 |
| Trade and Investment Enabling Environment | 200 | * | 50 |
| Trade and Investment Capacity | 650 | * | 750 |
| Program Support (Trade) | 150 | * | 0 |
| Agriculture | 150 | * | 0 |
| Agricultural Sector Productivity | 150 | * | 0 |
| Private Sector Competitiveness | 830 | * | 1,200 |
| Business Enabling Environment | 150 | * | 450 |
| Private Sector Productivity | 600 | * | 750 |
| Program Support (Private Sector) | 80 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Guyana submitted for Millennium Challenge Corporation review and funding a Threshold Country Plan (TCP) to address needed fiscal reforms that will complement IDB, IMF, and World Bank interventions, currently under implementation. If approved, a successfully implemented TCP will advance Guyana's eligibility for potentially significant levels of development resources through an MCC compact as early as FY 2008.

Statement of Changes

Funding for Guyana has increased from FY 2006 levels. Among program elements, there has been an increase in Governance and Economic Growth programs to complement Guyana's expected MCA threshold program. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. The reduction of Foreign Military Financing (FMF) to Guyana reflects competing priorities worldwide.

HAITI
Rebuilding

Obstacles and Opportunities for Advancing Transformational Diplomacy

Haiti's endemic instability and social conflict are the primary obstacles to the country's development progress and are threats to U.S. national security and regional stability. Haiti is the poorest country in the Western Hemisphere, with GDP per capita of \$400. The drug trade poses a grave threat to the long-term viability of the Haitian state. Newly-elected President René Prével faces daunting challenges such as weak governing institutions and a dysfunctional justice system, but enjoys a democratic mandate as well as international support. Political and criminal violence curbs investment and limits functional governance in the capital and other key population centers. Previous humanitarian and security crises in Haiti have spawned mass migrations to the U.S. The challenge is to keep partners in the international community engaged in Haiti and promote the success of the democratically-elected government.

U.S. assistance seeks to transform Haiti into a stable, prosperous, and democratic nation, which contributes to Caribbean stability and development. The U.S. and the international community have devoted extraordinary efforts to help democracy succeed in Haiti. The U.S. will continue supporting a UN peace-enforcing mission to ensure security, restore democratic institutions, and foster long-term stability in Haiti. U.S. policy objectives, in line with the new GOH and coordinated with the UN mission and international donors, are closely interrelated: promoting peace and security, strengthening democracy, governance and the rule of law; fostering broad-based economic recovery; and addressing critical humanitarian and social needs.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|----------------|
| Peace & Security | 46,270 | * | 44,174 |
| Governing Justly & Democratically | 24,747 | * | 23,173 |
| Investing in People | 103,759 | * | 122,941 |
| Economic Growth | 30,270 | * | 32,112 |
| Humanitarian Assistance | 480 | * | 500 |
| Total | 205,526 | * | 222,900 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|----------------|
| Child Survival and Health | 19,801 | * | 18,000 |
| Development Assistance | 29,700 | * | 14,806 |
| Economic Support Fund | 49,500 | * | 63,394 |
| Foreign Military Financing | 988 | * | 0 |
| Global HIV/AIDS Initiative | 47,300 | * | 83,000 |
| International Military Education & Training | 213 | * | 200 |
| International Narcotics Control and Law Enforcement | 17,500 | * | 9,000 |
| Public Law 480 (Food Aid) | 35,955** | * | 34,500 |
| Transition Initiatives | 4,569 | * | 0 |
| Total | 205,526 | * | 222,900 |
| Peace Corps | 212 | * | 0 |

**FY 2006 includes \$2.355 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$44.5 million): Improved security is critical to strengthening democracy, providing stability, establishing an environment for economic growth and investment, improving respect for human rights, and countering drug trafficking, illegal immigration, and other transnational crime. U.S. assistance will support an integrated conflict mitigation strategy aimed at stabilizing urban "hot spots." Through the police contingent and bilateral assistance program, the U.S. will provide equipment and training to develop an honest, professional, and effective police force, capable of providing for the long-term stability of Haiti, and respecting and protecting the human rights of Haiti's citizens. Funding will also support the deployment of 50 police, many French and Creole speaking, to the UN civilian police contingent. To promote and sustain stability in poor, underserved, conflict-prone communities in Port au Prince and other towns, we will support a broad array of social infrastructure activities, especially for young people, while strengthening local and national government presence in these communities. To stem the drug flow through Haiti, the U.S. will continue partnerships with Haitian authorities and are creating institutions to fight both drug trafficking and related money laundering. Funds continue to support a number of efforts related to interdiction including support for the government's Financial Investigative Unit to combat money laundering and corruption. The Ministry of Social Affairs has requested USG assistance with its primary focus, trafficking issues. U.S. funding will provide protection and prevention services -- sheltering, re-insertion, and education - and support state agencies to identify and prosecute criminal activity and organizations to seek anti-trafficking legislation. Assistance funds will provide training to the Haitian Coast Guard (HGC) to improve the HGC's interdiction, operational and logistical skills, and enhance interoperability.

Governing Justly and Democratically (\$23.9 million): The U.S. seeks to strengthen, and in some cases create, governance institutions in Haiti. U.S. efforts are essential to keep the Electoral Council (CEP) and Government of Haiti progressing toward February 2008 Senate and Chamber elections. We will support transparency and effectiveness in key decision-making entities in the executive, and strengthen the Haitian legislature, local governments, civil society, political parties, and media. Improvements in the justice sector will build citizen confidence and ensure adherence to the rule of law as longer-term efforts take hold. The U.S. will work to improve the institutional capacity, responsiveness, and independence of the judiciary, encourage impartial administration of justice, and combat corruption.

Investing in People (\$39.9 million): The U.S. will continue to provide access to basic healthcare for 40% of the population and increase access to healthcare in urban slum areas. U.S. assistance will work to improve the health and well-being of the most vulnerable sectors of the population through targeted maternal and infant health and nutrition. The U.S. will reinforce Ministry of Health capacity to oversee service delivery and implement public-private partnerships while strengthening accountability to citizens. As Haiti's political and security situation stabilizes, U.S. priorities will shift from short-term projects to investments in long-term institution building. Food security programs will provide supplemental feeding for vulnerable groups, help to raise incomes, and improve household nutrition. Programs will promote adequate water and sanitation services to urban slum populations and finance a scholarship program for primary school children in Haiti's principal urban hot spots as part of the USG strategy to foster stability in these volatile underserved neighborhoods.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Haiti, a PEPFAR focus country, will receive significant support for bilateral HIV/AIDS programs in FY 2008. These funds will be used, under the leadership of the host country government, to scale up integrated prevention, care and treatment programs throughout the country. PEPFAR support is

invested in partnerships to help the nation build its capacity for a sustainable response. Haiti will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriation.

Economic Growth (\$32.1 million): We will promote the government's implementation of sound macroeconomic and sectoral policies to create the conditions for sustained economic growth and job creation. We will also work to increase trade and investment-driven employment generation, strengthen Haiti's public and private sector trade capacity and to rebuild private sector links with markets. U. S. programs will continue to strengthen financial and business services to micro-entrepreneurs. An expanded workforce development program will reach out to at-risk youth with job-specific skills training, and encourage Haitian private firms to provide jobs to these groups. We will help Haitian producers link up with buyers who export high value crops such as coffee, cocoa, and mangoes, and develop new market chains that expand the range of profitable products. To address Haiti's environmental degradation, we plan new activities focusing on soil conservation, watershed management, reforestation, and other market and natural resource-based interventions. We will expand asset protection for the most vulnerable and most food insecure farmers through agriculture extension, improved household food storage, and natural resource protection activities.

Humanitarian Assistance (\$0.5 million): Addressing humanitarian vulnerabilities will remain critical as Haiti rebuilds. We will undertake disaster preparedness and mitigation activities with local communities, and bolster disaster response capacity. In addition, partners work closely with local officials and communities to reduce vulnerability to disasters and to improve recovery time.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 205,526 | * | 222,900 |
| Peace & Security | 46,270 | * | 44,174 |
| Stabilization Operations and Security Sector Reform | 23,201 | * | 15,544 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,201 | * | 200 |
| Law Enforcement Restructuring, Reform and Operations | 22,000 | * | 14,844 |
| Program Support (Stabilization) | 0 | * | 500 |
| Counter-Narcotics | 1,650 | * | 1,830 |
| Interdiction | 1,650 | * | 1,630 |
| Program Support (Narcotics) | 0 | * | 200 |
| Transnational Crime | 1,250 | * | 800 |
| Financial Crimes and Money Laundering | 250 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 1,000 | * | 700 |
| Program Support (Crime) | 0 | * | 100 |
| Conflict Mitigation and Reconciliation | 20,169 | * | 26,000 |
| Conflict Mitigation | 20,169 | * | 25,500 |
| Program Support (Conflict) | 0 | * | 500 |
| Governing Justly & Democratically | 24,747 | * | 23,173 |
| Rule of Law and Human Rights | 5,650 | * | 7,073 |
| Constitutions, Laws, and Legal Systems | 0 | * | 500 |
| Judicial Independence | 500 | * | 1,500 |
| Justice System | 3,750 | * | 4,005 |
| Human Rights | 1,400 | * | 900 |
| Program Support (Rule of Law) | 0 | * | 168 |
| Good Governance | 10,702 | * | 12,000 |
| Legislative Function and Processes | 1,586 | * | 2,400 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Public Sector Executive Function | 4,500 | * | 3,865 |
| Local Government and Decentralization | 2,111 | * | 2,728 |
| Anti-Corruption Reforms | 2,505 | * | 2,300 |
| Program Support (Governance) | 0 | * | 707 |
| Political Competition and Consensus-Building | 5,250 | * | 1,100 |
| Consensus-Building Processes | 0 | * | 100 |
| Elections and Political Processes | 4,250 | * | 250 |
| Political Parties | 1,000 | * | 675 |
| Program Support (Political Competition) | 0 | * | 75 |
| Civil Society | 3,145 | * | 3,000 |
| Civic Participation | 2,145 | * | 1,775 |
| Media Freedom and Freedom of Information | 1,000 | * | 940 |
| Program Support (Civil Society) | 0 | * | 285 |
| Investing in People | 103,759 | * | 122,941 |
| Health | 83,557 | * | 110,616 |
| HIV/AIDS | 47,300 | * | 83,000 |
| Tuberculosis | 990 | * | 1,000 |
| Maternal and Child Health | 27,396 | * | 20,016 |
| Family Planning and Reproductive Health | 7,871 | * | 6,600 |
| Education | 12,916 | * | 6,825 |
| Basic Education | 10,441 | * | 6,825 |
| Higher Education | 2,475 | * | 0 |
| Social and Economic Services and Protection for Vulnerable Populations | 7,286 | * | 5,500 |
| Social Assistance | 7,286 | * | 5,500 |
| Economic Growth | 30,270 | * | 32,112 |
| Macroeconomic Foundation for Growth | 7,000 | * | 0 |
| Fiscal policy | 7,000 | * | 0 |
| Trade and Investment | 400 | * | 750 |
| Trade and Investment Enabling Environment | 0 | * | 250 |
| Trade and Investment Capacity | 400 | * | 362 |
| Program Support (Trade) | 0 | * | 138 |
| Financial Sector | 0 | * | 800 |
| Financial Services | 0 | * | 800 |
| Agriculture | 15,170 | * | 20,000 |
| Agricultural Enabling Environment | 100 | * | 200 |
| Agricultural Sector Productivity | 15,070 | * | 19,230 |
| Program Support (Agriculture) | 0 | * | 570 |
| Private Sector Competitiveness | 5,000 | * | 5,500 |
| Business Enabling Environment | 0 | * | 750 |
| Private Sector Productivity | 1,000 | * | 750 |
| Workforce Development | 4,000 | * | 3,834 |
| Program Support (Private Sector) | 0 | * | 166 |
| Economic Opportunity | 2,700 | * | 2,200 |
| Policy Environment for Micro and Small Enterprises | 200 | * | 500 |
| Strengthen Microenterprise Productivity | 2,500 | * | 1,400 |
| Program Support (Econ Opportunity) | 0 | * | 300 |
| Environment | 0 | * | 2,862 |
| Natural Resources and Biodiversity | 0 | * | 2,747 |
| Program Support (Environment) | 0 | * | 115 |
| Humanitarian Assistance | 480 | * | 500 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Disaster Readiness | 480 | * | 500 |
| Capacity Building, Preparedness, and Planning | 400 | * | 400 |
| Program Support (Disaster Readiness) | 80 | * | 100 |

Statement of Changes

Funding for Haiti has decreased from FY 2006 levels, including significant decreases in Democracy and Peace & Security. INCLE funding, although lower than the FY 2006 level, has increased allowing a shift of some Peace & Security programs funded in FY2006 with ESF funds to the INCLE account. The reduction of Foreign Military Financing (FMF) to Haiti reflects competing priorities worldwide.

HONDURAS Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Despite recent economic growth, Honduras remains one of the poorest countries in the hemisphere. The private sector does not provide nearly enough jobs to employ its growing population adequately - a principal cause of illegal immigration to the United States. The Honduran government is dominated by elites who are resistant to change, and government institutions thus remain highly centralized, chronically weak, and largely unable to deal effectively with fundamental problems. These include low educational achievement, an insufficiently competitive economy, poorly managed health services, pervasive corruption and nontransparency, high rates of crime and gang violence, trafficking in drugs and persons, and other organized criminal activity that threatens U.S. security.

However, the U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA), the \$215 million Millennium Challenge Account (MCA) compact, and provision of Highly Indebted Poor Country (HIPC) debt relief provide significant opportunities for fundamental reforms. The challenge is to build on these opportunities by maximizing the competitiveness of an expanded private sector and strengthening government institutions and civil society organizations. In addition, U.S. military assistance associated with the presence of a Joint Task Force in Honduras provides opportunities to transform the Honduran military into a force able to combat the transnational threats (to Honduras and the U.S.) posed by narco trafficking and terrorism.

Honduras must establish rule of law, maximize competitiveness of an expanding private sector, and formulate and implement effective policies and programs that improve the quality of life for the majority of Hondurans. The benefits of democracy have not reached the common people, as they must if security is to be improved, illegal immigration stemmed, and support for democratic governance strengthened.

U.S. priorities respond to these challenges. They are: good governance, open markets, economic growth, reduction of organized crime, and improvement in human capital through strengthened health and education systems.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 2,424 | * | 1,830 |
| Governing Justly & Democratically | 3,340 | * | 5,850 |
| Investing in People | 32,477 | * | 20,350 |
| Economic Growth | 10,355 | * | 10,931 |
| Humanitarian Assistance | 677 | * | 0 |
| Total | 49,273 | * | 38,961 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 13,140 | * | 10,600 |
| Development Assistance | 20,604 | * | 16,731 |
| Foreign Military Financing | 891 | * | 0 |
| International Military Education & Training | 1,218 | * | 880 |
| International Narcotics Control and Law Enforcement | 0 | * | 750 |
| Nonproliferation, Antiterrorism & Demining | 315 | * | 0 |
| Public Law 480 (Food Aid) | 13,105** | * | 10,000 |
| Total | 49,273 | * | 38,961 |
| Peace Corps | 3832 | * | 3549 |

**FY 2006 includes \$.665 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$1.8 million): Programs under this objective will help reduce transnational threats to the United States and its allies by helping the GOH transform the Honduran armed forces to combat trafficking in drugs, arms, and people, and to better cope with natural disasters and other threats to national integrity. Other programs assist the Government of Honduras (GOH) to implement meaningful police and immigration reform, combat the serious gang problem through prevention and law enforcement, and enact effective counter-narcotics and counter-trafficking measures. The United States supports improving the professionalism of the Honduran armed forces through training and joint exercises, and supports Honduran efforts to establish a regional rapid deployment force to confront natural disasters and other threats.

Governing Justly and Democratically (\$5.9 million): The United States Government (USG) program will help create successful local governments, a strong cadre of local leaders and professionals, and more effective civil society organizations that will promote and sustain a reform agenda for economic development, poverty reduction, increased transparency, and accountability. The United States works with change agents within the GOH, the private sector, and civil society to strengthen the rule of law and increase the public's understanding of their rights, the opportunities provided by CAFTA, and the importance of a new civil procedures code. Civil society oversight of local governments will increase accountability and transparency as well as strengthen community ownership for efforts addressing their priority concerns, such as delinquency, basic services, and economic development. Governments that are responsive to the needs of their constituents are more effective in combating crime and corruption and will establish a more attractive climate for business to grow. Improved transparency is also key as Honduras will face challenges to its electoral reform process leading up to the FY 2009 elections.

Investing in People (\$20.4 million): The USG Program will continue to assist the GOH and private sector partners in health, basic education, and workforce development. Programs will continue to focus on improved and extended maternal and child health and family planning services; enhanced management efficiency and increased access to services through decentralization, increased private sector involvement in service delivery; expanded HIV prevention and care; and improved Ministry of Health capacity to monitor health conditions, including HIV. The USG will also support developing and implementing standards for public schools, training teachers to integrate these new standards into the curricula and to improve teaching methods, and exchange programs. The Food for Peace Program will increase food security in some of the poorest areas of Honduras by expanding and diversifying food production, strengthening market infrastructure, improving nutrition and community health services, and enhancing local government planning capacity.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Honduras will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$10.9 million): Economic growth is the only viable long-term strategy to alleviate poverty and produce a better quality of life for the average Honduran. The U.S. will help Honduras take advantage of historically unique opportunities (CAFTA, MCA, and debt relief) by helping make it more competitive in the global market. The U.S. will help promote an improved investment climate through more open market entry and competition, a new civil procedures code, enforcement of contracts and intellectual property rights, and increased trade between the United States and Honduras. U.S. support will continue to focus on CAFTA-related activities including policy analysis; discussions with stakeholders in support of CAFTA-related reforms and their implementation; trade capacity building; better understanding and application of Honduran labor law; diversified agricultural activities to help small farmers take advantage of new opportunities; more competitive market-oriented private enterprise in rural areas; improved ports and other infrastructure; and CAFTA's Environmental Cooperation Agreement. Environmental programs will reduce vulnerability from natural disasters and increasing the number of watersheds protected and managed by local citizens.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 49,273 | * | 38,961 |
| Peace & Security | 2,424 | * | 1,830 |
| Stabilization Operations and Security Sector Reform | 2,424 | * | 880 |
| Destruction and Security of Conventional Weapons | 315 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 2,109 | * | 880 |
| Counter-Narcotics | 0 | * | 750 |
| Interdiction | 0 | * | 600 |
| Program Support (Narcotics) | 0 | * | 150 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 3,340 | * | 5,850 |
| Rule of Law and Human Rights | 613 | * | 1,400 |
| Judicial Independence | 0 | * | 250 |
| Justice System | 510 | * | 1,000 |
| Program Support (Rule of Law) | 103 | * | 150 |
| Good Governance | 2,353 | * | 4,000 |
| Local Government and Decentralization | 1,763 | * | 2,825 |
| Anti-Corruption Reforms | 200 | * | 825 |
| Program Support (Governance) | 390 | * | 350 |
| Civil Society | 374 | * | 450 |
| Civic Participation | 300 | * | 380 |
| Program Support (Civil Society) | 74 | * | 70 |
| Investing in People | 32,477 | * | 20,350 |
| Health | 18,111 | * | 15,650 |
| HIV/AIDS | 5,156 | * | 5,000 |
| Tuberculosis | 420 | * | 0 |
| Maternal and Child Health | 3,452 | * | 7,311 |
| Family Planning and Reproductive Health | 9,083 | * | 3,339 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Education | 11,880 | * | 4,700 |
| Basic Education | 11,880 | * | 4,700 |
| Social and Economic Services and Protection for Vulnerable Populations | 2,486 | * | 0 |
| Social Services | 2,486 | * | 0 |
| Economic Growth | 10,355 | * | 10,931 |
| Trade and Investment | 1,000 | * | 3,370 |
| Trade and Investment Enabling Environment | 396 | * | 0 |
| Trade and Investment Capacity | 396 | * | 3,120 |
| Program Support (Trade) | 208 | * | 250 |
| Agriculture | 6,531 | * | 4,950 |
| Agricultural Enabling Environment | 1,251 | * | 0 |
| Agricultural Sector Productivity | 4,971 | * | 4,950 |
| Program Support (Agriculture) | 309 | * | 0 |
| Private Sector Competitiveness | 0 | * | 500 |
| Business Enabling Environment | 0 | * | 475 |
| Program Support (Private Sector) | 0 | * | 25 |
| Environment | 2,824 | * | 2,111 |
| Natural Resources and Biodiversity | 2,644 | * | 1,500 |
| Clean Productive Environment | 0 | * | 200 |
| Program Support (Environment) | 180 | * | 411 |
| Humanitarian Assistance | 677 | * | 0 |
| Protection, Assistance and Solutions | 677 | * | 0 |
| Crisis Assistance and Recovery | 677 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

Honduras has a \$215 million dollar compact with the Millennium Challenge Corporation in 2006. The compact's two objectives are to increase the productivity and business skills of operators of small and medium size farms, and reduce transportation costs between targeted production centers and national, regional, and global markets.

Statement of Changes

Honduras received \$0.7 million in P.L. 480 Title II Emergency Food Aid in FY 2006. Since Emergency Food Aid is not yet allocated in the FY 2008 Honduras request number, the difference between FY 2006 and FY 2008 for comparative purposes is \$9.6 million. Most of this decrease occurred in basic education and social services. Correspondingly, in FY 2008 the program will place greater emphasis on HIV/AIDS, good governance, and trade and investment primarily to complement the MCC compact signed in 2006. INCLE funding in FY 2006 was not reflected in the bilateral country program, but rather in a regional program. The reduction of Foreign Military Financing (FMF) to Honduras reflects competing priorities worldwide.

JAMAICA
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Jamaica faces the pressures of narcotics trafficking, money laundering, corruption, and crime that risk undermining rule of law and democratic governance. Supporting Jamaica's transformation into a more secure, democratic, prosperous and stable partner is a major U.S. policy goal. The United States cooperates with Jamaica on a wide range of issues, including domestic and international security matters, counter-narcotics, economic development, law enforcement, and combating trafficking in persons. In FY 2008 the United States will support the Government of Jamaica's (GOJ) counter-drug, anti-crime, and anti-corruption efforts, promote greater public awareness of HIV/AIDS, encourage a stronger Jamaican role on human rights and democracy, improve education, and stimulate sustainable economic growth.

Over one million U.S. citizens visit Jamaica annually and an estimated 10,000 U.S. citizens reside in Embassy Kingston's consular district. Ensuring their welfare is a central U.S. policy goal. While the United States and Jamaica share many common values, important segments of Jamaican popular opinion frequently criticize U.S. policy on issues such as criminal deportees, U.S. engagement in Haiti and Iraq, free trade, and the adequacy of the U.S. response to environmental challenges. The U.S. expects these issues will feature in Parliamentary elections, scheduled to occur prior to the end of 2007.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 3,131 | * | 2,764 |
| Governing Justly & Democratically | 2,578 | * | 2,437 |
| Investing in People | 7,902 | * | 3,190 |
| Economic Growth | 1,284 | * | 2,485 |
| Total | 14,895 | * | 10,876 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 4,472 | * | 1,221 |
| Development Assistance | 7,821 | * | 7,391 |
| Foreign Military Financing | 594 | * | 0 |
| International Military Education & Training | 908 | * | 750 |
| International Narcotics Control and Law Enforcement | 990 | * | 1,009 |
| Nonproliferation, Antiterrorism & Demining | 110 | * | 505 |
| Total | 14,895 | * | 10,876 |
| Peace Corps | 2685 | * | 2778 |

Peace and Security (\$2.8 million): Jamaica's proximity to the United States and well-developed sea lanes and air links facilitate the transit of over two million travelers annually between the United States and Jamaica. Jamaica has one of the highest per-capita murder rates in the world. The United States will work closely with the GOJ to identify and properly address threats before

they reach U.S. shores, assist with port and border security measures, expand the capability of Jamaican security forces to share counter-narcotics, anti-money laundering and counter-terrorism burdens, protect Jamaican waters, and support the peacekeeping and humanitarian work of U.S. Southern Command. The United States will promote law enforcement cooperation and reinforce Jamaican police and military enforcement capabilities. U. S. assistance will help to reduce crime and violence by increasing community and citizen support for police activities. Also U.S. assistance will be provided to address trafficking-in- person issues. Funds will support training to increase the Jamaica Defense Force (JDF) coast guard, air wing, and ground forces readiness, interoperability and professionalism. In the area of counter terrorism, the United States will cooperate closely through exchanges of information and intelligence, training and equipping of the Counter-Terrorism Operations Group (CTOG) of the Jamaica Defense Force (JDF), seminars and training provided under the Counter-Terrorism Fellowship Program, and in security/counter-terrorism preparations for the Cricket World Cup.

Governing Justly and Democratically (\$2.4 million): The GOJ's capability to deter drug trafficking and other transnational criminal activities is severely limited because of scarce resources, poor training, an ineffective legal system, inadequate infrastructure, and corruption. Jamaican gangs' ability to infiltrate the United States threatens U.S. domestic tranquility, challenges U.S. law enforcement, and increases the financial burden on U.S. taxpayers. Corruption will also be addressed through support for anti-corruption reforms within the Jamaican police, strengthening the public prosecutor's office, and civil society programs.

Investing in People (\$3.2 million): The U.S. goal in focusing on improving living conditions and quality of life for the Jamaican people is to break the vicious cycle of poor education, lack of job opportunities, and health problems that are major impediments to Jamaica's development. Improvements in education will focus on creating public-private partnerships in education at all levels, including Jamaica's Center for Excellence in Teacher Training. The United States will also address the challenge of rural development, including increased protection of the island's fragile environment.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Jamaica will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$2.5 million): The United States is Jamaica's largest trading partner, maintaining a substantial surplus in bilateral trade. Jamaica's poor economic performance creates an environment conducive to cross border criminal activity, hinders Jamaica's ability to exert adequate authority and provide public services, and limits U.S. economic opportunities. The United States will support micro-enterprise and small business development in targeted urban communities and environmentally-sustainable rural development.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 14,895 | * | 10,876 |
| Peace & Security | 3,131 | * | 2,764 |
| Counter-Terrorism | 0 | * | 505 |
| Governments' Capabilities | 0 | * | 505 |
| Stabilization Operations and Security Sector Reform | 1,612 | * | 750 |
| Immediate Protection of Civilians in Conflict | 1,612 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 750 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Counter-Narcotics | 990 | * | 1,009 |
| Interdiction | 990 | * | 609 |
| Program Support (Narcotics) | 0 | * | 400 |
| Transnational Crime | 529 | * | 500 |
| Trafficking-in-Persons and Migrant Smuggling | 529 | * | 500 |
| Governing Justly & Democratically | 2,578 | * | 2,437 |
| Rule of Law and Human Rights | 1,785 | * | 1,687 |
| Justice System | 1,785 | * | 1,687 |
| Civil Society | 793 | * | 750 |
| Civic Participation | 793 | * | 750 |
| Investing in People | 7,902 | * | 3,190 |
| Health | 4,472 | * | 1,221 |
| HIV/AIDS | 1,485 | * | 1,221 |
| Other Public Health Threats | 510 | * | 0 |
| Maternal and Child Health | 497 | * | 0 |
| Family Planning and Reproductive Health | 1,980 | * | 0 |
| Education | 3,430 | * | 1,969 |
| Basic Education | 3,430 | * | 1,969 |
| Economic Growth | 1,284 | * | 2,485 |
| Private Sector Competitiveness | 1,284 | * | 1,485 |
| Private Sector Productivity | 1,284 | * | 1,250 |
| Workforce Development | 0 | * | 235 |
| Economic Opportunity | 0 | * | 1,000 |
| Strengthen Microenterprise Productivity | 0 | * | 1,000 |

Statement of Changes

Funding for Jamaica has decreased from FY 2006 levels. Overall programs have seen an increase in counter-terrorism, and economic growth areas in order to address the key roots of criminal activity and instability. The reduction of Foreign Military Financing (FMF) to Jamaica reflects competing priorities worldwide.

MEXICO
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States has enormous interests in Mexico -- politically, economically and with regard to our own national security. Its very proximity inexorably intertwines our everyday life, as well as our futures. Mexico shares a 2000 mile border with the U.S., is our third largest trading partner, and, within NAFTA, is a trade and security partner with the U.S. and Canada and a major recipient of direct foreign investment. Mexico is also a major source of illegal immigration (both by its own nationals and those of other countries), a principal transit route for South American cocaine, and an important producer in its own right of the heroin, marijuana, and methamphetamine consumed in the United States. Despite recent strengthening, Mexico's police and judicial institutions have been unable to curb the powerful narcotics cartels, whose activities have a direct impact across the U.S. border. Drug-related corruption and a pervasive lack of adequate resources within Mexico's law enforcement institutions encourages narco-trafficking, alien smuggling, and other transnational crime, and increases U.S. vulnerability to terrorism. Weaknesses in Mexico's institutions also affect its democratic stability and governance. Mexico's judicial system is undergoing significant reform, to make it more efficient and less opaque; public institutions are struggling to attack endemic corruption. It is the highest priority for the U.S. to support Mexico's efforts to improve security along our shared border and to create a prosperous society that enjoys the full rule of law.

Poverty remains a major challenge to Mexico's transformation to be able to provide for the needs of all its citizens. In addition to spurring illegal immigration, poverty leads to public health risks and environmental damage that directly affect the United States, given our shared border and extensive bilateral commerce. Poverty and persistently low economic growth inhibit the country's progress. It is also a priority for the United States to support Mexico's undertaking structural reforms which would allow it to take full advantage of its NAFTA membership.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 31,433 | * | 24,579 |
| Governing Justly & Democratically | 19,898 | * | 9,495 |
| Investing in People | 10,990 | * | 5,200 |
| Economic Growth | 4,644 | * | 5,650 |
| Humanitarian Assistance | 0 | * | 200 |
| Total | 66,965 | * | 45,124 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Child Survival and Health | 3,990 | * | 2,500 |
| Development Assistance | 11,357 | * | 0 |
| Economic Support Fund | 11,385 | * | 14,000 |
| International Military Education & Training | 8 | * | 388 |
| International Narcotics Control and Law Enforcement | 39,600 | * | 27,816 |
| Nonproliferation, Antiterrorism & Demining | 625 | * | 420 |
| Total | 66,965 | * | 45,124 |
| Peace Corps | 1311 | * | 1877 |

Peace and Security (\$24.6 million): The extensive shared border, and the poverty that motivates millions to cross it illegally each year, places Peace and Security at the top of the list of U.S. transformational diplomacy priorities. Counter-narcotics activities, including support for Mexico's interdiction and demand reduction activities, as well as Mexico's evolving anti-money laundering regime, are crucial not only due to the damage that illegal drugs cause to the U.S. population, but also due to the threat that uncontrolled criminality poses to our broader pursuit of border security and to Mexico's own democratic stability. U.S. support to Mexico's restructuring of its police and judicial institutions is key to enhancing Mexico's ability to address the security issues of greatest concern to the United States, including international terrorism. U.S. assistance to Mexico's law enforcement entities in these efforts will be used primarily to improve and expand their infrastructure and to provide for professional training. Cooperation with Mexico's military is critical to U.S. homeland defense. U.S. assistance will be used to strengthen military command and technical capabilities, as well as respect for human rights, resource management and English-language skills, and enhance interoperability and cooperation in counterterrorism and counternarcotics missions.

Governing Justly and Democratically (\$9.5 million): Supporting Mexico's ability to govern justly and democratically is also a key focus of transformational diplomacy. The judicial sector is key, not only for fighting crime and terrorism (e.g. through training of prosecutors), but also for Mexico's economic modernization and competitiveness (and the creation of a level playing field for investors). We will support Mexican judicial reforms to establish an accusatorial/oral trial system and to improve legal codes to deal with new threats such as gang violence and trafficking in persons. State legislators and government officials who have adopted best practices through exchanges with their U.S. and third-country counterparts will be important catalysts of transparent governance in Mexico, as will civil society organizations that support reforms affecting competitiveness and public transparency.

The U.S. will provide training and technical assistance for Mexico's reform and professionalization of federal, state, and local police personnel as part of the solution to escalating drug-related violence that has affected the border region, in particular. Assistance will also be provided for accusatorial/oral criminal code procedural reforms to an additional ten states from the current three.

Investing in People (\$5.2 million): Education is key to addressing problems of poverty and improving Mexico's economic development. Given Mexico's high completion rate for secondary school (80%) and its status as a middle income country, the U.S. assistance program is mostly focused on tertiary education. Programs include higher education through partnerships with Mexican universities on research, scholarships, and exchanges in areas such as small business development and microfinance, technological innovation, and workforce development; and scholarships for indigenous and disadvantaged youth at U.S. community colleges in technical areas; all of which contribute to competitiveness. A basic education program that focuses on the improvement of teacher training in indigenous rural areas completes the program. Public health concerns, notably HIV/AIDS and TB, have cross-border impacts, and will be addressed through the assistance program.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Mexico will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphases on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$5.6 million): Mexico's transformation will require sustained economic growth which can only come through policy reforms. U.S. assistance programs can be supportive, funding partners who seek a more competitive business environment and energy sector reform. Other elements in this area are helping rural Mexicans (a principal source of illegal immigration to the U.S.) obtain better access to financial services, assisting states and cities enter capital markets, and helping small businesses obtain better access to a range of services and information.

U.S. assistance will support Mexico's efforts to promote the sustainable management of its diverse natural resources; provide a foundation to increase rural prosperity, particularly in those areas where poverty is driving immigration; and transition to new products that increase the competitiveness of Mexico's rural sector. Programs will support improvement of federal and state capacities to manage water, forestry, and biological resources; and improve enforcement of environmental regulations. Improvements that reduce pollution in Mexico, particularly along our shared border, will be of particular interest.

Humanitarian Assistance (\$0.2 million): U.S. assistance programs will support Mexico's disaster management capability by continuing a successful program on fire management.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 66,965 | * | 45,124 |
| Peace & Security | 31,433 | * | 24,579 |
| Counter-Terrorism | 14,825 | * | 6,469 |
| Governments' Capabilities | 14,225 | * | 6,020 |
| Program Support (Counter-Terrorism) | 600 | * | 449 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 300 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 300 |
| Stabilization Operations and Security Sector Reform | 8 | * | 4,388 |
| Defense, Military, and Border Restructuring, Reform and Operations | 8 | * | 4,388 |
| Counter-Narcotics | 16,080 | * | 12,872 |
| Eradication | 200 | * | 200 |
| Interdiction | 14,540 | * | 11,672 |
| Drug Demand Reduction | 500 | * | 200 |
| Program Support (Narcotics) | 840 | * | 800 |
| Transnational Crime | 520 | * | 550 |
| Financial Crimes and Money Laundering | 500 | * | 500 |
| Program Support (Crime) | 20 | * | 50 |
| Governing Justly & Democratically | 19,898 | * | 9,495 |
| Rule of Law and Human Rights | 14,562 | * | 9,045 |
| Justice System | 12,851 | * | 7,895 |
| Human Rights | 1,149 | * | 0 |
| Program Support (Rule of Law) | 562 | * | 1,150 |
| Good Governance | 2,567 | * | 0 |
| Local Government and Decentralization | 1,323 | * | 0 |
| Anti-Corruption Reforms | 602 | * | 0 |
| Program Support (Governance) | 642 | * | 0 |
| Political Competition and Consensus-Building | 1,741 | * | 0 |
| Consensus-Building Processes | 1,099 | * | 0 |
| Political Parties | 500 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Program Support (Political Competition) | 142 | * | 0 |
| Civil Society | 1,028 | * | 450 |
| Civic Participation | 546 | * | 400 |
| Media Freedom and Freedom of Information | 50 | * | 0 |
| Program Support (Civil Society) | 432 | * | 50 |
| Investing in People | 10,990 | * | 5,200 |
| Health | 3,990 | * | 2,500 |
| HIV/AIDS | 2,970 | * | 2,200 |
| Tuberculosis | 1,020 | * | 300 |
| Education | 7,000 | * | 2,700 |
| Basic Education | 4,955 | * | 0 |
| Higher Education | 2,045 | * | 2,700 |
| Economic Growth | 4,644 | * | 5,650 |
| Financial Sector | 100 | * | 0 |
| Financial Sector Enabling Environment | 100 | * | 0 |
| Infrastructure | 750 | * | 0 |
| Modern Energy Services | 650 | * | 0 |
| Program Support (Infrastructure) | 100 | * | 0 |
| Private Sector Competitiveness | 743 | * | 1,505 |
| Business Enabling Environment | 743 | * | 1,000 |
| Workforce Development | 0 | * | 305 |
| Program Support (Private Sector) | 0 | * | 200 |
| Economic Opportunity | 2,056 | * | 3,645 |
| Inclusive Financial Markets | 1,731 | * | 1,260 |
| Strengthen Microenterprise Productivity | 325 | * | 1,635 |
| Program Support (Econ Opportunity) | 0 | * | 750 |
| Environment | 995 | * | 500 |
| Natural Resources and Biodiversity | 995 | * | 395 |
| Program Support (Environment) | 0 | * | 105 |
| Humanitarian Assistance | 0 | * | 200 |
| Disaster Readiness | 0 | * | 200 |
| Capacity Building, Preparedness, and Planning | 0 | * | 200 |

Statement of Changes

From FY 2006 to FY 2008 funding for Mexico decreased by \$21.8 million, primarily affecting programs in counter-terrorism, counter-narcotics, and governance activities as a result of reductions in the INCLE and NADR accounts. This is appropriate given Mexico's position as the thirteenth largest economy in the world. IMET funding increased from zero funding to nearly \$400,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

NICARAGUA
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

Following Daniel Ortega's January 10, 2006 return to the presidency, U.S. foreign policy priorities in Nicaragua are to strengthen democracy and governance, promote economic growth, and improve security. Cutting across all transformational diplomacy objectives is a strong public diplomacy element that highlights our desire for positive relations with the new Sandinista government. FY 2008 will be a critical year for Nicaragua as the newly elected president completes his initial year in office, and implementation of the historic Central America-Dominican Republic-United States Free Trade Agreement (CAFTA-DR) hopefully hits its stride.

One of Nicaragua's greatest challenges is to develop transparent and accountable government institutions that provide the stability and trust needed for economic investment and growth. Nicaragua's judicial and legislative systems are highly politicized and controlled by the anti-democratic "pact" between Daniel Ortega and Arnoldo Aleman. Only judicial independence, transparent government institutions and political processes, and a strong civil society can curb the abuses of power that stem from this politicization.

The second poorest country in the western hemisphere, Nicaragua faces significant challenges in reducing poverty and economic disparity. The recent entry into force of CAFTA-DR provides a platform to boost economic growth and create jobs, offering space for a robust private sector. Similarly, the MCC compact signed in July, 2005 focuses on creating the necessary infrastructure and institutions for private enterprises to flourish at the grass roots level.

Intrinsic to all aspects of political, economic and social development are peace and security. Nicaragua's porous borders, weak state institutions and rule of law, especially in the Atlantic Coast region, attract illicit activities such as trafficking in drugs, humans and weapons, threatening U.S. security and regional stability.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 1,343 | * | 2,175 |
| Governing Justly & Democratically | 10,310 | * | 4,000 |
| Investing in People | 18,591 | * | 11,700 |
| Economic Growth | 17,339 | * | 11,300 |
| Humanitarian Assistance | 0 | * | 200 |
| Total | 47,583 | * | 29,375 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Child Survival and Health | 7,699 | * | 7,500 |
| Development Assistance | 22,169 | * | 13,700 |
| Economic Support Fund | 3,366 | * | 0 |
| Foreign Military Financing | 594 | * | 0 |
| International Military Education & Training | 740 | * | 500 |

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| International Narcotics Control and Law Enforcement | 0 | * | 1,600 |
| Nonproliferation, Antiterrorism & Demining | 9 | * | 75 |
| Public Law 480 (Food Aid) | 13,006** | * | 6,000 |
| Total | 47,583 | * | 29,375 |
| Peace Corps | 2595 | * | 2711 |

**FY 2006 includes \$.926 million of P.L. 480 Title II emergency food aid. Emergency food aid has not been allocated to countries in FY 2008.

Peace and Security (\$2.2 million): Working with the GON to reduce the threat to U.S. security and to the Central American region posed by Nicaragua's excess weapons, particularly its surface-to-air missiles (MANPADS), remains a key priority. The weapons reward program, which focuses on the discovery and seizure of illicit, privately-held weapons, will continue. The U.S. will continue to help the GON improve its capacity to respond to terrorist threats through information-sharing and support for development of a counterterrorism force. An effective, professional law enforcement and military is critical to the success of Nicaraguan democracy and efforts to combat terrorism, corruption, narcotics, trans-national crime and trafficking, money laundering and the emerging threat of gang violence. The U.S. will engage civil society and work with the GON to bring greater transparency, participatory budgeting, and social auditing to the military and to improve law enforcement.

Governing Justly and Democratically (\$4 million): The top U.S. priority remains strengthening and consolidating democracy through the development of transparent, accountable and professional government institutions. The core issues of rule of law and anticorruption remain, as well as the need for substantial structural reform across critical GON institutions. New programs in the justice sector will work to make the institutions more transparent and effective. At the same time, anticorruption efforts will continue to help Nicaragua fight corruption and improve legal and regulatory frameworks. Finally, we will help democratic civil forces and newly emerged democratic parties to restructure electoral processes and assist Nicaraguan political institutions to blunt caudillo politics and improve citizen participation and transparency. Programs will support increased citizen advocacy, and highlight the role of the media in consolidating a culture of democracy.

Investing in People (\$11.7 million): An educated and healthy work force is fundamental to spurring greater prosperity, democracy and security in Nicaragua. U.S. assistance to improve the quality of and access to basic education has had a measurable impact and is primed to expand to three times the number of schools served. A small university linkages program will be added to strengthen higher education and build lasting relationships between universities in both countries. As Nicaragua begins to consolidate its improved health services, the USG's focus will shift to working with the Ministry of Health to reform health policies and improve institutional management of budgeting, procurement, and oversight capacities, improving their institutional capacity and sustainability. With the planned graduation of the family planning program, there will be increased attention to child and maternal healthcare. Environmental protection, especially within the context of CAFTA-DR and preserving biodiversity, will be integrated into all aspects of our economic growth programs. For the most vulnerable populations, especially those temporarily affected by the transition to free trade, safety nets such as food distribution programs will help ease the adjustment.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Nicaragua will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range on interventions related to care, treatment, and prevention.

Economic Growth (\$11.3 million): With U.S. support, Nicaragua has undergone significant economic change over the past decade, opening its markets, increasing foreign investment, and joining CAFTA-DR. To maximize CAFTA-DR's benefits, Nicaragua needs to aggressively address deficiencies in trade capacity and adjust to the rigors and requirements of free trade. A crucial part of this adjustment is to reorient economic activities to take advantage of free trade. A vigorous agricultural diversification program will help more small-scale farmers improve food security by tying into high-value product and marketing chains, and supplying domestic and international markets not previously accessible to them. Productive infrastructure development (e.g., transport, cold-storage and water systems) will be important to improve competitiveness. Addressing the legal-institutional framework, including work on customs reform, intellectual property rights and rules of origin, alternative commercial and trade dispute resolution, will improve the business and investment climate. These programs are critical in complying with U.S. commitments under CAFTA-DR, and fostering economic growth.

Humanitarian Assistance (\$0.2 million): Nicaragua is highly susceptible to natural disasters and their aftermath, chiefly because of the country's particular geography and intense poverty. Disaster planning and mitigation assistance will expand work with the national and local governments to improve disaster preparedness and mitigation.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 47,583 | * | 29,375 |
| Peace & Security | 1,343 | * | 2,175 |
| Counter-Terrorism | 9 | * | 75 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 9 | * | 75 |
| Stabilization Operations and Security Sector Reform | 1,334 | * | 500 |
| Immediate Protection of Civilians in Conflict | 1,334 | * | 0 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 500 |
| Counter-Narcotics | 0 | * | 1,250 |
| Interdiction | 0 | * | 850 |
| Drug Demand Reduction | 0 | * | 260 |
| Program Support (Narcotics) | 0 | * | 140 |
| Transnational Crime | 0 | * | 350 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 350 |
| Governing Justly & Democratically | 10,310 | * | 4,000 |
| Rule of Law and Human Rights | 1,529 | * | 1,750 |
| Justice System | 1,354 | * | 1,645 |
| Human Rights | 29 | * | 0 |
| Program Support (Rule of Law) | 146 | * | 105 |
| Good Governance | 1,065 | * | 1,500 |
| Anti-Corruption Reforms | 931 | * | 1,415 |
| Program Support (Governance) | 134 | * | 85 |
| Political Competition and Consensus-Building | 5,954 | * | 750 |
| Elections and Political Processes | 5,091 | * | 700 |
| Political Parties | 572 | * | 0 |
| Program Support (Political Competition) | 291 | * | 50 |
| Civil Society | 1,762 | * | 0 |
| Civic Participation | 1,442 | * | 0 |
| Media Freedom and Freedom of Information | 97 | * | 0 |
| Program Support (Civil Society) | 223 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Investing in People | 18,591 | * | 11,700 |
| Health | 12,901 | * | 10,000 |
| HIV/AIDS | 990 | * | 1,500 |
| Maternal and Child Health | 8,412 | * | 6,500 |
| Family Planning and Reproductive Health | 3,499 | * | 2,000 |
| Education | 5,690 | * | 1,700 |
| Basic Education | 5,690 | * | 1,500 |
| Higher Education | 0 | * | 200 |
| Economic Growth | 17,339 | * | 11,300 |
| Macroeconomic Foundation for Growth | 500 | * | 0 |
| Fiscal policy | 460 | * | 0 |
| Program Support (Macro Econ) | 40 | * | 0 |
| Trade and Investment | 1,954 | * | 1,090 |
| Trade and Investment Enabling Environment | 875 | * | 550 |
| Trade and Investment Capacity | 829 | * | 460 |
| Program Support (Trade) | 250 | * | 80 |
| Infrastructure | 0 | * | 1,000 |
| Transport Services | 0 | * | 940 |
| Program Support (Infrastructure) | 0 | * | 60 |
| Agriculture | 12,084 | * | 5,860 |
| Agricultural Sector Productivity | 11,754 | * | 5,500 |
| Program Support (Agriculture) | 330 | * | 360 |
| Private Sector Competitiveness | 0 | * | 1,850 |
| Private Sector Productivity | 0 | * | 1,740 |
| Program Support (Private Sector) | 0 | * | 110 |
| Environment | 2,801 | * | 1,500 |
| Natural Resources and Biodiversity | 2,675 | * | 1,380 |
| Program Support (Environment) | 126 | * | 120 |
| Humanitarian Assistance | 0 | * | 200 |
| Disaster Readiness | 0 | * | 200 |
| Capacity Building, Preparedness, and Planning | 0 | * | 100 |
| Mitigation | 0 | * | 90 |
| Program Support (Disaster Readiness) | 0 | * | 10 |

Linkages with the Millennium Challenge Corporation (MCC)

Nicaragua has a \$175 million dollar compact with the Millennium Challenge Corporation. The compact aims to reduce poverty and spur economic growth by funding projects aimed at reducing transportation costs and improving access to markets for rural communities; increasing wages and profits from farmers; and increasing investment by strengthening property rights.

Statement of Changes

Nicaragua received P.L. 480 Title II Emergency Food Aid in FY 2006 in the amount of \$965,000. Since Emergency Food Aid has not been allocated to countries for FY 2008 the budget for Nicaragua has actually decreased by \$17.3 million. The reduction of Foreign Military Financing (FMF) to Nicaragua reflects competing priorities worldwide.

PANAMA
Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

In December 2006 the U.S. and Panama concluded Trade Promotion Agreement negotiations. Although Panama's real growth, trade, investment, fiscal performance and per capita income are strong, a stubborn poverty rate of 40% and vast income disparities leave significant portions of the population vulnerable to anti-capitalist and anti-democratic ideologies popular in the region. Although Panama's democracy was restored in December 1989, corruption, lack of transparency, weak rule of law and government pressure on journalists remains a concern. By virtue of its geographic position and well-developed transportation infrastructure, Panama is a major drug transshipment point to the United States and Europe. Panama's containerized seaports, the Pan-American Highway, a rapidly growing international hub airport, numerous uncontrolled airfields, and vast unguarded coastlines on both the Atlantic and Pacific facilitate narcotrafficking. The United States has a vital stake in helping the Government of Panama address these security problems

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 6,092 | * | 2,285 |
| Governing Justly & Democratically | 1,412 | * | 0 |
| Economic Growth | 200 | * | 0 |
| Total | 7,704 | * | 2,285 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Andean Counterdrug Initiative | 4,455 | * | 1,000 |
| Development Assistance | 200 | * | 0 |
| Economic Support Fund | 990 | * | 0 |
| Foreign Military Financing | 990 | * | 0 |
| International Military Education & Training | 894 | * | 185 |
| Nonproliferation, Antiterrorism & Demining | 175 | * | 1,100 |
| Total | 7,704 | * | 2,285 |
| Peace Corps | 2719 | * | 2808 |

Peace and Security (\$2.3 million): U.S. assistance in FY 2008 will continue to support the Government of Panama's drug interdiction activities, counter-terrorism efforts, and security programs. U.S. funded programs will focus on upgrading critical facilities and providing training and equipment for law enforcement units to improve drug detection, seizure and mobile inspection capabilities and port and border point of entry security programs. U.S. assistance will help professionalize the Panamanian Public Forces (PPF) and enhance its capabilities to execute security operations, including responding to threats against the Canal and other critical infrastructure. In addition, training will promote more effective resource management, respect for human rights, and civil-military operations. Funding for counterterrorism initiatives will allow us to address partially the issue of strengthening communities in the remote Darien region, where the government has minimal presence and communities are often ill-equipped to resist Colombian narco-terrorist groups in search of sanctuary.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 7,704 | * | 2,285 |
| Peace & Security | 6,092 | * | 2,285 |
| Counter-Terrorism | 175 | * | 1,000 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 175 | * | 750 |
| Governments' Capabilities | 0 | * | 250 |
| Combating Weapons of Mass Destruction (WMD) | 0 | * | 100 |
| Counter WMD Proliferation and Combat WMD Terrorism | 0 | * | 100 |
| Stabilization Operations and Security Sector Reform | 2,335 | * | 185 |
| Defense, Military, and Border Restructuring, Reform and Operations | 1,884 | * | 185 |
| Law Enforcement Restructuring, Reform and Operations | 375 | * | 0 |
| Program Support (Stabilization) | 76 | * | 0 |
| Counter-Narcotics | 3,582 | * | 1,000 |
| Interdiction | 2,900 | * | 600 |
| Drug Demand Reduction | 75 | * | 0 |
| Program Support (Narcotics) | 607 | * | 400 |
| Governing Justly & Democratically | 1,412 | * | 0 |
| Good Governance | 1,412 | * | 0 |
| Anti-Corruption Reforms | 1,150 | * | 0 |
| Program Support (Governance) | 262 | * | 0 |
| Economic Growth | 200 | * | 0 |
| Trade and Investment | 198 | * | 0 |
| Trade and Investment Capacity | 198 | * | 0 |
| Environment | 2 | * | 0 |
| Natural Resources and Biodiversity | 2 | * | 0 |

Statement of Changes

Funding for the Panama program decreases by \$5.419 million from FY 2006 to FY 2008. While the program included activities in governance and trade and investment in FY 2006, it will focus exclusively on the peace and security transformational development objective in FY 2008. This is appropriate as Panama's real growth, trade, investment, fiscal performance and per capita income are strong. The emphasis in FY 2008 will be on new activities in counter-terrorism and phasing out activities in counter-narcotics. The reduction of Foreign Military Financing (FMF) to Panama reflects competing priorities worldwide.

PARAGUAY
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Corruption permeates all levels of political and economic life in Paraguay. It undermines the faith of her citizens in democracy and the free market. Paraguay's justice system is slow and impunity remains a serious problem. Paraguay is also a hub for international crime including terrorist financing, drug and arms trafficking (some involving the Revolutionary Armed Forces of Colombia), money laundering, counterfeiting, document forgery, trafficking in persons, and intellectual property rights (IPR) violations. Paraguay is the weakest link in the porous tri-border area of Argentina, Brazil, and Paraguay. Its relatively slow growth, an undiversified economy, and a hostile business environment combined with high population growth have resulted in little reduction in poverty. Its public health system has failed to address a range of health challenges, such as high maternal mortality rates, a growing youth population, and deteriorating child welfare. To date, corruption, overly centralized management, and weak service delivery have characterized the health and environmental sectors.

Despite these problems, U.S. assistance can make significant contributions to promote transformation in Paraguay. The current government has demonstrated the political will to make changes, albeit in a difficult political environment that has kept the pace of change slow. Governing justly and democratically is the overarching objective in Paraguay, and anti-corruption is a key cross-cutting theme. Programs related to peace and security, economic growth, and investing in people support the overall goal of improved democratic governance, and play an important role in preserving reform momentum and preventing backsliding.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|--------------|
| Peace & Security | 1,010 | * | 950 |
| Governing Justly & Democratically | 3,960 | * | 2,800 |
| Investing in People | 2,884 | * | 1,300 |
| Economic Growth | 2,405 | * | 1,700 |
| Total | 10,259 | * | 6,750 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|--------------|
| Child Survival and Health | 2,884 | * | 1,300 |
| Development Assistance | 4,385 | * | 4,700 |
| Economic Support Fund | 1,980 | * | 0 |
| International Military Education & Training | 0 | * | 200 |
| International Narcotics Control and Law Enforcement | 0 | * | 280 |
| Nonproliferation, Antiterrorism & Demining | 1,010 | * | 270 |
| Total | 10,259 | * | 6,750 |
| Peace Corps | 3054 | * | 2994 |

Peace and Security (\$1 million): Active engagement of the Paraguayan government is key to strengthening Paraguay's capabilities to combat narcotics trafficking, money laundering, terrorism financing, trafficking in persons and intellectual property rights crime. U.S. assistance will

provide training for Paraguayan security forces to fight these crimes. As Paraguay is a major transit country for significant amounts of Colombian, Bolivian, and Peruvian cocaine destined for other parts of Latin America and Europe, U.S. assistance will strengthen Paraguay's interdiction efforts and conduct demand reduction activities. These efforts include support for a Department of Justice Resident Legal Advisor who will work with Paraguay to strengthen its legal framework for prosecuting terrorist financing. Furthermore, U.S. assistance will enhance enforcement capabilities to combat IPR piracy and counterfeiting, major sources of income for organized crime and terrorist groups. U.S. assistance also will strengthen Paraguay's efforts to fight trafficking in persons.

Governing Justly and Democratically (\$2.8 million): The highest transformational diplomacy priority for Paraguay is the consolidation of democracy. Anti-corruption is the cornerstone of this objective, with cross-cutting effects on all other activities. Anti-corruption activities will also complement reforms implemented under the Millennium Challenge Account Threshold Program by fighting impunity and corruption at the grass roots level. U.S. assistance will support increased independence, transparency, and accountability of the justice sector institutions. The criminal justice system will receive support in modernization and capacity building to reduce impunity and increase civil society oversight. U.S. assistance will also continue to focus on improving governance practices at the local level and rewarding good performers as a means to replace the discredited, corrupt practices of the past. Activities encourage merit-based promotions and foster public sector transparency, accountability, and efficiency.

Investing in People (\$1.3 million): U.S. assistance will be used to continue support for the successful graduation of the family planning program by 2010. Funding for family planning will ensure that mechanisms are in place for an institutionalized national program with community-level advocacy and participation, and strengthened procurement and logistics systems. The post-graduation vision is to leave Paraguay with the capability to provide quality family planning services throughout the country.

Economic Growth (\$1.7 million): U.S. assistance will address poverty alleviation and income generation by supporting trade-based diversification, promotion of private sector investment and exports, and capacity building in the business environment that will make it easier for Paraguay to compete internationally and create licit income generation opportunities. U.S. assistance will also be used to support the improved management of biologically sensitive areas through capacity building and legal and policy reform. This investment is essential to leaving behind the capacity to manage the country's natural resources and biodiversity in a sustainable manner when the program ends in FY 2008.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 10,259 | * | 6,750 |
| Peace & Security | 1,010 | * | 950 |
| Counter-Terrorism | 280 | * | 270 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 280 | * | 0 |
| Governments' Capabilities | 0 | * | 270 |
| Combating Weapons of Mass Destruction (WMD) | 450 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 450 | * | 0 |
| Stabilization Operations and Security Sector Reform | 0 | * | 200 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 200 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| Counter-Narcotics | 0 | * | 280 |
| Interdiction | 0 | * | 195 |
| Program Support (Narcotics) | 0 | * | 85 |
| Transnational Crime | 280 | * | 200 |
| Financial Crimes and Money Laundering | 280 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |
| Governing Justly & Democratically | 3,960 | * | 2,800 |
| Rule of Law and Human Rights | 1,000 | * | 1,150 |
| Judicial Independence | 475 | * | 500 |
| Justice System | 475 | * | 500 |
| Program Support (Rule of Law) | 50 | * | 150 |
| Good Governance | 1,330 | * | 1,650 |
| Local Government and Decentralization | 880 | * | 1,000 |
| Anti-Corruption Reforms | 300 | * | 500 |
| Program Support (Governance) | 150 | * | 150 |
| Political Competition and Consensus-Building | 500 | * | 0 |
| Political Parties | 450 | * | 0 |
| Program Support (Political Competition) | 50 | * | 0 |
| Civil Society | 1,130 | * | 0 |
| Civic Participation | 955 | * | 0 |
| Program Support (Civil Society) | 175 | * | 0 |
| Investing in People | 2,884 | * | 1,300 |
| Health | 2,884 | * | 1,300 |
| Maternal and Child Health | 1,102 | * | 0 |
| Family Planning and Reproductive Health | 1,782 | * | 1,300 |
| Economic Growth | 2,405 | * | 1,700 |
| Trade and Investment | 785 | * | 650 |
| Trade and Investment Capacity | 754 | * | 550 |
| Program Support (Trade) | 31 | * | 100 |
| Private Sector Competitiveness | 700 | * | 550 |
| Private Sector Productivity | 700 | * | 550 |
| Environment | 920 | * | 500 |
| Natural Resources and Biodiversity | 0 | * | 425 |
| Clean Productive Environment | 786 | * | 0 |
| Program Support (Environment) | 134 | * | 75 |

Linkages with the Millennium Challenge Corporation (MCC)

Paraguay is currently a Millennium Challenge Account (MCA) Threshold Program Country. The Threshold Program supports the Government of Paraguay's efforts to reduce impunity and to formalize economic activities.

Statement of Changes

Funding for Paraguay has decreased roughly \$3.5 million from FY 2006 levels. ESF-funded democracy and economic growth programs will be phased out in FY 2007, although DA funding will compensate for this, consistent with Paraguay's status as an MCC threshold program. International Military Education and Training (IMET) funding increased from zero funding to \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

PERU
Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Peru continues to be one of the United States' closest regional partners in a challenging Andean landscape. U.S. priorities in Peru are, in order of priority, governing justly and democratically; advancing peace and security by combating narco-trafficking and links to terrorist organizations; reducing poverty through trade-driven economic growth; and increasing the government's investment in its people. All four are interdependent and necessary for advancing transformational diplomacy in Peru.

The Toledo Government (2001-2006) laid the macroeconomic foundations for stability and prosperity by respecting democratic processes and tying the economy to free markets and free trade. In 2006, Peru and the United States signed a free trade agreement, which will be enacted once the U.S. Congress ratifies it. Still, the economic growth over the last five years has yet to benefit all. About half of all Peruvians live on less than two dollars a day, and 19% live on one dollar a day or less. Public health systems have deteriorated over the last five years, education quality is low and three in five Peruvians are under or unemployed. The 2006 presidential elections reflected the lack of consensus on Peru's political and economic direction, the brittleness of its democratic institutions, and the anger of a large segment of the population that feels ignored by the political class and economic elite. President Alan García took office on July 28, 2006 and has been besieged by popular demands to show that all Peruvians can benefit from the country's economic success. President Garcia's immediate goal is to decrease poverty, especially in Peru's southern highlands where poverty is most acute. Supporting Peru's social and economic development and the Garcia administration's poverty reduction initiatives serves the U.S. national interest of securing a stable and prosperous Western Hemisphere.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|----------------|---------------|---------------|
| Peace & Security | 107,125 | * | 67,641 |
| Governing Justly & Democratically | 2,701 | * | 3,050 |
| Investing in People | 16,663 | * | 14,450 |
| Economic Growth | 6,983 | * | 5,224 |
| Humanitarian Assistance | 8,250 | * | 0 |
| Total | 141,722 | * | 90,365 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|---------------|---------------|
| Andean Counterdrug Initiative | 106,920 | * | 36,844 |
| Child Survival and Health | 14,213 | * | 12,000 |
| Development Assistance | 9,369 | * | 11,224 |
| Economic Support Fund | 2,765 | * | 30,000 |
| International Military Education & Training | 0 | * | 187 |
| Nonproliferation, Antiterrorism & Demining | 205 | * | 110 |
| Public Law 480 (Food Aid) | 8,250 | * | 0 |
| Total | 141,722 | * | 90,365 |
| Peace Corps | 2618 | * | 2833 |

Peace and Security (\$67.6 million): U.S. assistance will strengthen governance in isolated areas where drug traffickers and terrorists operate. Aggressive eradication, interdiction, and chemical control will be used to reduce drug production. Alternative development programs will reduce dependence on illicit coca cultivation. U.S. assistance will be used to publicize the links between drug production and common crime so that Peruvians understand that their quality of life is degraded by drug-trafficking. Funds will also help the Government of Peru (GOP) improve its counter-terrorism efforts.

Governing Justly and Democratically (\$ 3.1 million): U.S. assistance will help regional governments become more effective and transparent, reinforce the capacity of political parties to be more representative and accountable, foster institutional resistance to corruption, and enhance confidence in democratic institutions. Investments in the Peace and Security and Economic Growth objectives will further these efforts by preventing the encroachment of drug money into Peru's fragile democratic institutions and addressing the frustrations of the marginalized poor with their exclusion from recent economic growth.

Investing in People (\$14.5 million): With maternal mortality still alarmingly high, particularly in Peru's rural south, U.S. assistance will be used to improve obstetrical care and services. Family planning efforts will focus on improving the quality of reproductive health services and strengthening commodity logistic systems in the public and private sectors. U.S. assistance will also address problems related to tuberculosis and other public health threats and will help improve the quality of education services for the poor. Funds will be used to strengthen the GOP's HIV surveillance and implement the antiretroviral treatment program.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): Peru will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention.

Economic Growth (\$5.2 million): U.S. assistance will support the government and the private sector in extending the benefits of free trade to Peru's poorest by linking local producers in the impoverished highlands and Amazon regions to international markets. With export growth as its top priority, the GOP is expected to make a multi-million dollar investment in this sector and has obtained substantial commitments from the World Bank and the Inter-American Development Bank, among others. U.S. assistance will promote the understanding that free trade and foreign investment will create jobs and help the economically disadvantaged; tackle bureaucratic barriers to economic development; and reduce the time and costs of starting a new business. U.S. assistance will also help Peru promote sustainable forest management, reduce illegal logging, and comply with the environmental provision of Trade Promotion Agreement. All of these programs will continue to drive a large segment of the Peruvians away from illegal drug trafficking and toward more productive, enduring and legal economic activities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 141,722 | * | 90,365 |
| Peace & Security | 107,125 | * | 67,641 |
| Counter-Terrorism | 0 | * | 110 |
| Governments' Capabilities | 0 | * | 110 |
| Stabilization Operations and Security Sector Reform | 205 | * | 187 |
| Defense, Military, and Border Restructuring, Reform and Operations | 205 | * | 187 |
| Counter-Narcotics | 106,470 | * | 66,844 |
| Eradication | 28,700 | * | 14,199 |
| Alternative Development and Alternative Livelihoods | 46,582 | * | 27,907 |
| Interdiction | 23,760 | * | 18,845 |
| Drug Demand Reduction | 1,500 | * | 0 |
| Program Support (Narcotics) | 5,928 | * | 5,893 |
| Transnational Crime | 450 | * | 500 |
| Financial Crimes and Money Laundering | 450 | * | 0 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 500 |
| Governing Justly & Democratically | 2,701 | * | 3,050 |
| Good Governance | 2,111 | * | 2,150 |
| Local Government and Decentralization | 1,556 | * | 1,927 |
| Anti-Corruption Reforms | 205 | * | 0 |
| Program Support (Governance) | 350 | * | 223 |
| Political Competition and Consensus-Building | 590 | * | 900 |
| Political Parties | 534 | * | 700 |
| Program Support (Political Competition) | 56 | * | 200 |
| Investing in People | 16,663 | * | 14,450 |
| Health | 14,213 | * | 12,000 |
| HIV/AIDS | 1,584 | * | 1,200 |
| Tuberculosis | 600 | * | 600 |
| Other Public Health Threats | 545 | * | 545 |
| Maternal and Child Health | 4,653 | * | 4,200 |
| Family Planning and Reproductive Health | 6,831 | * | 5,455 |
| Education | 2,450 | * | 2,450 |
| Basic Education | 2,450 | * | 2,450 |
| Economic Growth | 6,983 | * | 5,224 |
| Trade and Investment | 1,520 | * | 4,024 |
| Trade and Investment Capacity | 1,304 | * | 3,824 |
| Program Support (Trade) | 216 | * | 200 |
| Financial Sector | 1,138 | * | 0 |
| Financial Services | 938 | * | 0 |
| Program Support (Financial Sector) | 200 | * | 0 |
| Private Sector Competitiveness | 1,285 | * | 0 |
| Private Sector Productivity | 1,223 | * | 0 |
| Program Support (Private Sector) | 62 | * | 0 |
| Environment | 3,040 | * | 1,200 |
| Natural Resources and Biodiversity | 2,699 | * | 837 |
| Program Support (Environment) | 341 | * | 363 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--------------------------------------|----------------|------------------|-----------------|
| Humanitarian Assistance | 8,250 | * | 0 |
| Protection, Assistance and Solutions | 8,250 | * | 0 |
| Crisis Assistance and Recovery | 8,107 | * | 0 |
| Program Support (Protection) | 143 | * | 0 |

Linkages with the Millennium Challenge Corporation (MCC)

In November 2006, the Millennium Challenge Corporation (MCC) selected Peru to participate in the Millennium Challenge Account (MCA) Threshold Program. The MCC has requested the GOP to submit a concept paper by February 15, 2007, outlining the policy areas on which the government would focus such a program. Based on an analysis of Peru's performance under the MCA indicators, the program will likely concentrate on combating corruption, strengthening government effectiveness, rule of law, improving immunization coverage, and/or natural resources management. If MCC funding is provided to Peru, it will be closely coordinated with other U.S. assistance programs.

Statement of Changes

Funding for Peru has decreased \$51.3 million from FY 2006 levels. Alternative development programs previously financed with ACI funds were shifted to the ESF account. Democracy and Governance and Economic Growth programs that were financed with ESF will not be continued due to reduced ESF funding for the region. These programs were financed with ESF will now utilize DA funds to continue efforts to eliminate policy constraints to free trade while promoting anti-corruption activities. CSH cuts were generally offset by increases in DA. Counternarcotics funding was limited due to priorities in Colombia. Elimination of P.L. 480 (food aid) also contributed to the overall decrease. IMET funding increased from zero funding to nearly \$200,000 due to the de-linking of IMET from ASPA (American Service Members Protection Act) sanctions.

SURINAME

Developing

Obstacles and Opportunities for Advancing Transformational Diplomacy

Suriname's porous borders make it an attractive transit point for smuggling of all kinds, particularly the guns-for-drugs trade managed by the Revolutionary Armed Forces of Colombia. Illicit trade and weak governance make Suriname a natural target for money launderers. Suriname has made great strides in its efforts since 1992 to transform itself from a military regime to a fully functioning democracy with effective rule of law, but significant problems remain. The United States will focus its assistance on border security, counter-narcotics, and transnational crime.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 395 | * | 345 |
| Total | 395 | * | 345 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| Development Assistance | 0 | * | 200 |
| Foreign Military Financing | 99 | * | 0 |
| International Military Education & Training | 196 | * | 145 |
| Nonproliferation, Antiterrorism & Demining | 100 | * | 0 |
| Total | 395 | * | 345 |
| Peace Corps | 1488 | * | 1629 |

Peace and Security (\$0.3 million): U.S. assistance will help Suriname to develop its security forces to maintain the country's territorial integrity, secure remote areas, protect its borders, and interdict illicit drugs being trafficked through the country. This assistance will also help Suriname to control trafficking in persons and smuggling.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 395 | * | 345 |
| Peace & Security | 395 | * | 345 |
| Counter-Terrorism | 100 | * | 0 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 100 | * | 0 |
| Stabilization Operations and Security Sector Reform | 295 | * | 145 |
| Defense, Military, and Border Restructuring, Reform and Operations | 295 | * | 145 |
| Transnational Crime | 0 | * | 200 |
| Trafficking-in-Persons and Migrant Smuggling | 0 | * | 200 |

TRINIDAD AND TOBAGO

Sustaining Partnership

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Government of Trinidad and Tobago (GOTT) has been unable to stem the rapid escalation in violent crime that has accelerated over the last few years, including murders, kidnappings for ransom, and at least four bombings. U.S. assistance supports GOTT efforts to protect its vital energy and tourism infrastructure, exercise effective control of its territory, and monitor transnational criminals that could establish connections with radical extremists in and outside Trinidad and Tobago. Also, increasing the nation's emergency disaster relief capabilities would allow Trinidad and Tobago to complement or even replace the U.S. as the primary actor in response to Southern Caribbean natural disasters.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 234 | * | 1,478 |
| Total | 234 | * | 1,478 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 88 |
| International Narcotics Control and Law Enforcement | 0 | * | 500 |
| Nonproliferation, Antiterrorism & Demining | 234 | * | 890 |
| Total | 234 | * | 1,478 |

Peace and Security (\$1.5 million): The U.S. can best assist Trinidad and Tobago by focusing on security sector reform, counter-narcotics and counter-terrorism. In the area of defense, military and border security restructuring, reform and operations, U.S. programs support training to assist in the professionalization of the Trinidad and Tobago military. In addition, funds provide Trinidadian law enforcement organizations with training, technical assistance, equipment and vehicles in support of their counter-narcotics crime efforts.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 234 | * | 1,478 |
| Peace & Security | 234 | * | 1,478 |
| Counter-Terrorism | 234 | * | 890 |
| Deny Terrorist Sponsorship, Support and Sanctuary | 234 | * | 0 |
| Governments' Capabilities | 0 | * | 890 |
| Stabilization Operations and Security Sector Reform | 0 | * | 88 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 88 |
| Counter-Narcotics | 0 | * | 500 |
| Interdiction | 0 | * | 250 |
| Drug Demand Reduction | 0 | * | 250 |

URUGUAY
Transforming

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States seeks to engage Uruguay's government to support important policy priorities in the region and globally. These priorities include furthering free-market economic growth; promoting regional stability; advancing peacekeeping and other military cooperation; helping Uruguay fight narcotics trafficking, international crime, and money laundering; and maintaining Uruguay's strong democratic institutions. Uruguay runs the risk of becoming a haven for money laundering and other transnational crimes due to its historic protection of banking privacy and lack of resources to support financial investigations and law enforcement. Active engagement of the Uruguayan government and training of its officials are critical to strengthening Uruguay's capabilities to combat financial crimes, narcotics trafficking, and terrorism.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|-------------|---------------|--------------|
| Peace & Security | 0 | * | 187 |
| Total | 0 | * | 187 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|-------------|---------------|--------------|
| International Military Education & Training | 0 | * | 187 |
| Total | 0 | * | 187 |

Peace and Security (\$0.2 million): Uruguay is committed to peacekeeping operations worldwide, but its forces need additional resources and training in order to achieve full interoperability. In addition, narcotraffickers increasingly attempt to exploit Uruguay's economic difficulties, strategic location, and long porous borders to their own advantage. The U.S. must thwart these efforts as a key component of regional interdiction efforts. U.S. assistance will be used to provide training for Uruguayan security forces. This training will increase Uruguayan forces' interoperability with U.S. forces and ensure Uruguay's continued participation in regional operations such as the United Nations peacekeeping mission in Haiti, where they currently have over 1,100 troops.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|-------------|---------------|--------------|
| TOTAL | 0 | * | 187 |
| Peace & Security | 0 | * | 187 |
| Stabilization Operations and Security Sector Reform | 0 | * | 187 |
| Defense, Military, and Border Restructuring, Reform and Operations | 0 | * | 187 |

Statement of Changes

IMET funding for Uruguay has increased from FY 2006 levels reflecting the FY 2006 Presidential waiver of ASPA sanctions.

VENEZUELA

Obstacles and Opportunities for Advancing Transformational Diplomacy

Venezuela presents a serious challenge to the advancement of development and democracy in the Hemisphere. Venezuela's at-risk democratic organizations have been identified as a top U.S. foreign policy priority. The U.S. is a vital source of funding for these groups. In December 2006, President Chávez was re-elected by a wide margin. International observers considered the election relatively free and fair despite irregularities and government-sponsored voter intimidation. President Chávez is now seeking extraordinary powers to accelerate implementation of his second term agenda - "deepening the revolution" and establishing a socialist state. These plans include reforming the constitution to allow for indefinite re-election and redefining economic and social rights. The Government of Venezuela (GOV) has already consolidated all power in the executive. Civil rights and liberties are under attack - notably, freedom of expression and association - as the GOV continues to move to silence critics and restrict space for independent institutions and civil society. Venezuela increasingly serves as a transit country for the movement of drugs and people. While formal counter-narcotics cooperation has deteriorated, informal cooperation continues and it is critical that criminal intelligence flows are maintained to pursue an interdiction program in cooperation with countries in Europe, the Caribbean and Central America.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|--------------|---------------|--------------|
| Peace & Security | 2,229 | * | 50 |
| Governing Justly & Democratically | 3,681 | * | 3,000 |
| Total | 5,910 | * | 3,050 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| Andean Counterdrug Initiative | 2,229 | * | 0 |
| Development Assistance | 0 | * | 3,000 |
| International Military Education & Training | 0 | * | 50 |
| Transition Initiatives | 3,681 | * | 0 |
| Total | 5,910 | * | 3,050 |

Peace and Security (\$0.5 million): There is an explosion of drugs transiting through Venezuela destined for U.S. and European markets. All indicators suggest the trend likely will continue. U.S. assistance will be used to interrupt drug trafficking and stymie transnational criminal networks.

Governing Justly and Democratically (\$3.0 million): As power becomes increasingly concentrated in the executive branch, U.S. funding will help ensure civil society groups continue serving as one of the last checks on an increasingly authoritarian Venezuelan government. Working at the local level is key to identifying and supporting emerging democratic leaders and to generating citizen awareness about their right to demand democratic and accountable government. The collapse of Venezuela's traditional party system in the 1990s has contributed to the present authoritarian trend. The transformation of the political party system is essential to

restore democratic processes in Venezuela. The politicization of the electoral authorities has increased citizen distrust in the electoral system's fairness. As the GOV pursues constitutional reform, modification of laws for re-electing a president, and the redrawing of state and local geopolitical boundaries, it is critical that electoral processes be grounded in respect for fundamental civil and political rights.

Request by Element

| (\$ in Thousands) | 2006 | 2007 | 2008 |
|-----------------------------------|--------|----------|---------|
| | Actual | Estimate | Request |
| TOTAL | 5,910 | * | 3,050 |
| Peace & Security | 2,229 | * | 50 |
| Counter-Narcotics | 2,229 | * | 50 |
| Interdiction | 2,229 | * | 50 |
| Governing Justly & Democratically | 3,681 | * | 3,000 |
| Civil Society | 3,681 | * | 3,000 |
| Civic Participation | 3,057 | * | 2,500 |
| Program Support (Civil Society) | 624 | * | 500 |

Statement of Changes

Funding for Venezuela has been decreased from FY 2006 levels reflecting a shift from counternarcotics assistance to critical democracy programs.

CARIBBEAN REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Bureau for Latin America and the Caribbean's Caribbean Regional Program supports economic growth, good governance, and peace and security by building the capacity of the private sector and local institutions to generate economic growth and to address HIV/AIDS.

The seven countries of the Eastern Caribbean - Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia St. Vincent and the Grenadines - have long-standing ties to the U.S. and form a powerful bloc in international fora, particularly the OAS. There are wide disparities in GDP per capita among these seven nations. Barbados leads, while the micro-states of Grenada, St. Vincent and the Grenadines and St. Lucia fall further behind. The Eastern Caribbean nations form a large part of our Third Border. Despite strong democratic traditions, they are vulnerable to corruption and transnational crime due to their small size, limited resources and tempting location for transit of illicit goods entering the U.S. and Europe. Additionally, they are economically vulnerable to hurricanes and other natural disasters.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------|---------------|---------------|--------------|
| Investing in People | 6,435 | * | 5,000 |
| Economic Growth | 4,891 | * | 4,310 |
| Total | 11,326 | * | 9,310 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|--------------|
| Child Survival and Health | 6,435 | * | 5,000 |
| Development Assistance | 4,891 | * | 4,310 |
| Total | 11,326 | * | 9,310 |

Investing in People (\$5.0 million): HIV/AIDS is the leading cause of death in adults aged 15-44 in the Caribbean. The Eastern Caribbean nations lack the resources to adequately combat the disease. U.S. assistance through the President's Emergency Plan for AIDS Relief (PEPFAR) will support national and regional efforts to address HIV/AIDS issues through critical interventions with key regional and national institutions.

Economic Growth (\$4.3 million): The Eastern Caribbean nations are economically vulnerable as they attempt to transition away from dependence on traditional, uncompetitive agriculture and heavy reliance on tourism. They are impacted by natural disasters and other external global shocks and therefore require specific forms of assistance to make them more resilient economically. U.S. assistance will focus primarily on creating successful economic models at the country level in the Eastern Caribbean which can be replicated in other countries. This initiative will be supported with limited assistance to strengthen the region's ability to negotiate in international trade as well as to support the drafting of legislation required under the CARICOM Single Market and Economy.

U.S. assistance will continue to support efforts to develop a more competitive business environment in the region and increase the responsiveness of firms to regional and global market demands. Support will be provided to the private sector to make certain that it has available and uses improved economic and trade data to make informed business and investment decisions. Assistance will be extended to at least two additional Eastern Caribbean countries.

Continued support will allow the region to participate more effectively in global trade through targeted assistance in trade negotiations in the services sector. There will also be support for greater private sector participation into the process. The program will provide assistance at a reduced level for drafting legislation that supports regional integration and global trade.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 11,326 | * | 9,310 |
| Investing in People | 6,435 | * | 5,000 |
| Health | 6,435 | * | 5,000 |
| HIV/AIDS | 5,940 | * | 5,000 |
| Tuberculosis | 495 | * | 0 |
| Economic Growth | 4,891 | * | 4,310 |
| Trade and Investment | 230 | * | 2,500 |
| Trade and Investment Enabling Environment | 230 | * | 1,851 |
| Program Support (Trade) | 0 | * | 649 |
| Private Sector Competitiveness | 2,740 | * | 1,810 |
| Business Enabling Environment | 2,109 | * | 0 |
| Private Sector Productivity | 0 | * | 1,438 |
| Program Support (Private Sector) | 631 | * | 372 |
| Environment | 1,921 | * | 0 |
| Natural Resources and Biodiversity | 1,921 | * | 0 |

CENTRAL AMERICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The foreign policy priorities in the sub-region are economic growth, governing justly and democratically, and investing in people. The Central America Regional program supports these objectives by working through regional institutions to improve the enabling environment for trade and to protect two critical cross-border watersheds. The program will help signatory countries meet a series of deadlines and obligations established by the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR). The program also focuses on the transnational issues of HIV/AIDS prevention through targeted behavior change.

CAFTA-DR supports the creation of open, diversified and expanding economies. This regional program is an important vehicle for meeting U.S. Government commitments to CAFTA-DR signatories in such critical areas as customs reform, the enforcement of environmental laws, and meeting international labor standards, including key international conventions. The program also addresses two significant cross-border issues, the spread of HIV/AIDS, and improving environmental standards across countries. Activities in the health sector address the need for prevention plans and approaches and consistent behavior change and information campaigns for the highly mobile Central American and Mexican populations. Activities under the environment component address improvements in transboundary enforcement of environmental regulations with a special focus on the improvement and effective enforcement of existing environmental laws as required by CAFTA-DR.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Governing Justly & Democratically | 2,000 | * | 1,650 |
| Investing in People | 6,167 | * | 4,000 |
| Economic Growth | 8,665 | * | 5,050 |
| Total | 16,832 | * | 10,700 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 6,167 | * | 4,000 |
| Development Assistance | 10,665 | * | 6,700 |
| Total | 16,832 | * | 10,700 |

Governing Justly and Democratically (\$1.7 million): Funds will assist signatory countries in enforcing labor laws and ensuring that labor standards are consistent with internationally recognized labor rights.

Investing in People (\$4.0 million): Regional activities through the President's Emergency Plan for AIDS Relief (PEPFAR) will help fight HIV/AIDS in Guatemala, El Salvador, Nicaragua, Panama, Belize, and Costa Rica. The latter three receive HIV/AIDS prevention assistance solely through the regional program. Efforts to contain the epidemic in the region focus on activities to

increase HIV/AIDS prevention practices and services directed mainly at those most at-risk, improve the HIV/AIDS policy environment and improve the delivery of comprehensive care and treatment for people living with HIV/AIDS.

Economic Growth (\$5.1 million): Regional activities will support CAFTA-DR implementation. In particular, the program will help governments in the region harmonize and streamline customs procedures to simplify trade. The program also will support multilateral efforts of Central American countries to protect priority transboundary watersheds and invest in environmental conservation.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| TOTAL | 16,832 | * | 10,700 |
| Governing Justly & Democratically | 2,000 | * | 1,650 |
| Rule of Law and Human Rights | 2,000 | * | 1,650 |
| Justice System | 1,800 | * | 1,572 |
| Program Support (Rule of Law) | 200 | * | 78 |
| Investing in People | 6,167 | * | 4,000 |
| Health | 6,167 | * | 4,000 |
| HIV/AIDS | 5,474 | * | 4,000 |
| Tuberculosis | 693 | * | 0 |
| Economic Growth | 8,665 | * | 5,050 |
| Trade and Investment | 4,619 | * | 3,800 |
| Trade and Investment Enabling Environment | 2,000 | * | 3,605 |
| Trade and Investment Capacity | 2,100 | * | 0 |
| Program Support (Trade) | 519 | * | 195 |
| Agriculture | 1,135 | * | 0 |
| Agricultural Enabling Environment | 1,008 | * | 0 |
| Program Support (Agriculture) | 127 | * | 0 |
| Environment | 2,911 | * | 1,250 |
| Natural Resources and Biodiversity | 1,805 | * | 1,121 |
| Clean Productive Environment | 755 | * | 0 |
| Program Support (Environment) | 351 | * | 129 |

LATIN AMERICA AND CARIBBEAN REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The United States seeks democratic, inclusive, prosperous, and secure nations in the Western Hemisphere. The Latin America and Caribbean Regional (LAC) program will help build and sustain democratic, well-governed states that are able to respond to the needs of their people and conduct themselves responsibly in the international system. The program supports this objective by working through regional institutions, addressing transboundary issues, and providing cost effective mechanisms for implementation.

Weak institutions, poor access to social services, widespread corruption and rising crime undermine public trust in democracy in the Western Hemisphere. High unemployment, extreme income inequality, and poverty persist, contributing to popular discontent with governments and civil strife. Investment and workforce productivity are constrained by poor quality, inefficient, and highly inequitable public education. HIV/AIDS and other infectious diseases are increasing, and overall health gains registered in many countries have yet to reach the poor, indigenous groups and rural populations. Destruction of the region's unique environmental resources jeopardize the global climate. Finally, adverse regional trends in the natural resource base present a profound threat to sustained economic prosperity and democratic stability within the hemisphere.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Governing Justly & Democratically | 9,395 | * | 1,935 |
| Investing in People | 27,463 | * | 10,871 |
| Economic Growth | 43,197 | * | 25,594 |
| Total | 80,055 | * | 38,400 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---------------------------|---------------|---------------|---------------|
| Child Survival and Health | 8,317 | * | 6,200 |
| Development Assistance | 71,738 | * | 32,200 |
| Total | 80,055 | * | 38,400 |

Governing Justly and Democratically (\$1.9 million): The program will assist Central American civil society organizations to implement gang prevention programs for at-risk youth; strengthen networking, advocacy and coalition-building skills to influence governments to develop effective anti-gang policies; and provide training, technical expertise, and information-sharing on policy drafting and reform initiatives. Supplementing bilateral programs, this initiative supports transnational networks and information sharing between practitioners working on gang prevention in various countries. A new activity will supplement bilateral initiatives on juvenile justice reform related to gang prevention and mitigation and bolster initiatives to fight corruption in the justice systems of the region. Funding will continue for democratic indicators surveys, a tool for measuring country performance and risk factors for political stability and

citizen satisfaction with government. These surveys will provide comparable data for 17 countries to document democracy trends in the region and guide programming decisions. Funds will also be used to support electoral oversight throughout the region.

Investing in People (\$10.9 million): The LAC Regional program will focus on improving the quality of health and education in the Western Hemisphere. Investments in health aim to not only to save lives and reduce suffering but also to increase productivity and public confidence, thereby mitigating civil unrest. The health program will support the Pan American Health Organization, a leading regional institution, to ensure regional health policies and standards address U.S. Government priorities, such as health governance and more equitable access to health care. Funds will be used to build alliances and facilitate the exchange of best practices between Latin American and Caribbean countries to increase health investments and improve health infrastructure in the region. The program will also provide technical advice, analyses of regional trends and innovations, and the collection of health data to monitor trends in countries of strategic interest, particularly where USAID no longer has a health program. Regional activities include support for countries where key health benchmarks have been met and donor support in health is phasing out (e.g., family planning graduation). Finally, LAC will also support a South America regional effort to reduce the spread of regional infectious diseases, e.g., tuberculosis, HIV/AIDS, malaria and avian flu.

The education program will disseminate best practices, enhance understanding of education reform, and present models that countries can expand with their own resources. Children's literacy will be improved by strengthening teachers' effectiveness through the regional Centers of Excellence for Teacher Training, which targets disadvantaged and marginalized populations. Education policy reforms will also be advanced by supporting regional institutions to encourage a greater understanding of critical issues in partner governments, think tanks, civil society organizations, higher education institutions, and the private sector. The program will promote greater educational accountability, a Summit of the Americas commitment, through national education report cards, improve the use of testing and educational standards, and use regional networks to help non-governmental organizations become more effective advocates for educational reform.

Linkages with the President's Plan for AIDS Relief (PEPFAR): The LAC region will receive significant support for bilateral HIV/AIDS programs in FY 2008, with programmatic emphasis on a range of interventions related to care, treatment, and prevention. The LAC region will also receive PEPFAR resources for HIV/AIDS outside of the Foreign Operations appropriations.

Economic Growth (\$25.6 million): Together with the Central America Regional program, the program will address labor and environment concerns under the Central America-Dominican Republic Free Trade Agreement. Funds will be used to address regional microeconomic issues in partnership with regional institutions, including: (1) the Inter-American Development Bank to build trade capacity to support free trade agreements; and, (2) the World Bank to improve the environment in countries for "doing business" (e.g., assistance to advance reforms in such areas as quality and/or certification standards, business start-up regulations and contract enforcement, and fiscal policy including taxation). The program will also work with key regional institutions to improve the competitiveness of small and medium-sized firms to benefit from trade agreements and create jobs.

To provide a lasting foundation for long-term economic growth in the region, the LAC Regional program will promote the responsible management of natural resources; support an enabling legal, policy, and institutional climate; and expand access to markets for sustainable natural

resource-based products. Activities will build the capacity of regional organizations to address critical threats to natural assets such as tropical forests, coral reefs and fisheries on which entire societies depend for jobs, food, potable water, medicines, and building materials. By empowering indigenous peoples and traditional communities to manage natural resources under their control, the program will also mitigate conflict and violence over dwindling natural resources. The program will redress transboundary threats to the Amazon Basin, the largest remaining area of contiguous tropical forest in the world, as well as strengthen environmental enforcement and compliance under free trade agreements.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 80,055 | * | 38,400 |
| Governing Justly & Democratically | 9,395 | * | 1,935 |
| Rule of Law and Human Rights | 3,985 | * | 0 |
| Justice System | 1,685 | * | 0 |
| Human Rights | 2,300 | * | 0 |
| Good Governance | 2,450 | * | 0 |
| Local Government and Decentralization | 750 | * | 0 |
| Anti-Corruption Reforms | 1,700 | * | 0 |
| Political Competition and Consensus-Building | 0 | * | 350 |
| Elections and Political Processes | 0 | * | 350 |
| Civil Society | 2,960 | * | 1,585 |
| Civic Participation | 2,960 | * | 1,585 |
| Investing in People | 27,463 | * | 10,871 |
| Health | 8,317 | * | 6,200 |
| HIV/AIDS | 659 | * | 500 |
| Tuberculosis | 1,616 | * | 600 |
| Malaria | 2,020 | * | 2,500 |
| Other Public Health Threats | 469 | * | 900 |
| Maternal and Child Health | 2,283 | * | 1,000 |
| Family Planning and Reproductive Health | 1,270 | * | 700 |
| Education | 19,146 | * | 4,671 |
| Basic Education | 12,389 | * | 4,671 |
| Higher Education | 6,757 | * | 0 |
| Economic Growth | 43,197 | * | 25,594 |
| Trade and Investment | 18,523 | * | 20,162 |
| Trade and Investment Enabling Environment | 0 | * | 932 |
| Trade and Investment Capacity | 18,523 | * | 18,700 |
| Program Support (Trade) | 0 | * | 530 |
| Infrastructure | 1,805 | * | 0 |
| Modern Energy Services | 1,805 | * | 0 |
| Agriculture | 618 | * | 0 |
| Agricultural Enabling Environment | 618 | * | 0 |
| Economic Opportunity | 1,050 | * | 0 |
| Inclusive Economic Law and Property Rights | 650 | * | 0 |
| Program Support (Econ Opportunity) | 400 | * | 0 |
| Environment | 21,201 | * | 5,432 |
| Natural Resources and Biodiversity | 18,746 | * | 3,970 |
| Program Support (Environment) | 2,455 | * | 1,462 |

SOUTH AMERICA REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

A priority foreign policy objective in the Andean region is economic growth to reduce and alleviate poverty. High unemployment, extreme income inequality, and poverty persist, contributing to popular discontent with governments and civil strife. Investment and workforce productivity are constrained by poor quality, inefficient, and highly inequitable public education. To address these diverse challenges, countries in the Andean region must continue to strengthen their institutional foundation and capacity for trade-led economic growth in order to provide more economic and employment opportunities for the poor and reduce poverty.

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-------------------|--------------|---------------|--------------|
| Economic Growth | 1,485 | * | 1,500 |
| Total | 1,485 | * | 1,500 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|------------------------|--------------|---------------|--------------|
| Development Assistance | 1,485 | * | 1,500 |
| Total | 1,485 | * | 1,500 |

Economic Growth (\$1.5 million): Funds will be used to foster the development of free trade by strengthening the licit environment for trade and investment, in order to provide the region's countries with increased access to U.S. markets. This complements the U.S. Government effort to promote economic alternatives to the region's illicit production and marketing of drug crops, while reinforcing the commitment of the region's countries to build stable and prosperous democracies. The South American Regional program complements the Trade Promotion Agreements that have been signed with Peru and Colombia.

The program addresses challenges that these countries face which prevent them from taking full advantage of market access provisions under the Andean Trade Promotion and Drug Eradication Act and bilateral free trade agreements with the United States. Funds will be used to improve the ability of the Andean private and public sectors to establish and enforce policies which develop a more competitive business environment in the region and improve the response of firms to regional and global market demands.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|--------------|---------------|--------------|
| TOTAL | 1,485 | * | 1,500 |
| Economic Growth | 1,485 | * | 1,500 |
| Trade and Investment | 1,485 | * | 1,500 |
| Trade and Investment Enabling Environment | 1,028 | * | 670 |
| Trade and Investment Capacity | 340 | * | 670 |
| Program Support (Trade) | 117 | * | 160 |

WESTERN HEMISPHERE REGIONAL
Regional

Obstacles and Opportunities for Advancing Transformational Diplomacy

The Western Hemisphere strategy is based on four pillars: helping our regional partners strengthen democratic institutions, promote prosperity, bolster security, and invest in people. These correspond with the Secretary's new Strategic Framework for foreign assistance and serve as a counterpoint to the radical populist agendas promoted by some other governments in the Hemisphere. Our goal is to help the region's elected leaders make good on the promise that democracy and the free market will transform their peoples' lives for the better and deliver on the benefits. We will help the next generation of democratic leaders meet the challenge of implementing the matching precept from Article 11 of the Inter-American Democratic Charter: "Democracy and social and economic development are interdependent and are mutually reinforcing." WHA uses this regional fund to advance multilaterally our foreign policy priorities in the Hemisphere. It consists of three programs, the Summit of the Americas implementation fund, the CAFTA-DR trade capacity building program (TCB), and the Third Border Initiative (TBI).

Resources to Help Advance Transformational Diplomacy

Request by Objective

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|-----------------------------------|---------------|---------------|---------------|
| Peace & Security | 8,565 | * | 1,750 |
| Governing Justly & Democratically | 14,682 | * | 3,440 |
| Investing in People | 125 | * | 340 |
| Economic Growth | 9,283 | * | 21,530 |
| Humanitarian Assistance | 300 | * | 1,090 |
| Total | 32,955 | * | 28,150 |

Request by Account

| (\$ in thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|---------------|---------------|---------------|
| Economic Support Fund | 26,070 | * | 28,150 |
| Foreign Military Financing | 3,960 | * | 0 |
| International Narcotics Control and Law Enforcement | 2,475 | * | 0 |
| Nonproliferation, Antiterrorism & Demining | 450 | * | 0 |
| Total | 32,955 | * | 28,150 |

Peace and Security (\$1.8 million): The Caribbean nations, the often overlooked U.S. "third border," are important partners in trade, health and education issues, and regional democracy. Illegal drug trafficking, migrant smuggling, and financial crime, however, threaten both U.S. and regional security interests. Funding for this objective in the region will support the Third Border Initiative (TBI), a targeted package of programs launched in 2001, designed to enhance diplomatic, economic, health, education, disaster preparedness, and law enforcement cooperation and collaboration.

Governing Justly & Democratically (\$3.4 million): Funds in the objective will support the Summit of the Americas (Summit), a forum and process that advances U.S. interests by incorporating our priorities into a common vision and set of commitments for the Western Hemisphere. The Summits engage the democratic heads of government as partners in a positive, forward-leaning effort to encourage sound policies at home and to expand regional cooperation. Follow-up mechanisms ensure that declarations actually advance democracy, security, prosperity, and investing in people. Regional funds will be used to strengthen the shared commitment to the Inter-American Democratic Charter. Implementation of the Charter will include strengthening the rule of law, democratic institutions, and the separation of powers, including judicial independence, and a pluralistic political system. Funds will also work to protect freedom of expression, which is critical in linking democracy and development, and ensuring civic participation, particularly for marginalized groups.

Investing in People (\$0.3 million): Regional funds under this objective will help advance Summit objectives of improving access to and the quality of education in the region by improving the financing of education. Funds will help advance Summit health objectives that include preventing and fighting emerging and reemerging diseases and pandemics, through improved education, infrastructure, institutional capacity, technical assistance, materials, and regional cooperation.

Economic Growth (\$21.5 million): Funds under this objective will support trade capacity building and the Summit. Prior to congressional ratification in 2005 of the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), the Administration made a commitment to the U.S. Congress to build and strengthen the labor and environmental capacity of the participating countries--Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic--through FY 2009. Regionally, the U.S. is promoting public participation and transparency in enforcement of environmental laws by creating a Secretariat to be housed in the Secretariat for Central American Economic Integration (SIECA) in Guatemala. This Secretariat will receive and respond to public complaints that any DR-CAFTA country is failing to enforce its environmental laws adequately and effectively.

Regional coordination through the Summit process ensures the peer accountability, political buy-in, and resources needed to meet and reinforce bilateral goals in such areas as infrastructure, competitiveness, job creation, modern energy services, trade and investment, and economic opportunity, particularly for marginalized groups. The U.S. government, working with the private sector, will also be prepared to highlight a positive trade and investment agenda, particularly with the Caribbean, at the Fifth Summit in Trinidad and Tobago. We will also work to improve economic opportunity and create jobs, particularly for marginalized groups, to deliver the benefits of democracy to all citizens, and improve faith in the market economy.

Humanitarian Assistance (\$1.1 million): Funds under this objective will support the TBI and the Summit. TBI activities help Caribbean governments plan and prepare for natural disasters by making technical improvements to the region's early warning disaster and communication systems and helping to ensure that disaster risk reduction and mitigation concepts are explicitly integrated into the region's economic planning.

Funds will be used to fulfill Summit objectives for reducing the impact of and improving the response to natural disasters through regional cooperation with partner countries, the private sector and multilateral institutions, technical assistance, and improved capabilities.

Request by Element

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|--|----------------|------------------|-----------------|
| TOTAL | 32,955 | * | 28,150 |
| Peace & Security | 8,565 | * | 1,750 |
| Counter-Terrorism | 1,045 | * | 0 |
| Governments' Capabilities | 1,045 | * | 0 |
| Combating Weapons of Mass Destruction (WMD) | 450 | * | 0 |
| Counter WMD Proliferation and Combat WMD Terrorism | 450 | * | 0 |
| Stabilization Operations and Security Sector Reform | 4,595 | * | 1,750 |
| Defense, Military, and Border Restructuring, Reform and Operations | 4,595 | * | 1,750 |
| Counter-Narcotics | 2,475 | * | 0 |
| Interdiction | 2,475 | * | 0 |
| Governing Justly & Democratically | 14,682 | * | 3,440 |
| Rule of Law and Human Rights | 9,225 | * | 510 |
| Constitutions, Laws, and Legal Systems | 7,314 | * | 0 |
| Justice System | 600 | * | 510 |
| Human Rights | 1,311 | * | 0 |
| Good Governance | 3,897 | * | 2,250 |
| Public Sector Executive Function | 3,870 | * | 750 |
| Anti-Corruption Reforms | 27 | * | 1,500 |
| Political Competition and Consensus-Building | 1,560 | * | 0 |
| Consensus-Building Processes | 1,560 | * | 0 |
| Civil Society | 0 | * | 680 |
| Civic Participation | 0 | * | 680 |
| Investing in People | 125 | * | 340 |
| Education | 0 | * | 340 |
| Basic Education | 0 | * | 340 |
| Social and Economic Services and Protection for Vulnerable Populations | 125 | * | 0 |
| Policies, Regulations, and Systems | 125 | * | 0 |
| Economic Growth | 9,283 | * | 21,530 |
| Trade and Investment | 0 | * | 20,340 |
| Trade and Investment Enabling Environment | 0 | * | 20,340 |
| Infrastructure | 2,673 | * | 680 |
| Modern Energy Services | 891 | * | 680 |
| Communications Services | 891 | * | 0 |
| Transport Services | 891 | * | 0 |
| Agriculture | 290 | * | 0 |
| Agricultural Enabling Environment | 290 | * | 0 |
| Private Sector Competitiveness | 1,190 | * | 0 |
| Business Enabling Environment | 990 | * | 0 |
| Private Sector Productivity | 200 | * | 0 |
| Economic Opportunity | 3,000 | * | 510 |
| Inclusive Financial Markets | 0 | * | 170 |
| Strengthen Microenterprise Productivity | 0 | * | 170 |
| Inclusive Economic Law and Property Rights | 3,000 | * | 170 |
| Environment | 2,130 | * | 0 |
| Natural Resources and Biodiversity | 930 | * | 0 |
| Clean Productive Environment | 1,200 | * | 0 |

| (\$ in Thousands) | 2006 Actual | 2007 Estimate | 2008 Request |
|---|----------------|------------------|-----------------|
| Humanitarian Assistance | 300 | * | 1,090 |
| Disaster Readiness | 0 | * | 1,090 |
| Capacity Building, Preparedness, and Planning | 0 | * | 1,090 |
| 3 Migration Management | 300 | * | 0 |
| Institutional Support and Capacity-building | 300 | * | 0 |

III. SUPPORTING INFORMATION

Arms Control and Nonproliferation Considerations

Estimating Foreign Military Sales

Foreign Military Sales Administrative Costs

Overseas Military Program Management

Grants of Excess Defense Articles

Leased Defense Articles

Stockpiling of Defense Articles for Foreign Countries

Countries and International Organizations Eligible for Purchasing Defense Articles and Services

End-Use Monitoring of Defense Articles and Defense Services Government to Government Programs

End-Use Monitoring of Defense Articles and Defense Services Commercial Experts

Commercial Exports Licensed or Approved Under Arms Export Control Act

Security Assistance Funding

P.L. 480 Title II Food Aid

All Spigots Tables

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Arms Control and Nonproliferation Considerations

Arms transfers continue to be an indispensable U.S. policy instrument for advancing international security and stability in the post-Cold War era and for promoting the aims of the Global War on Terrorism. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate support for the security of friends and allies. With the new challenges posed by the rise of global terrorism and the spread of weapons of mass destruction, our military assistance programs play a critical role in bolstering the security capabilities of the United States and its allies.

The U.S. military assistance program complements the U.S. foreign policy goal of promoting international security through negotiation and support for bilateral, regional and multilateral agreements and arrangements, and assuring compliance with existing arms control agreements. It also enhances the U.S. ability to limit the proliferation of weapons of mass destruction, especially in regions of conflict, by giving countries conventional means for ensuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability.

There are other new and creative forms of security assistance in the NADR account that complement our arms control and nonproliferation goals and contribute to regional and global stability. The program to destroy small arms and reduce international stockpiles helps control the proliferation of relatively cheap, accessible weapons that exacerbate regional and civil conflicts. The worldwide Nonproliferation and Disarmament Fund and export control cooperation programs promote bilateral and multilateral efforts to control the spread of missiles, nuclear, chemical and biological weapons, and destabilizing arms transfers.

Carefully structured security assistance programs support U.S. conventional arms transfer policy goals, particularly to preserve regional balances and help allies deter and defend against aggression, and the U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The U.S. arms transfer policy requires a careful, case-by-case evaluation of each request for arms. Each transfer is specifically reviewed for its contribution to U.S. security interests and arms control and nonproliferation objectives. Such a review considers, inter alia:

- Whether a proposed transfer is consistent with U.S. interests in maintaining or enhancing stability within the region;
- Whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources;
- The impact of the proposed transfer on our arms control and nonproliferation goals; and
- Whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional security interests and objectives.

Whenever appropriate, these issues are referred to senior Administration officials, beginning with those in the Department of State, to ensure that decisions on arms transfers complement and support U.S. national security policies.

Estimating Foreign Military Sales

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOAs) signed in FY 2006, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 2007 and FY 2008. These estimates were derived through:

- a. An analysis of each country's historical FMS sales record (past 10 years).
- b. Development of an adjusted mean plus or minus one standard deviation -based range of likely sales for each country.
- c. In-depth, multi-tiered evaluation of each item contained on individual country lists of potential sales (based on inputs by the Security Assistance Offices and reviewed by DSCA Regional Directorates). Each entry is evaluated for:
 - (i) Likelihood of sale, in and of itself, to be made in the year listed.
 - (ii) Likelihood that the sale will go FMS and not Direct Commercial Sales (DCS).
 - (iii) Release considerations, if any, associated with the item and likelihood for approval and a FMS sale after completion of the accompanying thorough, and often lengthy, U.S. Government review process.
 - (iv) A judgment of how essential the listed military equipment of defense service is to the country's defense needs.
 - (v) Whether the country's foreign procurement budget, as a whole, is adequate to fund the listed item in its entirety or possibly, at a lesser amount of quantity and dollars.
 - (vi) Whether the funding required to make the purchase will in fact be approved by the purchasing country's budget process.
- d. Consideration of potential economic and political/military factors over the time frame concerned.

Each phase of the FMS LOA request / offer / acceptance process has many variables that make it difficult to determine exactly when--or even if --a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next.

Foreign Military Sales & Construction Sales Agreements
(\$ in thousands)

| | FY 2006 ACTUAL | | TOTAL | ESTIMATED | |
|----------------------------|------------------|---------------|---------|-----------|---------|
| | DEFENSE ART/SERV | CONSTR/DESIGN | | FY 2007 | FY 2008 |
| Africa: | | | | | |
| African Union | 0 | 0 | 0 | 0 | 0 |
| Angola | 0 | 0 | 0 | 0 | 0 |
| Botswana | 866 | 0 | 866 | 0 | 0 |
| Cameroon | 0 | 0 | 0 | 0 | 0 |
| Cape Verde | 0 | 0 | 0 | 0 | 0 |
| Chad | 1.816 | 0 | 1.816 | 0 | 0 |
| Congo (Kinshasa) | 1.255 | 0 | 1.255 | 0 | 0 |
| Diibouti | 171 | 6.829 | 7.000 | 4.000 | 4.000 |
| Eritrea | 240 | 0 | 240 | 0 | 0 |
| Ethiopia | 8.852 | 0 | 8.852 | 2.000 | 2.000 |
| Gabon | 0 | 0 | 0 | 0 | 0 |
| Gambia | 0 | 0 | 0 | 0 | 0 |
| Ghana | 78 | 0 | 78 | 400 | 400 |
| Guinea | 0 | 0 | 0 | 0 | 0 |
| Kenva | 1.600 | 0 | 1.600 | 2.525 | 25 |
| Liberia | 1.200 | 0 | 1.200 | 1.600 | 1.600 |
| Madagascar | 100 | 0 | 100 | 0 | 0 |
| Malawi | 150 | 0 | 150 | 0 | 0 |
| Mozambique | 0 | 0 | 0 | 325 | 0 |
| Niger | 0 | 0 | 0 | 0 | 0 |
| Nigeria | 4.201 | 0 | 4.201 | 800 | 800 |
| Rwanda | 0 | 0 | 0 | 0 | 0 |
| Sao Tome & Principe | 4 | 0 | 4 | 0 | 0 |
| Senegal | 164 | 0 | 164 | 2.470 | 2.250 |
| Sevchelles | 300 | 0 | 300 | 0 | 0 |
| Sierra Leone | 0 | 0 | 0 | 0 | 0 |
| South Africa | 699 | 0 | 699 | 0 | 0 |
| Swaziland | 0 | 0 | 0 | 0 | 0 |
| Togo | 0 | 0 | 0 | 0 | 0 |
| Uganda | 3.017 | 0 | 3.017 | 0 | 0 |
| Zambia | 0 | 0 | 0 | 0 | 0 |
| Regional Total | 24.713 | 6.829 | 31.542 | 14.120 | 11.075 |
| Western Hemisphere: | | | | | |
| Antigua-Barbuda | 509 | 0 | 509 | 580 | 1.088 |
| Argentina | 4.779 | 0 | 4.779 | 40 | 40 |
| Bahamas | 0 | 0 | 0 | 800 | 0 |
| Belize | 700 | 0 | 700 | 686 | 0 |
| Brazil | 20.070 | 0 | 20.070 | 100.000 | 90.000 |
| Canada | 446.222 | 0 | 446.222 | 872.400 | 155.700 |
| Chile | 40.031 | 0 | 40.031 | 60.000 | 65.000 |
| Colombia | 140.303 | 0 | 140.303 | 288.536 | 759.886 |
| Dominica | 319 | 0 | 319 | 240 | 600 |
| Dominican Republic | 2.492 | 0 | 2.492 | 10.706 | 2.200 |
| Ecuador | 5.239 | 0 | 5.239 | 4.485 | 955 |
| El Salvador | 1.769 | 615 | 2.384 | 5.500 | 9.045 |
| Grenada | 100 | 0 | 100 | 296 | 600 |
| Guatemala | 1.796 | 0 | 1.796 | 0 | 0 |
| Guvana | 286 | 0 | 286 | 150 | 150 |
| Haiti | 200 | 0 | 200 | 3.412 | 700 |
| Honduras | 413 | 0 | 413 | 2.000 | 900 |
| Jamaica | 1.621 | 0 | 1.621 | 771 | 600 |

| | FY 2006 ACTUAL | | ESTIMATED | |
|---------------------------------|------------------|---------------|-----------|-----------|
| | DEFENSE ART/SERV | CONSTR/DESIGN | 2007 | 2008 |
| Mexico | 13.442 | 0 | 13.442 | 8.830 |
| Nicaragua | 990 | 0 | 990 | 500 |
| Panama | 400 | 0 | 400 | 990 |
| Paraguav | 85 | 0 | 85 | 0 |
| Peru | 478 | 0 | 478 | 0 |
| St. Kitts and Nevis | 210 | 0 | 210 | 600 |
| St. Lucia | 170 | 0 | 170 | 600 |
| Suriname | 320 | 0 | 320 | 50 |
| Trinidad & Tobago | 0 | 0 | 0 | 0 |
| Uruguav | 269 | 0 | 269 | 300 |
| Regional Total | 683.213 | 615 | 683.828 | 1,099.334 |
| East Asia & Pacific: | | | | |
| Australia | 2,439.96 | 0 | 2,439.966 | 406.000 |
| Brunei | 592 | 0 | 592 | 0 |
| Cambodia | 0 | 0 | 0 | 800 |
| East Timor | 613 | 0 | 613 | 0 |
| Fiii | 0 | 0 | 0 | 0 |
| Indonesia | 15.000 | 0 | 15.000 | 0 |
| Japan | 1,029.98 | 0 | 1,029.983 | 102.200 |
| Korea (Seoul) | 409.602 | 0 | 409.602 | 349.555 |
| Malavsia | 43.313 | 0 | 43.313 | 0 |
| Mongolia | 4.308 | 0 | 4.308 | 0 |
| New Zealand | 12.427 | 0 | 12.427 | 0 |
| Rep of Philippines | 30.578 | 0 | 30.578 | 138.992 |
| Singapore | 360.779 | 0 | 360.779 | 76.000 |
| Taiwan | 10.167 | 0 | 10.167 | 600.000 |
| Thailand | 75.629 | 0 | 75.629 | 1,612.800 |
| Tonga | 864 | 0 | 864 | 0 |
| UNTAET (East | 0 | 0 | 0 | 0 |
| Regional Total | 4,433.82 | 0 | 4,433.821 | 3,286.347 |
| Europe & Eurasia: | | | | |
| Albania | 7.603 | 0 | 7.603 | 4.000 |
| Armenia | 3.149 | 0 | 3.149 | 6.000 |
| Austria | 6.648 | 0 | 6.648 | 0 |
| Azerbaiian | 10.135 | 0 | 10.135 | 4.500 |
| Belgium | 13.646 | 0 | 13.646 | 20.500 |
| Bosnia-Herzegovina | 9.345 | 0 | 9.345 | 8.000 |
| Bulgaria | 4.187 | 0 | 4.187 | 19.700 |
| Croatia | 182 | 0 | 182 | 900 |
| Czech Republic | 8.498 | 0 | 8.498 | 1.000 |
| Denmark | 86.523 | 0 | 86.523 | 74.410 |
| Estonia | 7.099 | 0 | 7.099 | 3.900 |
| Finland | 62.694 | 0 | 62.694 | 5.500 |
| France | 71.030 | 0 | 71.030 | 15.100 |
| Georgia | 49.761 | 0 | 49.761 | 6.500 |
| Germanv | 368.324 | 0 | 368.324 | 115.558 |
| Greece | 2,132.08 | 0 | 2,132.086 | 1,173.000 |
| Hungary | 8.751 | 0 | 8.751 | 3.000 |
| Ireland | 28 | 0 | 28 | 475 |
| Iceland | 0 | 0 | 0 | 0 |
| Italy | 61.448 | 0 | 61.448 | 60.000 |
| Kazakhstan | 7.618 | 0 | 7.618 | 0 |
| Kvrevzstan | 5.028 | 0 | 5.028 | 0 |
| Latvia | 7.200 | 0 | 7.200 | 0 |

| | FY 2006 ACTUAL | | | ESTIMATED | | |
|------------------------------|-------------------|----------|----------------|------------------|------------------|-------------------|
| | DEFENSE | ART/SERV | CONSTR/DESI | 2007 | 2008 | |
| Lithuania | 11.590 | | 0 | 11.590 | 1.900 | 4.050 |
| Luxembourg | 624 | | 0 | 624 | 0 | 0 |
| Macedonia (FYROM) | 5.831 | | 0 | 5.831 | 7.500 | 12.900 |
| Malta | 0 | | 0 | 0 | 6.000 | 0 |
| Moldova | 0 | | 0 | 0 | 691 | 1.450 |
| Netherlands | 130.532 | | 0 | 130.532 | 360.070 | 123.800 |
| Norway | 121.308 | | 0 | 121.308 | 119.500 | 45.000 |
| Poland | 74.339 | | 0 | 74.339 | 189.400 | 59.000 |
| Portugal | 26.652 | | 0 | 26.652 | 90.000 | 16.000 |
| Romania | 24.688 | | 0 | 24.688 | 28.000 | 41.750 |
| Slovakia | 18.020 | | 0 | 18.020 | 4.600 | 5.000 |
| Slovenia | 603 | | 0 | 603 | 11.500 | 2.800 |
| Spain | 559.357 | | 0 | 559.357 | 797.631 | 15.710 |
| Sweden | 15.243 | | 0 | 15.243 | 14.580 | 1.100 |
| Switzerland | 24.878 | | 0 | 24.878 | 14.483 | 14.000 |
| Turkey | 987.708 | | 0 | 987.708 | 3.423.847 | 221.000 |
| Turkmenistan | 901 | | 0 | 901 | 1.000 | 900 |
| Ukraine | 7.861 | | 0 | 7.861 | 26.000 | 14.000 |
| United Kingdom | 166.305 | | 0 | 166.305 | 160.420 | 30.905 |
| Uzbekistan | 0 | | 0 | 0 | 0 | 0 |
| Regional Total | 5.107.423 | | 0 | 5.107.423 | 6.479.452 | 2.131.408 |
| Near East & South | | | | | | |
| Afghanistan | 1.727 | | 21.171 | 22.898 | 3.100.000 | 392.000 |
| Bahrain | 93.606 | | 0 | 93.606 | 22.000 | 335.000 |
| Bangladesh | 0 | | 0 | 0 | 1.100 | 0 |
| Egypt | 358.776 | | 13.943 | 372.719 | 560.900 | 830.000 |
| India | 48.246 | | 0 | 48.246 | 14.000 | 15.000 |
| Iraq | 0 | | 0 | 0 | 1.000.000 | 1.000.000 |
| Israel | 1.050.799 | | 28.927 | 1.079.726 | 857.000 | 700.000 |
| Jordan | 114.825 | | 98.822 | 213.647 | 321.000 | 40.000 |
| Kuwait | 791.400 | | 0 | 791.400 | 86.200 | 863.000 |
| Lebanon | 1.684 | | 0 | 1.684 | 0 | 0 |
| Morocco | 11.828 | | 0 | 11.828 | 7.000 | 46.000 |
| Nepal | 100 | | 0 | 100 | 0 | 0 |
| Oman | 18.002 | | 0 | 18.002 | 21.900 | 17.095 |
| Pakistan | 3.496.729 | | 0 | 3.496.729 | 213.000 | 1.470.000 |
| Oatar | 0 | | 0 | 0 | 0 | 0 |
| Saudi Arabia | 796.116 | | 0 | 796.116 | 1.509.533 | 2.403.000 |
| Sri Lanka | 1.400 | | 0 | 1.400 | 60.800 | 0 |
| Taiikistan | 2.009 | | 0 | 2.009 | 750 | 50 |
| Tunisia | 6.947 | | 0 | 6.947 | 7.630 | 18.730 |
| United Arab Emirates | 769.125 | | 0 | 769.125 | 805.000 | 975.000 |
| Yemen | 4.123 | | 0 | 4.123 | 0 | 0 |
| Regional Total | 7.567.442 | | 162.863 | 7.730.305 | 8.587.813 | 9.104.875 |
| Non-Regional: | | | | | | |
| Classified Totals (A) | 291.074 | | 0 | 291.074 | 1.428.000 | 1.300.000 |
| International Org. | 54.981 | | 0 | 54.981 | 115.270 | 44.120 |
| Non-Regional Total | 346.055 | | 0 | 346.055 | 1.543.270 | 1.344.120 |
| Worldwide Total | 18.162.667 | | 170.307 | 18.332.97 | 20.944.14 | 16.977.159 |

Note: Totals May Not Add Due To Rounding.

(A) For Further Information, Please See Classified Annex To This Document.

Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing the FMS program be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of three point eight per cent (3.8%) is applied to FMS cases written on or after August 1, 2006. For cases that were written between June 1, 1999 and July 31, 2006 a two and half percent (2.5%) surcharge was applied. In addition, a "logistics support charge" of three-point-one percent (3.1%) is applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies; this surcharge will be eliminated on October 1, 2007. These administrative funds collected from the FMS customer are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation and execution, procurement, program control, ADP operations, accounting, budgeting and other financial program management. About one-half of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSCA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The ceiling request to be included in Foreign Operations, Export Financing and Related Programs Appropriations Act of 2007, is \$359 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' funds that have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

In FY 2008, \$437 million is required. DoD's FMS workload is increasing as indicated by actual sales between FYs 2001-2005 in the \$10-13 billion range, FY 2006 sales was over \$20 billion and anticipated sales for FY 2007 is in the \$21 billion range. Additionally, there are some significant infrastructure investments required, including Information Technology.

The following table shows FMS administrative budget amounts for FYs 2006-2008.

Foreign Military Sales Administrative Costs/Workyears
(\$ in millions)

| | FY 2006 Actual | | FY 2007 Estimate | | FY 2008 Request | |
|--------------------------|-----------------------|----------------|-------------------------|----------------|------------------------|----------------|
| | Workyrs | Dollars | Workyrs | Dollars | Workyrs | Dollars |
| Military Departments | 2,411 | 230.765 | 2,335 | 224.146 | 2,402 | 292.871 |
| Other Defense Activities | 682 | 103.999 | 678 | 100.660 | 651 | 106.356 |
| Overseas (Net) | 350 | 38.236 | 396 | 34.194 | 396 | 37.773 |
| Total | 3,443 | 373.000 | 3,409 | 359.000 | 3,449 | 437.000 |

Overseas Military Program Management

United States military and civilian personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance/cooperation programs. SAO personnel (including local national hires) serve under the authority of the Chiefs of U.S. Diplomatic Missions. Each SAO provides liaison between the Mission, the Department of Defense, and the host country defense establishment in security cooperation matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute security cooperation programs, such as Foreign Military Sales (FMS), Foreign Military Financing (FMF), and International Military Education and Training (IMET), among others. These programs are key to the development of a defense infrastructure capable of integrating U.S. weapons and support systems into the existing force structure. Professional military personnel exchanges and cooperative planning contribute to effective and efficient country security cooperation programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the Combatant Commands to ensure that SAOs are properly staffed to conduct their missions efficiently. In FY 2008, separate SAOs will be assigned to 101 countries. In 10 additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security cooperation relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security cooperation authorized staffing levels and associated costs at the conclusion of FY 2006 and the estimated levels for FY 2007 and FY 2008. Actual assigned strengths for FY 2006 and FY 2007 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop. The following is a glossary of SAOs assigned to U.S. Diplomatic Missions overseas that manage host country security cooperation programs:

U.S. SECURITY ASSISTANCE ORGANIZATIONS (SAOs)

| | |
|----------|---|
| DAO | Defense Attaché Office |
| JUSMAG | Joint U.S. Military Assistance Group |
| JUSMAG-K | Joint U.S. Military Affairs Group - Korea |
| KUSLO | Kenya U.S. Liaison Office |
| MAP | Military Assistance Program |
| MDAO | Mutual Defense Assistance Office |
| ODC | Office of Defense Cooperation |
| ODR | Office of Defense Representative |
| ODRP | Office of Defense Representative – Pakistan |
| OMC-E | Office of Military Cooperation - Egypt |
| OMC-K | Office of Military Cooperation – Kuwait |
| SAAO | Security Assistance Augmentation Office |
| USLO | U.S. Liaison Office |
| USMAAG | U.S. Military Assistance Advisory Group |
| USMILGP | U.S. Military Group |
| USMLO | U.S. Military Liaison Office |
| USMTM | U.S. Military Training Mission – Saudi Arabia |

Overseas Military Program Management – Costs
(\$ in thousands)

| | Org | FY 2006 Actual | | | FY 2007 Estimate | | | FY 2008 Proposed | | |
|----------------------------|---------|----------------|--------------|--------------|------------------|--------------|--------------|------------------|--------------|--------------|
| | | FMF | FMS | Total | FMF | FMS | Total | FMF | FMS | Total |
| Africa: | | | | | | | | | | |
| Angola | DAO | 61 | 0 | 61 | 81 | 0 | 81 | 17 | 0 | 17 |
| Benin | EMBASSY | 101 | 0 | 101 | 121 | 0 | 121 | 70 | 0 | 70 |
| Botswana | ODC | 427 | 83 | 510 | 447 | 40 | 487 | 412 | 37 | 449 |
| Cameroon | DAO | 16 | 0 | 16 | 31 | 0 | 31 | 18 | 0 | 18 |
| Cape Verde | EMBASSY | 15 | 0 | 15 | 29 | 0 | 29 | 21 | 0 | 21 |
| Chad | DAO | 80 | 0 | 80 | 95 | 0 | 95 | 79 | 0 | 79 |
| Cote d'Ivoire | DAO | 22 | 0 | 22 | 37 | 0 | 37 | 24 | 0 | 24 |
| Congo (Kinshasa) | DAO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Djibouti | USLO | 375 | 256 | 631 | 391 | 185 | 576 | 508 | 185 | 693 |
| Eritrea | USLO | 163 | 74 | 237 | 178 | 19 | 197 | 242 | 16 | 258 |
| Ethiopia | SAO | 264 | 124 | 388 | 279 | 63 | 342 | 261 | 63 | 324 |
| Gabon | EMBASSY | 28 | 0 | 28 | 43 | 0 | 43 | 30 | 0 | 30 |
| Ghana | ODC | 255 | 0 | 255 | 270 | 0 | 270 | 363 | 0 | 363 |
| Guinea | DAO | 24 | 0 | 24 | 39 | 0 | 39 | 20 | 0 | 20 |
| Guinea-Bissau | EMBASSY | 5 | 0 | 5 | 19 | 0 | 19 | 2 | 0 | 2 |
| Kenya | KUSLO | 766 | 436 | 1,202 | 781 | 331 | 1,112 | 930 | 370 | 1,300 |
| Lesotho | EMBASSY | 5 | 0 | 5 | 19 | 0 | 19 | 20 | 0 | 20 |
| Madagascar | DAO | 51 | 0 | 51 | 66 | 0 | 66 | 127 | 0 | 127 |
| Malawi | EMBASSY | 41 | 78 | 119 | 56 | 21 | 77 | 50 | 20 | 70 |
| Mali | DAO | 34 | 0 | 34 | 49 | 0 | 49 | 30 | 0 | 30 |
| Mauritania | EMBASSY | 26 | 0 | 26 | 41 | 0 | 41 | 33 | 0 | 33 |
| Mozambique | DAO | 24 | 0 | 24 | 39 | 0 | 39 | 19 | 0 | 19 |
| Namibia | DAO | 64 | 76 | 140 | 79 | 29 | 108 | 62 | 15 | 77 |
| Niger | DAO | 35 | 0 | 35 | 49 | 0 | 49 | 30 | 0 | 30 |
| Nigeria | ODC | 441 | 267 | 708 | 546 | 218 | 764 | 511 | 206 | 717 |
| Rwanda | DAO | 45 | 0 | 45 | 60 | 0 | 60 | 50 | 0 | 50 |
| Sao Tome & Principe | EMBASSY | 16 | 0 | 16 | 31 | 0 | 31 | 17 | 0 | 17 |
| Senegal | ODC | 313 | 132 | 445 | 328 | 96 | 424 | 361 | 86 | 447 |
| Seychelles | EMBASSY | 28 | 0 | 28 | 43 | 0 | 43 | 114 | 0 | 114 |
| South Africa | ODC | 211 | 165 | 376 | 226 | 122 | 348 | 357 | 112 | 469 |
| Tanzania | DAO | 15 | 0 | 15 | 29 | 0 | 29 | 20 | 0 | 20 |
| Togo | EMBASSY | 13 | 0 | 13 | 28 | 0 | 28 | 17 | 0 | 17 |
| Uganda | DAO | 22 | 0 | 22 | 37 | 0 | 37 | 25 | 0 | 25 |
| Zambia | DAO | 18 | 0 | 18 | 33 | 0 | 33 | 21 | 0 | 21 |
| Zimbabwe | DAO | 17 | 0 | 17 | 32 | 0 | 32 | 16 | 0 | 16 |
| Regional Total | | 4,021 | 1,691 | 5,712 | 4,632 | 1,124 | 5,756 | 4,877 | 1,110 | 5,987 |
| Western Hemisphere: | | | | | | | | | | |
| Argentina | MILGP | 337 | 201 | 538 | 357 | 91 | 448 | 355 | 251 | 606 |
| Bahamas | USNLO | 25 | 0 | 25 | 45 | 0 | 45 | 15 | 0 | 15 |
| Belize | MLO | 134 | 153 | 287 | 154 | 62 | 216 | 263 | 173 | 436 |
| Bolivia | MILGP | 611 | 312 | 923 | 636 | 186 | 822 | 749 | 152 | 901 |
| Brazil | MLO | 224 | 206 | 430 | 247 | 126 | 373 | 307 | 126 | 433 |
| Canada | DAO | 0 | 287 | 287 | 0 | 156 | 156 | 0 | 156 | 156 |
| Chile | MILGP | 250 | 356 | 606 | 275 | 791 | 1,066 | 257 | 267 | 524 |
| Colombia | MILGP | 593 | 784 | 1,377 | 618 | 645 | 1,263 | 586 | 645 | 1,231 |
| Costa Rica | ODR | 365 | 256 | 621 | 401 | 120 | 521 | 381 | 120 | 501 |
| Dominican Republic | MAAG | 371 | 232 | 603 | 396 | 124 | 520 | 383 | 124 | 507 |
| Eastern Caribbean | MLO | 258 | 176 | 434 | 283 | 114 | 397 | 337 | 112 | 449 |
| Ecuador | MILGP | 558 | 283 | 841 | 583 | 212 | 795 | 525 | 212 | 737 |
| El Salvador | MILGP | 529 | 282 | 811 | 554 | 174 | 728 | 552 | 174 | 726 |

| Org | FY 2006 Actual | | | FY 2007 Estimate | | | FY 2008 Proposed | | | |
|---------------------------------|----------------|--------------|--------------|------------------|--------------|--------------|------------------|--------------|--------------|---------------|
| | FMF | FMS | Total | FMF | FMS | Total | FMF | FMS | Total | |
| Western Hemisphere: | | | | | | | | | | |
| Con't: | | | | | | | | | | |
| Guatemala | MILGP | 378 | 0 | 378 | 403 | 0 | 403 | 376 | 0 | 376 |
| Guyana | MLO | 19 | 65 | 84 | 44 | 11 | 55 | 15 | 11 | 26 |
| Haiti | MLO | 765 | 0 | 765 | 869 | 0 | 869 | 826 | 0 | 826 |
| Honduras | MILGP | 562 | 312 | 874 | 587 | 238 | 825 | 597 | 238 | 835 |
| Jamaica | MLO | 380 | 165 | 545 | 405 | 73 | 478 | 398 | 73 | 471 |
| Mexico | ODC | 537 | 265 | 802 | 560 | 233 | 793 | 516 | 225 | 741 |
| Nicaragua | MLO | 280 | 224 | 504 | 363 | 187 | 550 | 192 | 86 | 278 |
| Panama | ODC | 172 | 104 | 276 | 197 | 31 | 228 | 180 | 30 | 210 |
| Paraguay | ODC | 243 | 94 | 337 | 268 | 507 | 775 | 244 | 11 | 255 |
| Peru | MAAG | 479 | 174 | 653 | 574 | 18 | 592 | 610 | 87 | 697 |
| Suriname | DAO | 21 | 0 | 21 | 46 | 0 | 46 | 15 | 0 | 15 |
| Trinidad & Tobago | MLO | 43 | 94 | 137 | 68 | 217 | 285 | 37 | 11 | 48 |
| Uruguay | ODC | 192 | 157 | 349 | 235 | 91 | 326 | 241 | 91 | 332 |
| Venezuela | MILGP | 292 | 228 | 520 | 317 | 164 | 481 | 327 | 151 | 478 |
| REGIONAL TOTAL | | 8,618 | 5,410 | 14,028 | 9,485 | 4,570 | 14,055 | 9,284 | 3,526 | 12,810 |
| East Asia & Pacific: | | | | | | | | | | |
| Australia | ODC | 91 | 402 | 493 | 116 | 375 | 491 | 109 | 422 | 531 |
| Cambodia | DAO | 83 | 101 | 184 | 108 | 62 | 170 | 156 | 121 | 277 |
| East Timor | SAO | 109 | 115 | 224 | 134 | 74 | 208 | 151 | 135 | 286 |
| Fiji | SAO | 325 | 103 | 428 | 468 | 54 | 522 | 288 | 123 | 411 |
| Indonesia | ODC | 447 | 176 | 623 | 472 | 127 | 599 | 385 | 196 | 581 |
| Japan | MDAO | 256 | 1,562 | 1,818 | 281 | 1,616 | 1,897 | 252 | 1,582 | 1,834 |
| Malaysia | ODC | 297 | 324 | 621 | 322 | 290 | 612 | 316 | 344 | 660 |
| Mauritius | EMBASSY | 19 | 0 | 19 | 44 | 0 | 44 | 110 | 0 | 110 |
| Mongolia | DAO | 157 | 0 | 157 | 185 | 0 | 185 | 227 | 0 | 227 |
| New Zealand | DAO | 0 | 157 | 157 | 0 | 121 | 121 | 0 | 167 | 167 |
| Philippines | JUSMAG | 438 | 602 | 1,040 | 610 | 727 | 1,337 | 431 | 622 | 1,053 |
| Singapore | ODC | 134 | 778 | 912 | 159 | 775 | 934 | 147 | 798 | 945 |
| South Korea | JUSMAG | 271 | 1,631 | 1,902 | 306 | 1,597 | 1,903 | 307 | 1,641 | 1,948 |
| Thailand | JUSMAG | 561 | 756 | 1,317 | 586 | 712 | 1,298 | 600 | 766 | 1,366 |
| Vietnam | DAO | 75 | 0 | 75 | 100 | 0 | 100 | 75 | 0 | 75 |
| REGIONAL TOTAL | | 3,263 | 6,707 | 9,970 | 3,891 | 6,530 | 10,421 | 3,554 | 6,917 | 10,471 |
| Europe & Eurasia: | | | | | | | | | | |
| Albania | ODC | 214 | 132 | 346 | 257 | 92 | 349 | 265 | 102 | 367 |
| Armenia | ODC | 113 | 150 | 263 | 149 | 89 | 238 | 147 | 239 | 386 |
| Austria | ODC | 19 | 351 | 370 | 45 | 320 | 365 | 34 | 361 | 395 |
| Azerbaijan | ODC | 179 | 101 | 280 | 202 | 99 | 301 | 205 | 149 | 354 |
| Belgium | ODC | 32 | 672 | 704 | 59 | 692 | 751 | 49 | 702 | 751 |
| Bosnia | ODC | 206 | 156 | 362 | 247 | 107 | 354 | 254 | 206 | 460 |
| Bulgaria | ODC | 219 | 278 | 497 | 244 | 192 | 436 | 221 | 328 | 549 |
| Croatia | ODC | 276 | 192 | 468 | 331 | 101 | 432 | 291 | 201 | 492 |
| Czech Republic | ODC | 251 | 302 | 553 | 276 | 273 | 549 | 200 | 352 | 552 |
| Denmark | ODC | 75 | 476 | 551 | 100 | 413 | 513 | 75 | 496 | 571 |
| Estonia | ODC | 251 | 192 | 443 | 306 | 148 | 454 | 308 | 242 | 550 |
| Finland | DAO | 6 | 29 | 35 | 31 | 14 | 45 | 1 | 78 | 79 |
| France | ODC | 57 | 598 | 655 | 112 | 489 | 601 | 47 | 608 | 655 |
| Georgia | ODC | 166 | 135 | 301 | 231 | 74 | 305 | 222 | 235 | 457 |
| Germany | ODC | 91 | 987 | 1,078 | 116 | 770 | 886 | 72 | 997 | 1,069 |
| Greece | ODC | 669 | 1,511 | 2,180 | 694 | 1,473 | 2,167 | 843 | 1,521 | 2,364 |
| Hungary | ODC | 264 | 256 | 520 | 289 | 254 | 543 | 246 | 266 | 512 |
| Italy | ODC | 155 | 957 | 1,112 | 179 | 795 | 974 | 140 | 967 | 1,107 |
| Kazakhstan | SAO | 335 | 189 | 524 | 360 | 178 | 538 | 380 | 209 | 589 |
| Kyrgyzstan | SAO | 134 | 72 | 206 | 159 | 136 | 295 | 294 | 92 | 386 |

| | Org | FY 2006 Actual | | | FY 2007 Estimate | | | FY 2008 Proposed | | |
|------------------------------------|---------|----------------|---------------|---------------|------------------|---------------|---------------|------------------|---------------|---------------|
| | | FMF | FMS | Total | FMF | FMS | Total | FMF | FMS | Total |
| Europe & Eurasia: | | | | | | | | | | |
| Con't: | | | | | | | | | | |
| Latvia | ODC | 181 | 113 | 294 | 162 | 114 | 276 | 134 | 133 | 267 |
| Lithuania | ODC | 169 | 95 | 264 | 184 | 127 | 311 | 268 | 115 | 383 |
| Luxembourg | EMBASSY | 12 | 35 | 47 | 27 | 19 | 46 | 6 | 55 | 61 |
| Macedonia | ODC | 210 | 128 | 338 | 228 | 117 | 345 | 234 | 148 | 382 |
| Malta | EMBASSY | 49 | 0 | 49 | 64 | 0 | 64 | 33 | 0 | 33 |
| Moldova | ODC | 179 | 74 | 253 | 194 | 49 | 243 | 153 | 94 | 247 |
| Netherlands | ODC | 82 | 469 | 551 | 97 | 564 | 661 | 74 | 489 | 563 |
| Norway | ODC | 111 | 272 | 383 | 126 | 288 | 414 | 71 | 318 | 389 |
| Poland | ODC | 401 | 769 | 1,170 | 427 | 754 | 1,181 | 408 | 804 | 1,212 |
| Portugal | ODC | 492 | 514 | 1,006 | 517 | 547 | 1,064 | 523 | 534 | 1,057 |
| Romania | ODC | 211 | 226 | 437 | 226 | 201 | 427 | 193 | 246 | 439 |
| Russia | DAO | 246 | 33 | 279 | 261 | 18 | 279 | 323 | 53 | 376 |
| Slovakia | ODC | 181 | 147 | 328 | 196 | 121 | 317 | 198 | 167 | 365 |
| Slovenia | ODC | 153 | 129 | 282 | 168 | 102 | 270 | 142 | 149 | 291 |
| Spain | ODC | 169 | 337 | 506 | 164 | 318 | 482 | 171 | 357 | 528 |
| Sweden | ODC | 0 | 42 | 42 | 0 | 17 | 17 | 0 | 62 | 62 |
| Switzerland | DAO | 0 | 66 | 66 | 0 | 42 | 42 | 0 | 86 | 86 |
| Tajikistan | SAO | 119 | 144 | 263 | 141 | 136 | 277 | 215 | 225 | 440 |
| Turkey | ODC | 1,431 | 1,626 | 3,057 | 1,441 | 1,323 | 2,764 | 1,657 | 1,636 | 3,293 |
| Turkmenistan | DAO | 171 | 0 | 171 | 186 | 0 | 186 | 151 | 0 | 151 |
| Ukraine | ODC | 236 | 132 | 368 | 251 | 104 | 355 | 229 | 152 | 381 |
| United Kingdom | ODC | 62 | 204 | 266 | 77 | 155 | 232 | 30 | 224 | 254 |
| Uzbekistan | SAO | 308 | 129 | 437 | 323 | 111 | 434 | 320 | 149 | 469 |
| REGIONAL TOTAL | | 8,885 | 13,420 | 22,305 | 9,847 | 11,936 | 21,783 | 9,827 | 14,547 | 24,374 |
| Near East & South Asia: | | | | | | | | | | |
| Afghanistan | OMC | 300 | 483 | 783 | 323 | 493 | 816 | 313 | 503 | 816 |
| Algeria | DAO | 110 | 84 | 194 | 125 | 94 | 219 | 91 | 104 | 195 |
| Bahrain | OMC | 384 | 546 | 930 | 409 | 556 | 965 | 346 | 566 | 912 |
| Bangladesh | ODC | 190 | 83 | 273 | 215 | 93 | 308 | 240 | 103 | 343 |
| Egypt | OMC | 1,937 | 3,546 | 5,483 | 1,962 | 3,556 | 5,518 | 1,842 | 3,566 | 5,408 |
| India | ODC | 288 | 476 | 764 | 322 | 486 | 808 | 352 | 496 | 848 |
| Iraq | OMC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Israel | DAO | 51 | 202 | 253 | 66 | 212 | 278 | 17 | 319 | 336 |
| Jordan | MAP | 813 | 572 | 1,385 | 838 | 582 | 1,420 | 893 | 592 | 1,485 |
| Kuwait | OMC | 262 | 356 | 618 | 287 | 455 | 742 | 255 | 465 | 720 |
| Lebanon | DAO | 456 | 276 | 732 | 481 | 286 | 767 | 596 | 296 | 892 |
| Morocco | ODC | 589 | 253 | 842 | 614 | 263 | 877 | 609 | 273 | 882 |
| Nepal | SAO | 155 | 208 | 363 | 180 | 218 | 398 | 174 | 238 | 412 |
| Oman | OMC | 509 | 456 | 965 | 534 | 506 | 1,040 | 405 | 516 | 921 |
| Pakistan | ODRP | 614 | 457 | 1,071 | 639 | 467 | 1,106 | 505 | 427 | 932 |
| Qatar | USLO | 395 | 292 | 687 | 449 | 312 | 761 | 425 | 322 | 747 |
| Saudi Arabia | USMTM | 0 | 1,342 | 1,342 | 0 | 1,352 | 1,352 | 0 | 1,362 | 1,362 |
| Sri Lanka | DAO | 172 | 70 | 242 | 197 | 47 | 244 | 128 | 97 | 225 |
| Tunisia | ODC | 376 | 194 | 570 | 431 | 204 | 635 | 533 | 254 | 787 |
| United Arab Emirates | USLO | 229 | 983 | 1,212 | 284 | 869 | 1,153 | 251 | 969 | 1,220 |
| Yemen | OMC | 159 | 129 | 288 | 209 | 105 | 314 | 164 | 205 | 369 |
| REGIONAL TOTAL | | 7,989 | 11,008 | 18,997 | 8,565 | 11,156 | 19,721 | 8,139 | 11,673 | 19,812 |
| WORLDWIDE TOTAL | | 32,776 | 38,236 | 71,012 | 36,420 | 34,194 | 70,614 | 35,681 | 37,773 | 73,454 |

Overseas Military Program Management - Personnel Strengths

| ORG. | FY 2006 | | | | FY 2007 ESTIMATE | | | | FY 2008 REQUEST | | | | |
|--|----------|-----------|----------|-----------|------------------|-----------|----------|-----------|-----------------|-----------|----------|-----------|------------|
| | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL | |
| <u>Africa:</u> | | | | | | | | | | | | | |
| Botswana | ODC | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Chad | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Djibouti | USLO | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Eritrea | USLO | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| Ethiopia | SAAO | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Ghana | ODC | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| Kenya | KUSLO | 4 | 2 | 1 | 7 | 4 | 2 | 1 | 7 | 4 | 1 | 2 | 7 |
| Liberia | ODC | 3 | 1 | 0 | 4 | 3 | 1 | 0 | 4 | 3 | 1 | 0 | 4 |
| Namibia | EMB /b | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Niger | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Nigeria | ODC | 3 | 0 | 1 | 4 | 3 | 0 | 1 | 4 | 3 | 0 | 1 | 4 |
| Rwanda | DAO a/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senegal | ODC | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 |
| South Africa | ODC | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Regional total | | 20 | 3 | 10 | 33 | 20 | 3 | 10 | 33 | 20 | 2 | 11 | 33 |
| <u>Western Hemisphere:</u> | | | | | | | | | | | | | |
| Argentina | USMILGP | 3 | 0 | 4 | 7 | 3 | 0 | 4 | 7 | 3 | 0 | 4 | 7 |
| Barbados | USMLO c/ | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 3 |
| Belize | USMLO | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Bolivia | USMILGP | 4 | 0 | 5 | 9 | 4 | 0 | 5 | 9 | 4 | 0 | 5 | 9 |
| Brazil | USMLO | 4 | 0 | 2 | 6 | 4 | 0 | 2 | 6 | 4 | 0 | 2 | 6 |
| Canada | DAO a/ | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Chile | USMILGP | 3 | 1 | 3 | 7 | 3 | 1 | 3 | 7 | 3 | 1 | 3 | 7 |
| Colombia | USMILGP | 6 | 2 | 3 | 11 | 6 | 2 | 3 | 11 | 6 | 2 | 3 | 11 |
| Costa Rica | ODR | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 |
| Dominican Republic | USMAAG | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Ecuador | USMILGP | 5 | 1 | 4 | 10 | 5 | 1 | 4 | 10 | 5 | 1 | 4 | 10 |
| El Salvador | USMILGP | 3 | 0 | 6 | 9 | 3 | 0 | 6 | 9 | 3 | 0 | 6 | 9 |
| Guatemala | USMILGP | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Guyana | USMLO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Haiti | USMLO | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Honduras | USMILGP | 4 | 1 | 5 | 10 | 4 | 1 | 5 | 10 | 4 | 1 | 5 | 10 |
| Jamaica | USMLO | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Mexico | ODC | 3 | 1 | 4 | 8 | 3 | 1 | 4 | 8 | 3 | 1 | 4 | 8 |
| Nicaragua | USMLO | 2 | 1 | 2 | 5 | 2 | 1 | 2 | 5 | 2 | 1 | 2 | 5 |
| Panama | ODC | 2 | 1 | 2 | 5 | 2 | 1 | 2 | 5 | 2 | 1 | 2 | 5 |
| Paraguay | ODC | 1 | 0 | 4 | 5 | 1 | 0 | 4 | 5 | 1 | 0 | 4 | 5 |
| Peru | USMAAG | 1 | 0 | 5 | 6 | 1 | 0 | 5 | 6 | 1 | 0 | 5 | 6 |
| Suriname | DAO a/ | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| Trinidad and Tobago | USMLO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Uruguay | ODC | 2 | 0 | 3 | 5 | 2 | 0 | 3 | 5 | 2 | 0 | 3 | 5 |
| Venezuela | USMILGP | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Regional Total | | 60 | 8 | 60 | 128 | 60 | 8 | 60 | 128 | 60 | 8 | 60 | 128 |
| <u>East Asia & Pacific:</u> | | | | | | | | | | | | | |
| Australia | ODC | 4 | 0 | 1 | 5 | 4 | 0 | 1 | 5 | 4 | 0 | 1 | 5 |
| Cambodia | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| East Timor | ODC | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Fiji | DAO a/ | 1 | 0 | 1 | 2 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Indonesia | ODC | 2 | 0 | 5 | 7 | 3 | 0 | 8 | 11 | 3 | 0 | 8 | 11 |
| Japan | MDAO | 5 | 3 | 6 | 14 | 5 | 3 | 6 | 14 | 5 | 3 | 6 | 14 |
| Malaysia | ODC | 2 | 0 | 5 | 7 | 2 | 0 | 5 | 7 | 2 | 0 | 5 | 7 |
| Mongolia | DAO a/ | 0 | 0 | 2 | 2 | 0 | 0 | 3 | 3 | 0 | 0 | 3 | 3 |
| New Zealand | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Papua New Guinea | ODC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Philippines | JUSMAG | 11 | 2 | 5 | 18 | 11 | 1 | 5 | 17 | 11 | 1 | 5 | 17 |
| Singapore | ODC | 5 | 0 | 4 | 9 | 5 | 0 | 4 | 9 | 5 | 0 | 4 | 9 |
| South Korea | JUSMAG-K | 11 | 1 | 10 | 22 | 11 | 0 | 12 | 23 | 11 | 0 | 12 | 23 |
| Thailand | JUSMAG | 10 | 0 | 11 | 21 | 11 | 1 | 11 | 23 | 11 | 1 | 11 | 23 |
| Vietnam | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Regional Total | | 53 | 6 | 55 | 114 | 55 | 5 | 62 | 122 | 55 | 5 | 62 | 122 |

| | ORG. | FY 2006 | | | | FY 2007 ESTIMATE | | | | FY 2008 REQUEST | | | |
|------------------------------|--------|------------|-----------|-----------|------------|------------------|-----------|-----------|------------|-----------------|-----------|-----------|------------|
| | | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL |
| Europe: | | | | | | | | | | | | | |
| Albania | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Armenia | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Austria | ODC | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Azerbaijan | ODC | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Belgium/Luxembourg | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Bosnia | ODC | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 |
| Bulgaria | ODC | 2 | 0 | 2 | 4 | 2 | 0 | 2 | 4 | 2 | 0 | 2 | 4 |
| Croatia | ODC | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 |
| Czech Republic | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Denmark | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Estonia | ODC | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 |
| France | ODC | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 |
| Georgia | ODC | 3 | 0 | 2 | 5 | 3 | 0 | 2 | 5 | 3 | 0 | 2 | 5 |
| Germany | ODC | 2 | 9 | 2 | 13 | 2 | 9 | 2 | 13 | 2 | 9 | 2 | 13 |
| Greece | ODC | 5 | 1 | 8 | 14 | 5 | 1 | 8 | 14 | 5 | 1 | 8 | 14 |
| Hungary | ODC | 1 | 1 | 2 | 4 | 1 | 1 | 2 | 4 | 1 | 1 | 2 | 4 |
| Italy | ODC | 3 | 0 | 3 | 6 | 3 | 0 | 3 | 6 | 3 | 0 | 3 | 6 |
| Kazakhstan | SAAO | 2 | 0 | 2 | 4 | 2 | 0 | 2 | 4 | 2 | 0 | 2 | 4 |
| Kyrgyzstan | SAAO | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Latvia | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Lithuania | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Macedonia (FYROM) | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Moldova | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Netherlands | ODC | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 |
| Norway | ODC | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Poland | ODC | 6 | 0 | 3 | 9 | 6 | 0 | 3 | 9 | 6 | 0 | 3 | 9 |
| Portugal | ODC | 4 | 0 | 2 | 6 | 4 | 0 | 2 | 6 | 4 | 0 | 2 | 6 |
| Romania | ODC | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 | 2 | 1 | 1 | 4 |
| Russia | ODC | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 2 |
| Serbia | ODC | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| Slovakia | ODC | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 | 1 | 1 | 1 | 3 |
| Slovenia | ODC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Spain | ODC | 5 | 3 | 1 | 9 | 5 | 3 | 1 | 9 | 5 | 3 | 1 | 9 |
| Sweden | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Tajikistan | SAAO | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Turkey | ODC | 19 | 2 | 5 | 26 | 19 | 2 | 5 | 26 | 19 | 2 | 5 | 26 |
| Turkmenistan | DAO a/ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ukraine | ODC | 1 | 1 | 2 | 4 | 1 | 1 | 2 | 4 | 1 | 1 | 2 | 4 |
| United Kingdom | ODC | 2 | 1 | 0 | 3 | 2 | 1 | 0 | 3 | 2 | 1 | 0 | 3 |
| Uzbekistan | SAAO | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Regional Total | | 88 | 24 | 69 | 181 | 88 | 24 | 69 | 181 | 88 | 24 | 69 | 181 |
| Near East/South Asia: | | | | | | | | | | | | | |
| Afghanistan | OMC | 6 | 0 | 3 | 9 | 6 | 0 | 3 | 9 | 6 | 0 | 3 | 9 |
| Algeria | ODC | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 |
| Bahrain | OMC | 6 | 1 | 0 | 7 | 6 | 1 | 1 | 8 | 6 | 1 | 1 | 8 |
| Bangladesh | ODC | 1 | 0 | 1 | 2 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Egypt | OMC | 28 | 8 | 17 | 53 | 29 | 7 | 17 | 53 | 29 | 7 | 17 | 53 |
| India | ODC | 4 | 1 | 4 | 9 | 3 | 0 | 6 | 9 | 3 | 0 | 6 | 9 |
| Iraq | OMC | 8 | 0 | 0 | 8 | 8 | 0 | 4 | 12 | 8 | 0 | 4 | 12 |
| Israel | ODC | 3 | 1 | 0 | 4 | 3 | 1 | 0 | 4 | 3 | 1 | 0 | 4 |
| Jordan | MAP | 9 | 1 | 5 | 15 | 10 | 0 | 5 | 15 | 10 | 0 | 5 | 15 |
| Kuwait | OMC | 10 | 1 | 1 | 12 | 10 | 1 | 1 | 12 | 10 | 1 | 1 | 12 |
| Lebanon | ODC | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 | 3 | 0 | 3 | 6 |
| Madagascar | DAO a/ | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 1 |
| Morocco | ODC | 3 | 1 | 3 | 7 | 3 | 1 | 3 | 7 | 3 | 1 | 3 | 7 |
| Nepal | ODC | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 | 1 | 0 | 3 | 4 |
| Oman | OMC | 6 | 1 | 2 | 9 | 6 | 1 | 2 | 9 | 6 | 1 | 2 | 9 |
| Pakistan | ODRP | 4 | 1 | 4 | 9 | 4 | 1 | 4 | 9 | 4 | 1 | 4 | 9 |
| Qatar | USLO | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 3 |
| Saudi Arabia | USMTM | 63 | 0 | 8 | 71 | 63 | 0 | 8 | 71 | 63 | 0 | 8 | 71 |
| Sri Lanka | ODC | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 | 1 | 0 | 1 | 2 |
| Tunisia | ODC | 4 | 0 | 1 | 5 | 4 | 0 | 1 | 5 | 4 | 0 | 1 | 5 |
| United Arab Emirates | USLO | 7 | 1 | 1 | 9 | 7 | 1 | 1 | 9 | 7 | 1 | 1 | 9 |
| Yemen | OMC | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 | 1 | 0 | 2 | 3 |
| Regional Total | | 171 | 17 | 61 | 249 | 172 | 14 | 69 | 255 | 174 | 14 | 69 | 257 |

| ORG. | FY2006 | | | | FY 2007 ESTIMATE | | | | FY 2008 REQUEST | | | |
|------------------------|--------|-----|-------|-------|------------------|-----|-------|-------|-----------------|-----|-------|-------|
| | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL | MIL | CIV | LOCAL | TOTAL |
| WORLDWIDE TOTAL | 392 | 58 | 255 | 705 | 395 | 54 | 270 | 719 | 397 | 53 | 271 | 721 |

- a/ Personnel authorized to assist the DAO with security assistance management functions.
- b/ Personnel authorized to assist the Embassy with security assistance management functions.
- c/ Manages programs for Eastern Caribbean countries.

Excess Defense Articles

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. EDA may be sold to any country eligible to purchase defense articles or provided on a grant basis to countries justified in the country papers to receive grant EDA. Providing EDA on a grant basis turns U.S. defense items that are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock into instruments that meet a number of our national security interests. Some of the objectives met by EDA are: strengthening coalitions, cementing bilateral foreign military relationships, enhancing interoperability, furthering legitimate modernization efforts of our allies, aiding in multilateral peacekeeping efforts, combating illegal narcotics production and narco-trafficking, and aiding in demining assistance programs.

Providing EDA on a grant basis has contributed to our foreign policy successes. This excess equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA contributes to regional stability by supporting the ongoing military reform efforts of democratic governments in central and Eastern Europe and the Baltics. Additionally, grant EDA has a positive global impact – furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform and fighting the spread of illicit narcotics.

EDA articles are transferred in an “as is, where is” condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the United States, with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies that do not present proliferation concerns.

Each grant eligible country has a justification statement providing the objective and proposed use of potential EDA within each country paper. Eligibility simply permits a nation to be considered for grant EDA and does not guarantee the transfer of any EDA, nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

Grants of Excess Defense Articles
Under the Provisions of the Foreign Assistance Act
(\$ in thousands)

| | OFFERED IN FY 2006 | | DELIVERED IN FY 2006 | |
|---|---------------------------|--------------------------|-----------------------------|--------------------------|
| | ACQ. VALUE | CURRENT VALUE | ACQ. VALUE | CURRENT VALUE |
| <u>AFRICA:</u> | | | | |
| DJIBOUTI | 0 | 0 | 633 | 48 |
| GHANA | 0 | 0 | 746 | 378 |
| SAO TOME & PRINCIPE | 133 | 53 | 0 | 0 |
| SENEGAL | 2,215 | 443 | 880 | 308 |
| UGANDA | 0 | 0 | 4,097 | 819 |
| REGIONAL TOTAL | 2,348 | 496 | 6,356 | 1,553 |
| <u>EAST ASIA & PACIFIC:</u> | | | | |
| MONGOLIA | 2,323 | 697 | 0 | 0 |
| THAILAND | 13,209 | 1,321 | 0 | 0 |
| REGIONAL TOTAL | 15,532 | 2,018 | 0 | 0 |
| <u>EUROPE & EURASIA:</u> | | | | |
| GREECE | 0 | 0 | 11,352 | 2,271 |
| POLAND | 17,583 | 11,235 | 0 | 0 |
| REGIONAL TOTAL | 17,583 | 11,235 | 11,352 | 2,271 |
| <u>NEAR EAST & SOUTH ASIA:</u> | | | | |
| EGYPT | 354,601 | 69,235 | 0 | 0 |
| IRAQ | 19,439 | 4,345 | 306 | 123 |
| ISRAEL | 378,182 | 47,383 | 3,614 | 884 |
| JORDAN | 3,454 | 345 | 0 | 0 |
| KAZAKHSTAN | 1,845 | 92 | 0 | 0 |
| LEBANON | 2,793 | 559 | 0 | 0 |
| MOROCCO | 93,954 | 18,852 | 74,486 | 9,925 |
| NEPAL | 10,221 | 3,066 | 3,717 | 1,115 |
| PAKISTAN | 85,763 | 20,602 | 118,847 | 21,619 |
| SRI LANKA | 53,891 | 16,167 | 0 | 0 |
| TUNISIA | 0 | 0 | 13,841 | 1,391 |
| YEMEN | 8,071 | 1,602 | 0 | 0 |
| REGIONAL TOTAL | 1,012,214 | 182,248 | 214,811 | 35,057 |
| <u>WESTERN HEMISPHERE:</u> | | | | |
| CHILE | 83,654 | 13,826 | 0 | 0 |
| COLOMBIA | 6,787 | 713 | 458 | 137 |
| DOMINICAN REPUBLIC | 1,718 | 344 | 557 | 111 |
| GUATEMALA | 20,233 | 5,666 | 0 | 0 |

| | | | | |
|------------------------|------------------|----------------|----------------|---------------|
| HONDURAS | 6,989 | 1,398 | 0 | 0 |
| NICARAGUA | 6,504 | 1,951 | 0 | 0 |
| REGIONAL TOTAL | 125,885 | 23,898 | 1,015 | 248 |
| WORLDWIDE TOTAL | 1,173,562 | 219,895 | 233,534 | 39,129 |

NOTE: Totals may not add due to rounding.

**Sales of Excess Defense Articles
Under Foreign Military Sales Provisions**
(\$ in thousands)

| | OFFERED IN FY 2006 | | DELIVERED IN FY 2006 | |
|---|--------------------|---------------|----------------------|---------------|
| | ACQ. | CURRENT | ACQ. | CURRENT |
| | VALUE | VALUE | VALUE | VALUE |
| <u>EAST ASIA & PACIFIC:</u> | | | | |
| AUSTRALIA | 2,110 | 276 | 957 | 53 |
| KOREA | 0 | 0 | 41,667 | 4,358 |
| PHILIPPINES | 71 | 14 | 0 | 0 |
| TAIWAN | 0 | 0 | 1,280,447 | 69,591 |
| REGIONAL TOTAL | 2,181 | 290 | 1,323,071 | 74,002 |
| <u>EUROPE & EURASIA:</u> | | | | |
| DENMARK | 0 | 0 | 898 | 359 |
| FINLAND | 0 | 0 | 5 | 3 |
| GREECE | 199 | 100 | 0 | 0 |
| SPAIN | 10,285 | 1,029 | 0 | 0 |
| TURKEY | 0 | 0 | 57 | 23 |
| UNITED KINGDOM | 30 | 15 | 0 | 0 |
| REGIONAL TOTAL | 10,514 | 1,144 | 960 | 385 |
| <u>NEAR EAST & SOUTH ASIA:</u> | | | | |
| INDIA | 97,497 | 13,066 | 0 | 0 |
| ISRAEL | 0 | 0 | 90 | 40 |
| REGIONAL TOTAL | 97,497 | 13,066 | 90 | 40 |
| <u>WESTERN HEMISPHERE:</u> | | | | |
| CANADA | 0 | 0 | 14,098 | 1,304 |
| ECUADOR | 47 | 14 | 00 | 0 |
| MEXICO | 34 | 10 | 0 | 0 |
| REGIONAL TOTAL | 81 | 24 | 14,098 | 1,304 |
| WORLDWIDE TOTAL | 110,272 | 14,525 | 1,338,219 | 75,732 |

NOTE: Totals may not add due to rounding

Leased Defense Articles

The lease of defense articles can be authorized under the Arms Export Control Act (AECA), Chapter 6, if there are compelling U.S. foreign policy and national security reasons for providing defense articles on a lease rather than a sales basis. Defense articles cannot be leased if they are needed for public use during the period of the lease.

Except for leases entered into for the purposes of cooperative research or development, military exercises or communications or electronics interface projects, the country leasing the defense article(s) must agree to pay, in U.S. dollars, all costs incurred by the United States Government in leasing the article(s). These costs include reimbursement for depreciation of the article(s) while leased. In addition, the country must also pay the cost of restoration or replacement if the article(s) are damaged while leased. If the article(s) is lost or destroyed while leased, the U.S. requires funds to cover the replacement cost (less depreciation, if any) or an amount equal to the actual value (less depreciation) when the article(s) will not be replaced in the U.S. inventory.

The President may waive reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interests of the United States. In some cases, the President may waive the reimbursement of all lease charges with respect to a lease that is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense. Waivers for depreciation or reciprocity are made before the implementation of the lease agreement.

Leases are conducted for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense article(s).

Leases Under the Arms Export Control Act Implemented FY 2006
(\$ in thousands)

| | REPLACEMENT VALUE | TOTAL RENTAL VALUE |
|-----------------------------------|------------------------------|-------------------------------|
| <u>Europe and Eurasia:</u> | | |
| Germany | \$27,913.80 | \$27,915.60 |
| | \$23,976,651.00 | \$31,957,774.00 |
| | \$7,502.00 | \$278,200.00 |
| | \$34,845.48 | \$181,968.28 |
| | \$1,764.60 | \$14,471.54 |
| | \$24,048,676.88 | \$32,460,329.42 |
| Western Hemisphere | | |
| Canada | \$527,818.32 | \$544,694.42 |
| Regional Total | \$527,818.32 | \$544,694.42 |
| WORLDWIDE TOTAL | \$24,576,495.20 | \$33,005,023.64 |

Stockpiling of Defense Articles for Foreign Countries

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as War Reserves Stocks by Allies (WRSA) or other foreign countries (other than NATO). Most defense articles added to stockpiles under this ceiling will come from existing stocks.

In FY 2008, it is anticipated that no defense articles will be added to existing stockpiles as items are in sufficient supply to provide the necessary support.

Value of Annual Ceiling for Stockpiling
(\$ in thousands)

| Fiscal Year | Amount Stockpiled |
|--------------------|--------------------------|
| 1976 | 96,750 |
| 1977 | 125,000 |
| 1978 | 270,000 |
| 1979 | 90,000 |
| 1980 | 95,000 |
| 1981 | 85,000 |
| 1982 | 130,000 |
| 1983 | 125,000 |
| 1984 | 125,000 |
| 1985 | 248,000 |
| 1986 | 360,000 |
| 1987 | 125,000 |
| 1988 | 116,000 |
| 1989 | 77,000 |
| 1990 | 165,000 |
| 1991 | 378,000 |
| 1992 | 378,000 |
| 1993 | 389,000 |
| 1994 | 292,000 |
| 1995 | 250,000 |
| 1996 | 50,000 |
| 1997 | 50,000 |
| 1998 | 60,000 |
| 1999 | 340,000 |
| 2000 | 60,000 |
| 2001 | 50,000 |
| 2002 | 0 |
| 2003 | 100,000 |
| 2004 | 0 |
| 2005 | 0 |
| 2006 | 0 |
| 2007 | 0 |
| 2008 | 0 |

Countries and International Organizations Eligible for Purchasing Defense Articles and Services from the United States Government

| Africa | Date | Determination No. |
|------------------------------|-------------|--------------------------|
| Angola | 28-Jul-95 | 95-32 |
| Benin | 2-Jan-73 | 73-10 |
| Botswana | 6-Feb-79 | 79-05 |
| Burkina Faso | 2-Jan-73 | 73-10 |
| Burundi | 24-Aug-91 | 91-50 |
| Cameroon | 2-Jan-73 | 73-10 |
| Cape Verde | 10-Jun-86 | 86-11 |
| Central African Republic | 2-Feb-87 | |
| Chad | 1-Sep-77 | 77-20 |
| Comoros | 26-May-92 | 92-28 |
| Cote D'Ivoire | 2-Jan-73 | 73-10 |
| Democratic Republic of Congo | 24-Aug-91 | 91-49 |
| Djibouti | 17-May-82 | 82-15 |
| Equatorial Guinea | 28-Nov-83 | 84-02 |
| Eritrea | 18-Feb-94 | 94-15 |
| Ethiopia | 2-Jan-73 | 73-10 |
| Gabon | 2-Jan-73 | 73-10 |
| Gambia | 2-Feb-87 | |
| Ghana | 2-Jan-73 | 73-10 |
| Guinea | 2-Jan-73 | 73-10 |
| Guinea-Bissau | 10-Jun-86 | 86-11 |
| Kenya | 29-Oct-74 | 75-02 |
| Lesotho | 25-Oct-90 | 91-05 |
| Liberia | 2-Jan-73 | 73-10 |
| Madagascar | 10-Jun-86 | 86-11 |
| Malawi | 11-Feb-85 | 85-04 |
| Mali | 2-Jan-73 | 73-10 |
| Mauritania | 10-Jun-86 | 86-11 |
| Mauritius | 29-Oct-74 | 75-02 |
| Mozambique | 11-Feb-85 | 85-07 |
| Namibia | 25-Oct-90 | 91-04 |
| Niger | 2-Jan-73 | 73-10 |
| Nigeria | 2-Jan-73 | 73-10 |
| Republic of the Congo | 2-Jan-73 | 73-10 |

| Africa, Cont'd | Date | Determination No. |
|--------------------------------|-------------|--------------------------|
| Rwanda | 27-Feb-81 | 81-03 |
| Sao Tome & Principe | 27-May-88 | 88-17 |
| Senegal | 2-Jan-73 | 73-10 |
| Seychelles | 20-Jul-89 | 89-18 |
| Sierra Leone | 5-Feb-85 | 85-05 |
| Somalia | 3-Mar-80 | 80-12 |
| South Africa | 27-Jun-94 | 94-29 |
| Sudan | 5-Nov-76 | 77-05 |
| Swaziland | 19-Jun-06 | 06-16 |
| Tanzania | 20-Jul-89 | 89-20 |
| Togo | 11-Feb-85 | 85-06 |
| Uganda | 20-Jul-89 | 89-21 |
| Zambia | 11-Aug-92 | 92-38 |
| Zimbabwe | 26-Oct-82 | 83-03 |
| | | |
| East Asia & Pacific | | |
| Australia | 2-Jan-73 | 73-10 |
| Brunei | 2-Jan-73 | 73-10 |
| Burma | 2-Jan-73 | 73-10 |
| Cambodia | 2-Jan-73 | 73-10 |
| China | 12-Jun-84 | 84-11 |
| Cook Islands | 6-Jan-93 | 93-10 |
| East Timor | 27-May-02 | 02-19 |
| Fiji | 5-Aug-75 | 76-01 |
| Indonesia | 2-Jan-73 | 73-10 |
| Japan | 2-Jan-73 | 73-10 |
| Korea | 2-Jan-73 | 73-10 |
| Kiribati | 12-Mar-02 | 02-09 |
| Laos | 2-Jan-73 | 73-10 |
| Malaysia | 2-Jan-73 | 73-10 |
| Marshall Islands | 6-Jan-93 | 93-19 |
| Micronesia | 6-Jan-93 | 93-08 |
| Mongolia | 22-Aug-95 | 95-38 |
| New Zealand | 2-Jan-73 | 73-10 |
| Palau | 12-Mar-02 | 02-09 |
| Papua New Guinea | 4-Dec-80 | 80-29 |
| Philippines | 2-Jan-73 | 73-10 |
| Samoa | 6-Jan-93 | 93-13 |

| | | |
|-----------------------------|-----------|-------|
| Singapore | 2-Jan-73 | 73-10 |
| Solomon Islands | 6-Jan-93 | 93-11 |
| Taiwan | 2-Jan-73 | 73-10 |
| Thailand | 2-Jan-73 | 73-10 |
| Tonga | 5-Nov-87 | 88-03 |
| Tuvalu | 12-Mar-02 | 02-09 |
| Vanuatu | 6-Jan-93 | 93-12 |
| Vietnam | 29-Dec-06 | 07-09 |
| | | |
| Europe & Eurasia | | |
| Albania | 22-Mar-94 | 94-18 |
| Armenia | 18-Apr-02 | 02-15 |
| Austria | 2-Jan-73 | 73-10 |
| Azerbaijan | 18-Apr-02 | 02-15 |
| Belgium | 2-Jan-73 | 73-10 |
| Bosnia and Herzegovina | 23-Feb-96 | 96-10 |
| Bulgaria | 22-Mar-94 | 94-18 |
| Croatia | 8-Apr-99 | 99-21 |
| Czech Republic | 5-Jan-94 | 94-09 |
| Denmark | 2-Jan-73 | 73-10 |
| Estonia | 22-Mar-94 | 94-18 |
| Finland | 2-Jan-73 | 73-10 |
| France | 2-Jan-73 | 73-10 |
| Georgia | 11-Mar-97 | 97-19 |
| Germany | 2-Jan-73 | 73-10 |
| Greece | 2-Jan-73 | 73-10 |
| Hungary | 6-Dec-91 | 92-07 |
| Iceland | 2-Jan-73 | 73-10 |
| Ireland | 2-Jan-73 | 73-10 |
| Italy | 2-Jan-73 | 73-10 |
| Kazakhstan | 11-Mar-97 | 97-19 |
| Kyrgyzstan | 11-Mar-97 | 97-19 |
| Latvia | 22-Mar-94 | 94-18 |
| Lithuania | 22-Mar-94 | 94-18 |
| Luxembourg | 2-Jan-73 | 73-10 |
| Macedonia | 8-Mar-96 | 96-18 |
| Malta | 2-Jan-73 | 73-10 |
| Moldova | 11-Mar-97 | 97-19 |
| Netherlands | 2-Jan-73 | 73-10 |

| Europe & Eurasia, Cont'd | Date | Determination No. |
|-------------------------------------|-------------|--------------------------|
| Norway | 2-Jan-73 | 73-10 |
| Poland | 6-Dec-91 | 92-08 |
| Portugal | 2-Jan-73 | 73-10 |
| Romania | 22-Mar-94 | 94-18 |
| Russia | 11-Mar-97 | 97-19 |
| Serbia | 6-May-03 | 03-22 |
| Slovakia | 5-Jan-94 | 94-10 |
| Slovenia | 8-Mar-96 | 96-18 |
| Spain | 2-Jan-73 | 73-10 |
| Sweden | 2-Jan-73 | 73-10 |
| Switzerland | 2-Jan-73 | 73-10 |
| Tajikistan | 18-Apr-02 | 02-15 |
| Turkey | 2-Jan-73 | 73-10 |
| Turkmenistan | 11-Mar-97 | 97-19 |
| Ukraine | 11-Mar-97 | 97-19 |
| United Kingdom | 2-Jan-73 | 73-10 |
| Uzbekistan | 11-Mar-97 | 97-19 |
| | | |
| Near East | | |
| Algeria | 10-Apr-85 | 85-12 |
| Bahrain | 2-Jan-73 | 73-10 |
| Egypt | 1-Aug-77 | 77-17 |
| Iran | 2-Jan-73 | 73-10 |
| Iraq | 21-Jul-04 | 04-40 |
| Israel | 2-Jan-73 | 73-10 |
| Jordan | 2-Jan-73 | 73-10 |
| Kuwait | 2-Jan-73 | 73-10 |
| Lebanon | 2-Jan-73 | 73-10 |
| Libya | 2-Jan-73 | 73-10 |
| Morocco | 2-Jan-73 | 73-10 |
| Oman | 2-Jan-73 | 73-10 |
| Qatar | 2-Jan-73 | 73-10 |
| Saudi Arabia | 2-Jan-73 | 73-10 |
| Tunisia | 2-Jan-73 | 73-10 |
| United Arab Emirates | 2-Jan-73 | 73-10 |
| Yemen | 2-Jan-73 | 73-10 |
| | | |
| | | |

| South Asia | Date | Determination No. |
|---------------------------|-------------|--------------------------|
| Afghanistan | 2-Jan-73 | 73-10 |
| Bangladesh | 31-Dec-80 | 81-01 |
| India | 2-Jan-73 | 73-10 |
| Nepal | 2-Jan-73 | 73-10 |
| Pakistan | 2-Jan-73 | 73-10 |
| Sri Lanka | 2-Jan-73 | 73-10 |
| | | |
| Western Hemisphere | | |
| Antigua & Barbuda | 8-Apr-82 | 82-12 |
| Argentina | 2-Jan-73 | 73-10 |
| Bahamas | 13-Dec-78 | 79-09 |
| Barbados | 21-Jun-79 | 79-11 |
| Belize | 23-Nov-81 | 82-02 |
| Bolivia | 2-Jan-73 | 73-10 |
| Brazil | 2-Jan-73 | 73-10 |
| Canada | 2-Jan-73 | 73-10 |
| Chile | 2-Jan-73 | 73-10 |
| Colombia | 2-Jan-73 | 73-10 |
| Costa Rica | 2-Jan-73 | 73-10 |
| Dominica | 13-Mar-80 | 80-14 |
| Dominican Republic | 2-Jan-73 | 73-10 |
| Ecuador | 2-Jan-73 | 73-10 |
| El Salvador | 2-Jan-73 | 73-10 |
| Grenada | 3-Apr-84 | 84-06 |
| Guatemala | 2-Jan-73 | 73-10 |
| Guyana | 30-Aug-93 | 93-35 |
| Haiti | 2-Jan-73 | 73-10 |
| Honduras | 2-Jan-73 | 73-10 |
| Jamaica | 2-Jan-73 | 73-10 |
| Mexico | 2-Jan-73 | 73-10 |
| Nicaragua | 2-Jan-73 | 73-10 |
| Panama | 2-Jan-73 | 73-10 |
| Paraguay | 2-Jan-73 | 73-10 |
| Peru | 2-Jan-73 | 73-10 |
| St. Kitts-Nevis | 9-Apr-84 | 84-07 |
| St. Lucia | 13-Mar-80 | 80-14 |
| St. Vincent & Grenadines | 13-Mar-80 | 80-14 |
| Suriname | 14-Apr-76 | 76-12 |

| Western Hemisphere, Cont'd | Date | Determination No. |
|--|-------------|--------------------------|
| Trinidad & Tobago | 2-Jan-73 | 73-10 |
| Uruguay | 2-Jan-73 | 73-10 |
| Venezuela | 2-Jan-73 | 73-10 |
| | | |
| International Organization | | |
| Economic Community of West African States (ECOWAS) | 17-Feb-00 | 00-13 |
| NATO and its Agencies | 2-Jan-73 | 73-10 |
| African Union | 24-Sep-04 | 04-50 |
| Organization of African Unity (Succeeded by the African Union) | 25-Aug-92 | 92-44 |
| Organization of American States | 2-Jan-73 | 73-10 |
| Organization for Security and Cooperation in Europe | 30-Jun-99 | 99-31 |
| Regional Security Systems | 4-Jan-04 | 04-20 |
| United Nations and its Agencies | 2-Jan-73 | 73-10 |

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA) and Section 503 of the Foreign Assistance act, as amended (FAA), the above is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. A determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

End-Use Monitoring of Defense Articles and Services

Government-to-Government Services

Introduction

In 1996, Congress amended [Public Law 104-164] Section 40A [22 U.S.C. 2785] of the Arms Export Control Act "...requiring that the President establish a program which provides for the end-use monitoring of defense articles and defense services sold, leased, or exported under this Act or under the Foreign Assistance Act of 1961. Section 40A requires that to the extent practicable, such program shall be designed to provide reasonable assurances that the recipient is complying with the requirements imposed by the United States Government with respect to the use, transfers, and security of defense articles and monitoring of U.S. arms transfers, and security of defense articles and services." Section 40A also requires an annual report to Congress on the actions taken to implement the end-use monitoring program, to include detailed accounting of costs and number of personnel associated with the monitoring program. This report describes the actions the Department of Defense is taking to comply with its end-use monitoring requirements in accordance with the Arms Export Control Act (AECA).

Department of Defense (DoD) End-Use Monitoring (EUM) - Golden Sentry

As the Executive Agency responsible for managing DOD's foreign military sales program the Defense Security Cooperation Agency developed the Golden Sentry program to comply with Section 40A of the AECA. Through the Golden Sentry Program, DOD monitors government-to-government transfers to ensure that defense articles and services provided by the United States Government (USG) are utilized and safeguarded in accordance with the terms and conditions for the transfers. Primarily, Golden Sentry's objectives are to minimize security risks to the U.S., its friends and allies, and to ensure compliance with the technology control requirements that are associated with U.S.-origin arms transfers via government-to-government programs.

In compliance of the AECA within DoD, EUM is a multi-phased process:

DoD Processes *Prior* to Any Transfer- Pre-checks and Vetting

There is carefully established process between the DOD and the Department of State (DOS) to thoroughly review and debate all sensitive arms transfers before a consensus is reached. In view of the serious consequences of the proliferation of dangerous weapons and technologies, we believe by 'front-loading' this array of processes and procedures we mitigate these risks.

"Each proposed transfer is thoroughly vetted by many different organizations and offices to ensure releasability, disclosure, and other concerns are addressed. The most important measures placed on these exports,, involve establishing the trustworthiness of the end-user and the actual "end-use" of the defense article *before* a determination is made regarding a transfer. Foreign customers' requests for significant military equipment are coordinated closely with the combatant commanders and the U.S. country team. The U.S. country team must assess several aspects of the transfer to include political impacts in the region as well as the ability of the host nation and the security assistance organization in country to properly perform their end-use monitoring responsibilities. The endorsement of the combatant commander and consistency with the Theater

Security Cooperation strategy and implementation plans are critical. During this “pre-sale” process, determinations are made as to whether a country has the will and the capability to secure, account for, and operate these systems within the requirements established by the United States. For some systems, approval must be obtained from the National Disclosure Policy Committee for release to each specific country. Finally, a formal notification is provided to the Congress before any offers of transfer are made. These notifications clearly identify the customer and the capability being proposed for transfer and provide an opportunity for further discussion or Congressional disapproval of a proposed transfer.”

DoD Processes *During* Transfer- Government-to-Government Agreements

All transfers of defense articles,, services, or training are provided utilizing the Foreign Military Sales Program, are conducted under a government-to-government agreement (known as a Letter of Offer and Acceptance or “LOA”) between the United States and the foreign government or international organization. This agreement specifies the type and quantities of items to be sold, as well as any unique conditions regarding end-use monitoring requirements that might be necessary based on the complexity or sensitivity of the equipment or technologies being provided. The LOA may require the country to secure, account for, and operate the systems in accordance with provisos that equal the requirements of the U.S. Military Departments. The conditions of the LOA may also state that USG officials may travel in country to physically inventory or otherwise monitor the use of specific types of equipment--either as part of routine visits or to verify reports of unauthorized use. Signing the document commits the purchaser to the conditions established on the LOA. DOD remains sensitive to issues of sovereignty with all U.S. friends and allies, and, therefore, efforts are constantly made to ensure that these governments are informed and understand the requirements of end-use monitoring mandated by U.S. law. DSCA processed approximately 4272 LOAs in FY06 with 782 rejects/returns to the implementing agencies for policy and/or administrative reasons.

DoD Processes *After* Transfer - End-Use Monitoring and Compliance

The purpose of the “Golden Sentry” program is to scrutinize the foreign purchaser’s use of defense articles and services (to include training) to ensure their use is in compliance with the agreements under which they were provided. The “Golden Sentry” program is relatively new. It was initiated in 2001, and is still in the process of promulgating procedures throughout the security assistance/cooperation community. The program levies monitoring and compliance requirements to foreign governments, U.S. security assistance organizations worldwide, as well as our military departments. It also comprises of compliance visits where EUM “Tiger Teams” travel to determined countries to ensure proper end-use and accountability procedures are being used by our foreign partners and security assistance personnel.

DSCA’s priority is the Enhanced EUM program that monitors: man portable air defense systems (MANPADS), such as Stinger Missiles and gripstocks; long range, highly capable man portable land attack missiles (such as JAVELIN and Tube-Launched, Optically-Tracked, Wire-Guided missile (TOW-2B)); and beyond visual range air-to-air missiles (such as the AIM-120 AMRAAM). Other items on the Enhanced EUM list include Night Vision Devices, Communications Security (COMSEC) Equipment, and Grant Assistance defense articles and services provided under the provision of Section 505 of the FAA, e.g., Military Assistance Program (MAP), Foreign Military Financing, et al. Additional Enhanced EUM items that were added in 2004 were the AIM9X Sidewinder, the Harpoon Block II missiles and the entire family of precision guided munitions, i.e., the Joint Stand-Off Weapon (JSOW), Unmanned Aerial Vehicles (UAV) and the Joint Direct Attack Munitions (JDAM). In 2006, Joint Air-to-Surface

Standoff Missile (JASSM) and Special Provisions pertaining to specific countries' Physical Security and Accountability with the transfer were also added to the Enhanced EUM list.

DSCA has published four policy memoranda to promulgate clearly the direction of the EUM Golden Sentry program. Three additional policy memoranda are currently in staffing.

1. The first memorandum published was "End-Use Monitoring (EUM) Responsibilities in Support of the Department of Defense Golden Sentry EUM Program (DSCA Policy Memo 02-43)," dated 4 December 2002. This policy delineated the responsibilities of the security assistance/cooperation community in support of the Golden Sentry program.
2. The second policy memorandum was titled "Revised Guidance for Stinger/Man Portable Air Defense Systems (MANPADS) (DSCA Policy Memo 03-10)," dated 4 June 2003. This memorandum increased the U.S. inventory requirement by the security assistance organizations from 5% to 100% annually of foreign Stinger missiles, grip stocks and essential components.
3. A third policy memorandum is titled "Golden Sentry End-Use Monitoring (EUM) Visits Policy (DSCA Policy memo 04-11) dated 2 April 2004. This memorandum provides defined guidance for the conduct of three types of EUM visits: Familiarization, Tiger Team and Investigative.
4. The fourth policy memorandum was titled Golden Sentry End-Use Monitoring (EUM) STINGER Missile and Gripstock Inventory Standardized Procedures (DSCA Policy Memo 05-10) dated 29 March 2005. This policy promulgates a more refined procedure for Stinger Missile and gripstock inspection requirements. Additionally, it mandates all USG representatives adhere to the standards within the checklist in the conduct of Stinger missiles and gripstock inventories.
5. The fifth policy memorandum currently in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Funding (DSCA Policy Memorandum 07-XX). Since resources are currently managed at HQ DSCA for unfunded EUM requirements, this policy will disseminate to the Security Assistance Community the proper procedures for obtaining resources for PE 27 EUM. (Program Element 27 (PE 27) accounts for the resources needed to implement the Department of Defense's Golden Sentry EUM program throughout the security cooperation community).
6. The sixth policy memorandum also in staffing is titled End-Use Monitoring (EUM) Policy Guidance for Shipment/Delivery/Inventory Reporting (DSCA Policy Memorandum 07-XX). This memorandum fulfills the requirement, IAW Section 40A of AECA, to report to Congress on the actions taken to implement the end-use monitoring program to include detailed accounting of costs via a Manpower/Resource utilization report.
7. The seventh policy memorandum in final staffing is titled End-Use Monitoring (EUM) Policy Guidance for Adding/Removing Defense Items to/from the Enhanced EUM Listing (DSCA Policy Memorandum 07-XX). The articles that appear on the Enhanced

EUM list comes from the appropriate Military Departments or the Interagency, through the export policy, record of actions, the release process, special physical security and accountability regulations or with legal requirements.

The first four policy memorandums have been incorporated into the Security Assistance Management Manual (SAMM). Furthermore, in February 2007, DSCA will refine its guidance for implementation of DoD responsibilities in support of the Golden Sentry End-Use Monitoring program by publishing the three latter policy memorandums, which are currently in staffing. Once staffing has been completed, we will publish policy guidance that addresses how the EUM community shall budget funding for new Enhanced EUM requirements and end of year data reporting formats to more accurately meet future congressional reporting requirements for the Congressional Budget Justification (CBJ).

Efforts since FY2007 CBJ report

Resources: For FY06, DSCA has budgeted and manages the \$1.4M for Enhanced EUM at its headquarters. In addition to the Program Manager hired in 2002, DSCA has added four full-time civilian employees: Additionally, funding was provided for three additional contractors to expedite full deployment of the Security Cooperation Information Portal (SCIP) EUM application.

Security Assistance Organization (SAO) EUM Workload Surveys: EUM activity was added to the annual SAO tasking as a separate workload measure in 2003. A detailed explanation was developed to clarify which tasks performed by SAOs should be included in the EUM category, thereby capturing the resource expenditures associated with the performance of "Routine" and "Enhanced" EUM by the SAO.

Actual for FY06

| | EUM WORKLOAD SURVEY | TOTAL SAO FUNDING |
|----------|------------------------------------|------------------------------|
| CENTCOM | 356.4 | 17818.7 |
| EUCOM | 970.9 | 24272.1 |
| NORTHCOM | 16.3 | 815.9 |
| PACOM | 497.7 | 9954.6 |
| SOUTHCOM | 885.4 | 11067.0 |
| TOTAL | 2726.7 | 63928.3 |
| | | |

***Figures are represented in the thousands**

Estimated for FY07

| | EUM WORKLOAD SURVEY | TOTAL SAO FUNDING |
|----------|------------------------------------|------------------------------|
| CENTCOM | 353.39 | 17669.5 |
| EUCOM | 1036.9 | 25921.3 |
| NORTHCOM | 17.5 | 876.9 |
| PACOM | 544.3 | 10886.3 |
| SOUTHCOM | 1007.4 | 11193.0 |
| TOTAL | 2959.49 | 66547 |
| | | |

***Figures are represented in the thousands**

DSCA and the Defense Threat Reduction Agency (DTRA) On-Site Inspection Directorate Partnership: In 2004, DSCA and DTRA established a joint long-term support relationship, which will improve the DoD End-Use Monitoring program. DSCA will maintain overall operational authority and management responsibility for DoD's EUM program. DTRA will assist DSCA with supplemental manpower support in the conduct of Enhanced EUM missions worldwide to the degree possible with its ongoing missions.

EUM Tiger Team visits: A cornerstone of the Golden Sentry EUM program is the Tiger Team visits. EUM Tiger Team visits: 1) to assess USG representatives and host nations' compliance with transfer provisos and other conditions of sales, and/or 2) visits to follow-up potential violations of the AECA, FAA, or other transfer agreements, e.g., compliance visits. Six EUM Tiger Team assessment visits were conducted in FY2006. The visit objectives are to:

1. Assess a specific country team or regional command's overall EUM compliance program.
2. Assess a country's compliance with specific physical security and accountability agreements through facility visits, records review, and review of local security policies and procedures.
3. Conduct routine or special inventories of U.S.-origin defense articles and/or services.

4. Appraise possible violations of the AECA, FAA, and/or other transfer instruments, e.g., Bi/Multi-Lateral Memorandum of Agreement or Understanding and other Implementing Agreements.

The Way Ahead

Resources: \$1.4 million is projected towards PE #27 (Enhanced EUM) in FY07 to be managed at the DSCA Headquarters.

EUM Workload Survey: Projected for FY08

| | PROJECTED EUM WORKLOAD SURVEY | TOTAL SAO FUNDING |
|--------------|--|------------------------------|
| CENTCOM | 356.4 | 17819.5 |
| EUCOM | 1052.5 | 26312.3 |
| NORTHCOM | 17.9 | 895.9 |
| PACOM | 438.7 | 10967.3 |
| SOUTHCOM | 1021.6 | 11351.0 |
| TOTAL | 2887.1 | 70982 |
| | | |

***Figures are represented in the thousands**

EUM Automation Support: In 2005 DSCA increased funding for the development of an automation tool that incorporates end-use monitoring functions for the security assistance/cooperation community. The implementing agencies, the combatant commanders, the SAO and host nations are now able to “read” Enhanced EUM inputs in a real-time, secure and “compartmentalized” environment via the web. The EUM function also notifies users when: items are shipped, items are received, inventories are delinquent, inventories are performed, and provide a variety of other standard reports. The EUM application also allows authorized users to establish, update, dispose, delete and indicate transfers of the Enhanced EUM items. As of January 2005, The EUM application completed “beta-testing” in February 2005 and completed full deployment of the EUM application in 2005. Currently, residing in SCIP EUM there are 61 countries comprising over 70,000 Enhanced EUM articles for all Combatant Commands.

Outreach Programs: Golden Sentry continues its outreach program through Familiarization Visits and via attendance at conferences hosted by the Combatant Commands, hosting EUM “worldwide” meetings, engaging in bi-lateral and other stakeholders’ meetings in various venues worldwide. This outreach has tremendously contributed to a greater understanding of the “Golden Sentry” program, thereby strengthening awareness of U.S. export controls. Additionally, outreach has proven to be a useful instrument in support of broader U.S. policy goals related to being a responsible arms provider.

EUM Regional Forums: Defense Security Cooperation Agency together with the Combatant Commands will be conducting quarterly regional forums. The purpose of EUM Regional Forums is to familiarize the Security Assistance Community with the objectives of the Golden Sentry Program, to provide insight into the latest EUM and other policy issues and offer hands-on EUM training on the SCIP EUM application (SAO/TOOLBOX).

Conclusion:

Although we recognize that EUM work is yet to be done, there have been, thus far, many achievements. The momentum is positive and the EUM Golden Sentry program direction is headed in the right direction. We look forward to further accomplishments in FY07 and beyond.

End-Use Monitoring of Defense Articles and Defense Services Commercial Exports FY 2006

This report describes actions taken by the Department of State during the past fiscal year to implement the “Blue Lantern” end-use monitoring program. The Blue Lantern program is established under Section 40A of the Arms Export Control Act (AECA) to monitor the end-use of commercially exported defense articles, services, and related technical data subject to licensing under Section 38 of the AECA. The Directorate of Defense Trade Controls, in the Bureau of Political-Military Affairs (PM/DDTC), Department of State, is responsible for administering the International Traffic in Arms Regulations (ITAR) that implement the AECA. DDTC’s functions include registration of manufacturers, brokers, and exporters, licensing of commercial defense trade, overseeing compliance with U.S. export regulations, supporting U.S. law enforcement agencies in criminal investigations and prosecutions of AECA violations, as well as the end-use monitoring of licensed transactions. The Blue Lantern program is managed within PM/DDTC by the Office of Defense Trade Controls Compliance’s (DTCC) Research and Analysis Division (RAD). Blue Lantern end-use monitoring entails pre-license or post-shipment checks undertaken to verify the legitimacy of a transaction and to provide “reasonable assurance that –

- i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of the defense articles and defense services; and
- ii) such articles and services are being used for the purposes for which they are provided.”

Overseas End-use Monitoring: The Blue Lantern Program

Initiated in September 1990 and written into law under Section 40A of the AECA in 1996 as the USG’s first systematic end-use monitoring program, the Blue Lantern program has strengthened the effectiveness of U.S. export controls and has proven to be a useful instrument in: 1) deterring diversions to unauthorized end-users, 2) aiding the disruption of illicit supply networks used by governments under U.S. or international restrictions and sanctions and international criminal organizations, and 3) helping the Department to make informed licensing decisions and to ensure compliance with the AECA and the ITAR. End-use checks performed under the Blue Lantern program have significantly encouraged compliance with legal and regulatory requirements and have proven particularly effective in combating the global “gray arms” trade. “Gray arms” refers to the use of fraudulent export documentation or deliberate misrepresentation of the facts of a transaction to acquire defense articles through legitimate channels for re-transfer to unauthorized end-users. U.S. embassy personnel, or, in some instances, DDTC personnel, conduct Blue Lantern end-use checks overseas to verify the *bona fides* of unfamiliar foreign companies, to ensure delivery of licensed United States Munitions List (USML) commodities to proper end-users and confirm proper end-use, and to determine compliance with DDTC licensed agreements.

Last year, DDTC received and reviewed over 70,000 license applications and other export requests, most of them routine and legitimate. A small percentage of cases, however, may be subject to unauthorized or illicit activity. Blue Lantern checks are not conducted randomly, but are rather the result of a careful selection process to identify transactions that appear most at risk for diversion or misuse. License applications and other requests undergo review by licensing officers and compliance specialists, who check case details against established criteria for determining potential risks: unfamiliar foreign parties, unusual routing, overseas destinations with a history of illicit activity or weak export/customs controls, commodities not known to be in the inventory of the host country’s armed forces and other indicators of concern. The information

derived from Blue Lantern checks help DDTC licensing officers and compliance specialists to assess risks associated with the export of certain defense articles to various countries and regions, and provides significant insight into the reliability of companies and individuals involved in defense procurement overseas.²

Blue Lantern End-Use Checks in FY 2006

For the third year in a row, a record number of new Blue Lantern cases were initiated. In FY 2006, DDTC initiated 613 end-use checks: a nine percent increase over last year's 562 checks, but still only a small fraction – less than one percent – of the over 70,000 license applications or other export requests received during the fiscal year. Four hundred and eighty-nine Blue Lantern cases were closed in FY 2006, with 94 determined to be “unfavorable” – a rate of nineteen percent – and also a record.

The charts on the following page illustrate the regional distribution of all export requests compared to all Blue Lantern checks and to all unfavorable Blue Lantern checks

² Because Blue Lantern checks are selected based on potential risk and not a random sampling across all DDTC licenses, data on unfavorable checks should not be regarded as statistically representative of all license applications.

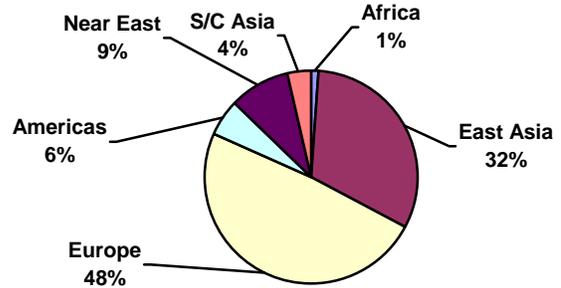
As illustrated in Figure 1, nearly 50% of all license applications were for exports to Europe, followed by East Asia, far behind with 32%.

As Figure 2 illustrates, the regional breakdown of Blue Lantern checks does not necessarily match that of licenses. Europe has relatively fewer Blue Lantern checks (31%) proportionate to the number of licenses (49%), whereas the Americas – representing only 6% of export requests globally – were the site of 19% of Blue Lanterns.

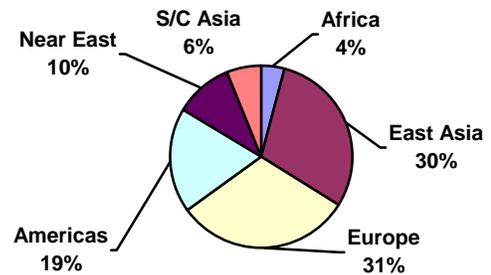
Unfavorable Blue Lantern results by region vary even further. Nearly 40% of unfavorable Blue Lantern cases were in the Americas – despite the fact that the region represents only 19% of all Blue Lanterns and only 6% of all licenses. Though not as dramatically, East Asia also represents a high number of unfavorable cases, whereas Europe is proportionally lower compared to its overall share of licenses.

Figures 1, 2, and 3:

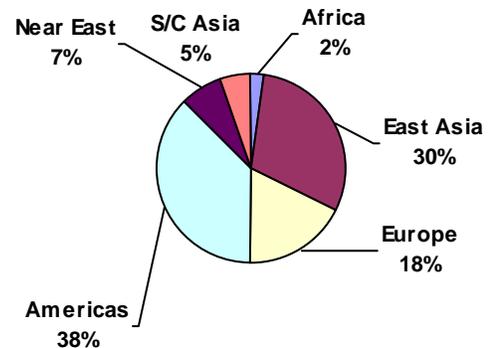
Total License Applications by Region FY 2006



Total Blue Lanterns by Region FY 2006



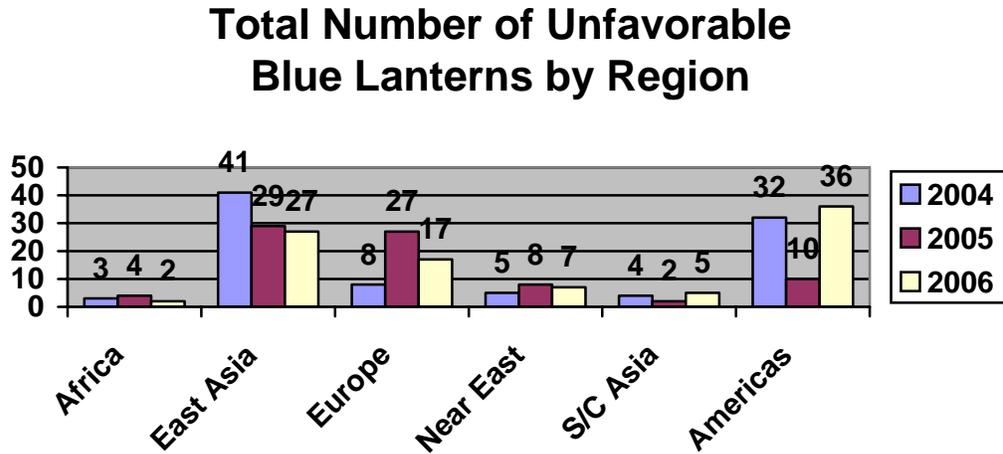
Total Unfavorable Blue Lanterns by Region FY 2006



Analysis of Unfavorable Checks by Region: FY 2004 - 2006

Over time, numbers of unfavorable Blue Lantern checks by region can fluctuate considerably. Despite a high number of unfavorable cases in the Americas (36) for FY 2006, last year's total for the same region was relatively low (10). Conversely, Europe dropped from twenty-seven unfavorable cases in FY 2005 to seventeen in FY 2006. East Asia maintained relatively high numbers of unfavorable cases over the past three years and the Near East, regionally the site of relatively low numbers of licenses, held fairly steady.

Figure 4

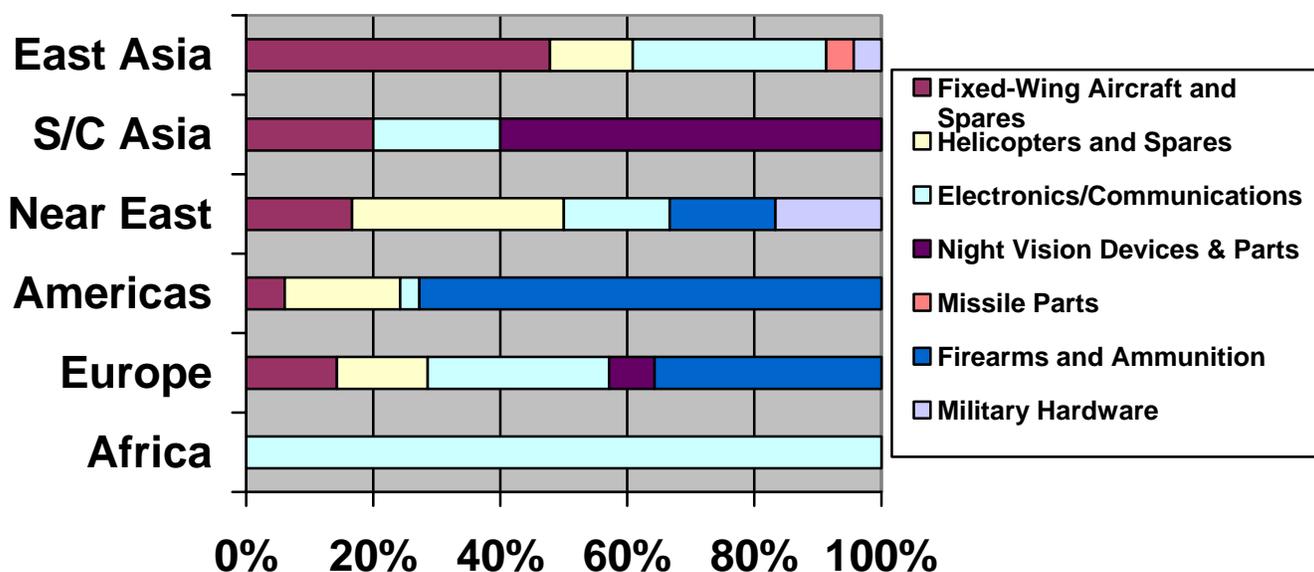


Analysis of Unfavorable Checks by Commodity and Region

The chart below (Figure 5) illustrates the types of commodities most often the subject of unfavorable Blue Lanterns by region. Of particular note is the very high incidence of unfavorable cases involving firearms and ammunition in the Americas (over 70% of all cases for the region). The high incidence of unfavorable checks involving firearms and ammunition in the region is a fairly regular pattern in recent years. Especially high numbers this year reflect increased scrutiny of unfamiliar importers in Central and South America, and several cases involving unauthorized brokers and dealers possibly illicitly re-exporting firearms. Also in keeping with an observable pattern over recent years are the high numbers of unfavorable Blue Lantern cases involving aircraft components and spares in East Asia. This trend appears to reflect a lack of understanding of ITAR controls by foreign intermediaries as well as likely attempts to re-export these commodities to embargoed countries such as China and Iran. The recent drop in unfavorable checks in Europe notwithstanding, annual results of the Blue Lantern program continue to demonstrate the presence of “gray market” activity in Europe and among other close U.S. allies and defense trade partners.

Figure 5

FY 2006 Unfavorable Blue Lanterns: Leading Commodity Types by Region



Reasons for Unfavorable Checks in FY 2006

- One or more parties deemed unreliable recipient of USML based on Blue Lantern check, or other derogatory information about parties uncovered: **37%**
- End-user reported that they did not order the items of the license – indicating possible intent on the part of the exporter or other parties to violate the ITAR and AECA: **19%**
- End-use different than that stated on the license: **18%**
- Parties not listed on the license involved in the transaction: **11%**
- One or more parties violated terms of an agreement or proviso on the license: **5%**
- Unable to contact/locate a party to license: **4%**
- Evidence of diversion or unauthorized re-export: **3%**
- Refusal to cooperate: **2%**

Blue Lantern Case Studies FY 2006

The following cases studies demonstrate some of the variety of problems that were found among this year's ninety-four unfavorable Blue Lanterns. In addition to representing different types of problems, many cases suggest that better due diligence on the part of the U.S. exporter could likely have prevented the problem from occurring. Better knowledge of foreign partners is

critical to avoiding both routine problems and serious attempts at illicit diversion. As most of these cases were pre-license checks, they also exemplify the importance of careful scrutiny of license applications applied by experienced licensing and compliance officers. In cases where derogatory information was sufficient, investigative leads were passed on to law enforcement or intelligence authorities:

Case Study #1: Phony End-User/Consignee

Request for Permanent Export

Item/End-Use: Satellite components
End-User: Professor at a Southeast Asian university
Foreign Consignee: Unfamiliar Southeast Asian company

Reasons for Check

- Unfamiliar foreign consignee did not supply any supporting documentation from unfamiliar end-user
- Vague end-use statement

Findings

- No record of professor ever on faculty
- University specializes in medicine, has no satellite-related programs
- Application denied

NOTE: The same Southeast Asian company was listed on a separate export authorization request for radar components made by a different U.S. company. An additional Blue Lantern check found that the company was not listed in the public phone directory and that the number listed with a national trade bureau was for an unrelated private residence. The request was denied.

Lessons Learned

- Verify existence of end-user
- Confirm that commodity matches end-user's line of business
- Confirm existence of new foreign customers/end-users/consignees
- Conduct due diligence using public sources, including business directories, phone books, websites, etc.

Case Study #2: End-User Did Not Order Parts

Request for Permanent Export

Item: S-61 helicopter parts
End-user: Southeast Asian civil airline company
Foreign Consignee: Company in different Southeast Asian country

Reasons for Check

- End-user never listed on a State license
- Southeast Asian airline's public website did not list S-61 helos in its fleet
- No documentation from end-user

Findings

- End-user did not operate S-61 helicopters and never ordered the parts

Lesson Learned

- Verify that commodity matches end-user's needs and business practices

Case Study #3: Falsified End-Use Documentation

Request for Permanent Export

Item: Microwave filters
End-User: R&D entity in East Asia
Foreign Consignee: East Asian company
U.S. Applicant: Has done business with end-user in past

Reason for Check

- Suspicious-looking end-user statement that did not match previous documents submitted by end-user (misspelling in letterhead, no date, white-outs, no company seal or signature, etc.)

Findings

- Sole procurement officer for end-user did not place order
- Foreign consignee received order from a former employee of end-user who had been accused of corruption and suspended

Lesson Learned

- Scrutinize and authenticate end-use documentation

Case Study #4: Undeclared Consignee

Request for Permanent Export

Item: F-100 jet engine parts
End-User: South Asian Air Force
Foreign Consignee: South Asian company

Reason for Check

- Sensitive defense article

Findings

- Consignee provided purchase order and other end-use documentation
- Consignee intended to ship the parts to South Asian end-user via a private Middle Eastern company not listed on the application
- Middle Eastern company was on DDTC's Watchlist
- Application returned without action (RWA)

Lesson Learned

- Identify and know all parties involved in a transaction

Case Study #5: Unauthorized End-Use

Request for Permanent Export

Item/End-Use: Military computer components for use in meteorological system
End-User: Unfamiliar Eastern European company
Foreign Consignee: Familiar Eastern European company

Reason for Check

- Unfamiliar foreign end-user

Findings

- Foreign Consignee confirmed order from end-user
- End-user primarily engaged in nuclear systems integration, only recently expanded into meteorological systems
- End-user changed plans: intended to use components for nuclear power plant instead of meteorological system

Lesson Learned

- Ensure foreign parties understand end-use restrictions

Case Study #6: Expired Agreement

Manufacturing License Agreement (MLA)

Item: Aircraft braking systems
End-User: East Asian military
Foreign Consignee: East Asian defense company

Reason for Check

- U.S. company submitted voluntary disclosure: MLA had expired a year ago

Findings

- East Asian company refused to cease manufacture
- Blue Lantern *demarche* to East Asian government; manufacture halted
- DDTC determined that a new MLA was required
- Ceased production caused delays, interrupted “just-in-time delivery” for East Asian military

Lessons Learned

- Monitor/maintain agreements (parties, reports, expiration, provisos)
- Communicate terms/conditions of agreements to foreign parties

Case Study #7: Unauthorized Re-Transfer

Three Related Blue Lantern Checks

Items: Two helicopters
Original End-User: Middle Eastern military
Suspected Recipient of Re-Transfer: Latin American company

Reason for Check

- DDTC received information regarding an unauthorized retransfer of U.S.-origin helicopters purchased by a Middle Eastern country via the Foreign Military Sales program

Findings

- Middle Eastern military had sold the helicopters to a private Middle Eastern company
- The private company sold the helicopters to a private end-user in Latin America, which in turn re-sold them to a private bank in another Latin American country
- The helicopters were eventually located in the possession of a company owned by a suspected money-launderer with alleged ties to paramilitary/terrorist groups
- Latin American authorities seized the helicopters

Lessons Learned

- Re-transfer authorization is essential to ensuring that USML does not fall into hands of illegitimate end-users
- Ensure *bona fides* of all foreign consignees and end-users involved in a transaction

Targeting: Increasing Focus on Agreements

Starting in 2004, and increasingly during FY 2006, the Blue Lantern program has sought to expand its traditional focus on DSP-5 (permanent exports of defense articles) licenses to include greater attention to licensed agreements. During FY 2006 eighteen Blue Lantern cases involved manufacturing license agreements (MLAs) (see case study #6 above), technical assistance agreements (TAAs), and warehouse and distribution agreements. Of these, five were found unfavorable. Whereas Blue Lantern checks on hardware exports allow the Department to check the bona fides of end-users and ascertain end-use of specific defense articles, Blue Lantern checks on agreements provide an opportunity to assure compliance with the provisions of these licensed agreements. As licensed agreements continue to grow as a proportion of defense trade cases overall, the Department anticipates continuing also to focus Blue Lantern efforts in this area.

Expanding Blue Lantern Outreach Overseas and to Industry

Compliance with U.S. defense export laws and regulations is dependent on well-informed partners in industry, both at home and abroad, and in foreign governments. During the past two years, Blue Lantern outreach teams have visited nineteen countries in Europe, East Asia, Latin America, and the Middle East for consultations with foreign government officials, foreign companies, and Embassy country teams to improve understanding of U.S. end-use monitoring efforts and export laws and regulations in general. These Blue Lantern visits have been measurably successful in resolving difficulties with conducting end-use checks in specific countries and in staving off potential problems by explaining the mission and goals of the Blue Lantern program. In addition to these bilateral consultations, Blue Lantern teams have made presentations on U.S. end-use monitoring programs at a June 2006 export control conference sponsored by the German government (attended by delegations from fifty-five countries), expert group meetings of the European Union and the Wassenaar Arrangement, and at a major export control conference this past Fall in Washington DC attended by over 600 U.S. and foreign defense industry representatives. These outreach efforts directed to overseas and defense industry audiences were in addition to regular briefings and consultations with the federal law enforcement and intelligence community on the Department's end-use monitoring activities.

Commercial Exports Licensed or Approved Under the Arms Export Control Act

The data in the following chart on commercial arms sales are compiled on the basis of information available to the Department as of January 2007. The first column, entitled “Actual Deliveries (preliminary)” shows the preliminary dollar value totals by destination of exports during fiscal year 2006. These export totals, which in some cases do not reflect defense training and technical assistance, are compiled from data found in the Automated Export System (AES). Not all this data has yet been validated by the Department of State. In the future, reporting of technical data exports directly to the State Department will allow a more accurate portrayal of “up-to-date” export transactions.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 2007 and 2008. These estimates are based primarily on the dollar values of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown here but captured in reports to the Congress made pursuant to section 655 of the Foreign Assistance Act of 1961, as amended. The value of permanent defense export authorizations in FY 2006 amounted to \$19.8 billion in defense articles and \$46.8 billion in defense services). Not all export approvals result in signed contracts and actual exports. Key factors that affect the final export value include the availability of the licensed item for shipping, and how quickly the expended license is returned to the Department. Other factors that cannot be quantified are economic and security considerations at the final destinations, as well as changing U.S. foreign policy and national security considerations. In exercising defense trade controls, the Department administers embargoes on commercial arms transfers to several countries in any given year as a result of U.S. law and foreign policy/national security considerations and UN Security Council decisions. A number of other countries are subject to special scrutiny due to non-proliferation, regional security (e.g., disputed territories or borders), or human rights concerns. Countries for which there were no actual deliveries in fiscal year 2006 and which had no authorized licenses for fiscal years 2005 and 2006 do not appear in this report.

The procedures for estimating defense commercial sales for out-years (fiscal years 2007 and 2008) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first year at forty percent of the actual dollar value of licenses approved in the previous two fiscal years. The second out year’s exports would have been estimated at sixty percent of that two-year total. However, based on historical data, the Department now estimates exports for the first out year (fiscal year 2007) to be ten percent of the total dollar value of approved licenses for the previous two fiscal years (fiscal years 2005 and 2006). The exports for the second out year (fiscal year 2008) are estimated to be fifty percent of those for fiscal year 2006.

Commercial Exports Licensed or Approved Under the AECA
(Dollars in Thousands)

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries</i> | <i>Estimated Deliveries</i> | |
|--------------------|------------------------------|--|-----------------------------|----------------|
| | | <i>FY 2006</i> <i>(Preliminary)</i> | <i>FY 2007</i> | <i>FY 2008</i> |
| AFRICA | | | | |
| | ANGOLA | 14,529 | 2,333 | 1,101 |
| | BOTSWANA | 7,937 | 1,577 | 2,097 |
| | BURUNDI | 89 | 7 | 37 |
| | CAMEROON | 2 | 324 | 1,243 |
| | CAPE VERDE | 486 | 71 | 356 |
| | CENTRAL AFRICAN REPUBLIC | 0 | 560 | 2,800 |
| | CHAD | 43 | 0 | 0 |
| | COMOROS | 2 | 500 | 0 |
| | DJIBOUTI | 2,521 | 438 | 1,084 |
| | ERITREA | 6 | 0 | 0 |
| | ETHIOPIA | 575 | 712 | 750 |
| | GABON | 82 | 3 | 0 |
| | GAMBIA | 361 | 16 | 31 |
| | GHANA | 477 | 184 | 37 |
| | GUINEA | 10 | 368 | 50 |
| | IVORY COAST | 4 | 0 | 0 |
| | KENYA | 1,888 | 867 | 3,108 |
| | LIBERIA | 1 | 20 | 5 |
| | MALAWI | 6 | 618 | 0 |
| | MALI | 74 | 807 | 37 |
| | MAURITANIA | 11 | 0 | 2 |
| | MAURITIUS | 1,869 | 2 | 0 |
| | NAMIBIA | 281 | 26 | 26 |
| | NIGER | 126 | 75 | 374 |
| | NIGERIA | 2,858 | 3,631 | 17,112 |
| | RWANDA | 388 | 616 | 85 |
| | SENEGAL | 394 | 19 | 93 |
| | SIERRA LEONE | 4 | 4 | 20 |
| | SOUTH AFRICA | 11,887 | 16,703 | 61,448 |
| | SWAZILAND | 11 | 0 | 0 |
| | TANZANIA | 265 | 13 | 66 |
| | TOGO | 483 | 8 | 40 |
| | UGANDA | 3,302 | 277 | 91 |
| | ZAMBIA | 265 | 1,011 | 53 |
| | ZIMBABWE | 0 | 7 | 37 |
| | AFRICA Totals : | 51,237 | 31,797 | 92,183 |

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries</i> | <i>Estimated Deliveries</i> | |
|---------------------------------------|--|----------------------------------|-----------------------------|------------------|
| | | <i>FY 2006 (Preliminary)</i> | <i>FY 2007</i> | <i>FY 2008</i> |
| <i>EAST ASIA & PACIFIC</i> | | | | |
| | AUSTRALIA | 514,874 | 317,427 | 728,559 |
| | BRUNEI | 3,644 | 1,510 | 4,691 |
| | CAMBODIA | 150 | 31 | 65 |
| | CHINA | 404 | 0 | 0 |
| | EAST TIMOR | 29 | 0 | 0 |
| | FIJI | 62 | 9 | 0 |
| | FRENCH POLYNESIA | 31 | 22 | 6 |
| | HONG KONG | 2,314 | 908 | 1,862 |
| | INDONESIA | 20,108 | 18,606 | 66,469 |
| | JAPAN | 8,385,467 | 1,177,793 | 2,951,689 |
| | KIRIBATI | 0 | 34,001 | 52 |
| | LAOS | 10 | 0 | 0 |
| | MACAU | 0 | 3 | 0 |
| | MALAYSIA | 32,958 | 25,293 | 33,845 |
| | MARSHALL ISLANDS | 0 | 141 | 707 |
| | MICRONESIA | 32 | 0 | 0 |
| | MONGOLIA | 21 | 4 | 1 |
| | NEW CALEDONIA | 339 | 170 | 254 |
| | NEW ZEALAND | 37,073 | 29,813 | 102,651 |
| | NIUE | 53 | 0 | 0 |
| | NORFOLK ISLAND | 360 | 0 | 0 |
| | PAPUA NEW GUINEA | 4 | 4,143 | 20,691 |
| | PHILIPPINES | 10,915 | 6,741 | 10,709 |
| | SINGAPORE | 484,390 | 157,750 | 490,863 |
| | SOUTH KOREA | 2,297,565 | 633,530 | 632,424 |
| | TAIWAN | 5,322 | 200,000 | 200,000 |
| | THAILAND | 28,186 | 23,113 | 48,998 |
| | TOKELAU | 841 | 0 | 0 |
| | TONGA | 4 | 7 | 10 |
| | VANUATU | 0 | 1 | 7 |
| | VIETNAM | 57 | 0 | 0 |
| | <i>EAST ASIA & PACIFIC Totals :</i> | 11,825,213 | 2,631,016 | 5,294,553 |

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries</i> | <i>Estimated Deliveries</i> | |
|------------------------------------|------------------------------|----------------------------------|-----------------------------|----------------|
| | | <i>FY 2006 (Preliminary)</i> | <i>FY 2007</i> | <i>FY 2008</i> |
| <i>EUROPE & EURASIA</i> | | | | |
| | ALBANIA | 971 | 267 | 1,268 |
| | ANDORRA | 16 | 21 | 27 |
| | ARMENIA | 270 | 166 | 825 |
| | AUSTRIA | 6,948 | 4,552 | 10,095 |
| | AZERBAIJAN | 257 | 911 | 2,838 |
| | BELGIUM | 310,479 | 59,191 | 75,423 |
| | BOSNIA HERZEGOVINA | 1,707 | 196 | 859 |
| | BRITISH INDIAN OCEAN | 2,051 | 0 | 0 |
| | BULGARIA | 2,749 | 2,516 | 9,358 |
| | CROATIA | 817 | 943 | 3,897 |
| | CYPRUS | 8,069 | 21,986 | 51 |
| | CZECH REPUBLIC | 4,769 | 1,934 | 3,795 |
| | DENMARK | 59,746 | 35,763 | 105,795 |
| | ESTONIA | 839 | 389 | 1,208 |
| | FINLAND | 16,916 | 9,890 | 10,871 |
| | FRANCE | 347,148 | 437,074 | 277,010 |
| | GEORGIA | 56,953 | 867 | 2,819 |
| | GERMANY | 2,617,465 | 357,691 | 846,152 |
| | GREECE | 266,731 | 109,807 | 414,250 |
| | GREENLAND | 111 | 129 | 581 |
| | HUNGARY | 2,216 | 946 | 2,038 |
| | ICELAND | 73,467 | 433 | 178 |
| | IRELAND | 7,091 | 5,490 | 17,406 |
| | ITALY | 886,568 | 173,227 | 551,237 |
| | KAZAKHSTAN | 4,102 | 13,133 | 3,308 |
| | KYRGYZSTAN | 55,289 | 230 | 39 |
| | LATVIA | 1,080 | 519 | 1,965 |
| | LIECHTENSTEIN | 14 | 1 | 3 |
| | LITHUANIA | 685 | 250 | 934 |
| | LUXEMBOURG | 49,708 | 43,855 | 45,706 |
| | MACEDONIA | 4,496 | 722 | 1,502 |
| | MALTA | 13 | 126 | 621 |
| | MOLDOVA | 12 | 234 | 825 |
| | MONACO | 0 | 260 | 0 |
| | NETHERLANDS | 260,827 | 72,483 | 167,568 |
| | NORWAY | 181,267 | 70,310 | 184,774 |
| | POLAND | 104,304 | 45,242 | 56,036 |
| | PORTUGAL | 18,972 | 8,150 | 13,968 |

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries</i> | <i>Estimated Deliveries</i> | |
|--|------------------------------|----------------------------------|-----------------------------|----------------|
| | | <i>FY 2006 (Preliminary)</i> | <i>FY 2007</i> | <i>FY 2008</i> |
| <i>EUROPE & EURASIA (cont.)</i> | | | | |
| | ROMANIA | 17,773 | 5,655 | 17,016 |
| | RUSSIA | 8,742 | 53,605 | 263,385 |
| | SERBIA & MONTENEGRO | 144 | 6,612 | 1,282 |
| | SLOVAKIA | 4,949 | 1,503 | 5,104 |
| | SLOVENIA | 2,195 | 743 | 1,495 |
| | SPAIN | 164,292 | 64,775 | 218,811 |
| | SVALBARD AND JAN | 0 | 1 | 5 |
| | SWEDEN | 138,554 | 73,804 | 184,696 |
| | SWITZERLAND | 60,421 | 24,410 | 59,705 |
| | TAJIKISTAN | 582 | 1,098 | 1,440 |
| | TURKEY | 271,720 | 241,054 | 490,831 |
| | TURKMENISTAN | 74 | 7 | 37 |
| | UKRAINE | 6,777 | 48,133 | 238,745 |
| | UNITED KINGDOM | 2,331,133 | 1,473,864 | 3,117,146 |
| | UZBEKISTAN | 134 | 393 | 636 |
| | VATICAN CITY | 1 | 0 | 0 |

EUROPE & EURASIA Totals : 8,362,614 3,475,561 7,415,564

NEAR EAST

| | | | | |
|--|----------------------|-----------|---------|---------|
| | ALGERIA | 243,368 | 37,933 | 175,052 |
| | BAHRAIN | 871,438 | 7,352 | 26,026 |
| | EGYPT | 327,145 | 29,505 | 56,983 |
| | IRAQ | 1,673,519 | 103,358 | 146,196 |
| | ISRAEL | 1,201,424 | 260,275 | 668,067 |
| | JORDAN | 72,667 | 17,938 | 39,016 |
| | KUWAIT | 1,609,209 | 32,664 | 79,555 |
| | LEBANON | 82 | 720 | 3,319 |
| | LIBYA | 33 | 350 | 1,751 |
| | MOROCCO | 22,114 | 5,943 | 18,871 |
| | OMAN | 208,737 | 5,790 | 14,870 |
| | QATAR | 328,409 | 10,277 | 24,557 |
| | SAUDI ARABIA | 124,840 | 38,205 | 109,633 |
| | TUNISIA | 21,723 | 3,143 | 3,237 |
| | UNITED ARAB EMIRATES | 1,464,928 | 451,112 | 182,311 |
| | YEMEN | 1,155 | 4,021 | 16,272 |

NEAR EAST Totals : 8,170,791 1,008,586 1,565,716

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries FY 2006 (Preliminary)</i> | <i>Estimated Deliveries</i> | |
|----------------------------------|-------------------------------------|--|-----------------------------|-------------------------|
| | | | <i>FY 2007</i> | <i>FY 2008</i> |
| <i>NON-REGIONAL</i> | | | | |
| | CLASSIFIED TOTALS | 170,356 | 1,000,000 | 1,000,000 |
| | <i>NON-REGIONAL Totals :</i> | <i>170,356</i> | <i>1,000,000</i> | <i>1,000,000</i> |
| <i>SOUTH ASIA</i> | | | | |
| | AFGHANISTAN | 532,178 | 56,955 | 51,315 |
| | BANGLADESH | 2,283 | 2,971 | 13,819 |
| | INDIA | 39,673 | 27,784 | 92,948 |
| | MALDIVES | 68 | 37 | 183 |
| | NEPAL | 54 | 55 | 263 |
| | PAKISTAN | 182,918 | 27,613 | 72,159 |
| | SRI LANKA | 1,334 | 2,059 | 7,392 |
| | <i>SOUTH ASIA Totals :</i> | <i>758,508</i> | <i>117,474</i> | <i>238,079</i> |
| <i>WESTERN HEMISPHERE</i> | | | | |
| | ANGUILLA | 2 | 0 | 1 |
| | ANTIGUA-BARBUDA | 245 | 40 | 177 |
| | ARGENTINA | 23,189 | 11,885 | 28,894 |
| | ARUBA | 553 | 14 | 30 |
| | BAHAMAS | 5,408 | 32 | 145 |
| | BARBADOS | 687 | 126 | 245 |
| | BELIZE | 549 | 5,881 | 8,194 |
| | BERMUDA | 49 | 311 | 1,537 |
| | BOLIVIA | 10,871 | 1,213 | 5,447 |
| | BRAZIL | 42,348 | 21,226 | 31,041 |
| | BRITISH VIRGIN ISLANDS | 5 | 1 | 3 |
| | CANADA | 1,311,762 | 312,045 | 997,145 |
| | CAYMAN ISLANDS | 375 | 6 | 18 |
| | CHILE | 39,426 | 43,122 | 184,667 |
| | COLOMBIA | 157,523 | 42,542 | 151,058 |
| | COSTA RICA | 1,643 | 3,303 | 11,152 |
| | DOMINICA | 5 | 11 | 34 |
| | DOMINICAN REPUBLIC | 2,598 | 4,422 | 17,351 |
| | ECUADOR | 3,958 | 4,781 | 10,960 |
| | EL SALVADOR | 11,588 | 392 | 640 |
| | FALKLAND ISLANDS | 4,721 | 0 | 0 |
| | FRENCH GUIANA | 485,587 | 54,111 | 145,525 |
| | GRENADA | 65 | 9 | 45 |
| | GUATEMALA | 807 | 228 | 482 |

| <i>Region Name</i> | <i>Country / Destination</i> | <i>Actual Deliveries</i> | <i>Estimated Deliveries</i> | |
|----------------------------------|------------------------------------|----------------------------------|-----------------------------|-------------------|
| | | <i>FY 2006 (Preliminary)</i> | <i>FY 2007</i> | <i>FY 2008</i> |
| WESTERN HEMISHERE (cont.) | | | | |
| | GUYANA | 63 | 10 | 30 |
| | HAITI | 4,238 | 216 | 7 |
| | HONDURAS | 7,827 | 326 | 565 |
| | JAMAICA | 1,210 | 323 | 1,019 |
| | MEXICO | 116,002 | 86,943 | 227,814 |
| | MONTSERRAT | 5 | 1 | 2 |
| | NETHERLANDS ANTILLES | 2,130 | 283 | 447 |
| | NICARAGUA | 536 | 180 | 543 |
| | PANAMA | 1,389 | 332 | 1,342 |
| | PARAGUAY | 498 | 171 | 740 |
| | PERU | 12,073 | 7,205 | 31,995 |
| | ST KITTS AND NEVIS | 1,130 | 1,801 | 9,006 |
| | ST LUCIA | 19 | 16 | 56 |
| | ST VINCENT & GRENADINES | 14 | 3 | 8 |
| | SURINAME | 42 | 16 | 40 |
| | TRINIDAD & TOBAGO | 273 | 519 | 995 |
| | TURKS & CAICOS | 9 | 2 | 5 |
| | URUGUAY | 689 | 562 | 2,611 |
| | VENEZUELA | 13,893 | 5,558 | 4,008 |
| | WESTERN HEMISPHERE Totals : | 2,266,004 | 610,168 | 1,876,024 |
| | Grand Totals | 31,604,723 | 8,874,602 | 17,482,119 |

Foreign Military Financing Grants (11-1082)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|--|---------------------------|------------------------------|-----------------------------|
| Appropriated Funds | | | |
| Egypt Grant | 1,287.000 | 1,300.000 | 1,300.000 |
| Israel Grant | 2,257.200 | 2,340.000 | 2,400.000 |
| Jordan Grant | 207.900 | 206.000 | 200.000 |
| Other Countries Grants | 671.675 | 565.400 | 594.100 |
| Administrative Costs | 41.085 | 43.500 | 41.900 |
| Recission | 45.100 | | |
| Total FMF Appropriation | <u>4,510.000</u> | <u>4,454.900</u> | <u>4,536.000</u> |
| Less: Appropriation Rescinded | -45.100 | | |
| Plus: Resources available from MAP sales | 0.099 | | |
| Less: Unobligated balances for administrative costs | -0.011 | | |
| Total Budgetary Resources Obligated | <u>4,464.988</u> | <u>4,454.900</u> | <u>4,536.000</u> |
| Transfers-In from PKO and obligated | 25.950 | 0.000 | 0.000 |
| Total FMF Outlays (Net) | <u>4,593.643</u> | <u>4,682.000</u> | <u>4,685.000</u> |

Foreign Military Financing Program Account (11-1085)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|
| Budget Authority | | | |
| Direct Loan Subsidy Appropriation | 0.000 | 0.000 | 0.000 |
| Subsidy Re-estimates | 16.037 | 14.365 | 0.000 |
| Total Budget Authority | <u>16.037</u> | <u>14.365</u> | <u>0.000</u> |
| Total Obligations | 16.037 | 14.365 | 0.000 |
| Outlays (Net) | 16.037 | 14.365 | 0.000 |

Foreign Military Loan Liquidating Account (11X4121)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|--|---------------------------|------------------------------|-----------------------------|
| Budget Authority for Guarantee Claims: | | | |
| Permanent Indefinite Authority | 5.000 | 8.400 | 10.600 |
| Collections of Guarantee Claims | 7.532 | 3.089 | 0.000 |
| Total Budget Authority | <u>12.532</u> | <u>11.439</u> | <u>10.600</u> |
| Total Obligations and Disbursements for Guaranteed Claims | 12.532 | 11.439 | 10.600 |
| Offsetting Collections | | | |
| Loan Purchase for Debt Reduction | 0.000 | 0.000 | 2.000 |
| Repayment of Direct Loans | -280.062 | -60.299 | -53.448 |
| Repayment of FFB Loans | -220.514 | -187.479 | -156.102 |
| Total Offsetting Collections | <u>-500.576</u> | <u>-247.738</u> | <u>-211.550</u> |
| Outlays (Net) | -488.044 | -236.299 | -200.095 |

Direct Loan Financing Account (11X4122)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|---|---------------------------|------------------------------|-----------------------------|
| Budget Authority and Obligations | | | |
| Direct Loans | 0.000 | 0.000 | 0.000 |
| Interest on Treasury Borrowing | 33.415 | 67.441 | 86.169 |
| Downward Subsidy Re-estimate | 21.746 | 19.084 | 0.000 |
| Interest on Downward Re-estimate | 11.949 | 7.551 | 0.000 |
| Total Budget Authority and Obligations | 67.110 | 94.076 | 86.169 |
| | | | |
| Disbursements | 445.330 | 561.500 | 363.693 |
| Offsetting Collections: | | | |
| Collections on Upward Subsidy Re-estimate | -16.037 | -14.365 | 0.000 |
| Interest on Uninvested Funds - Treasury | -16.226 | 0.000 | 0.000 |
| Loan Repayments from Country | -569.488 | -323.779 | -116.168 |
| Total Offsetting Collections | -601.751 | -338.144 | -116.168 |
| | | | |
| Outlays (Net) | -156.421 | 223.356 | 247.525 |

Military Debt Reduction Financing Account (11X4174)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|---|---------------------------|------------------------------|-----------------------------|
| Budget Authority and Obligations | | | |
| Loan Purchase from Liquidating Account | 0.000 | 0.000 | 2.000 |
| Interest on Debt to Treasury | 11.469 | 12.860 | 12.504 |
| Downward Subsidy Re-estimate | 0.090 | 0.018 | 0.000 |
| Total Budget Authority and Obligations | 11.559 | 12.878 | 14.504 |
| | | | |
| Disbursements | 11.559 | 12.878 | 14.504 |
| Offsetting Collections: | | | |
| Collections from Loan Subsidy Account | -0.000 | -2.387 | -31.000 |
| Collection on Upward Subsidy Re-estimate | -0.000 | 0.000 | 0.000 |
| Interest on Uninvested Funds | -0.227 | 0.000 | 0.000 |
| Loan Repayments from Country | -8.393 | -5.432 | -30.610 |
| Total Offsetting Collections | -8.620 | -7.819 | -61.610 |
| | | | |
| Outlays (Net) | -2.939 | 5.059 | -47.106 |

International Military Education & Training Program (11-1081)
(\$ in millions)

| | Actual | Estimated | Proposed |
|---|----------------|------------------|-----------------|
| | FY 2006 | FY 2007 | FY 2008 |
| Appropriation | 86.744 | 85.237 | 89.500 |
| Rescission | -0.867 | 0.000 | 0.000 |
| Total CY budgetary resources available for obligation | <u>85.877</u> | <u>85.237</u> | <u>89.500</u> |
| Obligations from Current Year Appropriation | 85.138 | 85.237 | 89.500 |
| “X” Year unobligated funds available SOY | 2.472 | 3.249 | 3.249 |
| Unobligated funds transferred from prior years | 1.889 | 0.000 | 0.000 |
| New Allocations in “X” Year | 1.112 | 0.000 | 0.000 |
| “X” Year unobligated funds available EOY | 3.249 | 3.249 | 3.249 |
| Net Outlays | 83.846 | 91.000 | 89.000 |

Special Defense Acquisition Fund (11X4116)
(\$ in millions)

| | Actual FY 2006 | Estimated FY 2007 | Proposed FY 2008 |
|---|---------------------------|------------------------------|-----------------------------|
| Purchases of Equipment (Obligations) | 0.000 | 0.000 | 0.000 |
| Gross Budget Authority (a) | 0.000 | 0.000 | 0.000 |
| Offsetting Collections | 0.000 | 0.000 | 0.000 |
| Net Budget Authority | 0.000 | 0.000 | 0.000 |
| Financing Disbursements | 0.000 | 0.000 | 0.000 |
| Offsetting Collections | 0.000 | 0.000 | 0.000 |
| Net Outlays | 0.000 | 0.000 | 0.000 |
| Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations Revolving Funds" | 6.500 | .184 | 0.000 |

(a) This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Account, "Other Repayments of Investments and Recoveries," 2814. The return of capitalization does not affect the calculation of net outlay.

Foreign Military Financing Program/Grants
(\$ in millions)

| Fiscal Year | Request | | Authorized | | Appropriated | |
|-------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | Budget Authority | Program | Budget Authority | Program | Budget Authority | Program |
| 1970 | 275.000 | 350.000 | 250.000 | 340.000 | 70.000 | 0.000 |
| 1971 | 772.500 | 885.000 | 750.000 (a) | 840.000 (a) | 700.000 (a) | 0.000 |
| 1972 | 510.000 | 582.000 | 400.000 | 550.000 | 400.000 | 0.000 |
| 1973 | 527.000 | 629.000 | 400.000 (b) | 550.000 | 400.000 (b) | 0.000 |
| 1974 | 2,725.000 | 2,960.000 | 2,525.000 (c) | 2,930.000 (c) | 2,525.000 (c) | 0.000 |
| 1975 | 555.000 | 872.000 | 405.000 | 872.500 | 300.000 | 0.000 |
| 1976 (d) | 2,430.200 | 2,430.200 | 1,298.750 | 2,968.375 | 1,205.000 | 0.000 |
| 1977 | 2,179.600 | 2,179.600 | 740.000 | 2,022.100 | 740.000 | 0.000 |
| 1978 | 707.750 | 2,217.500 | 682.000 | 2,152.350 | 675.850 | 0.000 |
| 1979 (e) | 1,042.500 | 5,767.500 | 1,044.300 | 6,155.500 | 1,024.500 | 0.000 |
| 1980 | 658.880 (f) | 2,188.000 (f) | 673.500 | 2,235.000 | 645.000 (b) | 0.000 |
| 1981 | 734.000 | 2,840.000 (g) | 500.000 | 3,116.000 | 500.000 (b) | 3,046.187 (b) |
| 1982 | 1,481.800 | 4,054.400 | 800.000 | 4,069.525 | 800.000 | 3,883.500 |
| 1983 | 950.000 (h) | 5,273.300 (h) | 800.000 | 4,169.525 | 1,175.000 (b) | 5,106.500 (b) |
| 1984 | 1,000.000 | 5,656.000 | 1,315.000 | 5,761.500 | 1,315.000 (b) | 5,716.250 (b) |
| 1985 | 5,100.000 | 5,100.000 | (i) | (i) | 4,939.500 (b) | 4,939.500 (b) |
| 1986 | 5,655.000 | 5,655.000 | 5,371.000 | 5,371.000 | 5,190.000 | 5,190.000 (j) |
| 1987 | 5,861.000 (k) | 5,661.000 | (i) | (i) | 4,053.441 (l) | 4,053.441 (l) |
| 1988 | 4,421.150 | 4,421.150 | (m) | (m) | 4,017.000 (n) | 4,049.000 |
| 1989 | 4,460.000 | 4,460.000 | (o) | (o) | 4,272.750 | 4,272.750 |
| 1990 | 5,027.000 | 5,027.000 | (p) | (p) | 4,827.642 | 4,827.642 (q) |
| 1991 | 5,016.900 | 5,016.900 | (r) | (r) | 4,663.421 (s) | 4,663.421 (s) |
| 1992 | 4,610.000 | 4,610.000 | (t) | (t) | 3,928.548 (u) | 3,928.548 (u) |
| 1993 | 4,099.225 | 4,099.225 | (v) | (v) | 3,245.414 (w) | 3,245.414 (w) |
| 1994 | 3,231.657 | 3,232.157 | (x) | (x) | 3,052.397 (x) | 3,052.397 (x) |
| 1995 | 3,130.858 | 3,130.858 | (y) | (y) | 3,151.279 (y) | 3,151.279 (y) |
| 1996 | 3,262.020 | 3,262.020 | (z) | (z) | 3,208.390 (z) | 3,208.390 (z) |
| 1996 Sup | 70.000 (A) | 70.000 (A) | (A) | (A) | 70.000 (A) | 70.000 (A) |
| 1997 | 3,228.250 | 3,228.250 | (B) | (B) | 3,224.000 (B) | 3,224.000 (B) |
| 1998 | 3,274.250 | 3,274.250 | (C) | (C) | 3,296.550 (C) | 3,296.550 (C) |
| 1999 | 3,275.910 | 3,275.910 | (D) | (D) | 3,380.000 (D) | 3,380.000 (D) |
| 2000 | 3,430.000 | 3,430.000 | (E) | (E) | 4,819.994 (E) | 4,819.994 (E) |
| 2001 | 3,538.200 | 3,538.200 | 3,550.000 | 3,550.000 | 3,576.000 (F) | 3,576.000 (F) |
| 2002 | 3,674.000 | 3,674.000 | 3,627.000 | 3,627.000 | 3,650.000 (G) | 3,695.000 (H) |
| 2002 Sup | 387.000 | 387.000 | (I) | (I) | 357.000 (I) | 357.000 (I) |
| 2003 | 4,107.200 | 4,107.200 | 4,107.200 | 4,107.200 | 4,072.000 (J) | 4,072.000 (J) |
| 2003 Sup | 2,059.100 | 2,059.100 | (K) | (K) | 2,059.100 (K) | 2,059.100 (K) |
| 2004 | 4,414.000 | 4,414.000 | (L) | (L) | 4,337.182 (L) | 4,337.182 (L) |
| 2004 Sup | 287.000 | 287.000 | (M) | (M) | 287.000 (M) | 287.000 (M) |
| 2005 | 4,957.500 | 4,957.500 | (N) | (N) | 4,783.500 (N) | 4,783.500 (N) |
| 2005 Sup | 250.000 | 250.000 | (O) | (O) | 250.000 (O) | 250.000 (O) |
| 2006 | 4,538.600 | 4,538.600 | (P) | (P) | 4,464.900 (P) | 4,464.900 (P) |
| 2007 | 4,550.900 | 4,550.900 | (Q) | (Q) | 4,454.900 (Q) | 4,454.900 (Q) |
| 2008 | 4,536.000 | 4,536.000 | | | | |

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

(a) Includes \$500M for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

(b) CRA limitation.

- (c) Includes \$2,200M for Emergency Security Assistance requested, authorized and appropriated for Israel.
- (d) Includes transitional quarter (FY 197T).
- (e) Includes \$2,200M supplemental program for Israel and a \$1,500M supplemental program for Egypt.
- (f) Includes a \$10M amendment for Sudan and \$15M for Oman.
- (g) Includes \$200M proposed budget amendment for Egypt.
- (h) Reflects the amended budget request but not the supplemental budget request for program increase of \$525M for guarantee loans.
 - (i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
 - (j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$223.17M not available for obligation.
 - (k) Includes a supplemental request of \$200M.
 - (l) Includes \$4,040,441 authorized by P.L. 99-500 CRA limitation and \$13,000 authorized by P.L. 100-71.
 - (m) Authorization waived in Continuing Resolution (P.L. 100-202).
 - (n) P.L. 100-202 appropriated \$4,049M for FY 1988. Also included in the law was a \$32M rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of \$4,017M, as shown in the FY 1989 President's Budget.
 - (o) Authorization waived in P.L. 100-461.
 - (p) Authorization waived in P.L. 101-167.
 - (q) Congress appropriated \$4,828.403M which was reduced by .43% for use in the control of illicit drugs. In addition, \$20M was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in \$4,827.641M available to the FMF program.
 - (r) Authorization waived in P.L. 101-513.
 - (s) P.L. 101-513 appropriated \$5,066.921M for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to \$4,663.421M.
 - (t) Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
 - (u) P.L. 102-266 appropriated \$4,100M for FY 1992, reduced the amount appropriated by \$60.602M and provided for the transfer of \$63.75M of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional \$47.100 of the FY 1992 appropriation for a net appropriation of \$3,928.548M.
 - (v) Authorization waived in P.L. 102-391.
 - (w) P.L. 102-391 appropriated \$3,300M for FY 1993, rescinded \$25.586M of prior year balance, and provided for the transfer of \$29M to the Demobilization and Transition Fund for a net budget authority of \$3,245.414M.
 - (x) P.L. 103-87 appropriated \$3,149.279M, including deobligation/reobligation authority. The authorization was waived. During FY 1994, an Emergency Supplemental Appropriations Act was passed (P.L. 103-211) and it rescinded \$91.282M of FY 1993 and prior year balances. Subsequently, an additional \$5.6M was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of \$3,052.397M.
 - (y) P.L. 103-306 appropriated \$3,151.279M for FY 1995. The Authorization was waived.
 - (z) P.L. 104-107 appropriated \$3,208.390M for FY 1996. The Authorization was waived.
 - (A) Pending FY 1996 FMF supplemental request of \$140M supports Jordan F-16 program; P.L. Appropriated \$70M for FY 1996. The Authorization was waived.
 - (B) P.L. 104-208 appropriated \$3,224M for FY 1997. The Authorization was waived.
 - (C) P.L. 105-118 appropriated \$3,296.55M for FY 1998. The Authorization was waived.
 - (D) P.L. 105-277 appropriated \$3,380M for FY 1999 FMF Grants. The Authorization was waived.
 - (E) P.L. 106-113 appropriated \$4,788.994M for FY 2000 FMF Grants. The Authorization was waived.
 - (F) P.L. 106-429 appropriated \$3,576M for FY 2001 FMF Grants. P.L. 106-554 rescinded \$7.867M of the FMF appropriation.
 - (G) P.L. 107-115 appropriated \$3,650M for FY 2002 FMF Grants.
 - (H) Includes \$45M appropriated under P.L. 107-38, the Emergency Response Fund. The Authorization was waived.
 - (I) P.L. 107-206 appropriated \$357M for FY 2002 Supplemental FMF Grants. The Authorization was waived.
 - (J) P.L. 108-7 appropriated \$4,072M for FY 2003, of which \$26.468M was rescinded and \$93M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI).
 - (K) P.L. 108-11 appropriated \$2,059.1M for FY 2003 Supplemental, of which \$20M was transferred to State for Colombia Andean Counter narcotics Initiative (ACI). The Authorization was waived.
 - (L) P.L. 108-199 appropriated \$4,294M for FY 2004, of which \$25,334M was rescinded and \$10.9M was transferred to State for Economic Support Fund (ESF) needs. Additionally, the account received \$.372M from USAID funds for Afghanistan and \$2.0M in deobligation/reobligation authority for Kenya and \$0.045M of funding from MAP sales. Includes \$77M appropriated under P.L. 107-38, the Emergency Response Fund, transferred to FMF in October 2003 for Afghanistan. The

Authorization was waived.

- (M) P.L. 108-106 appropriated \$287M for FY 2004 Supplemental for Afghanistan. The Authorization was waived.
- (N) P.L. 108-447 appropriated \$4,783.5M for FY 2005, of which \$38.268M was rescinded. The Authorization was waived.
- (O) P.L. 109-13 appropriated \$250M for FY 2005 Supplemental for Jordan and Pakistan. The Authorization was waived.
- (P) P.L. 109-102 appropriated \$4,510M for FY 2006 of which \$45.1M was rescinded. The Authorization was waived.
- (Q) Current OMB guidance requires that we report 2007 appropriations as provided under the 2007 continuing resolution P.L. 109-289

Foreign Military Financing
Direct Loan Financing Account – Total Program (11X4122)
(\$ in millions)

| Fiscal Year | Request | Financing Authority |
|-------------|-----------|---------------------|
| 1992 | 313.961 | 345.000 (a) |
| 1993 | 360.000 | 855.000 (b) |
| 1994 | 855.000 | 769.500 (c) |
| 1995 | 770.000 | 619.650 (d) |
| 1996 | 765.000 | 544.000 (e) |
| 1997 | 370.028 | 540.000 (f) |
| 1998 | 699.500 | 200.000 (g) |
| 1999 | 167.024 | 117.855 (h) |
| 2000 | 0.000 | 0.000 |
| 2001 | 0.000 | 0.000 |
| 2002 | 0.000 | 0.000 |
| 2003 | 3,800.000 | 3,800.000 (i) |
| 2004 | 550.000 | 550.000 (j) |
| 2005 | 0.000 | 0.000 |
| 2006 | 0.000 | 0.000 |
| 2007 | 0.000 | 0.000 |
| 2008 | 0.000 | 0.000 |

- (a) Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
- (b) P.L. 102-391 provides financing authority for direct loans of \$855M for FY 1993.
- (c) P.L. 103-87 provides financing authority for direct loans of \$769.5M for FY 1994.
- (d) P.L. 103-306 provides financing authority for direct loans of \$619.65M for FY 1995.
- (e) P.L. 104-107 provides financing authority for direct loans of \$544M for FY 1996.
- (f) P.L. 104-208 provides financing authority for direct loans of \$540M for FY 1997.
- (g) P.L. 105-118 provides financing authority for direct loans of \$200M for FY 1998.
- (h) P.L. 105-277 provides financing authority for direct loans of \$167M for FY 1999.
- (i) Continuing Resolution Authority (P.L. 107-229)
- (j) Continuing Resolution Authority (P.L. 108-84)

**Foreign Military Financing
Direct Loan Subsidy Element**
(\$ in millions)

| Fiscal Year | Request | Appropriated |
|-------------|---------|---------------|
| 1992 | 57.490 | 50.148 (a)(b) |
| 1993 | 63.332 | 149.200 (c) |
| 1994 | 120.457 | 46.530 (d) |
| 1995 | 59.598 | 47.917 (e) |
| 1996 | 89.888 | 64.400 (f) |
| 1997 | 40.000 | 60.000 (g) |
| 1998 | 66.000 | 60.000 (h) |
| 1999 | 20.000 | 20.000 (i) |
| 2000 | 0.000 | 0.000 |
| 2001 | 0.000 | 0.000 |
| 2002 | 0.000 | 0.000 |
| 2003 | 0.000 | 0.000 |
| 2004 | 0.000 | 0.000 |
| 2005 | 0.000 | 0.000 |
| 2006 | 0.000 | 0.000 |
| 2007 | 0.000 | 0.000 |
| 2008 | 0.000 | 0.000 |

- (a) Authorization waived under P.L. 102-109 and P.L. 102-145.
- (b) P.L. 102-266 appropriated \$50.9M for FY 1992 and reduced the appropriation by \$.752M for a net availability of \$50.148M.
- (c) P.L. 102-391 appropriated \$149.2M for FY 1993. The Authorization was waived.
- (d) P.L. 103-87 appropriated \$46.53M for FY 1994. The Authorization was waived.
- (e) P.L. 103-306 appropriated \$47.917M for FY 1995. The Authorization was waived.
- (f) P.L. 104-107 appropriated \$64.4M for FY 1996. The Authorization was waived.
- (g) P.L. 104-208 appropriated \$60M for FY 1997. The Authorization was waived.
- (h) P.L. 105-118 appropriated \$60M for FY 1998. \$40M will be transferred to the FMF Grant Account. The Authorization was waived.
- (i) P.L. 105-277 appropriated \$20M for FY 1999. The Authorization was waived.

Military Assistance Program
(\$ in millions)

| Fiscal Year | Request | Authorized | Appropriated |
|-------------|---------------|-------------|----------------|
| 1950 | 1,400.000 | 1,314.000 | 1,314.000 |
| 1951 | 5,222.500 | 5,222.500 | 5,222.500 |
| 1952 | 6,303.000 | 5,997.600 | 5,744.000 |
| 1953 | 5,425.000 | 4,598.400 | 4,219.800 |
| 1954 | 4,274.500 | 3,681.500 | 3,230.000 |
| 1955 | 1,778.300 | 1,591.000 | 1,192.700 |
| 1956 | 1,959.200 | 1,450.200 | 1,022.200 |
| 1957 | 2,925.000 | 2,225.000 | 2,017.500 |
| 1958 | 1,900.000 | 1,600.000 | 1,340.000 |
| 1959 | 1,800.000 | 1,605.000 | 1,515.000 |
| 1960 | 1,600.000 | 1,400.000 | 1,300.000 |
| 1961 | 2,000.000 | (a) | 1,800.000 |
| 1962 | 1,885.000 | 1,700.000 | 1,600.000 |
| 1963 | (b) | 1,700.000 | 1,325.000 |
| 1964 | 1,405.000 | 1,000.000 | 1,000.000 |
| 1965 (c) | 1,055.000 | 1,055.000 | 1,055.000 |
| 1966 (c) | 1,170.000 | 1,170.000 | 1,170.000 |
| 1967 | 917.000 | 875.000 | 792.000 |
| 1968 | 620.100 | 510.000 | 500.000 |
| 1969 | 420.000 | 375.000 | 375.000 |
| 1970 | 425.000 | 350.000 | 350.000 |
| 1971 | 690.000 | 690.000 | 690.000 |
| 1972 | 705.000 | 500.000 | 500.000 |
| 1973 | 780.000 | 553.100 (d) | 553.100 (d) |
| 1974 (e) | 685.000 | 512.500 | 450.000 (f) |
| 1975 (g) | 985.000 | 600.000 | 475.000 |
| 1976 (h)(i) | 790.000 | 245.875 | 252.200 |
| 1977 | 279.000 | 235.800 | 264.550 |
| 1978 | 230.000 | 228.900 | 220.000 (j) |
| 1979 | 133.500 | 133.500 | 83.375 |
| 1980 (c) | 160.200 (k) | 111.900 (l) | 110.000 (d) |
| 1981 (c) | 104.400 | 106.100 | 110.200 (d) |
| 1982 (c)(m) | 131.400 | 231.400 | 171.412 |
| 1983 (c) | 557.000 (n) | 238.500 (o) | 383.325 (d) |
| 1984 | 747.000 (p) | 639.700 | 711.750 (d)(q) |
| 1985 | 924.500 | (r) | 805.100 (d) |
| 1986 (c) | 949.350 | 805.100 | 798.374 (s)(t) |
| 1987 (c) | 1,257.450 (u) | 805.100 | 950.000 |
| 1988 | 1,329.800 | (v) | 700.750 |
| 1989 | 467.000 | (w) | 467.000 (x) |
| 1990 | 40.432 | (y) | (z) |
| 1991 | 0.000 | 0.000 | 0.000 |
| 1992 | 0.000 | 0.000 | -6.750 (D) |
| 1993 | 0.000 | 0.000 | -20.164 (E) |
| 1994 | -0.439 (F) | 0.000 | -0.439 (F) |
| 1995 | (L) | | (L) |

See FY 2007 Congressional Budget Justification – Errata for corrections to this section.

International Military Education & Training Program
(\$ in millions)

| Fiscal Year | Request | Authorized | Appropriated |
|-------------|------------|------------|--------------|
| 1976 (a) | 37.000 | 33.750 | 28.750 |
| 1977 | 32.200 | 30.200 | 25.000 |
| 1978 | 35.000 | 31.000 | 30.000 |
| 1979 | 32.100 | 31.800 | 27.900 |
| 1980 | 32.900 | 31.800 | 25.000 (d) |
| 1981 | 32.500 | 34.000 | 28.400 (d) |
| 1982 | 42.000 | 42.000 | 42.000 |
| 1983 | 53.700 (o) | 43.000 | 46.000 |
| 1984 | 56.532 | 56.452 | 51.532 (d) |
| 1985 | 60.910 | (r) | 56.221 (d) |
| 1986 | 65.650 | 56.221 | 54.490 (s) |
| 1987 | 68.830 | 56.000 | 56.000 |
| 1988 | 56.000 | (v) | 47.400 |
| 1989 | 52.500 | (w) | 47.400 |
| 1990 | 54.500 | (y) | 47.196 (A) |
| 1991 | 50.500 | (B) | 47.196 |
| 1992 | 52.500 | (C) | 47.196 (G) |
| 1993 | 47.500 | (H) | 42.500 (I) |
| 1994 | 42.500 | (J) | 22.250 (J) |
| 1995 | 25.500 | (K) | 25.500 (K) |
| 1996 | 39.781 | (M) | 39.000 (M) |
| 1997 | 45.000 | (N) | 43.475 (N) |
| 1998 | 50.000 | (O) | 50.000 (O) |
| 1999 | 50.000 | (P) | 49.951 (P) |
| 2000 | 50.000 | (Q) | 49.810 (Q) |
| 2001 | 57.875 | 55.000 | 57.748 (R) |
| 2002 | 70.000 | 65.000 | 70.000 (S) |
| 2003 | 80.000 | 85.000 | 79.480 (T) |
| 2004 | 91.700 | (U) | 91.159 (U) |
| 2005 | 89.730 | (V) | 89.012 (V) |
| 2006 | 86.744 | (W) | 85.877 (W) |
| 2007 | 88.900 | (X) | 85.237 (X) |
| 2008 | 89.500 | | |

NOTE:

- (1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
- (2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.
- (a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
- (b) Foreign Assistance Act of 1961 authorized \$1,700M; no executive branch request for authorization was required.

- (c) Does not include MAP drawdowns of \$75M in FY 1965 and \$300M in FY 1966, or Section 506(a) drawdowns of \$1M in FY 1980; \$26M in FY 1981; \$55M in FY 1982; \$25M in FY 1983; \$40M in FY 1986; and \$25M in FY 1987.
- (d) CRA limitation.
- (e) Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include \$2,500M for Section 506 drawdown authority.
- (f) Includes \$5M transferred to AID.
- (g) Does not include \$75M for Section 506 drawdown authority.
- (h) Includes transitional quarter FY197T.
- (i) Does not include \$275M for Section 506 drawdown authority.
- (j) Includes \$40.2M subsequently rescinded.
- (k) Includes a \$50M supplemental for Turkey.
- (l) Includes a \$1.7M Senate supplemental for Sudan.
- (m) Does not include \$7.1M reimbursement for Section 506 drawdown authority.
- (n) Reflects the amended budget request but not the \$187M supplemental budget request.
- (o) Reflects initial budget request; excludes \$1M supplemental request.
- (p) Reflects initial budget request; excludes \$259.05M supplemental request for Central America.
- (q) Includes supplemental appropriation of \$201.75M for Central America.
- (r) Authorization waived in Continuing Resolution (P.L. 98-473).
- (s) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) \$33.626M of MAP and \$2.343M of IMET are not available for obligation.
- (t) Includes supplemental appropriation of \$50M for the Republic of the Philippines.
- (u) Includes a supplemental request of \$261M.
- (v) Authorization waived in Continuing Resolution (P.L. 100-202).
- (w) Authorization waived in P.L. 100-461.
- (x) P.L. 101-45 transferred \$2M to contributions for international peacekeeping activities (Budget Account 19-9-1124).
- (y) Authorization waived in P.L. 101-167.
- (z) Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
- (A) Congress appropriated \$47.4M which was reduced by .43% for use in the control of illicit drugs, resulting in \$47.196M available to the IMET program.
- (B) Authorization waived in P.L. 101-513.
- (C) Authorization waived in P.L. 102-109 and P.L. 102-145.
- (D) P.L. 102-298 rescinded \$6.75M of prior year balances and \$5.76M of previously disbursed amounts.
- (E) P.L. 102-298 rescinded \$20.164M of prior year balances.
- (F) During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded \$.439M of prior year appropriations.
- (G) P.L. 102-266 appropriated \$47.196M for FY 1992. P.L. 102-298 rescinded \$1.925M and P.L. 102-381 reduced it an additional \$.698M for a net availability of \$44.573M.
- (H) Authorization waived in P.L. 102-391.
- (I) P.L. 102-391 appropriated \$42.5M for FY 1993.
- (J) P.L. 103-87 appropriated \$21.25M for FY 1994. The Authorization was waived. During FY 1994, an additional \$1.M was transferred into IMET from FMF making a total of \$22.25M of appropriated funds available.
- (K) P.L. 103-306 appropriated \$25.5M for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.

- (L) MAP funds were cancelled in FY 1995 due to "M" year legislation. No new authorizations will be enacted for this account.
- (M) P.L. 104-107 appropriated \$39M for FY 1996. The Authorization was waived.
- (N) P.L. 104-208 appropriated \$43.475M for FY 1997. The Authorization was waived.
- (O) P.L. 105-118 appropriated \$50M for FY 1998. The Authorization was waived.
- (P) P.L. 105-277 appropriated \$50M for FY 1999. The Authorization was waived. P.L. 106-51 rescinded \$.041M. The Authorization was waived.
- (Q) P.L. 106-113 appropriated \$49.810M for FY 2000. The Authorization was waived.
- (R) P.L. 106-429 appropriated \$55M for FY 2001 and \$2.875M for an emergency supplemental in support of the Southeast Europe Initiative. P.L. 106-554 rescinded \$.127M.
- (S) P.L. 107-115 appropriated \$70M for FY 2002.
- (T) P.L. 108-7 appropriated \$80M for FY 2003, of which \$.52M was rescinded.
- (U) P.L. 108-199 appropriated \$91.7M of which \$.541 was rescinded. The Authorization was waived.
- (V) P.L. 108-447 appropriated \$89.73 of which \$.718 was rescinded. The Authorization was waived.
- (W) P.L. 109-102 appropriated \$86.744M of which 0.867M was rescinded. The Authorization was waived.
- (X) Current OMB Guidance requires that we report 2007 appropriations as provided under the 2007 continuing resolution P.L. 109-289.

Peacekeeping Operations

(\$ in millions)

| Fiscal Year | Request | Authorized | Appropriated |
|-------------|-------------|-------------|--------------|
| 1979 | (a) | 30.900 | 27.400 |
| 1980 | (a) | 21.100 | 22.000 (b) |
| 1981 | 25.000 | 25.000 | 25.000 (c) |
| 1982 | 19.000 | 19.000 | 14.000 (d) |
| 1983 | 43.474 | 19.000 | 31.100 (c) |
| 1984 | 46.200 | 46.200 | 46.200 (c) |
| 1985 | 49.000 | (e) | 44.000 (c) |
| 1986 | 37.000 | 37.000 | 34.000 (f) |
| 1987 | 39.000 | 37.000 | 31.689 |
| 1988 | 46.311 | 31.689 | 31.689 |
| 1989 | 41.689 (g) | 41.689 | 41.689 |
| 1990 | 33.377 | 32.773 | 32.773 |
| 1991 | 32.800 | 32.800 | 32.800 |
| 1992 | 378.000 (h) | 28.000 | 28.000 (c) |
| 1993 | 27.166 | 27.166 | 27.166 |
| 1994 | 77.166 | 82.435 (i) | 82.435 (i) |
| 1995 | 75.000 | 75.000 | 75.000 (j) |
| 1996 | 100.000 | 70.000 | 70.000 |
| 1997 | 70.000 | 65.000 | 65.000 |
| 1998 | 90.000 | 77.500 | 77.500 |
| 1999 | 83.000 | 76.500 | 76.500 |
| 2000 | 130.000 | 152.418 | 152.418 (k) |
| 2001 | 134.000 | 127.000 (l) | 126.382 (m) |
| 2002 | 150.000 | 135.000 | 135.000 |
| 2003 | 108.250 | 115.000 | 214.252 (o) |
| 2004 | 94.900 | 94.900 | 124.458 (p) |
| 2005 | 104.000 | 179.000 (q) | 547.568 (r) |
| 2006 | 195.800 | 175.000 | 351.250 (s) |
| 2007 | 200.500 | 160.400 (t) | |
| 2008 | 221.200 | | |

(a) Executive Branch request included ESF and PKO in one account—Security Supporting Assistance (SSA).

(b) CRA limitation (P.L. 96-123).

(c) CRA limitation.

(d) In addition, \$125M appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.

(e) Authorization waived in Continuing Resolution (P.L. 98-473).

(f) Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), \$1.462M of this amount is not available for obligation.

(g) Includes \$10M transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.

(h) Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN Peacekeeping activities in Cambodia and El Salvador, and for other

peacekeeping requirements.

- (i) Includes appropriation of \$75.623M plus \$6.812M transferred from other accounts.
- (j) The President's FY 1996 Budget shows PKO Budget Authority of \$75M in FY 1995. Subsequent to the release of the President's Budget, \$.85M was transferred out of the PKO account and into the IMET account (\$.35M for Botswana and \$.5M for Senegal) to enhance PKO training.
- (k) Includes \$2.466M transferred to IO&P account for KEDO. Does not reflect \$582M rescission under the Consolidated Appropriations Act, 2001 (P.L. 106-554).
- (l) Authorization waived according to Section 525, Foreign Operations, Export Financing, and Related Appropriations Act 2001, (P.L. 106-429).
- (m) Reflects rescission of the Consolidated Appropriations Act, 2001 (P.L. 106-554) and includes \$2.279M UN reimbursement.
- (n) Reflects FY02 ERF and Supplemental Funds and \$620,000 UNAMSIL reimbursement.
- (o) Reflects FY03 Supplemental and 0.65% statutory reduction.
- (p) Reflects FY04 Supplemental and 0.59% statutory reduction.
- (q) Reflects \$75M in emergency funding for Sudan.
- (r) Reflects FY05 Supplemental, \$80M transfer from DoD for GPOI, and 0.8% statutory reduction.
- (s) Reflects \$178M in FY06 Supplemental funding and 1% statutory reduction.
- (t) FY07 appropriation bill has not been passed as of January 17, 2007. Figure reflects Operational Plan number for FY07.

Foreign Military Loan Liquidating Account (11X4121)
(Formerly Guaranty Reserve Fund)
(\$ in millions)

Borrowing Authority – Permanent Indefinite Appropriation (a)

| Fiscal Year | Request | Appropriated | Actual | Estimated |
|-------------|---------|--------------|---------|-----------|
| 1985 | 274.000 | 109.000 | 0.000 | |
| 1988 | 0.000 | 532.000 | 0.000 | |
| 1989 | 0.000 | 0.000 | 452.065 | |
| 1990 | 0.000 | 0.000 | 731.510 | |
| 1991 | 0.000 | 0.000 | 127.014 | |
| 1992 | 0.000 | 0.000 | 0.000 | |
| 1993 | 0.000 | 0.000 | 62.678 | |
| 1994 | 0.000 | 0.000 | 49.608 | |
| 1995 | 0.000 | 0.000 | 39.300 | |
| 1996 | 0.000 | 0.000 | 23.577 | |
| 1997 | 10.599 | 0.000 | 16.500 | |
| 1998 | 28.000 | 0.000 | 28.000 | |
| 1999 | 31.000 | 0.000 | 37.500 | |
| 2000 | 35.000 | 0.000 | 38.000 | |
| 2001 | 31.000 | 0.000 | 58.000 | |
| 2002 | 27.000 | 0.000 | 27.000 | |
| 2003 | 25.500 | 0.000 | 25.500 | |
| 2004 | 40.000 | 0.000 | 40.000 | |
| 2005 | 8.000 | 0.000 | 7.500 | |
| 2006 | 5.000 | 0.000 | 5.000 | |
| 2007 | 8.400 | 0.000 | 8.400 | |
| 2008 | 10.600 | 0.000 | | 10.600 |

Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, and P.L. 101-513 in FY 1991. Use of permanent indefinite appropriation authority in FY 1993 through FY 2001.

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**Foreign Assistance Summary Table
Objective, Area, and Element Summary
FY 2006 Actual and FY 2008 Request***

*Note: P.L. 480 Emergency Food Aid, MRA, ERMA, and IDFA are largely not allocated to program element in the FY 2008 Request, but are allocated in FY 2006 Actual.

| (\$ Thousands) | | |
|--|-------------------|---------------------|
| | FY 2006 Actual | FY 2008 Request* |
| TOTAL | 17,642,297 | 19,775,913 |
| 1 Peace & Security | 6,817,136 | 6,879,051 |
| 1.1 Counter-Terrorism | 157,046 | 185,270 |
| 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary | 21,593 | 27,513 |
| 1.1.2 De-Legitimize Terrorist Ideology | 13,488 | 16,358 |
| 1.1.3 Governments' Capabilities | 116,622 | 139,418 |
| 1.1.4 Program Support (Counter-Terrorism) | 5,343 | 1,981 |
| 1.2 Combating Weapons of Mass Destruction (WMD) | 229,902 | 216,770 |
| 1.2.1 Counter WMD Proliferation and Combat WMD Terrorism | 208,947 | 195,959 |
| 1.2.2 Program Support (WMD) | 20,955 | 20,811 |
| 1.3 Stabilization Operations and Security Sector Reform | 5,178,030 | 5,244,927 |
| 1.3.1 Operations Support | 386,657 | 436,348 |
| 1.3.2 Disarmament, Demobilization & Reintegration (DDR) | 33,640 | 21,032 |
| 1.3.3 Destruction and Security of Conventional Weapons | 9,178 | 45,827 |
| 1.3.4 Explosive Remnants of War (ERW) | 65,777 | 75,360 |
| 1.3.5 Immediate Protection of Civilians in Conflict | 3,338 | 12,955 |
| 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations | 4,421,033 | 4,457,205 |
| 1.3.7 Law Enforcement Restructuring, Reform and Operations | 199,757 | 140,197 |
| 1.3.8 Program Support (Stabilization) | 58,650 | 56,003 |
| 1.4 Counter-Narcotics | 1,007,091 | 988,465 |
| 1.4.1 Eradication | 512,968 | 460,693 |
| 1.4.2 Alternative Development and Alternative Livelihoods | 268,421 | 237,679 |
| 1.4.3 Interdiction | 161,904 | 235,910 |
| 1.4.4 Drug Demand Reduction | 21,409 | 12,313 |
| 1.4.5 Program Support (Narcotics) | 42,389 | 41,870 |
| 1.5 Transnational Crime | 60,219 | 58,226 |
| 1.5.1 Financial Crimes and Money Laundering | 13,240 | 14,134 |
| 1.5.2 Intellectual Property Theft, Corporate Espionage, and Cyber Security | 3,716 | 6,028 |
| 1.5.3 Trafficking-in-Persons and Migrant Smuggling | 37,845 | 30,743 |
| 1.5.4 Organized and Gang-related Crime | 1,710 | 5,000 |
| 1.5.5 Program Support (Crime) | 3,708 | 2,321 |
| 1.6 Conflict Mitigation and Reconciliation | 184,848 | 185,393 |
| 1.6.1 Conflict Mitigation | 58,647 | 89,000 |
| 1.6.2 Peace and Reconciliation Processes | 83,613 | 62,857 |
| 1.6.3 Preventive Diplomacy | 34,619 | 11,860 |
| 1.6.4 Program Support (Conflict) | 7,969 | 21,676 |
| 2 Governing Justly & Democratically | 1,233,199 | 1,447,965 |
| 2.1 Rule of Law and Human Rights | 301,051 | 399,253 |
| 2.1.1 Constitutions, Laws, and Legal Systems | 31,515 | 13,053 |

| | | |
|---|------------------|------------------|
| 2.1.2 Judicial Independence | 11,829 | 28,976 |
| 2.1.3 Justice System | 151,475 | 246,900 |
| 2.1.4 Human Rights | 90,317 | 81,978 |
| 2.1.5 Program Support (Rule of Law) | 15,915 | 28,346 |
| 2.2 Good Governance | 354,220 | 507,387 |
| 2.2.1 Legislative Function and Processes | 60,932 | 58,917 |
| 2.2.2 Public Sector Executive Function | 76,454 | 165,436 |
| 2.2.3 Local Government and Decentralization | 143,076 | 169,683 |
| 2.2.4 Anti-Corruption Reforms | 43,625 | 70,103 |
| 2.2.5 Governance of the Security Sector | 950 | 6,113 |
| 2.2.6 Program Support (Governance) | 29,183 | 37,135 |
| 2.3 Political Competition and Consensus-Building | 197,336 | 186,102 |
| 2.3.1 Consensus-Building Processes | 29,054 | 23,273 |
| 2.3.2 Elections and Political Processes | 107,735 | 83,078 |
| 2.3.3 Political Parties | 52,664 | 70,487 |
| 2.3.4 Program Support (Political Competition) | 7,883 | 9,264 |
| 2.4 Civil Society | 380,592 | 355,223 |
| 2.4.1 Civic Participation | 291,274 | 238,557 |
| 2.4.2 Media Freedom and Freedom of Information | 67,858 | 95,992 |
| 2.4.3 Program Support (Civil Society) | 21,460 | 20,674 |
| 3 Investing in People | 4,957,363 | 6,954,303 |
| 3.1 Health | 4,130,713 | 6,181,275 |
| 3.1.1 HIV/AIDS | 2,595,209 | 4,496,688 |
| 3.1.2 Tuberculosis | 93,691 | 89,945 |
| 3.1.3 Malaria | 100,737 | 387,505 |
| 3.1.4 Avian Influenza | 4,503 | 100,000 |
| 3.1.5 Other Public Health Threats | 92,781 | 94,762 |
| 3.1.6 Maternal and Child Health | 738,847 | 608,526 |
| 3.1.7 Family Planning and Reproductive Health | 429,815 | 332,288 |
| 3.1.8 Water Supply and Sanitation | 75,130 | 71,561 |
| 3.2 Education | 689,784 | 677,906 |
| 3.2.1 Basic Education | 520,804 | 535,298 |
| 3.2.2 Higher Education | 168,980 | 142,608 |
| 3.3 Social and Economic Services and Protection for Vulnerable Populations | 136,866 | 95,122 |
| 3.3.1 Policies, Regulations, and Systems | 5,979 | 7,720 |
| 3.3.2 Social Services | 59,371 | 22,761 |
| 3.3.3 Social Assistance | 71,516 | 64,641 |
| 4 Economic Growth | 2,826,160 | 2,370,329 |
| 4.1 Macroeconomic Foundation for Growth | 409,091 | 376,521 |
| 4.1.1 Fiscal policy | 250,322 | 275,364 |
| 4.1.2 Monetary policy | 153,648 | 97,822 |
| 4.1.3 Program Support (Macro Econ) | 5,121 | 3,335 |
| 4.2 Trade and Investment | 408,736 | 238,577 |
| 4.2.1 Trade and Investment Enabling Environment | 321,402 | 154,254 |
| 4.2.2 Trade and Investment Capacity | 74,879 | 71,538 |
| 4.2.3 Program Support (Trade) | 12,455 | 12,785 |
| 4.3 Financial Sector | 277,245 | 67,481 |
| 4.3.1 Financial Sector Enabling Environment | 186,628 | 27,985 |
| 4.3.2 Financial Services | 84,081 | 35,254 |
| 4.3.3 Program Support (Financial Sector) | 6,536 | 4,242 |
| 4.4 Infrastructure | 414,875 | 441,314 |

| | | |
|--|------------------|------------------|
| 4.4.1 Modern Energy Services | 103,600 | 192,197 |
| 4.4.2 Communications Services | 12,501 | 11,970 |
| 4.4.3 Transport Services | 278,465 | 223,661 |
| 4.4.4 Program Support (Infrastructure) | 20,309 | 13,486 |
| 4.5 Agriculture | 561,987 | 498,723 |
| 4.5.1 Agricultural Enabling Environment | 60,111 | 108,084 |
| 4.5.2 Agricultural Sector Productivity | 475,685 | 366,523 |
| 4.5.3 Program Support (Agriculture) | 26,191 | 24,116 |
| 4.6 Private Sector Competitiveness | 350,478 | 378,551 |
| 4.6.1 Business Enabling Environment | 174,056 | 193,364 |
| 4.6.2 Private Sector Productivity | 129,066 | 113,072 |
| 4.6.3 Workforce Development | 28,183 | 54,853 |
| 4.6.4 Program Support (Private Sector) | 19,173 | 17,262 |
| 4.7 Economic Opportunity | 111,638 | 120,431 |
| 4.7.1 Inclusive Financial Markets | 23,383 | 29,620 |
| 4.7.2 Policy Environment for Micro and Small Enterprises | 12,280 | 24,586 |
| 4.7.3 Strengthen Microenterprise Productivity | 49,304 | 46,770 |
| 4.7.4 Inclusive Economic Law and Property Rights | 13,693 | 9,503 |
| 4.7.5 Program Support (Econ Opportunity) | 12,978 | 9,952 |
| 4.8 Environment | 292,110 | 248,731 |
| 4.8.1 Natural Resources and Biodiversity | 186,788 | 114,333 |
| 4.8.2 Clean Productive Environment | 76,816 | 112,507 |
| 4.8.3 Program Support (Environment) | 28,506 | 21,891 |
| 5 Humanitarian Assistance | 1,808,439 | 2,124,265 |
| 5.1 Protection, Assistance and Solutions | 1,664,076 | 2,053,593 |
| 5.1.1 Protection and Solutions | 528,269 | 539,880 |
| 5.1.2 Crisis Assistance and Recovery | 1,088,225 | 1,472,902 |
| 5.1.3 Program Support (Protection) | 47,582 | 40,811 |
| 5.2 Disaster Readiness | 74,775 | 17,449 |
| 5.2.1 Capacity Building, Preparedness, and Planning | 57,683 | 13,719 |
| 5.2.2 Mitigation | 16,721 | 3,490 |
| 5.2.3 Program Support (Disaster Readiness) | 371 | 240 |
| 5.3 Migration Management | 69,588 | 53,223 |
| 5.3.1 Protection and Assistance | 58,658 | 40,000 |
| 5.3.2 Institutional Support and Capacity-building | 9,681 | 11,590 |
| 5.3.3 Program Support (Migration) | 1,249 | 1,633 |

Note: USAID administrative accounts, International Financial Institutions, and Independent Departments and Agencies are not included.

*Note: P.L. 480 Emergency Food Aid, MRA, ERMA, and IDFA are largely not allocated to program element in the FY 2008 Request, but are allocated in FY 2006 Actual.

| Country/Category by Objective | | | | | | |
|----------------------------------|------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------|
| FY 2008 Request | | | | | | |
| (\$ Thousand) | | | | | | |
| | TOTAL | Peace and Security | Governing Justly and Democratically | Investing in People | Economic Growth | Humanitarian Assistance |
| TOTAL | 19,775,913 | 6,879,051 | 1,447,965 | 6,954,303 | 2,370,329 | 2,124,265 |
| 1 Rebuilding | 3,449,656 | 1,212,698 | 606,508 | 561,300 | 703,800 | 365,350 |
| Afghanistan | 1,067,050 | 380,750 | 202,000 | 129,900 | 354,400 | - |
| Colombia | 589,710 | 526,254 | 24,256 | 35,000 | 4,200 | - |
| Cote d'Ivoire | 96,100 | 100 | - | 96,000 | - | - |
| Democratic Republic of the Congo | 80,200 | 8,550 | 20,850 | 39,800 | 11,000 | - |
| Haiti | 222,900 | 44,174 | 23,173 | 122,941 | 32,112 | 500 |
| Iraq | 391,800 | 85,980 | 171,820 | 25,000 | 109,000 | - |
| Kosovo | 151,646 | 43,000 | 43,746 | 15,800 | 43,100 | 6,000 |
| Liberia | 115,575 | 23,730 | 26,901 | 28,844 | 36,100 | - |
| Nepal | 26,625 | 6,140 | 2,500 | 17,985 | - | - |
| Sierra Leone | 16,550 | 550 | 1,000 | 6,180 | 8,820 | - |
| Somalia | 12,300 | 2,300 | 5,700 | 4,300 | - | - |
| Sudan | 679,200 | 91,170 | 84,562 | 39,550 | 105,068 | 358,850 |
| 2 Developing | 6,869,526 | 2,266,938 | 403,359 | 3,156,874 | 960,624 | 81,731 |
| Albania | 20,000 | 6,800 | 5,800 | 3,100 | 4,300 | - |
| Algeria | 2,885 | 1,720 | 400 | - | 765 | - |
| Angola | 34,950 | 6,800 | 10,172 | 15,400 | 2,463 | 115 |
| Armenia | 38,900 | 6,300 | 12,200 | 6,300 | 12,900 | 1,200 |
| Azerbaijan | 25,380 | 8,080 | 9,700 | 2,000 | 5,100 | 500 |
| Bangladesh | 119,790 | 10,625 | 21,479 | 66,615 | 13,861 | 7,210 |
| Bosnia and Herzegovina | 32,950 | 14,550 | 12,050 | - | 6,350 | - |
| Burkina Faso | 10,200 | 200 | - | 7,468 | 2,532 | - |
| Burundi | 28,550 | 2,550 | 5,700 | 6,000 | 14,300 | - |
| Cambodia | 40,906 | 2,980 | 7,725 | 25,756 | 4,445 | - |
| Cameroon | 1,295 | 295 | - | 1,000 | - | - |
| Cape Verde | 600 | 600 | - | - | - | - |
| Central African Republic | 100 | 100 | - | - | - | - |
| Chad | 5,300 | 300 | - | 2,000 | 3,000 | - |
| Comoros | 100 | 100 | - | - | - | - |
| Djibouti | 7,090 | 3,850 | 500 | 2,740 | - | - |
| Dominican Republic | 31,230 | 2,830 | 5,750 | 11,700 | 10,950 | - |
| Ecuador | 20,572 | 13,562 | 3,072 | - | 3,938 | - |
| Egypt | 1,720,870 | 1,305,870 | 50,000 | 232,028 | 132,972 | - |
| Ethiopia | 505,965 | 4,350 | 5,400 | 453,800 | 41,915 | 500 |
| Fiji | 370 | 370 | - | - | - | - |
| Georgia | 64,515 | 25,415 | 14,400 | 8,100 | 13,800 | 2,800 |
| Guatemala | 49,820 | 6,020 | 5,300 | 26,042 | 12,458 | - |
| Guinea | 15,593 | 650 | 5,443 | 7,100 | 2,400 | - |
| Guinea-Bissau | 700 | 100 | 600 | - | - | - |
| Guyana | 25,955 | 550 | 2,105 | 21,300 | 2,000 | - |
| Indonesia | 185,639 | 41,715 | 29,414 | 87,510 | 27,000 | - |
| Jamaica | 10,876 | 2,764 | 2,437 | 3,190 | 2,485 | - |
| Jordan | 513,219 | 229,622 | 27,030 | 92,500 | 164,067 | - |
| Kazakhstan | 21,597 | 8,400 | 4,500 | 3,500 | 5,197 | - |
| Kenya | 540,424 | 8,274 | 4,300 | 504,600 | 22,750 | 500 |
| Kyrgyz Republic | 29,515 | 8,700 | 8,000 | 4,050 | 8,265 | 500 |
| Laos | 4,571 | 3,250 | 220 | 1,051 | 50 | - |
| Macedonia | 25,035 | 6,885 | 6,850 | 3,000 | 8,300 | - |
| Malawi | 59,600 | 300 | 1,250 | 40,904 | 16,846 | 300 |
| Maldives | 195 | 195 | - | - | - | - |
| Mauritania | 6,950 | 630 | 1,320 | 4,000 | 1,000 | - |
| Moldova | 13,975 | 1,675 | 8,800 | 200 | 3,000 | 300 |
| Montenegro | 8,272 | 1,100 | 1,572 | - | 5,600 | - |
| Morocco | 29,055 | 7,555 | 5,500 | 3,000 | 13,000 | - |
| Niger | 18,505 | 1,100 | 1,300 | 5,605 | 10,500 | - |
| Nigeria | 533,550 | 5,350 | 13,200 | 507,500 | 7,500 | - |
| Pakistan | 785,000 | 341,700 | 41,600 | 103,000 | 248,700 | 50,000 |
| Papua New Guinea | 2,360 | 280 | - | 2,080 | - | - |
| Paraguay | 6,750 | 950 | 2,800 | 1,300 | 1,700 | - |
| Peru | 90,365 | 67,641 | 3,050 | 14,450 | 5,224 | - |
| Republic of the Congo | 100 | 100 | - | - | - | - |
| Romania | 20,200 | 20,200 | - | - | - | - |

| Country/Category by Objective | | | | | | |
|--------------------------------------|------------------|---------------------------|--|----------------------------|------------------------|--------------------------------|
| FY 2008 Request | | | | | | |
| (\$ Thousand) | | | | | | |
| | TOTAL | Peace and Security | Governing Justly and Democratically | Investing in People | Economic Growth | Humanitarian Assistance |
| Senegal | 34,800 | 3,300 | 1,400 | 23,550 | 6,350 | 200 |
| Serbia | 53,250 | 2,950 | 16,200 | 1,500 | 32,600 | - |
| Solomon Islands | 150 | 150 | - | - | - | - |
| Suriname | 345 | 345 | - | - | - | - |
| Swaziland | 7,600 | 100 | - | 7,500 | - | - |
| Tajikistan | 32,120 | 14,940 | 4,600 | 4,200 | 7,580 | 800 |
| Togo | 220 | 100 | 120 | - | - | - |
| Tonga | 395 | 395 | - | - | - | - |
| Tunisia | 4,764 | 4,564 | 200 | - | - | - |
| Turkmenistan | 6,550 | 1,450 | 2,200 | 2,100 | 800 | - |
| Uganda | 329,250 | 4,750 | 4,100 | 292,750 | 27,650 | - |
| Ukraine | 84,000 | 35,900 | 20,400 | 11,000 | 15,500 | 1,200 |
| Uzbekistan | 9,374 | 1,500 | 3,150 | 2,830 | 1,494 | 400 |
| Vietnam | 94,715 | 1,315 | 800 | 87,700 | 4,900 | - |
| Yemen | 23,059 | 10,226 | 6,450 | 6,383 | - | - |
| Zambia | 336,193 | 400 | 500 | 308,270 | 11,817 | 15,206 |
| 3 Transforming | 1,284,002 | 118,946 | 58,749 | 947,726 | 155,782 | 2,799 |
| Benin | 10,974 | 150 | - | 10,824 | - | - |
| Bolivia | 111,713 | 48,213 | 24,300 | 21,500 | 15,700 | 2,000 |
| Brazil | 3,718 | 1,718 | - | 2,000 | - | - |
| Bulgaria | 15,200 | 15,200 | - | - | - | - |
| East Timor | 10,050 | 1,410 | 2,845 | - | 5,795 | - |
| El Salvador | 24,860 | 7,385 | 3,318 | 9,000 | 5,157 | - |
| Gambia | 120 | 120 | - | - | - | - |
| Ghana | 41,300 | 1,400 | 2,000 | 26,300 | 11,600 | - |
| Honduras | 38,961 | 1,830 | 5,850 | 20,350 | 10,931 | - |
| India | 81,000 | 4,400 | - | 75,700 | 900 | - |
| Lesotho | 7,550 | 50 | - | 7,500 | - | - |
| Madagascar | 33,450 | 350 | 1,500 | 18,601 | 12,600 | 399 |
| Mali | 29,080 | 250 | 2,350 | 19,480 | 7,000 | - |
| Mongolia | 8,840 | 2,640 | - | - | 6,200 | - |
| Mozambique | 281,435 | 800 | 2,045 | 243,650 | 34,740 | 200 |
| Namibia | 115,325 | 100 | - | 115,225 | - | - |
| Nicaragua | 29,375 | 2,175 | 4,000 | 11,700 | 11,300 | 200 |
| Philippines | 84,669 | 19,563 | 8,100 | 31,391 | 25,615 | - |
| Samoa | 40 | 40 | - | - | - | - |
| Sri Lanka | 6,950 | 3,450 | 1,367 | - | 2,133 | - |
| Tanzania | 341,550 | 900 | 1,074 | 333,465 | 6,111 | - |
| Thailand | 7,540 | 6,500 | - | 1,040 | - | - |
| Uruguay | 187 | 187 | - | - | - | - |
| Vanuatu | 115 | 115 | - | - | - | - |
| 4 Sustaining Partnership | 3,372,051 | 2,575,946 | 47,555 | 703,000 | 44,250 | 1,300 |
| Argentina | 2,022 | 2,022 | - | - | - | - |
| Bahamas | 1,200 | 1,200 | - | - | - | - |
| Bahrain | 7,300 | 6,200 | 1,100 | - | - | - |
| Belize | 370 | 370 | - | - | - | - |
| Botswana | 79,690 | 690 | - | 79,000 | - | - |
| Chile | 1,350 | 1,350 | - | - | - | - |
| Costa Rica | 187 | 187 | - | - | - | - |
| Croatia | 774 | 774 | - | - | - | - |
| Cyprus | 11,000 | 11,000 | - | - | - | - |
| Czech Republic | 4,300 | 4,300 | - | - | - | - |
| Eastern Caribbean | 1,630 | 1,630 | - | - | - | - |
| Equatorial Guinea | 45 | 45 | - | - | - | - |
| Estonia | 4,100 | 4,100 | - | - | - | - |
| Gabon | 200 | 200 | - | - | - | - |
| Greece | 590 | 590 | - | - | - | - |
| Hungary | 3,200 | 3,200 | - | - | - | - |
| Ireland | 1,000 | 500 | - | - | 500 | - |
| Israel | 2,400,500 | 2,400,500 | - | - | - | - |
| Kuwait | 485 | 15 | 470 | - | - | - |
| Latvia | 4,100 | 4,100 | - | - | - | - |
| Lebanon | 59,776 | 17,676 | 10,000 | 6,500 | 25,600 | - |

Country/Category by Objective

FY 2008 Request

(\$ Thousand)

| | TOTAL | Peace and Security | Governing Justly and Democratically | Investing in People | Economic Growth | Humanitarian Assistance |
|---|------------------|--------------------|-------------------------------------|---------------------|-----------------|-------------------------|
| Marshall Islands | 60 | 60 | - | - | - | - |
| Mauritius | 340 | 150 | 190 | - | - | - |
| Mexico | 45,124 | 24,579 | 9,495 | 5,200 | 5,650 | 200 |
| Oman | 13,505 | 13,505 | - | - | - | - |
| Panama | 2,285 | 2,285 | - | - | - | - |
| Poland | 29,200 | 29,200 | - | - | - | - |
| Portugal | 690 | 690 | - | - | - | - |
| Qatar | 285 | 285 | - | - | - | - |
| Russia | 52,200 | 7,600 | 26,200 | 17,300 | - | 1,100 |
| Saudi Arabia | 115 | 115 | - | - | - | - |
| Seychelles | 100 | 100 | - | - | - | - |
| Singapore | 725 | 725 | - | - | - | - |
| Slovakia | 4,100 | 4,100 | - | - | - | - |
| Slovenia | 1,385 | 1,385 | - | - | - | - |
| South Africa | 609,000 | 2,200 | 100 | 595,000 | 11,700 | - |
| Taiwan | 775 | 775 | - | - | - | - |
| Trinidad and Tobago | 1,478 | 1,478 | - | - | - | - |
| Turkey | 18,375 | 17,575 | - | - | 800 | - |
| United Arab Emirates | 615 | 615 | - | - | - | - |
| 5 Restrictive | 248,830 | 4,200 | 157,975 | 40,375 | 19,425 | 26,855 |
| 6 Regional | 577,016 | 76,893 | 70,649 | 206,450 | 219,524 | 3,500 |
| Africa Regional | 28,583 | 21,333 | 2,300 | 4,950 | - | - |
| Africa Regional - USAID | 180,180 | 5,850 | 6,100 | 121,955 | 46,275 | - |
| Asia and Near East Regional | 11,065 | 225 | 1,025 | 5,440 | 4,375 | - |
| Caribbean Regional | 9,310 | - | - | 5,000 | 4,310 | - |
| Central Africa Regional | 11,300 | - | - | - | 11,300 | - |
| Central America Regional | 10,700 | - | 1,650 | 4,000 | 5,050 | - |
| Central Asia Regional | 2,500 | - | 400 | 700 | 1,400 | - |
| East Africa Regional | 24,320 | 7,360 | 1,000 | 5,760 | 10,200 | - |
| East Asia and Pacific Regional | 29,365 | 5,600 | 1,070 | 200 | 22,385 | 110 |
| Eurasia Regional | 22,219 | 7,410 | 4,790 | 2,749 | 4,970 | 2,300 |
| Europe Regional | 21,704 | 10,565 | 3,869 | 1,675 | 5,595 | - |
| Latin America and Caribbean Regional | 38,400 | - | 1,935 | 10,871 | 25,594 | - |
| Middle East Regional | 3,800 | 2,500 | 300 | 1,000 | - | - |
| Near East Regional | 75,000 | - | 40,770 | 16,040 | 18,190 | - |
| Regional Development Mission - Asia | 20,400 | - | - | 11,550 | 8,850 | - |
| South America Regional | 1,500 | - | - | - | 1,500 | - |
| South and Central Asia Regional | 1,120 | 400 | - | 720 | - | - |
| South Asia Regional | 2,700 | - | - | - | 2,700 | - |
| Southern Africa Regional | 14,600 | - | 2,000 | 2,000 | 10,600 | - |
| West Africa Regional | 40,100 | 13,900 | - | 11,500 | 14,700 | - |
| Western Hemisphere Regional | 28,150 | 1,750 | 3,440 | 340 | 21,530 | 1,090 |
| 7 Global | 3,974,832 | 623,430 | 103,170 | 1,338,578 | 266,924 | 1,642,730 |
| Avian Influenza | 100,000 | - | - | 100,000 | - | - |
| Coordinator for Counterterrorism (CT) | 41,600 | 41,600 | - | - | - | - |
| DCHA Contingency | 835,900 | 16,790 | 15,410 | - | - | 803,700 |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 65,050 | 6,200 | 18,270 | 26,000 | 5,000 | 9,580 |
| Democracy, Human Rights, and Labor (DRL) | 35,000 | - | 35,000 | - | - | - |
| Economic Growth, Agriculture and Trade (EGAT) | 104,300 | 1,100 | 2,000 | 14,631 | 86,569 | - |
| Global Development Alliances (GDA) | 7,500 | - | - | 1,720 | 5,780 | - |
| Global Health (GH) | 438,619 | - | - | 438,619 | - | - |
| International Narcotics and Law Enforcement (INL) | 131,100 | 121,285 | 9,815 | - | - | - |
| International Organizations (IO) | 289,400 | 4,950 | 22,675 | 123,000 | 135,775 | 3,000 |
| International Partnerships | 97,108 | - | - | 97,108 | - | - |
| International Security and Nonproliferation (ISN) | 168,500 | 168,500 | - | - | - | - |
| Oceans and International Environment and Scientific Affairs (OES) | 34,300 | - | - | 500 | 33,800 | - |
| Office of the U.S. Global AIDS Coordinator | 537,000 | - | - | 537,000 | - | - |
| Office to Monitor and Combat Trafficking in Persons | 6,700 | 6,700 | - | - | - | - |
| Political-Military Affairs (PM) | 254,255 | 254,255 | - | - | - | - |
| Population, Refugees, and Migration (PRM) | 828,500 | 2,050 | - | - | - | 826,450 |

Note: USAID Admin, International Financial Institutions, and Independent Departments and Agencies are not included.

P.L. 480 Title II - Dollars (Thousands)

| Region/Country | FY 2006 Final Program Levels | | | | | FY 2007 Estimate | FY 2008 Request a/ | | | | |
|---------------------------------|------------------------------|----------------|----------------|----------------|---------------|------------------|--------------------|----------------|---------------|---------------|----------|
| | Total | Transport | Commodity b/ | | | Total | Total | Transport | Commodity b/ | | |
| | | | PVO/CDO | WFP c/ | IEFR d/ | | | | PVO/CDO | WFP c/ | IEFR d/ |
| ASIA/NEAR EAST | 171,420 | 76,511 | 57,250 | 32,837 | 4,822 | + | 54,500 | 32,700 | 21,800 | 0 | 0 |
| Afghanistan* | 60,031 | 36,422 | 0 | 23,609 | 0 | + | 10,000 | 6,000 | 4,000 | 0 | 0 |
| Bangladesh | 30,208 | 11,733 | 18,475 | 0 | 0 | + | 31,000 | 18,600 | 12,400 | 0 | 0 |
| East Timor* | 1,182 | 651 | 0 | 531 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| India | 43,502 | 10,844 | 32,658 | 0 | 0 | + | 13,500 | 8,100 | 5,400 | 0 | 0 |
| Indonesia* | 12,886 | 5,883 | 6,117 | 886 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Lebanon* | 281 | 176 | 0 | 0 | 105 | + | 0 | 0 | 0 | 0 | 0 |
| Nepal* | 1,213 | 336 | 0 | 877 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Pakistan* | 17,675 | 8,191 | 0 | 4,767 | 4,717 | + | 0 | 0 | 0 | 0 | 0 |
| West Bank/Gaza* | 4,442 | 2,275 | 0 | 2,167 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| EUROPE & EURASIA | 17,200 | 8,108 | 3,802 | 5,290 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Azerbaijan* | 1,954 | 979 | 0 | 975 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Georgia* | 1,416 | 706 | 0 | 710 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Tajikistan* | 13,830 | 6,423 | 3,802 | 3,605 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| LATIN AMERICA | 109,613 | 39,392 | 64,652 | 4,003 | 1,565 | + | 77,500 | 46,500 | 31,000 | 0 | 0 |
| Bolivia | 15,953 | 7,420 | 8,533 | 0 | 0 | + | 13,000 | 7,800 | 5,200 | 0 | 0 |
| Colombia* | 2,973 | 1,593 | 0 | 1,380 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| El Salvador* | 856 | 377 | 0 | 479 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Guatemala* | 19,515 | 6,622 | 11,019 | 309 | 1,565 | + | 14,000 | 8,400 | 5,600 | 0 | 0 |
| Haiti* | 35,955 | 13,070 | 21,934 | 951 | 0 | + | 34,500 | 20,700 | 13,800 | 0 | 0 |
| Honduras* | 13,105 | 4,408 | 8,315 | 383 | 0 | + | 10,000 | 6,000 | 4,000 | 0 | 0 |
| Nicaragua* | 13,006 | 4,420 | 8,084 | 503 | 0 | + | 6,000 | 3,600 | 2,400 | 0 | 0 |
| Peru | 8,250 | 1,482 | 6,767 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| AFRICA | 1,200,872 | 805,886 | 185,189 | 134,472 | 75,325 | + | 467,500 | 280,500 | 89,000 | 98,000 | 0 |
| Angola* | 3,493 | 2,026 | 0 | 1,467 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Benin | 1,591 | 608 | 983 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Burkina Faso | 17,709 | 8,086 | 9,623 | 0 | 0 | + | 10,000 | 6,000 | 4,000 | 0 | 0 |
| Burundi* | 14,669 | 9,364 | 0 | 5,305 | 0 | + | 5,000 | 3,000 | 2,000 | 0 | 0 |
| Cape Verde | 5,195 | 1,601 | 3,594 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Central African Republic (CAR)* | 566 | 390 | 0 | 176 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Chad* | 26,475 | 19,443 | 1,459 | 312 | 5,261 | + | 5,000 | 3,000 | 2,000 | 0 | 0 |
| Congo-Brazzaville* | 784 | 485 | 0 | 299 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Congo-Democratic Republic* | 39,898 | 27,953 | 2,047 | 9,898 | 0 | + | 10,000 | 6,000 | 4,000 | 0 | 0 |
| Cote d'Ivoire* | 3,439 | 2,116 | 0 | 1,323 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Djibouti* | 2,094 | 1,133 | 0 | 0 | 961 | + | 0 | 0 | 0 | 0 | 0 |
| Eritrea* | 2,432 | 17 | 2,415 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Ethiopia* | 144,504 | 77,715 | 36,286 | 30,503 | 0 | + | 25,000 | 15,000 | 10,000 | 0 | 0 |
| Gambia | 3,034 | 667 | 2,367 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Ghana | 22,656 | 8,606 | 14,050 | 0 | 0 | + | 7,000 | 4,200 | 2,800 | 0 | 0 |

P.L. 480 Title II - Dollars (Thousands)

| Region/Country | FY 2006 Final Program Levels | | | | | FY 2007 Estimate | FY 2008 Request a/ | | | | |
|---|------------------------------|----------------|----------------|----------------|---------------|------------------|--------------------|----------------|----------------|---------------|----------|
| | Total | Transport | Commodity b/ | | | Total | Total | Transport | Commodity b/ | | |
| | | | PVO/CDO | WFP c/ | IEFR d/ | | | | PVO/CDO | WFP c/ | IEFR d/ |
| Guinea* | 8,331 | 3,739 | 2,668 | 1,924 | 0 | + | 3,000 | 1,800 | 1,200 | 0 | 0 |
| Kenya* | 92,465 | 50,038 | 5,806 | 6,202 | 30,419 | + | 7,000 | 4,200 | 2,800 | 0 | 0 |
| Liberia* | 26,971 | 16,062 | 1,900 | 9,009 | 0 | + | 9,000 | 5,400 | 3,600 | 0 | 0 |
| Madagascar | 16,426 | 5,467 | 10,959 | 0 | 0 | + | 15,000 | 9,000 | 6,000 | 0 | 0 |
| Malawi | 7,838 | 3,304 | 4,534 | 0 | 0 | + | 18,000 | 10,800 | 7,200 | 0 | 0 |
| Mali* | 6,361 | 3,810 | 1,083 | 1,468 | 0 | + | 2,000 | 1,200 | 800 | 0 | 0 |
| Mauritania* | 6,066 | 3,442 | 1,152 | 1,472 | 0 | + | 5,000 | 3,000 | 2,000 | 0 | 0 |
| Mozambique | 15,601 | 5,520 | 10,081 | 0 | 0 | + | 20,000 | 12,000 | 8,000 | 0 | 0 |
| Niger* | 19,445 | 11,784 | 2,423 | 5,187 | 52 | + | 15,000 | 9,000 | 6,000 | 0 | 0 |
| Rwanda* | 20,430 | 10,201 | 6,743 | 3,486 | 0 | + | 10,000 | 6,000 | 4,000 | 0 | 0 |
| Senegal | 4,503 | 1,535 | 2,968 | 0 | 0 | + | 3,500 | 2,100 | 1,400 | 0 | 0 |
| Sierra Leone* | 12,472 | 4,593 | 6,696 | 1,183 | 0 | + | 12,000 | 7,200 | 4,800 | 0 | 0 |
| Somalia* | 81,377 | 60,230 | 13,765 | 7,382 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Southern Africa (crisis response)* | 150,783 | 97,468 | 24,969 | 28,346 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Sudan* | 370,207 | 323,493 | 8,082 | 0 | 38,632 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| Tanzania* | 13,711 | 9,347 | 0 | 4,364 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Uganda* | 54,861 | 33,110 | 6,984 | 14,767 | 0 | + | 23,000 | 13,800 | 9,200 | 0 | 0 |
| Zambia* | 4,489 | 2,534 | 1,552 | 403 | 0 | + | 18,000 | 10,800 | 7,200 | 0 | 0 |
| Prepositioned Stocks* | 0 | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| WORLDWIDE TOTAL | 1,499,105 | 929,897 | 310,893 | 176,602 | 81,712 | + | 599,500 | 359,700 | 141,800 | 98,000 | 0 |
| * Includes emergency program. Emergency levels are detailed in separate table (EMERGENCY PROGRAMS) below. | | | | | | | | | | | |
| EMERGENCY PROGRAMS | | | | | | | | | | | |
| ASIA/NEAR EAST | 87,821 | 50,163 | 0 | 32,837 | 4,822 | + | 0 | 0 | 0 | 0 | 0 |
| Afghanistan | 60,031 | 36,422 | 0 | 23,609 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| East Timor | 1,182 | 651 | 0 | 531 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Indonesia | 2,998 | 2,112 | 0 | 886 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Lebanon | 281 | 176 | 0 | 0 | 105 | + | 0 | 0 | 0 | 0 | 0 |
| Nepal | 1,213 | 336 | 0 | 877 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Pakistan | 17,675 | 8,191 | 0 | 4,767 | 4,717 | + | 0 | 0 | 0 | 0 | 0 |
| West Bank/Gaza | 4,442 | 2,275 | 0 | 2,167 | 0 | + | 0 | 0 | 0 | 0 | 0 |

P.L. 480 Title II - Dollars (Thousands)

| Region/Country | FY 2006 Final Program Levels | | | | | FY 2007 Estimate | FY 2008 Request a/ | | | | |
|-----------------------------------|------------------------------|----------------|---------------|----------------|---------------|------------------|--------------------|----------------|--------------|---------------|----------|
| | Total | Transport | Commodity b/ | | | Total | Total | Transport | Commodity b/ | | |
| | | | PVO/CDO | WFP c/ | IEFR d/ | | | | PVO/CDO | WFP c/ | IEFR d/ |
| EUROPE & EURASIA | 10,951 | 5,662 | 0 | 5,290 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Azerbaijan | 1,954 | 979 | 0 | 975 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Georgia | 1,416 | 706 | 0 | 710 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Tajikistan | 7,582 | 3,978 | 0 | 3,605 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| LATIN AMERICA | 15,333 | 8,294 | 1,471 | 4,003 | 1,565 | + | 0 | 0 | 0 | 0 | 0 |
| Colombia | 2,973 | 1,593 | 0 | 1,380 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| El Salvador | 856 | 377 | 0 | 479 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Guatemala | 7,559 | 4,213 | 1,471 | 309 | 1,565 | + | 0 | 0 | 0 | 0 | 0 |
| Haiti | 2,355 | 1,404 | 0 | 951 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Honduras | 665 | 283 | 0 | 383 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Nicaragua | 926 | 423 | 0 | 503 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| AFRICA | 1,043,865 | 743,888 | 90,181 | 134,472 | 75,325 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| Angola | 3,493 | 2,026 | 0 | 1,467 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Burundi | 14,669 | 9,364 | 0 | 5,305 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Central African Republic | 565 | 390 | 0 | 176 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Chad | 23,749 | 18,176 | 0 | 312 | 5,261 | + | 0 | 0 | 0 | 0 | 0 |
| Congo-Brazzaville | 784 | 485 | 0 | 299 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Congo-Democratic Republic | 39,898 | 27,953 | 2,047 | 9,898 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Cote d'Ivoire | 3,439 | 2,116 | 0 | 1,323 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Djibouti | 2,094 | 1,133 | 0 | 0 | 961 | + | 0 | 0 | 0 | 0 | 0 |
| Eritrea | 2,432 | 17 | 2,415 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Ethiopia | 139,668 | 75,368 | 33,797 | 30,503 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Guinea | 4,798 | 2,874 | 0 | 1,924 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Kenya | 82,397 | 45,776 | 0 | 6,202 | 30,419 | + | 0 | 0 | 0 | 0 | 0 |
| Liberia | 26,971 | 16,062 | 1,900 | 9,009 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Mali | 6,361 | 3,810 | 1,083 | 1,468 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Mauritania | 4,373 | 2,901 | 0 | 1,472 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Niger | 16,697 | 10,520 | 938 | 5,187 | 52 | + | 0 | 0 | 0 | 0 | 0 |
| Rwanda | 7,967 | 4,481 | 0 | 3,486 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Sierra Leone | 4,699 | 2,332 | 1,185 | 1,183 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Somalia | 81,377 | 60,230 | 13,765 | 7,382 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Southern Africa (crisis response) | 150,783 | 97,468 | 24,969 | 28,346 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Sudan | 370,208 | 323,493 | 8,082 | 0 | 38,632 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| Tanzania | 13,711 | 9,347 | 0 | 4,364 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Uganda | 41,203 | 26,436 | 0 | 14,767 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Zambia | 1,533 | 1,130 | 0 | 403 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Prepositioned Stocks | 0 | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |

P.L. 480 Title II - Dollars (Thousands)

| Region/Country | FY 2006 Final Program Levels | | | | | FY 2007 Estimate | FY 2008 Request a/ | | | | |
|----------------------------------|------------------------------|----------------|----------------|----------------|---------------|------------------|--------------------|----------------|----------------|---------------|----------|
| | Total | Transport | Commodity b/ | | IEFR d/ | Total | Total | Transport | Commodity b/ | | IEFR d/ |
| | | | PVO/CDO | WFP c/ | | | | | PVO/CDO | WFP c/ | |
| Worldwide Emergency Total | 1,157,972 | 808,006 | 91,652 | 176,601 | 81,712 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| WORLDWIDE | 1,499,101 | 929,896 | 310,891 | 176,602 | 81,712 | + | 599,500 | 359,700 | 141,800 | 98,000 | 0 |
| Regular | 341,129 | 121,890 | 219,239 | 0 | 0 | + | 354,500 | 212,700 | 141,800 | 0 | 0 |
| Emergency | 1,157,972 | 808,006 | 91,652 | 176,601 | 81,712 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| ASIA/NEAR EAST | 171,419 | 76,510 | 57,250 | 32,837 | 4,822 | + | 54,500 | 32,700 | 21,800 | 0 | 0 |
| Regular | 83,597 | 26,347 | 57,250 | 0 | 0 | + | 54,500 | 32,700 | 21,800 | 0 | 0 |
| Emergency | 87,822 | 50,163 | 0 | 32,837 | 4,822 | + | 0 | 0 | 0 | 0 | 0 |
| EUROPE & EURASIA | 17,199 | 8,107 | 3,802 | 5,290 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Regular | 6,248 | 2,446 | 3,802 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| Emergency | 10,951.3 | 5,662 | 0 | 5,290 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| LATIN AMERICA | 109,613 | 39,393 | 64,652 | 4,003 | 1,565 | + | 77,500 | 46,500 | 31,000 | 0 | 0 |
| Regular | 94,280 | 31,099 | 63,181 | 0 | 0 | + | 77,500 | 46,500 | 31,000 | 0 | 0 |
| Emergency | 15,333 | 8,294 | 1,471 | 4,003 | 1,565 | + | 0 | 0 | 0 | 0 | 0 |
| AFRICA | 1,200,870 | 805,886 | 185,189 | 134,472 | 75,325 | + | 467,500 | 280,500 | 89,000 | 98,000 | 0 |
| Regular | 157,004 | 61,998 | 95,006 | 0 | 0 | + | 222,500 | 133,500 | 89,000 | 0 | 0 |
| Emergency | 1,043,866 | 743,888 | 90,181 | 134,472 | 75,325 | + | 245,000 | 147,000 | 0 | 98,000 | 0 |
| Prepositioned Stocks | 0 | 0 | 0 | 0 | 0 | + | 0 | 0 | 0 | 0 | 0 |
| UNALLOCATED BALANCE: | | | | | | | | | | | |
| Total | 157,700 | | | | | + | 619,900 | | | | |
| Regular | 0 | | | | | + | 0 | | | | |
| PVO Emergency | 0 | | | | | + | 0 | | | | |
| WFP Pledge | 0 | | | | | + | 0 | | | | |
| Emergency & WFP PRROs | 0 | | | | | + | 0 | | | | |
| Overall Title II e/ | 157,700 | | | | | + | 619,900 | | | | |

P.L. 480 Title II - Dollars (Thousands)

| Region/Country | FY 2006 Final Program Levels | | | | FY 2007 Estimate | FY 2008 Request a/ | | | | |
|--|------------------------------|-----------|--------------|--------|------------------|--------------------|------------------|--------------|--------|------------------|
| | Total | Transport | Commodity b/ | | Total | Total | Transport | Commodity b/ | | |
| | | | PVO/CDO | WFP c/ | IEFR d/ | | | PVO/CDO | WFP c/ | IEFR d/ |
| Total Adjustments: | -168,301 | | | | | + | 0 | | | |
| Section 202(e) | 26,032 | | | | | + | 63,650 | | | |
| Farmer-to-Farmer (FTF) f/ | 10,000 | | | | | + | 10,000 | | | |
| Intern. Food Relief Partn. Act | 7,000 | | | | | + | 7,000 | | | |
| Administrative support | 9,000 | | | | | + | 9,350 | | | |
| Prior Year Recoveries and other adjustments g/ | (250,333) | | | | | + | (90,000) | | | |
| Carry-Out (estimated) | 80,000 | | | | | + | 0 | | | |
| Carry-In | (50,000) | | | | | + | 0 | | | |
| PROGRAM TOTAL h/ | 1,488,500 | | | | | | 1,223,100 | | | 1,219,400 |
| Supplemental Request | | | | | | | | | | |
| Sudan/Darfur/Chad | | | | | | | 150,000 | | | |
| Afghanistan | | | | | | | 30,000 | | | |
| Other | | | | | | | 170,000 | | | |
| Supplemental Request Total | | | | | | | 350,000 | | | |
| <p><i>Note: A regular FY 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution. The amounts included for FY 2007 in this budget reflect the levels provided under the continuing resolution. Country allocations for FY 2007 will be made once a FY 2007 appropriation bill is enacted.</i></p> | | | | | | | | | | |
| <p>a/ FY 2008 country totals are inclusive of 202(e). Country levels may be adjusted throughout the fiscal year where approved levels are increased from the unallocated balance.</p> | | | | | | | | | | |
| <p>b/ Based on seasonal estimated average prices provided by USDA/FAS Sept 2006.</p> | | | | | | | | | | |
| <p>c/ USAID approves World Food Program (WFP) distribution to assure compliance with all laws and provides broad financial overview to ensure proper accounting of U.S. funds.</p> | | | | | | | | | | |
| <p>d/ International Emergency Food Reserve (IEFR), implemented by WFP.</p> | | | | | | | | | | |
| <p>e/ These funds will be used for non-emergency programs unless they are required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the applicable fiscal year.</p> | | | | | | | | | | |
| <p>f/ This figure includes the Title II portion of the Farmer-to-Farmer (FTF) P.L. 480 contribution.</p> | | | | | | | | | | |
| <p>g/ Prior year recoveries also include confirmed fallout, commodity cost savings, freight cost over-runs and Maritime Administration reimbursements for cargo preference premiums.</p> | | | | | | | | | | |
| <p>h/ FY 2006 Base Appropriation of \$1,138.5 million was increased to include \$350 million of emergency supplemental for Sudan and major emergencies.</p> | | | | | | | | | | |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|----------------------------------|------------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|--------|---------|---------|---------|---------|-----------|--------|-----------|
| Africa | 21,840,171 | 727,155 | 357,390 | 508,860 | 1,591,425 | 1,508,760 | 2,616,075 | 4,464,900 | 1,975,050 | 85,877 | 472,428 | 783,090 | 405,999 | 173,250 | 1,138,500 | 39,600 | 4,991,812 |
| Angola | 32,171 | - | - | - | 13,634 | 5,468 | 2,970 | - | - | 486 | - | - | 6,120 | - | 3,493 | - | - |
| Benin | 16,731 | - | - | - | 7,606 | 4,378 | - | - | - | 145 | - | - | - | - | 1,591 | - | 3,011 |
| Botswana | 43,231 | - | - | - | - | - | - | - | 41,000 | 760 | - | - | - | - | - | - | 1,471 |
| Burkina Faso | 20,611 | - | - | - | - | - | - | - | - | 123 | - | - | - | - | 17,709 | - | 2,779 |
| Burundi | 25,488 | - | - | - | 2,570 | 2,917 | 3,811 | - | - | 140 | - | - | - | - | 14,669 | 1,381 | - |
| Cameroon | 3,225 | - | - | - | - | - | - | - | - | 231 | - | - | - | - | - | - | 2,994 |
| Cape Verde | 7,011 | - | - | - | - | - | - | - | - | 124 | - | - | - | - | 5,195 | - | 1,692 |
| Central African Republic | 670 | - | - | - | - | - | - | - | - | 105 | - | - | - | - | 565 | - | - |
| Chad | 30,539 | - | - | - | - | - | - | - | - | 342 | - | - | 2,405 | - | 26,475 | - | 1,317 |
| Comoros | 53 | - | - | - | - | - | - | - | - | 53 | - | - | - | - | - | - | - |
| Cote d'Ivoire | 33,676 | - | - | - | - | - | - | - | 30,137 | - | - | - | 100 | - | 3,439 | - | - |
| Democratic Republic of the Congo | 90,176 | - | - | - | 23,537 | 21,447 | 4,950 | - | - | 306 | - | - | - | - | 39,898 | 38 | - |
| Djibouti | 11,431 | - | - | - | - | - | 4,950 | 3,960 | - | 307 | - | - | 120 | - | 2,094 | - | - |
| Eritrea | 2,832 | - | - | - | - | - | - | - | - | - | - | - | 400 | - | 2,432 | - | - |
| Ethiopia | 307,850 | - | - | - | 30,692 | 31,910 | 9,900 | 1,980 | 109,500 | 594 | - | - | 270 | - | 123,004 | - | - |
| Gabon | 231 | - | - | - | - | - | - | - | - | 231 | - | - | - | - | - | - | - |
| Gambia | 5,202 | - | - | - | - | - | - | - | - | 72 | - | - | - | - | 3,034 | - | 2,096 |
| Ghana | 72,104 | - | - | - | 18,157 | 27,354 | - | 495 | - | 645 | - | - | 100 | - | 22,656 | - | 2,697 |
| Guinea | 27,139 | - | - | - | 7,001 | 9,140 | - | - | - | 376 | - | - | - | - | 8,330 | - | 2,292 |
| Guinea-Bissau | 136 | - | - | - | - | - | - | - | - | 136 | - | - | - | - | - | - | - |
| Kenya | 272,677 | - | - | - | 17,840 | 21,615 | 6,420 | - | 175,950 | - | - | - | 4,763 | - | 42,965 | - | 3,124 |
| Lesotho | 2,297 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,297 |
| Liberia | 105,997 | - | - | - | 2,867 | 23,726 | 42,719 | 1,980 | - | 130 | 990 | - | 220 | - | 26,971 | 6,394 | - |
| Madagascar | 40,666 | - | - | - | 11,526 | 10,266 | - | - | - | 231 | - | - | - | - | 16,426 | - | 2,217 |
| Malawi | 50,047 | - | - | - | 21,125 | 18,632 | - | - | - | 345 | - | - | - | - | 7,838 | - | 2,107 |
| Mali | 42,483 | - | - | - | 16,554 | 15,349 | - | - | - | - | - | - | 564 | - | 6,361 | - | 3,655 |
| Mauritania | 8,960 | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,065 | - | 2,895 |
| Mauritius | 1,029 | - | - | - | - | - | - | - | - | 126 | - | - | 903 | - | - | - | - |
| Mozambique | 130,791 | - | - | - | 17,262 | 13,407 | - | - | 79,600 | 245 | - | - | 2,344 | - | 15,601 | - | 2,332 |
| Namibia | 62,395 | - | - | - | 1,168 | 7,079 | - | - | 51,500 | - | - | - | - | - | - | - | 2,648 |
| Niger | 23,162 | - | - | - | - | - | - | - | - | - | - | - | 905 | - | 19,445 | - | 2,812 |
| Nigeria | 180,354 | - | - | - | 21,544 | 12,488 | 4,950 | 990 | 138,600 | 792 | 990 | - | - | - | - | - | - |
| Republic of the Congo | 939 | - | - | - | - | - | - | - | - | 155 | - | - | - | - | 784 | - | - |
| Rwanda | 95,259 | - | - | - | 7,284 | 7,257 | - | - | 60,000 | 288 | - | - | - | - | 20,430 | - | - |
| Sao Tome and Principe | 289 | - | - | - | - | - | - | - | - | 289 | - | - | - | - | - | - | - |
| Senegal | 51,245 | - | - | - | 14,001 | 25,909 | - | 495 | - | 1,089 | - | - | 1,200 | - | 4,503 | - | 4,048 |
| Seychelles | 103 | - | - | - | - | - | - | - | - | 103 | - | - | - | - | - | - | - |
| Sierra Leone | 29,538 | - | - | - | - | 3,756 | 13,000 | - | - | 311 | - | - | - | - | 12,471 | - | - |
| Somalia | 35,289 | - | - | - | - | 7,912 | - | - | - | - | - | - | - | - | 27,377 | - | - |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|-------------------------------------|----------------|----------|----------|----------|----------------|---------------|----------------|---------------|---------------|--------------|---------------|----------|---------------|----------|---------------|----------|---------------|
| South Africa | 227,587 | - | - | - | 5,070 | 25,662 | 1,287 | - | 191,553 | - | 594 | - | 39 | - | - | - | 3,382 |
| Sudan | 498,773 | - | - | - | 19,000 | 70,000 | 19,800 | - | - | - | - | - | 3,020 | 70,000 | 145,208 | 6,755 | 164,990 |
| Swaziland | 2,005 | - | - | - | - | - | - | - | - | 123 | - | - | - | - | - | - | 1,882 |
| Tanzania | 154,013 | - | - | - | 21,954 | 12,617 | - | - | 100,312 | - | - | - | 2,701 | - | 13,711 | - | 2,718 |
| Togo | 2,756 | - | - | - | - | - | - | - | - | 37 | - | - | 32 | - | - | - | 2,687 |
| Uganda | 246,232 | - | - | - | 20,648 | 23,414 | - | - | 145,000 | 340 | - | - | 140 | - | 54,862 | - | 1,828 |
| Zambia | 168,880 | - | - | - | 16,004 | 27,972 | - | - | 116,000 | 261 | - | - | 100 | - | 4,488 | - | 4,055 |
| Zimbabwe | 17,559 | - | - | - | 10,973 | 3,601 | 2,970 | - | - | - | - | - | - | - | - | 15 | - |
| Africa Regional | 158,117 | - | - | - | 28,204 | 68,949 | 15,408 | 3,960 | - | 136 | 594 | - | - | 40,866 | - | - | - |
| Central Africa Regional | 17,500 | - | - | - | - | 17,500 | - | - | - | - | - | - | - | - | - | - | - |
| East Africa Regional | 45,197 | - | - | - | 10,098 | 20,299 | - | - | - | - | - | - | - | - | - | - | 14,800 |
| Southern Africa Regional | 174,983 | - | - | - | 7,401 | 16,799 | - | - | - | - | - | - | - | - | 150,783 | - | - |
| West Africa Regional | 57,666 | - | - | - | 18,216 | 39,450 | - | - | - | - | - | - | - | - | - | - | - |
| East Asia & Pacific | 537,360 | - | - | - | 106,551 | 96,988 | 181,665 | 37,867 | 31,214 | 9,169 | 10,395 | - | 31,049 | - | 14,068 | - | 18,394 |
| Brunel | 18 | - | - | - | - | - | - | - | - | - | - | - | 18 | - | - | - | - |
| Burma | 10,890 | - | - | - | - | - | 10,890 | - | - | - | - | - | - | - | - | - | - |
| Cambodia | 56,014 | - | - | - | 28,556 | 5,483 | 14,850 | 990 | - | 54 | - | - | 5,000 | - | - | - | 1,081 |
| China | 10,593 | - | - | - | - | 4,950 | 3,960 | - | - | - | - | - | - | - | - | - | 1,683 |
| East Timor | 23,487 | - | - | - | - | - | 18,810 | 990 | - | 193 | 1,485 | - | - | - | 1,182 | - | 827 |
| Fiji | 2,561 | - | - | - | - | - | - | 494 | - | 235 | - | - | - | - | - | - | 1,832 |
| Indonesia | 157,168 | - | - | - | 28,017 | 33,199 | 69,300 | 990 | - | 938 | 4,950 | - | 6,888 | - | 12,886 | - | - |
| Kiribati | 1,362 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,362 |
| Laos | 4,290 | - | - | - | - | - | - | - | - | - | 990 | - | 3,300 | - | - | - | - |
| Malaysia | 2,417 | - | - | - | - | - | - | - | - | 891 | - | - | 1,526 | - | - | - | - |
| Mongolia | 13,008 | - | - | - | - | - | 7,425 | 2,970 | - | 866 | - | - | - | - | - | - | 1,747 |
| Papua New Guinea | 288 | - | - | - | - | - | - | - | - | 288 | - | - | - | - | - | - | - |
| Philippines | 115,954 | - | - | - | 24,651 | 24,212 | 24,750 | 29,700 | - | 2,926 | 1,980 | - | 4,968 | - | - | - | 2,767 |
| Samoa | 1,368 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,368 |
| Singapore | 140 | - | - | - | - | - | - | - | - | - | - | - | 140 | - | - | - | - |
| Solomon Islands | 171 | - | - | - | - | - | - | - | - | 149 | - | - | - | - | - | - | 22 |
| Taiwan | 450 | - | - | - | - | - | - | - | - | - | - | - | 450 | - | - | - | - |
| Thailand | 12,035 | - | - | - | - | - | 990 | 1,485 | - | 2,369 | 990 | - | 3,989 | - | - | - | 2,212 |
| Tonga | 1,732 | - | - | - | - | - | - | 248 | - | 113 | - | - | - | - | - | - | 1,371 |
| Vanuatu | 2,220 | - | - | - | - | - | - | - | - | 98 | - | - | - | - | - | - | 2,122 |
| Vietnam | 40,831 | - | - | - | - | 3,818 | 1,980 | - | 31,214 | 49 | - | - | 3,770 | - | - | - | - |
| East Asia and Pacific Regional | 29,710 | - | - | - | - | - | 28,710 | - | - | - | - | - | 1,000 | - | - | - | - |
| Asia and Near East Regional | 17,654 | - | - | - | 6,386 | 11,268 | - | - | - | - | - | - | - | - | - | - | - |
| Regional Development Mission - Asia | 32,999 | - | - | - | 18,941 | 14,058 | - | - | - | - | - | - | - | - | - | - | - |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|------------------------|-----------|-----|---------|---------|-------|-----|--------|---------|------|--------|-------|-----|--------|-----|--------|----|--------|
| Europe and Eurasia | 1,026,629 | - | 357,390 | 406,848 | 5,146 | 100 | 36,630 | 140,571 | - | 27,703 | - | - | 26,081 | - | 3,370 | - | 22,790 |
| Albania | 32,210 | - | 24,750 | - | - | - | - | 3,465 | - | 1,028 | - | - | 1,005 | - | - | - | 1,962 |
| Armenia | 76,312 | - | - | 69,000 | - | - | - | 3,960 | - | 838 | - | - | 700 | - | - | - | 1,814 |
| Azerbaijan | 47,873 | - | - | 34,205 | - | - | - | 3,960 | - | 823 | - | - | 5,064 | - | 1,954 | - | 1,867 |
| Belarus | 11,734 | - | - | 11,484 | - | - | - | - | - | - | - | - | 250 | - | - | - | - |
| Bosnia and Herzegovina | 51,022 | - | 39,600 | - | - | - | - | 8,910 | - | 973 | - | - | 1,539 | - | - | - | - |
| Bulgaria | 35,177 | - | 20,100 | - | - | - | - | 9,900 | - | 1,580 | - | - | 400 | - | - | - | 3,197 |
| Croatia | 16,150 | - | 14,850 | - | - | - | - | - | - | - | - | - | 1,300 | - | - | - | - |
| Cyprus | 20,150 | - | - | - | - | - | 19,800 | - | - | - | - | - | 350 | - | - | - | - |
| Czech Republic | 5,993 | - | - | - | - | - | - | 3,957 | - | 2,036 | - | - | - | - | - | - | - |
| Estonia | 5,797 | - | - | - | - | - | - | 4,451 | - | 1,296 | - | - | 50 | - | - | - | - |
| Georgia | 87,392 | - | - | 67,780 | - | 100 | - | 11,880 | - | 1,275 | - | - | 3,137 | - | 1,416 | - | 1,804 |
| Greece | 573 | - | - | - | - | - | - | - | - | 573 | - | - | - | - | - | - | - |
| Hungary | 4,799 | - | - | - | - | - | - | 2,474 | - | 1,685 | - | - | 640 | - | - | - | - |
| Ireland | 16,830 | - | - | - | - | - | 16,830 | - | - | - | - | - | - | - | - | - | - |
| Kosovo | 77,800 | - | 77,700 | - | - | - | - | - | - | - | - | - | 100 | - | - | - | - |
| Latvia | 7,376 | - | - | - | - | - | - | 5,940 | - | 1,326 | - | - | 110 | - | - | - | - |
| Lithuania | 6,274 | - | - | - | - | - | - | 4,455 | - | 1,281 | - | - | 538 | - | - | - | - |
| Macedonia | 43,732 | - | 35,100 | - | - | - | - | 3,960 | - | 700 | - | - | 2,295 | - | - | - | 1,677 |
| Malta | 760 | - | - | - | - | - | - | - | - | - | - | - | 760 | - | - | - | - |
| Moldova | 22,027 | - | - | 17,820 | - | - | - | 495 | - | 989 | - | - | 320 | - | - | - | 2,403 |
| Montenegro | 15,000 | - | 15,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Poland | 31,840 | - | - | - | - | - | - | 29,700 | - | 2,140 | - | - | - | - | - | - | - |
| Portugal | 593 | - | - | - | - | - | - | - | - | 593 | - | - | - | - | - | - | - |
| Romania | 37,356 | - | 20,000 | - | - | - | - | 12,870 | - | 1,485 | - | - | - | - | - | - | 3,001 |
| Russia | 84,331 | - | - | 80,200 | 2,970 | - | - | - | - | 461 | - | - | 700 | - | - | - | - |
| Serbia | 71,010 | - | 69,450 | - | - | - | - | - | - | - | - | - | 1,560 | - | - | - | - |
| Slovakia | 5,328 | - | - | - | - | - | - | 3,960 | - | 962 | - | - | 406 | - | - | - | - |
| Slovenia | 1,439 | - | - | - | - | - | - | 494 | - | 895 | - | - | 50 | - | - | - | - |
| Turkey | 18,591 | - | - | - | - | - | - | 14,850 | - | 3,011 | - | - | 730 | - | - | - | - |
| Ukraine | 105,144 | - | - | 82,160 | 2,176 | - | - | 10,890 | - | 1,753 | - | - | 3,100 | - | - | - | 5,065 |
| Eurasia Regional | 44,199 | - | - | 44,199 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Europe Regional | 41,817 | - | 40,840 | - | - | - | - | - | - | - | - | - | 977 | - | - | - | - |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|--|-----------|-----|------|---------|---------|---------|-----------|-----------|------|--------|---------|-----|--------|-----|---------|-------|--------|
| Near East | 5,221,406 | - | - | - | - | 10,284 | 1,351,350 | 3,814,469 | - | 12,244 | 990 | - | 16,798 | - | 4,723 | 343 | 10,205 |
| Algeria | 823 | - | - | - | - | - | - | - | - | 823 | - | - | - | - | - | - | - |
| Bahrain | 19,005 | - | - | - | - | - | - | 15,593 | - | 651 | - | - | 2,761 | - | - | - | - |
| Egypt | 1,779,287 | - | - | - | - | - | 490,050 | 1,287,000 | - | 1,208 | - | - | 1,029 | - | - | - | - |
| Iraq | 60,390 | - | - | - | - | - | 55,440 | - | - | - | - | - | - | - | - | - | 4,950 |
| Israel | 2,495,326 | - | - | - | - | - | 237,600 | 2,257,200 | - | - | - | - | 526 | - | - | - | - |
| Jordan | 462,427 | - | - | - | - | - | 247,500 | 207,900 | - | 3,020 | - | - | 2,491 | - | - | - | 1,516 |
| Kuwait | 628 | - | - | - | - | - | - | - | - | - | - | - | 628 | - | - | - | - |
| Lebanon | 49,324 | - | - | - | - | 2,000 | 39,600 | 3,713 | - | 752 | - | - | 2,978 | - | 281 | - | - |
| Morocco | 38,937 | - | - | - | - | 8,284 | 10,890 | 12,375 | - | 1,884 | 990 | - | 775 | - | - | - | 3,739 |
| Oman | 15,395 | - | - | - | - | - | - | 13,860 | - | 1,135 | - | - | 400 | - | - | - | - |
| Qatar | 906 | - | - | - | - | - | - | - | - | - | - | - | 906 | - | - | - | - |
| Saudi Arabia | 1,577 | - | - | - | - | - | - | - | - | - | - | - | 1,577 | - | - | - | - |
| Tunisia | 10,285 | - | - | - | - | - | - | 8,413 | - | 1,847 | - | - | 25 | - | - | - | - |
| United Arab Emirates | 961 | - | - | - | - | - | - | - | - | - | - | - | 961 | - | - | - | - |
| West Bank and Gaza | 153,285 | - | - | - | - | - | 148,500 | - | - | - | - | - | - | - | 4,442 | 343 | - |
| Yemen | 18,700 | - | - | - | - | - | 7,920 | 8,415 | - | 924 | - | - | 1,441 | - | - | - | - |
| Near East Regional | 114,150 | - | - | - | - | - | 113,850 | - | - | - | - | - | 300 | - | - | - | - |
| South and Central Asia | 2,084,389 | - | - | 102,012 | 168,381 | 248,639 | 747,470 | 305,118 | - | 9,085 | 267,620 | - | 57,536 | - | 166,457 | 3,497 | 8,574 |
| Afghanistan | 967,780 | - | - | - | 41,449 | 174,021 | 428,600 | - | - | 979 | 232,650 | - | 30,050 | - | 60,031 | - | - |
| Azerbaijan | 1,867 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,867 |
| Bangladesh | 85,275 | - | - | - | 31,509 | 10,889 | 4,950 | 990 | - | 930 | - | - | 5,094 | - | 30,207 | - | 706 |
| India | 124,949 | - | - | - | 52,815 | 19,700 | 4,950 | - | - | 1,272 | - | - | 2,711 | - | 43,501 | - | - |
| Kazakhstan | 33,783 | - | - | 24,750 | - | - | - | 3,465 | - | 995 | - | - | 2,041 | - | - | - | 2,532 |
| Kyrgyz Republic | 36,525 | - | - | 29,029 | - | - | - | 1,881 | - | 887 | - | - | 2,917 | - | - | - | 1,811 |
| Maldives | 173 | - | - | - | - | - | - | - | - | 173 | - | - | - | - | - | - | - |
| Nepal | 35,582 | - | - | - | 18,613 | 8,393 | 4,950 | - | - | 644 | - | - | - | - | 1,213 | 1,769 | - |
| Pakistan | 706,609 | - | - | - | 22,757 | 26,990 | 296,595 | 297,000 | - | 2,037 | 34,970 | - | 8,585 | - | 17,675 | - | - |
| Sri Lanka | 14,527 | - | - | - | - | 3,705 | 3,960 | 990 | - | 529 | - | - | 3,615 | - | - | 1,728 | - |
| Tajikistan | 40,403 | - | - | 23,760 | - | - | - | 495 | - | 348 | - | - | 1,970 | - | 13,830 | - | - |
| Turkmenistan | 7,596 | - | - | 4,950 | - | - | - | 297 | - | 291 | - | - | 400 | - | - | - | 1,658 |
| Uzbekistan | 17,820 | - | - | 17,820 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Central Asia Regional | 2,941 | - | - | 1,703 | 1,238 | - | - | - | - | - | - | - | - | - | - | - | - |
| South Asia Regional | 4,941 | - | - | - | - | 4,941 | - | - | - | - | - | - | - | - | - | - | - |
| South and Central Asia Regional | 3,618 | - | - | - | - | - | 3,465 | - | - | - | - | - | 153 | - | - | - | - |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|--------------------------------------|-----------|---------|------|-----|---------|---------|---------|---------|--------|--------|--------|-----|--------|-----|---------|--------|--------|
| Western Hemisphere | 1,639,779 | 683,325 | - | - | 140,861 | 262,360 | 120,456 | 109,950 | 65,300 | 12,876 | 63,535 | - | 13,710 | - | 109,613 | 13,623 | 44,170 |
| Argentina | 1,632 | - | - | - | - | - | - | - | - | 1,082 | - | - | 550 | - | - | - | - |
| Bahamas | 1,747 | - | - | - | - | - | - | 99 | - | 399 | 495 | - | 754 | - | - | - | - |
| Belize | 2,334 | - | - | - | - | - | - | 198 | - | 294 | - | - | - | - | - | - | 1,842 |
| Bolivia | 136,678 | 79,200 | - | - | 17,233 | 10,091 | 5,940 | - | - | - | - | - | - | - | 15,953 | 5,373 | 2,888 |
| Brazil | 13,559 | 5,940 | - | - | 3,605 | 2,899 | - | - | - | - | - | - | 1,115 | - | - | - | - |
| Chile | 1,708 | - | - | - | - | - | - | 592 | - | 646 | - | - | 470 | - | - | - | - |
| Colombia | 564,003 | 464,781 | - | - | - | - | - | 89,100 | - | 1,673 | - | - | 5,476 | - | 2,973 | - | - |
| Costa Rica | 1,731 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,731 |
| Cuba | 10,894 | - | - | - | - | 1,984 | 8,910 | - | - | - | - | - | - | - | - | - | - |
| Dominican Republic | 28,229 | - | - | - | 12,721 | 7,835 | 840 | 941 | - | 1,328 | - | - | 1,285 | - | - | - | 3,279 |
| Eastern Caribbean | 5,136 | - | - | - | - | - | - | 905 | - | 695 | - | - | 404 | - | - | - | 3,132 |
| Ecuador | 32,712 | 19,800 | - | - | - | 6,578 | 3,265 | - | - | - | - | - | - | - | - | - | 3,069 |
| El Salvador | 47,778 | - | - | - | 8,144 | 24,165 | - | 9,900 | - | 1,782 | - | - | 423 | - | 856 | - | 2,508 |
| Guatemala | 54,159 | - | - | - | 12,040 | 10,504 | 5,445 | - | - | 488 | 2,475 | - | - | - | 19,515 | - | 3,692 |
| Guyana | 23,846 | - | - | - | - | 3,920 | - | 99 | 18,000 | 312 | - | - | - | - | - | - | 1,515 |
| Haiti | 205,738 | - | - | - | 19,801 | 29,700 | 49,500 | 988 | 47,300 | 213 | 17,500 | - | - | - | 35,955 | 4,569 | 212 |
| Honduras | 53,105 | - | - | - | 13,140 | 20,604 | - | 891 | - | 1,218 | - | - | 315 | - | 13,105 | - | 3,832 |
| Jamaica | 17,580 | - | - | - | 4,472 | 7,821 | - | 594 | - | 908 | 990 | - | 110 | - | - | - | 2,685 |
| Mexico | 68,276 | - | - | - | 3,990 | 11,357 | 11,385 | - | - | 8 | 39,600 | - | 625 | - | - | - | 1,311 |
| Nicaragua | 50,178 | - | - | - | 7,699 | 22,169 | 3,366 | 594 | - | 740 | - | - | 9 | - | 13,006 | - | 2,595 |
| Panama | 10,423 | 4,455 | - | - | - | 200 | 990 | 990 | - | 894 | - | - | 175 | - | - | - | 2,719 |
| Paraguay | 13,313 | - | - | - | 2,884 | 4,385 | 1,980 | - | - | - | - | - | 1,010 | - | - | - | 3,054 |
| Peru | 144,340 | 106,920 | - | - | 14,213 | 9,369 | 2,765 | - | - | - | - | - | 205 | - | 8,250 | - | 2,618 |
| Suriname | 1,883 | - | - | - | - | - | - | 99 | - | 196 | - | - | 100 | - | - | - | 1,488 |
| Trinidad and Tobago | 234 | - | - | - | - | - | - | - | - | - | - | - | 234 | - | - | - | - |
| Venezuela | 5,910 | 2,229 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,681 | - |
| Caribbean Regional | 11,326 | - | - | - | 6,435 | 4,891 | - | - | - | - | - | - | - | - | - | - | - |
| Central America Regional | 16,832 | - | - | - | 6,167 | 10,665 | - | - | - | - | - | - | - | - | - | - | - |
| Latin America and Caribbean Regional | 80,055 | - | - | - | 8,317 | 71,738 | - | - | - | - | - | - | - | - | - | - | - |
| South America Regional | 1,485 | - | - | - | - | 1,485 | - | - | - | - | - | - | - | - | - | - | - |
| Western Hemisphere Regional | 32,955 | - | - | - | - | - | 26,070 | 3,960 | - | - | 2,475 | - | 450 | - | - | - | - |

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|--|---------|--------|------|-----|-----|----|-------|--------|------|-------|---------|-----|---------|--------|--------|----|--------|
| Bureau of International Security and Nonproliferation | 169,813 | - | - | - | - | - | - | - | - | - | - | - | 169,813 | - | - | - | - |
| CTBT International Monitoring System | 14,207 | - | - | - | - | - | - | - | - | - | - | - | 14,207 | - | - | - | - |
| Export Control and Related Border Security Assistance | 16,907 | - | - | - | - | - | - | - | - | - | - | - | 16,907 | - | - | - | - |
| Global Threat Reduction (formerly NWMDE) | 52,074 | - | - | - | - | - | - | - | - | - | - | - | 52,074 | - | - | - | - |
| International Atomic Energy Agency Voluntary Contribution | 49,500 | - | - | - | - | - | - | - | - | - | - | - | 49,500 | - | - | - | - |
| Nonproliferation and Disarmament Fund | 37,125 | - | - | - | - | - | - | - | - | - | - | - | 37,125 | - | - | - | - |
| Bureau of Political and Military Affairs | 128,311 | - | - | - | - | - | - | 43,065 | - | 4,623 | - | - | 18,239 | 62,384 | - | - | - |
| FMF Admin | 41,085 | - | - | - | - | - | - | 41,085 | - | - | - | - | - | - | - | - | - |
| Military Health Affairs | 1,980 | - | - | - | - | - | - | 1,980 | - | - | - | - | - | - | - | - | - |
| IMET Admin | 4,623 | - | - | - | - | - | - | - | - | 4,623 | - | - | - | - | - | - | - |
| Global Peace Operations Initiative | 43,384 | - | - | - | - | - | - | - | - | - | - | - | - | 43,384 | - | - | - |
| Multinational Force and Observers | 19,000 | - | - | - | - | - | - | - | - | - | - | - | - | 19,000 | - | - | - |
| Humanitarian Demining Program | 7,890 | - | - | - | - | - | - | - | - | - | - | - | 7,890 | - | - | - | - |
| International Trust Fund | 9,900 | - | - | - | - | - | - | - | - | - | - | - | 9,900 | - | - | - | - |
| Small Arms/Light Weapons Destruction | 449 | - | - | - | - | - | - | - | - | - | - | - | 449 | - | - | - | - |
| Bureau of Population Refugees and Migration | 817,740 | - | - | - | - | - | 4,950 | - | - | - | - | - | 783,090 | - | - | - | 29,700 |
| Administrative Expenses | 21,285 | - | - | - | - | - | - | - | - | - | - | - | 21,285 | - | - | - | - |
| Humanitarian Migrants to Israel | 39,600 | - | - | - | - | - | - | - | - | - | - | - | 39,600 | - | - | - | - |
| Migration | 12,889 | - | - | - | - | - | - | - | - | - | - | - | 12,889 | - | - | - | - |
| Refugee Admissions | 159,440 | - | - | - | - | - | - | - | - | - | - | - | 159,440 | - | - | - | - |
| Strategic Global Priorities | 66,624 | - | - | - | - | - | - | - | - | - | - | - | 66,624 | - | - | - | - |
| MRA - Africa | 245,486 | - | - | - | - | - | - | - | - | - | - | - | 245,486 | - | - | - | - |
| MRA - East Asia | 22,594 | - | - | - | - | - | - | - | - | - | - | - | 22,594 | - | - | - | - |
| MRA - Europe | 43,429 | - | - | - | - | - | - | - | - | - | - | - | 43,429 | - | - | - | - |
| MRA - Near East | 97,215 | - | - | - | - | - | - | - | - | - | - | - | 97,215 | - | - | - | - |
| MRA - South Asia | 50,193 | - | - | - | - | - | - | - | - | - | - | - | 50,193 | - | - | - | - |
| MRA - Western Hemisphere | 24,335 | - | - | - | - | - | - | - | - | - | - | - | 24,335 | - | - | - | - |
| U.S. Emergency Refugee and Migration Assistance (ERMA) | 29,700 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 29,700 |
| Wheelchair Fund (PRM) | 4,950 | - | - | - | - | - | 4,950 | - | - | - | - | - | - | - | - | - | - |
| Bureau of International Narcotics and Law Enforcement Affairs | 170,550 | 43,830 | - | - | - | - | - | - | - | - | 126,720 | - | - | - | - | - | - |
| Air Bridge Denial Program | 13,860 | 13,860 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Critical Flight Safety Program | 29,970 | 29,970 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Anticrime Programs | 10,395 | - | - | - | - | - | - | - | - | - | 10,395 | - | - | - | - | - | - |
| Civilian Police Programs | 1,980 | - | - | - | - | - | - | - | - | - | 1,980 | - | - | - | - | - | - |
| Demand Reduction | 9,900 | - | - | - | - | - | - | - | - | - | 9,900 | - | - | - | - | - | - |
| International Law Enforcement Academies | 15,840 | - | - | - | - | - | - | - | - | - | 15,840 | - | - | - | - | - | - |
| International Organizations | 3,960 | - | - | - | - | - | - | - | - | - | 3,960 | - | - | - | - | - | - |
| Interregional Aviation Support | 62,865 | - | - | - | - | - | - | - | - | - | 62,865 | - | - | - | - | - | - |
| Trafficking in Persons | 4,950 | - | - | - | - | - | - | - | - | - | 4,950 | - | - | - | - | - | - |
| Program Development and Support | 16,830 | - | - | - | - | - | - | - | - | - | 16,830 | - | - | - | - | - | - |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHA1 | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* |
|--|-----------|-----|------|-----|---------|---------|--------|-----|---------|------|-------|-----|--------|-----|---------|-------|----------|
| Bureau of Democracy Human Rights and Labor | 94,050 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 94,050 |
| Democracy Fund | 94,050 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 94,050 |
| Bureau of Oceans and International Environmental and Scientific Affairs | 7,920 | - | - | - | - | - | 7,920 | - | - | - | - | - | - | - | - | - | - |
| Asia-Pacific Partnership | 1,000 | - | - | - | - | - | 1,000 | - | - | - | - | - | - | - | - | - | - |
| Oceans, Environmental and Science Initiative | 6,920 | - | - | - | - | - | 6,920 | - | - | - | - | - | - | - | - | - | - |
| Office to Monitor and Combat Trafficking in Persons | 11,880 | - | - | - | - | - | 11,880 | - | - | - | - | - | - | - | - | - | - |
| Trafficking in Persons | 11,880 | - | - | - | - | - | 11,880 | - | - | - | - | - | - | - | - | - | - |
| Office of the Coordinator for Counterterrorism | 46,327 | - | - | - | - | - | - | - | - | - | - | - | 46,327 | - | - | - | - |
| Anti-Terrorism Assistance | 43,555 | - | - | - | - | - | - | - | - | - | - | - | 43,555 | - | - | - | - |
| Counter Terrorism Engagement with Allies | 990 | - | - | - | - | - | - | - | - | - | - | - | 990 | - | - | - | - |
| Counter Terrorism Financing | 1,086 | - | - | - | - | - | - | - | - | - | - | - | 1,086 | - | - | - | - |
| Terrorist Interdiction Program | 696 | - | - | - | - | - | - | - | - | - | - | - | 696 | - | - | - | - |
| Office of the U.S. Global AIDS Coordinator | 639,384 | - | - | - | - | - | - | - | 639,384 | - | - | - | - | - | - | - | - |
| Central Programs | 285,232 | - | - | - | - | - | - | - | 285,232 | - | - | - | - | - | - | - | - |
| International Partnerships | 227,700 | - | - | - | - | - | - | - | 227,700 | - | - | - | - | - | - | - | - |
| Other Bilateral Programs | 50,552 | - | - | - | - | - | - | - | 50,552 | - | - | - | - | - | - | - | - |
| Strategic Information/Evaluation | 31,185 | - | - | - | - | - | - | - | 31,185 | - | - | - | - | - | - | - | - |
| Technical Oversight and Management | 44,715 | - | - | - | - | - | - | - | 44,715 | - | - | - | - | - | - | - | - |
| USAID Functional Bureaus and Admin | 2,008,355 | - | - | - | 778,550 | 294,116 | 20,619 | - | - | - | - | - | - | - | -10,604 | 7,554 | 918,120 |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 128,183 | - | - | - | 2,970 | 107,564 | 17,649 | - | - | - | - | - | - | - | - | - | - |
| DCHA Contingency | 7,554 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,554 | - |
| P.L. 480 Adjustment | -10,604 | - | - | - | - | - | - | - | - | - | - | - | - | - | -10,604 | - | - |
| International Disaster and Famine Assistance (IDFA) | 181,560 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 181,560 |
| Economic Growth, Agriculture and Trade (EGAT) | 168,968 | - | - | - | - | 165,998 | 2,970 | - | - | - | - | - | - | - | - | - | - |
| Global Development Alliances (GDA) | 12,180 | - | - | - | 300 | 11,880 | - | - | - | - | - | - | - | - | - | - | - |
| Global Health (GH) | 320,387 | - | - | - | 320,387 | - | - | - | - | - | - | - | - | - | - | - | - |
| International Partnerships | 452,319 | - | - | - | 452,319 | - | - | - | - | - | - | - | - | - | - | - | - |
| Legislative & Public Affairs | 1,801 | - | - | - | - | 1,801 | - | - | - | - | - | - | - | - | - | - | - |
| Policy and Program Coordination (PPC) | 9,447 | - | - | - | 2,574 | 6,873 | - | - | - | - | - | - | - | - | - | - | - |
| USAID Development Credit Program - Subsidy | [21,000] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | [21,000] |
| USAID Development Credit Authority - Admin | 7,920 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,920 |
| USAID Operating Expense | 623,700 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 623,700 |
| USAID Capital Investment Fund | 69,300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 69,300 |
| USAID IG Operating Expense | 35,640 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 35,640 |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

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|--|-----------|-----|------|-----|-----|----|-----|-----|------|------|-------|-----|------|-----|--------|----|-----------|
| International Organization | 303,888 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 303,888 |
| Center for Human Settlements | 149 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 149 |
| IMO Maritime Security Programs | 396 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 396 |
| International Civil Aviation Organization | 941 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 941 |
| International Conservation Programs | 5,890 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,890 |
| International Contributions for Scientific, Educational, and Cultural Activities | 990 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 990 |
| International Panel on Climate Change/UN Framework Convention on Climate Change | 5,940 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,940 |
| Montreal Protocol Multilateral Fund | 21,285 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 21,285 |
| OAS Development Assistance Programs | 4,702 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,702 |
| OAS Fund for Strengthening Democracy | 2,475 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,475 |
| UN Children's Fund | 125,730 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 125,730 |
| UN Democracy Fund (UNDEF) | [10,000] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | [10,000] |
| UN Development Fund for Women | 3,218 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,218 |
| UN Development Program | 108,900 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 108,900 |
| UN Environment Program | 10,159 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,159 |
| UN Office for the Coordination of Humanitarian Affairs (UN OCHA) | 805 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 805 |
| UN Voluntary Fund for Technical Cooperation in the Field of Human Rights | 1,485 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,485 |
| UN Voluntary Fund for Victims of Torture | 6,517 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,517 |
| UNIFEM Trust Fund | 1,485 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,485 |
| World Meteorological Organization | 1,881 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,881 |
| World Trade Organization | 940 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 940 |
| Independent Department and Agencies | 2,019,859 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,019,859 |
| African Development Foundation | 22,770 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 22,770 |
| Treasury Technical Assistance | 19,800 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 19,800 |
| Debt Restructuring | 64,350 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 64,350 |
| Export-Import Bank - Administrative Expenses | 72,468 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 72,468 |
| Export-Import Bank - Direct Loans, Negative Subsidies | -50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -50,000 |
| Export-Import Bank - Inspector General | 990 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 990 |
| Export-Import Bank - Loan Subsidy | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 74,000 |
| Inter-American Foundation | 19,305 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 19,305 |
| Millennium Challenge Account | 1,752,300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,752,300 |
| OPIC - Administrative Expenses | 41,851 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 41,851 |
| OPIC - Credit Subsidy | 20,073 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20,073 |
| OPIC - Net Offsetting Collections | -223,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | -223,000 |
| Peace Corps Other | 154,561 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 154,561 |
| Trade and Development Agency | 50,391 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50,391 |

Country/Account Summary

FY 2006 Actual

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI | Other* | |
|--|-----------|-----|------|-----|-----|----|-----|-----|------|------|-------|-----|------|-----|--------|----|--------|-----------|
| International Financial Institutions | 1,277,236 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,277,236 |
| Global Environment Facility | 79,200 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 79,200 |
| International Development Association | 940,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 940,500 |
| Multilateral Investment Guarantee Agency | 1,287 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,287 |
| Asian Development Fund | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 99,000 |
| African Development Fund | 134,343 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 134,343 |
| African Development Bank | 3,602 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,602 |
| European Bank for Reconstruction and Development | 1,006 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,006 |
| Enterprise for the Americas Multilateral Investment Fund | 1,724 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,724 |
| Inter-American Investment Corporation | 1,724 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,724 |
| International Fund for Agricultural Development | 14,850 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,850 |

* Other: ERMA, IDFA, DF, IRRF, Peace Corps, USAID administrative accounts, International Financial Institutions, International Organizations and Programs, and Independent Agencies

Note: The table includes total allocations of Foreign Operations programs and P.L. 480 Title II.

Country/Account Summary

FY 2008 Request

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI*** | Other* |
|----------------------------------|-----------|-----|------|-----|---------|---------|---------|-------|-----------|--------|--------|-----|--------|--------|---------|-------|---------|
| Africa | 5,558,494 | - | - | - | 458,007 | 490,445 | 374,295 | 8,800 | 3,421,000 | 13,663 | 34,180 | - | 23,824 | 80,000 | 467,500 | 5,000 | 181,780 |
| Angola | 34,950 | - | - | - | 15,400 | 12,750 | - | - | - | 500 | - | - | 6,300 | - | - | - | - |
| Benin | 14,014 | - | - | - | 8,100 | 2,724 | - | - | - | 150 | - | - | - | - | - | - | 3,040 |
| Botswana | 81,366 | - | - | - | - | - | - | - | 79,000 | 690 | - | - | - | - | - | - | 1,676 |
| Burkina Faso | 13,314 | - | - | - | - | - | - | - | - | 100 | 100 | - | - | - | 10,000 | - | 3,114 |
| Burundi | 28,550 | - | - | - | 6,000 | 17,000 | - | - | - | 200 | - | - | 350 | - | 5,000 | - | - |
| Cameroon | 4,703 | - | - | - | 1,000 | - | - | - | - | 295 | - | - | - | - | - | - | 3,408 |
| Cape Verde | 2,418 | - | - | - | - | - | - | - | - | 100 | 500 | - | - | - | - | - | 1,818 |
| Central African Republic | 100 | - | - | - | - | - | - | - | - | 100 | - | - | - | - | - | - | - |
| Chad | 5,300 | - | - | - | - | 200 | - | - | - | 100 | - | - | - | - | 5,000 | - | - |
| Comoros | 100 | - | - | - | - | - | - | - | - | 100 | - | - | - | - | - | - | - |
| Cote d'Ivoire | 96,100 | - | - | - | - | - | - | - | 96,000 | 100 | - | - | - | - | - | - | - |
| Democratic Republic of the Congo | 80,200 | - | - | - | 26,850 | 6,000 | 29,000 | 600 | - | 500 | 1,750 | - | - | 5,500 | 10,000 | - | - |
| Djibouti | 7,090 | - | - | - | 1,240 | 2,000 | - | 3,200 | - | 350 | 300 | - | - | - | - | - | - |
| Equatorial Guinea | 45 | - | - | - | - | - | - | - | - | 45 | - | - | - | - | - | - | - |
| Ethiopia | 507,430 | - | - | - | 25,500 | 39,815 | 5,000 | 850 | 409,000 | 650 | 150 | - | - | - | 25,000 | - | 1,465 |
| Gabon | 200 | - | - | - | - | - | - | - | - | 200 | - | - | - | - | - | - | - |
| Gambia | 2,008 | - | - | - | - | - | - | - | - | 120 | - | - | - | - | - | - | 1,888 |
| Ghana | 44,293 | - | - | - | 18,200 | 14,700 | - | 300 | - | 600 | 500 | - | - | - | 7,000 | - | 2,993 |
| Guinea | 15,593 | - | - | - | 6,500 | 5,543 | - | 200 | - | 350 | - | - | - | - | 3,000 | - | - |
| Guinea-Bissau | 3,193 | - | - | - | - | 600 | - | - | - | 100 | - | - | - | - | - | - | 2,493 |
| Kenya | 543,511 | - | - | - | 16,950 | 28,300 | - | 800 | 481,000 | 550 | - | - | 5,824 | - | 7,000 | - | 3,087 |
| Lesotho | 9,985 | - | - | - | 7,500 | - | - | - | - | 50 | - | - | - | - | - | - | 2,435 |
| Liberia | 115,575 | - | - | - | 10,800 | - | 73,545 | 1,000 | - | 300 | 4,130 | - | - | 16,800 | 9,000 | - | - |
| Madagascar | 35,657 | - | - | - | 11,500 | 6,600 | - | 100 | - | 250 | - | - | - | - | 15,000 | - | 2,207 |
| Malawi | 61,578 | - | - | - | 27,700 | 13,600 | - | - | - | 300 | - | - | - | - | 18,000 | - | 1,978 |
| Mali | 32,875 | - | - | - | 13,845 | 12,985 | - | - | - | 250 | - | - | - | - | 2,000 | - | 3,795 |
| Mauritania | 10,358 | - | - | - | - | 1,520 | - | - | - | 130 | 300 | - | - | - | 5,000 | - | 3,408 |
| Mauritius | 2,672 | - | - | - | - | 190 | - | - | - | 150 | - | - | - | - | - | - | 2,332 |
| Mozambique | 283,929 | - | - | - | 15,650 | 21,985 | - | 200 | 223,000 | 300 | 300 | - | - | - | 20,000 | - | 2,494 |
| Namibia | 117,986 | - | - | - | 1,200 | 3,025 | - | - | 111,000 | 100 | - | - | - | - | - | - | 2,661 |
| Niger | 21,497 | - | - | - | - | 3,405 | - | - | - | 100 | - | - | - | - | 15,000 | - | 2,992 |
| Nigeria | 533,550 | - | - | - | 31,300 | 31,400 | - | 1,350 | 467,500 | 800 | 1,200 | - | - | - | - | - | - |
| Republic of the Congo | 100 | - | - | - | - | - | - | - | - | 100 | - | - | - | - | - | - | - |
| Rwanda | 142,202 | - | - | - | 8,702 | 7,100 | - | - | 116,000 | 400 | - | - | - | - | 10,000 | - | - |
| Sao Tome and Principe | 200 | - | - | - | - | - | - | - | - | 200 | - | - | - | - | - | - | - |
| Senegal | 38,458 | - | - | - | 12,300 | 17,900 | - | - | - | 1,100 | - | - | - | - | 3,500 | - | 3,658 |
| Seychelles | 100 | - | - | - | - | - | - | - | - | 100 | - | - | - | - | - | - | - |
| Sierra Leone | 16,550 | - | - | - | - | 4,000 | - | - | - | 400 | 150 | - | - | - | 12,000 | - | - |
| Somalia | 12,300 | - | - | - | 1,000 | 9,000 | - | - | - | - | - | - | - | 2,300 | - | - | - |

Country/Account Summary

FY 2008 Request

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI*** | Other* |
|-------------------------------------|----------------|----------|----------|----------|---------------|----------------|----------------|---------------|---------------|--------------|---------------|----------|---------------|----------|----------|----------|---------------|
| South Africa | 612,028 | - | - | - | 3,500 | 3,000 | 10,000 | 100 | 591,500 | 900 | - | - | - | - | - | - | 3,028 |
| Sudan | 679,200 | - | - | - | - | - | 245,900 | 100 | - | 300 | 24,000 | - | 4,000 | 41,400 | 245,000 | 5,000 | 113,500 |
| Swaziland | 9,033 | - | - | - | 7,500 | - | - | - | - | 100 | - | - | - | - | - | - | 1,433 |
| Tanzania | 344,303 | - | - | - | 22,100 | 12,950 | 3,600 | - | 302,000 | 300 | 450 | - | 150 | - | - | - | 2,753 |
| Togo | 2,895 | - | - | - | - | 120 | - | - | - | 100 | - | - | - | - | - | - | 2,675 |
| Uganda | 331,099 | - | - | - | 20,900 | 29,500 | - | - | 255,000 | 500 | 350 | - | - | - | 23,000 | - | 1,849 |
| Zambia | 339,793 | - | - | - | 10,770 | 17,023 | - | - | 290,000 | 400 | - | - | - | - | 18,000 | - | 3,600 |
| Zimbabwe | 21,010 | - | - | - | 18,010 | 3,000 | - | - | - | - | - | - | - | - | - | - | - |
| Africa Regional | 208,763 | - | - | - | 88,730 | 91,450 | 7,250 | - | - | 133 | - | - | 7,200 | 14,000 | - | - | - |
| Central Africa Regional | 11,300 | - | - | - | - | 11,300 | - | - | - | - | - | - | - | - | - | - | - |
| East Africa Regional | 24,320 | - | - | - | 5,760 | 18,560 | - | - | - | - | - | - | - | - | - | - | - |
| Southern Africa Regional | 14,600 | - | - | - | 2,000 | 12,600 | - | - | - | - | - | - | - | - | - | - | - |
| West Africa Regional | 40,100 | - | - | - | 11,500 | 28,600 | - | - | - | - | - | - | - | - | - | - | - |
| East Asia & Pacific | 539,439 | - | - | - | 98,491 | 104,651 | 152,726 | 31,275 | 87,700 | 7,449 | 18,240 | - | 21,868 | - | - | - | 17,039 |
| Burma | 4,630 | - | - | - | 1,040 | 800 | 2,790 | - | - | - | - | - | - | - | - | - | - |
| Cambodia | 42,285 | - | - | - | 24,700 | 1,056 | 12,170 | 200 | - | 70 | 200 | - | 2,510 | - | - | - | 1,379 |
| China | 11,243 | - | - | - | 7,290 | - | 2,000 | - | - | - | - | - | - | - | - | - | 1,953 |
| East Timor | 10,050 | - | - | - | - | - | 8,640 | - | - | 400 | 1,010 | - | - | - | - | - | - |
| Fiji | 2,138 | - | - | - | - | - | - | 110 | - | 260 | - | - | - | - | - | - | 1,768 |
| Indonesia | 185,639 | - | - | - | 32,060 | 60,950 | 60,000 | 15,700 | - | 974 | 10,050 | - | 5,905 | - | - | - | - |
| Laos | 4,571 | - | - | - | 1,051 | - | 470 | - | - | 70 | 1,580 | - | 1,400 | - | - | - | - |
| Malaysia | 3,730 | - | - | - | - | - | - | - | - | 920 | 800 | - | 2,010 | - | - | - | - |
| Marshall Islands | 60 | - | - | - | - | - | - | - | - | 60 | - | - | - | - | - | - | - |
| Mongolia | 10,835 | - | - | - | - | - | 6,200 | 1,000 | - | 970 | 670 | - | - | - | - | - | 1,995 |
| North Korea | 2,000 | - | - | - | - | - | 2,000 | - | - | - | - | - | - | - | - | - | - |
| Papua New Guinea | 2,360 | - | - | - | 2,080 | - | - | - | - | 280 | - | - | - | - | - | - | - |
| Philippines | 87,422 | - | - | - | 17,510 | 22,900 | 25,996 | 11,100 | - | 1,550 | 1,150 | - | 4,463 | - | - | - | 2,753 |
| Samoa | 1,473 | - | - | - | - | - | - | - | - | 40 | - | - | - | - | - | - | 1,433 |
| Singapore | 725 | - | - | - | - | - | - | - | - | - | - | - | 725 | - | - | - | - |
| Solomon Islands | 177 | - | - | - | - | - | - | - | - | 150 | - | - | - | - | - | - | 27 |
| Taiwan | 775 | - | - | - | - | - | 200 | - | - | - | - | - | 575 | - | - | - | - |
| Thailand | 9,818 | - | - | - | 1,040 | - | - | 500 | - | 1,200 | 2,300 | - | 2,500 | - | - | - | 2,278 |
| Tonga | 1,653 | - | - | - | - | - | - | 200 | - | 195 | - | - | - | - | - | - | 1,258 |
| Vanuatu | 2,310 | - | - | - | - | - | - | - | - | 115 | - | - | - | - | - | - | 2,195 |
| Vietnam | 94,715 | - | - | - | - | - | 5,700 | - | 87,700 | 195 | 200 | - | 920 | - | - | - | - |
| Asia and Near East Regional | 11,065 | - | - | - | 2,870 | 7,395 | 800 | - | - | - | - | - | - | - | - | - | - |
| East Asia and Pacific Regional | 29,365 | - | - | - | - | - | 25,760 | 2,465 | - | - | 280 | - | 860 | - | - | - | - |
| Regional Development Mission - Asia | 20,400 | - | - | - | 8,850 | 11,550 | - | - | - | - | - | - | - | - | - | - | - |

Country/Account Summary

FY 2008 Request

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI*** | Other* |
|---------------------------|----------------|-----|----------------|----------------|-----|----|---------------|----------------|------|---------------|------------|-----|---------------|-----|--------|-------|---------------|
| Europe and Eurasia | 770,098 | - | 289,322 | 270,019 | - | - | 12,850 | 129,325 | - | 25,989 | 500 | - | 18,400 | - | - | - | 23,693 |
| Albania | 22,079 | - | 16,200 | - | - | - | - | 2,600 | - | 600 | - | - | 600 | - | - | - | 2,079 |
| Armenia | 40,781 | - | - | 35,000 | - | - | - | 3,000 | - | 300 | - | - | 600 | - | - | - | 1,881 |
| Azerbaijan | 27,409 | - | - | 18,000 | - | - | - | 4,300 | - | 1,000 | - | - | 2,080 | - | - | - | 2,029 |
| Belarus | 10,000 | - | - | 10,000 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Bosnia and Herzegovina | 32,950 | - | 22,900 | - | - | - | - | 7,800 | - | 1,000 | - | - | 1,250 | - | - | - | - |
| Bulgaria | 18,093 | - | - | - | - | - | - | 13,200 | - | 1,700 | - | - | 300 | - | - | - | 2,893 |
| Croatia | 774 | - | - | - | - | - | - | - | - | 179 | - | - | 595 | - | - | - | - |
| Cyprus | 11,000 | - | - | - | - | - | 11,000 | - | - | - | - | - | - | - | - | - | - |
| Czech Republic | 4,300 | - | - | - | - | - | - | 3,000 | - | 1,300 | - | - | - | - | - | - | - |
| Estonia | 4,100 | - | - | - | - | - | - | 3,000 | - | 1,100 | - | - | - | - | - | - | - |
| Georgia | 66,421 | - | - | 50,500 | - | - | - | 10,000 | - | 800 | - | - | 3,215 | - | - | - | 1,906 |
| Greece | 590 | - | - | - | - | - | - | - | - | 590 | - | - | - | - | - | - | - |
| Hungary | 3,200 | - | - | - | - | - | - | 2,000 | - | 1,200 | - | - | - | - | - | - | - |
| Ireland | 1,000 | - | - | - | - | - | 1,000 | - | - | - | - | - | - | - | - | - | - |
| Kosovo | 151,646 | - | 151,246 | - | - | - | - | - | - | 400 | - | - | - | - | - | - | - |
| Latvia | 4,100 | - | - | - | - | - | - | 3,000 | - | 1,100 | - | - | - | - | - | - | - |
| Lithuania | 4,100 | - | - | - | - | - | - | 3,000 | - | 1,100 | - | - | - | - | - | - | - |
| Macedonia | 27,066 | - | 18,900 | - | - | - | - | 4,500 | - | 500 | - | - | 1,135 | - | - | - | 2,031 |
| Malta | 45 | - | - | - | - | - | - | - | - | 45 | - | - | - | - | - | - | - |
| Moldova | 16,466 | - | - | 13,300 | - | - | - | - | - | 600 | - | - | 75 | - | - | - | 2,491 |
| Montenegro | 8,272 | - | 7,572 | - | - | - | - | - | - | 100 | - | - | 600 | - | - | - | - |
| Poland | 29,200 | - | - | - | - | - | - | 27,200 | - | 2,000 | - | - | - | - | - | - | - |
| Portugal | 690 | - | - | - | - | - | - | - | - | 690 | - | - | - | - | - | - | - |
| Romania | 23,432 | - | - | - | - | - | - | 18,400 | - | 1,800 | - | - | - | - | - | - | 3,232 |
| Russia | 52,200 | - | - | 50,000 | - | - | - | - | - | 700 | - | - | 1,500 | - | - | - | - |
| Serbia | 53,250 | - | 51,300 | - | - | - | - | - | - | 300 | - | - | 1,650 | - | - | - | - |
| Slovakia | 4,100 | - | - | - | - | - | - | 3,000 | - | 1,100 | - | - | - | - | - | - | - |
| Slovenia | 1,385 | - | - | - | - | - | - | 500 | - | 885 | - | - | - | - | - | - | - |
| Turkey | 18,375 | - | - | - | - | - | 850 | 11,825 | - | 3,000 | 500 | - | 2,200 | - | - | - | - |
| Ukraine | 89,151 | - | - | 71,000 | - | - | - | 9,000 | - | 1,900 | - | - | 2,100 | - | - | - | 5,151 |
| Eurasia Regional | 22,219 | - | - | 22,219 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Europe Regional | 21,704 | - | 21,204 | - | - | - | - | - | - | - | - | - | 500 | - | - | - | - |

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|---------------------------------|-----------|-----|------|--------|---------|--------|-----------|-----------|------|--------|---------|-----|--------|-----|--------|-------|--------|
| Near East | 5,405,626 | - | - | - | 35,733 | 6,000 | 1,263,332 | 3,934,400 | - | 15,727 | 88,300 | - | 56,691 | - | - | - | 5,443 |
| Algeria | 2,885 | - | - | - | - | - | 1,165 | - | - | 700 | 200 | - | 820 | - | - | - | - |
| Bahrain | 7,300 | - | - | - | - | - | 1,100 | 4,300 | - | 650 | - | - | 1,250 | - | - | - | - |
| Egypt | 1,720,870 | - | - | - | - | - | 415,000 | 1,300,000 | - | 1,300 | 3,000 | - | 1,570 | - | - | - | - |
| Iran | 75,000 | - | - | - | - | - | 75,000 | - | - | - | - | - | - | - | - | - | - |
| Iraq | 391,800 | - | - | - | - | - | 298,000 | - | - | 2,000 | 75,800 | - | 16,000 | - | - | - | - |
| Israel | 2,400,500 | - | - | - | - | - | - | 2,400,000 | - | - | 500 | - | - | - | - | - | - |
| Jordan | 514,807 | - | - | - | 21,350 | - | 263,547 | 200,000 | - | 3,067 | 1,500 | - | 23,755 | - | - | - | 1,588 |
| Kuwait | 485 | - | - | - | - | - | 470 | - | - | 15 | - | - | - | - | - | - | - |
| Lebanon | 59,776 | - | - | - | - | - | 42,100 | 9,600 | - | 1,500 | 1,800 | - | 4,776 | - | - | - | - |
| Libya | 1,150 | - | - | - | - | - | 500 | - | - | 350 | - | - | 300 | - | - | - | - |
| Morocco | 32,910 | - | - | - | - | 6,000 | 15,500 | 3,655 | - | 1,800 | 1,000 | - | 1,100 | - | - | - | 3,855 |
| Oman | 13,505 | - | - | - | - | - | - | 10,105 | - | 1,500 | - | - | 1,900 | - | - | - | - |
| Qatar | 285 | - | - | - | - | - | - | - | - | 15 | - | - | 270 | - | - | - | - |
| Saudi Arabia | 115 | - | - | - | - | - | - | - | - | 15 | - | - | 100 | - | - | - | - |
| Tunisia | 4,764 | - | - | - | - | - | 200 | 2,064 | - | 1,800 | 200 | - | 500 | - | - | - | - |
| United Arab Emirates | 615 | - | - | - | - | - | - | - | - | 15 | 300 | - | 300 | - | - | - | - |
| West Bank and Gaza | 77,000 | - | - | - | 10,000 | - | 63,500 | - | - | - | 3,500 | - | - | - | - | - | - |
| Yemen | 23,059 | - | - | - | 4,383 | - | 8,450 | 4,676 | - | 1,000 | 500 | - | 4,050 | - | - | - | - |
| Near East Regional | 75,000 | - | - | - | - | - | 75,000 | - | - | - | - | - | - | - | - | - | - |
| Middle East Regional | 3,800 | - | - | - | - | - | 3,800 | - | - | - | - | - | - | - | - | - | - |
| South and Central Asia | 2,198,598 | - | - | 81,566 | 225,500 | 69,250 | 1,076,620 | 305,900 | - | 10,450 | 311,750 | - | 56,550 | - | 54,500 | - | 6,512 |
| Afghanistan | 1,067,050 | - | - | - | 65,900 | - | 693,000 | - | - | 1,700 | 274,800 | - | 21,650 | - | 10,000 | - | - |
| Bangladesh | 119,790 | - | - | - | 39,615 | 39,650 | - | 875 | - | 800 | 1,500 | - | 6,350 | - | 31,000 | - | - |
| India | 81,000 | - | - | - | 62,200 | 900 | - | - | - | 1,300 | 400 | - | 2,700 | - | 13,500 | - | - |
| Kazakhstan | 24,315 | - | - | 14,397 | - | - | - | 2,000 | - | 1,000 | - | - | 4,200 | - | - | - | 2,718 |
| Kyrgyz Republic | 31,429 | - | - | 23,815 | - | - | - | 1,500 | - | 1,200 | - | - | 3,000 | - | - | - | 1,914 |
| Maldives | 195 | - | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - |
| Nepal | 26,625 | - | - | - | 17,985 | 4,000 | - | - | - | 790 | 2,700 | - | 1,150 | - | - | - | - |
| Pakistan | 785,000 | - | - | - | 39,800 | 18,000 | 382,900 | 300,000 | - | 2,000 | 32,000 | - | 10,300 | - | - | - | - |
| Sri Lanka | 6,950 | - | - | - | - | 4,000 | - | 850 | - | 600 | 350 | - | 1,150 | - | - | - | - |
| Tajikistan | 32,120 | - | - | 26,880 | - | - | - | 675 | - | 565 | - | - | 4,000 | - | - | - | - |
| Turkmenistan | 8,430 | - | - | 5,500 | - | - | - | - | - | 300 | - | - | 750 | - | - | - | 1,880 |
| Uzbekistan | 9,374 | - | - | 8,474 | - | - | - | - | - | - | - | - | 900 | - | - | - | - |
| Central Asia Regional | 2,500 | - | - | 2,500 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| South and Central Asia Regional | 1,120 | - | - | - | - | - | 720 | - | - | - | - | - | 400 | - | - | - | - |
| South Asia Regional | 2,700 | - | - | - | - | 2,700 | - | - | - | - | - | - | - | - | - | - | - |

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|--------------------------------------|-----------|---------|------|-----|---------|---------|---------|--------|---------|--------|--------|-----|--------|-----|--------|-------|--------|
| Western Hemisphere | 1,494,898 | 442,812 | - | - | 107,821 | 197,052 | 363,744 | 82,800 | 104,300 | 11,967 | 50,530 | - | 11,267 | - | 77,500 | - | 45,105 |
| Argentina | 2,022 | - | - | - | - | - | - | - | - | 947 | 305 | - | 770 | - | - | - | - |
| Bahamas | 1,200 | - | - | - | - | - | - | - | - | 200 | 500 | - | 500 | - | - | - | - |
| Belize | 2,485 | - | - | - | - | 200 | - | - | - | 170 | - | - | - | - | - | - | 2,115 |
| Bolivia | 114,571 | 30,000 | - | - | 11,500 | 39,000 | 17,000 | - | - | 188 | 600 | - | 425 | - | 13,000 | - | 2,858 |
| Brazil | 3,718 | 1,000 | - | - | 2,000 | - | - | - | - | 188 | - | - | 530 | - | - | - | - |
| Chile | 1,350 | - | - | - | - | - | - | - | - | 600 | 100 | - | 650 | - | - | - | - |
| Colombia | 589,710 | 366,968 | - | - | - | - | 139,500 | 78,000 | - | 1,500 | - | - | 3,742 | - | - | - | - |
| Costa Rica | 2,063 | - | - | - | - | - | - | - | - | 187 | - | - | - | - | - | - | 1,876 |
| Cuba | 45,700 | - | - | - | - | - | 45,700 | - | - | - | - | - | - | - | - | - | - |
| Dominican Republic | 34,646 | - | - | - | 7,500 | 11,100 | 10,000 | - | - | 980 | 1,150 | - | 500 | - | - | - | 3,416 |
| Eastern Caribbean | 4,804 | - | - | - | - | - | - | - | - | 630 | 500 | - | 500 | - | - | - | 3,174 |
| Ecuador | 23,435 | 7,000 | - | - | - | 7,010 | 6,000 | - | - | 187 | 200 | - | 175 | - | - | - | 2,863 |
| El Salvador | 27,506 | - | - | - | 6,000 | 11,475 | - | 4,800 | - | 1,680 | 800 | - | 105 | - | - | - | 2,646 |
| Guatemala | 53,422 | - | - | - | 12,500 | 7,500 | 10,000 | - | - | 500 | 5,320 | - | - | - | 14,000 | - | 3,602 |
| Guyana | 27,331 | - | - | - | - | 4,305 | - | - | 21,300 | 250 | 100 | - | - | - | - | - | 1,376 |
| Haiti | 222,900 | - | - | - | 18,000 | 14,806 | 63,394 | - | 83,000 | 200 | 9,000 | - | - | - | 34,500 | - | - |
| Honduras | 42,510 | - | - | - | 10,600 | 16,731 | - | - | - | 880 | 750 | - | - | - | 10,000 | - | 3,549 |
| Jamaica | 13,654 | - | - | - | 1,221 | 7,391 | - | - | - | 750 | 1,009 | - | 505 | - | - | - | 2,778 |
| Mexico | 47,001 | - | - | - | 2,500 | - | 14,000 | - | - | 388 | 27,816 | - | 420 | - | - | - | 1,877 |
| Nicaragua | 32,086 | - | - | - | 7,500 | 13,700 | - | - | - | 500 | 1,600 | - | 75 | - | 6,000 | - | 2,711 |
| Panama | 5,093 | 1,000 | - | - | - | - | - | - | - | 185 | - | - | 1,100 | - | - | - | 2,808 |
| Paraguay | 9,744 | - | - | - | 1,300 | 4,700 | - | - | - | 200 | 280 | - | 270 | - | - | - | 2,994 |
| Peru | 93,198 | 36,844 | - | - | 12,000 | 11,224 | 30,000 | - | - | 187 | - | - | 110 | - | - | - | 2,833 |
| Suriname | 1,974 | - | - | - | - | 200 | - | - | - | 145 | - | - | - | - | - | - | 1,629 |
| Trinidad and Tobago | 1,478 | - | - | - | - | - | - | - | - | 88 | 500 | - | 890 | - | - | - | - |
| Uruguay | 187 | - | - | - | - | - | - | - | - | 187 | - | - | - | - | - | - | - |
| Venezuela | 3,050 | - | - | - | - | 3,000 | - | - | - | 50 | - | - | - | - | - | - | - |
| Caribbean Regional | 9,310 | - | - | - | 5,000 | 4,310 | - | - | - | - | - | - | - | - | - | - | - |
| Central America Regional | 10,700 | - | - | - | 4,000 | 6,700 | - | - | - | - | - | - | - | - | - | - | - |
| Latin America and Caribbean Regional | 38,400 | - | - | - | 6,200 | 32,200 | - | - | - | - | - | - | - | - | - | - | - |
| South America Regional | 1,500 | - | - | - | - | 1,500 | - | - | - | - | - | - | - | - | - | - | - |
| Western Hemisphere Regional | 28,150 | - | - | - | - | - | 28,150 | - | - | - | - | - | - | - | - | - | - |

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|--|---------|-----|------|-----|-----|----|-----|--------|------|-------|---------|---------|---------|---------|--------|-------|--------|
| Bureau of International Security and Nonproliferation | 168,500 | - | - | - | - | - | - | - | - | - | - | - | 168,500 | - | - | - | - |
| CTBT International Monitoring System | 18,000 | - | - | - | - | - | - | - | - | - | - | - | 18,000 | - | - | - | - |
| Export Control and Related Border Security Assistance | 17,000 | - | - | - | - | - | - | - | - | - | - | - | 17,000 | - | - | - | - |
| Global Threat Reduction (formerly NWMDE) | 53,500 | - | - | - | - | - | - | - | - | - | - | - | 53,500 | - | - | - | - |
| International Atomic Energy Agency Voluntary Contribution | 50,000 | - | - | - | - | - | - | - | - | - | - | - | 50,000 | - | - | - | - |
| Nonproliferation and Disarmament Fund | 30,000 | - | - | - | - | - | - | - | - | - | - | - | 30,000 | - | - | - | - |
| Bureau of Political and Military Affairs | 254,255 | - | - | - | - | - | - | 43,500 | - | 4,255 | - | - | 65,300 | 141,200 | - | - | - |
| FMF Admin | 41,900 | - | - | - | - | - | - | 41,900 | - | - | - | - | - | - | - | - | - |
| Military Health Affairs | 1,600 | - | - | - | - | - | - | 1,600 | - | - | - | - | - | - | - | - | - |
| IMET Admin | 4,255 | - | - | - | - | - | - | - | - | 4,255 | - | - | - | - | - | - | - |
| Global Peace Operations Initiative | 95,200 | - | - | - | - | - | - | - | - | - | - | - | - | 95,200 | - | - | - |
| Multinational Force and Observers | 21,000 | - | - | - | - | - | - | - | - | - | - | - | - | 21,000 | - | - | - |
| Conflict Response Fund | 25,000 | - | - | - | - | - | - | - | - | - | - | - | - | 25,000 | - | - | - |
| Humanitarian Demining Program | 21,700 | - | - | - | - | - | - | - | - | - | - | - | 21,700 | - | - | - | - |
| International Trust Fund | 10,000 | - | - | - | - | - | - | - | - | - | - | - | 10,000 | - | - | - | - |
| Small Arms/Light Weapons Destruction | 33,600 | - | - | - | - | - | - | - | - | - | - | - | 33,600 | - | - | - | - |
| Bureau of Population, Refugees, and Migration | 828,500 | - | - | - | - | - | - | - | - | - | - | 773,500 | - | - | - | - | 55,000 |
| Migration | 11,700 | - | - | - | - | - | - | - | - | - | - | 11,700 | - | - | - | - | - |
| Strategic Global Priorities | 56,600 | - | - | - | - | - | - | - | - | - | - | 56,600 | - | - | - | - | - |
| Refugee Admissions | 213,400 | - | - | - | - | - | - | - | - | - | - | 213,400 | - | - | - | - | - |
| Administrative Expenses | 22,500 | - | - | - | - | - | - | - | - | - | - | 22,500 | - | - | - | - | - |
| Humanitarian Migrants to Israel | 40,000 | - | - | - | - | - | - | - | - | - | - | 40,000 | - | - | - | - | - |
| MRA - Africa | 220,000 | - | - | - | - | - | - | - | - | - | - | 220,000 | - | - | - | - | - |
| MRA - East Asia | 20,000 | - | - | - | - | - | - | - | - | - | - | 20,000 | - | - | - | - | - |
| MRA - Europe | 30,800 | - | - | - | - | - | - | - | - | - | - | 30,800 | - | - | - | - | - |
| MRA - Near East | 93,100 | - | - | - | - | - | - | - | - | - | - | 93,100 | - | - | - | - | - |
| MRA - South Asia | 44,400 | - | - | - | - | - | - | - | - | - | - | 44,400 | - | - | - | - | - |
| MRA - Western Hemisphere | 21,000 | - | - | - | - | - | - | - | - | - | - | 21,000 | - | - | - | - | - |
| U.S. Emergency Refugee and Migration Assistance (ERMA) | 55,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 55,000 |
| Bureau of International Narcotics and Law Enforcement Affairs | 131,100 | - | - | - | - | - | - | - | - | - | 131,100 | - | - | - | - | - | - |
| Anticrime Programs | 14,000 | - | - | - | - | - | - | - | - | - | 14,000 | - | - | - | - | - | - |
| Civilian Police Programs | 2,000 | - | - | - | - | - | - | - | - | - | 2,000 | - | - | - | - | - | - |
| Criminal Youth Gangs | 5,000 | - | - | - | - | - | - | - | - | - | 5,000 | - | - | - | - | - | - |
| Demand Reduction | 3,500 | - | - | - | - | - | - | - | - | - | 3,500 | - | - | - | - | - | - |
| International Law Enforcement Academies | 16,500 | - | - | - | - | - | - | - | - | - | 16,500 | - | - | - | - | - | - |
| International Organizations | 5,500 | - | - | - | - | - | - | - | - | - | 5,500 | - | - | - | - | - | - |
| Interregional Aviation Support | 60,100 | - | - | - | - | - | - | - | - | - | 60,100 | - | - | - | - | - | - |
| Trafficking in Persons | 4,950 | - | - | - | - | - | - | - | - | - | 4,950 | - | - | - | - | - | - |
| Program Development and Support | 19,550 | - | - | - | - | - | - | - | - | - | 19,550 | - | - | - | - | - | - |

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|--|-----------|-----|------|-----|---------|---------|--------|-----|---------|------|-------|-----|--------|-----|---------|--------|----------|
| Bureau of Democracy Human Rights and Labor | 35,000 | - | - | - | - | - | 35,000 | - | - | - | - | - | - | - | - | - | - |
| Democracy, Human Rights, & Labor | 35,000 | - | - | - | - | - | 35,000 | - | - | - | - | - | - | - | - | - | - |
| Bureau of Oceans and International Environmental and Scientific Affairs | 34,300 | - | - | - | - | - | 34,300 | - | - | - | - | - | - | - | - | - | - |
| Asia-Pacific Partnership | 26,500 | - | - | - | - | - | 26,500 | - | - | - | - | - | - | - | - | - | - |
| Oceans, Environmental and Science Initiative | 7,800 | - | - | - | - | - | 7,800 | - | - | - | - | - | - | - | - | - | - |
| Office to Monitor and Combat Trafficking in Persons | 6,700 | - | - | - | - | - | 6,700 | - | - | - | - | - | - | - | - | - | - |
| Trafficking in Persons | 6,700 | - | - | - | - | - | 6,700 | - | - | - | - | - | - | - | - | - | - |
| Office of the Coordinator for Counterterrorism | 41,600 | - | - | - | - | - | - | - | - | - | - | - | 41,600 | - | - | - | - |
| Anti-Terrorism Assistance | 39,600 | - | - | - | - | - | - | - | - | - | - | - | 39,600 | - | - | - | - |
| Counter Terrorism Engagement with Allies | 1,000 | - | - | - | - | - | - | - | - | - | - | - | 1,000 | - | - | - | - |
| Counter Terrorism Financing | 500 | - | - | - | - | - | - | - | - | - | - | - | 500 | - | - | - | - |
| Terrorist Interdiction Program | 500 | - | - | - | - | - | - | - | - | - | - | - | 500 | - | - | - | - |
| Office of the U.S. Global AIDS Coordinator | 537,000 | - | - | - | - | - | - | - | 537,000 | - | - | - | - | - | - | - | - |
| Central Programs | 362,785 | - | - | - | - | - | - | - | 362,785 | - | - | - | - | - | - | - | - |
| International Partnerships | 27,000 | - | - | - | - | - | - | - | 27,000 | - | - | - | - | - | - | - | - |
| Other Bilateral Programs | 50,000 | - | - | - | - | - | - | - | 50,000 | - | - | - | - | - | - | - | - |
| Strategic Information/Evaluation | 36,000 | - | - | - | - | - | - | - | 36,000 | - | - | - | - | - | - | - | - |
| Technical Oversight and Management | 61,215 | - | - | - | - | - | - | - | 61,215 | - | - | - | - | - | - | - | - |
| USAID Functional Bureaus and Admin | 2,428,877 | - | - | - | 638,727 | 173,850 | - | - | - | - | - | - | - | - | 619,900 | 32,200 | 964,200 |
| Democracy, Conflict, and Humanitarian Assistance (DCHA) | 65,050 | - | - | - | 3,000 | 62,050 | - | - | - | - | - | - | - | - | - | - | - |
| DCHA Contingency** | 652,100 | - | - | - | - | - | - | - | - | - | - | - | - | - | 619,900 | 32,200 | - |
| International Disaster & Famine Assistance (IDFA) | 183,800 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 183,800 |
| Economic Growth, Agriculture and Trade (EGAT) | 104,300 | - | - | - | - | 104,300 | - | - | - | - | - | - | - | - | - | - | - |
| USAID Development Credit Program - Subsidy | [21,000] | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | [21,000] |
| Global Development Alliances (GDA) | 7,500 | - | - | - | - | 7,500 | - | - | - | - | - | - | - | - | - | - | - |
| Global Health (GH) | 438,619 | - | - | - | 438,619 | - | - | - | - | - | - | - | - | - | - | - | - |
| Avian Influenza | 100,000 | - | - | - | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| International Partnerships | 97,108 | - | - | - | 97,108 | - | - | - | - | - | - | - | - | - | - | - | - |
| USAID Development Credit Authority - Admin | 7,400 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,400 |
| USAID Operating Expense | 609,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 609,000 |
| USAID Capital Investment Fund | 126,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 126,000 |
| USAID IG Operating Expense | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 38,000 |

Country/Account Summary

FY 2008 Request

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI*** | Other* |
|--|---------|-----|------|-----|-----|----|-----|-----|------|------|-------|-----|------|-----|--------|-------|---------|
| International Organization | 289,400 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 289,400 |
| Center for Human Settlements | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,000 |
| IMO Maritime Security Programs | 400 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 400 |
| International Civil Aviation Organization | 950 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 950 |
| International Conservation Programs | 5,906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,906 |
| International Contributions for Scientific, Educational, and Cultural Activities | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,000 |
| International Development Law Organization | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 300 |
| International Panel on Climate Change/UN Framework Convention on Climate Change | 5,320 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,320 |
| Montreal Protocol Multilateral Fund | 19,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 19,000 |
| OAS Development Assistance Programs | 5,225 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,225 |
| OAS Fund for Strengthening Democracy | 2,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,500 |
| Organization for Security & Cooperation in Europe (OSCE) | 4,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,000 |
| UN Children's Fund | 123,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 123,000 |
| UN Democracy Fund (UNDEF) | 14,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,000 |
| UN Development Fund for Women | 950 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 950 |
| UN Development Program | 75,300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 75,300 |
| UN Environment Program | 9,524 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,524 |
| UN Innovation and Entrepreneurship Initiative (UNIEI) | 10,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,000 |
| UN Office for the Coordination of Humanitarian Affairs (UN OCHA) | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,000 |
| UN Voluntary Fund for Technical Cooperation in the Field of Human Rights | 1,425 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,425 |
| UN Voluntary Fund for Victims of Torture | 4,750 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,750 |
| World Meteorological Organization | 1,900 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,900 |
| World Trade Organization | 950 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 950 |

Country/Account Summary

FY 2008 Request

(\$ in thousands)

| | TOTAL | ACI | SEED | FSA | CSH | DA | ESF | FMF | GHAI | IMET | INCLE | MRA | NADR | PKO | PL 480 | TI*** | Other* |
|--|-----------|-----|------|-----|-----|----|-----|-----|------|------|-------|-----|------|-----|--------|-------|-----------|
| International Financial Institutions | 1,498,950 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,498,950 |
| Global Environment Facility | 106,763 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 106,763 |
| International Development Association | 1,060,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,060,000 |
| Multilateral Investment Guarantee Agency | 1,082 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,082 |
| Asian Development Fund | 133,906 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 133,906 |
| African Development Fund | 140,584 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 140,584 |
| African Development Bank | 2,037 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,037 |
| European Bank for Reconstruction and Development | 10 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10 |
| Enterprise for the Americas Multilateral Investment Fund | 29,232 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 29,232 |
| Inter-American Investment Corporation | 7,264 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,264 |
| International Fund for Agricultural Development | 18,072 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 18,072 |

*Other: ERMA, IDFA, Peace Corps, USAID administrative accounts, International Organizations and Programs, International Financial Institutions, and Independent Agencies.

** The P.L. 480 DCHA contingency will be used for non-emergency programs unless they are required for emergencies, in which case the Administrator may waive the sub-minimum mandate through official procedures sometime after the beginning of the fiscal year.

*** Transition Initiatives funding for Sudan is a planning figure and may change once we enter FY 2008.

Note: The table includes total allocations of Foreign Operations programs and P.L. 480 Title II.

Country/Account Summary

FY 2006 Supplemental

(\$ in thousands)

| | TOTAL | CSH | DA | ESF | IDFA | INCLE | MRA | PKO | PL 480 | DF | IRRF | Other* |
|--|-----------|---------|--------|-----------|---------|---------|--------|---------|---------|--------|-------|---------|
| FY 2006 Supplemental | 2,881,030 | 113,000 | 16,500 | 1,681,000 | 217,630 | 107,700 | 75,700 | 178,000 | 350,000 | 22,500 | 5,000 | 114,000 |
| Africa | 589,800 | - | - | 50,000 | 66,300 | - | - | 121,000 | 350,000 | 2,500 | - | - |
| Democratic Republic of the Congo - Democracy Fund | 2,500 | - | - | - | - | - | - | - | - | 2,500 | - | - |
| Ethiopia | 21,500 | - | - | - | - | - | - | - | 21,500 | - | - | - |
| Kenya | 49,500 | - | - | - | - | - | - | - | 49,500 | - | - | - |
| Liberia | 50,000 | - | - | 50,000 | - | - | - | - | - | - | - | - |
| Somalia | 54,000 | - | - | - | - | - | - | - | 54,000 | - | - | - |
| Sudan | 407,300 | - | - | - | 66,300 | - | - | 116,000 | 225,000 | - | - | - |
| Africa Regional | 5,000 | - | - | - | - | - | - | 5,000 | - | - | - | - |
| Near East | 1,646,400 | - | - | 1,530,000 | - | 91,400 | - | - | - | 20,000 | 5,000 | - |
| Iran - Democracy Fund | 20,000 | - | - | - | - | - | - | - | - | 20,000 | - | - |
| Iraq | 1,571,400 | - | - | 1,480,000 | - | 91,400 | - | - | - | - | - | - |
| Jordan | 50,000 | - | - | 50,000 | - | - | - | - | - | - | - | - |
| Iraq Relief and Reconstruction Fund | 5,000 | - | - | - | - | - | - | - | - | - | 5,000 | - |
| South and Central Asia | 99,300 | 5,300 | 10,500 | 83,500 | - | - | - | - | - | - | - | - |
| Afghanistan | 43,000 | - | - | 43,000 | - | - | - | - | - | - | - | - |
| Pakistan | 56,300 | 5,300 | 10,500 | 40,500 | - | - | - | - | - | - | - | - |
| Western Hemisphere | 42,300 | 2,500 | 6,000 | 17,500 | - | 16,300 | - | - | - | - | - | - |
| Colombia | 16,300 | - | - | - | - | 16,300 | - | - | - | - | - | - |
| Guatemala | 6,000 | - | 6,000 | - | - | - | - | - | - | - | - | - |
| Haiti | 20,000 | 2,500 | - | 17,500 | - | - | - | - | - | - | - | - |
| Bureau of Political and Military Affairs | 57,000 | - | - | - | - | - | - | 57,000 | - | - | - | - |
| Global Peace Operations Initiative | 57,000 | - | - | - | - | - | - | 57,000 | - | - | - | - |
| Bureau of Population, Refugees, and Migration | 75,700 | - | - | - | - | - | 75,700 | - | - | - | - | - |
| Migration and Refugee Assistance (MRA) | 75,700 | - | - | - | - | - | 75,700 | - | - | - | - | - |
| USAID | 357,530 | 105,200 | - | - | 151,330 | - | - | - | - | - | - | 101,000 |
| Global Health - Avian Influenza (GH) | 105,200 | 105,200 | - | - | - | - | - | - | - | - | - | - |
| DCHA Contingency | 151,330 | - | - | - | 151,330 | - | - | - | - | - | - | - |
| USAID Operating Expenses (OE) | 101,000 | - | - | - | - | - | - | - | - | - | - | 101,000 |
| Department of Treasury | 13,000 | - | - | - | - | - | - | - | - | - | - | 13,000 |
| Treasury Technical Assistance | 13,000 | - | - | - | - | - | - | - | - | - | - | 13,000 |

* Other: USAID OE and Treasury Technical Assistance

Country/Account Summary

FY 2007 GWOT Supplemental and FY 2008 GWOT Emergency

(\$ in thousands)

| | TOTAL | SEED | GSH | ESF | ERMA | FMF | IDFA | INCLE | MRA | NADR | PKO | PL 480 | USAID OE |
|--|-----------|---------|---------|-----------|--------|---------|---------|---------|--------|--------|---------|---------|----------|
| FY 2007 GWOT Supplemental | 4,812,700 | 279,000 | 161,000 | 3,025,000 | 30,000 | 220,000 | 105,000 | 260,000 | 71,500 | 27,500 | 278,000 | 350,000 | 5,700 |
| Africa | 360,000 | - | - | - | - | - | 60,000 | - | - | - | 150,000 | 150,000 | - |
| Sudan | 340,000 | - | - | - | - | - | 40,000 | - | - | - | 150,000 | 150,000 | - |
| Somalia | 20,000 | - | - | - | - | - | 20,000 | - | - | - | - | - | - |
| Europe and Eurasia | 279,000 | 279,000 | - | - | - | - | - | - | - | - | - | - | - |
| Kosovo | 279,000 | 279,000 | - | - | - | - | - | - | - | - | - | - | - |
| Near East | 2,924,500 | - | - | 2,372,000 | - | 220,000 | 45,000 | 260,000 | 15,000 | 12,500 | - | - | - |
| Iraq | 2,339,000 | - | - | 2,072,000 | - | - | 45,000 | 200,000 | 15,000 | 7,000 | - | - | - |
| Lebanon | 585,500 | - | - | 300,000 | - | 220,000 | - | 60,000 | - | 5,500 | - | - | - |
| South and Central Asia | 703,700 | - | - | 653,000 | - | - | - | - | - | 15,000 | - | 30,000 | 5,700 |
| Afghanistan | 703,700 | - | - | 653,000 | - | - | - | - | - | 15,000 | - | 30,000 | 5,700 |
| Bureau of Political and Military Affairs | 128,000 | - | - | - | - | - | - | - | - | - | 128,000 | - | - |
| Political-Military Affairs (PM) | 128,000 | - | - | - | - | - | - | - | - | - | 128,000 | - | - |
| Bureau of Population, Refugees, and Migration | 86,500 | - | - | - | 30,000 | - | - | - | 56,500 | - | - | - | - |
| U.S. Emergency Refugee and Migration Assistance (ERMA) | 86,500 | - | - | - | 30,000 | - | - | - | 56,500 | - | - | - | - |
| USAID | 331,000 | - | 161,000 | - | - | - | - | - | - | - | - | 170,000 | - |
| DCHA Contingency | 170,000 | - | - | - | - | - | - | - | - | - | - | 170,000 | - |
| Global Health - Avian Influenza | 161,000 | - | 161,000 | - | - | - | - | - | - | - | - | - | - |
| FY 2008 GWOT Emergency | 1,366,800 | - | - | 1,111,000 | - | - | - | 159,000 | 35,000 | - | - | - | 61,800 |
| Near East | 1,011,800 | - | - | 772,000 | - | - | - | 159,000 | 35,000 | - | - | - | 45,800 |
| Iraq | 1,011,800 | - | - | 772,000 | - | - | - | 159,000 | 35,000 | - | - | - | 45,800 |
| South and Central Asia | 355,000 | - | - | 339,000 | - | - | - | - | - | - | - | - | 16,000 |
| Afghanistan | 355,000 | - | - | 339,000 | - | - | - | - | - | - | - | - | 16,000 |