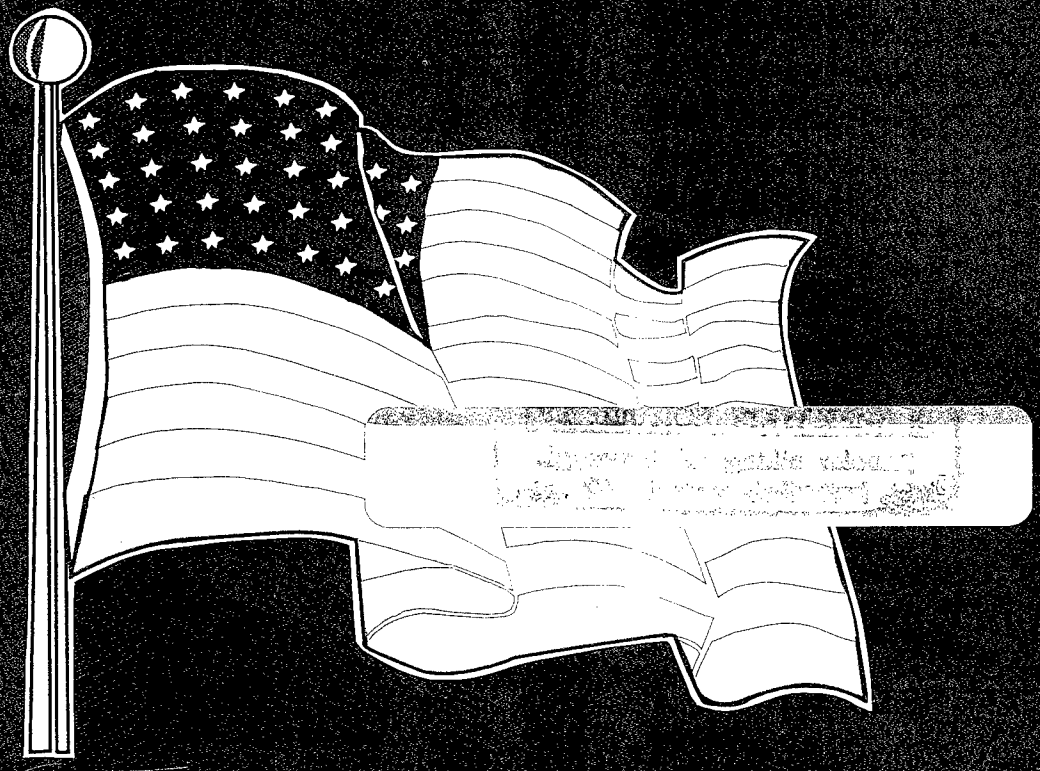
United States Department of State

Congressional Presentation for Foreign Operations



Fiscal Year 1997

United States Department of State

Congressional Presentation

for

Foreign Operations

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

Fiscal Year 1997

19961125 016

DTIC QUALITY INSPECTED 3

CONTENTS

FY 1997
Congressional Presentation
for
Foreign Operations

	PAGE
INTRODUCTION	**vii**
Table: FY 1997 Foreign Operations Budget	x

FUNCTIONAL BUDGET REQUESTS

INTERNATIONAL ORGANIZATIONS AND PROGRAMS	**1**
Table: FY 1997 Budget Request: International Organizations & Programs	5
UN Human Rights Center Voluntary Fund for Technical Cooperation in the Field of Human Rights	6
UN Voluntary Fund for Victims of Torture (UNVFVT)	8
OAS Fund for Strengthening Democracy	9
UN Development Program (UNDP)	12
UN Development Fund for Women (UNIFEM)	15
UN Children's Fund (UNICEF)	17
UN/FAO World Food Program (WFP)	19
UN Afghanistan Emergency Trust Fund (AETF)	21
International Civil Aviation Organization (ICAO)	23
UN Population Fund (UNFPA)	24
UN Environment Program (UNEP)	26
Multilateral Fund for the Protection of the Ozone Layer	29
International Conservation	31
Climate Stabilization Fund	35
International Contributions for Scientific, Educational & Cultural Activities	37
World Meteorological Organization Voluntary Cooperation Program	42
OAS Development Assistance Programs	44
International Atomic Energy Agency (IAEA)	46
Korean Energy Development Organization (KEDO)	51
ECONOMIC SUPPORT FUNDS	**53**
Table: FY 1997 Economic Support Funds Program Summary	56
SUPPORT FOR EAST EUROPEAN DEMOCRACY	**57**
Tables: FY 1997 SEED Country and Regional Allocations	61

DTIC QUALITY INSPECTED 3

TABLE OF CONTENTS (CONTINUED)

	PAGE
ASSISTANCE FOR THE NEW INDEPENDENT STATES	**64**
Table: FY 1997 Assistance for the NIS: Program Summary	71
INTERNATIONAL NARCOTICS & LAW ENFORCEMENT AFFAIRS	**72**
Tables: International Narcotics & Law Enforcement Affairs	
FY 1997 Budget Request	77
FY 1997 Budget Summary by Functional Activity	78
Asia/Africa/Middle East Regional Cooperation	79
Interregional Aviation	83
International Organizations	85
Narcotics Law Enforcement Training & Drug Awareness and Demand Reduction	89
Program Development and Support	94
International Criminal Justice	96
NIS/Central Europe Counternarcotics Cooperation	101
REFUGEE ASSISTANCE	**104**
MRA Summary Statement	105
Table: MRA Program Sub-Account Summary	109
Graph: FY 1997 MRA Budget	110
Overseas Assistance	111
Graph: Refugees and Persons of Concern to UNHCR	113
Assistance Programs in Africa	114
Assistance Programs in East Asia	116
Assistance Programs in the Western Hemisphere	118
Assistance Programs in the Near East and North Africa	119
Assistance Programs in South Asia	121
Assistance Programs in Europe	123
Multiregional Activities	125
Refugee Admissions	127
Refugees to Israel	131
Administrative Expenses	132
Table: Requirements by Object Class	133
FY 1997 ERMA Summary Statement	134
Table: Requirements by Object Class	135
ANTI-TERRORISM ASSISTANCE	**136**
NONPROLIFERATION AND DISARMAMENT FUND	**143**
INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)	**145**
Table: FY 1997 IMET Budget Request	149
Table: Summary of Students Trained Under IMET	153

TABLE OF CONTENTS (CONTINUED)

	PAGE
FOREIGN MILITARY FINANCING	**156**
Table: FY 1997 FMF Budget Request	159
Defense Administrative Costs	160
Table: FMF Administrative Costs	161
Demining	162
PEACEKEEPING OPERATIONS	**164**
Table: FY 1997 Peacekeeping Operations Budget Request	166
Sanctions Assistance Monitoring	167

REGIONAL AND COUNTRY PROGRAMS

SUB-SAHARAN AFRICA	**169**
Africa Regional Democracy Fund	173
Africa Regional Peacekeeping	176
Angola	177
Benin	180
Botswana	181
Burundi	182
Cameroon	183
Cape Verde	184
Central African Republic	185
Chad	186
Comoros	187
Congo	188
Cote d'Ivoire	189
Djibouti	190
East Africa Regional Assistance	191
Eritrea	192
Ethiopia	193
Ghana	194
Guinea	195
Guinea-Bissau	196
Kenya	197
Lesotho	198
Madagascar	199
Malawi	200
Mali	201
Mauritania	202
Mauritius	203
Mozambique	204
Namibia	205

TABLE OF CONTENTS (CONTINUED)

	PAGE
Niger	206
Organization of African Unity	207
Rwanda	208
Sao Tome & Principe	209
Senegal	210
Seychelles	211
Sierra Leone	212
South Africa	213
Swaziland	214
Tanzania	215
Togo	216
Uganda	217
Zambia	218
Zimbabwe	219
EAST ASIA & THE PACIFIC	**220**
East Asia-Pacific Regional Democracy Fund	226
Cambodia	228
Indonesia	233
Laos	235
Malaysia	237
Mongolia	238
Papua New Guinea	240
Philippines	242
Singapore	244
Solomon Islands	246
South Korea	247
South Pacific Multilateral Fisheries Treaty	249
Thailand	250
Tonga	252
Vanuatu	253
Western Samoa	254
EUROPE	**255**
Albania	259
Austria	261
Bosnia-Herzegovina	262
Bulgaria	265
Central European Defense Loans	267
Croatia	269
Cyprus	272
Czech Republic	274
Estonia	276
Europe Peacekeeping	279

TABLE OF CONTENTS (CONTINUED)

	PAGE
Finland	281
Former Yugoslav Republic of Macedonia	282
Greece	285
Hungary	287
International Fund for Ireland	289
Latvia	291
Lithuania	294
Malta	297
OSCE Peacekeeping	298
Partnership For Peace	299
Poland	301
Portugal	304
Romania	306
Slovakia	309
Slovenia	311
Spain	313
Turkey	314
NEW INDEPENDENT STATES	**316**
Armenia	318
Azerbaijan	322
Belarus	325
Georgia	328
Kazakstan	332
Kyrgyzstan	336
Moldova	340
Russia	343
Tajikistan	348
Turkmenistan	350
Ukraine	352
Uzbekistan	357
LATIN AMERICA AND THE CARIBBEAN	**360**
Administration of Justice/ICITAP	364
Argentina	366
Bahamas	367
Belize	369
Bolivia	370
Brazil	373
Caribbean Regional Fund	375
Chile	377
Colombia	378
Costa Rica	379

TABLE OF CONTENTS (CONTINUED)

	PAGE
Dominican Republic	380
Eastern Caribbean	381
Ecuador	382
El Salvador	384
Guatemala	386
Guyana	389
Haiti	390
Honduras	393
Jamaica	394
Latin American Peacekeeping	396
Latin America and the Caribbean Regional Cooperation	397
Latin America and the Caribbean Regional Democracy Programs	400
Mexico	403
Nicaragua	405
Panama Canal Area Military School Program	406
Paraguay	407
Peru	408
Suriname	411
Trinidad and Tobago	412
Uruguay	413
Venezuela	414
THE NEAR EAST	**416**
Algeria	420
Bahrain	421
Egypt	422
Israel	424
Jordan	426
Lebanon	428
Middle East Multilateral Working Groups	430
Middle East Regional Cooperation	432
Middle East Regional Democracy Fund	433
Morocco	434
Multinational Force and Observers	435
Oman	436
Tunisia	437
West Bank and Gaza	438
Yemen	440
SOUTH ASIA	**441**
Bangladesh	444
India	445
Maldives	446

TABLE OF CONTENTS (CONTINUED)

	PAGE
Nepal	447
Pakistan	448
Sri Lanka	451
OTHER SUPPORTING INFORMATION	**452**
Arms Control Considerations	452
Estimating Foreign Military Sales	454
Table: FMS and Construction Sales Agreements	455
Foreign Military Sales Administrative Costs	458
Table: Foreign Military Sales Administrative Costs	459
Commercial Exports Licensed or Approved Under the Arms Export Control Act	460
Table: Commercial Exports Licensed or Approved Under the AECA	461
Overseas Military Program Management	465
Table: Overseas Military Program Management	467
Table: Overseas Military Program Management Personnel Strengths	469
Excess Defense Articles (EDA)	471
Table: EDA Sold Under FMS	472
Table: EDA Grant Transferred Under the Provisions of the Foreign Assistance Act	473
Leased Defense Articles	474
Table: Leases Under the Arms Export Control Act	475
Stockpiling of Defense Articles for Foreign Countries	476
Table: Value of Annual Ceilings for Stockpiling	477
Countries and International Organizations Eligible for Purchasing Defense Articles and Services	478
Tables: Funding	483
Tables: Legislative History of Authorizations & Appropriations	489
All Spigots Table	499

INTRODUCTION

INTRODUCTION

As the dawn of a new century approaches, the United States finds itself at a crossroads -- in a situation similar to, but in many ways more complex than, the one it faced at the end of World War II. One path leads to continued American leadership in international affairs and enhanced U.S. national security. Another leads to retreat and increasing vulnerability to international events over which we have declining control and influence. Following World War II, America chose a path of engagement, which made possible the construction of a more secure, democratic, and prosperous world. Standing on its principles and learning from past mistakes, America prevailed in the face of the formidable communist threat. To meet the challenges of the next century and to build an even safer world for our children, we must plot a similar course marked by vision and steadfastness of purpose.

Just as American leadership was critical to global peace, stability, and economic progress in the twentieth century, it will remain so in the twenty-first. Our leadership is likely to be even more relevant in the new information age as our world becomes even smaller and more interdependent. In this era of new challenges and opportunities, our security and economic well-being will depend on global events and trends which we can choose to lead or to follow. If we fail to exercise our leadership now, we will pay an enormous price later.

Recently, American leadership has spurred major successes in places such as the New Independent States, the Middle East, Bosnia, Haiti, and South Africa. It has strengthened democracy, reduced the risk of nuclear proliferation, expanded world prosperity, and countered the threats of environmental degradation, unbridled population growth, drug trafficking, and terrorism. Modest investments in diplomacy have reaped enormous benefits, forestalling the need to spend much greater sums or to put our armed forces at risk to respond to international crises.

As in the past, our ability to lead will depend heavily on our ability to devote the resources necessary to pursue and protect American interests abroad. This task will not be easy, in light of budget constraints and our commitment to balance the federal budget. We will continue to do our part in streamlining foreign affairs operations and in organizing ourselves to do our job most efficiently. But we must not sacrifice national security in the process.

With the end of the Cold War, we have an unprecedented opportunity to build and strengthen a world of free societies and open markets -- an environment in which American ideals, values, and economic prosperity can thrive. Yet we also face serious threats that can cross any border: proliferation of weapons of mass destruction, environmental degradation, large-scale migrations, terrorism, drug trafficking, and crime. To counter these challenges, we must stay engaged, keep our promises, pay our bills, and meet our commitments -- particularly to institutions that we, ourselves, helped create. If we do not, our friends and allies, as well as our adversaries, will no longer take us seriously. Our national security will be endangered. Retreating from our international responsibilities will also exact a terrible toll by reducing our economic competitiveness, costing us export markets and American jobs.

Despite the multiple challenges our nation faces, the Administration's FY 1997 budget request for International Affairs is the lowest in many years. The Administration seeks $19.2 billion, 10 percent below last year's request. The foreign operations component of this request totals $12.8 billion, a reduction of $1.9 billion from last year's request level and less than 0.8 percent of the total federal budget. This austere request for the foreign affairs agencies and their programs represents the minimum necessary to protect U.S. interests and maintain American leadership.

Further reductions to this already dangerously low base, barely half the foreign affairs budget of 1984, will inevitably compromise U.S. national security. Such reductions will cripple, perhaps irreparably, our prestige, credibility, and influence, jeopardizing important political, security, and economic interests. Conversely, Congressional support for this foreign operations budget will enhance U.S. national security and economic prosperity. We should not delude ourselves that America and the world community will not continue to face crises and challenges; it would be a tragic mistake to enter the millennium unprepared and unwilling to protect our nation's vital interests.

This Congressional Presentation sets forth the Administration's request for FY 1997 foreign operations programs which are administered by the Department of State or for which the State Department provides policy guidance. For those programs which are implemented by the U.S. Agency for International Development (USAID), additional programmatic detail can be found in the USAID Congressional Presentation. Program descriptions and supporting information for the following programs are included in this volume:

International Organizations and Programs
Economic Support Funds
Assistance for Central Europe
Assistance for the New Independent States
International Narcotics Control
Migration and Refugee Assistance
Emergency Refugee and Migration Assistance
Antiterrorism Assistance
Nonproliferation and Disarmament Fund
International Military Education and Training
Foreign Military Financing
Voluntary Peacekeeping

FY 1997 FOREIGN OPERATIONS BUDGET

(Dollars in thousands)

ACCOUNT	FY 1995 ACTUAL	FY 1996 ESTIMATE	FY 1997 REQUEST
International Organizations and Programs	359,000	285,000	325,000
Assistance for the New Independent States	621,595	641,000	640,000
Assistance for Eastern Europe & the Baltics	349,442	321,000	475,000
SEED, FY 1996 Supplemental	0	200,000	
Peacekeeping Operations (PKO)	74,150	70,000	70,000
Economic Support Fund (ESF)	2,333,637	2,359,600	2,408,000
Nonproliferation and Disarmament Fund	10,000	20,000	20,000
International Military Education & Training	26,350	39,000	45,000
Foreign Military Financing (FMF) - Grant	3,154,561	3,208,390	3,228,250
FMF, FY 1996 Supplemental	0	140,000	0
Foreign Military Financing (FMF) - Loan	42,774	64,400	40,000
Migration and Refugee Assistance (MRA)	671,000	671,000	650,000
Emergency Refugee and Migration Assistance (ERMA)	50,000	50,000	50,000
Anti-Terrorism Assistance	15,241	16,000	17,000
International Narcotics Control	109,964	115,000	213,000

FUNCTIONAL BUDGET REQUESTS

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	359.000	285.000	325.000

OBJECTIVES:

U.S. foreign policy objectives, such as fostering peace and security, promoting human rights, promoting economic prosperity and stabilizing fledging democracies are served immeasurably through adequate investments in multilateral programs. These contributions are used to help resolve many global problems that would be impossible for the United States to tackle alone. Only if the United States leads will the global community take strong and concerted action to deter nuclear proliferation, improve the quality of life of vulnerable populations, slow down the adverse effects of climate change, and remove landmines that have devastated countries in Europe and Asia. Better nourished, healthier, and more prosperous populations in developing countries contribute to a more secure international order and expand markets for U.S. goods and services.

Adequate voluntary funding has taken on even greater significance as the United States seeks to forge support among member nations for UN system reform. In UN organizations, such as the UN Development Program (UNDP), UN Children's Fund (UNICEF), UN Population Fund (UNFPA) and the World Food Program (WFP), governing bodies have been restructured with increased management oversight. These programs, the Organization of American States (OAS), and other organizations have been responsive to donor reform initiatives and program priorities. For example, the OAS' activist Secretary General, Cesar Gaviria, has restructured the organization based on initiatives agreed to by President Clinton and thirty three other Heads of State at the Summit of the Americas, such as strengthening democracy and promoting and protecting human rights.

Voluntary contributions to multilateral organizations continue to be a bargain for the United States in furthering its goals and objectives. For every dollar the United States contributes to agencies such as UNDP, its multilateral partners contribute $8 to $10. U.S. interests in these organizations are enormous. Some examples follow:

- UNDP programs are aimed at the elimination of poverty, promotion of good governance and the reconstruction of war-torn societies. For example, in Bosnia, UNDP is developing programs in support of the reconciliation made possible by the Dayton Agreement.

- UNICEF is the voice of the American people for vulnerable mothers and children suffering from ill-health, poor nutrition and little or no education.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

- Support for UNFPA helps millions gain access to safe, voluntary and effective family planning services. Limiting population growth also reaps benefits in terms of economic growth, political stability, and environmental protection abroad.

- IAEA's full scope safeguards agreements are the essential underpinning to international commitments to deter nuclear proliferation.

- The Montreal Protocol (ozone layer) Fund recognizes the partnership between developed and developing countries in phasing out ozone-depleting substances. This effort will protect U.S. citizens from exposure to the ultraviolet radiation that causes skin cancer.

JUSTIFICATION:

The FY 1997 IO&P request is 14 percent higher than the FY 1996 appropriated level of $285 million. In keeping with the President's commitment to budget deficit reduction, the FY 1997 budget requests $325 million for the IO&P account, nearly 24 percent below the FY 1996 request of $425 million.

This request includes $259.1 million for programs that promote sustainable development, $61 million for promoting peace programs through two non-proliferation activities, and $4.9 million for programs that build democracy and promote human rights, including funding for the UN Voluntary Fund for Victims of Torture. Almost 90 percent of the sustainable development resources are for four key multilateral programs: UNDP, UNICEF, UNFPA and the Montreal Protocol Multilateral Fund. Solely for budgetary reasons, the request for UNICEF is slightly lower than previous years, although the Administration's commitment to child survival programs remains as strong as ever. Remaining funds to promote sustainable development are proposed for organizations or activities that promote broad-based economic growth, protect the environment and stabilize new democracies. As an example, ICAO's Aviation Security Fund promotes aviation safety of paramount importance to all Americans, particularly in the aftermath of the recent air tragedy in the Dominican Republic.

Increases include:

+$26.7 million for the UN Development Program. This level is the "critical mass" needed to maintain U.S. leadership and influence in the organization. As the central focal point for funding, UNDP coordinates and gives coherence to UN system development efforts, a task which will gain prominence as the United States pursues major UN restructuring efforts. UNDP has tightened its belt by cutting the administrative budget by 12 percent in real terms, and by cutting headquarters staff by 25 percent and field staff by 8 percent.

+$5.5 million for the Montreal Protocol Multilateral Fund. Under the Montreal Protocol, the United States has agreed to protect the ozone layer by phasing out use of ozone-depleting substances. Hundreds of millions of dollars are generated by U.S. companies in this critically important effort.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

+$5 million for the Korean Peninsula Energy Development Organization (KEDO). This funding is essential to carry out the U.S.-DPRK Agreed Framework. U.S. contributions to KEDO will fund administrative expenses, the provision of heavy fuel oil to the DPRK, and the Light Water Reactor (LWR) project. It will also assure greater contributions from Korea, Japan and the international community.

+$5 million for the UN Population Fund (UNFPA). UNFPA is at the center of international efforts to mobilize additional resources for family planning and reproductive health programs. It is the leading multilateral organization providing vitally needed family planning services in more than 140 countries throughout the developing world. UNFPA assistance has filled gaps through support of much needed programs where the United States, for streamlining purposes, does not have bilateral programs. UNFPA estimates that it costs $15 per couple to provide reproductive health and family planning services. Thus, each $10 million reduction in funding to UNFPA potentially means that about 667,000 couples will not receive services.

+$3 million for the UN Environment Program. UNEP is the world's only multilateral organization that addresses the full range of environmental issues. It also provides critical administrative and managerial support for the implementation of important international agreements on the environment, such as the Vienna Convention and Montreal Protocol to combat stratospheric ozone depletion.

+$2.2 million for International Conservation Programs. This increase is needed to restore some of the ground lost in FY 1996 in promoting sustainable use of the world's natural resources, demonstrating U.S. commitment to conservation of wetlands, controlling trade in endangered species and sustainable management of tropical timber.

+$1.5 million for the OAS Fund for Strengthening Democracy. These funds make maximum use of the multilateral legitimacy of the OAS to promote democracy and human rights, often in areas where unilateral U.S. action would be seen as interventionist. U.S. support helps the OAS carry out activities aimed at heading off internal crises before they erupt.

+$1.1 million for the Climate Stabilization Fund. The international scientific consensus is that human activities are contributing to global climate change with likely impacts on U.S. coastal communities, agriculture, the insurance industry and other sectors. The United States must work collaboratively with its global partners to reverse this trend.

+$2.9 million for other priority initiatives, including +$900,000 for the UN Voluntary Fund for Technical Cooperation in the Field of Human Rights which focuses, *inter alia*, on promoting democracy and human rights, strengthening the rule of law, the administration of justice and providing electoral assistance; +$900,000 for the WMO Voluntary Cooperation Program which provides training and equipment to help developing countries; +$800,000 for International Contributions for Scientific, Educational and Cultural Activities to further U.S. goals and leadership in key UNESCO bodies; and +$250,000 for the UN Afghanistan Emergency Trust Fund in support of the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), which manages aid to Afghan refugees and internally

displaced persons and efforts to re-build this war-torn country, including removal of some of the 10 million landmines littering its territory.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS
FY 1997 BUDGET REQUEST

(Dollars in thousands)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
BUILDING DEMOCRACY	**3,700**	**2,500**	**4,900**
UN Vol Fund for Techn'l Coop in Field of Human Rights	1,025	0	900
UN Vol Fund for Victims of Torture	1,500	1,500	1,500
UN Educational & Training Progm for Southern Africa	175	0	0
OAS Fund for Strengthening Democracy	1,000	1,000	2,500
PROMOTING SUSTAINABLE DEVELOPMENT	**311,600**	**226,500**	**259,100**
BROAD-BASED ECONOMIC GROWTH	218,600	156,450	172,300
UN Development Program (UNDP)	113,000	52,000 *	78,700
UN Capital Development Fund (UNCDF)	1,100	0	0
UN Development Fund for Women (UNIFEM)	1,000	1,000	1,000
UN Children's Fund (UNICEF)	99,300	100,000	90,000
World Food Program	3,000	3,000	2,000
Afghanistan Emergency Trust Fund	500	250	500
UN Industrial Dev Org/Investment Promotion Service	500	0	0
UN Fellowship Program	100	100	0
ICAO Aviation Security Fund	100	100	100
STABILIZATION OF WORLD POPULATION GROWTH	35,000	25,000	30,000
UN Population Fund (UNFPA)	35,000	25,000	30,000
PROTECTION OF GLOBAL ENVIRONMENT	47,000	37,050	50,300
UN Environment Program (UNEP)	16,000	8,000	11,000
Montreal Protocol Multilateral Fund	20,750	22,000	27,500
Habitat	300	250	0
Int'l Conservation Programs (CITES, ITTO, IUCN, RAMSAR, WHF)	4,200	2,000	4,200
Climate Stabilization Fund (IPCC, UNFCCC)	650	2,500	3,600
Int'l Contributions for Scientific, Educ. & Cultural Activities	2,050	1,000	1,800
World Meteorological Org/Voluntary Cooperation Program	2,250	1,300	2,200
World Meteorological Org/Spl Fund for Climate Actvts	800	0	0
SUPPORT FOR DEMOCRATIC PARTICIPATION	11,000	8,000	6,500
OAS Development Assistance Programs	11,000	8,000	6,500
PROMOTING PEACE	**43,700**	**56,000**	**61,000**
NON-PROLIFERATION AND DISARMAMENT	43,700	56,000	61,000
Int'l Atomic Energy Agency (IAEA) Voluntary Programs	39,700	36,000	36,000
Korean Peninsula Energy Development Organization (KEDO)	4,000	20,000	25,000
GRAND TOTAL	**359,000**	**285,000**	**325,000**

* Preliminary allocation

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

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	1.025	0.000	0.900

OBJECTIVES:

The UN Voluntary Fund for Technical Cooperation in the Field of Human Rights (the Fund) is one of the primary funding mechanisms for the UN Advisory Services and Technical Assistance program (the program), which provides human rights assistance to governments at their request. The Fund provides the resources necessary to implement UN-related international conventions and other human rights instruments. Program components include, *inter alia*: building and strengthening national and regional institutions and infrastructures for human rights; promoting democracy, development, and human rights; strengthening the rule of law and democratic institutions; providing assistance for the conduct of free and fair elections; and improving the administration of justice and independence of the judiciary.

The UN Secretary General formally created the Fund in 1987. The board of trustees, established in 1993, oversees the Fund and develops its long-term policy guidelines. Funding priorities are influenced by the UN Human Rights Commission (UNHRC) and the UN General Assembly. At U.S. initiative, several UNHRC special rapporteurs are now authorized to recommend programs for funding consideration. The High Commissioner for Human Rights (HCHR) has made the Advisory Services program a priority and holds overall responsibility for the Fund's direction.

The Fund's goals and objectives are consistent with U.S. objectives of promoting democracy and human rights. The UN can use the Fund to undertake projects which, in some instances, are too sensitive for the United States to implement bilaterally. In addition, the Fund often complements other bilateral, regional, and NGO programs. Many NGOs involved in both human rights and democratization programs support U.S. contributions to the Fund.

PERFORMANCE:

The Advisory Services program's level of activity and requests for assistance continued to grow in 1995. For example, using resources provided by the Fund, as well as by the UN operating budget and other UN agencies, the program conducted country-wide needs assessments for Armenia, Azerbaijan, Belarus, El Salvador, Equatorial Guinea, Guinea, Haiti, the Russian Federation, Rwanda and Tanzania. In collaboration with the UN Electoral

Assistance Unit (EAU) and UNDP, electoral assistance and follow-up activities took place in Romania, Malawi, Cambodia, Eritrea, and Guinea-Bissau. The program provided legislative reform assistance to Albania, Belarus, and the Russian Federation; and Costa Rica, Latvia, and Papua New Guinea received assistance in developing national institutions. The program also organized law enforcement courses for police in Argentina, Brazil, Egypt, Gaza, and Mozambique. Finally, a number of programs which began in earlier years continued throughout 1995, including a military personnel training program.

JUSTIFICATION:

Establishing democratic governments can facilitate greater global peace and security. At a time when so many countries are "democracies in transition," providing interested governments with much needed technical assistance in the human rights field appears to be more a necessity than a choice. Instability gives rise to conflict, which in turn can lead to costly UN peacekeeping operations or even to deployment of U.S. troops on foreign soil. Helping governments solidify democratic principles and institutions is doubtless one of the most effective ways to save American taxpayers' money in the long term.

The U.S. contribution provides essential resources for the Fund to implement programs new and ongoing projects. Without U.S. financial support, the HCHR's ability to fulfill his mandate would be undermined, as would the Fund's ability to attract pledges from other governments.

UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	1.500	1.500	1.500

OBJECTIVES:

The use of torture presents a formidable obstacle to establishing and developing democratic government institutions. Assisting torture victims helps establish a climate of respect for democracy and the rule of law, which are two important U.S. foreign policy goals that enjoy strong bipartisan support. The United Nations Voluntary Fund for Victims of Torture (UNVFVT), established by the UN General Assembly in 1981, provides worldwide humanitarian assistance -- primarily medical and psychological assistance -- to torture victims and to their families, as well as legal, financial, and social assistance. Ninety percent of UNVFVT expenditures are incurred in developing countries.

The UNVFVT's Board of Trustees, which reports directly to the UN Secretary General, awards all grants. The Board's mandate requires that all aid be distributed through "established channels of humanitarian assistance," such as hospitals, research and training centers, and overseas doctor's projects. In order to protect torture victims from retaliation and provide the privacy necessary to heal physical and psychological wounds, the Fund does not publicize names or cases.

PERFORMANCE:

From 1983 to 1994, the Fund supported more than 100 organizations and financed more than 500 requests for assistance in about 60 countries. The UNVFVT also supports local treatment centers. In the fall of 1993, for example, the Center for Torture Survivors in Finland, which also receives funding from the Finnish government, opened its doors to treat the estimated 1,500 to 2,500 torture survivors in Finland. There are also Centers for the Treatment of the Victims of Torture in Santiago, Prague, and Tallinn.

JUSTIFICATION:

The FY 1997 budget request for $1.5 million is essential to maintain the UNVFVT as an effective institution to aid torture victims. Although U.S. contributions leverage resources from other countries such as Denmark, Finland, Germany, Japan, and Sweden, funding needs will likely continue to exceed available funds.

ORGANIZATION OF AMERICAN STATES FUND FOR STRENGTHENING DEMOCRACY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	1.000	1.000	2.500

OBJECTIVES:

Two major units of the Organization of American States (OAS) are dedicated entirely to building democracy and promoting human rights: the Unit for the Promotion of Democracy (UPD) and the Inter-American Commission on Human Rights (IACHR). The UPD enhances free and fair elections by monitoring elections in member states. Elections monitoring ranges from targeted observation by a handful of VIPs, to hundreds of expert observers, carefully trained in local election law and culture, flooding the country and monitoring a substantial percentage of polling places, as occurred in Nicaragua and Haiti. The UPD also administers small country programs -- all by invitation -- in more than a dozen Member states. These programs seek to improve democratic governance, thereby strengthening democracy against its potential enemies. For example, the UPD has convened meetings of mayors and state governors to promote federalism, and has helped teach legislative staffs how to manage their duties more efficiently. Finally the UPD has begun projects to foster national reconciliation in states experiencing internal conflict. Initial programs were implemented in Nicaragua and Suriname, and a pilot project in Guatemala is underway.

In addition to its current and anticipated workload (likely to include several major election observations with substantial budget impact), the UPD has been asked to assume additional tasks as a result of the 1994 Summit of the Americas. The Summit participants agreed the OAS should 'foster dialogue and political reconciliation' when asked by member countries.

The Inter-American Commission on Human Rights (IACHR, or the Commission) is the sole Western Hemisphere body responsible for monitoring and reporting on the status of human rights in OAS member states. Special U.S. contributions fund the Commission's on-site investigations of countries with serious human rights problems and the publication of country reports. The IACHR has played an important role in maintaining the international spotlight on the human rights situation in turbulent areas, most notably in Haiti.

In FY 1996, the OAS expects to invest resources, through the UPD and the IACHR, to:

- Monitor national elections at the invitation of the concerned states, including Guatemala (January 96), and possibly Dominican Republic (May 96), Nicaragua (October 96), Ecuador (May 96) and Suriname (May 96);

- Participate in Guatemala's peace process by implementing a conflict resolution program in those provinces most affected by the civil war;

- Conduct programs to strengthen democratic institutions, including legislative training, empowering municipal governments, civic education, and strengthening judicial systems;

- Enhance the OAS' capacity to foster national reconciliation in states emerging from civil conflict or suffering from severe political crisis. This may include supporting field-based reconciliation efforts in addition to Washington-based training and seminars that would unite leading personalities with technical experts on mediation/reconciliation; and

- Monitor human rights in OAS member states, conduct on-site visits to Haiti and selected states where human rights visits have previously not been welcome (e.g. Brazil), and publish reports of the findings.

PERFORMANCE:

The UPD, created in 1991, supervises the OAS portion of the International Civilian Mission, which played a key role as a human rights watchdog under the Haitian military regime and remains active in Haiti. The UPD also supports and instructs the OAS Election Observation Mission, which documented both the problems and the success of the process, thus helping consolidate Haiti's return to democracy.

The UPD also achieved notable success in Suriname, where it helped broker a peace agreement between warring factions and served as primary implementor of the peace accords, including programs to reintegrate former combatants into civilian life and the national economy. In Nicaragua, the UPD worked though the International Support and Verification Commission, which has been critical in defusing tensions that remain from the decade-long conflict. The Unit's work in election monitoring in Nicaragua, Paraguay, Peru, Venezuela, the Dominican Republic, Haiti, and Guatemala has been essential in promoting free and fair elections in the hemisphere, particularly in countries emerging from civil war or military dictatorships.

The Inter-American Commission on Human Rights has parlayed its international credibility into opening doors for investigative on-site visits to countries with problematic records. Recent visits to Peru and Haiti helped draw the international spotlight to abuses in those nations and focused pressure to correct them.

JUSTIFICATION:

The FY 1997 budget request of $2.5 million for OAS democracy and human rights promotion reflects the Administration's desire to strengthen the OAS' capacity for defense of democracy since the 1991 adoption of OAS Resolution 1080 anti-coup mechanism. It also responds to the Summit of the Americas mandate for OAS to carry out high priority missions aimed at heading off internal crises before they disrupt constitutional order. With an activist Secretary General,

burgeoning requests by member states to strengthen democracy programs, and significant new taskings from the Summit, the OAS responsibilities for supporting democracy and human rights in the hemisphere will quickly overwhelm current resource allocations.

The OAS brings extensive experience and the legitimacy of a multilateral, regionally-based effort. Both the UPD and the IACHR rely on special contributions to fund crucial programs. In 1995, the United States demonstrated its commitment to improving democracy and human rights by providing 91 and 50 percent, respectively, of special contributions to the UPD and the Commission. These contributions allowed OAS pro-democracy and pro-human rights missions to expand rapidly. FY 1997 funds will support programs which make maximum use of the multilateral legitimacy of the OAS to promote democracy and human rights, often in areas where unilateral U.S. action would be seen as interventionist.

UNITED NATIONS DEVELOPMENT PROGRAM

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	113.000	52.000	78.700

OBJECTIVES:

The United Nations Development Program (UNDP) is the world's largest multilateral source of grant technical assistance for developing countries. Financed by voluntary contributions from member states, it is the main funding agent for technical assistance within the UN system and also serves as control coordinator for all technical assistance provided by other UN system agencies. In 1990, UNDP's Governing Council decided that approximately 85% of core budget resources be allocated to the least developed countries (per capita GNP of $750 or less). The Program carries out its coordinating role through a worldwide network of 136 field offices, each headed by a resident representative who also serves as the in-country coordinator of UN system development activities. Thus, UNDP enables each UN agency to make optimum use of its resources in the field.

UNDP has charted a bold course under the dynamic leadership of its American Administrator, working to unify a fragmented UN system behind the goal of "sustainable human development" (SHD). SHD rests upon four pillars: poverty alleviation, job creation, advancement of women, and regeneration of the environment. UNDP priorities are fully consistent with U.S. foreign policy goals and national security interests, emphasizing economic reform, privatization, job creation, democracy and peace building. UNDP programs promote free-market economies and stable, open societies receptive to U.S. trade and investment. In recent years, UNDP has also helped deliver hundreds of millions of dollars in humanitarian disaster relief. UNDP does not duplicate, but rather complements the programs of other aid institutions, such as those of USAID and the World Bank. It also manages approximately $800 million each year in "cost-sharing" programs which rely upon funds from countries or a third party, without drawing on UNDP's resources.

UNDP is a leader within the UN system for management reform, having already taken dramatic steps to become more cost-effective and service-oriented. To meet cuts in contributions, UNDP has reduced the administrative budget by 12 percent in real terms, headquarters staff by 25 percent, and senior professional and field staff by 8 percent. UNDP has strengthened its accountability systems, making greater use of both external and internal auditors. And, its new employee performance evaluation system, based on those successfully used in private firms, has been held up as a model for the UN as a whole.

PERFORMANCE:

UNDP has achieved many successes through both its long- and short-term development programs. For example:

- Because UNDP is seen as a neutral, objective party, it has mediated for the World Bank, facilitated access and assistance to refugees and political prisoners, and financed human rights monitors;

- UNDP's economic reform initiatives have facilitated the opening of the Vietnamese and Chinese economies, and the growth of the economies of South Korea, Singapore, Indonesia, Thailand, and India;

- UNDP helped establish a human rights monitoring mechanism in Rwanda and assisted the post-war Rwandan government in developing a reconciliation and rehabilitation plan. UNDP then convened a "round table" meeting that raised pledges from bilateral donors for implementation;

- In Lebanon, UNDP funded a $5.4 million anti-drug, crop-substitution project;

- By working in the Occupied Territories through its Program of Assistance to the Palestinian People, UNDP maintains a lead development role in the West Bank and Gaza, improving living conditions of the Palestinian population, promoting municipal works and developing the private sector;

- In Haiti, UNDP helped conduct the Presidential election, and now plans to address humanitarian needs, economic reconstruction, and governance. These programs will focus on establishing a viable judiciary, improving agriculture, environment, education and health services, and supporting local communities and the private sector;

- UNDP helped the new government of South Africa draft a Reconstruction and Development Program, then co-sponsored a conference to address implementation. The conference represented the first substantive exchange between South Africa and the international community -- more than 45 governments and 25 NGOs -- on the development needs of the country;

- UNDP also plays a key role in supporting international peacekeeping efforts. In Bosnia, UNDP is moving quickly to provide development assistance in support of reconciliation. The UNDP office in Sarajevo will coordinate other UN-system assistance and promote the reintegration of displaced populations; and

- In Angola, UNDP has taken the lead in coordinating post-conflict development assistance. A 1995 UNDP-organized donors roundtable raised $1 billion in pledges for reconstruction and reconciliation. The participation of President dos Santos and his erstwhile foe,

UNITA leader Savimbi, demonstrated the potential for peace and stability given adequate support by the international community.

JUSTIFICATION:

The FY 1997 budget request of $78.7 million helps maintain U.S. leadership of UNDP and U.S. influence in the UN development system. Likewise, full funding sustains UNDP's -- and the American Administrator's -- central coordinating role in that system. Continued high levels of U.S. contributions also show support for revitalization and reform efforts.

As the largest donor from UNDP's inception to 1995, U.S. funding levels for UNDP served as the benchmark by which other major donors set their own contributions. The FY 1995 U.S. contribution of $113 million represented nearly 13% of total contributions. Reduced donor funding in the past year has jeopardized UNDP's ability to coordinate and support other agencies of the UN system. Inadequate funding will diminish U.S. leadership at this key UN agency, opening the possibility that its headquarters would move from New York to Europe and that it would be directed, for the first time, by a non-American.

In sum, UNDP is a highly cost-effective tool of U.S. policy. The requested level of funding in FY 1997 will support U.S. interests in UNDP and the many agencies where UNDP has a coordinating or supportive role.

UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	1.000	1.000	1.000

OBJECTIVES:

The mission of the UN Development Fund for Women (UNIFEM) is to support efforts of women in the developing world to achieve their objectives of equality and economic and social development to improve the quality of life for all. The Fund works in three key program areas of strategic importance to women: agriculture, trade and industry, and macro policy and national planning. It provides direct financial and technical support to low-income women in developing countries who are striving to raise their living standards, and also funds activities that bring women into mainstream development decision making. UNIFEM works in association with UNDP to provide technical support for credit, technology transfer, small business development. Its training activities complement program initiatives, emphasizing capacity-building, empowerment, and collaboration with appropriate partners.

In 1973, Congress amended the United States Foreign Assistance Act to require U.S. bilateral development assistance programs to give particular attention to those programs, projects, and activities which integrate women into the national economies of their countries, thus improving their status and assisting the total development effort. This requirement, which is known as the "Percy Amendment", gives Congressional endorsement to the increasing concern that women participate fully in the tasks and benefits of economic growth.

UNIFEM is the only UN voluntary fund whose primary concern is the integration of women into the national economies of their countries. Thus, it achieves for multilateral assistance programs what the Percy Amendment achieves for U.S. bilateral assistance programs. UNIFEM plays a unique role in demonstrating how increased access by women to sources of business finance, technology, and related services can be a powerful and effective tool for private sector development.

PERFORMANCE:

UNIFEM's efforts to advance the status of women include the following initiatives:

- UNIFEM funded India's first sexual assault intervention center for victims of violence;

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

- UNIFEM supported a program in Venezuela that provided counseling to victims of abuse and taught police officers and other community leaders how to be more sensitive to victims of sexual violence;

- At the international level, UNIFEM has collaborated with the Governments of Netherlands and Canada to develop international strategies to end violence against women;

- In Ghana and Cote d'Ivoire, UNIFEM worked to promote food security, improve shelter, generate income-earning, and provide trauma counseling for Liberian women refugees displaced by war;

- UNIFEM is collaborating with UN agencies, such as the Department of Humanitarian Affairs and the Office of the UN High Commissioner for Refugees, to help ensure a more appropriate response to women's needs in all areas of refugee assistance and development;

- In Cambodia, UNIFEM assisted women in participating in free elections through a voter registration program and public awareness campaign;

- UNIFEM is giving special attention to the role of gender, science, and technology in development. In 1994, UNIFEM assembled a worldwide network of concerned agencies, and organized an expert group meeting to ensure that the role of women in science and technology is properly featured in the Platform for Action, the final document adopted at the Fourth World Conference on Women, Beijing, China, in September 1995; and

- UNIFEM supported activities that lead to the global dissemination via satellite of discussions at the Fourth World Conference on Women and the parallel NGO forum. UNIFEM also worked with other groups to promote a worldwide media focus on programming by and about women.

JUSTIFICATION:

The FY 1997 requested U.S. contribution of $1 million will support activities to: (1) ensure that refugee, displaced, and returnee women are active participants in efforts to find solutions to their problems; (2) work with NGOs to strengthen their effectiveness; (3) help industrial women workers acquire new skills, decentralize production, and improve occupational health and safety; (4) work with organizations that provide credit and training for micro-enterprises; supporting programs that facilitate women's entry into non-traditional occupations; and (5) work with women to protect and improve the environment. U.S. funding will also assist UNIFEM in its follow-up activities to the Fourth World Conference on Women.

UN CHILDREN'S FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	99.300	100.000	90.000

OBJECTIVES:

The United Nations General Assembly created the United Nations Children's Fund (UNICEF) in 1946 as an emergency program to aid impoverished children left in the wake of World War II. Since then, UNICEF has evolved into a long-term development fund aimed at improving the welfare of children and mothers. UNICEF provides goods and services to help meet basic needs in maternal and child health care, sanitation, clean water, nutrition, primary education and social services. In coordination with the UN Department of Humanitarian Affairs, the agency provides extensive emergency assistance to countries destabilized by civil strife or natural disasters. Through a highly effective and decentralized field network, UNICEF operates programs in 144 countries.

In 1994, the UNICEF Executive Board emphasized three program strategies for UNICEF operations that complement UNICEF's overall goal of advocating sustainable child survival and development: (1) strengthening programs for children through national capacity-building; (2) supporting the delivery of social services; and (3) empowering children and women through development of knowledge and skills, and participation in decision-making in civil society. All UNICEF programs relate directly to the welfare of children and mothers, and have a widespread impact on the well-being of the world's neediest, most vulnerable population groups. UNICEF programs involve local communities and use equipment and materials which can be locally obtained and maintained. Such projects are frequently coordinated with activities of other donors, including USAID

UNICEF has a small emergency unit that continues to play a key role in many international relief efforts, including Bosnia and Rwanda. In 1994, UNICEF provided emergency assistance in 63 countries. It works in close coordination with the UN Department of Humanitarian Affairs and the UN High Commissioner for Refugees, among other agencies, on humanitarian assistance in new emergencies, and traditionally holds sectoral responsibility for medical supplies, child needs and water/sanitation work. UNICEF reports expenditures of $216 million on emergency efforts during 1994 and $203 million in 1995. Given post-cold war realities, emergency program expenditures are expected to continue at high levels in the next few years.

The position of UNICEF Executive Director has always been held by a U.S. citizen. In 1995, former Peace Corps Director Carol Bellamy was named new UNICEF Executive Director. One of Ms. Bellamy's first initiatives is to implement the far-reaching recommendations of a

recent UNICEF Management Study by Booz-Allen, and Hamilton, reinvigorating UNICEF management to make it an even more effective organization for the world's children, and to make UNICEF a leader in UN reform efforts.

PERFORMANCE:

UNICEF inspired and provided the secretariat for the 1990 World Summit for Children, whose Declaration endorsed a Plan of Action to guide national efforts in addressing children's needs and established a set of goals to be met by the year 2000. UNICEF is working to sustain the Summit's momentum, supporting developing countries in the preparation and implementation of national programs of action, and helping plan regional follow-up conferences. UNICEF's annual Progress of Nations publication reports on achievements each year, based on a set of core indicators.

As the acknowledged leader in the field of child survival and development, UNICEF has made major contributions to reducing infant and child mortality rates in developing nations. Perhaps best-known is UNICEF's emphasis on childhood immunization and oral rehydration therapy (ORT). Through its Universal Child Immunization program, UNICEF helped countries achieve the once seemingly impossible goal of 80% coverage (by WHO and UNICEF estimates) in December 1990. Similarly, it collaborates with UNESCO on education issues. Along with five other international organizations, UNICEF will participate in the new UN Joint Co-Sponsored Program on HIV/AIDS.

UNICEF has played a key role in emergencies. In 1989, UNICEF coordinated Phase I of "Operation Lifeline Sudan," the UN's emergency relief effort in southern Sudan. It was also among the first of UN agencies to assist victims of the Gulf conflict, providing emergency and basic health services for women and children. Such assistance served to meet the urgent needs of vulnerable populations in Iraq and Kuwait at a time when bilateral aid was not possible. UNICEF has assumed primary responsibility for assistance projects in the Kurdish area of northern Iraq. Likewise, UNICEF is working to alleviate conflict-induced conditions in the Horn of Africa and in the former Yugoslavia. Under the coordination of DHA, UNICEF assumed responsibility in the Rwanda emergency for water and sanitation, health, unaccompanied children and orphans, non-food relief items, and education and psycho-social needs.

JUSTIFICATION:

The United States has always been a strong supporter of UNICEF, as the FY 1997 request of $90 million reflects. Official U.S. support for UNICEF conforms with the humanitarian ideals of the American people, who have supported UNICEF generously through private donations over the years. Moreover, UNICEF's development work complements U.S. bilateral assistance efforts through USAID's Child Survival Program. There is a close and continuous dialogue between the United States and UNICEF on technical matters of common interest, and strong cooperation in field activities.

UN/FAO WORLD FOOD PROGRAM

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	3.000	3.000	2.000

OBJECTIVES:

As the principal vehicle for multilateral food aid within the UN system, the World Food Program (WFP) uses commodities and cash donated by member countries for social, economic, and environmental development and humanitarian relief. Established in 1963 under the joint sponsorship of the UN and the Food and Agriculture Organization (FAO), the WFP operates exclusively from voluntary contributions by member states. Commodities are distributed: (1) to support development projects which promote food security through targeted interventions; (2) for protracted refugee and displaced persons projects, and (3) as emergency food assistance in situations of natural and man-made disasters. WFP is also one of the largest sources of funding for environment-related activities in developing countries, spending approximately $1 million daily on projects for forestation and soil conservation and activities to promote environmentally sustainable agricultural production.

PERFORMANCE:

Development projects have traditionally constituted two-thirds of WFP's overall program. Its food-for-work projects mobilize poor peoples' labor to create employment and income and to build the infrastructure necessary for sustained development. Nutrition programs assist school feeding, pre-school toddlers, and pregnant and nursing mothers. WFP has also targeted food aid to those most adversely affected by reductions in food subsidies as a result of structural adjustment programs.

However, almost two-thirds of WFP's resources are now used to provide humanitarian food aid in burgeoning emergency and protracted refugee situations, especially in sub-Saharan Africa. Under a memorandum of agreement with UNHCR, WFP has assumed responsibility for provision of food to refugees in areas of conflict, such as Rwanda, Burundi, Northern Iraq, Ethiopia, the NIS and the former Yugoslavia. The United States also works through WFP to provide multilateral food aid for development projects and relief operations, some of which would not have been possible through U.S. bilateral channels.

JUSTIFICATION:

U.S. reliance on WFP has dramatically increased in recent years, driven by ever-increased global demand for emergency assistance. WFP, under the present leadership of its American Executive Director, Catherine Bertini, has coped well in addressing emergencies on an unprecedented scale, improved the quality of its development portfolio, and progressed in the area of post-emergency rehabilitation as well as disaster preparedness and prevention. WFP has been responsive to U.S. reform suggestions and very much depends on the modest U.S. contribution to help meet its administrative costs. The FY 1997 request of $2 million covers a small percentage of WFP's administrative needs.

AFGHANISTAN EMERGENCY TRUST FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	0.500	0.250	0.500

OBJECTIVES:

The Afghanistan Emergency Trust Fund (AETF) is the operating budget of the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA). Created in 1988 to coordinate UN agencies involved in Afghan relief and reconstruction, UNOCHA works to ensure adequate, cost-effective, and non-duplicative UN programs in war-ravaged Afghanistan.

Afghanistan has been wracked by continuous warfare since 1978, including nine years of resistance against Soviet occupation and an on-going civil war. An estimated one million Afghans were killed during the Soviet occupation, and an additional 20,000 have been killed since the fall of the communist regime in 1992, most of them innocent civilians. In addition, some three million Afghan refugees have yet to repatriate from Pakistan and Iran, and an estimated 600,000 are presently displaced within Afghanistan.

Repatriation and reconstruction are hampered by the estimated 10 million landmines laid by combatants during the war against Soviet occupation. The country's physical and social infrastructure has been shattered by fighting and neglect. Health care and education systems are non-existent in most of the country, and the economy, which was already one of the world's least developed even before the onset of war in 1978, is moribund.

UNOCHA's work is therefore as vital as ever. The coordinated programs of the UNHCR, the UNDP, the World Food Program, UNICEF, and other UN agencies and NGOs are critical to the political stability and economic reconstruction needed to achieve key U.S. objectives in Afghanistan. These goals include preventing the country from becoming a haven and training ground for drug traffickers, terrorists, and destabilizing regional insurgency movements. Afghanistan is already the world's second largest producer of opium.

UNOCHA complements parallel efforts to promote sustainable development by focusing and maximizing the efficiency of separate U.S. contributions to several other agencies, such as UNDP, UNICEF, and the World Food Program. The U.S. has always been a leading contributor to UNOCHA, and has consistently used this fact to leverage contributions from other donors.

In 1994, the U.S. ended all direct bilateral assistance programs in Afghanistan, largely because of the difficulty and high operating costs of running an aid program on a cross-border basis (i.e., from Pakistan). The closure of the USAID program, which provided $22 million in

assistance in FY 1993-94, magnifies the importance of multilateral U.S. contributions to advance interlinked interests in safe refugee repatriation, political stability, and economic reconstruction.

PERFORMANCE:

The UN response to the landmine problem is a telling example of the critical need for its programs. Afghanistan is the most heavily mined country in the world, with an estimated 10 million landmines planted in its fields, around its villages, and along its roads and riverbanks. Landmines continue to kill and maim thousands of Afghans every year, and constitute a serious obstacle to safe refugee repatriation and economic recovery.

In response to this daunting challenge, UNOCHA established the UN Mine Clearance Program for Afghanistan (MCPA) in 1988 to survey and map mined areas, conduct mine awareness training, and operate fifty mine clearance teams which work throughout Afghanistan despite the ongoing civil war. The MCPA has identified 118 square kilometers of land requiring priority mine clearance, of which 64 square kilometers remain to be cleared. It has removed 158,250 mines and trained two and a half million persons in mine awareness since 1990. MCPA is widely acknowledged by donors as perhaps the most successful and cost-effective demining program in the world. UNOCHA estimates that it clears mines at an average cost of $1 per square meter, whereas contractors elsewhere charge four times that amount. MCPA employs 2,925 people, nearly all of whom are Afghans.

JUSTIFICATION:

The FY 1997 request of $500,000 will help fund UNOCHA's small ($2.9 million) annual headquarters/administrative budget, and also counts towards the larger annual consolidated UN appeal for Afghanistan. The FY 1995 appeal for $106.4 million, which included $37.3 million for repatriation and relief programs for displaced persons, $31.6 million for food aid, and $18.0 million for demining, resulted in only about $61 million in donor contributions. Other leading cash contributors to the AETF include Japan, Sweden, Canada, Norway, and Finland.

INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) AVIATION SECURITY (AVSEC) TRUST FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	0.100	0.100	0.100

OBJECTIVES:

The AVSEC Trust Fund supports ICAO efforts to strengthen aviation security and prevent terrorism and unlawful interference with civil aviation and its facilities. ICAO provides assessments, advice, and specialized training of security personnel upon request, and AVSEC helps countries meet basic ICAO standards in the area of aviation security. Enhancement of aviation security benefits all countries, but is particularly important to nations with poorly-developed security systems which are more vulnerable to interference with civil aviation and related facilities.

Following the December 1988 destruction of Pan Am Flight 103 over Scotland, the United States lead the call for ICAO to strengthen its aviation security role and to establish the AVSEC Trust Fund. The destruction of UTA Flight 771 over Niger in September 1989 further emphasized the urgency of the situation. As the world's leading civil aviation power, the United States has played a prominent role in strengthening the AVSEC's international aviation security activities, which is of great importance to the United States. As operator of nearly half of the world's air traffic, the United States is especially vulnerable to illegal acts directed against civil aviation.

PERFORMANCE:

AVSEC has been highly successful in assisting states in implementing ICAO Standards and Recommended Practices (SARPS) on aviation security. Workshops and training activities have also been targeted to meet deficiencies in programs and procedures. To date, 78 of 114 countries requesting assistance have received evaluation visits.

JUSTIFICATION:

The FY 1997 budget request of $100,000 represents the annual U.S. contribution since AVSEC's inception and leverages monies from other donors. These funds will support evaluation visits to countries that have requested assistance, instructional seminars, and follow-up missions. ICAO will also provide model training courses for aviation security personnel to enable states to achieve self-sufficiency in basic aviation security implementation and training.

UNITED NATIONS POPULATION FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	35.000	25.000	30.000

OBJECTIVES:

The UN Population Fund (UNFPA) is the leading multilateral organization that provides essential voluntary family planning services in more than 140 countries throughout the developing world. These services include information, education, and communication on family planning matters, direct delivery of voluntary family planning services, and training, research, and analysis on family planning issues.

PERFORMANCE:

UNFPA assistance directly complements bilateral U.S. assistance by supporting much-needed programs where the United States, for streamlining purposes, does not have bilateral programs. Nearly half of UNFPA's program expenditures are devoted to family planning and maternal child and health care services. UNFPA also assists governments in the development and implementation of population and family planning information, education, and communications programs. It supports projects to create awareness and understanding among policy makers and the public at large about the effects of rapid population growth on economic development. UNFPA, the World Bank and USAID maintain regular contact to coordinate their assistance efforts, and have cooperated in providing census assistance in sub-Saharan Africa, co-funding of country costs for specific demographic and health surveys, and discussing strategies to meet escalating contraceptive commodity requirements.

At the most recent UNDP/UNFPA executive board meeting, participants affirmed that all program assistance must adhere to the principles and Program of Action of the Cairo Summit (ICPD). This mirrors U.S. international population policy goals, which also encompass a comprehensive approach to population programs. UNFPA also established a special ICPD follow-up monitoring group, which in turn created three special task forces to improve effectiveness and coordinate activities with UN organizations, the World Bank, NGOs from around the world, and donor governments. UNFPA conducted extensive substantive training sessions for its field staff on reproductive health and advocacy, including management skills that focus on assisting developing countries to formulate ICPD development plans. These plans include strategies to employ public affairs mechanisms to promote political will and encourage local budget allocations for population and other social development programs.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The Kemp-Kasten amendment, enacted in FY 1985, denies foreign aid funding to any organization or program that "supports or participates in the management of a program of coerced abortion or involuntary sterilization" in any country. Because programs in China violated those provisions, the United States withheld UNFPA funding from FY 1986-1992. Since 1993, however, the Administration's reviews of UNFPA programs in China have determined that funding would not violate the Kemp-Kasten Amendment. In FY 1993, the Administration restored U.S. participation in the multilateral donor community by contributing $14.5 million, and increased the level to $40 million in FY 1994. Although Congress appropriated up to $50 million for UNFPA in FY 1995, the U.S. contribution was reduced to $35 million to comply with provisions of H.R. 1944 which, among other actions, rescinded $15 million from the International Organizations and Programs (IO&P) account.

JUSTIFICATION:

UNFPA is at the center of a major international effort to mobilize additional resources for family planning and reproductive health programs. At present, the world spends roughly $5 billion annually on family planning programs, of which donors contribute approximately $1 billion. By the year 2000, according to the Program of Action of the ICPD, total global resource requirements for family planning and reproductive health will increase to an annual $17 billion, of which donors are expected to cover $5.7 billion. This rapid increase in estimated global resource requirements is due to two factors: (1) a significant increase in the population being served by these programs, from 450 million currently to around 650 million people in the year 2000; and (2) a commitment to broaden the reproductive health services available in developing countries to include family planning, maternal and child health, increased male involvement, and reduction in the spread of sexually transmitted diseases. UNFPA estimates a cost of $15 per couple to provide reproductive health and family planning services. The FY 1997 request of $30 million represents a modest but vital contribution to support UNFPA's efforts.

UNITED NATIONS ENVIRONMENT PROGRAM

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	16.000	8.000	11.000

OBJECTIVES:

UNEP is the United Nation's principle environmental organization. Although UNEP conducts some specific project activities, especially in developing countries, it focuses primarily on catalyzing and coordinating international responses to global environmental problems and supporting the collection, assessment and dissemination of environmentally related information. UNEP also facilitates the use of and response to this information by providing advice and training in environmental assessment, regulation and management.

UN General Assembly Resolution 2997 (XXVII) established UNEP in January 1973 to implement the institutional recommendations of the 1972 UN Conference on the Human Environment. UNEP's creation stemmed from a U.S. initiative, and the United States has been the leading contributor -- both financially and technically -- to the Program since its inception.

The UN Conference on Environment and Development (UNCED), held in Rio de Janeiro in June 1992, reaffirmed UNEP's role as the principal UN environmental body. UNCED also reiterated the importance of UNEP's long-standing programmatic efforts in environmental assessment, coordination, management and legal matters. In response to UNCED, UNEP's secretariat is making a detailed estimate of the costs of implementing all the UNCED recommendations in which UNEP would play a major role.

Because environmental problems are often transboundary or international in character, multilateral action is usually required to address them adequately. UNEP is uniquely well placed to stimulate, facilitate, and coordinate actions at all levels -- national, regional, and international -- in response to ever more pressing environmental issues. UNEP's role is particularly important in encouraging and supporting the implementation of UNCED's environmental recommendations articulated in Agenda 21.

While the United Nations Development Program and its UNCED "seed" fund (Capacity 21) provide a primary source of leverage to promote the pursuit of UNCED's results, only UNEP -- working closely with UNDP -- is currently capable of serving as the environmental "conscience" at the international level to ensure that the environmental dimension is thoroughly incorporated into developmental efforts.

UNEP concentrates its activities in five specific environmental areas of broad concern to the United States and the international community: land resource degradation, including desertification and deforestation, and loss of biodiversity; oceans and coastal areas, especially regional seas; fresh water supply and quality; toxic chemicals and hazardous wastes; and atmospheric issues, especially ozone depletion, climate change, and acid rain. UNEP also provides critical administrative and managerial support for the implementation of important international agreements on the environment.

PERFORMANCE:

UNEP was the first to focus international attention on the pressing global environmental problems of stratospheric ozone depletion, transboundary movements of hazardous waste, and the loss of biological diversity -- especially the extinction of wild species of plants and animals. UNEP organized and sustained intergovernmental negotiations on these issues and brought them to a successful conclusion. Of the resulting agreements, the Vienna Convention and its associated Montreal Protocol address stratospheric ozone depletion, the Basel Convention regulates transboundary movements of hazardous waste, and the new Biodiversity Convention provides an international framework for efforts to reduce and halt the irreparable loss of species diversity.

UNEP supports the implementation of these agreements, as well as a wide range of others, including the Convention on International Trade in Endangered Species (CITES). UNEP also helps implement conventions that address climate change and combat desertification.

Important and unique UNEP programs include those dealing with environmental information and reduction of toxic exposure. The EARTHWATCH program organizes the collection, processing and dissemination of environmental data through its component activities: the International Register of Potentially Toxic Chemicals (IRPTC), the Global Environmental Monitoring System (GEMS), Global Resource Information Database (GRID), and the environmental information retrieval system (INFOTERRA). The cleaner production program and its associated International Cleaner Production Information Clearinghouse (ICPIC) provide critical information on less polluting industrial processes, encouraging their dissemination and facilitating their use. The program of Awareness and Preparedness for Emergencies at Local Level (APELL) helps countries minimize the risk of and respond effectively to major chemical accidents.

UNEP is one of the three founding organizations of the International Program on Chemical Safety, and organized the Stockholm Conference on Chemical Safety in 1994, which established the Intergovernmental Forum on Chemical Safety. UNEP developed critical Guidelines for the Exchange of Information on Chemicals in International Trade, and further refined them with provisions for Prior Informed Consent to govern exports of toxic chemicals. UNEP continues to update and strengthen these guidelines, and stands ready to provide support for any potential negotiations that would lead to a treaty.

UNEP's regional seas program has led to conventions on pollution prevention in the Mediterranean, as well as environmental programs in the Caribbean and South Pacific regions. UNEP has also forged guidelines on the reduction of pollution of coastal marine environments from land-based sources, and sponsored a major international conference in November 1995 to address this issue.

JUSTIFICATION:

The FY 1997 request of $11 million will be allocated among: (1) UNEP's Environment Fund; (2) counterpart contributions to UNEP programs of particular importance to the U.S., including the International Register of Potentially Toxic Chemicals, the International Program on Chemical Safety, and World Climate Impacts Research Program; and (3) a variety of other related multilateral environmental activities. These include support for the secretariats to the Vienna Convention and Montreal Protocol to combat stratospheric ozone depletion, the South Pacific Regional Environment Program (SPREP), the Cartagena Convention and its Protocol on Specially Protected Areas and Wildlife (SPAW), the Caribbean Environment Program, and specific conferences or meetings that may be held on subjects closely related to UNEP's activities.

MULTILATERAL FUND FOR PROTECTION OF THE OZONE LAYER

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	20.750	22.000	27.500

OBJECTIVES:

Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (the Protocol) established the Multilateral Fund for Protection of the Ozone Layer (the Fund) in late 1990 to help developing countries use alternatives to ozone-depleting substances (ODS) in their production processes. In adopting the Protocol, the developed and developing world acknowledged that a partnership was required to phase out ODS. Thus, the Parties to the accord agreed in principle to support developing countries by financing the incremental (extra) costs attendant to their phaseout of ODS. Donors -- primarily developed countries -- finance the Fund's current annual budget of $152 million through voluntary contributions based on the United Nations scale of assessments.

The United States was the principal architect behind the multilateral effort to protect the ozone layer, a problem which knows no national boundaries. The 1985 Vienna Convention for the Protection of the Ozone Layer and the 1987 Protocol seek to reverse the damage attendant to human-caused emissions of ozone-depleting substances (ODS). One hundred fifty countries comprising more than 90 percent of the world's population and accounting for nearly 99 percent of ODS production of ODS have ratified these agreements, more than any other environmental accord. The Protocol supplements and buttresses the considerable domestic efforts the United States has made to phase out ODS. U.S. efforts would be undermined were other countries to increase their use of these substances.

PERFORMANCE:

Since its inception, the Fund's Executive Committee has approved more than 1,150 activities in 83 developing countries. The approximately $439 million disbursed thus far is producing tangible results in reduced emissions of ODS. It has brought about conversions of foam blowing, refrigerator manufacturing, and solvent-using facilities. The Fund has underwritten projects that achieved reductions through recycling of halons and chlorofluorocarbons (CFCs). When fully implemented, these projects are expected to reduce the use of ODS in developing countries by about 64,000 tons, i.e., about one-fourth to one-third of their use of these substances.

The Fund also provides excellent opportunities for U.S. industries to export technologies. The United States is the leader in ozone protection technologies, especially in the halons and mobile air conditioner recycling sectors. Thus, the United States can expect to capture a disproportionate amount of the sales/technology transfer opportunities created by Multilateral Fund projects, with the revenue to U.S. companies greatly exceeding total U.S. contributions to the Fund.

Administratively, the Fund has broken ground in implementing the incremental cost concept. This limits funding to that level necessary to ensure that a beneficiary faces no cost for converting to non-ozone-depleting substances or processes, while ensuring that the Fund does not underwrite a benefit derived from the conversion. Thus the limited resources available can be used to achieve the greatest possible level of ODS reduction. At its most recent meetings, the Fund's Executive Committee agreed on a regime to prioritize funding so as to assign scarce resources to those projects which have the greatest potential for ODS reduction at the lowest cost, and to streamline the process involved in reviewing eligible projects and in developing Fund policy.

In a 1994 report, leading atmospheric scientists underscored the Protocol's efficacy by noting that the growth rate of several major ozone- depleting substances (i.e., chlorofluorocarbons and halons) had declined significantly since 1989. Similarly, the presence in the stratosphere of CFC substitutes has increased as the Parties to the Protocol have phased out their production and consumption of chlorofluorocarbons. In sum, the scientific community agrees that adherence by both developed and developing Parties to the Montreal Protocol and its amendments should lead to the recovery of the ozone layer by the middle of the next century. In order to maintain adherence by developing countries, it is essential that the Fund continue to assist developing countries in phasing out ODS.

JUSTIFICATION:

The threat to the ozone layer is real. Depletion of the stratospheric ozone layer caused by human activities is weakening the Earth's shield against ultraviolet (UV) radiation, thereby raising the likelihood of increased rates of skin cancer, producing a probable suppression of human immune systems and posing a threat to plant and aquatic organisms. If the Fund lacks the resources to quickly initiate ODS reduction projects in developing countries, U.S. domestic efforts will be undercut or negated. Analyses also show that in almost all countries, early project implementation will mean less eventual demand on Fund (and U.S.) resources. Therefore, the FY 1997 request of $27.5 million will help ensure the continued phase out of ODS worldwide and the eventual recovery of the ozone layer.

INTERNATIONAL CONSERVATION

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	4.200	2.000	4.200

OBJECTIVES:

The United States voluntarily supports five international conservation programs: the Convention on International Trade in Endangered Species (CITES), the World Conservation Union (IUCN), the International Tropical Timber Organization (ITTO), the Ramsar Convention on Wetlands of International Importance (Ramsar), and the World Heritage Convention (WHC). While each organization is distinct from the others, all are key to conserving the world's wildlife, natural habitats, and cultural monuments. As the world continues to grapple with the effects of population growth and concomitant environmental degradation, modest U.S. expenditures to support these key organizations take on greater importance.

The United States, long a leader in conservation policy, has been an influential participant in these five programs. An increased understanding of the critical interdependence of global natural systems has placed the sustainable use of natural resources at the top of the environmental agenda. Each of the five programs embraces the principle of sustainable development: a balance between preservation and the responsible use of resources for legitimate development needs.

CITES is an effective international convention that protects species in peril by restricting international commercial trade in certain plants and animals. Mandated by Congress in 1973, CITES also allows for private U.S. commercial activities, such as big game hunting and alligator farming. Besides these tangible economic benefits, CITES is an important political forum in which U.S. environmental leadership is well-known and respected. As a result, modest U.S. contributions are multiplied through CITES' adoption and implementation of policies and activities that support U.S. conservation and sustainable use goals.

The **IUCN** is a unique union of governments, government agencies (including six U.S. agencies) and international and local NGOs. The organization's 800-plus members play key roles in facilitating, catalyzing, and coordinating international environmental activities. IUCN's various commissions bring the collective expertise of 6,000 volunteer scientists and others to discuss difficult contemporary environmental issues. IUCN is decentralizing to improve its responsiveness to its many members.

The **ITTO** is the only international forum that engages both producing and consuming countries in efforts to address all aspects of the tropical timber economy. The ITTO

administers the 1983 International Tropical Timber Agreement (ITTA), whose 53 parties represent 95 percent of world trade in tropical timber. Through ITTO, the United States promotes non-discriminatory, transparent trade practices in the tropical timber market, as well as sustainable forest management to ensure a long-term supply of tropical wood.

The **Ramsar Wetlands Convention** pioneered the concept of sustainable use 25 years ago by realizing the importance of factoring in the human element in wetlands conservation. Since then, 90 nations have designated more than 750 wetlands of international importance. Using modern techniques in resource management planning, Ramsar assists member states in finding acceptable compromises between development needs and wetlands preservation.

The **World Heritage Convention**, to which the United States was the first signatory in 1973, boasts the most comprehensive membership of any international environmental treaty. Concerned with both natural and cultural sites, WHC maintains a broader scope and thus a greater potential impact. The WHC has succeeded in focusing world attention on the plight of such treasures as the Taj Mahal, Angkor Wat, and the Everglades.

The United States maintains significant interests in CITES, IUCN, ITTO, Ramsar, and WHC. All have domestic activities that directly benefit U.S. taxpayers through national conservation activities; both Ramsar and WHC, for example, have designated sites in the United States. Each one uses U.S. technical and managerial expertise, providing employment for American scientists, resource managers, and others. These organizations also promote international environmental goals that further U.S. policy interests. Advocating sustainable and rational use of natural resources, for example, is important to maintaining peace and stability in the developing world, and to the continued existence of plants and animals for beneficial uses, such as developing new wonder drugs or agricultural varieties.

PERFORMANCE:

CITES: CITES has been working for more than two decades to protect endangered wildlife and plant species. In that time, CITES has achieved many notable successes, including:

- Development of wildlife authorities in many countries;
- Effective trade control of ivory, which has benefited worldwide elephant populations; and
- Improved cooperation and information exchange on trade of endangered species, such as elephants, tigers, rhinos, crocodilians, and exotic birds and plants.

As a result of the November 1994 Conference of Parties, CITES is embarking on several new programs of great interest to the United States. The Timber Working Group, for example, will examine technical issues involved in implementing CITES for listed species of timber. CITES will also focus on shark trade, elephants, and activities to improve trade restriction enforcement in the coming years.

IUCN: The IUCN has been described as the mortar that keeps much of the international environmental community together. The IUCN provides technical and scientific advice to its

many members and, through its links with other international organizations, to unaffiliated governments and organizations. Its central mission is promoting conservation of biodiversity and equitable, sustainable use of natural resources. The IUCN's ambitious program for FY 1997 is focused on the following broad themes: (1) conservation and sustainable development planning; (2) conservation of biological diversity; and (3) provision of direct conservation services. Recent IUCN achievements include assisting Russia in developing a sustainable forest management plan for the Komi forest, and leadership of efforts to establish and NGO resource center on trade and sustainable development.

ITTO: ITTO's recognition that the future of the timber market depends on sustainable harvesting inherently links U.S. trade interests with priorities for sustainable forest management. ITTO has committed to "the Year 2000 Objective" -- the goal that internationally traded tropical timber will come from sustainable sources by the year 2000. This is the only means to ensure U.S. importers of a long-term supply of tropical wood. In the Presidential Decision Directive of November 5, 1993, President Clinton also committed the United States to the Year 2000 Objective, as well as to maintaining, or achieving by the year 2000, the sustainable management of U.S. forests.

Ramsar: Ramsar, which is celebrating its 25th anniversary in 1996, is a pioneering convention that has made remarkable progress worldwide in conserving wetlands. Initially envisioned as a means to protect habitat for migratory waterfowl, Ramsar now embraces the protection and sustainable use of all types of wetlands. This new emphasis dovetails with a major Administration initiative on coral reefs, since Ramsar can also cover these biologically diverse marine ecosystems. One-third of the U.S. contribution to Ramsar over the past three years has been used to establish the Western Hemisphere training fund, called "Wetlands for the Future." The training will be administered by the U.S. Fish and Wildlife Service.

WHC: World Heritage sites in the United States, such as the Grand Canyon, Florida Everglades, and Statue of Liberty, are well known and their preservation undisputed. Moreover, many American citizens support preservation of World Heritage sites in countries with whom they have strong ties. The World Heritage Committee recently adopted new operating guidelines and selection criteria as part of a long-term strategy to launch a WHC site-monitoring program, the WH Center, and a natural heritage training program. WHC also supports standardized training that emphasizes both marine and terrestrial site resource management, sustainable tourism management, community cooperation, and WHC awareness.

JUSTIFICATION:

The FY 1997 request of $4.2 million will be allocated among the five organizations: $1 million each to CITES, IUCN, and ITTO; $750,000 for Ramsar; and $450,000 for WHC. These contributions will support activities directly relevant to U.S. priorities.

CITES: U.S. contributions to CITES leverage monies from other countries, such as Japan, Germany, France, and the UK. The FY 1997 request will fund ongoing trade enforcement activities, as well as new projects identified at the 1994 Conference of Parties.

IUCN: Because IUCN receives a large amount of external voluntary financing, the $1 million voluntary contribution (in addition to U.S. membership dues of roughly $250,000) accounts for less than three per cent of its total financial resources. The U.S. Government, along with over 100 U.S. organizations ranging from traditional environmental groups to scientific and professional associations, sporting interests, zoos and aquaria, are members of the IUCN. Large amounts of U.S. funds that are directed specifically to U.S. programs in IUCN thus serve their interests as well.

ITTO: The FY 1997 request will support programs of interest to the United States, including projects to improve market transparency and forest management practices, as well as studies on the market implications of timber certification and projects related to training, institution building, forest inventory and resource assessment. To date, U.S. contributions have annually leveraged $8-10 million from other countries in co-financing high priority studies and projects.

Ramsar: Approximately $400,000 of the FY 1997 request will support Ramsar's Bureau and its core activities; $100,000 will be allocated to the Ramsar Wetlands Conservation Fund; and $250,000 will go to the training fund for Western Hemisphere wetlands managers. While FY 1997 programs will complete the wetlands protection activities of the past triennium, they also begin to implement several new initiatives. This will include a renewed emphasis on under-represented wetlands types, such as coral reefs, as well as increased technical support for nations wishing to better manage their wetlands.

WHC: The modest $450,000 contribution to WHC will strengthen the ability of its 146 Parties ability to manage cultural treasures, natural wonders, and biological diversity "hotspots" worldwide. The Convention now protects over 50 such areas. UNESCO covers almost all of WHC's Secretariat costs, thereby ensuring that 90 percent of U.S. funds go to on-site training and technical assistance. In FY 1997, technical assistance, focusing on conservation of biological diversity, will be expanded.

CLIMATE STABILIZATION FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	0.650	2.500	3.600

OBJECTIVES:

Global climate change is believed to be the single most serious environmental threat facing our planet. Responding sensibly but progressively to this threat is a high priority on the Administration's agenda. In April 1993, President Clinton announced the commitment to return U.S. emissions of greenhouse gases to their 1990 levels by the year 2000, and to continue the trend of reduced emissions. Later that year, the President unveiled a comprehensive Climate Change Action Plan (CCAP) to achieve that objective, and the Administration has embarked on a major effort to develop approaches to limit and reduce greenhouse gas emissions after the year 2000. But domestic actions alone cannot solve the problem. Progress at home can be undermined overseas if other nations do not join in a global response.

The United States is engaged in two major international initiatives designed to promote a global response to the threat of climate change: the Intergovernmental Panel on Climate Change (IPCC), which produces scientific assessments of climate change, and the United Nations Framework Convention of Climate Change (UNFCCC). The UNFCCC builds on the work of the IPCC, providing a global forum in which nations decide what actions to take in response to evolving scientific knowledge. The Climate Stabilization Fund provides U.S. voluntary contributions to support administrative needs of the IPCC, the UNFCCC Secretariat and Convention-related activities.

The IPCC and the UNFCCC represent the front line of the global defense against the threat of climate change. They are vital to U.S. national interests because of the serious potential consequences of climate change on agricultural productivity, weather patterns, and ecosystems. The United States alone, or even together with its partners in the industrialized world, cannot eliminate this threat. Success depends on long-term commitment by all nations, including developing countries and the so-called "economies in transition" -- countries of Eastern Europe and the former Soviet Union -- to reduce greenhouse gas emissions. The UNFCCC unites over 160 nations in global action.

PERFORMANCE:

Under the UNFCCC, industrialized countries agreed to adopt specific national policies and measures to mitigate climate change by limiting human emissions of greenhouse gases (e.g.,

carbon dioxide, methane, nitrous oxide) and by protecting and enhancing sinks and reservoirs (e.g., forests) of these gases. Developing countries also undertook a series of commitments to deal with this problem. But efforts to date represent only a first step toward reaching the Convention's ultimate objective: stabilization of greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system.

At the UNFCCC's first Conference of the Parties in Berlin in April 1995, parties agreed that current commitments are inadequate to meet the threat of climate change, and began negotiations to strengthen existing commitments. Thus, Convention Parties are considering next steps, even as they work intensively to implement the Convention's current provisions and meet their existing commitments. The challenge is to insure against the potential consequences of significant climate change by moving forward sensibly, but progressively.

In December 1995, the IPCC completed work on its Second Assessment Report (SAR) that will serve as the basis for continuing deliberations under the UNFCCC of next steps to combat the threat of climate change in the post-2000 era. Over 2,000 of the world's leading experts on all facets of climate change took part in producing the SAR. Significantly, the SAR concluded that:

- There is clear evidence of a discernible human influence on the Earth's climate, manifest by an increase in atmospheric concentration of greenhouse gases and aerosols, and projected to increase global average temperatures approximately 1.5 degrees centigrade by the year 2100, a faster rate than anything observed during the last 10,000 years;

- There are a range of cost-effective technologies and policies that can be used in both developed and developing countries to markedly reduce the net emissions of greenhouse gases from energy supply, energy demand, and land management practices -- and there is justification for taking some of these actions.

The IPCC will begin work on its Third Assessment Report in 1997, with an expected completion date in late 2000 or early 2001. This report will enable policymakers to gauge the risks of inaction and the benefits and costs of insuring against them. Meanwhile, the IPCC is undertaking a series of efforts to meet the Convention's needs for scientific and technical assessment information and advice.

JUSTIFICATION:

The increase in the FY 1997 budget request will support the U.S. share of UNFCCC's administrative budget as well as two trust funds that facilitate participation in the Convention and meet extra-budgetary needs of the Secretariat. The 1996-97 biennium administrative budget and the projected needs of the two trust funds reflect the expanding engagement of the Parties and the increased workload of the Secretariat in implementing existing commitments and negotiating next steps. Increased funding also will enable the IPCC to bring scientists and experts from developing countries and economies in transition into its work and ensure wider acceptance of its findings.

INTERNATIONAL CONTRIBUTIONS FOR SCIENTIFIC, EDUCATIONAL & CULTURAL ACTIVITIES

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	2.050	1.000	1.800

OBJECTIVES:

The United States withdrew from the United Nations Educational, Scientific and Cultural Organization (UNESCO) in December 1984. Since 1986, the U.S. Government has supported selected UNESCO-related activities that are considered to be in the national interest through voluntary contributions to the International Contributions for Scientific, Educational, & Cultural Activities (ICSECA) program (formerly known as International Conventions and Scientific Organizations Contributions, or ICSOC). These funds enable the United States to participate in select activities within UNESCO's multilateral programs and to undertake initiatives beneficial to the American educational, scientific, cultural and communications communities.

The programs proposed for funding promote sustainable development, including the protection of the global environment, support a free press, and develop electronic networks of information exchange, storage and retrieval. Many of these programs, created by the United States within UNESCO, play an important role internationally but need continuing U.S. support to function effectively.

The Intergovernmental Oceanographic Commission (IOC):

The IOC, a functionally autonomous unit within UNESCO, promotes and coordinates international marine science activities of its member states on a global scale. It is supported by UNESCO and contributions from IOC member states. A number of other IOC activities are of high priority to the United States, including: the IOC Panel on Harmful Algal Blooms; the IOC Global Investigation of Pollution in the Marine Environment (GIPME); the IOC International Coordination Group for the Tsunami Warning System in the Pacific (ITSU); the IOC Technical Committee for International Oceanographic Data and Information Exchange; the ICSU/IOC World Data Center System for Oceanography; the IOC/WMO Integrated Global Ocean Services System; and the IOC Global Sea Level Observing System (GLOSS).

Several IOC programs also contribute to the U.S. Global Change Research Program (GCRP), which was designed to provide the scientific basis for national and international policy decisions on natural and human-induced changes in the global earth system. One such program is the Global Ocean Observing System (GOOS), a U.S. priority activity that collects ocean data relevant to climate change and environmental monitoring. The GOOS is providing the

oceanographic component of a Global Climate Observing System as proposed by the Second World Climate Conference and endorsed by the UN Conference on Environment and Development (UNCED).

A contribution of $455,000 is necessary to maintain effective U.S. participation in the IOC and to benefit from IOC's role in support of climate and global change research and the Global Ocean Observing System.

The Man and the Biosphere Program (MAB)

The MAB program plays a leadership role in the protection of the global environment and the development of international scientific activities, especially in the creation of an ecological information system to monitor global change. ICSECA funds have been used as seed money to form the core of the U.S. MAB committee's capability to provide this scientific leadership. U.S. participation in the MAB program enables U.S. Government agencies and American scientists to acquire data not available elsewhere and to cooperate in the development of new resource management techniques for ecosystems of particular interest to the United States. Support in the amount of $340,000 is necessary to maintain U.S. influence within the MAB Secretariat and to direct MAB research toward programs of interest to the United States.

International Hydrological Program (IHP)

Since their inception in 1965, UNESCO-sponsored international scientific cooperative programs in water resources have advanced global environmental protection by substantially improving the scientific and technological basis for the rational development and management of water resources. Building on the accomplishments of the past 25 years, the IHP emphasizes the role of water-resources management and applied hydrological science in sustaining development and coping with anticipated changes in climatic and environmental conditions. These are areas of critical concern to U.S. water resource interests domestically and internationally.

The IHP program undertakes studies and promotes standards and cooperation among UN specialized agencies and NGOs that provide the United States with information on water resources worldwide, including in such politically sensitive places as Israel, Jordan, the West Bank and Gaza. A contribution of $85,000 per year is necessary for the United States to remain active and effective in key IHP projects.

National Academy of Sciences

A grant to the National Academy of Sciences (NAS) in the amount of $700,000 would support the following programs:

A. <u>International Council of Scientific Unions (ICSU) and ICSU Bodies</u>. Through the NAS grant, special contributions will provide support to several ICSU activities vital to the protection of the global environment:

The ICSU Grants Program: This program provides support for workshops, training courses, information exchanges, international conferences, and research activities sponsored by the scientific unions of the ICSU and other ICSU bodies. The program supports scientific projects in these areas: The International Lithosphere Program, the ICSU/SCOR Committee on Climate Changes and the Oceans, the ICSU/WMO World Climate Research Program, the ICSU Committee on the Teaching of Science and capacity building activities, the Federation of Astronomical and Geophysical Services, and biodiversity projects (workshops and studies) via IUBS and SCOPE. A contribution of $215,000 is requested.

International Geosphere-Biosphere Program -- Implementation and Coordination: Initiated by ICSU in 1986, this comprehensive, long-term program aims to describe and explain the interactive physical, chemical and biological processes that regulate the total earth system, the unique environment that this system provides for life, the changes that are occurring in the system, and the manner in which these changes are influenced by human actions. The operational phase of the program is being initiated through implementation of a half-dozen multi-disciplinary core projects. There are increasing linkages to the World Climate Research Program (WMO and UNESCO/IOC) and the Human Dimensions of Global Environmental Change Program. Partial support of the international coordination of this program, now budgeted by ICSU at over $1 million per year, would be provided by an award of $130,000 to the U.S. member of ICSU, the National Academy of Sciences.

Natural Hazards Program (NHP): This UNESCO program is of major importance to U.S. scientists and has received increased support following the UN establishment of the International Decade for Natural Disaster Reduction (IDNDR). In collaboration with other international governmental and nongovernmental organizations, NHP promotes cooperative efforts on the assessment, prediction, and mitigation of natural hazards such as earthquakes, volcanic eruptions, tsunamis, floods and landslides. Support in the amount of $80,000 is requested to continue geological/geophysical projects through the appropriate international scientific unions and the ICSU Special Committee for the IDNDR.

International Geological Correlation Program (IGCP): This program directs the attention of geologists to projects on mineral and petroleum deposits and correlates data on geological strata, sedimentary and quaternary research projects, and standards for geological maps and earth science projects. This program provides important contributions to the IGBP (recovery of environmental records) and the International Space Year (remote sensing activities), both of which are of interest to the U.S. The IGCP, which is managed jointly by the International Union of Geological Societies and UNESCO, oversees some 60 active projects. There are close links to activities of the International Lithosphere Program. A contribution of $80,000 is requested for continued participation.

B. Other Non-Governmental Scientific Bodies and the International Nongovernmental Cooperative Research and Training Programs. This continues project support to a number of U.S. professional organizations that advance global environmental protection through activities linked to various UNESCO science programs. In certain cases, support goes directly to international NGOs to support a variety of activities of benefit to the U.S., including those sponsored by the International Social Science Council; the Microbiological Resources Centers;

the Pacific Science Association; the Union of International Technical Associations; the World Federation of Engineering Organizations; the American Chemical Society; the International Clearinghouse on Science and Math Instruction; the International Center for Theoretical Physics; the International Clearinghouse for the Advancement of Science Teaching; the International Organization for Chemical Sciences in Development; the American Association of Museums; the U.S. Committee of the International Commission on Monuments and Sites; the American Council of Learned Societies; and other international scientific, educational, and engineering organizations. A contribution of $195,000 to support the work of international nongovernmental organizations via U.S. affiliates is requested.

Information Technology for Development; International Libraries, Archives and Science Documentation Program: This activity sets standards for and provides data on international library, information and archival activities, and the global information superhighway. The U.S. contribution strengthens U.S. participation and leadership in the development of international information policies, standards and mechanisms favorable to U.S. interests. These include transborder data flow, security of data transmitted internationally, and exchange of scientific and technical information. Access to the information super highway and to effective data storage and retrieval systems is a key element of sustainable development. Continued U.S. participation is of particular benefit to the American information storage and retrieval industry. A contribution of $150,000 per year is requested.

UNESCO Private Sector Communications Programs

UNESCO vigorously promotes an independent, pluralistic, and free press as an essential element in the development and maintenance of democracy. Among the programs being supported by UNESCO is the Central-Eastern European Media Center in Warsaw. The Center was founded to support the transformation of the information systems of the countries of Central and Eastern Europe in accordance with the principles of free and democratic societies and to foster the development of an independent, pluralistic mass media. A contribution of $10,000 is requested to continue support for the Center.

UNESCO's Intergovernmental Program for the Development of Communication (IPDC) also sponsors projects to promote an independent press. Recent social and political changes in Africa have encouraged the emergence of privately-owned newspapers and magazines committed to independence and freedom of expression. This independent press is contributing to greater openness and management of public affairs. The IPDC project on development of the independent press in Africa is of key importance. A contribution of $45,000 is requested to support this program and other UNESCO private-sector programs promoting an independent, pluralistic and free press.

Literacy. UNESCO is the lead international agency in promoting literacy throughout the world and, in particular, in promoting the access of girls and women to basic education and literacy training. These education programs are an effective element in overall strategies to address global population problems. A contribution of $15,000 to the UNESCO/University of Pennsylvania International Literacy Institute would promote access to literacy training.

PERFORMANCE:

The United States withdrew from UNESCO in December 1984 because of the Organization's excessive politicization, poor management and long-term lack of budgetary restraint. Since the election of Federico Mayor as Director General in 1987, UNESCO has made major progress in solving these problems.

Perceived at one time as a proponent of a controlled media, UNESCO now vigorously promotes a free, independent, and pluralistic press. The Interagency Committee on Sustainable Development appointed UNESCO "Task Manager" to implement two chapters of Agenda 21: Chapter 35, "Science for Sustainable Development," and Chapter 36, "Promoting Education, Public Awareness and Training." UNESCO has provided leadership in mobilizing projects in these areas. For example, UNESCO has programs in place to train annually thousands of scientists and engineers, to promote environmental and population education, and to organize intergovernmental cooperation in support of research and data sharing on the oceans, biological diversity, freshwater and the earth sciences.

JUSTIFICATION:

The FY 1997 budget request for UNESCO-related projects of $1.8 million should be considered within the context of advancing U.S. policy goals by promoting sustainable development, including the protection of the global environment, and the free flow of information. UNESCO's programs funded on an assessed basis in these areas are effective but underfunded and warrant a U.S. voluntary contribution of $1,800,000.

WORLD METEOROLOGICAL ORGANIZATION VOLUNTARY COOPERATION PROGRAM

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	2.250	1.300	2.200

OBJECTIVES:

Since its inception at U.S. behest in 1967, the World Meteorological Organization's Voluntary Cooperation Program (WMO/VCP) has provided training and equipment to help developing countries participate in WMO programs, particularly the World Weather Watch (WWW), which provides continuous, real-time, two-way communication of vital atmospheric and oceanic data and products. This weather data gives the United States and other nations the basic information needed to forecast severe weather events and to assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe. The WWW program supports civil aviation, marine navigation, and basic global data needs for the many U.S. agencies, including the Department of Defense.

In the execution of the WMO/VCP, close coordination is maintained with other international, regional, and bilateral partners, such as the United Nations Development Program (UNDP), the Food and Agriculture Organization (FAO), the United Nations Environment Program (UNEP), the World Bank, the European Union (EU) and other VCP donor nations to ensure the WMO/VCP complements, not competes, with their efforts.

PERFORMANCE:

Other countries provide data and observations through the WWW that facilitate the development of more accurate forecast models, increasing the warning and lead time for severe weather events in coastal states and the southwestern part of the United States. International weather information obtained through WMO is also used by the Departments of Agriculture, Commerce, Defense, Interior, Transportation, EPA, NASA, and the Nuclear Regulatory Commission.

In addition, WMO/VCP activities support improved climate predictions, detection of climate change, and the negotiations taking place under the Framework Convention on Climate Change and the Desertification Convention. WMO/VCP has made concerted efforts to obtain and preserve climatological data from the atmosphere, ocean, and land surfaces through the CLICOM and the Data Rescue (DARE) programs, which receive U.S. support. These programs have produced and distributed climate data for use in projects on water resources, agricultural and other socio-economic sectors affected by climate variations and climate

change. Other countries' participation in these activities has improved U.S. scientific understanding and the ability to predict the behavior of the climate system.

The meteorological and hydrological data received from the Caribbean, Mexico, and Central and South American countries improves the accuracy of the U.S. National Weather Service (NWS) warning and forecast models by an estimated 30 percent. NWS numerical modelers use upper air and precipitation data from other countries to determine the probabilities of developments in tropical weather and its intensity. Thus, obtaining data from outside sources is of critical importance to the United States.

JUSTIFICATION:

In FY 1996, a seven-year project continues to replace antiquated meteorological telecommunication networks that carry environmental data in the Caribbean, Latin America, and North Pacific to a much more reliable satellite-based system. Upgrading the communications networks will improve early warning capabilities of severe weather events in the Americas, helping save lives and minimize property damage. In FY 1997, an increase of $700,000 is requested for the second year of the project, whose timing is critical in order to take advantage of a joint ICAO/WMO program to improve data and product dissemination. It will also demonstrate the practical benefits of the free and unrestricted international exchange of data, a critical aspect of U.S. policy.

In addition to the major project to upgrade meteorological telecommunications, WMO/VCP funds will continue to be used for:

- Contributions of U.S.-manufactured meteorological and hydrological equipment to increase the capacity and ability of developing countries to provide weather data observations (which, in turn creates a natural market in the recipient countries for the continued purchase of U.S. spare parts and supplies);

- U.S.-sponsored meteorologists from other countries to operate regional forecast desks to evaluate and improve U.S. international forecasting capabilities; and

- U.S.-sponsored specialized and advanced training courses in hydrology, aviation meteorology, and satellites for representatives from developing countries. Students generally return to positions of influence, which is useful in future interactions to support U.S. meteorological and hydrological concerns.

The bulk of the FY 1997 U.S. contribution will be spent in the United States for equipment and experts. The total WMO/VCP program budget is expected to be about $8.0 million.

ORGANIZATION OF AMERICAN STATES DEVELOPMENT ASSISTANCE PROGRAMS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	11.000	8.000	6.500

OBJECTIVES:

At U.S. initiative in the early 1960s, the Organization of American States (OAS) began assisting in the development process of member states to help strengthen the economic and social underpinnings of democracy. OAS technical cooperation has diminished from its once prominent role as donor countries shifted major efforts to bilateral assistance programs or to multilateral development banks. OAS efforts are now centered on small-scale programs in areas such as feasibility studies, education, training, trade promotion, tourism, resource surveys, and scientific and technological research.

OAS' dynamic new Secretary General has refocused OAS technical cooperation towards those areas given priority at the Summit of the Americas where the OAS has a comparative advantage. These "niches" where OAS can perform better than other assistance institutions include:

- Identification by member state governments of priority areas for policy reform (i.e. deregulation, privatization, trade and capital market liberalization, social development, environment) and the exchange of experience in the implementation of such reforms;

- Utilization of existing OAS infrastructure to implement low-cost programs of training, educational and cultural exchange, information dissemination, and consultant services, particularly in small countries where larger assistance organizations are not active or where large-scale programs would not be cost-effective;

- Use of established OAS relationships with member state governments and other organizations to attract voluntary contributions for cooperative multinational programs in areas such as social development, economic policy reform, and environmental protection.

PERFORMANCE:

The goals and organization of OAS technical cooperation have undergone major restructuring during the past three years. The two arms of OAS cooperation have been consolidated into a single Council for Integral Development (CIDI) to eliminate duplication, foster coordination of programs in the cultural and economic areas (i.e., cultural preservation and tourism

development), and give greater weight to the policy priorities of the member states, while keeping the requirement that members contribute in order to benefit from programs. The consolidation coincides with a greater emphasis on "horizontal cooperation," which is the sharing of experience and expertise by the more developed countries with their smaller and less developed neighbors. In FY 1997, OAS will continue to promote this new method of technical cooperation, known as "Partnership for Development," to combat extreme poverty by focusing on programs in eight priority areas:

1. Economic diversification and integration, trade liberalization, and market access;
2. Rational use of natural resources and preservation of the environment;
3. Generation of productive employment;
4. Education and educational development;
5. Scientific development and interchange, and technology transfer;
6. Strengthened public and judicial administration;
7. Sustainable development of tourism; and
8. Preservation of cultural and linguistic identity.

Human resource training is a priority in three regional education programs and is one of the most successful features of OAS cooperation. The regional education development program supports the broadening and improvement of education designed for disadvantaged groups of the urban, rural, and Indian populations. Around one hundred thousand students, technicians, and specialists have been trained in OAS programs. The Education for Work program is designing programs to retrain workers from the public sector, parastatal enterprises, and private companies who are out of work as a consequence of privatization and/or technological advance. And, the Inter-University Hemispheric Information Network on Science and Technology has linked most countries in the hemisphere to Internet through a university node. This access will be expanded to increase the scope of information sources available to and among OAS member states.

The technical assistance program for the Inter-American Conference on Ports and Harbors improved port operations in several small OAS states, an endeavor of vital importance for those countries' integration into the more open Hemispheric trading system, as well as for U.S. efforts to combat narcotics trafficking. The Integrated Development Program for the Peruvian-Brazilian border area encouraged the substitution of environmentally sound resource exploitation practices in place of the destructive primitive methods previously in use.

JUSTIFICATION:

The FY 1997 request for $6.5 million reflects continued, although diminished, U.S. support for efforts to concentrate OAS technical cooperation on cost-effective programs that facilitate economic and environmental policy reform and social development. The trends in the region towards trade liberalization, economic deregulation, and improved environmental management create new needs for technical assistance in policy implementation. These needs include measures that facilitate adjustment to the effects of policy reforms consistent with the OAS' goal of reducing extreme poverty.

INTERNATIONAL ATOMIC ENERGY AGENCY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	39.700	36.000	36.000

OBJECTIVES:

The International Atomic Energy Agency (IAEA), created in 1957 largely at U.S. initiative, is entrusted with the dual responsibility of promoting peaceful uses of atomic energy and ensuring that any assistance it provides is not used for military purposes. In carrying out these objectives, the IAEA administers a unique system of international safeguards and provides a broad range of technical assistance in diverse areas, such as the medical, agricultural, and industrial application of nuclear energy, including nuclear safety, radiation protection, and waste management. Technical assistance is important to developing member states' acceptance of IAEA safeguards.

PERFORMANCE:

For the United States, the most critical function of the IAEA is the application of safeguards to nuclear activities to deter, through timely detection, the diversion of material and equipment for nuclear weapons purposes. Actual application of safeguards is conducted on the basis of agreements concluded between the Agency and a member state, and approved by the Board of Governors. Safeguards establish the critical arms control precedent of voluntary verification of compliance with non-proliferation obligations, including on-site inspection, by a sovereign state.

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which was extended indefinitely in May 1995, is the principle international instrument of the nonproliferation regime. Since the NPT's entry into force in 1970, the IAEA has been responsible for administering NPT-mandated safeguards. Most IAEA member states have become parties to the NPT, but a few have not adhered to the treaty. As of September 1, 1995, only twelve countries worldwide remain outside the NPT. All Parties are committed to require IAEA safeguards on their nuclear exports, a requirement that does not exist under the IAEA statute.

Safeguards are the principal but not exclusive U.S. concern with the IAEA. Another fundamental premise of U.S. nuclear non-proliferation policy, also embodied in the NPT, is the commitment to facilitate the exchange of equipment, materials, and scientific and technological information for the peaceful uses of nuclear energy. A significant portion of the U.S. voluntary contribution to the IAEA is used to fulfill this obligation. Because the vast majority of IAEA member states consider this objective of paramount importance, continued

U.S. support for technical cooperation is crucial to maintain support for a strong safeguards system.

JUSTIFICATION:

The voluntary U.S. contribution to the IAEA supports both safeguards and non-safeguards related technical assistance. The portion devoted to safeguards gives the U.S. Government the added flexibility needed to meet demands in strengthening safeguards, engaging in research and development and designing new equipment. The FY 1997 U.S. voluntary request for the IAEA ($36 million) would support the following projects:

IAEA Technical (Assistance and) Cooperation Fund (TCF): The IAEA TCF program's primary objective is to promote the transfer of skills and knowledge relating to the peaceful, safe, and efficient application of nuclear technology to member states. Assistance from the TCF is provided to over 80 developing member states in the form of experts, training, and equipment across a broad range of activities involving the use of nuclear energy. Unlike safeguards, which are funded through the regular assessed budget, the TCF is funded by annual voluntary contributions from member states. In reaction to developing members states' concern about the reliability of funding for technical assistance, the agency has, on a informal basis since the early 1980s, adopted the use of indicative planning figures (IPFs) as a basis of determining the annual TCF budget. IPFs are annual targets agreed on by the major donors for three-year periods. The last agreement, approved in 1995 for the period 1996-1999, set the 1996 amount at $65.5 million and "at least" $3.5 million each year thereafter until 1999, when the next agreement will be negotiated. Member states then endeavor to pledge and pay their apportioned share, which is similar to the UN scale. Historically, the United States has pledged 25 percent of the IPF for any given year.

Footnote A and Model Project Support: Footnote A projects are Board-approved projects in the technical cooperation program for which no TCF funding is available. The U.S. contributes funds to projects in countries that share U.S. non- proliferation objectives and meet U.S. priorities in particular nuclear applications. Model projects are new, Board-approved projects that represent an IAEA effort to facilitate delivery of technical assistance by improving pre-project planning and project management. U.S. funds will support the implementation of approximately 15 projects.

In addition to its cash contribution to the TCF and other projects, the United States also provides "in-kind" assistance to IAEA in the form of services. These programs include:

Training Courses and Technical Support: Under direction of the Department of State, pursuant to agreement between the Departments of State and Energy, Argonne National Laboratory (ANL) will implement a number of support activities with the IAEA, such as: (1) hosting of 4-5 IAEA inter-regional training courses that focus on peaceful nuclear technologies, including nuclear safety, radiation protection and energy planning; (2) providing technical advice in the selection and implementation of U.S.-supported IAEA technical cooperation projects; (3) maintaining a U.S. experts database; (4) coordinating nomination of

U.S. experts attending the numerous IAEA meetings, symposia, and conferences; and (5) maintaining a database to provide the U.S. Government with accurate information regarding the nature and extent of current and previous U.S. multilateral support (through the IAEA) for individual IAEA member states.

IAEA Fellowships: After receiving fellowship awards from the agency, IAEA fellows are placed at various member state host institutions. The U.S. approves the selection of approximately 175-200 fellows proposed for placement in the United States and funds related administrative expenses for placement. Training is sought at a variety of public and private U.S. institutions, including universities and industry. A portion of the fellows will also receive U.S. funding for a stipend, housing, and board. The duration of fellowships range from a number of days, to one week, to a few months, or one year. The National Academy of Sciences National Research Council places fellows on behalf of the U.S. Government once they have been approved by an interagency committee.

Cost-Free Experts (CFEs): At IAEA request, the U.S. provides experts on a "cost-free" basis in an effort to assist the Agency with key program initiatives of special U.S. interest on a short-term basis. Historically, U.S. experts have served the agency in a broad range of non-safeguards related program areas, including: nuclear safety, waste management, safe transport of radioactive materials, application of isotopes in human health and nutrition, implementation of the Department of Technical Cooperation's model project initiative, the Department of Administration, budget and finance, and software development for information systems.

Nuclear Safety: These funds will be used to support IAEA initiatives that complement U.S. bilateral programs in Eastern Europe and the NIS. The United States will continue support for the joint IAEA-UN Development Program project to improve radiation protection infrastructures in former Soviet Union countries. U.S. funds will support Agency assistance to countries with the most serious problems, as well as projects that address urgent technical concerns such as interim, on-site spent fuel storage; seismic analyses to help identify upgrades needed to compensate for poor siting of existing plants; and improved radiation protection measures for countries that need to control radiation sources used in industry, agriculture, and medicine.

Radioactive Waste Management: The IAEA conducts an extensive program in waste management, aimed primarily at the needs of developing member states. It sponsors research and, upon request, provides advisory missions to members to assess needs, review programs, and evaluates available expertise and resources. A special joint IAEA/UNDP initiative to improve waste management infrastructures in the former Soviet Union, as well as a model project to improve infrastructures in developing member states, are now underway. Moreover, the IAEA is in the process of developing an updated, comprehensive body of documents to guide national waste management practices. It also is sponsoring development of an international convention on radioactive waste management, a process launched in 1995. U.S. extra-budgetary support will support IAEA efforts in all these areas.

The request for safeguards-related activities will be allocated to the following projects:

Program of Technical Assistance to IAEA Safeguards (POTAS): POTAS and similar programs in about 13 member states are key collaborators of the Agency's efforts to develop and apply effective safeguards to increasingly complex nuclear facilities. POTAS, implemented primarily through the International Safeguards Project Office at Brookhaven National Laboratory, began in 1977 as a means to support vital research for development and transfer of new technology for international safeguards. POTAS draws expertise in safeguards technology from the U.S. public and private sectors. POTAS will continue to address a number of essential safeguards activities, in particular activities to implement Agency recommendations for enhanced safeguard effectiveness and efficiency ("Program 93+2"). These include technologies needed to implement special inspections, new technology for facilities in states of particular regional security concern, unattended monitoring systems, and a number of projects to develop and implement advanced safeguards systems for large automated facilities producing and fabricating plutonium. This latter effort is important both to maintain effective international safeguards and to minimize the resource requirements needed to implement them at these new facilities. POTAS supports necessary training for safeguards inspectors and other safeguards staff, as well as between 20 and 30 U.S. experts who supplement the staff of the IAEA Safeguards Department.

Safeguards Equipment: The IAEA safeguards budget will likely continue to fully fund equipment replacement while conducting inspection required activities. The FY 1997 funds will be used to assist the Agency in the replacement of problem-ridden surveillance equipment with a new, more reliable systems.

Support to Safeguards Planning and Operations: This funding will meet planning needs for IAEA activities under a fissile material cutoff treaty. Activities include verifying nuclear materials from weapons states, integrating IAEA responsibilities with those of the CTBT Monitoring Organization, and negotiating and concluding the new legal instruments required to implement recommendations of Program 93+2.

Safeguards on Excess Weapons Material: The U.S. has voluntarily offered to make two plutonium storage vaults, one at Hanford, Washington and the other at Rocky Flats, Colorado, and one high enriched uranium vault in Oak Ridge, Tennessee. IAEA has agreed to subject these facilities to its safeguards. In March 1995, the President declared an additional 200 tons of fissile material as excess; the Executive Branch is now determining what portion of the material can be placed under safeguards and the related time-frame. However, since this is a voluntary IAEA activity, some Member States have objected to spending scarce IAEA budgetary resources for this activity. In order to execute the President's initiative to place excess material under safeguards, the United States must identify extra-budgetary resources. While the IAEA will not need to procure additional equipment for existing sites, the need to obtain dedicated inspection personnel for these tasks, rather than stretching an already thin inspection staff even thinner, will increase.

Physical Protection of Nuclear Material and Facilities: Reported losses of special nuclear material, and the surprise discovery of quantities of highly enriched uranium and plutonium in countries of the New Independent States, heighten concerns that nuclear material may be poorly protected and raises the potential for nuclear material to be obtained or traded by criminal elements and terrorist groups. Physical nuclear security is not a part of the established safeguards regime and is not included in the current advisory missions of the Agency. The international recommendations on physical security (INFCIRC/225/Rev. 3) authorizes the IAEA to provide advice on this topic at the request of Member States. In March 1995, the Secretariat presented a plan of action to the Board of Governors, calling for physical protection training, particularly in the Russian language, technical support in identifying Member State needs, a peer review service, specific facility physical protection plans, and basic technical references and technical exchanges. These activities, budgeted at $1.3 million for 1995 and $1.7 million for 1996, were to be funded from extra-budgetary contributions (most of which came from the U.S. for 1995). Interest in this IAEA activity is expected to continue at a high level, and its continuation requires U.S. financial support.

Environmental Sample Analysis: Environmental sampling is perhaps the single most important tool for increasing the ability of the IAEA to detect clandestine activities. While Agency capabilities to collect, handle, and screen samples are expected to improve by 1997, the United States does not anticipate a large scale ability to analyze the samples (a very expensive capability) or the necessary ability to pay the analysis costs required for a large scale sample analysis program. The funds identified here are intended to cover the costs of bulk analyses at U.S. laboratories in the Agency's Network of Analytical Laboratories. The additional costs for the more sophisticated, but less frequently used, particulate analysis will continue to be paid from U.S. DoD program funds.

Other non-proliferation activities to be funded include:

Other Safeguards and Non-Proliferation Activities (OS&NP): Funds are used to support initiatives which fall outside the purview of POTAS but are related to the development of IAEA safeguards approaches for sophisticated technologies and facilities of specific concern and interest to the United States. Funds are also used to provide training to developing country personnel directly involved with developing policies for the application of IAEA safeguards and physical protection standards. Implementation of full-scope safeguards in South Africa, Argentina, and Brazil, all of which have substantial nuclear programs, create the need for the United States to provide various forms of support for IAEA consultations with those countries, as well as for development of safeguards.

The U.S. Government generally uses these monies to directly fund U.S. programs that, although not specifically requested by the IAEA, contribute to the Agency's activities. These programs also support bilateral cooperation activities with selected IAEA member states to further shared non-proliferation objectives. A small percentage will be reserved to address critical short-term non-proliferation issues that may arise.

KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IO&P	4.000	20.000	25.000

OBJECTIVES:

The Korean Peninsula Energy Development Organization (KEDO) is the international consortium established to implement the Agreed Framework between the United States and the Democratic People's Republic of Korea (DPRK) signed on October 21, 1994. The Agreed Framework addresses U.S. and international concerns about the DPRK's nuclear weapons program and, if implemented, will ultimately lead to the complete dismantlement of North Korea's nuclear capability. KEDO's central task is to manage the financing and construction of the light-water reactor (LWR) project in North Korea, to provide heavy oil to the DPRK, and to implement other aspects of the Agreed Framework. The U.S. role in this consortium will be to organize and lead KEDO and, with the help of South Korea (ROK), and Japan, support the consortium in fulfilling its tasks.

KEDO actively coordinates cooperation among interested parties in the international community and facilitates the financing and execution of projects needed to implement the Agreed Framework. KEDO Members have decided to cooperate in taking the steps necessary to implement the Agreed Framework, which is consistent with the Charter of the United Nations, the Treaty on the Nonproliferation of Nuclear Weapons, the North-South Declaration on the Denuclearization of the Korean Peninsula, and the Statute of the International Atomic Energy Agency. Moreover, KEDO will obtain assurances that nuclear materials, equipment, or technology transferred to the DPRK in connection with projects undertaken by KEDO will be used exclusively for such projects, only for peaceful purposes, and in a manner that ensures the safe use of nuclear energy. As a result, financial support for KEDO and its activities is critical to the success of the specific objectives of the Agreed Framework, the general goals of international nuclear nonproliferation norms, and the aim of maintaining peace and security on the Korean Peninsula.

PERFORMANCE:

Under the U.S.-DPRK Agreed Framework, the U.S. agreed to "organize under its leadership an international consortium to finance and supply the Light Water Reactor (LWR) project to be provided to the DPRK." In order to meet this pledge, the United States, along with the ROK and Japan, have established an international organization (KEDO) to carry out the reactor

project and other projects called for in the Agreed Framework, such as the supply of alternative energy.

Specifically, the purposes of KEDO are to: (1) provide for the financing and supply of a LWR project in North Korea, consisting of two reactors of the Korean standard nuclear plant model with a capacity of approximately 1,000 MW(e) each, pursuant to a supply agreement to be concluded between KEDO and the DPRK; (2) pending construction of the first LWR unit, provide for the supply of interim energy alternatives in lieu of the energy from the DPRK's graphite-moderated reactors; and (3) provide for the implementation of any other measures deemed necessary to accomplish the foregoing or otherwise to carry out the objectives of the Agreed Framework. In the course of carrying out these projects, KEDO will enter into a reactor supply agreement with the DPRK and into contracts with a number of commercial firms.

KEDO is located in New York and is directed by an Executive Board consisting of representatives of the United States, Japan, and the ROK. Other states may become involved in KEDO activities as "participating countries," serving on advisory committees for the projects in which they have an interest. Australia, New Zealand, Canada, and Finland are currently members of KEDO and several other countries are in the process of joining. The Executive Board will continue to seek broad international participation in the organization.

The day-to-day operations of KEDO are directed by the Executive Director, Stephen W. Bosworth, an American citizen. He is assisted by two Deputy Directors -- Mr. Itaru Umezu of Japan and Mr. Young Jin Choi of the Republic of Korea. While KEDO is staffed with a secretariat of twenty-five people who administer the daily operation of the organization, communicate with the executive board and other KEDO members, and monitor projects being performed by contractors, it will also rely on contractors for assistance. For example, KEDO will need to extensively use an architect and an engineering firm to help oversee the $4 billion LWR project which will be built by a South Korean company. It will also have to rely on outside legal assistance in negotiating the LWR prime contract with the ROK prime contractor.

JUSTIFICATION:

The FY 1997 budget request of $25 million for KEDO is essential to finance KEDO's administrative expenses and projects, particularly the provision of heavy oil to the DPRK. Although the majority of support for the LWR project, KEDO administration expenses, and heavy fuel oil deliveries will come from cash and in-kind contributions from other KEDO members, especially the ROK and Japan, the U.S. contribution is necessary to demonstrate U.S. leadership and to supplement and leverage contributions from other countries. Without the funding, KEDO will not be able to operate or carry out its objectives, thereby weakening the credibility of U.S. leadership, jeopardizing the implementation of the Agreed Framework, and contributing to rising security tensions on the Korean Peninsula. Full funding of this request is the best way to promote both U.S. objectives for peace, security, and nuclear nonproliferation in Northeast Asia.

ECONOMIC SUPPORT FUND

ECONOMIC SUPPORT FUNDS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	2,333.637	2,359.600	2,408.000

OBJECTIVES:

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

Economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. In the short term, however, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security and independence of key allies and friends. The largest share of the ESF request -- $2.117 billion -- remains focused on supporting Middle East peace by providing assistance to foster economic stability and development in Israel, Egypt and other Arab countries pledged to support the peace process.

The United States has a strong stake in strengthening democratic development globally. The intensity of U.S. engagement will vary. In countries such as Haiti and Cambodia, where the United States has invested significant resources and taken international leadership to stop collapse and crisis inimical to U.S. interests, ESF will support programs to sustain democratic transitions, with a high level of engagement. In these and other countries in transition, ESF is used to address a full range of problems through an integrated strategy, including balance of payments and other economic support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture the formal institutions of democracy and the organizations of a vital civil society. ESF also finances programs to enhance the administration of justice as well as police training through the ICITAP administered by the Department of Justice.

Key objectives of ESF are:

- To increase the role of the private sector in the economy, reduce government controls over markets, enhance job creation, and improve economic growth;

- To assist in the development of effective and accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority;

- To develop and strengthen institutions necessary for sustainable democracy through support for the transformation of the public sector to better support democratic development, including assistance and training to improve public administration, promote decentralization, strengthen local governments, parliaments, independent media and non-governmental organizations;

- To transition to transparent and accountable governance and the empowerment of citizens, working through their civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, and respect for human rights and fundamental freedoms; and

- To strengthen capacity to manage the human dimension of the transition to democracy and a market economy, and to help sustain the neediest sectors of the population during the transition period.

PERFORMANCE:

Integrated ESF-supported programs have effectively performed in countries in transition to democracy. Success is closely related to the degree that programs give people the hope that a radical break with a repressive or conflict-ridden past can be sustained. For example, ESF has:

- continued U.S. support of programs for the "fledgling democracies" of Cambodia and Mongolia, thus strengthening democratic institutions, improving access to health care and education, and maintaining or creating critical infrastructure required to provide the stability needed to lay the foundation for thriving private sectors in new democracies;

- provided assistance in Sub-Saharan Africa for elections, political party-building, and legislative training for countries in transition, such as Congo and Sierra Leone. The Africa Regional Democracy fund uses U.S. NGOs to provide training for legislatures, which enhances institutional independence, legislative oversight, and constituent representation in Togo and the Central African Republic. ESF also supports U.S. NGOs to provide assistance in training local human rights and civil society networks in Cameroon, Rwanda, and the Seychelles.

JUSTIFICATION:

Through regional accounts, ESF supports carefully-targeted programs to assist democratic forces in new or threatened democracies, and, in some cases, programs designed to strengthen pro-democratic forces in pre-democratic countries. Typical problem areas include technical assistance to administer and monitor elections, capacity-building for non-governmental organizations, judicial training, and women's participation in politics. For FY 1997, the

$182 million ESF request in support of building democracy is for a range of programs to help strengthen and consolidate democratic processes and institutions in countries that have recently embarked on a democratic course, or where democracy is critically threatened.

The following table shows the ESF proposal for FY 1997. Detailed justification for the proposed programs are found in the Country and Program Papers section.

FY 1997 ECONOMIC SUPPORT FUNDS

PROGRAM SUMMARY

(Dollars in Millions)

PROGRAM	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
Sub-Saharan Africa			
Africa Regional Fund	7.400	8.000	10.000
Angola		5.000	10.000
Subtotal, AF:	**7.400**	**13.000**	**20.000**
East Asia & Pacific			
Asia Regional Fund		10.000	12.000
Cambodia	19.500	25.000	35.000
South Pacific Fisheries	14.000	14.000	14.000
Subtotal, EAP:	**33.500**	**49.000**	**61.000**
Europe and the NIS			
Cyprus	15.000	15.000	15.000
Ireland Fund	19.600	19.600	19.600
Turkey	45.750	33.500	60.000
Subtotal, EUR	**80.350**	**68.100**	**94.600**
Latin Am. & Caribbbean			
Haiti	86.700	75.300	80.000
LAC Regional Fund	20.960	13.000	25.000
Subtotal, ARA:	**107.660**	**88.300**	**105.000**
Near East			
Egypt	815.000	815.000	815.000
Israel	1200.000	1200.000	1200.000
Jordan	7.200	7.200	10.000
Lebanon	2.000	2.000	4.000
ME Multilaterals	5.000	3.000	5.000
ME Regional (MERC)	7.000	7.000	7.000
Democracy			1.400
West Bank-Gaza	75.000	75.000	75.000
Subtotal, NEA	**2111.200**	**2109.200**	**2117.400**
Global			
AOJ/ICITAP	6.500	7.000	10.000
Narcotics/Crime	24.790	25.000	
Subtotal, Global:	**31.290**	**32.000**	**10.000**
Total Country Programs:	**2371.400**	**2359.600**	**2408.000**
Reappropriation	1.310		
Rescissions/Transfers Out	-39.073		
Total Budget Authority	**2,333.637**	**2,359.600**	**2,408.000**

SUPPORT FOR EAST EUROPEAN DEMOCRACY

SUPPORT FOR EAST EUROPEAN DEMOCRACY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	359.000	524.000	475.000

OVERVIEW:

The Support for East European Democracy (SEED) Act was passed in November 1989 to assist the former communist countries of Eastern Europe to develop democratic institutions and market economies. Prior to 1989, the political and economic organization of these countries had mirrored the Soviet Union. The various central governments established their own production levels, determined distribution, and set prices. On an international level, the Eastern European economies were integrated into COMECON, a Soviet-dominated organization, which made additional production decisions and controlled trade. By 1989, the SEED countries had begun to break with the Soviet Union and were seeking to re-cast their political and economic systems into a western model. The SEED Program has provided technical assistance and training to facilitate that reform process, and today these countries are well on their way. Each has established functioning democratic institutions, elected parliaments, allowed some variation of a multi-party system, and made irreversible changes in their economies.

However, the transition is not complete. The economic downturn of the early 1990's led to a lower living standard for many groups and economic reforms remain unfinished. And, although new democratic institutions are gaining strength, they are not yet deeply rooted. Eastern Europe remains as important to U.S. interests today as when the original 1989 SEED Act was passed. These nations have provided a clear demonstration that democracy and economic prosperity can be built on the ruins of failed communist systems -- a useful example for countries farther to the East. Eastern Europe is a growing market for U.S. goods and services, and a gateway to the vast potential markets in Russia and Ukraine. Finally, a peaceful, democratic Eastern European order gives the United States greater assurance of security at a lower cost.

SEED Act programs are coordinated by the Department of State and administered by other government agencies, principally the United States Agency for International Development (USAID). Its assistance is based primarily on the provision of grants and technical assistance programs. SEED was originally developed as a regional program without specific country allocations to allow the flexibility to shift resources quickly to address fast-changing situations in the region. The SEED program now reflects the region's evolution and individual country budgets reflect specific strategies for each country.

SEED is a transitional program designed to aid Eastern European countries through their difficult passage to democracy and a market economy. As countries complete the political and economic transitions, they are "graduated" from the assistance category and funding for SEED Programs is phased out. Graduation varies according to each country's individual progress. Programs have already begun to wind down in some Northern Tier countries (e.g., the Czech Republic and Estonia), where western political and economic standards appear to have taken hold. This phasing-out of assistance in many of the Northern Tier countries will allow a gradual shift in U.S. resources to countries in the Southern Tier, such as Romania and

Bulgaria, which have further to go in their transitions. Still other countries, notably Albania and parts of the former Yugoslavia -- whose state of economic and political development now differs significantly from those covered in the original SEED Act -- may need assistance for years to come.

Currently, SEED Program assistance is available to Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and the Former Yugoslav Republic of Macedonia.

Bosnia

Since receiving a small amount of reconstruction assistance in FY 1995, Bosnia has quickly become a major element in U.S. assistance programs to Eastern Europe. The Dayton Agreement represents only the first, and arguably the most straightforward, step in the arduous process of bringing a lasting peace to Bosnia. The success or failure of the subsequent implementation phase will do much to determine whether the Agreement is merely a well-intentioned piece of paper or a living document that will lead to the rebirth of Bosnia. The international effort to reconstruct Bosnia after years of conflict represents one critical step in the implementation process. By far the most important component, however, will be the strength and durability of Bosnian citizens' self-will and self-help.

The United States believes that programs to provide reconstruction assistance and economic and political reform will lay the basis for economic recovery and self-help, and will serve long-term U.S. interests in the region. Reconstruction efforts in Bosnia include humanitarian assistance, physical reconstruction, financial revitalization, and democratic and economic reform. This assistance is vital to ensure that war does not return to Bosnia, and that the region's ethnic communities begin to feel a vested interest in the fruits.

OBJECTIVES:

The broad objectives of SEED-funded programs in Eastern Europe are to build market economies and strong private sectors, consolidate democracy, and improve the basic quality of life throughout the region. USAID has authored a set of developmental goal and objectives criteria which they will seek to use on a worldwide basis. The three goal/objectives employed in SEED countries are: economic restructuring, democratic transition, and social stabilization.

I. Economic Restructuring

Goal: Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources is privately owned and managed. Achieving this goal will require such changes as:

- Increased transfer of state-owned assets to the private sector;
- Increased soundness of fiscal policies and fiscal management practices;
- Accelerated development and growth of private enterprises;
- A more competitive and market-responsive private financial sector; and
- A more economically sustainable and environmentally sound energy sector.

II. Democratic Transition

Goal: Support the transition to transparent and accountable governance and the empowerment of citizens through democratic political processes. Specifically, SEED reforms will effect change to result in:

- Better-informed citizens and increased participation in political and economic decision-making;
- Legal systems that better support democratic processes and market reform; and
- More effective, responsible, and accountable local government.

III. Social Stabilization

Goal: Respond to humanitarian crises and strengthen the capacity to manage the human dimension of the transition to democracy. SEED programs focus on:

- Reducing human suffering and crisis impact;
- Improving sustainability of social benefits and services; and
- Reducing environmental risks to public health.

PERFORMANCE:

In partnership with other donors and leaders within the Eastern European states, U.S.-funded technical assistance and training are helping to restructure the economies and improve the prosperity of Eastern Europe. The SEED Program is among the most effective, successful assistance programs of the post-war period. The Eastern European states have made remarkable progress in the development of democratic institutions and market economies. The most significant progress has been in Poland, Hungary, and the Czech Republic. The Polish economy grew by 5% in 1994 and is expected to reach the same level for 1995. The Polish private sector is producing close to 60% of the country's GDP. The country is becoming a sophisticated democracy and has a growing commercial banking system. The Hungarian economy has grown at a slower rate, but continues to attract substantial new private capital. The country has over 600,000 registered private businesses which now account for over 55% of Hungary's GDP. More than half of the state-owned enterprises have been privatized, and major shares of the energy and telecommunications industries have been opened to foreign bidding. The improvements in economies and democracies of these states are nearing the point when they can be "graduated" from the SEED program.

Despite recent internal political problems, Slovakia has also made great strides with the assistance of the SEED program. More than 65 percent of Slovakia's GDP is now produced by the private sector. Virtually all small and medium enterprises are in private hands. USAID is actively encouraging Slovakia to allow more local engagement in the political process. Both Romania and Bulgaria have grown economically but continue to respond slowly to institutional change. Thus, SEED programs are targeted on the development of capital markets and changing the legal framework for finance, commerce, intellectual property rights, environment, and taxation. Bulgaria, although less advanced in the transition process, has recently made important progress. The new government has introduced an ambitious mass privatization program and has improved its relations with international financial institutions. U.S. Government advisors have been active both in crafting the new mass privatization program and in instituting a successful municipal privatization program.

Seven Enterprise Funds have been established under the SEED program. These Funds, which provide loans and equity capital to small and medium sized enterprises in the region, have made an enormous contribution to the transition in Eastern Europe. The first four Funds have invested over $375 million in some 5,000 businesses employing more than 70,000 people. The Funds have also leveraged hundreds of millions of dollars in new private capital for the region. In addition, they have been instrumental in changing laws, regulations and attitudes toward private business during this important transitional period. Many of the Enterprise Funds' investments are joint ventures with American firms, opening doors for U.S. business in these growing markets. In FY 1995, three new Enterprise Funds were set up -- the Baltic American Enterprise Fund, the Romanian American Enterprise Fund and the Albanian American Enterprise Fund.

The SEED Program has made a significant contribution to the changes that have taken place in Eastern Europe. These fledging democracies enhance the security of Europe and are quickly becoming important trading partners. The SEED program was also instrumental in establishing the International Law and Enforcement Academy (ILEA) in Hungary to address the threat posed by international crime to democratization and privatization.

JUSTIFICATION:

The Department of State is requesting $475 million for SEED for FY 1997, of which $200 million will be allocated for Bosnian reconstruction and reform programs.

The FY 1997 SEED Budget represents a continuation of the effort begun in 1989 to assist the former communist Eastern European countries on their road to democratic institutions and a market-based economy. As the SEED recipient states adjust to a market economy and generally meet the other goals of the SEED program, they will be phased out, or "graduated", from the SEED program. This process has already begun in several of the northern tier countries. The southern tier countries, conversely, are just beginning to undertake serious economic and political reform. With continued success in the northern tier states, SEED resources will increasingly target Romania, Bulgaria, Albania, and the other southern tier countries. The tables on the following page provide a breakdown of SEED allocations by function and country.

The Northern Tier Countries

The northern tier countries include Lithuania, Latvia, Estonia, Poland, Hungary, Slovenia, and Slovakia. The Polish program has been the largest and among the most successful of the SEED country programs. In Poland, and in all of the northern group, the United States will seek to deepen the progress made to date. SEED assistance in Poland will focus on stimulating private sector development at the corporate level and encouraging a market-oriented private financial sector. Support for mass privatization and development of the financial market will increase, thus expanding private housing finance. The SEED program will emphasize the continued development of an independent media, such as the Warsaw Journalism Center, which should become self-sustaining by 1998. SEED will continue programs on community NGO organization, particularly in the labor sector, conflict resolution, and ecology. Programs will also target health service delivery and the improvement of wastewater treatment plants.

FY 1997 SEED Country Allocations

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Albania	26.363	21.000	30.000
Bulgaria	37.313	27.500	31.000
Bosnia	25.151	250.000	200.000
Croatia	14.544	9.750	9.000
Czech Republic	14.578	3.700	0.000
Estonia	1.900	0.000	0.000
Hungary	27.165	17.000	15.000
Latvia	7.000	3.700	0.000
Lithuania	12.382	8.250	7.000
FYROM	13.414	12.000	16.000
Poland	74.869	46.000	40.000
Romania	38.598	25.000	33.000
Slovakia	27.334	16.000	15.000
Slovenia	6.405	3.200	0.000
Regional	31.984	80.900	79.000
TOTAL	**359.000**	**524.000**	**475.000**

FY 1997 SEED Regional Allocations

(Dollars in millions)

SEED Regional Activity	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Democratic governance, including Law Enforcement	2.623	10.615	13.475
Enterprise Funds	6.000	13.500	16.000
South Balkan Development Initiative	0.000	7.000	7.000
Economic Restructuring	5.678	14.245	12.450
Quality of Life and Environment	7.438	10.233	8.700
Other	10.245	25.307	21.375
TOTAL	**31.984**	**80.900**	**79.000**

In Hungary, the SEED program will focus primarily on the economic sector. The government of Hungary has made significant progress in restructuring its economy. SEED will assist with budget reform programs, advice on facilitating post-privatization restructuring and improving banking services. SEED technical advisors will help the Government of Hungary identify mechanisms to reduce and shift the cost of social services from the over-burdened central government to local governments and NGOs. In Lithuania, SEED is providing technical assistance to Lithuania's banking sector and helping to sharpen domestic legislation in civil and criminal codes, and enterprise law. Slovakia is the most problematic of the northern tier countries. The Slovak economy, while not free of corruption, is relatively healthy. In the political arena, however, the leadership of the country is pulling back from many of the democratic reforms which its neighbors have embraced. Consequently, the SEED program is trying to strengthen independent media and provide training in community organization. Economic programs in Slovakia are geared more at the firm level in an effort to enhance enterprise management and improve short term cash flow problems. Finally, there is a new hospital partnership in Slovakia which is administered through the American International Health Alliance.

The Southern Tier Countries

Assistance to the southern tier countries is geared more to economic problems. The southern tier countries are generally in an earlier stage of economic development than their northern neighbors. They require more assistance with privatization, with banking reform, and with management of business enterprises. In Romania, for example, the SEED program will continue to stress moving the ownership of state-controlled assets to the private sector. Similarly, the development of a transparent secondary trading center will give Romanians an opportunity to become stockholders and participate more in the economy. Technical advisors will continue to work with the Government of Romania to better administer the issuance and transfer of land titles. SEED social programs in Romania include hospital accreditation and improvement of child care. Bulgaria has begun the transition to a market economy, but it has found the pace difficult and has been hampered by a sluggish bureaucracy. SEED is assisting with privatization and has pushed the government to alter its laws concerning banking, finance, NGOs, and certain social programs, as well as encouraged greater decentralization of government administration. The SEED program in Albania is a relatively new program. Although Albania's economy grew by 6% last year, that progress is partially offset by the low base figures from which the country started. SEED, therefore, has sought to provide assistance in a wide range of economic sectors: privatization, banking reform, capital market development, and land use development. Fortunately, most of the land and small enterprises in Albania have now been privatized. SEED is working to increase the productivity of agriculture and improve the judicial system. Similarly, in Macedonia SEED is geared towards privatization, commercial banking, and encouragement of small business and agricultural sector grants. The South Balkan Development Initiative, an important regional developmental program, will continue to support regional transportation infrastructure development for the southern tier countries.

In conclusion, the FY 1997 SEED Program will continue to assist the Eastern European countries in their transition to market economies and in their efforts to develop democratic institutions and broaden their base of political power.

Bosnia

The World Bank and IMF completed a financial needs assessment for Bosnia that has served as a blueprint for the international community's assistance. The study identifies Bosnia's priority economic reconstruction needs and estimates the cost at $5.1 billion over three years. Of this, approximately $2.1 billion will be met by the international financial institutions. The remaining $3 billion will require bilateral contributions from individual donor countries.

The fair share of U.S. reconstruction assistance is judged to be about 10 percent of the total requirements and about 20 percent of the bilateral donors' contributions. The President has stated his intention to request Congress to provide $600 million over three years. U.S. humanitarian assistance in 1996 is expected to continue at 1995 levels. In addition, the United States expects to share the expenses for police monitors, demining, elections monitoring, and the War Crimes Tribunal.

The Administration is requesting $200 million in FY 1997 for Bosnia economic reconstruction funds, which will build on ongoing USAID-administered programs. These program funds will be used to extend municipal rehabilitation and the reconstruction finance programs; provide support for the International Police Task Force; and assist the Federation Government's effort to institutionalize the SEED reform programs. Infrastructure and equipment financing, housing repair, and small business development also figure among the anticipated rehabilitation activities.

The longer-term economic reconstruction assistance package includes:

- Reconstruction finance, including the importation of critical inputs and medium term capital investment. The program will focus on small- and medium-sized businesses to the extent possible. Assistance will be provided for local, small-scale reconstruction projects that may include pumps, cement, girders, electrical equipment, and tools;

- Municipal rehabilitation, including small business, municipal infrastructure, housing repair, and social services;

- Economic transformation, including privatization, bank reform, a tax and budget system, customs, capital markets and legal/regulatory reforms; and

- Democratic reforms, including dispute resolution, human rights monitoring, independent media, public administration, elections/political process, NGO development, civic education and judicial reform.

Finally, USAID and the Trade and Development Agency have recently undertaken studies of infrastructure projects in the telecommunications, water and sewage, transportation, and energy and electricity sectors. Their recommendations will outline suggestions for U.S. assistance and commercial opportunities for U.S. companies in Bosnia.

ASSISTANCE FOR THE NEW INDEPENDENT STATES

ASSISTANCE FOR THE NEW INDEPENDENT STATES (NIS) OF THE FORMER SOVIET UNION

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
New Independent States	850.000[1]	641.000	640.000[2]

OVERVIEW:

The United States is assisting the states of the former Soviet Union in the transition from a centralized, authoritarian regime to twelve sovereign, independent market democracies. The human, political, economic, and security benefits of this transition are enormous, both to the people of the NIS and to the people of the United States. The overall goal of U.S. policy is to establish enduring, normal, and productive bilateral relations with each of the New Independent States, and to encourage such relations among themselves, as well as with other members of the international community. These relations must be based on mutual recognition of independence and sovereignty, market-based economic relations, and free movement of people, goods and ideas.

Specifically, U.S. assistance in the NIS is geared to support three core objectives:

1. to promote democratic institution-building, the rule of law, and the development of a civil society;

2. to help establish open and competitive market economies and provide opportunities for trade and investment; and

3. to enhance U.S., NIS and international security through cooperative threat reduction and non-proliferation efforts.

Now four years old, the U.S. assistance program has had a clear, significant, and positive effect on the pace of reform in the NIS. In some cases, such as Russia, but also in smaller countries such as Moldova, the reform effort has progressed far enough to begin moving beyond the donor-recipient relationship to a more normal relationship involving the full range of economic, commercial and other ties. In such cases, the United States is concentrating efforts on phasing out technical assistance and focusing instead on programs that will promote economic growth, trade and investment.

However, the pace of reform is not uniform across the NIS. Each of the twelve New Independent States continues to evolve at its own rate. Similarly, the U.S. assistance program has had to evolve to ensure the provision of the appropriate kind of assistance at the appropriate time to help each country make progress in its transformation. Consequently, in a

[1] Appropriated level; does not reflect transfers and rescissions.
[2] Includes funds proposed for transfer.

effort, as a sufficient level of stability is necessary for reform to proceed. In these cases, the goal is to diminish reliance on the humanitarian component and to use this type of assistance as a bridge to other forms of developmental assistance that will help reformers lay the groundwork for a market economy and democratic political system. In other cases, the issue is not so much one of stability, but one of encouraging governments to be less tentative and more vigorous in taking steps to implement political and/or economic reform. As long as movement towards democratic governance and/or a market economy remains uneven from country to country, U.S. assistance programs will have to retain a mix of components.

The U.S. assistance program for the NIS faces the challenge of meeting ongoing needs with declining resources. The FY 1996 appropriation for NIS assistance under the Freedom Support Act is $641 million, down significantly from the $2.5 billion in FY 1994 and $850 million in FY 1995. A combination of Congressional budget reductions and events in the NIS has required a change in the assistance strategy, shifting emphasis away from Russia toward Ukraine and Armenia. In FY 1994, two-thirds of NIS assistance went to Russia; in FY 1996, the proportion devoted to Russia will be about one-fourth. Ukrainian and Armenian programs will grow considerably, while reasonable, if somewhat smaller, programs will be maintained in Kazakstan, Kyrgyzstan, Moldova and Georgia. Belarus and the other Central Asian republics will continue to have very small assistance programs. It is important to note that there are presently limited resources for Azerbaijan, and in the event of a breakthrough in Nagorno-Karabakh, the Administration may need to reconsider estimated country allocations.

Programmatically, diminished resources and lessons learned have required the U.S. Government to reshape the overall assistance program to meet changed circumstances and to focus more sharply on priority objectives. Many good but lower-priority programs may go unfunded, and there are a few new, high-priority projects that require resources. Programs are being streamlined to lower costs. For example, the two Russian enterprise funds have been merged into one, and the short-term U.S.-based training programs have been consolidated. Programs are becoming more focused by eliminating some activities altogether and by concentrating resources on those key areas that will reinforce the economic and political changes most critical to U.S. interests, consistent with an overall phase-out strategy.

More broadly, an ongoing review of the entire assistance program has led to the formulation of five guidelines for future assistance efforts in the NIS:

First, U.S. program analysts are scrutinizing measures of efficacy and cost-effectiveness to determine the value of each program. The "pipeline" of available funds is being carefully analyzed, obligation lead times are being reduced when possible, and the United States is seeking to ensure that interlocutors will work as full, cooperative partners.

Second, cost-sharing is now a critical component of many U.S. assistance programs. By requiring recipients to share in the costs of consultants, volunteers, and other program elements, two objectives are accomplished: program costs diminish, and recipients become stakeholders in the given activity. For these reasons, NIS governments will share in certain program costs, as governments have always done elsewhere in the world.

Third, programs are moving away from primary reliance on the large-contract mechanism and are making much greater use of more flexible mechanisms. For example, in certain areas, volunteer organizations and smaller grants can be more heavily utilized. Moreover, as

assistance programs are gradually phased out, handing over the programs to indigenous organizations and experts must become a top priority.

Fourth, the relatively slow response of the international community to a critical short-term need in the NIS meant that the first two years of the program had to rely primarily on American resources to support assistance activities. Now, a comprehensive, focused effort is being developed to secure more support from multilateral development banks and other bilateral assistance donors (i.e., the European Union and Japan). Part of this effort involves carefully examining activities funded by the United States which the multilateral development banks are willing and able to fund, and then planning a transition from U.S. assistance to multilateral development bank assistance in those areas.

Finally, U.S. assistance programs are still intended to be of relatively short duration. While arbitrary deadlines make no sense, requests for new funds for most technical assistance projects in Russia should end within three years; requests for new appropriations for technical assistance to other NIS countries should end within about six years. Exchanges, enterprise funds, small grant-making initiatives, support for indigenous civic organizations, nuclear weapons dismantlement and related assistance may continue as necessary.

Rigorous application of the criteria described above--establishing priorities, examining results and demonstrating the link between resources and accomplishment of objectives--will help further focus the overall assistance program and help ensure the success of the historic transition currently underway in the New Independent States.

NIS PROGRAMS

Objective 1: Promote democratic institution-building, the rule of law, and the development of a civil society.

Status

While democratic reformers have made significant headway in many of the NIS over the past few years, the future of democratic reform in these countries remains highly uncertain. Trends towards increased recentralization of power have been evident in several NIS countries. While every New Independent State held one or more major elections in 1995, these elections were in many cases judged to be "less than free and fair" by international observers.

U.S. Government assistance to the NIS in the area of democratic reform is focused on achieving long-term results. While the United States has provided a substantial amount of assistance in conjunction with various local and national elections, it is most effective in the area of long-term institution-building. By promoting the development of democratic parliamentary and judicial systems, independent media and non-governmental organizations (NGOs), the United States can help democratic reformers overcome temporary setbacks in their countries' reform processes.

FY 1997 Programs

Democratic institution-building will continue to be a top priority of U.S. assistance to the NIS in FY 1997. Even though the process of democratic reform in the NIS is likely to experience some fits and starts in 1996, the region's grassroots reformers will continue to merit support. FY 1997 will therefore see a continuation of the current trend of decreasing the amount of assistance to centralized government structures, while increasing the amount of assistance to regional and local institutions and nongovernmental organizations (NGOs). People-to-people programs, such as USIA's student exchange programs and community-based training programs, will also continue as a central component of U.S. assistance efforts, and are likely to receive Freedom Support Act funds in FY 1997 in addition to funds from USIA's agency budget. The Peace Corps will receive Freedom Support Act funds in both FY 1996 and FY 1997 plus its agency budget for NIS programs to send small-business and English-language volunteers to the NIS.

Political process programs will continue to promote democratic governance, i.e., transparency and accountability, including the holding of free and fair elections. U.S. Government assistance will focus on parliamentary development and, in those countries where political party systems have taken root, political party development.

Rule-of-law programs will continue to promote the establishment of the legal framework necessary for a fully functioning democratic, market-based system. Activities will include technical assistance in the drafting of legislation and regulations, and training for judges and prosecutors. U.S. law enforcement agencies will continue to work with their NIS counterparts to combat organized crime, financial crimes, narcotics, and alien and nuclear smuggling.

Media programs will continue to strengthen independent media as part of the overall effort to institutionalize increased governmental accountability. U.S. assistance will focus on the business side of running a media outlet, as well as on professional development and increased access to information.

U.S. civil society programs will continue to strengthen the administrative and institutional capacities of indigenous nongovernmental organizations (NGOs) through partnerships with U.S. NGOs. These programs will be particularly important in those NIS countries where indigenous NGOs are making the transition from humanitarian relief to public advocacy activities.

Objective 2: Help Establish Open and Competitive Market Economies and Provide Opportunities for Trade and Investment.

Status

Most of the NIS countries are currently entering the toughest phase of economic reform. To a greater or lesser degree, virtually all of the NIS governments have recognized the importance of establishing market economies to allocate resources in their countries, enabling producers and consumers—rather than the state—to decide what is produced and sold. The NIS countries must now move beyond initial policy choices on liberalizing prices and abandoning state-order

systems, to create new laws and institutions that make markets function. Assistance in this area, moreover, is also critical to U.S. commercial interests, as it contributes to creating transparent and competitive markets open to U.S. trade and investment.

Priority elements of U.S. assistance include encouraging fiscal policy reform; transferring state-owned assets to the private sector; establishing legal and regulatory institutions necessary for a private market; establishing a vigorous small-business sector and functioning capital markets; promoting international trade and American and other foreign investment; and providing capital for new enterprises. Energy-sector reform is critical to creating incentives to restructure economies and to redefining inter-regional relationships in ways that promote independence and economic security. In the Caucasus and Central Asia, development of energy resources can contribute to long-term stability. Programs to promote environmental awareness and to establish sound resource management also contribute to the creation of stable economies.

Sustained public support is essential for successful transition to free markets and democratic governance. People must believe that reform will improve their social and economic circumstances. The dislocation caused by the transition to a market economy is a serious problem, especially for segments of the population that, for a variety of reasons, have trouble adapting from the previous communist system. These considerations mandate a continued, albeit small, social sector assistance effort to replace old, communist-era mechanisms for social support with those more suited to a market economy. The primary focus of limited U.S. social sector programs will be to help redefine the roles and responsibilities of government and the private sector for delivery of fundamental social services. In particular, limited funds will help governments to review their role in the key areas of health care and housing, and to develop new systems that rely less on government and more on the private sector.

In this context, humanitarian aid can be important if directed appropriately to support reformers trying to lay the groundwork for the development of a market economy and a democratic political system. For this reason, selective, targeted humanitarian assistance will continue to be provided in certain countries.

FY 1997 Programs

In FY 1997, trade and investment programs will assume a larger role in U.S. support for economic reform, especially in Russia but also in Ukraine, Moldova, Kazakstan and Kyrgyzstan. Enterprise funds, established to promote investment in the respective regions, will be the primary support vehicle, but agencies such OPIC, TDA, and Ex-Im Bank also will contribute to this effort. (Budget requests for these individual agencies include money for NIS programs, although TDA, in particular, will receive additional FREEDOM Support Act funds in FY 1997.) Department of Commerce activities, including WTO/GATT accession assistance, commercial law development programs, and technical assistance on intellectual property rights as well as other programs, will further support trade and investment.

Privatization and private sector development will continue to be a core element of the U.S. effort to promote the transition to market economies. The development of legal and regulatory frameworks, capital markets, de-monopolization programs, and support for small business development will receive greater emphasis. Tax reform, especially in Russia, represents an area for new programming that will support both economic reform and trade and

investment. Most other technical assistance to the government of Russia will phase down in FY 1997. Department of Treasury-coordinated U.S. participation in international financial institution efforts, financial assistance from trade and development agencies, humanitarian commodities, and technical assistance through USAID will provide macro-economic support where appropriate. Agricultural reform, especially in Ukraine, will also be supported with FREEDOM Support Act funds, as well as assistance from the USDA base budget.

The United States will also support selected efforts to restructure their energy sectors and develop market incentives for energy efficiency. Programs will address nuclear power plant safety and expansion of alternatives to nuclear power. DOE may receive limited FREEDOM Support Act funds in FY 1997, in addition to funds requested in its own agency budget, for its nuclear safety programs. Modest environmental programs will also increase public education about the environment, environmental policy, and resource management.

U.S. resources for social sector programs will be devoted to hospital partnerships, as well as limited technical assistance, to help NIS countries move toward efficient, market-driven health care delivery systems. Limited efforts to support indigenous production capacity and rationalized use and distribution of pharmaceuticals, vaccines and medical supplies may also be funded. Housing assistance will decline and concentrate on developing private housing finance and construction capacity to allow governments to reduce subsidies that now drain local budgets. Emergency humanitarian assistance will continue for strife-torn areas in Armenia, Georgia, Azerbaijan, and Tajikistan to ensure that food, fuel and medical emergency needs are addressed, and to develop improved local capacities to plan for and deliver humanitarian services.

Objective 3: Enhance U.S., NIS and international security through cooperative threat reduction and non-proliferation efforts.

Status

Significant progress has been made, supported by the Defense Department's Cooperative Threat Reduction program, in reducing the threat from weapons of mass destruction remaining in the wake of the collapse of the Soviet Union. But former Soviet defense plants, weapons production capability, and weapons experts still exist. The dangers remain that such industries might be used to rearm or produce weapons for sale abroad, or that newly unemployed weapons scientists might be tempted to sell their expertise to countries of proliferation concern, such as Iran, Iraq and North Korea.

To address these concerns, several programs initiated under the Cooperative Threat Reduction program will be funded under the FREEDOM Support Act in FY 1996. These programs, including the Science and Technology Centers and the Defense Enterprise Fund, help fulfill U.S. national security objectives while also complementing and supplementing a wide range of U.S. economic and technical assistance goals.

The International Science and Technology Center (ISTC) in Moscow, operational since March 1994, and the Science and Technology Center in Ukraine (STCU), which began to fund scientific research in early 1996, help counter the weapons expertise proliferation threat by putting former Soviet weapons scientists to work on civilian projects. These projects benefit

all Science Center members and partners, including--in many instances--U.S. universities, national laboratories and U.S. corporations, which participate as unfunded partners. This program also seeks: (1) to encourage the transition to market-based economies; (2) to help find solutions to nationally- and internationally-recognized technical problems, such as nuclear safety, energy production, and environmental protection; and (3) to integrate NIS scientists and engineers into the international community. The European Union and Japan are donors to the ISTC, and Sweden and Canada also contribute to the STCU. Procedures have recently been implemented to allow other governments, inter-governmental organizations, and nongovernmental organizations (including the private sector) to participate in Science Center activities. The United States encourages project funding from other U.S. Government agencies, including DOE, DoD and NASA. To date, the ISTC has funded 202 projects in Russia, Kazakstan, Georgia, Belarus and Armenia, with the participation of nearly 11,500 scientists and engineers, the majority of whom have expertise on weapons of mass destruction or their delivery systems.

The Defense Enterprise Fund (DEF), initially authorized by Congress and established with a grant from the DoD Cooperative Threat Reduction program, was incorporated as a not-for-profit corporation in March 1994. Like other enterprise funds, the DEF's intent is to assist the NIS in the development of successful private sector entities which contribute to a stable market economy. The DEF, however, focuses efforts on the privatization of weapons of mass destruction (WMD) -related defense industries and conversion of WMD-related military technologies and capabilities into civilian activities. It provides both equity investments and loans to qualified joint venture initiatives which include personnel and/or facilities currently or formerly involved in research, development, production or operation, and support of the former Soviet Union WMD-related defense sector. The DEF encourages private sector participation in the ownership and management of the entities in which the DEF invests, and only makes investments in initiatives involving enterprises committed to privatization.

FY 1997 Programs

In prior years, the Science Centers Program and the Defense Enterprise Fund were authorized and funded through the Defense Department's Cooperative Threat Reduction Program, which allocated a total of $49 million for the Science Centers and $29.67 million for the DEF between FY 1992 and FY 1995. Responsibility for funding the Science Centers was shifted in FY 1996 to the State Department, with FY 1996 funding of an estimated $15 million under the FREEDOM Support Act. For FY 1997, additional funding is planned. In FY 1997, the Department of State will continue to target Science Center efforts to address NIS institutes and individuals that are of highest proliferation concern, specifically those with expertise in nuclear, chemical, or biological weapons, and delivery systems for weapons of mass destruction.

Responsibility for funding the DEF will be shifted from DoD to the State Department in FY 1997. These funds will continue to support joint ventures specifically for the conversion of WMD-related defense industries of the NIS. The DEF is progressing to self-sustainability; additional U.S.-funded capitalization beyond FY 1997 is not anticipated.

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION

Budget Request by Country
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Armenia	52.1	85.0	55.0
Azerbaijan	10.7	7.2	22.0
Belarus	5.6	6.5	10.0
Georgia	37.5	20.6	33.0
Kazakstan	47.2	30.4	39.0
Kyrgyzstan	22.7	17.9	20.0
Moldova	23.6	20.9	27.0
Russia	344.2	163.4	173.0
Tajikistan	9.2	3.5	5.0
Turkmenistan	5.4	3.6	5.0
Ukraine	182.5	205.7	183.0
Uzbekistan	11.8	18.4	20.0
NIS Regional	97.50	57.9	48.0
TOTAL	**850.0***	**641.0**	**640.0**

* Appropriated level; does not reflect transfers and rescissions.

INTERNATIONAL NARCOTICS & LAW ENFORCEMENT AFFAIRS

INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	187.902*	152.600**	213.000

OBJECTIVES:

International narcotics trafficking and organized crime are two of the most serious threats to the security and vital interests of the United States. No other foreign policy issues simultaneously threaten both internal and external interests so severely and persistently. Domestically, the narcotics trade alone is estimated to cost U.S. society at least $60 billion annually; the costs become incalculable when adding the lives lost and destroyed by drug abuse. And the situation is growing worse: heroin addiction is on the rise, and new statistics show that the recent downward trend in cocaine abuse is reversing. Domestic prevention and enforcement programs, facing overwhelming foreign drug production and trafficking, cannot cope alone; they need the backing of effective international control efforts. The international trade in illegal aliens, stolen autos, and laundered money poses similarly insidious, if less obvious, domestic consequences. It costs consumers billions of dollars annually, draining capital from U.S. businesses, and compounding the problems of already over-taxed unemployment, education, and public health systems.

Internationally, both narcotics and organized crime pose grave threats to our fundamental foreign policy objectives of enhancing democracy, rule-of-law, and free market economies. Globally, narcotics and crime generate hundreds of billions of dollars a year in illicit income which the major syndicates use to buy influence and protection at the highest levels of government and society. Through corruption and intimidation, they target and weaken the very institutions designed to enhance public participation and citizen security: the legislatures, the police, the judiciary, even the media. From Colombia, where trafficker penetration has reached the top levels of all branches of government, to Thailand, where a former influential member of parliament was recently extradited to the United States on drug trafficking charges, no country is immune. Drug and crime money drain and weaken national economies. The uncontrolled flow of such vast sums creates serious economic distortions, fuels inflation, and makes long-term economic planning impossible. Meanwhile, innovations in communications and transportation technology, coupled with the overall growth in international trade, are enabling international crime syndicates to expand their reach faster, with greater impunity, than

* Includes allocation/transfer of funds from FSA, SEED, and ESF for ICJ programs, and PKO and ESF funds allocated/transferred for the Haiti Police Monitor Program.

** 1996 Estimate includes $25 million in ESF, and $12.6 million from FSA and SEED. The 1997 request is for counternarcotics programs and international criminal justice programs, including those formerly funded by ESF and FMF.

ever. Such groups now threaten the consolidation of democracy from Eastern Europe and Russia, to Africa, Central America, and Asia.

It is against this backdrop that the President has deemed international narcotics and crime to be fundamental threats to U.S. national security and issued explicit directions to respond aggressively. He has increasingly directed that U.S. efforts should focus on attacking the foreign source of the narcotics and crime problems, including the major organizations, their money laundering and other financial operations, and, in the case of drugs, the crops. The United States Government has been directed to work more closely with other countries and international organizations and to expand its worldwide training efforts. The President has also ordered that sanctions be used against countries that do not cooperate.

Key objectives of the International Narcotics and Law Enforcement Affairs program are to:

- Reduce significantly the size of the international drug trade and stem the rapid expansion of international organized crime;

- Build a stronger international coalition against international narcotics trafficking and organized crime by increasing international awareness of these threats and strengthening the ability of national and multilateral institutions to combat them;

- Identify and target those elements of the threat that pose the greatest danger to U.S. national security interests;

- Develop with other countries comprehensive narcotics awareness, training, and assistance programs that:

    a) Strengthen the ability of law enforcement and judicial institutions to investigate and prosecute the major narcotics and criminal organizations and to seize--and block their ability to move--their assets; drug shipments and processing chemicals;

    b) Improve the ability and cooperation of host nation police and military forces to attack narcotics production and trafficking centers;

    c) Reduce drug crop cultivation through a combination of eradication and alternative development programs;

    d) Reduce the demand for and consumption of narcotics.

- With respect to international organized crime:

    a) Develop training and information-sharing programs to combat money laundering, fraud and other financial crimes, and the international smuggling of

illegal aliens, stolen vehicles, and other illicit goals;

b) Strengthen the International Law Enforcement Academy (ILEA) in Budapest and seek the creation or strengthening of additional institutions worldwide; and

c) Thwart organized crime's ability to undermine democracy and free-market economies in Eastern Europe, Russia, the NIS, and other vulnerable states.

- Apply, as necessary, sanctions against countries that do not cooperate in responding to these threats.

PERFORMANCE:

INL assistance funds a wide range of bilateral and multilateral programs to meet these objectives worldwide. Most narcotics efforts are directed at combating the South American cocaine trade, the top international drug control priority. In accordance with the President's directive, these programs concentrate on the principal source countries of Colombia, Peru, and Bolivia. U.S. narcotics goals are to reduce the level of coca cultivation, disrupt smuggling operations out of the major production zones, and dismantle the Colombia-based organizations that currently manage and finance most international trafficking. The United States also concentrates on attacking trafficking through Mexico, currently the most important transit route. These are the core targets of the trade; progress will require a sustained effort. While much remains to be accomplished, results have been achieved:

- Kingpins in Colombia and elsewhere are under attack like never before. Most of the leaders of Colombia's notorious Cali syndicate are in jail and other kingpins from Peru to Mexico have been arrested. But weak and intimidated judicial systems, and lack of political will, remain major obstacles to effective prosecutions.

- Enhanced Peruvian and Colombian police and military operations have disrupted air smuggling operations, raised the costs of trafficking, and depressed coca prices in Peru's major cultivation zones. Traffickers, however, are looking for new smuggling routes and methods, including flights via Brazil and greater reliance on ground and riverine operations.

- More countries are beginning to eradicate drug crops with U.S. assistance. Colombia continues to conduct extensive aerial spray eradication operations against coca and opium poppies; Venezuela requested a U.S.-backed spray operation to attack new poppy cultivation; and Bolivia resumed voluntary and involuntary coca eradication, destroying over 5,000 hectares in 1995.

U.S. programs in Asia respond to the objectives outlined in the President's November 1995 heroin control policy: (1) to work through diplomatic and public channels to boost international awareness of the growing heroin threat; (2) to promote the United Nations Drug Control

Program and regional financial institution involvement; (3) to bring law enforcement efforts to bear against the principal organizations that are involved in heroin production, processing, distribution, and transit; and (4) to address the underground banking systems that finance trafficker operations. As the long-term downward trends in poppy cultivation in Thailand, Laos, and Pakistan demonstrate, U.S. programs to reduce opium production can be effective, provided the host government cooperates and provides access to the growing area. FY 1997 assistance will continue to support these programs. The ability to implement crop control programs in the major producing countries--Burma and Afghanistan--however, is currently limited by various political and security constraints. The United States will encourage multilateral organizations to undertake heroin control programs in areas where U.S. access is limited.

Through training, institution-building, and information-sharing, U.S. funds will also work to strengthen law enforcement operations against major international organizations targeting the United States. Last year, a joint Thai/U.S. operation resulted in the arrest in Thailand of 11 top traffickers of the Shan United Army, dealing a heavy blow to this major Burma-based syndicate. Pressure on Pakistan and Nigeria also resulted in the arrest of some major traffickers and their extradition to the United States. These are significant first steps, but the U.S. goal is for host nations to strengthen their own laws and institutions so that they can conduct the full range of enforcement efforts--from investigation to incarceration--on their own.

PDD-42 and President Clinton's October 1995 address to the 50th anniversary of the UN General Assembly underscore the U.S. commitment to fighting the international organized crime threat and highlighted important accomplishments. The Department of State, through its International Criminal Justice office, has increasingly taken the lead to define the threat, outline the policies to respond, and design the training and other programs to implement U.S. policies. Specifically, funding for International Criminal Justice (ICJ) provided training to over 4,100 law enforcement officers from Central Europe and the NIS in FY 1995. U.S. assistance also funded the creation of the International Law Enforcement Academy (ILEA) in Budapest that, with instruction provided by U.S. and European experts, will provide training to Central European and NIS police managers. The United States has implemented initiatives to recover stolen cars in Central America, including developing a treaty to facilitate bilateral efforts with these countries, and a comprehensive counter-crime initiative in the Caribbean. ICJ played a principal role in the planning, recruitment, training, and deployment of over 800 international police monitors in Haiti. And, the U.S. government continues to work at all levels--in the P-8, the European Union, through the UN, and bilaterally--to combat alien smuggling, money laundering, and other forms of organized crime.

JUSTIFICATION:

The FY 1997 INL request represents the minimum amount necessary to support the Administration's comprehensive strategy for combating the global narcotics and organized crime threats. It focuses on the core targets and emphasizes the need to strengthen host nation

institutions so that key countries can shoulder more of the international drug and crime control responsibility on their own. It reflects a long-term commitment to attack these problems on a global basis, emphasizing the need to strengthen abilities of counternarcotics and crime forces where laws and institutions are weak, and spurring greater action and implementation where the ability is strong, but public awareness and political will are lacking.

The request will allow U.S. to sustain its source country approach against the cocaine threat in South America by ensuring sufficient eradication and alternative development resources to buttress expanding crop control efforts; materiel and logistical support for the police and military to block new smuggling routes and methods out of the producing areas and through key transit zones; and the training and other institution-building assistance needed to strengthen the judiciary's ability to resist trafficker corruption and to successfully prosecute major cases. It will permit the United States to begin implementing a new, comprehensive heroin control strategy that supports efforts by multilateral organizations to reduce opium production in the major growing areas where U.S. access is limited, and strengthens law enforcement operations against the major organizations that conduct processing, distribution, and financial operations in areas of U.S. access. And, it enables the United States to implement a comprehensive international crime control strategy, including aggressive diplomatic initiatives to bolster international support for this effort, backed by an expanded international training program. The strategy will place special attention on money laundering and financial crimes.

INTERNATIONAL NARCOTICS and LAW ENFORCEMENT AFFAIRS

FY 1997 BUDGET REQUEST

($000)

	FY 1995 Enacted		FY 1996 PLAN		FY1997 Request
NARCOTICS PROGRAMS					
Latin America					
Bahamas	700		700		800
Bolivia	28,219	*	15,000		50,000
Brazil	1,000		1,000		1,000
Colombia	26,000	*	16,000		25,000
Ecuador	500		500		850
Guatemala	2,100		2,100		2,000
Jamaica	600		700		800
Mexico	--	[1]	1,200		5,000
Peru	20,800	*	15,500		25,000
Venezuela	500		500		500
Latin America Regional	3,962		3,700		5,250
ESF Transfer to INL	--		20,000	[2]	--
Subtotal	**84,381**		**76,900**		**116,200**
Asia/Africa/Europe					
Laos	2,200		2,000		2,500
Pakistan	2,500		2,500		3,000
Thailand	1,800		1,500		4,000
Turkey	400		400		400
NIS/EUR Regional	--		3,900		4,000
Asia/Africa/ME Regional	1,450		1,500		5,000
Subtotal	**8,350**		**11,800**		**18,900**
Interregional Aviation Support	24,952		25,800		27,200
Total Country Programs	**117,683**		**114,500**		**162,300**
International Organizations	7,000		7,000		12,000
Law Enforcement Training and Demand Reduction	7,000		7,000		12,000
Program Development and Support	6,300		6,500		6,700
TOTAL NARCOTICS PROGRAM	***137,983***		***135,000***		***193,000***
INTL. CRIMINAL JUSTICE [3]	**49,919**		[4] **17,600**	[5]	**20,000**
Haiti Police Monitor Program	24,539		0		0
Intl. Criminal Justice Programs	25,380		17,600		20,000
TOTAL INL PROGRAMS	***187,902***		***152,600***		***213,000***

* Includes FY 95 FMF funding (Bol. $3.229 mil Col.$10 mil) and ESF (Bol $13.990 & Peru $5.8 mil)

1 In FY 1995 only P D & S support was provided to Mexico from the LA Reg. Accout.

2 In FY 1996, up to $20 mil ESF Counternarcotics funds will be transferred to INC account.

3 Includes Allocation/Transfer of funds from FSA, SEED Act and ESF for ICJ programs and PKO and ESF Funds allocated/transferred for the Haiti Police Monitor Program

4 Includes Allocation of FSA and SEED funds (total $12.6 Mil) and $5 Mil ESF.

5 This amount does not include FY 1997 FSA and Seed funding to be allocated.

FY 1995- FY 1997

INTERNATIONAL NARCOTICS

AND

LAW ENFORCEMENT AFFAIRS

BUDGET SUMMARY BY FUNCTIONAL ACTIVITY

($000)

	FY 1995 Enacted	% OF Total	FY 1996 Plan	OF Total	FY 1997 Request	OF Total
Law Enforcement Assistance and Institution Development	59,564	43.2	60,800	45.0	84,000	43.5
Military Counternarcotics Supp [1]	13,229	9.6	7,500	5.6	18,500	9.6
Sustainable Development [1]	19,790	14.3	[2] 20,000	14.8	30,000	15.5
Crop Control/Eradication	14,500	10.5	15,000	11.1	18,000	9.3
International Organizations	7,000	5.1	7,000	5.2	12,000	6.2
Drug Awareness/ Demand Reduction	2,450	1.8	3,200	2.4	5,000	2.6
Law Enforcement Training	5,700	4.1	5,000	3.7	8,000	4.1
Program Development and Support	15,750	11.4	16,500	12.2	17,500	9.1
TOTAL NARCOTICS PROGRAMS	**137,983**	100	**135,000**	100	**193,000**	100
INTERNAT'L CRIMINAL JUSTICE	**49,919** [3]		**17,600** [4]		**20,000** [5]	
TOTAL PROGRAM PLAN	**187,902**		**152,600**		**213,000**	

1 Includes FY 95 FMF funding (Bol. $3.229 mil Col.$10 mil) and ESF (Bol $13.990 & Peru $5.8 mil)

2 In FY 1996, up to $20 mil ESF Counternarcotics funds will be transferred to the INC account.

3 Includes Allocation/Transfer of funds from FSA, SEED Act and ESF for ICJ programs and PKO and ESF Funds allocated/transferred for the Haiti Police Monitor Program

4 Includes Allocation of FSA and SEED funds (total $12.6 Mil) and $5 mil ESF.

5 This amount does not include FY 1997 FSA and Seed funding to be allocated.

ASIA/AFRICA/MIDDLE EAST REGIONAL COOPERATION

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	1.450	1.500	5.000

OBJECTIVES:

The INL Africa/Asia/Middle East Regional account encourages countries in the hemisphere to adopt and implement strong narcotics control legislation, improve the efficiency and effectiveness of judicial institutions to bring drug offenders to justice, and develop bilateral and multilateral mutual legal assistance cooperation. In the multilateral forum, the U.S. Government seeks to influence other major donors to contribute funding to counternarcotics activities, promote enactment of money laundering and asset seizure legislation, and relay the same counternarcotics messages to producing and trafficking nations. Furthermore, the U.S. funding strengthens host nation's counternarcotics law enforcement capabilities to deal with drug trafficking and production, money laundering and drug related crime. INL funds develop governmental and NGO institutional capabilities to address the issue of drug abuse and prevention. Programs in producer countries seek to reduce the cultivation and production of illegal drugs through alternative development/eradication programs. In the licit producer countries of India and Turkey, programs endeavor to enhance controls to prevent diversion from licit opium production.

PERFORMANCE:

The average grant is small, often less than $30,000, but larger grants are sometimes made to address special needs. The funds are provided as 'seed money' for foreign national narcotics control efforts in the areas of training, equipment and drug awareness and demand reduction. INL funding bought an X-ray machine for the airport in Cape Verde that played a crucial part in the recent upsurge in narcotics seizures. In Afghanistan, regional account funding enabled communities in a small part of the country to restore irrigation facilities so farmers could return to cultivation of food crops rather than opium poppy. Another Afghan project is teaching farmers that apricots and other crops can produce greater income for farmers than opium.

Communications equipment provided to Benin and Bangladesh now enables field units of the drug law enforcement agencies to speak to headquarters, an important accomplishment in countries where many villages do not have even one working phone. Narcotics seizures have increased in these countries.

In other countries, such as Nepal, INL regional funds have been used to support demand

reduction activities where poverty encourages addiction, yet neither the government nor community organizations can fund outreach. The improvements are measured by increased public awareness of the dangers posed by narcotics.

JUSTIFICATION:

Continued evidence of growing heroin shipments to, and addiction in, the United States demands augmented resources applied with maximum flexibility over half the globe. This regional account complements U.S. drug control funding through international organizations, such as United Nations International Drug Control Program (UNDCP). Illicit drug production in Southeast and Southwest Asia has soared as Burma and Afghanistan have increased opium poppy cultivation. Trafficking patterns continue to expand exponentially through South and East Asia and into the Middle East and Africa as local drug trafficking organizations prosper and develop into worldwide networks. Weak governments with poorly developed and financed law enforcement infrastructures provide fertile environments in which trafficking organizations have flourished. The transnational character of illicit narcotics trafficking requires a regional approach to multilateral and bilateral programs.

The Regional Cooperation fund is designed to help governments begin establishing counternarcotics law enforcement units, obtain training or equipment, and conduct demand reduction/public awareness campaigns. The intent is not to establish permanent programs, but to provide seed money for countries to help themselves and to complement UNDCP and other donor programs.

East Asia: The program in Asia is designed to strengthen countries' law enforcement and judicial institutions and to help them develop the capability to deal with drug abuse by providing training and equipment. This is particularly true for Vietnam, Laos and Cambodia, where drug trafficking and abuse are rapidly growing problems, but where the government has limited experience and capabilities to address the problem. The program will also assist countries in developing legislative and judicial structures to deal more effectively with drug trafficking and money laundering. Small programs to enhance law enforcement and demand reduction capabilities are planned for a variety of countries in the region. In 1995, regional account funds provided Cambodia with a drug identification laboratory. Cambodia currently has no facilities to test and identify illicit drugs, and Cambodian authorities identified as a priority the creation of such a facility. The United States will also encourage and enhance existing regional cooperation in addressing narcotics control.

Southwest Asia: This program focuses on exploding opium poppy cultivation in Afghanistan. It has supported limited crop substitution and demand reduction activities in Afghanistan and in FY 1995 funded a small training program for law enforcement officials from the eastern province of Nangarhar. In FY 1996 and 1997, significant increases to Afghan programs are proposed to enable an expansion of counternarcotics law enforcement training and alternative development/eradication programs in major producing areas. In addition, the program supports law enforcement equipment and small demand reduction programs run by NGOs.

The program will also support establishment of a foreign service national position at Embassy New Delhi to help improve U.S. understanding, monitoring and communication with Indian officials on local narcotics issues. In particular, the United States hopes to cooperate with Indian authorities on a joint opium crop yield survey to improve data on the extent of diversion from the licit crop and possible means to reduce it.

Africa: The U.S. regional counternarcotics program budget for Africa focuses on narcotics problems in Nigeria and South Africa. In addition, there are a number of small projects in a variety of nearby countries designed primarily to assist with law enforcement institution-building in drug transit countries. Modest increases are anticipated for Africa in FY 1996 and FY 1997 in counternarcotics training and technical assistance.

Training will remain paramount in the Africa/Middle East program. Although Nigeria remains the most serious threat, southern Africa will be the primary focal point as the political flux allows narcotics trafficking and consumption to spread. Customs training, management training for counternarcotics units, demand reduction programs, technical assistance ranging from radios to drug testing kits, and public education campaigns will also be useful. The United States is also working closely with other donors to coordinate these efforts. For example, a regional drug demand reduction training workshop held in Lusaka was funded largely by the Commonwealth Secretariat in London; INL provided the trainers. The Secretariat is seeking INL support for a similar program in 1996 for West Africa.

Finally, a modest amount to engage other African nations should be available. Africa has received little funding in the past for such matters. The monies will provide U.S. missions an entree into host government ministries and groups engaged in counternarcotics and law enforcement affairs and encourage them to take an active approach.

Effectiveness measures:

- Increased institutional capacities of counternarcotics law enforcement agencies in the region, as measured by quantities of drugs interdicted, arrests of major traffickers and disruption of trafficker networks;

- Adoption of effective counternarcotics and money laundering legislation and counter-corruption measures;

- Effective use of counternarcotics legislation, including conspiracy and asset forfeiture statutes;

- Reduction in the cultivation and production of illegal narcotics in the region; and

- Increased public awareness of the dangers of drug abuse, decreased levels of abuse, and increase in the resources committed to the problem by host governments.

INTERREGIONAL AVIATION

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	24.950	25.800	27.200

OBJECTIVES:

The interregional aviation program supports governments in South and Central America and the Caribbean to eradicate drug crops, interdict drug trafficking activities, and to develop their own institutional counternarcotics aviation capabilities. The Administration's strategy continues to emphasize crop control efforts in source countries. Since nearly all drugs are produced in remote, underdeveloped, inaccessible regions where both infrastructure and law enforcement are minimal, aircraft are required to eradicate drug crops and to move personnel and equipment. In response to host government requests for assistance, the interregional aviation program provides eradication aircraft and aviation support services. Primary U.S. objectives for the interregional aviation program are to:

- Aerially eradicate drug crops with pesticides and/or transport workers for manual destruction of drug crops;
- Support institution building of cooperating host governments' counternarcotics aviation programs;
- Destroy cocaine and heroin processing laboratories and interdict drug trafficking activities by aerial transport of host government law enforcement agencies;
- Conduct aerial reconnaissance to locate drug drops and production facilities and verify eradication program results.

PERFORMANCE:

Aerial eradication programs are now underway in most South American drug-producing countries. U.S.-funded institution-building assistance is making important progress throughout Latin America, leading to enhanced local capabilities and reduced American contractor staffing. In Bolivia, all missions are flown by Bolivian Air Force (BAF) pilots, including those requiring night vision goggles, and an increasing share of maintenance and logistics support is performed by the BAF. In Peru, all missions are flown by pilots in the Peruvian National Police (PNP), which is pursuing an aggressive maintenance training program. The Colombian National Police (CNP) is utilizing U.S. assistance to pursue aggressive eradication

efforts against opium and coca cultivation.

Interregional aviation activities play a vital role in implementing the President's decision to shift the emphasis of U.S.-funded international counternarcotics interdiction activities from the drug transit zone to drug producing countries. Under a new mobile basing strategy in Peru, U.S.-owned helicopters transport PNP personnel and U.S. law enforcement advisors on counternarcotics operations throughout eastern Peru. In Bolivia, U.S.-owned helicopters enable the Bolivian government to project authority over vast areas where drug traffickers previously operated with impunity. While some support for interdiction projects in Central American drug transit countries is being reduced, the capability to intercept drug smuggling aircraft remains.

Effectiveness measures:

- Eradication of drug crops with aerially-applied pesticides;
- Enhanced host governments' institutional capabilities to undertake counternarcotics air operations safely and effectively;
- Continued personnel transport, resupply activities, and provision of other logistics support for field activities; and
- Aerial reconnaissance missions to pinpoint drug production areas and facilities and verify eradication.

JUSTIFICATION:

In FY 1997, the interregional aviation program will continue to respond to aerial eradication requests from Latin American countries; assist eradication programs in Guatemala, Belize, Panama, Colombia, and Venezuela; and provide support for helicopter operations in Peru and Bolivia. Progress will continue in reaching self-sufficiency status of aircraft maintenance and training programs in Bolivia and Peru.

INTERNATIONAL ORGANIZATIONS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	7.000	7.000	12.000

OBJECTIVES:

International organizations continue to be a key element in fighting the transnational problem of drug control. The increased emphasis on multilateral issues, such as chemical control and maritime cooperation, as well as the need for new ways to attack the escalating heroin problem and implement the Presidential Decision Directive on heroin, entail additional INL support for effective international organization initiatives.

Building counternarcotics institutions will strengthen democracy and promote the rule of law in many countries. Multilateral organizations offer the advantage of leveraging contributions from other donors and decreasing the perception that drugs are exclusively a U.S. problem. Multilateral programs also allow access in regions where the United States is unable to operate bilaterally for political or logistical reasons. Activities or initiatives sponsored by the UN, OAS, or other multilateral organization are often more palatable to countries sensitive to sovereignty concerns.

This International Organizations program provides funds to the United Nations International Drug Control Program (UNDCP), the OAS Inter-American Drug Abuse Control Commission (CICAD), and the Colombo Plan's Drug Advisory Program, among others. UN agencies, international financial institutions, and multilateral development banks engaged in development programs in drug source countries also have a role to play by factoring into their activities counternarcotics goals. INL will promote activities through UNDCP for implementation by these bodies. Key objectives for the international organizations are to:

- Maintain strategic leadership in guiding the international drug control effort and create a political atmosphere which encourages other countries to view drug control as a major foreign policy concern and motivates them to strengthen domestic measures;

- Assist countries in developing the institutional infrastructure to reduce the production and trafficking of drugs by strengthening law enforcement agencies, modernizing judicial systems, developing drug laws so that countries can investigate, prosecute, and punish major drug kingpins, and reducing the demand for drugs;

- Use UNDCP, OAS/CICAD, and other international organizations to execute programs which expand multilateral cooperation, advance U.S. drug control goals, or replace

U.S.-funded programs in countries where the U.S. presence is limited; and

- Support further implementation of the System Wide Action Plan to ensure that a broad range of UN assistance efforts further counternarcotics goals.

PERFORMANCE:

U.S. contributions to UNDCP have a significant impact on the operations and expansion of UN counternarcotics programs and policy. The level of U.S. contributions has also led to increased commitment from other donors, whose primary vehicle for international drug control efforts continues to be the UN. Recent U.S. contributions to UNDCP have led to:

- Expansion of the Southeast Asia program targeting the largest opium producer, Burma, through a cooperative program that includes China, Thailand, and Laos. In addition to new programs in Vietnam and Cambodia, the program now includes a pilot project in the Wa-controlled area of Burma and a project for the Kachin-controlled area;

- Development of a program to support the eradication campaign in Nangarhar province, a key opium cultivation area in the second largest opium producer, Afghanistan;

- Establishment of a joint Pakistan-Indian law enforcement program;

- Provision of UNDCP chemical control investigative training and administrative advice in Southwest Asia and Latin America;

- Development of a maritime cooperation program;

- Establishment of a regional training project in the Caribbean to train prosecutors and judges in order to improve conviction rates on narcotics-related cases;

- Establishment of a demand reduction training center for Central European nations;

- Provision of legislative advice which led to significant changes in anti-drug laws in Central Europe and the Newly Independent States (NIS) in order to implement 1988 UN Convention; and

- Coordination of bilateral and multilateral aid to Central Europe and the NIS, and provision of training and advice to bolster enforcement and customs institutions.

U.S. contributions to OAS/CICAD have leveraged increases from other donors, such as the EU and European nations, Japan, and UNDCP. The OAS program concentrates on building a regional hemispheric programs. Some of the direct results of U.S. contributions to OAS/CICAD include:

- Development of model regulations and workshops to target money laundering and asset forfeiture, and a similar program for chemical control;

- Implementation of a legal program in Central America to assist governments to develop and harmonize anti-drug laws and sentencing guidelines; and

- Development of a regional demand reduction strategy for the hemisphere, public awareness and drug abuse prevention campaigns through governments and non-governmental organizations, and coordination of demand reduction programming for street children;

As a result of the Colombo Plan-sponsored regional drug treatment training sessions in Southeast and Southwest Asia, Pakistan, India, Nepal, and Bangladesh developed treatment programs in community and prison settings. Similar sessions in Southeast Asia laid the foundation for the creation of treatment programs in China, Malaysia, and Thailand. The Colombo Plan recently organized a coalition of drug prevention NGOs in Southwest Asia.

JUSTIFICATION:

The FY 1997 request will support UNDCP programs to: (1) begin and continue projects in the largest opium producing areas of Southeast Asia where the U.S. has limited access, specifically in Burma, China, Laos, Vietnam, and Cambodia; (2) support and leverage additional European support for programs in Southwest Asia where opium cultivation is escalating, specifically in Afghanistan and Pakistan; (3) establish drug control institutions and regional cooperation in the Newly Independent States; (4) coordinate and provide law enforcement training, judicial assistance, and demand reduction assistance to strengthen the counterdrug institutions in Central Europe; (5) provide law enforcement assistance to Lebanon to support efforts targeting drug organizations; (6) in the Western Hemisphere, provide additional technical assistance to support the strengthening of host government institutions involved in the investigation, prosecution, and confinement of major drug traffickers through a program at the University of the West Indies in Bridgetown and through parallel law enforcement training programs; (7) ensure donor support for the special prosecutors project in Bolivia; (8) continue legal advice to assist the drafting and implementation of legislation to implement the 1988 UN Convention; (9) continue chemical control training to assist governments to implement chemical control regimes; and (10) develop a maritime cooperation training program.

The FY 1997 request will support OAS/CICAD programs to: (1) strengthen national drug commissions, promote interagency cooperation, maximize use of national resources, and establish a means of permitting these commissions to exchange information; (2) enhance the Central American Legal Development Center in Costa Rica, and initiate parallel centers for the Andean region and the Caribbean; (3) promote effective national control of precursor chemicals, money laundering and arms trafficking; (4) coordinate programs for international law enforcement training; (5) provide law enforcement training activities, such as port security training, witness protection, and court reporting; (6) further develop and provide demand

reduction assistance programs; and (7) conduct follow-on activities identified in the Alternative Development working-level planning meeting.

Remaining FY 1997 INL funds will: (1) support regional treatment seminars in Southeast and Southwest Asia; (2) organize coalitions of drug prevention NGOs in SAARC countries; (3) conduct public awareness campaigns throughout Asia; and (4) develop a regional prevention seminar that targets Southeast and Southwest Asia.

NARCOTICS LAW ENFORCEMENT TRAINING & DRUG AWARENESS AND DEMAND REDUCTION

PROGRAM SUMMARY
(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	7.000	7.000	12.000

Narcotics Law Enforcement Training

OBJECTIVES:

Law Enforcement Training is designed to assist cooperating countries in creating effective national organizations for investigating drug trafficking and interdicting illegal narcotics, thereby affecting the flow of illegal drugs to the United States. Key objectives of Narcotics Law Enforcement Training are to:

- Contribute to the basic infrastructure for carrying out counternarcotics law enforcement activities in cooperating countries;

- Improve technical and investigative skills of drug law enforcement personnel in key narcotics countries; and

- Increase cooperation and coordination between U.S. and foreign law enforcement officials.

International anti-narcotics training is managed and funded by the Department of State, and carried out by DEA, the U.S. Customs Service, and the U.S. Coast Guard. Since 1971, INL has transferred approximately $103 million to DEA, Customs and the Coast Guard, resulting in training for more than 60,000 foreign anti-narcotics officials. Generally, training programs in the United States are tailored to senior-level management and policy-level officials, while programs offered overseas are normally reserved for operational personnel.

Expansion of INL's law enforcement training programs constitutes one of the surest means of implementing the current U.S. counternarcotics strategy for institution-building and promotion of host-nation self-sufficiency. U.S. counternarcotics efforts overseas will be evaluated by their achievements in establishing effective host country enforcement institutions which remove drugs from circulation before leaving the country of production. The prime responsibility of U.S. personnel overseas is to promote the creation of host government systems which are compatible with and serve the same broad goals as those in the United States.

INL-funded training will continue to support the major U.S. and international strategies for

combating narcotics trafficking worldwide. Major emphasis will be given to promoting training on a regional basis, and to contributing to the activities of international organizations, such as the UNDCP and the OAS.

The United States will continue to furnish programs only to those countries considered to be of high priority for U.S. anti-narcotics interests. Through the meetings of major donors, the Dublin Group, UNDCP and other international fora, the United States will coordinate with and urge other states to shoulder greater responsibility in providing training which serves their particular strategic interests. This coordination will also help to avoid wasteful duplication of training efforts.

Programs dealing with financial crimes (i.e., methods for promoting asset seizure and combating money laundering) will continue to expand. INL will continue to coordinate the activities of Washington agencies in response to assistance requests from U.S. Embassies. This will avoid duplication of effort, and ensure that presentations represent the full range of U.S. Government policies and procedures.

PERFORMANCE:

During the past year, INL training has become increasingly focused on encouraging self-sufficiency in foreign law enforcement agencies through infrastructure development. Basic instruction programs were provided only in countries having limited experience with anti-narcotics activities. Most of the training scheduled was in more sophisticated areas, such as executive and management development, asset forfeiture and financial investigations, use of special enforcement teams, counternarcotics security measures, and instructional techniques.

Law enforcement training continued to give particular attention to the emerging problem of heroin trafficking and abuse. Programs were provided to opium production and transit countries where U.S. access has recently improved such as China, Vietnam, Cambodia and the Central Asian republics. Training also focused on the Newly Independent States, paving the way for a much broader U.S. law enforcement assistance program, which was implemented during the fiscal year.

JUSTIFICATION:

As in past years, the demand from foreign governments and U.S. embassies abroad for INL sponsored training has continued to exceed what can be provided with available resources. The increase requested for FY 1997 will allow the United States to better accommodate this demand and the growing emphasis on law enforcement training as a vehicle for achieving many of the basic objectives of its counternarcotics policy ,as articulated in the PDD documents.

Drug Awareness and Demand Reduction

OBJECTIVES:

Drug Awareness and Demand Reduction programs seek to reduce the worldwide demand for illicit drugs and minimize the flow of drugs to the U.S. by stimulating foreign governments and institutions to increase attention to the negative effects of drug abuse upon societies, and to target the trafficking groups responsible for these problems. Key objectives of Drug Awareness and Demand Reduction Training are to:

- Strengthen the ability of host nations to conduct more effective demand reduction efforts on their own;

- Encourage drug producing and transit countries to invest resources in drug awareness, demand reduction, and training to build public support and political will for implementing counternarcotics programs; and

- Improve coordination of and cooperation in international drug awareness and demand reduction issues involving the United States, donor countries, and international organizations.

INL-funded training will continue to enable host nation counternarcotics institutions to independently conduct more effective demand reduction and public awareness programs. The program will give particular attention to cocaine producing and transit countries in Latin America and address the emerging heroin threat from South Asia. Eastern Europe and the former Soviet Union will constitute another area of focus. These activities will be undertaken in collaboration with other donor countries and international organizations to enhance multilateral activities and reduce costs to the U.S. Government.

INL will increase its collaborative arrangements with other U.S. agencies (NIDA, CSAP, USIA) and regional organizations (OAS). This increase in training and technical assistance in FY 1997, however, goes beyond the traditional emphasis on treatment, prevention, education, and drug research. While training will be increased in these four critical areas, the program will expand its focus to enhance the development of national, regional, and international coalitions of public/private sector organizations to strengthen national and international cooperation and actions against the drug trade. In response to PDD-42 on international organized crime, the training program will address the role of youth gangs and related violence in the international drug trade by providing technical assistance on the development of intervention methods for this high-risk population, which represents a prime recruiting pool for organized crime groups.

The public awareness program will strengthen the ability of host countries to build public support and strengthen the political will for implementing counternarcotics programs. Training will focus on the development of national-level drug awareness campaigns that demonstrate

connections between the drug trade and other concerns such as economic growth, democracy, and the environment. On the local level, training will focus on the establishment of effective drug awareness/education campaigns in schools and the community (including the use of media and advertising resources). Technical assistance will help host governments conduct sustained drug awareness campaigns by developing linkages between the corporate sector and the mass media. The public awareness program will also help develop regional and international coalitions of non-government organizations (NGOs) to mobilize international opinion against the drug trade and encourage governments to develop and implement strong counternarcotics policies and programs.

The demand reduction program will work at the policy and grassroots levels to build a public/private sector base to sustain pressure against the drug trade. At the policy level, the program will focus assistance on building and strengthening national-level governmental institutions with the capacity to develop comprehensive demand reduction policies, programs, and strategies. At the grassroots level, the program will help establish and sustain strong community partnerships and coalitions of public/private sector programs for drug prevention/treatment, create or enhance effective community- and school-based prevention programs, and enhance services provided by treatment and after-care programs.

PERFORMANCE:

Because of INL-funded training and technical assistance, host governments have been able to engage their own national institutions, communities and resources to reduce their demand for illicit drugs. INL has been able to convince other donor countries and international organizations to provide support to priority U.S. international demand reduction programs.

Significant demand reduction program achievements include:

- Countries in Latin America and South Asia developed and staffed their own drug treatment/prevention programs;

- Countries implemented their own national level drug awareness campaigns in the Caribbean and Central America, and conducting their own national level epidemiological surveys in South America;

- Countries in South America and Asia developed regional training centers for demand reduction; and

- The European Community, UNDCP, OAS, PAHO, Colombo Plan, and host governments co-sponsored with INL regional training events in Latin America, South Asia, and Eastern Europe, and developed specialized drug prevention projects for high-risk youth in Latin America.

JUSTIFICATION:

Foreign governments frequently request training assistance for their demand reduction efforts, pointing out that drugs affect their children as well as those in the United States. In return for their efforts against production and trafficking, they request information on the latest U.S. demand reduction technology. Drug research training helps host nations to document existing drug problems; public awareness training helps disseminate this information to the general public and mobilize private/public sector responses against drug trafficking. When countries fund their own treatment and prevention programs, they not only acknowledge the existence of a drug problem, but also tend to target those groups (i.e., traffickers) responsible for that problem. The requested demand reduction budget is the same as FY 1996, since costs for expanded activities will come from collaboration with other donor countries and international organizations.

PROGRAM DEVELOPMENT AND SUPPORT

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	6.300	6.500	6.700

OBJECTIVES:

Program development and support (PD&S) funds provide for the domestic administrative operating costs associated with INL. The key objectives of PD&S funds are to:

- Develop and manage narcotics control and international crime activities of the Department of State;
- Coordinate with other U.S. Government agencies; and
- Provide program, financial, procurement, and administrative guidance and assistance for narcotics and crime programs worldwide.

PERFORMANCE:

Within the Department of State, the Bureau of International Narcotics and Law Enforcement Affairs (INL) has been charged with developing plans and initiatives to achieve international counternarcotics and crime foreign policy objectives. The INL Bureau maintains a cadre of program and technical experts to meet overseas and domestic requirements and support field needs. Washington staff activities include but are not limited to the following: overall policy formulation, guidance, and analysis; developing, guiding, evaluating, and backstopping programs overseas; conducting periodic visits to embassy narcotics affairs sections to review, analyze, and make recommendations on programs; developing or sponsoring management control seminars for overseas staff; developing training programs for new personnel; and coordinating with other agencies and governments.

JUSTIFICATION:

More than three-quarters of the requested funds will be used for the salaries and benefits of 74 INL Washington-based employees and of employees loaned to INL from other State Department bureaus and other agencies. Travel also is provided for from PD&S funds. Staff travel is essential to review and evaluate the many programs the Bureau supports worldwide, as well as to promote and advance international counternarcotics foreign policy objectives. In

addition, PD&S funds are used for special studies, short-term technical assistance, staff training, equipment, administrative services and supplies. The increase in the FY 1997 PD&S budget will cover wage and price increases, including the annual government-wide cost of living adjustment approved by Congress, justified promotions and in-grade step increases, employee transfer costs, and inflation.

FY 1997
INTERNATIONAL NARCOTICS CONTROL
DIRECT HIRE STAFFING

FY 1997 Staffing. The Bureau of International Narcotics and Law Enforcement Affairs (INL) has a total of 131 permanent positions, not including the Assistant Secretary, whose salary is paid by the Department of State's Salary and Expenses account. Of the 131 Bureau positions, 11 are dedicated to International Criminal Justice programs and are funded by State's Salary and Expenses account. The remaining 120 positions are funded by the International Narcotics Control account.

Of these 120 Bureau-funded positions funded, 74 are Washington-based and are funded with Program Development and Support funds, including 4 reimbursable support personnel positions assigned to other bureaus. In addition, the Bureau has one direct-hire American regional narcotics affairs officer in Miami whose position is financed from the program funds of that office. Overseas, a total of 28 direct-hire American field positions and 17 direct-hire foreign national positions are financed from INL country program funds to implement the Bureau's narcotics efforts overseas.

INTERNATIONAL CRIMINAL JUSTICE

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	49.919*	17.600**	20.000***

OBJECTIVES:

In his October 1995 speech to the United Nations General Assembly, the President referred to the growing danger of international organized crime as being not only a law enforcement problem, but also a national security threat to the United States. The end of the Cold War presents new opportunities for criminals. Transparent national borders, fewer trade restrictions, and truly global financial and telecommunications systems provide significant opportunities for criminal organizations to expand operations beyond national boundaries. The global reach of organized crime makes it more difficult for industrialized countries and emerging democracies to detect, investigate, and prosecute criminals. Crime groups take advantage of emerging democracies who sometimes lack the resources, laws, and skills to meet their challenge. Organized crime groups from the former Soviet Union, Asia, and Italy are forming partnerships among themselves as well as with the drug barons of Latin America. Their activities pose major challenges to U.S. national interests abroad, such as American businesses and their employees, U.S. tourists, and to the security of Americans at home.

The Secretary of State mandated the Bureau of International Narcotics and Law Enforcement Affairs (INL) to fund, coordinate, and provide policy guidance for international crime matters. This includes responsibility for law enforcement training assistance and procurement of equipment for those countries in which international criminal activity arises.

The key objectives are to:

- Combat the growing threat to U.S. national security posed by international organized crime;
- Help emerging democracies strengthen their national judicial and law enforcement institutions;
- Provide training and technical assistance to foreign civilian law enforcement agencies as an element of peace-keeping operations; and

---

* Includes allocation/transfer of funds from FSA, SEED, and ESF for ICJ programs, and PKO and ESF funds allocated/transferred for the Haiti Police Monitor Program.

** Includes allocation of FSA and SEED (totaling $12.6 million) funds and $5 million in ESF.

*** This amount does not include FY 1997 FSA and SEED funding to be allocated.

- Strengthen efforts by the United Nations and other international organizations to assist member states in combating international criminal activity.

PERFORMANCE:

The United States is making strides in several fora towards enhancing international cooperation in the fight against international organized crime. In FY 1995, over 4,100 law enforcement officers from Central Europe and the NIS received training under ICJ's Anti-Crime Training and Technical Assistance Program (ACTTA). Several agencies reported that partnerships forged through training with their Central European and NIS counterparts are solving cases of mutual concern. The State/INL-funded International Law Enforcement Academy (ILEA) in Budapest trained 99 Central European police managers in its eight-week program in 1995. In 1996, 250 NIS and Central European law enforcement officials will go through the ILEA eight-week program. Germany, the United Kingdom, Canada, Italy, Russia and the Council of Europe are providing instructors to teach units on nuclear smuggling, organized crime, VAT tax evasion, human rights, and media relations as part of the eight-week program at ILEA. President Clinton's UNGA speech in October 1995 referred to the Budapest Academy as a model for developing other regional academies around the world.

An initiative to work with the National Insurance Crime Bureau and the FBI is designed to recover U.S. stolen vehicles from Central America and the Caribbean. The United States has developed a model treaty to identify, recover, and return stolen vehicles to their owners, and a training program for local law enforcement to recover these vehicles. This treaty has been discussed with Panama, Costa Rica, El Salvador, Nicaragua, Guatemala, Honduras, Belize, and the Dominican Republic. Agreements are expected to be finalized with most of these countries in 1996. Panama, El Salvador, Honduras, and Venezuela have received stolen car training.

Since 1993, an inter-agency working group chaired by INL has coordinated the interdictions of eleven Chinese alien smuggling vessels and the return of its illegal immigrants to China. Moreover, the United States is working with the Inter-Governmental Consultations group (IGC), the International Organization for Migration, the European Union, the Budapest Group, and the P-8 to coordinate enforcement efforts, assist sending and transit countries to combat alien smuggling, and to enact anti-smuggling laws where none currently exist. The United Nations General Assembly, the United Nations Crime Commission, and the International Maritime Organization have adopted resolutions condemning alien smuggling.

The United States participated in the planning, recruitment, training and deployment of over 800 international police monitors from 21 countries during the transition to democratic rule in Haiti. It also helped to coordinate a follow-on program to retrain Haiti's Interim Public Security Forces and develop a civilian police corps.

The Caribbean Crime Initiative is designed to enhance ongoing efforts to combat organized

criminal activity in the region. A regional witness security training program, for example, has been developed as part of this initiative. This program is being implemented to provide the Caribbean governments the opportunity to develop their law enforcement capabilities relative to the protection of witnesses prior to and during the trial process.

JUSTIFICATION:

The FY 1997 budget request is based on the requirements set forth in PDD-42, "International Organized Crime," and reflects the consolidated management of law enforcement and police training programs under INL. INL will use federal and local law enforcement agencies, the International Criminal Investigative Assistance Program (ICITAP), and other organizations to provide law enforcement training programs and technical assistance to the New Independent States, Russia, Central Europe, Latin America, Africa, and East Asia. The program, generally, will place significant emphasis on money laundering, alien smuggling, and combating organized and financial crime.

NIS, Russia, and Central Europe

Russia and the New Independent States: INL will fund training programs to strengthen the capacity of the governments of Russia and the other NIS states to combat the activities of organized crime, including financial crimes and illegal trafficking. INL will continue to fund training and technical assistance programs in Russia and the NIS carried out by the FBI, Secret Service, Customs, IRS and other U.S. federal law enforcement agencies. Assistance will focus on financial crimes, organized crime, nuclear smuggling and drug trafficking.

Central Europe: INL also will continue to fund law enforcement training and technical assistance programs in Central Europe. INL will continue the advanced technical assistance programs in Poland, Czech Republic, Bulgaria, the Baltics, Slovakia and Hungary.

ILEA: INL will continue funding for law enforcement training programs at the International Law Enforcement Training Academy (ILEA) in Budapest, Hungary.

Alien Smuggling: INL will assist the NIS, Russia, and Central Europe to more effectively combat alien smuggling by enacting anti-smuggling legislation training and working through existing fora, such as the P-8 and the Budapest Group.

Latin America

Law Enforcement Training: INL will support civilian law enforcement training programs in Latin America and the Caribbean to combat transnational crimes, especially financial crimes. ICJ will also establish a regional law enforcement academy modeled on ILEA in Budapest, Hungary.

Stolen Cars: INL will fund the third phase of the program to negotiate bilateral agreements with regional governments. These agreements will provide standard procedures for the recovery and return from Central America of stolen U.S. vehicles and provide training for law enforcement agencies to reduce the annual several hundred million dollar loss in car theft from the United States. The U.S. insurance industry strongly supports this program, which will expand to South America and other parts of the world where stolen U.S. vehicles are being marketed in large numbers.

Alien Smuggling: Through INL's efforts, many Latin American countries are beginning to improve their efforts to combat alien smuggling by enacting anti-smuggling legislation, and by coordinating enforcement operations against alien smugglers. INL will continue to assist these countries to combat alien smuggling through training, information sharing, and coordinated enforcement operations.

Africa and East Asia

Africa: Law enforcement training and technical assistance in newly-emerging democracies will emphasize respect for human rights by demonstrating how U.S. agencies function to enhance the rule of law. INL also will provide technical assistance to law enforcement agencies in South Africa responsible for preventing illegal trafficking in nuclear materials and weapons.

East Asia: ICJ will provide law enforcement training to prevent money laundering and to combat organized crime groups involved in alien smuggling.

Multilateral Organizations/Other

International Criminal Investigative Training Assistance Program (ICITAP): ICITAP law enforcement and forensics training will be provided for countries in transition from civil strife or military rule to democratic rule (i.e., Haiti, Bosnia).

Multilateral Organizations and Initiatives: Funding for the UN's Crime Prevention and Criminal Justice Branch and other multilateral organizations will be provided to undertake training and technical assistance programs.

Financial Action Task Force (FATF): Contributions to key research activities and meetings of the FATF not otherwise funded by the U.S. Government, international organizations, or operational expenses of the office will aid in addressing money-laundering crimes.

Effectiveness measures:

- Minimized duplication of U.S. efforts to formulate polices to combat international organized crime -- international financial and economic crimes, particularly money-laundering, and international illegal trafficking, particularly alien smuggling;

- Strengthened ability of emerging democracies and its institutions to deal with the challenges of organized crime groups;

- Partnerships formed between U.S. law enforcement agencies and their counterparts in solving international cases of mutual concern;

- Reduction of organized criminal groups, illegal trafficking, and financial and economic crimes in the countries listed above; and

- Improved law enforcement capability and effectiveness of member states of the United Nations Commission on Crime Prevention and Criminal Justice.

NIS/CENTRAL EUROPE REGIONAL COUNTERNARCOTICS COOPERATION

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	0.000	3.900	4.000

OBJECTIVES:

The escalating drug situation in Central Europe and the Newly Independent States (NIS) creates direct and indirect costs to the NIS, measured in crime statistics, rehabilitation costs, lost productivity, and to development through the diversion of legitimate income and effort. The enormous wealth available to drug traffickers is bolstering their ability to undermine the justice and law enforcement systems. The key objective of the United States is to preserve the development of democracy in the region, in part by combating drug trafficking and organized crime.

The drug threat in Central Europe and the NIS also poses a growing challenge for U.S. anti-drug efforts. New smuggling routes increase the vitality of the trade and undercut current interdiction efforts by U.S. and other Western authorities. Gains made against money laundering and the export of precursor chemicals to drug producing nations will be offset by the lack of similar legislative controls in these regions. Other service industries typically exploited by the drug industry--such as transportation and export businesses--are increasingly targets of the drug trade in these regions.

Similarly, growing drug markets offer increased incentives for drug production and afford opportunities for new organizations to enter the trade. Many of the governments of the region are overwhelmed with drug trafficking and production and the attendant problems of abuse and crime. Liberal approaches to drug abuse and/or possession of drugs are gaining ground in many of these former Socialist countries. Legalization proponents are exploiting this opportunity. As a result, governments of several key countries, including the Czech Republic and Russia, have legalized possession of drugs for personal use.

Currently, the trafficking infrastructures in the key transit countries may be weak enough to be influenced positively by serious counternarcotics action. Law enforcement and customs officials are seeking Western, primarily U.S., assistance. Moreover, the United States can offer an alternative to the legalization movement that is growing not only in Central Europe, but in many West European nations.

The U.S. Government provided counterdrug assistance to the region in Fiscal Years 1993-1995, which includes over $4 million through UNDCP; and over $5 million in bilateral

law enforcement and demand reduction training. In fiscal year 1996, an additional $3,900,000 is budgeted. Initial program funds provided support for work with the UNDCP to assess needs and establish drug control institutions. In addition, the U.S. provided limited bilateral training to focus on promoting a regional response to the drug problem.

In light of the serious drug problems confronting Central Europe and the NIS, the United States has begun to offer the governments individualized advice and support. Funds from this regional account, new in fiscal year 1996, will be used principally to provide support to institution- strengthening programs, including law enforcement training, demand reduction, public awareness support, legislative advice, commodities assistance, support for monitoring of precursor and essential chemicals, as well as support of the Narcotics Affairs Section office in U.S. Embassy Moscow. These activities will provide a core package of counterdrug assistance targeted at countries where the narcotics threat is highest and bolster initiatives already underway through support from the INL international organization account and funds provided under the Freedom Support Act (FSA) and SEED Act funds.

Additionally, the U.S. Government will continue to work bilaterally with West European allies to increase assistance levels. UNDCP has set up a special Task Force to coordinate bilateral assistance and develop strategic plans for multilateral assistance.

Key objectives are to:

- Develop political support for drug control in Central Europe and the NIS, including ratification and implementation of the UN drug conventions;

- Improve the capabilities of the law enforcement institutions to disrupt the activities of drug trafficking groups, including production of opium;

- Increase awareness of drug abuse and support the development of demand reduction programs; and

- Encourage the West European nations confronting the most immediate drug threat from Central Europe and the NIS to increase their financial and political support for drug control programs for these regions.

PERFORMANCE:

Counternarcotics assistance provided in previous years, including FY 1996, supports: the development of a knowledge base of the drug problems in Central Europe and the Newly Independent States and the growing impact on social, political, and economic institutions; the establishment of host government institutions in the NIS and Central Europe; implementation of the 1988 UN Convention, including legislative assistance, and chemical control programs; the establishment of legislative and enforcement controls to prevent money laundering and diversion of chemicals to prevent traffickers from turning to these nations as West European

and others tighten controls; and demand reduction training.

JUSTIFICATION:

The FY 1997 Central Europe/NIS International Narcotics Control INL request will: (1) foster the creation of strong counternarcotics law enforcement institutions through law enforcement training in Central Europe/NIS (new funds will provide a core budget to continue and expand training already funded by INL in FY 1993-94 and extensive FSA and SEED act programs in FY 1995); (2) assist Central European governments in creating public awareness programs and establishing the institutional infrastructure to prevent drug abuse and provide treatment services; (3) continue school-based prevention programs in the Czech Republic and Poland, initially funded in 1996 by INL, and begin similar programs in Slovenia, Romania and each of the three Baltic States; (4) provide public awareness training and assist prosecutors and judges to implement new counterdrug legislation through public awareness and legislative assistance; (5) provide commodities to bolster police efforts to trace and monitor narcotics cases and allow the recipient to make more efficient use of equipment provided by West European donors; and (6) fund the Narcotics Affairs Section Office in Moscow.

REFUGEE ASSISTANCE

REFUGEE ASSISTANCE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Enacted	FY 1996 Estimate	FY 1997 Request
MRA	671.000	671.000	650.000
ERMA	50.000	50.000	50.000
TOTAL	721.000	721.000	700.000

Providing humanitarian assistance is a fundamental policy objective of the President's FY 1997 International Affairs budget; refugee and migration assistance is a major component of the humanitarian assistance policy objective. Refugee Assistance has two elements: the **Migration and Refugee Assistance (MRA)** appropriation and the **Emergency Refugee and Migration Assistance Fund (ERMA).** The Department of State administers both MRA and ERMA. These programs span the range of international refugee assistance needs encompassing emergency assistance, long-term care and maintenance requirements, repatriation, and resettlement.

The **MRA** is an annual appropriation used to fund (1) overseas assistance activities, (2) the admission of refugees to the United States, (3) a grant to support resettlement in Israel, and (4) administrative expenses of the Bureau of Population, Refugees, and Migration (PRM).

ERMA is a no-year appropriation, drawn upon by the President to meet "unexpected urgent refugee and migration needs" when it is determined to be "important to the national interest" to do so.

The Administration requests $700 million for refugee and migration assistance funding in FY 1997. This request includes $650 million for Migration and Refugee Assistance and $50 million for the Emergency Refugee and Migration Assistance Fund.

MIGRATION AND REFUGEE ASSISTANCE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	671.000	671.000	650.000

OBJECTIVES:

Migration and Refugee Assistance (MRA) programs uphold humanitarian principles that the United States shares with others in the international community by providing assistance to victims of persecution and civil strife. These programs support the protection of refugees and conflict victims, the provision of basic needs to sustain life and health, and the resolution of refugee problems through repatriation, local integration, or permanent resettlement in a third country -- including the United States. These objectives are achieved largely by providing assistance through international organizations and by providing resettlement opportunities for refugees in the United States. In carrying out these objectives, the United States sustains its leadership role in the world community by responding to the needs of refugees and conflict victims.

PERFORMANCE:

There are approximately 27 million refugees and persons of concern to the United Nations High Commissioner for Refugees (UNHCR). An additional 3.2 million Palestinian refugees are registered with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Many of the world's refugees and victims of conflict have little hope for more than mere survival without adequate international assistance, and their protection and care are shared international responsibilities.

The *Migration and Refugee Assistance Act of 1962, as amended,* provides for U.S. support of UNHCR, the International Committee of the Red Cross (ICRC), the International Organization for Migration (IOM), and other relevant international organizations. Accordingly, the Administration contributes the majority of its Overseas Assistance funds to programs administered by international organizations. When required to address specific assistance needs, the Department also may support the programs of non-governmental organizations that carry out relief services overseas -- many in conjunction with the programs of international organizations -- and provide bilateral assistance directly to governments and governmental agencies under a statutory authority for Presidential determinations.

The humanitarian traditions of the United States and public interest in many international issues support generous responses to the needs of refugees and conflict victims. The levels of U.S. contributions depend on the nature and urgency of the needs, the prospects for successful program implementation, the responses of other donors, the availability of funds, and U.S. foreign policy interests. No standard formula or uniform U.S. percentage share is appropriate for all contributions.

In recent years, ethnic conflicts have created new populations of displaced persons and refugees. International and non-governmental organizations, faced with these multiple new humanitarian emergencies and expanding repatriation opportunities, have increased their appeals for funding.

Refugee Admissions

For the vast majority of the world's refugees, the safe return to their home countries or the establishment of new lives in first asylum countries, rather than resettlement in the United States or another third country, is the preferred solution. While third country resettlement is not a viable option for the great majority of refugees, it remains the most appropriate solution for some.

The U.S. refugee admissions program aims to provide resettlement opportunities to refugees for whom other solutions are not possible and/or who have special ties to the United States. The program is consistent with the long-standing U.S. commitment to humanitarian principles; it assists individuals who are victims of persecution and who have no recourse other than to seek new lives in foreign lands. The United States also encourages other countries to participate in resettlement efforts.

Refugees to Israel

This program supports resettlement in Israel from certain other countries. Most of these funds provide transportation, en route care and maintenance, and temporary accommodation upon arrival in Israel. Funds also are used to provide integration assistance for the elderly, the handicapped, and children requiring institutional care.

Administrative Expenses

These funds are used to finance the salaries and operating costs associated with a staff of 99 positions located in Washington and at 13 overseas posts. Since FY 1994, the Bureau of Population, Refugees, and Migration has had responsibility for international population policy and coordination. In accordance with P.L. 104-107, funds for the salaries and operating costs associated with the six positions dedicated to this function are included in the Department of State's Diplomatic and Consular Programs (D&CP) appropriation.

In FY 1994 and FY 1995, funds for the administrative expenses of the Bureau were included in the D&CP appropriation, in accordance with the *Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.* In FY 1996, funds for administrative expenses of the Bureau were included in the MRA appropriation in accordance with the *Foreign Operations, Export Financing, and Related Programs Appropriations Act for FY 1996* (P.L. 104-107).

JUSTIFICATION:

In FY 1997, MRA assistance will continue to further efforts to reach durable solutions for refugee populations. Significant progress has been made in addressing one of the world's long-standing refugee problems with the repatriation of over 1.5 million Mozambicans, as well as smaller numbers of Burmese, Afghans, Guatemalans, and Ethiopians. Durable solutions relieve the long-term burden on the international assistance budgets that provide for the care and maintenance of refugees in asylum countries. Assistance funds, therefore, may be used to support communities in the initial reintegration of refugees who have repatriated. A small portion of the Bureau's program funds may be used to finance studies and Bureau oversight necessary to evaluate programs carried out by recipients of U.S. funds.

Overseas Assistance

The composition of the current refugee and conflict victim populations may change somewhat in FY 1997 as continued progress in the repatriation of Burmese, Afghans, and Guatemalans reduces certain refugee populations in first asylum. It is likely that new outflows will occur. Since 1989, the number of refugees and persons of concern to UNHCR has increased from less than 15 million to approximately 27 million by the beginning of 1996.

The FY 1997 request of $468 million for Overseas Assistance is expected to be used for the General and Special Program appeals of UNHCR, the emergency appeals of ICRC, and UNRWA's regular program budget for Palestinian refugees. In addition, funds are contributed to the World Food Program (WFP) for the costs of its programs on behalf of populations of concern to UNHCR. Funds are also used to support activities of relevant international or non-governmental organizations that address multiregional problems or aspects of international migration, in particular, the International Organization for Migration (IOM). In all regions, international attention will continue to be focused on the need to incorporate the abilities and needs of refugee women and the special needs of refugee children into protection and assistance program design, implementation, and evaluation.

The request also includes funds for a voluntary contribution in support of ICRC headquarters operations at 10 percent of the estimated budget, as well as funds for the U.S. membership assessment for the IOM administrative budget at 29.95 percent. U.S. contributions, which provide institutional funding for ICRC and IOM, underscore our strong support for the work carried out by these organizations worldwide.

Refugee Admissions

The Administration requests $90 million for refugee admissions in FY 1997, a decrease of $24.3 million from the revised FY 1996 estimate. This reduction reflects an estimated decrease in refugee admissions needs, reduced transportation costs, and modifications in certain overseas orientation programs. The FY 1996 ceiling is 90,000 admissions.

The FY 1997 budget request includes funds to finance the resettlement of up to 75,000 refugees in the United States. Although this admissions number is used to calculate estimated costs, the final number and regional allocations will be determined by the President following the annual consultations process with Congress later in the current fiscal year. These funds cover the costs of

processing refugee applicants, providing cultural orientation, health screenings, transportation of refugees accepted for resettlement to the United States, and initial reception and placement services in the United States. The program for refugees from the former Soviet Union will continue to be implemented through the Washington Processing Center (WPC).

Refugees to Israel

The FY 1997 request includes $80 million to support resettlement in Israel through a grant to the United Israel Appeal. This request maintains the FY 1996 grant level of $80 million.

Administrative Expenses

The FY 1997 request of $12 million covers the salaries and administrative support costs of 99 positions in the Bureau of Population, Refugees, and Migration. None of these funds will be used for the administrative support costs of six positions identified with the Bureau's responsibility for international population policy and coordination.

MRA PROGRAM SUB-ACCOUNT SUMMARY

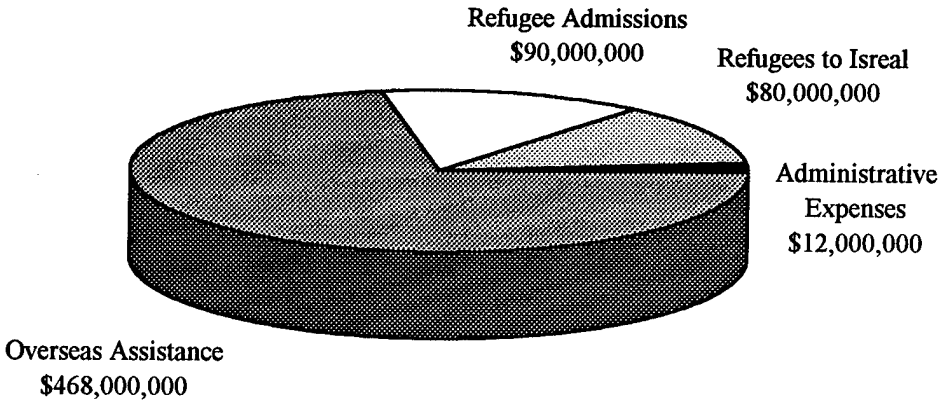
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate[1]	FY 1997 Request
Overseas Assistance			
Africa	181.704	167.450	178.000
East Asia	31.699	25.100	16.200
Western Hemisphere	12.022	11.300	7.700
Near East/North Africa	90.521	87.300	86.400
South Asia	29.424	26.100	24.000
Europe	77.810	83.350	90.400
Multiregional Activities	38.000	64.100	65.300
Subtotal, Assistance	461.180	464.700	468.000
Refugee Admissions	129.820	114.300	90.000
Refugees to Israel	80.000	80.000	80.000
Administrative Expenses[2]	--	12.000	12.000
Appropriation Total	671.000	671.000	650.000

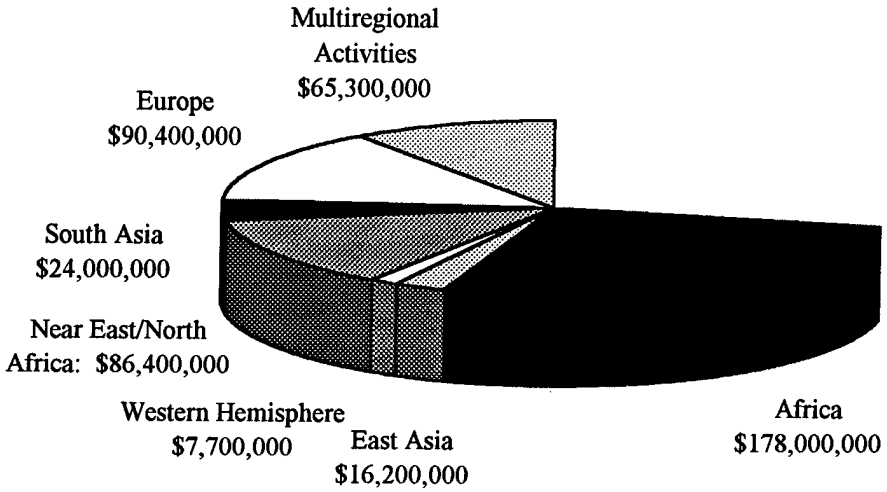
[1] The FY 1996 estimate reflects changes proposed in a pending reprogramming action.

[2] In FY 1995, funds for the administrative expenses of the Bureau of Population, Refugees, and Migration in the amount of $11,900,000 were included in the Diplomatic and Consular Programs appropriation, in accordance with *the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995*.

FY 1997 Budget Request
Migration and Refugee Assistance
Total: $650,000,000



of which Overseas Assistance totals: $468,000,000



OVERSEAS ASSISTANCE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	461.180	464.700	468.000

OBJECTIVES:

The purpose of international protection and assistance funds is to meet short-term, life-sustaining needs of refugees and conflict victims and to support durable solutions overseas. Many nations hosting large groups of refugees and victims of conflict are among the world's least developed. Their presence often strains limited resources and may result in serious problems that affect U.S. foreign policy interests. In an effort to reduce the need for people to cross international boundaries, the United Nations High Commissioner for Refugees (UNHCR) has undertaken cross border and internal assistance programs (e.g. Somalia, Bosnia, and Tajikistan) which attempt to address the root causes of refugee flows. It is expected that this approach will continue. These factors have been taken into consideration in determining specific regional assistance request levels.

U.S. refugee policy is based on the premise that the care of refugees and conflict victims and the pursuit of permanent solutions for refugee crises are shared international responsibilities. Accordingly, most overseas assistance funds will be contributed to programs administered by international organizations. Although the United States is just one of many donors, in most cases the U.S. Government is the largest individual donor. While some of these programs are discussed in the regional presentations that follow, the use of U.S. funds is not limited to these organizations. U.S. support may be provided to other organizations as required to meet specific program needs and objectives.

PERFORMANCE:

Chief among the international organizations receiving refugee assistance funds is the **Office of the United Nations High Commissioner for Refugees (UNHCR)**, which has a worldwide mandate to assist host governments to protect and care for refugees as well as to promote lasting solutions to refugee situations. In 1997, it is anticipated that UNHCR will make additional progress in orienting protection and assistance activities toward refugee women and children who comprise about 80 percent of the entire refugee population.

The International Committee of the Red Cross (ICRC) is an independent, internationally funded, humanitarian institution mandated under the terms of the Geneva Conventions to act as a neutral intermediary in armed conflict. The United States is party to the Geneva Conventions, under which ICRC is called upon to provide assistance and protection to prisoners of war and political detainees, assist and protect civilian victims of armed conflict, provide needed medical assistance to conflict victims, trace missing persons and separated family members, and disseminate information on the principles of 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 educational, medical, relief, and social assistance to the 3.2 million registered Palestinian refugees located in Jordan, Syria, Lebanon, the Gaza Strip, and the West Bank.

The International Organization for Migration (IOM) provides services to migrants and refugees worldwide at the request of interested nations. IOM seeks to ensure the orderly movement of persons who are in need of international migration assistance. This objective includes providing technical assistance to governments in the development of migration policy and national institutions.

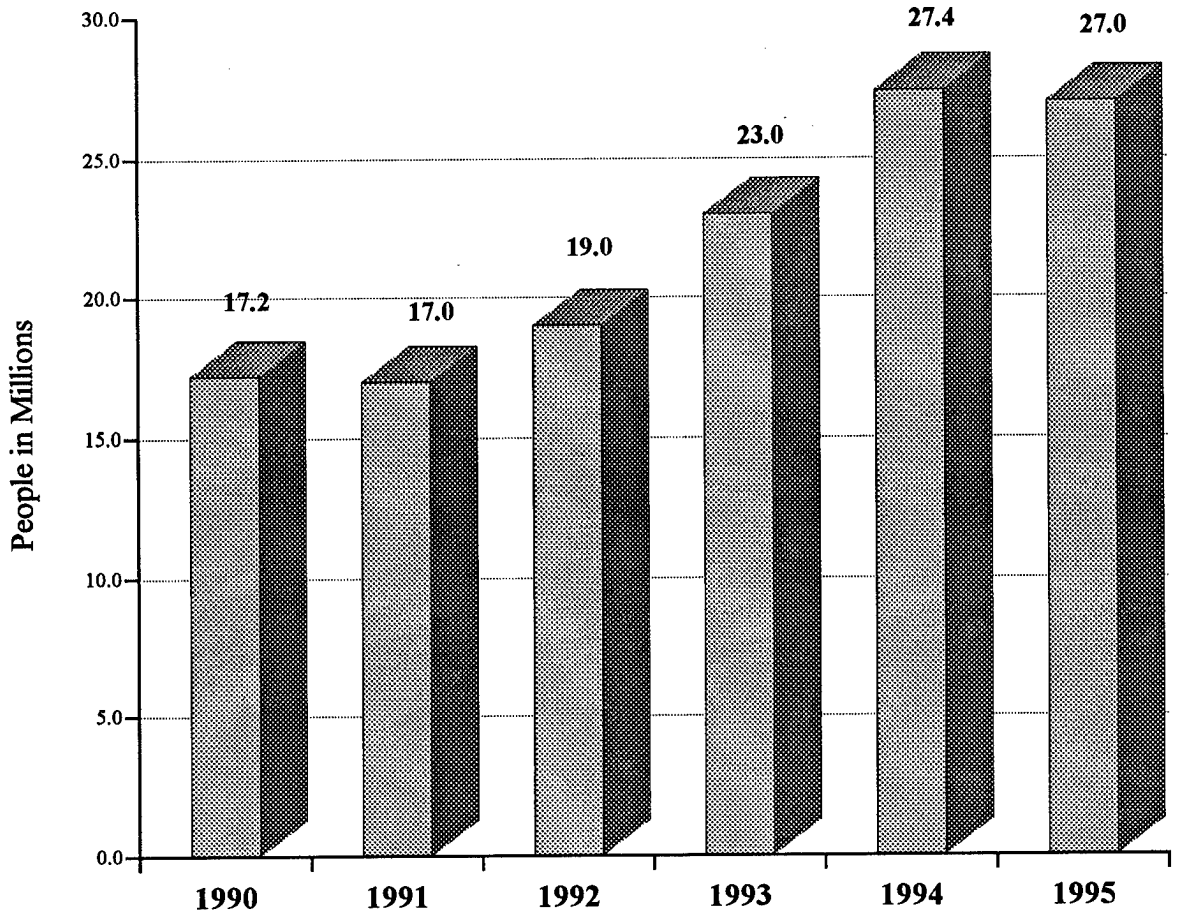
The World Food Program (WFP) is the principal vehicle for multilateral food aid within the UN system. WFP distributes commodities supplied by donor countries for development projects, protracted refugee and displaced persons projects, and emergency food assistance. Migration and Refugee Assistance funds will be contributed to WFP toward the expenses of refugee feeding programs undertaken in cooperation with UNHCR. The U.S. Government provides food commodities to WFP under other appropriations.

JUSTIFICATION:

The Administration's FY 1997 overseas assistance request of $468 million represents an increase of $3.3 million over the FY 1996 estimate. A continuing element of the assistance effort will be support for lasting solutions to refugee problems. The FY 1997 request will be used to meet the basic care and maintenance requirements for existing refugee populations and to respond to programs as they evolve from care and maintenance in first asylum countries to self-sufficiency or repatriation. U.S. support for ongoing repatriations will be provided from MRA funds to the extent possible. Funds also may be used to assist in the initial reintegration of refugees who have repatriated.

In general, funds for overseas assistance will be used to respond to the 1997 calendar year budget appeals issued by international organizations. As new or changing assistance needs arise, however, some organizations find it necessary to issue new or increased appeals for funds during the course of the year. Therefore, this request may be used during the first quarter of the fiscal year to respond to urgent appeals that may be issued late in the 1996 calendar year. The Department also may reallocate funds between regions or organizations within the overseas assistance in response to changing requirements.

REFUGEES AND PERSONS OF CONCERN TO UNHCR*
1990-1995



* *Persons of Concern* include refugees, internally displaced persons, former refugees who have returned to their home countries, and others including war victims. These figures do not include Palestinian refugees. Palestinian refugees come under the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

(Source: 1990-1995 UNHCR)

ASSISTANCE PROGRAMS IN AFRICA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	181.704	167.450	178.000

The Administration requests $178 million to respond with an appropriate U.S. contribution to the basic needs of refugees and conflict victims in sub-Saharan Africa. The requested increase reflects both the continuing humanitarian crisis in Central Africa and anticipated opportunities for conflict resolution and repatriation.

With some 5.5 million refugees, sub-Saharan Africa continues to host about one-third of the world's refugees and a much greater share of the world's internally displaced persons. These are not static populations. A successful peace process in Mozambique allowed for the repatriation of all 1.5 million Mozambican refugees by the end of 1995. They are expected to be fully reintegrated in Mozambique by the end of 1996. The unparalleled outflow of over two million refugees that followed conflict and genocide in Rwanda in 1994 was accompanied by the return home of hundreds of thousands of "old caseload" Rwandan refugees who had fled in the early 1960s. At the beginning of 1996, over two million refugees from Rwanda and the related crisis in Burundi were still in uncertain asylum; the cease-fire/peace agreement in Liberia was still holding, although disarmament/demobilization had not yet occurred to lay a stable base for large scale repatriation of the over 700,000 Liberian refugees. In contrast, the Horn of Africa presented good prospects for accelerated repatriation to Ethiopia, Eritrea, and even Somalia. Continued warfare in Sudan at the beginning of 1996 was the significant exception to a brighter outlook for the Horn. Repatriations to Mauritania, Mali, and Togo were in the take-off stage, offering hope for a durable resolution of those situations.

Continuing ethnic tension (even in formerly very stable countries such as Kenya), human rights abuses, competition for resources and political power, religious persecution, and armed conflict can be expected to generate substantial numbers of additional refugees in the short term. Where conflicts can be brought to a negotiated settlement, it should be possible for refugee repatriation to be part of the overall solution -- for example, in Angola.

United Nations High Commissioner for Refugees

As in years past, the U.S. contribution in support of UNHCR programs in Africa in 1997 will fund protection activities and the most basic material assistance to save and maintain the lives of refugees, conflict victims, and other persons of concern to UNHCR. UNHCR activities must address the fundamental protection and assistance needs while pursuing opportunities for permanent solutions for some refugee populations. It is expected that UNHCR will meet the minimum international standards in such areas as public health, nutrition, and sanitation, provide basic educational programs, and implement efforts to promote self-sufficiency so that refugees can integrate with local populations where possible. Self-sufficiency lowers the care and maintenance costs to the international community while creating conditions conducive to the continued provision

of first asylum. In cases where refugees have little or no access to arable land (for example, in Kenya and Zaire), self-sufficiency will be unattainable. Aggressive promotion of voluntary repatriation where conditions in the country of origin are suitable is also key to both finding refugee solutions and maintaining the willingness of governments to offer first asylum.

In 1997, UNHCR is expected to continue implementing repatriation programs for some of the largest and most enduring of Africa's refugee populations -- including Angolans, Ethiopians, Somalis, and Eritreans. Should peace talks and political dialogue prove fruitful, Liberians and substantial numbers of Rwandans and Burundis could be added to that list. Repatriation assistance for returning refugees includes transportation home, a small package of household and agricultural items to facilitate the returnees' re-establishment, and limited rehabilitation of social infrastructure, such as clinics and water projects.

International Committee of the Red Cross

ICRC, often in partnership with other elements of the international Red Cross movement, is called upon to provide relief and medical assistance in the most difficult and dangerous areas of countries caught up in armed conflict where success depends largely on the cooperation of the warring parties. Sudan and Sierra Leone are examples of such ICRC action. The ICRC program in Africa provides relief and medical assistance to conflict victims and displaced persons, and assistance to political prisoners and prisoners of war. ICRC also undertakes tracing services (for detainees as well as family members separated by conflict), individual refugee repatriation, and in some cases refugee protection and assistance.

World Food Program

In past years, contributions to WFP have supported feeding programs for refugees and displaced persons from Liberia and Sierra Leone, Mozambican refugees in southern Africa, Ethiopian and Eritrean refugees in Sudan, Somali and Sudanese refugees in Kenya, and refugees and displaced persons from Rwanda and Burundi. In FY 1997, funds may be contributed to WFP for expenses of such programs undertaken in conjunction with UNHCR.

Other International Organizations/Non-Governmental Organizations

Funds may be used for assistance needs not covered by UNHCR and ICRC that are addressed by other international organizations, governmental, or non-governmental organizations. These organizations may include specialized UN agencies such as the United Nations International Children's Educational Fund (UNICEF), the International Federation of Red Cross and Red Crescent Societies (IFRC), the Department of Humanitarian Affairs (DHA), and the International Organization for Migration (IOM), among others.

ASSISTANCE PROGRAMS IN EAST ASIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	31.699	25.100	16.200

The Administration requests $16.2 million in FY 1997 for assistance programs in East Asia. This request is dedicated in part to UNHCR for the final stages of the Comprehensive Plan of Action for Indochinese Refugees (CPA). It is anticipated that CPA-funded activities in first asylum camps will be completed by the middle of 1996, but will continue inside Vietnam and Laos through 1997. Since 1989, this plan has provided for the care and maintenance of Vietnamese and Lao asylum seekers; a fair screening process to determine who are refugees; and voluntary repatriation of non-refugees to both Vietnam and Laos, with subsequent monitoring of their welfare and aid for integration. The multilateral CPA obviated the need for perilous boat departures from Vietnam. This, together with a continuing high level of direct, safe departures from Vietnam under the Orderly Departure Program and resettlement from first asylum countries, has essentially resolved the 20-year saga of the Vietnamese boat people.

Burmese constitute the largest group of refugees in the region. Of the 250,000 Rohingya refugees who fled to Bangladesh from late 1991 to mid-1992, some 200,000 had voluntarily repatriated to Burma by the beginning of 1996, and most of the remaining population were expected to return home in 1996. Burmese Army military successes in 1995 against ethnic minority armed forces near the Thai border pushed another 10,000 refugees into Thailand and led to a security-related decision to consolidate some camps into larger units. An estimated 93,000 Burmese refugees were in ethnic minority camps in Thailand at the beginning of 1996.

United Nations High Commissioner for Refugees

UNHCR's role in implementing the CPA and bringing it to a successful conclusion, with full reintegration of those Vietnamese and Lao found not to be refugees or refugees who choose voluntary repatriation, will require continuing U.S. financial support in FY 1997. Approximately 36,000 Vietnamese in first asylum camps at the beginning of 1996 have been determined not to be refugees. Under the CPA, these people have no alternative but to return to Vietnam. In contrast, most of the approximately 6,000 Lao in Thai camps at the beginning of 1996 were refugees. All of those refugees were expected to be resettled in third countries or to repatriate voluntarily to Laos by the end of 1996. The United States has been the largest resettlement country for Lao/Hmong refugees.

The FY 1997 request includes funds to continue supporting Lao and Vietnamese voluntary repatriation, including UNHCR monitoring. Repatriates receive direct assistance in the form of cash, food, domestic items, and agricultural tools. U.S. assistance in the repatriation efforts through contributions to UNHCR, IOM, and NGOs will continue to be critical to their success.

The U.S. contribution to UNHCR also will include funds for assistance to Burmese refugees in Bangladesh. UNHCR concluded agreements with the Bangladesh Government in May 1993 and with the Burmese authorities in November 1993 that covered the voluntary repatriation and reintegration of the Rohingyas in safety and dignity with a UNHCR presence on both sides of the border. Return movements are expected to be completed by the end of 1996. This request will support assistance to Burmese refugees in Thailand through NGOs (see below).

International Committee of the Red Cross

U.S. contributions to ICRC support ongoing programs such as regional delegations throughout East Asia as well as visits to detainees and emergency relief and medical care for conflict victims. Given the diminution of armed conflict in Southeast Asia (e.g., in Cambodia), ICRC is concentrating on its core activities of protection, tracing, dissemination, and medical assistance such as prosthetics.

World Food Program

Funds may be contributed to WFP toward expenses of programs undertaken in cooperation with UNHCR. In past years, contributions have supported the feeding program for Rohingya refugees in Bangladesh as well as programs for those who have repatriated to Burma.

Other International Organizations/Non-Governmental Organizations

Non-governmental organizations that assist Burmese refugees in Thailand implement public health programs including water and sanitation, and provide food aid as well as some basic household assistance such as blankets and mosquito nets. The FY 1997 request includes support for NGOs working along the Thai/Burma border. This funding also provides direct U.S. support for international, governmental, and non-governmental organization programs that deliver services to refugees, asylum seekers, and repatriates to address needs not covered by programs outlined above. In particular, Vietnamese returnees benefit from training and micro-enterprise projects as well as some community infrastructure such as water sources. Lao reintegration has been enhanced by aid to returnees and the communities to which they return; this assistance includes construction of additional school facilities, water sources, and irrigation systems for agriculture.

ASSISTANCE PROGRAMS IN THE WESTERN HEMISPHERE

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	12.021	11.300	7.700

The Administration requests $7.7 million for the Western Hemisphere assistance program. The region's largest remaining refugee population is the Guatemalan refugees in Mexico (estimated at 40,000) who are progressively repatriating to Guatemala. At the end of 1995, the Government of Mexico had agreed officially that some refugees could settle permanently in Mexico. Most of the registered refugees in camps, as well as many self-settled, were expected to return to Guatemala. Underlying tensions, such as those evident in the armed insurrections in Peru and Colombia, support a continuing need for UNHCR and ICRC activities. As necessary, support for other refugee and migration requirements in the region will be provided.

United Nations High Commissioner for Refugees

UNHCR levels of assistance for care and maintenance, repatriation, and local settlement of refugees in the Western Hemisphere have been declining, commensurate with the restoration of peace in most parts of the hemisphere. UNHCR's involvement in the reintegration phase for Central American refugees (except for Guatemalans) was completed by the end of 1995, with other United Nations and development agencies assuming responsibility for the continued cementing of peace and recovery. If peace talks are successful in 1996, repatriation and reintegration of Guatemalan refugees should be completed by the end of 1997.

International Committee of the Red Cross

Funds will be contributed to ICRC assistance programs in Central and South America (primarily Colombia and Peru), and Haiti, and for its network of three regional offices and delegations. The peaceful settlement of most of the conflicts in Central America and the continued democratization in the region (with the notable exception of Cuba) has lessened the need for ICRC's exercise of its mandate in emergency relief to conflict victims, aid to prisoners of war, and tracing, enabling ICRC to focus on prison visits and promotion of international humanitarian law.

Other International Organizations/Non-Governmental Organizations

The Department may fund activities of IFRC, IOM, WFP, and other international, governmental and non-governmental agencies as required to complement the assistance efforts outlined above or to meet special requirements for assistance to refugees, conflict victims, and migrants in the region.

ASSISTANCE PROGRAMS IN THE NEAR EAST AND NORTH AFRICA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	90.521	87.300	86.400

The Administration requests $86.4 million for Near East and North Africa assistance programs. The major focus in the region continues to be on the long-standing Palestinian refugee population, which UNRWA is mandated to assist.

United Nations Relief and Works Agency for Palestine Refugees in the Near East

UNRWA is mandated by the United Nations to assist Palestinian refugees in Jordan, Syria, Lebanon, the Gaza Strip, and the West Bank. Over 3.2 million refugees are registered with UNRWA, which provides education, vocational training, relief and social services, and medical care. UNRWA schools and training centers are leading factors in helping Palestinian refugees become economically self-reliant. Since UNRWA began operations in 1950, the United States has been a major contributor toward its programs. U.S. Government funding helps provide some stability in the lives of the Palestinian refugee population in the region, and contributes to a climate conducive to a peaceful resolution of regional problems.

United Nations High Commissioner for Refugees

These funds will support UNHCR offices and operations throughout the Near East and North Africa with large programs in Algeria, Egypt, and Iran. The presence of UNHCR offices in Kuwait, Jordan, Saudi Arabia, and Syria is also a reminder that refugees in these and other countries continue to require protection and monitoring. Somali refugees in Yemen continue to receive UNHCR support, as do the Western Saharan refugees in Algeria who are awaiting a political settlement before returning to the Western Sahara.

International Committee of the Red Cross

Throughout the Middle East, ICRC is often the only international humanitarian organization able to access areas of civil strife to provide needed medical and other assistance to conflict victims and displaced persons. ICRC assists conflict victims in Lebanon, Israel, the Gaza Strip, and the West Bank, with particular emphasis on tracing and protection of detainees. It also addresses unresolved humanitarian problems -- particularly POWs and MIAs -- related to conflicts where hostilities have ceased. ICRC's emergency programs will continue to provide emergency shelter, food and water, medical care, and protection to civilians displaced by conflict in the region.

Other International Organizations/Non-Governmental Organizations

Funds may be contributed for special projects of other international, governmental, or non-governmental organizations designed to complement the assistance efforts of international organizations or to meet special needs. In recent years, the Administration has funded specific projects for Palestinian refugees, primarily through UNRWA's Peace Implementation Program, in support of the Middle East Peace Process. These projects included upgrading education, health, and social service facilities.

ASSISTANCE PROGRAMS IN SOUTH ASIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	29.424	26.100	24.000

The Administration requests $24 million for assistance programs in South Asia. This request for assistance requirements is based on the assumption that the repatriation of the approximately 2.2 million Afghan refugees in Pakistan and Iran will continue in FY 1997. Since UNHCR reduced its involvement in care and maintenance programs in October 1995, it is becoming more involved in protection and initial reintegration activities in Afghanistan, one of the world's least developed countries.

The Bhutanese refugee population in eastern Nepal reached almost 89,000 registered refugees in eight camps at the end of 1995 and continues to slowly increase, both through new refugee arrivals and births in the camps. Of the original 120,000 Tamil refugees who fled Sri Lanka in June 1990 as a result of ethnic violence, approximately 76,000 refugees remain in India, in addition to 400,000 newly displaced persons in northern Sri Lanka.

United Nations High Commissioner for Refugees

The primary concern of the U.S. with regard to UNHCR programs in South Asia will focus on the continued repatriation and initial reintegration of Afghan refugees. In 1992, record numbers of Afghans repatriated, but 1994 was a disappointing year for repatriation due to intense and sustained fighting in Kabul throughout the year. During 1995, an estimated 153,000 refugees returned to Afghanistan from Pakistan. Repatriations will continue during 1996 and into 1997, with the actual rate dependent on the level of security in Afghanistan. UNHCR's program for repatriation is designed so that it can expand quickly and easily if repatriation rates increase. While it is anticipated that in the long run most refugees will return to Afghanistan, some will opt to remain in Pakistan indefinitely. In FY 1997, UNHCR is expected to continue to provide care and maintenance assistance as required to the most vulnerable refugee groups remaining in Pakistan. At the same time, UNHCR will increase activities inside Afghanistan aimed at establishing stability and a return to normal conditions. This request includes funds to support UNHCR assistance programs for the most vulnerable Afghan refugees in Pakistan and their repatriation to Afghanistan.

UNHCR also is concerned with the status of Tibetan refugees in Nepal and India, the internally displaced and repatriates in Sri Lanka, and with refugees from Sri Lanka in India. In Nepal, UNHCR's presence supports Tibetan refugees in transit to India as well as a growing Bhutanese refugee population and other smaller groups.

International Committee of the Red Cross

ICRC will maintain programs for victims of the Afghan conflict in both Pakistan and Afghanistan, with increased emphasis on its programs inside Afghanistan as the refugees return home. It presently provides emergency medical assistance, runs a number of surgical and field hospitals for war-wounded Afghans, and operates orthopedic centers that provide complete rehabilitative services to the disabled. Protection and tracing activities are important aspects of ICRC's Afghan Conflict Victims Program.

ICRC is also involved in protection, tracing, medical assistance, and human rights training in Sri Lanka. ICRC will continue its frequent visits and increase efforts to re-establish civilian population access to food supplies, health facilities, homes, and work places. With no resolution to the conflict in sight, support for ICRC's critical humanitarian efforts through contributions to its regional appeal will continue.

World Food Program

Funds may be contributed to WFP for expenses of programs undertaken in cooperation with UNHCR. In past years, contributions have supported feeding programs for Afghan refugees in Pakistan and for repatriates to Afghanistan. General care and maintenance feeding programs in Pakistan ended in October 1995, and since that time WFP programs have concentrated on the most vulnerable refugees.

Other International Organizations/Non-Governmental Organizations

Funds may be contributed for projects of other international, governmental, or non-governmental organizations, designed to support specific components of the international assistance program. In recent years, the Department has funded programs that provide Afghan refugees in Pakistan needed medical services, basic education, and skills training to prepare for their return to Afghanistan, as well as income-generating activities to help the refugees achieve a degree of self-sufficiency. Many of these projects will continue to focus on the special needs of women, children, and other vulnerable groups among the refugee/returnee population. Additionally, funds may support the demining program of the United Nations Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA). Other refugee groups on the Subcontinent also may receive support.

ASSISTANCE PROGRAMS IN EUROPE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	77.811	83.350	90.400

The Administration requests $90.4 million to respond to assistance programs in Europe, including the New Independent States (NIS) of the former Soviet Union. UNHCR estimated that as of early 1996, more than 3 million people throughout the former Yugoslavia remained in need of relief assistance, nearly two-thirds in Bosnia. Since FY 1991, the U.S. Government has contributed over $1 billion (including food, DoD services, and funds from other appropriations) to the UNHCR-led international assistance program and other programs that support vulnerable groups in the former Yugoslavia. Cash contributions provided through the MRA appropriation are a particularly important portion of the overall U.S. effort, as these funds permit implementing agencies to respond quickly and effectively to changing needs. Continued funding throughout FY 1997 is required, both for relief assistance and in support of the UNHCR-led program of repatriation of refugees and return of internally displaced persons.

Estimates of refugees, displaced persons, and forced migrants in the NIS are up to 5.3 million. The conflict in Russian Chechnya has resulted in 460,000 displaced persons. The crisis in Chechnya demonstrates the volatility of the transformation from Soviet rule to democracy in the NIS. While some progress was noted with respect to the older conflicts in the region -- Tajikistan, Georgia, Armenia, and Azerbaijan -- continued funding for these areas will be required in FY 1997.

United Nations High Commissioner for Refugees

In 1997, UNHCR's continued assistance efforts will be required to address the needs of refugees, displaced persons, and others affected by the war in the former Yugoslavia, and there will be additional requirements for assistance, especially in connection with the large-scale, phased repatriation which UNHCR plans to implement in FY 1996-1997.

UNHCR is involved in the conflict areas of the Caucasus (Georgia, Armenia, and Azerbaijan), as well as with the population displaced by the fighting in Chechnya. Ethnic and regional tensions, combined with the deteriorating economic situation in most of the NIS, may lead to new conflicts. UNHCR's presence is necessary, both in terms of protection and respect for human rights. Its program also addresses needed training on emergency response and refugee law throughout the NIS.

International Committee of the Red Cross

In the former Yugoslavia, ICRC plays a unique role among international agencies in facilitating the exchange of prisoners, visiting families of detainees, and reuniting families. ICRC also distributes family parcels and medical supplies, often in areas inaccessible to the UN or other agencies.

Looking to 1997, the need for ICRC's presence will remain. In the wake of the peace settlement in the former Yugoslavia, ICRC has the lead role in exchanging prisoners and reuniting families separated by war. ICRC has also continued its operations in areas of conflict to bring medical and relief supplies.

In FY 1997, funds will continue to support ICRC's programs in the NIS to provide emergency assistance and promote the basic principles of international humanitarian law and the law of war. In addition, ICRC has included in its 1996 program for the NIS a variety of conflict prevention activities that will be continued in 1997.

World Food Program

Funds may be contributed to WFP for expenses of programs undertaken in cooperation with UNHCR. In past years, contributions have been made for WFP programs in the former Yugoslavia and toward WFP components of consolidated appeals for Tajikistan, the Caucasus, and Chechnya.

Other International Organizations/Non-Governmental Organizations

As in the last few years, funds will be required to support other international, governmental, or non-governmental organizations providing assistance in the republics of the former Yugoslavia. Some non-governmental organizations serve as implementing partners to the UNHCR assistance and repatriation efforts and others work independently to meet special needs.

In the NIS, these funds are primarily to support aspects of UN consolidated appeals other than UNHCR and WFP (e.g., DHA, IOM). Funding provided to non-governmental organizations is designed to support specific components of international assistance or migration programs not being addressed by other organizations.

MULTIREGIONAL ACTIVITIES

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	38.000	64.100	65.300

For FY 1997, the Administration requests $65.3 million for Multiregional Activities. These funds support the assessed U.S. contribution to IOM, the headquarters budget of the ICRC, the multiregional refugee activities of international or non-governmental organizations, and international migration activities. (The IOM assessment and the ICRC contribution are paid in Swiss francs, and the dollar amounts will vary according to the exchange rate at the time of payment.) The increase over FY 1996 will support enhanced multiregional refugee and migration activities of international and non-governmental organizations, particularly UNHCR, including programs for refugee women and children. The increase also will be used to continue and strengthen support for emergency response and capacity building of UNHCR, WFP, IFRC, and other organizations.

International Committee of the Red Cross

The request of funds for the ICRC headquarters budget covers the permanent activities carried out by ICRC staff at the Geneva headquarters only; field-related costs are normally attributed to the regional appeals. The contribution will be calculated at 10 percent of the 1997 ICRC headquarters budget in accordance with the *Foreign Relations Authorization Act, 1988 and 1989*. The ICRC headquarters budget is funded through voluntary contributions by governments and national societies of the Red Cross. U.S. contributions to ICRC's regional appeals are described under the previous regional sections of this document.

International Organization for Migration

As a member government in IOM, as provided in the *Migration and Refugee Assistance Act of 1962*, the United States pays a 29.95 percent assessment to its administrative budget. IOM's services and expertise contribute significantly to the success of international migration and refugee resettlement programs worldwide, including the U.S. refugee admissions program.

Multiregional Activities

These funds will support activities of international and non-governmental organizations that do not appear in any specific regional program (e.g. centrally-funded multiregional activities) or that support other aspects of international migration including strengthening the ability of organizations to respond to new requirements -- many of them humanitarian emergencies.

Multiregional program activities include emergency response teams of international organizations, health assessment survey missions, and special information/study/evaluation efforts. These funds also will be used to support efforts to integrate the special needs of refugee women and refugee

children in the program and budget planning process of the international organizations and non-governmental agencies engaged in providing refugee assistance overseas. Beginning in 1993, the United States provided unearmarked funding to the UNHCR General Program (from which many of the above activities are funded) under this activity, in addition to the funds provided to UNHCR through region-specific allocations discussed previously in this request.

Migration Activities

International migration activities comprise cooperation with other governments and with international and non-governmental organizations to understand the root causes of migration and to encourage collective solutions to migration problems, including promotion of respect for migrants rights and addressing illegal migration. International migration activities are expected to increase, especially as population movements increase worldwide. IOM likely will expand its technical assistance and migration information activities in Russia, the Baltic states, Central and South America, and the Caribbean. Funds will be contributed to support this work. The IGC (Intergovernmental Consultations -- a process through which the United States, Canada, Australia, and twelve European countries, as well as UNHCR and IOM, discuss refugee, asylum, and migration matters) will continue its work on combating alien-smuggling, as well as addressing more general issues, for example, limiting the impact of regional migration crises. The increase in international cooperation on migration also will require support of multilateral activities. Examples of these efforts in 1996 include the UN conference on migration in the former Soviet Union and the conference on migration in Central and North America.

REFUGEE ADMISSIONS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	129.820	114.300	90.000

The Administration requests $90 million to support the Refugee Admissions program in FY 1997. This request is based on a planning level of 75,000 refugee admissions compared to 90,000 in FY 1996. The reduction of 15,000 from the FY 1996 ceiling is due primarily to declining caseloads of eligible refugees from Southeast Asia. The final number and regional allocations will be determined by the President following the annual consultations process with Congress later in the fiscal year. The specific regional ceilings established in the consultations process will be based on an assessment of worldwide refugee needs at that time. The request also funds all related admissions activities and the processing and transportation of Amerasian immigrants.

Actual U.S. refugee admissions for FY 1995 and the established FY 1996 ceilings are shown below:

U.S. Refugee Admissions Levels

Geographic Region	FY 1995 Actual	FY 1996 Ceiling
Africa	4,779	7,000
East Asia	36,926	25,000
Europe	45,703	45,000
Latin America/Caribbean	7,618	6,000
Near East/South Asia	4,464	4,000
Unallocated Reserve	--	3,000
Total	99,490	90,000

East Asia

First Asylum. U.S. policy on admissions of refugees from first-asylum countries in the region has been based on the June 1989 Comprehensive Plan of Action for Indochinese Refugees (CPA). It is anticipated that admissions to the U.S. under the CPA will have largely been completed in FY 1996 and only a small residual population of Vietnamese and Lao will remain to be resettled in FY 1997. In addition, a small number of Burmese in Thailand continue to be considered for admission to the United States as refugees.

ODP and Amerasians. Under the Orderly Departure Program (ODP) from Vietnam, the United States processes refugee cases with close ties to the United States, with particular emphasis on former re-education center detainees and Amerasians. Resettlement interviews of former re-

education center detainees will be completed during FY 1996, with actual admissions extending into early FY 1997. Large-scale admissions of Amerasian cases have been completed, although limited numbers of admissions are likely to continue.

Europe (previously designated Eastern Europe and the Former Soviet Union)

The FY 1997 program will primarily include persons from the former Soviet Union, persons from the former Yugoslavia, and a small residual population of qualifying family member (Visas 93) beneficiaries from East European countries.

Admissions from the former Soviet Union will be primarily persons in the categories specified in the Lautenberg-Morrison Amendment to the *FY 1994-95 Foreign Relations Authorization Act*, P.L. 103-236, as of special interest to the United States. These include Jews, Evangelical Christians, and Ukrainian religious activists. In FY 1997, refugee interviews of former Soviet nationals will continue to be done in Moscow with the support of the Washington Processing Center. Bosnian admissions will emphasize cases with family ties to the United States and referrals by UNHCR of vulnerable cases and refugees for whom repatriation is not a viable option.

Near East and South Asia

In FY 1997 there will be a steady level of admissions of Iranians (mostly religious minorities) from processing posts in Europe, and of Iraqis from Saudi Arabia, Turkey, and other countries in the region.

Western Hemisphere

Program efforts in this region primarily support the admission of Cubans. The in-country Cuban refugee processing program is designed to allow those individuals most likely to qualify as refugees the opportunity to have their claims heard without resorting to dangerous boat departures. The in-country program for Haitians concluded in 1995.

Africa

The primary basis for resettlement outside the region remains protection for refugees referred by UNHCR. A wide range of nationalities are processed. In FY 1996 the largest numbers were expected to be Somalis and Sudanese.

Summary of Costs

The total cost of all admissions activities to be covered from appropriated funds in FY 1997 is estimated at $90 million. The requested funds are directly related to costs incurred on behalf of refugees whose actual admission will occur in FY 1997. Some of the expenses incurred, however, are attributable to processing activities on behalf of refugees whose admission dates fall in the following fiscal year because of the effect of the processing pipeline. After a refugee is approved by the Immigration and Naturalization Service (INS) for the U.S. refugee admissions program, the refugee receives a medical examination, sponsorship in the United States is assured, travel arrangements are prepared, and all other steps necessary for admission to the United States are

completed. Most transportation and reception and placement grant costs are incurred when the refugee departs the asylum country for resettlement in the United States. Funds also are used to support all ongoing activities related to admissions, such as pre-screening of refugee applicants, processing of applicant case files, medical examinations, and overseas orientation.

The budget request for refugee admissions funds the programs described below. These funds also may be used for the evaluation of these programs.

Amerasian Admissions Costs

Within the total admissions request, sufficient funds have been included to cover the admissions costs of Amerasian immigrants and their qualifying family members. These funds are included within the category requests that follow, but are not separately identified by activity.

Processing

The Department of State funds several private voluntary agencies and IOM to assist with the processing of refugees worldwide to be resettled in the United States. In most locations, principal processing responsibilities focus on screening applicants to assess their eligibility for interview by INS adjudicators under the U.S. refugee program and, in the case of ODP, to identify those who may be eligible for immigrant visas. Therefore, more cases are processed during the course of the year than will actually be approved for admission to the United States as refugees. Processing funds also are used to pay for medical examinations and required documentation. The Administration's request also funds direct processing costs related to ODP in Vietnam.

In addition to overseas processing operations, the request funds certain services performed in the United States that are essential to the smooth and efficient operation of the admissions process. This includes maintaining a U.S. based Refugee Data Center which operates a case allocation and reception and placement grant verification system. This request also maintains the Washington Processing Center (WPC) as part of the former Soviet Union admissions processing operation.

Transportation and Related Services

In FY 1997, the Administration requests funds for transportation and related services provided by IOM in support of the U.S. admissions program. This activity includes funding for international and domestic airfares, IOM operational support, communications, and transit accommodations where required. The cost of the airfares is usually financed through loans to refugees; loan beneficiaries are responsible for repaying a designated sum over time after resettlement. Some refugees, primarily from the former Soviet Union, elect to travel on privately purchased tickets. Therefore, the requirement for appropriated funds for refugee transportation, in any given year, is partially offset by loan repayments to IOM from refugees previously resettled and direct payments by the refugees themselves.

The small number of Amerasian immigrants who enter under the provisions of Section 584 of the *FY 1988 Further Continuing Resolution to the Appropriations Act*, P.L. 100-202, receive the same services provided to refugees. Other immigrants processed through the ODP enter the United States on privately prepaid tickets.

Reception and Placement Grants

Through the Department's Reception and Placement (R&P) program, private voluntary agencies receive funds on a per capita basis to provide basic services to refugees for initial resettlement in the United States. These agencies augment the federal grant by drawing on private cash and in-kind contributions that are essential to the success of this program. Services include pre-arrival planning, reception at the airport, initial housing, orientation to their communities, counseling, and referral to local social service programs. The request includes an estimated $720 per capita R&P grant in FY 1997.

Within the overall program funding, the Department may support different resettlement services for groups of refugees with special resettlement needs, for example, unaccompanied minors destined for foster care programs.

The Department coordinates its reception and placement services with the refugee assistance programs administered by the Office of Refugee Resettlement in the Department of Health and Human Services (HHS/ORR).

Overseas Cultural Orientation

The FY 1997 budget request for overseas cultural orientation supports programs designed to facilitate the refugees' integration into the United States. The budget requests funds to support the distribution of resettlement guides and other information to refugees in locations around the world.

REFUGEES TO ISRAEL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	80.000	80.000	80.000

The FY 1997 request includes $80 million to support resettlement in Israel through a grant to the United Israel Appeal (UIA). This grant helps finance programs of the Jewish Agency for Israel that assist in the absorption into Israeli society of Jewish refugees coming to Israel from certain other countries. There were 67,179 arrivals in 1995. The U.S. grant covers only a portion of the overall costs of resettlement in Israel.

ADMINISTRATIVE EXPENSES

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
MRA	N/A	12.000	12.000

The Administration requests $12 million to finance salaries and administrative expenses of the Bureau of Population, Refugees, and Migration (PRM). This request is consistent with the *FY 1996 Foreign Operations, Export Financing and Related Programs Appropriations Act,* P.L. 104-107. These funds will be used to finance the salaries and operating costs associated with a staff of 99 positions of which 81 are located in Washington and 18 at overseas posts. The FY 1997 request provides funds for wage and price increases for domestic and overseas administrative operations.

Since FY 1994, the Bureau of Population, Refugees, and Migration has been responsible for international population policy and coordination. Consistent with P.L. 104-107, in FY 1997 funds for the salaries and support costs of the 6 domestic positions dedicated to carrying out the Bureau's responsibility for population policy and coordination are requested under the Department of State Diplomatic and Consular Programs appropriation.

In FY 1995, funds for the administrative expenses of the Bureau in the amount of $11.9 million were included in the Diplomatic and Consular Programs appropriation, in accordance with the *Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.*

REQUIREMENTS BY OBJECT CLASS

PROGRAM SUMMARY

(Dollars in millions)

Object Class	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Personnel compensation	--	6.960	7.381
Personnel benefits	--	2.059	2.161
Travel and transportation of persons	--	.732	.718
Travel and transportation of things	--	.018	.006
Rents, communications, and utilities	--	.622	.642
Printing and reproduction	--	.016	.045
Other services	--	.936	.909
Supplies and materials	--	.107	.085
Personnel property	--	.549	.052
Grants, subsidies, and contributions	671.000	659.001	638.001
Appropriation Total	671.000	671.000	650.000

EMERGENCY REFUGEE & MIGRATION ASSISTANCE

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ERMA	50.000	50.000	50.000

The 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. For FY 1997, the Administration requests $50 million to replenish ERMA, the same level as appropriated in FY 1996.

FY 1995 Program Activities

In FY 1995, the President authorized drawdowns from ERMA totaling $35.0 million. To date, no drawdowns have been made in FY 1996.

Western Hemisphere

Presidential Determination 95-13 -- $4,000,000
On December 31, 1994, $4,000,000 was authorized to meet the urgent and unexpected needs of Haitian and Cuban migrants. The majority of these funds were contributed in support of programs for the migrants on Guantanamo Bay Naval Station through IOM ($2,731,055), World Relief ($822,991), and UNHCR ($287,800).

Europe

Presidential Determination 95-16 -- $11,000,000
On March 13, 1995, $11,000,000 was authorized to meet the urgent and unexpected needs of victims of the conflict in Chechnya. These funds were contributed to ICRC ($8,000,000), UNHCR ($2,400,000), WFP ($200,000), DHA ($200,000), and IOM ($200,000).

Africa

Presidential Determination 95-44 -- $20,000,000
On September 20, 1995, $20,000,000 was authorized to meet the urgent and unexpected needs of refugees and victims of conflict from Rwanda and Burundi. These funds were contributed to UNHCR for its Rwanda/Burundi Emergency Operation ($15,000,000), WFP for costs related to the provision of food for Rwandan and Burundi refugees ($4,500,000), and the UN High Commissioner for Human Rights for the human rights monitoring component of the Human Rights Field Operation in Rwanda (HRFOR), particularly for returned refugees ($500,000).

REQUIREMENTS BY OBJECT CLASS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1996 Opening Balance	FY 1997 Request
Grants, subsidies, and contributions	$90.486[3]	$50.000

[3] Of which, $40,485,726 was carried forward from FY 1995 and $50,000,000 was appropriated in FY 1996.

ANTI-TERRORISM ASSISTANCE

ANTI-TERRORISM ASSISTANCE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Total Budget Authority	15.244	16.000	17.000
Full-Time Permanent Appointments, End-of-Year [a]	13	13	13

OBJECTIVES:

The Anti-Terrorism Assistance (ATA) program, authorized in 1983, provides training and equipment to foreign countries in order to enhance the anti-terrorism skills and abilities of foreign police and security officials. Concurrently, the ATA program seeks to strengthen U.S. bilateral ties with the participating countries by offering concrete assistance in this area of great mutual concern, and to increase respect for human rights among foreign police officials by sharing modern, humane and effective anti-terrorism techniques.

The ATA program operates from the premise that the United States must rely on local law enforcement agencies overseas in order to counter and, ultimately, reduce terrorist activity. Foreign police and security officials are the first line of defense against terrorism for Americans abroad. Accordingly, the ATA program is structured to enhance the skills of foreign police and security officials while fostering cooperation with ATA recipients..

PERFORMANCE:

Training is the dominant activity of the ATA program. During the past twelve years, approximately 17,600 students representing 89 countries have participated in the ATA program and have learned anti-terrorism skills such as crisis management, hostage negotiations, airport security management, and deactivation of improvised explosive devices. The curriculum and instructors give trainees a solid foundation that enables them to operate in the field as well as share their new skills with colleagues. The program has authority to provide training in selected courses overseas at sites where the students will employ their skills. During FY 1995, the ATA program conducted nine classes overseas, involving 180 participants.

Many participants come from developing nations lacking sufficient expertise and financial resources to provide an effective anti-terrorism training program. The ATA program augments student capabilities by providing them valuable skills, some support equipment, and on occasion, technical advice. It also establishes a professional relationship between the student and United States officials and police. These ties open new avenues of communication and

[a] 22 U.S.C. 2349aa-2(f) prohibits the use of Anti-Terrorism Assistance (ATA) program funds for personnel compensation or benefits for Department of State's ATA staff. Consequently, the staffing is allocated and funded out of the Diplomatic Security program in the Department of State's Salaries and Expenses Appropriation.

cooperation for all USG officials overseas. In sum, the ATA program is an essential element in the United States' effort to combat international terrorism

JUSTIFICATION:

As the ATA program enters its fourteenth year of operation, the FY 1997 budget request of $17 million reflects a $1 million increase over the FY 1996 level, and represents the highest priority of accumulated needs identified through capability assessments. In addition to using the increase for more training, funds will be used to offset inflation for airfare, contract instructors, hotels for students, interpreters and translators, equipment and course expendables..

Funding

The tables on the following pages detail the allocation of the ATA program funds for FYs 1995, 1996, and 1997. The first table summarizes the funding by program activity. The second table summarizes the funding by object class. Each table provides obligation information for three years (actual FY 1995 and estimates for FY 1996 and FY 1997).

FUNDING BY PROGRAM ACTIVITY

(Dollars in thousands)

Program Activity	1995 Actual	1996 Estimate	1997 Request	Increase/Decrease 1997 vs. 1996
Training and Evaluations	13,924	14,500	15,300	+800
Equipment Grants	800	900	1,000	+100
Program Design and Development	20	20	50	+30
Program Management	500	580	650	+70
Total Obligations	15,244	16,000	17,000	+1,000

FUNDING BY OBJECT CLASS

(Dollars in thousands)

Object Class	1995 Actual	1996 Estimate	1997 Request	Inc./Dec. 1976 vs. 1996
Travel and Transportation of Persons	250	350	400	+50
Transportation of Things	12	14	25	+11
Printing and Reproduction	1	1	5	+4
Other Services	11,249	11,670	12,045	+375
Supplies and Material	32	15	25	+10
Equipment	800	900	1,000	+100
Grants, Subsidies, and Contributions	2,900	3,050	3,500	+450
Total Obligations	15,244	16,000	17,000	+1,000

FY 1997 REQUEST:

Training, Evaluations and Other Related Activities and Associated Equipment

(Dollars in thousands)

Program Activity	1995 Actual	1996 Estimate	1997 Request	Inc./Dec. 1997 vs. 1996
Training, Evaluations and Other Related Activities (including Executive Seminars)	14,444	15,100	16,000	+900
Equipment Grants	800	900	1,000	+100
Total Obligations	15,244	16,000	17,000	+1,000

Equipment is directly related to training. Therefore, these two program activities should be reviewed together.

The FY 1997 request is based on a comprehensive plan to provide ATA training and equipment to countries that meet one or more of the following criteria:

- The country is categorized as a critical or high threat post and cannot meet the terrorist threat within its own resources;

- There is a substantial United States presence in the country;

- The country is a last point of departure for flights arriving in the United States, or is served by an American carrier; and

- There are important bilateral policy interests at stake.

The top priority of the ATA program is to provide assistance to friendly countries facing a significant level of terrorist activity. Accordingly, major recipients of ATA assistance in FY 1995 included countries such as Egypt, Israel, Jordan, Argentina, and Paraguay. Training programs are focused to address the specific needs of the country, and are intended to improve the anti-terrorism skills and capabilities of the recipient officials while enhancing the democratic and human rights values essential for a stable, free society. Not only does ATA training enhance the local government's ability to protect its own citizens and its political institutions, it also helps ensure the safety of Americans living in or visiting that country.

Countries in which United States air carriers operate are another high priority for the ATA program during FY 1997. The ATA program trains airport officials in procedures and techniques for operating a safe, secure airport and for protecting civilian passenger aircraft on the ground. The ATA airport security curriculum is based on security procedures more rigorous than those required by ICAO Annex 17 standards. In addition, the ATA program has provided limited quantities of equipment such as walk-through metal detectors, state-of-the-art X-ray machines, and dogs trained in the detection of explosives, to improve airport security.

The ATA program has also been extended to those countries that do not face an immediate terrorist threat, but are significant to United States policy interests. For example, in FY 1995, training assistance was initiated with Russia, Georgia and Ukraine.

The following tables provide a three-year overview reflecting the distribution of resources (1) by region and (2) by major subject area.

OBLIGATIONS BY REGION

(Dollars in thousands)

	1995 Actual		1996 Estimate		1997 Estimate	
	$	%	$	%	$	%
Training & Equipment:						
African Affairs (AF)	0	0	0	0	0*	0
Inter-American Affairs (ARA)	6,873	45	6,120	38	7,009	41
East Asian and Pacific Affairs (EAP)	949	6	1,600	10	2,282	13
European and Canadian Affairs (EUR)	3,237	21	2,240	14	489	3
Near Eastern Affairs (NEA)	3,665	24	5,440	34	6,520	38
Subtotal, Trg & Equipment	**14,724**	**96**	**15,400**	**96**	**16,300**	**95**
Program Design and Development	20	1	20	2	50	1
Program Management	500	3	580	4	650	4
Total	**15,244**	**100**	**16,000**	**100**	**17,000**	**100**

OBLIGATIONS BY MAJOR SUBJECT AREA

	1995 Actual		1996 Estimate		1997 Estimate	
	$	%	$	%	$	%
Training & Equipment:						
Airport Security	1,837	12	2,240	14	2,102	12
Other Transportation Security	0	0	320	2	0	0
Explosive Detector Dogs	2,054	13	1,280	8	1,479	9
Other Explosive Management	3,365	22	4,640	29	2,341	14
Anti-Terrorism Support	4,694	31	4,800	30	4,693	27
Hostage and Crisis Management	1,792	12	1,440	9	4,791	28
Personal Security	982	6	680	4	894	5
Subtotal, Trg & Equip	**14,724**	**96**	**15,400**	**96**	**16,300**	**95**
Program Design and Development	2o	1	20	1	50	1
Program Management	500	3	580	3	650	4
Total	**15,244**	**100**	**16,000**	**100**	**17,000**	**100**

PROGRAM DESIGN AND DEVELOPMENT

(Dollars in thousands)

	1995 Actual	1996 Estimate	1997 Request	Increase/ Decrease
Program Design and Development	20	20	50	+30

These funds are used to develop approaches and objectives for instruction and assistance; to identify potential audiences and associated task and skill requirements; to collect information essential for training to be adapted to the needs of the participating countries; and to provide a basis for evaluations.

PROGRAM MANAGEMENT

(Dollars in thousands)

	1995 Actual	1996 Estimate	1997 Request	Increase/ Decrease
Program Management	500	580	650	+70

Travel, translations, transportation of ATA purchased equipment items and various other administrative support expenses for the ATA program are funded through this activity. The ATA staff manages and coordinates all phases of the program by promoting, presenting, and explaining the goals of the program to eligible countries; directing the assessment teams; and developing and scheduling training. In addition, the staff is involved in conducting essential follow-up evaluations on the effectiveness of training and equipment provided. In FY 1997, the ATA staff will continue to perform these duties in carrying out the program mission.

WORKLOAD INDICATORS

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Estimate
Countries Participating	30	26	30
Training Events Conducted			
In the U.S.	63	63	73
Overseas	9	9	11
Total	72	72	84
Participants Trained:			
In the U.S.	932	884	1,122
Overseas	180	186	257
Total	1,112	1,070	1,379
Program Evaluations	16	15	15
Airports to Receive Security X-ray machines	2	2	5

NONPROLIFERATION AND DISARMAMENT FUND

NONPROLIFERATION AND DISARMAMENT FUND

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
NDF	10.000	20.000	20.000

OVERALL U.S. OBJECTIVES:

The Nonproliferation and Disarmament Fund (NDF) provides resources to further the objectives of Section 504 of the FREEDOM Support Act of 1992 by supporting bilateral and multilateral nonproliferation disarmament efforts. Beginning in 1994, the NDF funded numerous projects for dismantling and destroying existing conventional weapons and weapons of mass destruction and their delivery systems; and for strengthening international safeguards, export control, and nuclear smuggling efforts. A limited portion of the appropriation is used for administrative expenses for program implementation.

The Administration is requesting $20 million for bilateral and multilateral assistance programs in FY 97.

SPECIFIC OBJECTIVES:

The Nonproliferation and Disarmament Fund (NDF) supports bilateral and multilateral nonproliferation and disarmament efforts. Specifically, the Fund seeks to:

- Support the dismantlement and destruction of nuclear, biological, and chemical weapons, their delivery systems, and conventional weapons;
- Support bilateral and multilateral efforts to halt the proliferation of nuclear, biological, and chemical weapons, their delivery systems, related technologies, and other weapons, including the storage, transportation and safeguarding of such weapons, and the purchase, barter, or other acquisition of such weapons or materials derived from such weapons;
- Establish programs for safeguarding against the proliferation of nuclear, biological, chemical, and other weapons of the independent states of the former Soviet Union;
- Establish programs for preventing diversion of weapons-related scientific and technical expertise of the independent states to terrorist groups or to third countries;
- Establish science and technology centers in the independent states for the purpose of engaging weapons scientists and engineers of the independent states (in particular those who were previously involved in the design and production of nuclear, biological, and chemical weapons) in productive, nonmilitary undertakings; and
- Establish programs for facilitating the conversion of military technologies and capabilities and defense industries of the former Soviet Union into civilian activities.

NDF Projects include:

- Procurement of highly enriched uranium stocks from Kazakstan
- Destruction of Hungarian SCUD missile launchers
- Destruction of South Africa's Category I missile production infrastructure
- Support for international efforts to clear landmines (e.g. Bosnia)
- Conversion of Russian plutonium production reactors to a power only mode of operation
- Procurement of verification equipment for the International Atomic Energy Agency (IAEA)
- Support for destruction of weapons stockpiles in the Middle East
- Export licensing and enforcement assistance to Poland and the Baltic countries
- Export Control training for the Central Asian and Caucasus republics of the former Soviet Union
- Deployment of seismic arrays in support of the Comprehensive Test Ban Treaty

JUSTIFICATION:

To date, NDF has considered 44 project proposals with an estimated cost of $80.121 million and approved 30 projects totaling over $24 million. Initially, the NDF emphasized destruction of weapons and safeguarding their proliferation. In FY 1996, NDF inherited responsibility for export control assistance to the Newly Independent States (NIS), previously funded by the DoD Cooperative Threat Reduction or "Nunn Lugar" program. Approximately $17.8 million worth of proposals are currently under development to support this mission. FY 1997 funding will continue to focus on nonproliferation of weapons of mass destruction, export control assistance, and combating nuclear smuggling.

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

INTERNATIONAL MILITARY EDUCATION AND TRAINING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	26.350[1]	39.000	45.000

OBJECTIVES:

International Military Education and Training (IMET) is an instrument of national security and foreign policy -- a key component of U.S. security assistance that provides U.S. training on a grant basis to students from allied and friendly nations. IMET is an investment in ideas and people which has an overall positive impact on the numerous people trained under the program. It is a program that, for a relatively modest investment, presents democratic alternatives to key foreign military and civilian leaders. The overall objectives of the program are:

- To encourage effective mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security;

- To improve the ability of participating foreign countries to utilize their resources, including defense articles and services obtained from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries; and

- To increase the awareness of nationals of foreign countries participating in such activities of basic issues involving internationally recognized human rights.

The IMET program exposes students to the U.S. professional military establishment and the American way of life, including U.S. regard for democratic values, respect for individual and human rights, and belief in the rule of law. Students are also exposed to U.S. military procedures and the manner in which the military functions under civilian control. A less formal, but nonetheless significant, part of the program exposes students to the civilian community and its important democratic institutions. In addition, English language training, essential to attending courses in the United States, increases rapport between students and their U.S. counterparts, promoting important relationships which provide for U.S. access and influence in a sector of society which often plays a crucial role in the transition to democracy.

The training and education provided under the IMET program is professional and non-political, reflecting both the U.S. tradition of civilian oversight and the operational, rather than policy, role of the military. IMET has a positive effect on participants and recipient countries beyond actual training. The exposure to American society, the quality of instruction, and acknowledged professionalism of the U.S. military play an important part in support for U.S. policies and an orientation toward the United States. Furthermore, although nation-building is not an objective of the IMET program, it is, nevertheless, an important byproduct. The associated

[1] Reflects $850,000 transferred from the PKO account to the International Military Education and Training Account pursuant to P.L. 103-306.

skills and the increase in trained personnel has had a positive effect on the infrastructure of IMET recipient countries. The effect has been to stimulate nation building which, in turn, has encouraged economic development. Similarly, English language instruction -- which is essential to the training -- contributes directly to the foreign participant's greater understanding of the United States, its people, and its values.

IMET is expanding and taking new directions in response to the changing global political scene. In the past few years, significant changes in the program have taken place to align program objectives with U.S. foreign policy interests in the post-Cold War environment. For example, a number of new and meaningful courses have been established to meet U.S. foreign policy objectives as important bilateral relations are developed with emerging democracies around the world. Some specific objectives of these programs are:

- To foster greater respect for and understanding of the principle of civilian control of the military;

- To improve military justice systems and procedures in accordance with internationally recognized human rights;

- To introduce military and civilian participants to the U.S. judicial system, the two-party system, the role of a free press and other communications media, minority problems, the purpose and scope of labor unions, the U.S. economic system, educational institutions, and the way in which all of these elements of American democracy reflect the U.S. commitment to the basic principles of internationally recognized human rights;

- To resolve the civil-military conflict that a country actually confronts, and bring together key military and civilian leaders in order to break down barriers that often exist between armed forces, civilian officials, and legislators of competing political parties; and

- To modify existing civil-military mechanisms used by democracies to meet a country's own unique circumstances.

IMET objectives are achieved through a variety of military education and training activities conducted by the DoD for foreign military and civilian officials. These include: formal instruction involving over 2,000 courses taught at approximately 150 military schools and installations; on-the-job training; observer training; orientation tours for key senior military and civilian officials; and limited training conducted by U.S. military and civilian teams in foreign countries. Also, the U.S. Coast Guard provides education and training in maritime search and rescue, operation and maintenance of aids to navigation, port security, at-sea law enforcement, international maritime law, and general maritime skills. Furthermore, all students attending an IMET-sponsored course are exposed to a DoD-managed informational program: a specialized outside-the-classroom activity to assist the international student in acquiring an understanding of American society, institutions, ideals and values, including an awareness of the importance the United States places on the role of the military in a democratic society, and respect for internationally recognized human rights.

PERFORMANCE:

The IMET program assists U.S. friends and allies in the professionalization of their militaries through their attendance in U.S. military educational programs. Additionally, the program reaches a sector of society, both military and civilian, who are essential to the transition to and sustainment of democracy. The IMET program uniquely supports the following efforts:

- Professionalization of militaries: IMET annually sponsors training for over 5,000 students from approximately 120 countries. The majority of students are military officers who attend U.S. professional military educational programs, provided by DoD and Service schools, in the United States. Such training has long been recognized by U.S. friends and allies as essential for the progression of their own military leaders, as evidenced by the number of students who ultimately rise to significant leadership positions.

- Democratization: The issues of military justice, to include internationally recognized human rights. effective defense resources management, and improved civil-military relations are specifically addressed under Expanded-IMET (E-IMET). The growing number of programs available to U.S. friends and allies under this initiative are provided to civilians who perform a defense-related function, militaries, parliamentarians, and non-governmental organizations. Ultimately, the goal is to affect institutional change, culminating in a professional, apolitical military, under true civilian control.

- Strengthened regional relationships: IMET continues to strengthen regional friendships, while bolstering the U.S. military's forward presence. Furthermore, the training provided enhances self-defense capabilities of U.S. friends and allies, while decreasing the chances for conflict that might require commitment of U.S. forces abroad.

JUSTIFICATION:

In its relations with friendly countries, the United States pursues a host of foreign policy objectives associated with American political, economic, social, and security interests throughout the world. IMET serves such interests directly by providing an increased understanding of America among foreign militaries and key civilian officials, with a consequent improvement in mutually beneficial relations. From a military perspective, the principal value of IMET is to enhance the military efficiency and effectiveness of the participant nations. Professional military competence is improved at all levels, thereby promoting self-sufficiency as well as furnishing many of the skills essential to nation building. This in turn, provides a wide range of benefits to the United States in terms of collective security, stability, and peace. As foreign militaries improve their knowledge of U.S. military principles, military cooperation is strengthened. Similarly, opportunities for military-to-military interaction, information sharing, joint planning, and combined force exercises, as well as essential requirements for access to foreign military bases and facilities, are notably expanded. IMET fosters important military linkages throughout the world that are essential to preserving the security of U.S. friends and allies, as well as for advancing the global security of the United States.

The $45 million in IMET funding requested for FY 1997 will enable the United States to advance its foreign policy interests in over 30 new country programs instituted since 1991, primarily in Central Europe and the NIS. It will also provide necessary funding for programs in Near East and

South Asia, Latin America and the Caribbean, Africa, and East Asia and the Pacific which are important to the success of U.S. regional security strategies. The following table shows the FY 1997 IMET request. Detailed justification for the proposed programs are found in the Country and Program Papers section.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

PROGRAM SUMMARY

(Dollars in millions)

COUNTRY	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
Sub-Saharan Africa			
Angola	0.000	0.125	0.125
Benin	0.161	0.300	0.350
Botswana	0.440	0.450	0.450
Burundi	0.044	0.100	0.125
Cameroon	0.000	0.090	0.100
Cape Verde	0.075	0.090	0.100
Central African Republic	0.186	0.110	0.150
Chad	0.062	0.000	0.025
Comoros	0.000	0.075	0.075
Congo	0.150	0.150	0.175
Cote d'Ivoire	0.120	0.150	0.150
Djibouti	0.125	0.100	0.100
Eritrea	0.200	0.250	0.375
Ethiopia	0.248	0.300	0.400
Ghana	0.222	0.225	0.275
Guinea	0.155	0.150	0.150
Guinea-Bissau	0.075	0.100	0.125
Kenya	0.283	0.300	0.350
Lesotho	0.032	0.075	0.075
Madagascar	0.000	0.100	0.100
Malawi	0.125	0.190	0.225
Mali	0.163	0.125	0.125
Mauritania	0.000	0.000	0.025
Mauritius	0.000	0.000	0.025
Mozambique	0.138	0.125	0.175
Namibia	0.126	0.190	0.200
Niger	0.189	0.200	0.225
Rwanda	0.050	0.275	0.300
Sao Tome & Principe	0.029	0.075	0.075
Senegal	0.598	0.600	0.650
Seychelles	0.010	0.060	0.075
Sierra Leone	0.052	0.100	0.100
South Africa	0.297	0.500	0.700
Swaziland	0.057	0.075	0.075
Tanzania	0.081	0.170	0.175
Togo	0.000	0.000	0.025
Uganda	0.138	0.200	0.250

COUNTRY	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
Zambia	0.092	0.125	0.150
Zimbabwe	0.232	0.250	0.275
AF Totals:	4.955	6.500	7.625
East Asia & Pacific			
Cambodia	0.273	0.350	0.500
Indonesia	0.000	0.600	0.800
Malaysia	0.504	0.600	0.600
Mongolia	0.098	0.100	0.150
Papua New Guinea	0.125	0.170	0.200
Philippines	1.193	1.200	1.400
Singapore	0.020	0.020	0.025
Solomon Islands	0.101	0.100	0.150
South Korea	0.010	0.010	0.025
Thailand	0.999	1.400	1.600
Tonga	0.050	0.100	0.100
Vanuatu	0.050	0.100	0.100
Western Samoa	0.048	0.100	0.100
EAP Totals:	3.471	4.850	5.750
Europe and the NIS			
Albania	0.226	0.400	0.600
Austria	0.015	0.015	0.025
Belarus	0.094	0.275	0.300
Bosnia & Herzegovina	0.000	0.200	0.500
Bulgaria	0.400	0.700	0.800
Croatia	0.105	0.200	0.350
Czech Republic	0.500	0.750	0.800
Estonia	0.180	0.410	0.500
Finland	0.015	0.015	0.025
FYRO Macedonia	0.125	0.250	0.300
Georgia	0.082	0.250	0.275
Greece	0.048	0.050	0.025
Hungary	0.796	1.000	1.000
Kazakhstan	0.097	0.375	0.400
Kyrgyzstan	0.060	0.225	0.250
Latvia	0.197	0.410	0.500
Lithuania	0.196	0.410	0.500
Malta	0.058	0.075	0.100
Moldova	0.106	0.225	0.250
Poland	0.747	1.000	1.000
Portugal	0.500	0.800	0.800
Romania	0.460	0.700	0.800
Russia	0.413	0.750	0.800
Slovakia	0.253	0.530	0.600

COUNTRY	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
Slovenia	0.150	0.300	0.400
Spain	0.052	0.050	0.050
Turkey (grants)	1.102	1.100	1.500
Turkmenistan	0.118	0..225	0.250
Ukraine	0.707	0.950	1.000
Uzbekistan	0.095	0.225	0.250
EUR Totals:	7.897	12.865	14.950
Latin America & Carib.			
Argentina	0.109	0.500	0.600
Bahamas	0.013	0.100	0.100
Belize	0.054	0.250	0.250
Bolivia	0.368	0.500	0.500
Brazil	0.100	0.200	0.225
Chile	0.120	0.300	0.400
Colombia	0.588	0.900	0.900
Costa Rica	0.068	0.150	0.150
Dominican Republic	0.213	0.500	0.500
Eastern Caribbean	0.217	0.400	0.400
Ecuador	0.293	0.400	0.425
El Salvador	0.404	0.450	0.450
Guatemala	0.000	0.000	0.225
Guyana	0.097	0.150	0.175
Haiti	0.035	0.250	0.300
Honduras	0.325	0.400	0.425
Jamaica	0.174	0.450	0.500
Mexico	0.400	1.000	1.000
Nicaragua	0.000	0.200	0.200
PACAMS	0.425	0.500	0.500
Paraguay	0.134	0.150	0.200
Peru	0.325	0.400	0.450
Suriname	0.028	0.075	0.100
Trinidad & Tobago	0.000	0.050	0.100
Uruguay	0.143	0.250	0.275
Venezuela	0.250	0.300	0.350
ARA Totals:	4.883	8.825	9.700
Near East			
Algeria	0.074	0.075	0.075
Bahrain	0.075	0.100	0.150
Egypt	1.000	1.000	1.000
Jordan	1.003	1.200	1.600
Lebanon	0.394	0.475	0.575
Morocco	0.724	0.800	0.800
Oman	0.131	0.125	0.150

COUNTRY	FY 1995 ACTUAL	FY 1996 ENACTED	FY 1997 REQUEST
Tunisia	0.800	0.725	0.775
Yemen	0.000	0.000	0.050
NEA Totals:	4.201	4.500	5.175
South Asia			
Bangladesh	0.209	0.250	0.300
India	0.208	0.350	0.400
Maldives	0.050	0.080	0.100
Nepal	0.096	0.125	0.200
Pakistan	0.000	0.150	0.300
Sri Lanka	0.096	0.175	0.200
SA Totals:	0.659	1.130	1.500
Non-Regional			
General Costs	0.284	0.330	0.300
Non-Regional Totals:	0.284	0.330	0.300
GRAND TOTALS:	26.350	39.000	45.000

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1995	ESTIMATED FY 1996	PROPOSED FY 1997
AFRICA:			
BENIN	20	37	43
BOTSWANA	26	27	27
BURUNDI	4	10	15
CAMEROON	0	5	5
CAPE VERDE	2	3	4
CENTRAL AFRICAN REPUBLIC	85	50	70
CHAD	3	0	0
COMOROS	0	3	3
CONGO	6	6	7
COTE D'IVOIRE	32	40	40
DJIBOUTI	35	28	28
ERITREA	79	98	155
ETHIOPIA	36	43	58
GAMBIA	0	0	0
GHANA	16	16	17
GUINEA	6	5	5
GUINEA-BISSAU	5	6	6
KENYA	18	19	19
LESOTHO	3	7	7
MADAGASCAR	0	0	4
MALAWI	45	68	80
MALI	85	65	65
MOZAMBIQUE	20	18	25
NAMIBIA	9	13	16
NIGER	46	48	60
RWANDA	9	49	53
SAO TOME & PRINCIPE	1	2	2
SENEGAL	111	111	120
SEYCHELLES	1	6	7
SIERRA LEONE	5	9	9
SOUTH AFRICA	15	25	35
SWAZILAND	3	3	3
TANZANIA	5	10	13
UGANDA	10	14	21
ZAMBIA	7	9	11
ZIMBABWE	130	140	154
TOTAL	878	993	1,187
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	1	10	10
ARGENTINA	12	50	55
BAHAMAS, THE	9	50	50
BARBADOS*	3	9	9
BELIZE	6	27	27
BOLIVIA	73	98	98
BRAZIL	49	98	120
CHILE	172	300	500
COLOMBIA	369	550	550

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1995	ESTIMATED FY 1996	PROPOSED FY 1997
AMERICAN REPUBLICS (Contd):			
COSTA RICA	18	39	52
DOMINICA*	6	10	10
DOMINICAN REPUBLIC	20	47	47
ECUADOR	25	34	38
EL SALVADOR	180	200	200
GRENADA*	6	10	10
GUATEMALA	0	0	0
GUYANA	45	69	92
HAITI	5	35	57
HONDURAS	192	236	266
JAMAICA	9	23	25
MEXICO	58	144	144
NICARAGUA	0	5	5
PARAGUAY	15	16	22
PERU	107	131	148
ST. KITTS & NEVIS*	6	10	10
ST. LUCIA*	8	13	13
ST. VINCENT & GRENADINES*	8	13	13
SURINAME	68	100	100
TRINIDAD & TOBAGO	0	4	10
URUGUAY	16	27	33
VENEZUELA	64	76	102
REGIONAL TOTAL	1,550	2,434	2,816
EAST ASIA & PACIFIC:			
CAMBODIA	78	100	142
INDONESIA	0	58	58
MALAYSIA	47	55	55
MONGOLIA	7	7	10
PAPUA NEW GUINEA	14	19	22
PHILIPPINES	121	121	141
SINGAPORE	3	3	4
SOLOMON ISLANDS	35	34	57
SOUTH KOREA	7	6	6
THAILAND	121	169	217
TONGA	7	14	14
VANUATU	7	14	14
WESTERN SAMOA	30	62	62
REGIONAL TOTAL	477	662	802
EUROPE:			
ALBANIA	76	134	202
AUSTRIA	4	3	6
BELARUS	8	23	25
BOSNIA FEDERATION	0	5	10
BULGARIA	72	125	143
CROATIA	14	26	46

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1995	ESTIMATED FY 1996	PROPOSED FY 1997
EUROPE (Contd):			
CZECH REPUBLIC	38	56	60
ESTONIA	9	20	25
FINLAND	2	2	2
GEORGIA	4	12	13
GREECE	6	6	3
HUNGARY	105	131	131
KAZAKHSTAN	32	123	132
KYRGYZSTAN	2	7	8
LATVIA	89	180	226
LITHUANIA	85	177	216
MACEDONIA (FYROM)	8	15	19
MALTA	33	42	56
MOLDOVA	5	10	11
POLAND	127	170	170
PORTUGAL	60	96	96
ROMANIA	85	129	147
RUSSIA	25	45	48
SLOVAKIA	93	194	220
SLOVENIA	10	20	26
SPAIN	4	3	3
TURKEY	109	108	148
TURKMENISTAN	3	5	6
UKRAINE	54	85	90
UZBEKISTAN	5	11	13
REGIONAL TOTAL	727	1,963	2,301
NEAR EAST & SOUTH ASIA:			
ALGERIA	7	7	7
BAHRAIN	20	26	40
BANGLADESH	12	14	17
EGYPT	74	92	92
INDIA	10	16	19
JORDAN	120	143	191
LEBANON	67	80	102
MALDIVES	5	8	10
MOROCCO	95	101	104
NEPAL	7	9	14
OMAN	20	19	22
SRI LANKA	10	18	20
TUNISIA	148	134	147
REGIONAL TOTAL	595	667	785
WORLDWIDE TOTAL	4,227	6,719	7,891

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative for a discussion of specific country programs.

FOREIGN MILITARY FINANCING

FOREIGN MILITARY FINANCING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF Grant	3,154.561	3,208.390	3,228.250
FMF Grant, FY 1996 Supplemental Request		140.000	
FMF Loans Subsidy (BA)	42.774	64.400	40.000
FMF Loan Amount	557.685	544.000	370.028

OBJECTIVES:

Hegemonist aspirations of aggressive communism often inspired regional conflicts during the Cold War. In the post-Cold War era, regional and internal conflicts, fueled by more discrete problems such as ethnic discord, competing territorial claims and other sources of tension, persist and are among the greatest threats and barriers to the achievement of international peace, stability, and a lawful world order. Prudent investment of U.S. resources is essential to assist, through bilateral and collective efforts, in preventing or containing armed conflict, and in restoring peace and stability throughout the world. American leadership requires a readiness to back its diplomacy with credible threats of force. To this end, the United States can achieve better results at lower costs to human life and national treasure by leveraging its power and resources through alliances and multilateral institutions. Thus, the United States has a strong stake in helping its allies and coalition partners to strengthen their defense so they can share the common defense burden.

Foreign Military Financing (FMF) enables key friends and allies to improve their defense capabilities by financing acquisition of U.S. military articles, services, and training. As FMF helps countries provide for legitimate defense needs, it promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative bilateral foreign military relationships, and enhancing interoperability with U.S. forces. FMF supports regional security cooperation with key allies. It helps meet post-Cold War challenges, such as multilateral peacekeeping efforts in the Caribbean and demining assistance programs, by financing equipment and services in support of these efforts. It will also help the new democratic nations of Central Europe and the New Independent States of the former Soviet Union to obtain the training and equipment needed to participate in regional initiatives such as the Partnership for Peace. Finally, FMF will contribute to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments.

Both a grant and loan program, FMF is distinguished from Foreign Military Sales (FMS), the system through which government-to-government military sales are made. In general, FMF provides financing for FMS. By enabling selected friends and allies to purchase needed U.S. defense goods and services, FMF has the beneficial byproduct of encouraging demand for U.S. systems, which also contributes to a strong U.S. defense industrial base -- a critical element of the national defense strategy. FMF financing for equipment sales can lengthen production runs, which can result in lower unit costs for DoD purchases and create jobs for Americans. Key objectives of FMF are:

- To assist allies and friends in financing procurement of United States defense articles, and services to help strengthen their self-defense capabilities and meet their legitimate security needs;

- To meet urgent humanitarian needs by improving the capability of the armed forces of foreign countries to respond to natural and manmade disasters, such as indiscriminate use of anti-personnel landmines;

- To promote self-defense and defense cooperation by assisting friendly countries to acquire U.S. defense articles and services;

- To promote the effectiveness and professionalism of military forces of friendly foreign countries; and

- To promote rationalization, standardization, and interoperability of the military forces of friendly foreign countries with U.S. Armed Forces.

PERFORMANCE:

The vast majority of FMF goes to the Middle East to promote regional peace and security in helping to meet the legitimate security needs of parties engaged in the peace process. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting and comprehensive peace between Israel and her Arab neighbors, including the Palestinians. Additionally, FMF grants and loans have and will support the following programs:

- Implementation of the President's Warsaw Initiative, a program that supports the Partnership for Peace (PFP), which strengthens practical cooperation between NATO and PFP partners in Central Europe and the New Independent States (NIS). PFP's principal objective has been to establish strong security ties between NATO and PFP Partners, and to prepare Partners interested in joining NATO for the obligations of membership. FMF funds will also facilitate Partner participation in PFP joint peacekeeping exercises, which have already helped prepare some Partners for participation in future NATO-led peacekeeping operations.

- Establishment of a joint Baltic Peacekeeping Battalion (BALTBAT) consisting of 700-800 soldiers from the three Baltic States. In coordination with Denmark, Finland, Norway, Sweden, France, the United Kingdom and Germany, the United States has provided critically needed assistance to the BALTBAT. U.S.-provided equipment has made possible the deployment of the BALTBAT to regional, as well as global, peacekeeping operations. Although BALTBAT is in its infancy, two Lithuanian and one Estonian platoons were successfully deployed to Croatia as part of a Danish peacekeeping battalion.

- Implementing indigenous, sustainable mine awareness and mine clearance training programs in countries that are experiencing adverse humanitarian effects from landmines. This program has been very successful at developing and indigenous landmine clearance training program capable of training selected host country personnel to conduct, supervise and teach landmine clearance operations in Afghanistan, Angola, Cambodia, Eritrea, Ethiopia, Honduras,

Mozambique, Namibia, Nicaragua and Rwanda. The relatively modest FMF assistance has enabled host country personnel to clear thousands of square meters of suspected minefields.

- Advancing ongoing U.S. security interests in Southern Europe and meeting NATO requirements on the Alliance's southern flank through sustainment/modernization of Turkey's and Greece's defense capabilities.

- Sustainment of Caribbean defense and maritime forces allowing these island nations to maintain small professional forces essential to regional peace and security. Because of the modest FMF assistance to the region, much of the success for recruiting and building a multilateral force that allowed the Aristide government to return to office and facilitating a successful transition to a United Nations peacekeeping operation in Haiti (UNMIH) can be attributed to the participation and professionalism of Caribbean defense forces.

- Development of the Royal Cambodian's Armed Forces (RCAF) engineers' capability to build and improve civil infrastructure through training in road construction and repair.

JUSTIFICATION:

The FY 1997 FMF request will: (1) assist those states which take risks for peace in the Middle East; (2) support democratic European states to advance the goals of the Partnership for Peace (PFP) by facilitating, through training and equipment transfers, their participation in cooperative military activities with NATO; (3) through FMF loans, assist Turkey and Greece in their sustainment programs for U.S.-supplied military equipment; (4) through FMF loans, support democratic Central European and Baltic states to focus on enhancing defensive capabilities by providing assistance that re-orients their militaries to defensive postures, helps rationalize their defense planning, and allows them to deter potential aggressors; (5) assist landmine-infested countries to establish indigenous, sustainable mine awareness and mine clearing training programs; (6) develop military engineering capability to build civil infrastructure in Cambodia; (7) bolster the defensive capabilities of the "front line" African states (Eritrea, Ethiopia and Uganda) bordering Sudan from Sudan-sponsored terrorism and the disruption of humanitarian assistance; and (8) assist Caribbean countries to sustain their maritime and land forces, thereby allowing for continued involvement in regional military operations supported by the United States.

The following table depicts the FMF request for FY 1997. Detailed justifications for the proposed programs are found in the Country and Program Papers section.

FOREIGN MILITARY FINANCING

(Dollars in millions)

PROGRAM NAME	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
Africa			
East Africa Regional			6.000
AF Totals:			6.000
East Asia/Pacific			
Cambodia		1.000	1.000
EAP Totals:		1.000	1.000
Europe and the NIS			
Baltic Battalion	2.118	0.750	
Estonia	(0.706)		
Latvia	(0.706)		
Lithuania	(0.706)		
CE Defense Loans (loan)			[72.528]
CE Defense Loan (subsidy BA)			7.840
Greece (loan)	[229.635]	[224.000]	[122.500]
Greece (loan subsidy BA)	17.613	26.518	13.242
Partnership for Peace		44.390[a]	60.000
Poland	1.000		
Turkey (loan)	[328.050]	[320.000]	[175.000]
Turkey (loan subsidy BA)	25.161	37.882	18.918
EUR Totals:	45.892	125.150	100.000
Latin America			
Bolivia	3.229		
Caribbean Regional	0.769	2.000	2.000
Colombia	10.000		
Haiti	3.000		
ARA Totals:	16.998	2.000	2.000
Near East			
Egypt	1300.000	1300.000	1300.000
Israel	1800.000	1800.000	1800.000
Jordan	7.300	30.000	30.000
Jordan, FY 1996 Supplemental		140.000	
NEA Totals:	3107.300	3270.000	3130.000
Non-Regional:			
Demining	5.000	7.000	6.000
Defense Administrative Costs	22.145	23.250	23.250
Non-Regional Totals:	27.145	30.250	29.250
Total, FMF Grant	3154.561	3208.390	3228.250
Total, FMF Grant supplemental		140.000	
Total, FMF Loan Subsidy BA	42.774	64.400	40.000
GRAND TOTALS:	**3197.335**	**3412.790**	**3268.250**

[a] Represents preliminary funding level. Anticipated transfers will bring FY 1996 total to $60 million.

DEFENSE ADMINISTRATIVE COSTS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF Grant	22.145	23.250	23.250

OBJECTIVES:

The requested funding provides for the cost of administrative activities related to non-Foreign Military Sales (FMS) security assistance programs implemented by the Unified Commands, the Military Departments, and DSAA. The FMF grant:

- Supports worldwide administration of International Military Education and Training (IMET);
- Finances administrative costs for all security assistance activities incurred by the Unified Commands;
- Finances administrative costs incurred by the Military Departments and DSAA headquarters for all security assistance activities not related to Foreign Military Sales; and
- Funds operating costs of non-FMS activities of overseas Security Assistance Organizations (SAOs).

JUSTIFICATION:

The proposed program level represents the projected costs required to prudently, but effectively, accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities, and support for non-FMS functions of the SAOs. The Defense Administrative Costs account implements such non-FMS activities as: administration of the IMET program; management of drawdowns of military equipment and services; grant transfers of excess defense articles; as well as fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP).

The initiation and expansion of security assistance relationships with many new democracies around the world, but principally in Central Europe, the New Independent States, and South Africa, require the establishment of SAOs in an increasing number of locations over the next few years. The FY 1997 request for Defense Administrative costs will fund the establishment and/or the continuing operating costs of these new SAOs and is essential to the effective management of security assistance programs with these new defense partners. The expansion of IMET from $26 million in FY 1995 to $39 million in FY 1996, and the requested $45 million in FY 1997, will also increase administrative workload and funding requirements.

FMF ADMINISTRATIVE COSTS
(Dollars in Millions)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Departmental and Headquarters Administrative Expenses a/	6.574	6.250	6.250
SAO Administrative Expenses a/	15.488	17.000	17.000
Total Budget Authority	22.062	23.250	23.250

a/ Excludes those Defense Security Assistance Agency (DSAA) and overseas security assistance organizations (SAO) costs related to FMS which are financed from sales under Sections 21, 22, and 29 of the Arms Export Control Act. See Overseas Military Program Management table for further details on SAO costs.

DEMINING

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF	5.000	7.000	6.000

OBJECTIVES:

The United States has a compelling interest in promoting national and regional security, political stability, and economic development by reducing civilian landmine casualties and their tragic human, social, and economic costs in war-torn countries. Worldwide, an estimated 500 persons per week are injured by anti-personnel landmines, most of whom are innocent civilians, particularly farmers and children. While mine awareness education campaigns help, tremendous population pressures and limited arable land in many of these countries force countless civilians to live and farm in areas that are known to contain landmines. If demining operations are not accomplished by indigenous deminers trained and equipped through a demining program, many of these anti-personnel mines will only be cleared one arm and one leg at a time.

Demining assistance provides funds for programs to help restore national infrastructure which has been rendered unusable by landmines, and return mined areas, including farmland, to productive use. Specifically, FMF for demining purposes:

- Develops an indigenous mine awareness training program capable of training selected host nation personnel to provide mine awareness education to local populations at risk of encountering landmines;

- Develop an indigenous landmine clearance training program capable of training selected host nation personnel to conduct, supervise, and teach landmine clearance operations;

- Develop the institutional capacity necessary to manage and administer the program locally, including identification and training of host nation personnel for program leadership; and

- Encourage cooperation between governments, international organizations, and other agencies involved in addressing local landmine problems.

PERFORMANCE:

FMF has played a critical role in the implementation of U.S. demining assistance programs by providing equipment to complement comprehensive demining training programs financed by DoD Operations and Maintenance (O&M) funds. The Interagency Working Group on Demining closely coordinates these two programs.

Recently, FMF for demining assistance has been allocated to Angola, Cambodia, Eritrea, Ethiopia, Mozambique, Namibia, and Rwanda, as well as to the UN Office for the Coordination of

Humanitarian Assistance to Afghanistan (UNOCHA), to assist with their mine clearance and mine awareness programs. Funds have also been provided for the Organization of American States to assist with the Inter-American Defense Board's demining efforts in Central America. The Administration plans to soon begin a demining assistance program in Laos based on the 1995 assessment.

With some 100 million uncleared landmines world-wide, including as many as 10 million each in Afghanistan, Cambodia, and Angola, landmines are a large-scale problem which require long-term solutions. Local populations will benefit directly from cleared fields for crops, cleared roads for travel, and cleared infrastructure for critical restorations. They will also gain confidence in their governments, which are actively working to solve the landmine problem. This increases local stability and complements U.S. foreign policy initiatives. Country programs will be considered successful upon:

- Development of indigenous mine awareness and clearance capability through the graduation of local instructors;
- Effective use of equipment transferred for local mine awareness and clearance programs; and
- Hand-off of the program to the host government (or other local entity such as a United Nations peacekeeping force) for program management and administration.

JUSTIFICATION:

In FY 1997, $6 million in FMF is requested for the Demining Program to help landmine-infested countries address their mine problem by establishing indigenous, sustainable mine awareness and mine clearance training programs in countries that are experiencing adverse humanitarian effects from landmines. The program assists the host country to develop all aspects of mine awareness and mine clearance training programs, with the stipulation that no U.S. personnel will physically clear landmines or enter active minefields.

PEACEKEEPING OPERATIONS

PEACEKEEPING OPERATIONS

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	74.150[a]	70.000	70.000

OBJECTIVES:

The number of contingencies requiring peacekeeping operations has risen dramatically since the end of the Cold War. This trend is expected to continue, especially in politically charged regions in Central and East Asia, Europe, Africa and Latin America. The Foreign Assistance Act of 1961, Part II, Chapter 6, as amended authorizes U.S. assistance to friendly countries and international organizations for peacekeeping operations and other conflict resolution efforts which further U.S. national security interests. Such support is a useful and cost effective option for dealing with certain conflicts and humanitarian crises. Although peacekeeping is not a substitute for a strong national defense and vigorous alliances, it has demonstrated its capacity, under appropriate circumstances, to separate adversaries, maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation may occur and democratic elections may be held. Thus, peacekeeping operations can reduce the likelihood of interventions by regional powers, prevent the proliferation of small conflicts, facilitate the birth and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows. Key objectives of peacekeeping funds are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives;
- Encourage fair-share contributions to peacekeeping efforts from those countries with greater potential to pay, while facilitating increasing participation of poorer countries when resource constraints would otherwise prevent their taking part; and
- Encourage greater participation of foreign forces in international peacekeeping activities.

PERFORMANCE:

Unlike U.S. contributions to the United Nations to support multilateral peacekeeping operations, this account supports, on a voluntary basis and where it is in the U.S. interest to do so, activities that are not UN mandated and/or not funded through UN assessments. For example, such support has included:

[a] $850,000 transferred from PKO to IMET pursuant to Title III of the FY 1995 Foreign Operations Appropriation Act (P.L. 103-306).

- Recruitment and building of a multinational force comprised of both military and international police monitors that allowed the Aristide government to return to office and facilitated a successful transition to a United Nations peacekeeping operation in Haiti (UNMIH).

- Establishment of a joint Baltic Peacekeeping Battalion (BALTBAT) consisting of 700-800 soldiers from the three Baltic States. In coordination with Denmark, Finland, Norway, Sweden, France, the United Kingdom, and Germany, the United States has provided critically needed assistance to support deployment of the BALTBAT to regional as well as global peacekeeping operations. Although the BALTBAT is in its infancy, two Lithuanian and one Estonian platoon were successfully deployed to Croatia as part of a Danish battalion.

- As part of an overall UN sanctions enforcement effort, implemented a multilateral effort to assist the states neighboring Serbia and Montenegro in tightening sanctions enforcement to encourage a settlement in the former Yugoslavia.

- As part of a multilateral effort, assisted the Economic Community of West African States' peacekeeping force (ECOMOG) in Liberia in implementing the Abuja Peace Accord. Transportation and communication assistance from the United States has facilitated ECOMOG's quick deployment to begin disarmament and demobilization of the warring factions.

- In a multilateral role, provides assistance that permits Israel and Egypt to work toward progress in the peace process, secure in the knowledge that their common border is monitored by the Multinational Force and Observers (MFO) in the Sinai.

JUSTIFICATION:

While the bulk of funding for multilateral peacekeeping operations goes to the United Nations, it is sometimes in the U.S. interest to support, on a voluntary basis, peacekeeping activities that are not UN mandated and/or are not funded by UN assessments. In the appropriate circumstances, the Peacekeeping Operations (PKO) account provides the flexibility to pro-actively support conflict resolution, multilateral peace operations, sanctions enforcement, and similar efforts outside the context of assessed UN peacekeeping operations. The PKO account promotes increased involvement of regional organizations in conflict resolution, which may result in more politically- or cost-effective operations. The account is also used to encourage fair-share contributions to joint efforts where no formal cost sharing mechanism is available. As a result, the United States is often better able to assist countries in creating an environment of security and stability essential to their more rapid social, economic, and political progress.

As described in the following table, a funding level of $70 million for voluntary peacekeeping activities is proposed for FY 1997. In addition to supporting long-term, non-assessed commitments, such as the Multinational Force of Observers (MFO) in the Sinai and the Organization for Security and Cooperation in Europe (OSCE), this funding will be used to promote regional involvement in the resolution of neighboring conflicts. The request also addresses potential operations in Europe, Latin America and the Caribbean, and Africa. Finally, PKO funds will be used to support monitoring and enforcement of possible sanction activities around the

world. Program papers providing descriptions and detailed justifications are included under Regional and Country Programs.

PEACEKEEPING OPERATIONS

Program Summary

(Dollars in Millions)

PROGRAM	FY 1995 Actual[b]	FY 1996 Estimate	FY 1997 Request
Africa Regional	2.700	9.000	10.000
ARA Regional			4.000
CEE Joint PKO (BALTBAT)	8.660		
ECOMOG (Liberia)[c]	3.000		
Europe Regional		9.000	10.000
Bosnia Police Monitors		6.000	
OSCE	0.750	8.000	17.000
Haiti (Multinational Force)	25.300		
Haiti (Post UNMIH)		5.000	4.000
MFO - Sinai	16.090	17.000	17.000
Organization of African Unity	0.650	3.000	3.000
Sanctions Assistance	17.000	10.000	5.000
Demining		3.000	
PKO Total	**74.150**	**70.000**	**70.000**

[b] $850,000 transferred from PKO to IMET pursuant to Title III of the FY 95 Foreign Operations Appropriations Act (P.L. 103-306).

[c] $3,000,000 transferred in FY 95 from Africa Regional ESF to PKO for Tanzania and Uganda pursuant to section 610 of the Foreign Assistance Act of 1961, as amended.

SANCTIONS ASSISTANCE MONITORING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	21.500	10.000	5.000

OBJECTIVES:

The primary objective of the sanctions assistance monitoring program is to assist front line states in the implementation, enforcement, and monitoring of multilateral economic sanctions. Multilateral economic sanctions are increasingly a tool of choice in foreign policy. During 1995, the Department of State managed U.S. sanctions policies against Serbia and Montenegro, the Pale Serbs, Iraq, Iran, Cuba, UNITA (Angola), North Korea, and Libya. Funds from this account are used to establish, train, and equip Sanctions Assistance Monitors to help host governments improve their sanction enforcement capability.

PERFORMANCE:

Program effectiveness can be measured by improved sanctions enforcement by frontline states and fewer violations on the sanctioned state's borders, as well as the damage inflicted on the economy of the sanctioned state. In 1995, the United States sponsored two sanctions assistance efforts in the Balkans. The first of these was the sanctions assistance efforts in the frontline states of Croatia, Ukraine, Bulgaria, FYROM, Macedonia, Albania, and Hungary. The SAMs operated under EU/OSCE auspices, and operations were coordinated with the UN. The U.S. Customs service provided U.S. personnel. The SAMs enforced general economic sanctions on the FRY (Serbia and Montenegro). The second U.S.-sponsored sanctions assistance effort in the Balkans was the International Conference on the Former Yugoslavia (ICFY) Border Observer Mission. The Border Observer Mission operated under the auspices of the ICFY and reported monthly to the UN. The Mission monitored FRY President Slobodan Milosevic's commitment to close his border with Bosnia to all but humanitarian shipments. These two programs assisted local authorities in the effective enforcement of sanctions against, respectively, the FRY and the Pale Serbs. Both U.S. policymakers and President Milosevic agree that sanctions were vital in bringing about the Dayton meeting, which produced the General Framework Agreement for Peace in Bosnia and Herzegovina, initialed November 21, 1995.

JUSTIFICATION:

The United Nations suspended general economic sanctions against the FRY after the signing of the Peace Agreement, but retained the option of re-imposition under certain circumstances. General economic sanctions against Pale were suspended 27 February 1996, but can be re-imposed if Pale's actions are not in accord with the Dayton agreement. The Serbia sanctions

monitoring infrastructure will thus remain in place during the suspension period to ensure a credible re-imposition mechanism should such a need arise.

The advocacy and enforcement of economic sanctions will continue to be an important component of U.S. foreign policy. Annual funding ensures that the U.S. can effectively meet the challenges of enforcing existing and future multilateral sanctions.

REGIONAL AND COUNTRY PROGRAMS

SUB-SAHARAN AFRICA

SUB-SAHARAN AFRICA

OBJECTIVES:

Following six years of profound political and economic reform, Sub-Saharan Africa has reached a critical point. **The overall goal of U.S. policy in sub-Saharan Africa is clear: to achieve creation of a democratic, economically developed, and peaceful region which is fully integrated into the world economy.** Absent U.S. bilateral resources and international leadership, African countries facing the concurrent challenges of political, economic and military reform will not succeed, and the United States will pay an even higher cost in humanitarian aid and conflict resolution efforts.

The pace of African political reform has been dramatic. Since 1989, forty of forty eight sub-Saharan countries have begun the long and difficult process of democratization. Nineteen new democracies have been established through credible elections, and an additional twenty-one countries are at some stage of transition. The roots of democratic change run deeper than elections. A democratic culture is re-emerging as political parties foster competition and groups in civil society speak out on human rights, legal issues, and economic policy. Independent and privately owned newspapers have mushroomed. The numbers of political prisoners have thinned sharply. Even where repression is entrenched, African citizens are demanding change, often at great personal risk. Yet, nascent democratic institutions are still weak and require external as well as internal support.

Africa is also making significant economic progress. Between 1980 and 1992, economic growth was minimal or negative in low and middle-income African countries. Today, most African governments are implementing macro-economic reforms. Many have set wise monetary policies, causing export earnings to soar. A number of countries have begun to privatize and open their markets, enhancing trade, investment, and local business opportunities. In 1995, the World Bank reported that Africa's economy is poised to grow quickly over the next decade, provided that population growth is slowed and domestic investment is doubled. The challenges are great. Structural adjustment programs have already brought positive results, but they also impose hardships which decrease popular support for the governments which implement them, including new democratic governments. Even so, democracy and economic development in Africa are each essential for the success of the other. For example, centralized corruption can only be eliminated through accountable and responsive, (i.e., democratically-elected) governments at the national and local levels. On the other hand, militaries that go unpaid have demonstrated a willingness to seize power.

Military conflict is a third important factor affecting African development. Over the past decade, Africans have resolved conflicts in Uganda, Mozambique, Namibia, Ethiopia and South Africa. African states are looking beyond their own borders to promote peace bilaterally or through international and regional bodies, like the UN and OAU, in Liberia, Angola, Rwanda, and even outside the region, in Iraq and Bosnia. The U.S. objective of promoting peace is further enhanced by democratization, which fosters regional stability and crisis prevention as previously excluded sectors of society are given the peaceful means to participate in the political arena and enjoy the benefits of economic growth.

These positive trends are only part of the story. In nearly a quarter of African countries, political and economic progress are further threatened by civil conflict or insubordinate militaries. Rwanda, Burundi and Somalia remain entangled in tragic conflicts that require sustained international attention. Sudan continues to be a destabilizing factor for its neighbors by supporting terrorism and disrupting humanitarian assistance. Several democratic

governments, such as those in the Gambia and Niger, have proven vulnerable to military coups. Thanks in large part to diplomatic efforts by nearby African states, coups were successfully reversed in newly democratic Lesotho, Comoros and Sao Tome and Principe. Nevertheless, Nigeria remains under authoritarian military rule. Greater international attention and concerted African and donor efforts are needed to address the problems (e.g., draining state resources, staging coups d'etat) that can be posed by African militaries and by rebel groups that pursue political goals through the use of arms.

Hence, the major U.S. policy objectives in support of the overall goal are:

- **Democratic governments in Africa which are freely elected, effective and accountable, and open societies which foster political competition and the free exchange of ideas and information.**

- **Growing, market-oriented economies where the majority of resources are privately owned and managed and where trade and investment may flourish.**

- **Peace and stability achieved through conflict resolution and enforced by professional military and security forces which are subordinate to civilian rule and respectful of human rights.**

STRATEGY AND RESOURCES:

Objective: Democratic governments in Africa which are freely elected, effective and accountable, and open societies which foster political competition and the free exchange of ideas and information.

Building democracy is the primary U.S. policy objective in sub-Saharan Africa, since accountable, democratic governance is key to sustainable economic development, conflict prevention, and international cooperation. The United States has supported African efforts to democratize through a strategy which combines bilateral and multilateral diplomatic pressure and deploys program resources for high impact activities. U.S. bilateral development assistance is also conditioned on progress toward democratic and economic reform. Although the United States often takes the lead role in promoting democracy, U.S. initiatives are coordinated with other donors, notably the Europeans and Canadians. Regular, credible elections represent an important step towards democratic accountability. However, elections are but one aspect in the long-term process of establishing a democratic culture. Therefore, while election assistance perhaps enjoys a higher profile, most democracy program resources are strategically applied toward the longer term objectives of strengthening democratic government institutions and building civil society.

U.S. democracy program resources include bilateral USAID projects as well as regional programs co-managed by the State Department. Bilateral democracy projects use development funds to provide longer-term support in a few countries where a nascent culture of democracy provides an enabling environment for a combined approach to democratic institution-building and economic reform. A regional program, the Africa Regional Electoral Assistance Fund (AREAF), financed with economic support and development funds, brings U.S. NGO partners to Africa to provide short-term assistance for elections, political parties, and new legislatures in countries that are ready for this assistance. In mid-1996, USAID's Global Center for Democracy will consolidate the four-year AREAF program into a global democracy program. Economic Support Funds will be used to continue similar support through U.S. NGOs to countries in transition to democracy, particularly in those sub-Saharan African countries without an USAID mission.

The smaller Democracy and Human Rights Fund (DHRF) regional program provides development fund grants directly to African groups in over forty countries. This State-managed program, funded through development assistance, supports emerging civil societies through grants to women's groups, human rights organizations, legal assistance clinics, and other groups providing legal and civic education. All of these efforts are complemented by ongoing USIA programs which have fostered the free exchange of ideas and information in Africa for decades. Recent independent assessments of these U.S. democracy programs indicate that they have proven effective in building political and institutional skills in Africa.

Objective: Growing, market-oriented economies where the majority of resources are privately owned and managed and where trade and investment may flourish.

The U.S. strategy to promote prosperity in Africa aims to increase American private sector involvement, while seeking to integrate Africa into the global economy. The State and Commerce Departments are working together to explore and advocate investment incentives, and to promote World Trade Organization (WTO) accession by African states. Diplomatic efforts are also bent towards achieving a level playing field for American firms, and towards negotiating effective bilateral investment and tax treaties. Program resources include bilateral projects which promote free-market policies, privatization, and trade and investment. Results have been achieved in Ghana, Uganda, Zimbabwe, Tanzania, Malawi, and Mali in one or more of these areas.

The U.S. strategy to promote sustainable economic development in sub-Saharan Africa combines support through international financial institutions (IFIs) and coordinated donor conditionality with bilateral development programs. A significant portion of the U.S. contributions to the World Bank and International Monetary Fund, as well as the African Development Bank and Fund, are used for Africa. Support of the IFIs places international leverage behind domestic economic reforms such as fiscal and monetary discipline, transparent regulatory regimes, and open access to foreign capitol. Through its contributions to these entities, the United States promotes structural adjustments which enhance economic growth, particularly privatization, government budget deficit reduction, and inflation stabilization. The United States coordinates with other creditors through the Paris Club to offer official debt restructuring to countries undertaking economic reform, resulting in increased flows of private capital and domestic investment in the social and economic infrastructure.

U.S. funds in support of promoting sustainable development are managed by USAID through bilateral programs in a number of core African countries. These programs are implemented according to a long-term, integrated approach that systematically addresses the root causes of underdevelopment. Measurable results have been achieved, not only in economic development sectors such as agriculture, but in areas of human development which create enabling conditions for economic success, such as education, quality health care and population programs. Bilateral democracy and governance projects promote accountable, effective governance within the executive branch, targeting corruption and promoting de-centralization and private sector investment. Bilateral development projects also integrate cross-cutting objectives such as the empowerment of women and democratic participation. The stewardship of environmental resources has been enhanced through bilateral and regional programs, some of which have had a spin-off effect of creating local income. Development funds also finance the Ambassador's Special Self Help (SSH) program, which provides small grants directly to local community groups in over forty African countries for income-generating projects initiated by the communities to meet urgent development needs.

Objective: Peace and stability, achieved through conflict resolution and creation of professional military and security forces which are subordinate to civilian rule and respectful of human rights.

The U.S. strategy to promote peace in Africa aims to resolve regional conflicts and prevent threats to international security from African countries. Diplomatic efforts and resources are coordinated with those of Africans and the international community. The strategy emphasizes conflict prevention and building African capabilities with respect to conflict resolution. The United States supports regional conflict mechanisms, such as the OAU Conflict Resolution Center, and fosters cooperative professional relationships with key African militaries. The Department of State is working with the Department of Defense (DoD) and the Arms Control and Disarmament Agency to end illegal arms transfers, and achieve ratification and universal adherence to the Nuclear Non-Proliferation Treaty and the Chemical and Biological Weapons Conventions. State, DoD, the Drug Enforcement Agency and other donors combine sanctions and diplomacy to discourage narcotics trafficking, money laundering, and terrorism. State and DoD are working to maintain U.S. access to key military facilities through EUCOM, CENTCOM, and PACOM. They also encourage and support demobilization and an indigenous capability to resolve armed conflict.

Regional and bilateral program resources in support of the U.S. strategy to promote peace include the provision of funds, equipment and services to regional peacekeeping organizations or individual countries participating in peacekeeping activities. Bilateral U.S. International Military Education and Training (IMET) programs have assisted in the professionalization of the armed forces of the majority of sub-Saharan African countries. IMET programs, designed for military and civilian participation, also promote respect for human rights and for democratic civilian rule.

Promoting peace in Africa brings refugees and displaced persons home, lowers levels of disaster, and relieves the humanitarian burden on the international community. Despite recent successes in conflict resolution, a need still remains for the United States to provide humanitarian assistance, including emergency food aid, to refugees, displaced persons and other victims of natural and man-made disasters in Africa. The United States also provides diplomatic and financial support for multilateral efforts to assist refugees and promote repatriation through UNHCR. The Greater Horn of Africa Initiative is implementing an early warning system for famine and conflict prevention, and in recent years, the effects of a drought in Southern Africa and famine in the Horn have been successfully averted through timely U.S. diplomatic efforts and deployment of humanitarian resources. Refugee assistance is provided through the State Department's Bureau of Population, Migration and Refugees. Food and disaster assistance are managed by USAID's Bureau for Humanitarian Response.

AFRICA REGIONAL DEMOCRACY FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	7.400	8.000	10.000

OVERALL U.S. OBJECTIVES:

Democratic stability in sub-Saharan Africa is inextricably linked with sustainable economic development, increased trade and investment, conflict prevention and international cooperation. Sub-Saharan Africa's democratic progress has been dramatic: twenty new democracies have emerged since 1989. However, many of the recent democratic gains in sub-Saharan Africa are fragile and require strengthening and consolidation. The United States is committed to supporting reform efforts, including those that take place in countries where achieving short-term results are more difficult. In 1997 and beyond, several U.S. objectives will remain critical to the ultimate success of democratic reform across the region:

- Development of an active civil society and a democratic culture;
- Credible elections, including second and third sets of elections; and
- Long-term development of effective and transparent government institutions, including militaries respectful of civilian rule.

The Africa Regional Democracy Fund is a responsive, flexible, and innovative program which specifically addresses threats to democracy in countries in transition as well as in new democracies. The fund will be used to help Africans move difficult transitions forward. Unlike larger bilateral USAID democracy projects which are restricted to countries with a USAID mission, the regional fund may assist any country in transition, using U.S. NGOs to manage projects in coordination with the U.S. government and local African organizations.

SPECIFIC OBJECTIVES:

1. Vibrant African civil societies which promote human rights and pluralism and demand accountable, responsive government.

U.S. NGOs, in conjunction with local NGOs, manage regional democracy fund projects to help build strong and participatory civil societies. Civil society projects will build skills in the practical areas of organization, advocacy, management, and fundraising, as well as in substantive areas such as human rights and civic education. Assistance to the independent media will focus on professional skills and standards, and achieving economic sustainability. Civil society strengthening projects will be carried out in several countries, including Cameroon, Cote d'Ivoire, Gambia, Lesotho, Liberia, Sierra Leone and Zaire. Similar projects have already been carried out with success in a number of African countries under the Africa Regional Electoral Assistance Fund (AREAF).

Effectiveness measures:

- A higher level of political participation and diversity, demonstrated by an increase in the number and effectiveness of grass-roots political and human rights groups;
- Press statements, publicized reports, and policy recommendations which are submitted to appropriate governmental officials and followed up for action;
- Credible human rights reports and recommendations which are publicized in the media, presented to government officials, and supported by the international human rights community; and
- Improved quality and professionalism within the independent media, evidenced by even-handed, factual reporting.

2. African leadership which is chosen through regular, open and transparent electoral contests.

While the four-year Africa Regional Electoral Assistance Fund (AREAF) program will be consolidated into a global democracy program in June of 1996, the regional democracy fund will support election activities similar to those funded by AREAF. A 1994 independent evaluation of AREAF election activities by USAID contractors found that AREAF activities effectively transferred election-related skills in areas where regional fund projects will be applied. Activities will include assistance for election commissions, political parties, NGOs carrying out civic education, and local and international monitors as well as pre-electoral assistance (help with laws, procedures and voter registers) and post-electoral assistance (roundtables with officials, parties and civic groups to critique the process and draw up recommendations). Cameroon, Central African Republic, Chad, Congo, Togo, and Zaire are among those targeted for election assistance in 1997.

Effectiveness measures:

- Better administration, greater transparency and increased confidence in the electoral process, as indicated by acceptance of results;
- Higher voter turnout and fewer spoiled ballots, indicating effective civic and voter education;
- Gains in the number of seats represented and other indicators of party turnout; and
- Faithful and accurate reporting of poll irregularities by NGOs and political parties.

3. Responsive and accountable government institutions which uphold the rule of law and sustain a balance of power.

The regional democracy fund promotes representative and accountable governments through programs which encourage the development of countervailing government and non-government institutions, including independent legislative and judicial branches, a democratic military, and an effective executive branch.

First, the regional democracy fund uses U.S. NGOs to provide training for *legislatures* in order to enhance institutional independence and legislative oversight, as well as to improve policy and budget skills and constituent representation. Countries targeted for legislative

assistance in 1997 include Cameroon, Cote d'Ivoire, Djibouti, Liberia, Sierra Leone, and Togo. U.S. NGO programs to train the legislature have been successful in Namibia and the Central African Republic. Measures of program effectiveness include increases in institutional independence, better communication about policy issues to constituents and constituency representation, improved oversight of other branches of government, and a better understanding of the legislative process and the role of a loyal opposition.

Second, regional democracy funds are programmed through U.S. and African NGOs, academic institutions, and judicial bodies to provide *judicial* expertise, training, materials and equipment to strengthen the independence and improve the efficiency of the judicial branch. Burkina Faso, Cameroon, Comoros, Gambia, Liberia, Rwanda, and Zaire are among those targeted for 1997 rule of law programs. Increased independence and effectiveness of judicial decisions result in fair (if at times politically unpopular) decisions. Rule of law and the administration of justice is a new area for regional democracy funds, but needs are universally critical across the region. To assess impact, the United States examines improvements in the quality of the administration of justice, demonstrated by improved court administration, speedier trials, ongoing locally-run administration of justice training programs, national legislation proposed to enhance judicial independence, and an increase in court decisions upholding constitutional and civil rights or international human rights standards.

Third, regional democracy funds, programmed through U.S. and African organizations, enhance the effectiveness of ministries and departments within the *executive branch* through projects promoting free-market reform and decentralization while reducing corruption. These kinds of assistance are planned for the Comoros, Liberia, Lesotho and Togo. Support for good governance is a new area for regional democracy funds, although USAID is conducting similar but larger projects limited to countries that are recipients of bilateral development funds and where USAID missions are located. Funds may also be applied as strategically targeted economic support for new democracies struggling with economic reform. Reduced levels of corruption, increased privatization, higher levels of trade and investment, decentralization, and responsive local government, as well as greater economic stability, are examined in assessing the effectiveness of this type of assistance.

Finally, regional democracy funds will also provide training and education through U.S. and African NGOs to bring *military*, civilian, and non-governmental officials together to promote military respect for civilian rule and human rights. Such training would be useful in countries such as Niger, Togo and Sierra Leone, or can be implemented through a regional project linking militaries and civilians from several countries. To assess resource impact in this area, the United States examines evidence of increased respect for human rights and the rule of law by military and security forces, demonstrated by fewer violations observed and reported by NGOs and the media.

AFRICA REGIONAL PEACEKEEPING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	2.700	9.000	10.000

OVERALL U.S. OBJECTIVES:

The Africa Regional Peacekeeping-funded programs seek to increase peacekeeping and conflict resolution capabilities of Botswana, Congo, Eritrea, Ethiopia, Ghana, Kenya, Malawi, Mali, Namibia, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. Improving each country's capability to participate in sub-regional, regional and international peacekeeping operations will increase regional stability, and eventually reduce the need for and cost of peacekeeping activities. The program will provide prerequisite training assistance and materiel to selected countries preparing for regional or international peacekeeping operations, such as those under the auspices of the Organization of African Unity and/or the United Nations, or on a bilateral basis.

PERFORMANCE:

The success of the Africa Regional Peacekeeping programs is measured in part by increased commitment of African states to participate in conflict resolution and peacekeeping activities, as well as increased effectiveness in actual operations. This includes wider and more effective African participation in Organization of African Unity and/or United Nations peacekeeping operations.

ANGOLA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	0.000	5.000	10.000
IMET	0.000	0.125	0.125

OVERALL U.S. OBJECTIVES:

Angola is the United States' third largest trading partner and the second largest investment site in sub-Saharan Africa, as well as the source of seven percent of U.S. oil imports. Trade and investment opportunities in many sectors will grow rapidly if lasting peace is achieved. Peace and economic recovery will also permit Angola to join the rest of the southern African region in a march toward peace and stability, democracy, respect for human rights and free market development. The United States also has a humanitarian interest in helping the people of this devastated country put an end to three decades of civil war which have caused 500,000 deaths, 3 million displaced persons, and nearly 100,000 amputees. Achievement of long-term peace will permit the United States to terminate substantial humanitarian assistance which has exceeded $340 million in recent years.

The overall U.S. objectives in Angola are to promote the peace process and a transition to democracy. The signature of a comprehensive peace agreement, the Lusaka Protocol, on November 20, 1994, ended more than two decades of anti-colonial and civil war in Angola. The Protocol calls for the transformation of the opposition UNITA forces into a legitimate political party; integration of UNITA forces into a unified national army; and demobilization and reintegration into society of excess soldiers from both sides. Almost 6,200 members of a UN peacekeeping operation (UNAVEM III) have been deployed to oversee the Protocol. One year into the implementation of the Protocol, the cease-fire remains in place and the first UNITA troops have begun to enter UN-run quartering areas. U.S. resources will reinforce these multilateral efforts by rehabilitating community infrastructure, building Angolan democratic institutions and civil society, and helping Angolans create a unified, professional, apolitical military.

SPECIFIC OBJECTIVES:

1. A democratic, independent, responsive, and accountable multiparty legislature.

Economic support funds for Angola will be applied in ways to enhance power-sharing, conflict resolution and crisis prevention. These funds will be jointly managed by USAID and U.S. NGOs, in consultation with the State Department and local Angolan officials and groups. In support of the U.S. objective to promote an effective multiparty legislature, training will be provided for the legislature to increase the skills and effectiveness of both UNITA and MPLA members, focusing on institutional independence, the role of a loyal opposition, and its oversight role. Policy and management skills training to promote pluralism, similar to training provided for ANC members in South Africa, will also be provided for incoming UNITA members of executive branch ministries.

Effectiveness measures:

- Better balance of power between the legislative and executive branches;
- Greater transparency in government operations and diffusion of authority;
- Formation of cross-cutting coalitions and development of legislative reforms; and
- Pluralistic government policies.

2. A vibrant Angolan civil society which promotes human rights and pluralism and demands accountable, responsive governance.

Economic Support Funds will also be used to encourage local human rights groups and activists, including groups supporting empowerment of women in the social, political and economic arenas. These groups will be linked with regional and international NGOs to receive management and advocacy training, as well as skills to conduct public education campaigns on human rights and legal and political rights under the constitution.

Effectiveness measures:

- Effective monitoring, reporting, and advocacy of human rights by local groups, evidenced by reports in the local media and links to international reporting;
- Increased knowledge of human and legal rights, as demonstrated by citizens demanding redress from local authorities and community conflict resolution bodies; and
- A measurable increase in literacy, numeracy, and knowledge of rights, including successful legal action, on the part of girls and women.

3. Creation of local conflict resolution mechanisms.

Conflict resolution mechanisms need to reach into Angola's outlying provinces. Under the Lusaka Protocol, at least ten provinces will be under the jurisdiction of joint UNITA/MPLA local government bodies. Economic support funds will be used to train local NGOs and governments in these provinces on conflict resolution methods and mechanisms. Groups will then be provided start-up funds to establish community mechanisms.

Effectiveness measures:

- Involvement of NGOs and churches in running conflict resolution bodies at the local level, resulting in a measurable decrease in violent local conflict; and
- A marked increase in the level of openness and tolerance, as well as increased participation in community activities.

4. A market-oriented economy in which the majority of resources are privately owned and managed.

Economic Support Funds will enable the establishment of a non-government policy think tank linking international, regional and local expertise to the government's economic leadership. This will help structure Angola's privatization process through the expert application of non-ideological economic analysis. Indicators of effectiveness include the passage of laws

encouraging privatization, and an increasing share of national assets transferred from state to effective private control.

5. A unified, downsized, professional military which is subordinate to democratic civilian rule.

Learning from the failed Bicesse peace process, both sides agreed in the Lusaka Protocol that the downsizing and integration of the government and UNITA forces must be complete before new elections can be held. They have also agreed to modernize and professionalize the new unified armed forces, but will face difficulties in bringing together forces influenced by Soviet/Cuban lines, and UNITA's guerrilla fighters.

Economic Support Funds managed by NGOs will be used to support demobilization efforts and quick-impact local community revitalization projects, particularly near quartering areas, to encourage reintegration of demobilized soldiers into society. Throughout the decades of anti-colonial and civil war, the militaries of both sides have played a disproportionate role in Angola's national life. IMET assistance will help educate both government and UNITA combatants on the role that a professional military plays in a democracy. Execution of IMET remains contingent on progress toward creation of an integrated national army.

Effectiveness measures:

- Creation of a new, unified, FAA general staff that includes former UNITA officers in positions of responsibility;
- Integration of former UNITA soldiers in the FAA new national army;
- Improvement in community infrastructure to facilitate the reintegration of demobilized soldiers at the community level;
- A measurable increase in the number of ex-combatants successfully reintegrating into society; and
- Continued subordination of the military to civilian authority.

BENIN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.161	0.300	0.350

OVERALL U.S. OBJECTIVES:

Benin, located on the West African coast, is on the forefront of African democratization. It is led by an economist of world stature, Nicephore Soglo, and provides a model for nonviolent transition to democracy following 17 years of Marxist-Leninist rule. Presidential elections in March 1996 will pit Soglo against his Marxist predecessor Kerekou. A poor country whose economy consists mainly of subsistence agriculture, Benin's leading exports include cotton and small amounts of crude oil. Foreign aid is also an important source of revenue.

Benin is the first sub-Saharan country to join a joint military commission with the United States; the first meeting took place in January 1996 in Cotonou. The United States seeks to enhance regional stability by assisting Benin to develop a professional, nonpolitical and cost-effective military force. Lacking abundant natural and financial resources, Benin needs outside assistance to further this effort.

SPECIFIC OBJECTIVE:

A Benin military that respects a proper civil-military relationship and participates in peacekeeping operations.

The IMET program will fund bilateral training on the proper role of the military in a democracy. The U.S. military will work with the Benin military through the Joint Military Commission to define objectives and to assist in identifying resources available to encourage a small, effective, apolitical force. The IMET program will also provide the Benin military valuable training that will prepare it for more effective participation in regional and other peacekeeping operations. IMET's effectiveness will be demonstrated by continued subordination of the military to civilian authority, advancement of IMET-trained officers to positions of greater responsibility, a rational process to downsize the military, and Benin's participation in future peacekeeping operations, as it did in Haiti.

BOTSWANA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.440	0.450	0.450

OVERALL U.S. OBJECTIVES:

Botswana is a landlocked, mineral rich country in southern Africa whose major export is diamonds. It is a stable, democratic, and free market-oriented state with which the United States has long maintained excellent relations and close cooperation on military and security assistance issues. U.S. interests lie in supporting Botswana's stable democracy, encouraging broad-based and self-sustaining economic development, increasing U.S. business opportunities, and advocating Botswana's positive regional and international role.

SPECIFIC OBJECTIVES:

1. **Professional Batswana military forces that participate in international peacekeeping operations.**

Botswana's armed forces are apolitical and focused on their national security mission. This contributes to regional security and stability in southern Africa. Although the army is better equipped and more professional than most regional counterparts -- in part due to its longstanding security assistance relationship with the United States -- it requires ongoing U.S. training to enhance professionalism and make its participation in regional peacekeeping more effective. Botswana's army performed well during UN peacekeeping operations in Mozambique and Somalia. The IMET program will better prepare staff officers and commanders to improve the capability and effectiveness of the Botswana Defense Force to carry out peacekeeping assignments.

2. **Improved military-to-military contacts.**

IMET, combined with other security assistance, joint exercises, and flag officer visits, helps promote professionalism, an affinity for the United States and its military, and support for U.S. policies. Continuation of close relations between the U.S. and Botswanan militaries benefit both sides, and reinforce our bilateral relationship with a country that has been a model of democracy in Africa and the world for many years.

BURUNDI

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.044	0.100	0.125

OVERALL U.S. OBJECTIVES:

Burundi, nestled on the shores of Lake Tanganyika in Central Africa, is an increasingly fragile country with mounting ethnic violence and deep divisions over the distribution of power. The insurgency has crippled the economy, calling into question the government's ability to fulfill its financial obligations. The Burundi military is engaged in an ongoing struggle with Hutu insurgents in the countryside, and has been guilty of significant human rights abuses in its pursuit of insurgents. The role played by the Burundi military will significantly affect the stability of both Burundi and its neighboring states in central and eastern Africa. U.S. objectives in Burundi include promoting national reconciliation and supporting Burundi's transition to democracy, including rights for minorities. In FY 1995, the United States provided $5 million in development aid, with a special focus on democratic governance, to Burundi. Another $1 million was provided to support UN human rights advisory services and the 67-member OAU monitoring force, and to help strengthen the judicial system. The United States also seeks to encourage greater professionalism within the military, and to increase concern for human rights and the proper role of the military in a democratic society. The IMET program will support this goal by providing training on these issues for Burundi's military officers.

SPECIFIC OBJECTIVE:

Professional Burundi armed forces that respect human rights and accept civilian control in a democracy.

Most officers of the Burundi armed forces lack professional training and would benefit from IMET's professional military education courses. In particular, training will help improve resource management and establish greater discipline and acceptance of uniform standards of conduct and authority.

The Burundi army, which is predominantly Tutsi in a country that is 85 percent Hutu, has been accused of human rights abuses on repeated occasions. A greater respect for human rights and an acceptance by the military of civilian authority will be vital to the establishment of a democratic government in Burundi. The proposed FY 1997 IMET program for Burundi will include professional military training for senior Burundi military officers, and in-country training on the role of the military in a democracy. One measure of IMET's effectiveness would be a marked reduction in the number of incidents of human rights violations involving the military. Success also could be measured by increased civilian control of the military and reduction in or elimination of human rights abuses by the military.

CAMEROON

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.090	0.100

OVERALL U.S. OBJECTIVES:

Cameroon is an oil-producing country in central Africa that controls the principal land and air routes to Chad and the Central African Republic. Recently discovered oil in Chad may soon be pumped to the Gulf of Guinea through Cameroon. Bilateral relations with the United States are generally good, although concerns have been expressed about the Cameroon government's progress in democratization. U.S. objectives include democratization, economic development, regional stability, and human rights. Cameroon has demonstrated an increased sensitivity to human rights concerns, as it demonstrated by hosting the successfully executed 1995 EUCOM-sponsored seminar on "Peacekeeping, Disaster Relief, and Democracy".

SPECIFIC OBJECTIVES:

1. An apolitical, professional and democratically oriented military.

The IMET program will provide the infrastructure for other assistance programs and the foundation for future relations with the host country. The military is in a key position to defend Cameroon's nascent democratic institutions. If successful, the IMET program will eventually translate into reduced military participation in political activities, increased control of the military by the civilian leadership, and reduction or elimination of human rights violations involving the military.

2. Improved civil-military relations and defense resource management.

IMET courses such as civil-military relations, defense resource management, and the Naval Justice School courses provide a unique opportunity for the United States to play a role in the development of Cameroon's military as a positive factor in society. By providing these courses, the United States will help increase control of the military by the civilian leadership and improve defense resource management.

CAPE VERDE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.075	0.090	0.100

OVERALL U.S. OBJECTIVES:

Cape Verde is a group of islands off the West Africa coast whose main sources of income are agriculture and tourism. In 1991, Cape Verde became the second African country (after Mauritius) to peacefully change governments following a popular election won by an opposition party. Cape Verde maintains good relations with the United States and former communist and Third World countries, and serves as a voice of moderation in African politics. U.S. objectives include strengthening of democracy and continuing support for the apolitical role of the military in a democracy. Cape Verde conducted highly successful legislative elections in January 1996. Successful presidential elections were held in February 1996.

SPECIFIC OBJECTIVE:

Professional Cape Verdean armed forces supportive of democracy and conflict resolution, including participation in international and regional peacekeeping operations.

The FY 1997 IMET program will include English language training, professional military education, and instruction in democratic principles. It will contribute to continued military support for democratic institutions and assist in the professionalization of the Cape Verdean armed forces, including promoting a proper relationship with civilian authorities. Moreover, IMET courses will help establish closer ties with the U.S. military and policies, perhaps resulting in Cape Verdean participation in peacekeeping activities and improved regional stability.

CENTRAL AFRICAN REPUBLIC

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.186	0.110	0.150

OVERALL U.S. OBJECTIVES:

Strategically located in the heart of the continent, the Central African Republic is one of Africa's newest democracies. It held successful elections in late 1993 and initiated economic reform, such as a new customs system. The democratic government seeks to continue implementing political and economic reforms; human rights have improved substantially since the elections. President Ange-Felix Patasse successfully mediated conflicts in the sub-region, in particular, facilitating the return of refugees to Chad. The United States has an interest in supporting this nascent democracy and encouraging its continued role in bringing stability to a troubled region that includes Sudan and Chad.

SPECIFIC OBJECTIVES:

1. **A professional, apolitical and pro-democratic military that will maintain order while ensuring respect for human rights.**

The American Embassy will build on an earlier, highly successful IMET-sponsored Naval Justice School human rights seminar by encouraging the military to respect basic rights, act as the servant and protector of the people, and improve overall defense resource management. A decrease in complaints of abuse against the military by civilians and military protection of civilians exercising democratic rights will be evidence of success.

2. **Effective control of Central African Republic military exercises and borders.**

IMET courses will increase the ability of local military commanders to control their forces, and improve the capability of local military forces to combat poaching. This could result in an increase in the number of apprehensions of bandits and poachers, or a decrease in the incidence of poaching and banditry due to fear of apprehension.

CHAD

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.062	0.000	0.025

OVERALL U.S. OBJECTIVES:

Located between Libya, Sudan, and Nigeria, with only the fledgling Central African Republic democracy for balance, Chad is slowly and uncertainly lurching towards free and fair elections. Its transition government, the product of a military coup backed by the French, is struggling at the same time to implement economic reforms. While President Idriss Deby has implemented some reforms, including a generally free press, and has legalized unions and opposition parties, the human rights situation has deteriorated. Human rights abuses by the military, generally in remote areas, are frequent and go unpunished. The United States has an interest in assisting the transition to democracy, and in reducing human rights violations. The United States also has great interest in Chad's apparently vast oil reserves, currently being exploited by an American consortium.

SPECIFIC OBJECTIVES:

1. **A professional, political and pro-democratic military that will maintain order while ensuring respect for human rights.**

Human Rights programs such as the seminar conducted by the Naval Justice School expose the Chadian military to democratic human rights values and help it develop its own programs. IMET's success will be measured by a decrease in complaints of abuse against military by civilians and investigation and prosecution of abuse cases.

2. **Proper role of the Chad military in a democratic society.**

The IMET program will help the Chadian military acquire respect for civil authority and an understanding of civilian-military relations in a democracy. IMET defense resource management courses will also help provide skills necessary for the proper allocation of defense resources and priorities. IMET's effectiveness will be reflected in a reduction or the elimination of human rights abuses by the military, non-interference by the military in the democratic process, and military protection of civilians exercising democratic rights, such as during the electoral process.

COMOROS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.075	0.075

OVERALL U.S. OBJECTIVES:

The Comoros are a group of islands in the southwest Indian Ocean. The country has an agriculture-based economy with a high population growth rate. Although President Said Mohamed Djohar was elected in multiparty elections in 1991, his government remained very unstable. In September 1995, foreign-led mercenaries engaged several hundred Comorian soldiers in a coup attempt that ended with French military intervention. The French arrested the mercenaries and removed Djohar to the French Department of Reunion for "medical treatment." Djohar's Prime Minister, Caabi El Yachroutou, assumed the authority of Acting President, citing the Comorian constitutional provision concerning incapacity of the President. He formed a Government of National Unity and called for elections to be held early in 1996. Caabi granted amnesty to the Comorian coup participants and eventually allowed the political parties involved in the coup to join the National Unity Government. U.S. interests in Comoros revolve around the need to establish a bulwark against the potential influence of extremists in the region, the promotion of democracy and respect of human rights.

SPECIFIC OBJECTIVE:

Improved civil-military relations, emphasizing the proper role of the Comorian military in a democracy.

Continued control of the military by civilian authorities is a prerequisite for democracy to succeed in the Comoros. Provision of IMET courses on human rights and the apolitical role of the military in a democracy are an essential step toward ensuring that the Comorian military forces respect their proper role. The program's effectiveness will be demonstrated by continued Comorian defense force activities in support of civilian authority.

CONGO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.150	0.150	0.175

OVERALL U.S. OBJECTIVES:

The Congo, a Central African country on the Atlantic coast, is Africa's fourth largest producer of oil, most of which is exported to the United States. Congo was a closed totalitarian state until 1990, but is now making a sometimes difficult economic and political transition to democracy and open markets. As a result of the absorption or dissolution of political paramilitary organizations, the Congolese military is becoming one of the country's most non-political and professional institutions. Congo is also a strong supporter of international peacekeeping operations, and has been providing observers and peacekeepers to serve in Rwanda since 1993. U.S. objectives include furthering professionalization of the armed forces and the support of political and economic reforms as the country moves toward democracy.

SPECIFIC OBJECTIVES:

1. Development of an apolitical, professional military with respect for human rights and proper military-civilian roles in a democratic society.

By providing professional training and education in the role of the military in a democratic society, the IMET program will help professionalize Congolese armed forces, which may discourage the return of political paramilitary forces that were active in post-election violence in 1993-94. Some political paramilitaries have already been absorbed into the Congo army, and their influence has diminished significantly. The absence or decreased number of active political paramilitaries in the 1997 elections will provide a measure of the program's effectiveness.

2. Continued participation in international peacekeeping operations.

Congo is playing an active role in international peacekeeping. Its experience in international peace efforts has enhanced the cohesion and professionalism of the military. The U.S. IMET program will bolster Congo's efforts to build a professional military force, and will continue to support Congolese participation in future peacekeeping operations.

COTE D'IVOIRE

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.120	0.150	0.150

OVERALL U.S. OBJECTIVES:

Cote d'Ivoire's market-based economy is largely dependent on agriculture, and is the world's leading producer of cocoa and a major producer of coffee. Cote d'Ivoire is the economic engine of West Africa, and since its independence in 1960 has been a shining example of economic and political stability. The United States encourages the regional leadership of Cote d'Ivoire in support of peace, stability, cooperation, and care of refugees. Following the death of Founding Father Houphouet-Boigny in December 1993, successor President Bedie and the Ivorian government focused on the presidential, legislative, and municipal elections in late 1995. While the Presidential elections witnessed several outbreaks of violence, the military refrained from actions against the government and acted with restraint during the Legislative Elections.

SPECIFIC OBJECTIVES:

1. A military that respects human rights and civilian authority.

IMET will be used to provide appropriate training in democratic and human rights values in civil-military relations, defense resources management, military justice, and equal opportunity management. Progress in those areas will translate into the military's improved respect for human rights, including an end to the use of lethal force when dealing with the civilian populace and the large Liberian refugee population.

2. Involvement of Cote d'Ivoire in peacekeeping operations.

The IMET program will also provide observation and other training to select military personnel to enable Ivorian participation in regional and other peacekeeping programs. Ivorian participation in future peacekeeping operations will help demonstrate IMET's success.

DJIBOUTI

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.125	0.100	0.100

OVERALL U.S. OBJECTIVES:

Djibouti, an emerging democracy since independence in 1977, is located on the Horn of Africa, shares borders with Ethiopia, Eritrea, and Somalia, and is about twenty miles from Yemen. Although the country is lacking in natural resources, the United States has a strategic interest in continued access to Djibouti's well-developed international airport and seaport, which were used in past U.S. military operations in Somalia and the Arabian Gulf region.

SPECIFIC OBJECTIVES:

1. **Regional stability in the Horn of Africa, including Djibouti, through the development of a professional, apolitical, and economically supportable military force.**

The Djiboutian government is working on a program with the World Bank for the demobilization and reintegration of ex-combatants. This is expected to lead to the development of a professional, apolitical, and economically supportable military force. The IMET program will demonstrate its utility by helping professionalize remaining military personnel and facilitating the reintegration into society of demobilized personnel.

2. **Improved civil-military relations.**

The Somali-dominated military is held in suspicion in the Afar districts of Djibouti. Through the IMET program and the armed forces' involvement in public health and veterinary exercises, the American Embassy seeks to narrow the gap between Djibouti's Afar and Issa communities. The IMET program, combined with increased support for the local population by U.S.-trained officials, will contribute to improved civil-military relations. Continued demobilization and reduced tensions between the Afar and Issa will be measures of IMET's success.

EAST AFRICA REGIONAL ASSISTANCE

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF	0.000	0.000	6.000

OVERALL U.S. OBJECTIVES:

Despite ongoing efforts by the United States and regional leaders to moderate its policies, Sudan remains a destabilizing factor in the Horn of Africa, undertaking actions ranging from support of terrorism to disruption of humanitarian assistance. This assistance is intended to help address this situation by improving the defense capabilities of Ethiopia, Eritrea, and Uganda.

SPECIFIC OBJECTIVE:

Increased defense security for Sudan's neighbors.

The United States suspended operations of the U.S. Embassy in Khartoum and relocated diplomatic personnel to Nairobi, Kenya in February 1996 based on the threat to their security. The Government of Sudan has been condemned by both the Organization of African Unity (OAU) and the UN Security Council for involvement in the June 26, 1995, assassination attempt in Addis Ababa, Ethiopia, against Egyptian President Mubarak. Apart from its own extensive acquisition of offensive armaments, the Government of Sudan continues to sponsor or assist efforts intended to destabilize its neighbors. Two rebel groups in Uganda (Lord's Resistance Army and the West Nile Bank Front) have received military support from Sudan. The Government of Sudan also supports guerrilla groups, such as the Eritrean Islamic Jihad, responsible for numerous terrorist actions in Eritrea, and groups opposed to the Ethiopian government.

This assistance is intended to help Sudan's neighbors, who have cooperated closely with the United States on numerous regional issues, and will address their priority needs for defensive security assistance. Apart from improving bilateral political relationships, this program will complement efforts by these countries to play a positive role on major regional initiatives, such as the Sudan peace initiative of the Inter-governmental Authority on Drought and Development (IGADD) and the President's Greater Horn of Africa Initiative, by allowing Sudan's neighbors to address issues other than the most immediate security needs.

ERITREA

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.200	0.250	0.375

OVERALL U.S. OBJECTIVES:

Eritrea is a small country strategically located on the Red Sea across from Saudi Arabia and Yemen. The Government of the State of Eritrea, formally established at Eritrea's independence in May 1993, is committed to close relations with the United States and has been constructive on regional issues, including efforts to achieve reconciliation in Somalia, advance peace in Sudan, and address food insecurity in the Horn of Africa. It has substantial potential offshore petroleum reserves as well as a growing economic base and increasing trade with the United States. U.S. objectives in Eritrea include: the promotion of a stable, democratic government that observes the rule of law, the promotion of food security, assisting Eritrea to maintain regional political/military stability, and building an infrastructure for primary health. USAID in Eritrea is supporting these objectives with a $16 million program in FY 1996. The United States has a strong interest in helping Eritrea pursue its plans to establish a market-based, democratic, political/economic system and to assist its government in efforts to transform what originated as a guerrilla force into a smaller, better-trained, professional armed force.

SPECIFIC OBJECTIVES:

1. A professional, apolitical Eritrean military force with stable, cooperative military relations with the United States;

IMET advances the U.S. objective of helping Eritrea establish a well-trained, modern, professional military force which supports its government's efforts to reform economic policies and establish a democratic government. IMET also encourages closer communication and cooperation between both militaries. U.S. relations with Eritrea since its independence have been excellent. Continued and improved relations with the United States government will reflect in part on the success of the program, as will the advancement of U.S.-trained officers to positions of increased responsibility.

2. Support for, and ability to participate in, international peacekeeping operations.

Increased Eritrean interest in and involvement with international peacekeeping activities will serve U.S. interests and contribute to regional and international stability.

ETHIOPIA

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.248	0.300	0.400

OVERALL U.S. OBJECTIVES:

Ethiopia is the second-largest and most populous country in the Horn of Africa. Its internal situation and international orientation have long been important elements in the condition of the region as a whole. The Government of the Federal Democratic Republic of Ethiopia (GFDRE), which took office at the close of a four-year transitional period in August 1995, maintains a warm relationship with the United States; Ethiopian Prime Minister Meles Zenawi has recently met twice with President Clinton. The GFDRE has been constructive in its regional policies, taking a leadership position on reconciliation in Somalia, peace initiatives in Sudan, and efforts to address regional food needs. It has also been in the forefront of non-aligned nations in support of world disarmament activities, including the Non-Proliferation Treaty. Ethiopian forces participated effectively in the UNAMIR peacekeeping mission in Rwanda. The GFDRE is committed to advancing democracy and market-based economic reform, and is engaged in a long-term effort to transform its armed forces into a professional, better-organized, modern military. U.S. policies in Ethiopia promote a stable democratic government that is responsive to the rule of law, food security, regional security, sustainable development and the rebuilding of critical social services in education and health. USAID will support these objectives in Ethiopia with a $70 million program in fiscal year 1996.

SPECIFIC OBJECTIVES:

1. **Regional stability through development of a professional, apolitical Ethiopian military force.**

IMET for Ethiopia will advance the U.S. objective of helping Ethiopia establish a well-trained, modern, professional military force supportive of government efforts to reform economic policies and establish a democratic government. The IMET program will be a vehicle for continued and improved military relationship between the U.S. and Ethiopian militaries, and will factor into regional stability. Advancement of U.S.-trained officers to positions of increased responsibility and close, cooperative relations with the United States will demonstrate IMET's effectiveness.

2. **Ethiopian support for and participation in international peacekeeping operations.**

Ethiopian forces have participated in a number of peacekeeping operations, and are considered to be extremely professional. Continued Ethiopian interest and increased proficiency in international peacekeeping activities will serve U.S. interests.

GHANA

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.222	0.225	0.275

OVERALL U.S. OBJECTIVES:

Ghana is a coastal West African country whose major exports include gold, diamonds, cocoa, and other agricultural products. Ghana is a success story in the making. For the past six years, U.S.-Ghanaian relations have continuously improved. Ghana has installed an elected, constitutional government, its human rights record has improved dramatically, and its economy is adhering to an austere, politically risky IMF-led recovery program. Ghana promoted regional security in Africa through its participation in peacekeeping operations in Rwanda and Liberia. U.S. objectives in Ghana include continued democratization and respect for human rights.

SPECIFIC OBJECTIVES:

1. Professional armed forces supportive of Ghanaian democracy.

The IMET program provides in-country civic action training to officers and non-commissioned officers. Combined with joint exercises and ship visits, IMET civil-military training assists in the professionalization of the Ghanaian military. A well-equipped and well-trained military will continue to be a regional example of the merits of democracy. IMET's success in Ghana will be measured in part by the military's progress towards professionalization, as well as the advancement of U.S.-trained officers to positions of responsibility.

2. Ability to respond to regional crises including peacekeeping operations.

Training assistance to meet regional security objectives and national priorities will enhance professionalization of the Ghanaian military. IMET will enhance stability within the military and nurture a more cooperative relationship between the U.S. and Ghana. It will also encourage Ghanaian participation in regional peacekeeping operations.

GUINEA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.155	0.150	0.150

OVERALL U.S. OBJECTIVES:

Guinea is a small country on the West African coast whose major exports are bauxite and fruit. According to the World Bank, Guinea has one of the lowest standards of living in Africa. It held flawed elections in June 1995, and the transition to democracy suffered an additional setback in February 1996 when the military staged a short-lived mutiny because of poor pay and benefits. Contentious salary issues have been resolved and tension within the military has eased. As host to over 600,000 refugees, Guinea is an important player in the restoration of peace in neighboring Liberia and Sierra Leone. Along with support for the transition to democracy and respect for human rights, the United States encourages Guinea to continue participation in regional peacekeeping efforts, including support for refugees and their eventual repatriation, and to stem the arms flow in the region. Continuation of IMET, of course, is predicated upon a rapid return to legitimate government.

SPECIFIC OBJECTIVES:

1. **A Guinean military that respects its proper role in society and participates in regional security operations.**

The IMET program will help transform the Guinean military into a professional and apolitical force that supports democratic institutions. Professional military education courses and other IMET civil-military training courses form the backdrop against which the United States and Guinea can establish cooperative relations, facilitating U.S. influence to improve the Guinean military's respect for its proper role. It also encourages Guinean support of U.S. policies which call for other nations to share the burden of regional peacekeeping operations, such as Guinean participation in ECOMOG in Liberia. Thus, IMET furthers U.S. interests and can be instrumental in promoting regional stability.

2. **Improved maintenance of US-supplied coastal surveillance craft and continued dialogue with the Guinean navy and fisheries officials to promote more efficient protection of coastal fisheries.**

By providing coastal management and enforcement training, IMET contributes to improved Guinean coastal surveillance capabilities in interdicting illegal fishing. An increase in interdictions will demonstrate program success.

GUINEA BISSAU

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.075	0.100	0.125

OVERALL U.S. OBJECTIVES:

Guinea Bissau a small country on the West African Coast. It has an agricultural-based economy, and major exports include peanuts and cashews. Guinea Bissau's first multiparty elections in 1994 were peaceful, free and fair, and hailed as an example for other nations to follow. Guinea Bissau's new role as a nonpermanent representative on the UN Security Council has increased its influence and importance to the United States. Guinea Bissau operates within its limited fiscal resources to contribute to conflict resolution and peacekeeping efforts in Africa. USAID programs in Guinea Bissau promote trade and investment, facilitating continued improvement in U.S. relations with this new strong supporter of democracy.

SPECIFIC OBJECTIVES:

1. A professional, apolitical military force that supports new democratic institutions.

Guinea Bissau is one of the most impoverished third world countries. Its military facilities need basic infrastructure improvements to maintain force improvement and troops. In-country IMET civil-military training, English language, and professional military education courses for commissioned and non-commissioned officers will support the military's ability to provide and maintain this basic infrastructure. IMET courses will also promote military support for democratic institutions and greater professionalism of Guinea Bissauan armed forces. Continued military support for democratic institutions and notable progress towards professionalization will, in part, reflect a successful IMET program.

2. Continued support for conflict resolution and participation in international peacekeeping activities.

Guinea Bissau's participation in multilateral peacekeeping efforts in Rwanda provided the armed forces with valuable practical experience and reinforced its ability to participate in future regional security activities. IMET training will encourage continued participation by Guinea Bissau in international peacekeeping activities in Africa.

KENYA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.283	0.300	0.350

OVERALL U.S. OBJECTIVES:

As one of the few relatively stable countries in a region racked by crisis, Kenya is a reliable ally that remains critical to U.S. interests in the Horn of Africa. U.S. government policy objectives seek to maintain this stability by encouraging sustainable, broad-based economic growth, democratization, and respect for human rights. Increasingly, U.S. assistance is directed towards strengthening civic institutions and an independent media that will advance Kenya's transition to a multiparty democracy and free-market economy. Kenya serves as the commercial hub for U.S. companies doing business throughout eastern and central Africa. Likewise, it serves as the principal point of access for U.S. military and relief operations in the strategic Horn of Africa. Maintaining access to Kenyan naval and air facilities is therefore a key U.S. policy goal. Kenya plays a pivotal role in advancing U.S. initiatives in regional and international fora, providing support, for example, in the Sudan peace process, Rwanda/Burundi crisis, the political reconciliation process in Somalia, and the fledgling Greater Horn of Africa Initiative. Kenya has also participated in a number of international peacekeeping operations, including in the former Yugoslavia.

SPECIFIC OBJECTIVES:

1. **Maintenance of a professional, apolitical Kenyan military force that respects human rights and civilian authority.**

The proposed FY 1997 IMET program for Kenya advances the U.S. objective of maintaining the Kenyan military as a well-trained, modern, professional military force that supports the ongoing transition to a free-market, multiparty democracy. Advancement of U.S.-trained officers to positions of increased responsibility will be a measure of IMET's success.

2. **A stable, cooperative military relationship between the United States and Kenya.**

IMET assistance provides the opportunity to nurture U.S.-Kenyan military relations and opens both formal and informal lines of communication. Training thus reinforces Kenya's support of U.S. policies and helps ensure continued access to Kenyan facilities.

3. **Continued Kenyan support for and participation in peacekeeping and humanitarian operations.**

The provision of IMET will encourage Kenya to maintain its influential regional security role by engaging in international peacekeeping and humanitarian activities. Kenya's continued participation in international peacekeeping operations will, in part, reflect the effectiveness of the IMET program.

LESOTHO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.032	0.075	0.075

OVERALL U.S. OBJECTIVES:

Lesotho is a small, landlocked country surrounded entirely by South Africa. It has suffered from political instability since its independence from Britain. In 1994, the military launched an unsuccessful coup against the prime minister. Although the United States has good relations with Lesotho, U.S. economic interests are limited. Lesotho's internal instability could affect the stability of neighboring South Africa, a new democracy in which a large percentage of Basotho live. The United States supports Lesotho's increased democratization as a bulwark against such instability.

SPECIFIC OBJECTIVE:

Proper civil-military relations and a more democratic Lesothoan government.

A fully successful transition to sustainable democratic rule in Lesotho requires redefining the army's role and training to increase professionalism and respect for civilian authority. Civilian control must be strengthened, a concept military officers understand in principle but less in practice. Improved civil-military relations, manifested by greater civilian control over the military, will demonstrate IMET's success.

MADAGASCAR

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.100	0.100

OVERALL U.S. OBJECTIVES:

Madagascar is a large island in the Indian Ocean off the coast of Mozambique. It has an agriculture-based economy and depends on cash crops such as vanilla and coffee for foreign exchange. In 1993, Madagascar completed a transition from over 15 years of socialist dictatorship to a multiparty democracy, but democratic institutions and civil society are still weak. U.S. foreign policy goals include consolidation of democracy in Madagascar and the initiation of economic reforms to ensure stability. Protection of Madagascar's biologically-diverse environmental resources is also important because of their role in future economic growth.

SPECIFIC OBJECTIVE:

A professional Malagasy military force.

The sometimes violent political turbulence during Madagascar's transition to democracy in 1991-92 underscored the need for the armed forces to adhere to an apolitical role. The IMET program encourages the military to become an institution for nation-building and civic action. With effective training, the military can become instrumental in rebuilding the economic infrastructure that was devastated by years of socialist rule. Malagasy military activities that support civilian authority and advance U.S.-trained officers to positions of increased responsibility will, in part, demonstrate the success of the IMET program.

MALAWI

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.125	0.190	0.225

OVERALL U.S. OBJECTIVES:

Malawi is a landlocked, democratizing southern African country with a population of approximately 9 million people. U.S. interests include promoting a stable, democratic political system, sustainable growth and equitable economic opportunities; increased U.S. business activity; and constructive Malawian participation in regional political, military, economic, and environmental affairs. The United States enjoys close relations with Malawi, and Malawi generally supports U.S. positions on important international issues, such as the Non-Proliferation Treaty. Malawi's progress in building democratic institutions and reforming the economy makes it a model for other African countries.

SPECIFIC OBJECTIVES:

1. Professional Malawian military forces that support and participate in international peacekeeping operations.

The Malawi military has maintained an apolitical, professional role in the midst of significant political evolution. This professionalism contributes to regional security and stability in southern Africa. The IMET program will provide additional training on the role of a military in a democracy and civil-military relations to inculcate democratic attitudes.

Malawi has participated in UN peacekeeping in Rwanda and has evinced a willingness to contribute to other UN operations. Because the military's capabilities are rudimentary, additional training will help permit credible participation in regional peacekeeping. Continued apolitical posture and improved civil-military relations, as well as effective participation in international peacekeeping operations will testify, in part, to the IMET program's success.

2. Improved military-to-military contacts.

IMET training, joint exercises, and U.S. military attaché visits promote professionalism of Malawian armed forces, an affinity for the United States and its military, and support for U.S. policies. The military dimension is an important element of the bilateral relationship between the United States and Malawi.

MALI

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.163	0.125	0.125

OVERALL U.S. OBJECTIVES:

Mali is a landlocked country in West Africa, neighboring seven countries including Senegal and Algeria. Its economy is largely based on agriculture, cotton processing and some gold mining. The government of Mali was one of the first in the region to be democratically elected and remains firmly committed to democracy and regional stability. The military is generally supportive of democracy. Mali is in the process of implementing a 1992 peace agreement with rebellious Tuaregs in the northern region. Although the region has been peaceful since 1995, the cost of rehabilitation and integration of former rebels into the military will place a huge burden on the already strained military infrastructure. For these reasons, it is important to continue education and retraining efforts with the military on its role in a civilian government.

SPECIFIC OBJECTIVES:

1. Stability through a professional, apolitical and economically affordable military force.

The proposed IMET program includes funding for English language training and professional training for officers in the United States. IMET-funded mobile training teams have also proved very successful in the past. In FY 1995, Mali hosted a Naval Justice seminar that educated officials about the new Malian military justice system. Continued military support for democratic institutions and notable progress towards professional Malian armed forces will measure IMET's effectiveness.

2. Support for, and participation in, international peacekeeping efforts.

The United States encourages Mali to continue its support of international peacekeeping operations. Mali provided participants in the Organization of African Unity-and United Nations sponsored peacekeeping effort in Rwanda in 1993 and 1994. At present, officials from Mali serve as observers to ECOMOG forces in Liberia and troops are participating in the UN peacekeeping mission in Angola. Mali's participation in multilateral peacekeeping efforts has provided the armed forces with valuable experience that complements IMET program courses. Such participation also reinforces the role that Mali's military can and does play in securing regional stability. Mali's continued participation in international peacekeeping operations will, in part, reflect the effectiveness of the IMET program.

MAURITANIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.000	0.025

OVERALL U.S. OBJECTIVES:

Mauritania held its first multiparty Presidential elections in 1992, and has been gradually evolving with the appointment of a largely civilian Cabinet. Ethnic rivalries, which have divided the country for years, culminated in the 1990-91 military purge in which approximately 500 military personnel were killed as a result of targeted ethnic cleansing. Although moderates in Mauritania's government are moving the country's foreign policy in a pragmatic direction, more in line with U.S. interests, the nation still needs U.S. encouragement. Mauritania recently announced that it will exchange interest sections with Israel and expel the Iraqi Ambassador--indications of new, moderate, and pragmatic policies. The government of Mauritania is planning municipal and legislative elections in 1996. An IMET program will contribute to promoting democratic institutions, including a professional, apolitical and multi-ethnic military establishment, and may encourage further Mauritanian progress on respect for human rights. Additional U.S. objectives include Mauritania's participation in regional peace initiatives, such as providing support for the Middle East peace process and the referendum in Western Sahara.

SPECIFIC OBJECTIVES:

1. Development of an apolitical, professional, and multi-ethnic military establishment.

Some military personnel continue to engage in human rights abuses. The IMET program will provide the Mauritanian military training on respect for human rights and the proper role of the military in support of the country's nascent democracy. The military's growing acceptance of the leadership role of the civilian government, greater ethnic diversity in military leadership positions, and possible imposition of sanctions against military personnel for human rights abuses, will serve in part as effectiveness measures of the IMET program.

2. Promote military participation and support in regional peacekeeping efforts.

Mauritania is gradually emerging from its relative "pariah" status during the Gulf War when it supported Iraq. Recently, the Mauritanian government indicated its interest in participating in regional peacekeeping efforts. As a moderate Arab League member, Mauritania could be a positive influence in the region, but needs to acquire the military skills used in peacekeeping operations.

MAURITIUS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.000	0.025

OVERALL U.S. OBJECTIVES:

Mauritius, an Indian Ocean island country, is a model of successful third world political and economic development and is fostering democracy, economic reform, and respect for human rights in the region. It claims sovereignty over the British Indian Ocean Territory, including Diego Garcia, site of a U.S. Naval Station. While acceptance of the Naval Station has increased dramatically in recent years, Mauritius periodically attempts to raise the sovereignty issue in connection with other issues, as it did recently with respect to the African Nuclear Weapons Free Zone Treaty. In recent years, Mauritius has also refused to permit U.S. Navy ships to visit its port. The government reversed this policy in principle in 1994, but continued to express concerns about safety; consequently, no ship visits occurred. Improved military relationships could serve to moderate Mauritian views on the key issues of Diego Garcia and U.S. Navy ship visits. Mauritius has been a democracy since its independence in 1968. Its economy is based on export-oriented manufacturing, mainly textiles, sugar and tourism. The United States promotes U.S. commercial interests in Mauritius. Mauritius plays a vocal role in international fora, and the United States has encouraged moderation in its foreign policy views.

SPECIFIC OBJECTIVE:

A stable and cooperative military relationship between the United States and Mauritius.

A small IMET program will build on previous U.S. Coast Guard search-and-rescue and maritime law training. It will help improve Mauritian maritime skills, support interoperability with the U.S. Coast Guard, and help interdict the flow of narcotics into the country. The more cooperative U.S.-Mauritius relationship facilitated by IMET assistance may result in a successful U.S. Navy ship visit to Port Louis, a more moderate stance on Diego Garcia, and improved border control, including diminished narcotics flow.

MOZAMBIQUE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.138	0.125	0.175

OVERALL U.S. OBJECTIVES:

Mozambique is a large country on the southwestern coast of Africa with vast agricultural and mineral potential. Following 16 years of devastating civil war between the government and the Mozambique National Resistance (RENAMO), a two year peace process with a large UN peacekeeping operation culminated in Mozambique's first democratic elections in 1994. Nearly 80,000 soldiers were demobilized and a unified army launched. Viable, integrated, non-political, and professional armed forces maintained at a level consistent with limited economic resources are essential to national reconciliation and important to regional stability. U.S. objectives include consolidation of democracy, development of commercial interests, a reduction in aid dependency, and the encouragement of a bipartisan approach to solve the country's pressing problems.

SPECIFIC OBJECTIVES:

1. Respect for human rights and proper role of the military in a democracy.

The United States held successful IMET-sponsored seminars with the armed forces leadership on the future direction of the country's defenses. Institutionalizing democratic values and respect for civilian leadership requires continued training on civil-military relations and the role of the military in a democracy. Increased depoliticization of the armed forces, its respect for human rights, and continued acceptance of civilian government will indicate the extent of IMET's success.

2. Continued integration of the armed forces and government support for the armed forces.

The armed forces leadership continues to undermine national reconciliation efforts by discriminating against former RENAMO officers, contending they lack adequate educational levels. Although one-tenth of their previous size, Mozambique's armed forces remain ineffective and are plagued by poor salaries and inadequate budgets, yet still consume a large percentage of the budget. Greater integration of RENAMO members and access to training opportunities such as the IMET program will facilitate reconciliation efforts. IMET training will also help Mozambique more efficiently manage its limited defense resources.

3. Closer military relations between Mozambique and the United States.

IMET training and related professional contacts promote professionalism in the military, an affinity for the United States and its military, and support for U.S. policies. Development of closer relations between the Mozambique and U.S. militaries will indicate IMET's effectiveness.

NAMIBIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.126	0.190	0.200

OVERALL U.S. OBJECTIVES:

Namibia is a large, arid country on the southwestern coast of Africa. It enjoys a well-developed infrastructure and a wealth of natural resources. Namibia's main exports are diamonds, uranium, and fish. Independent since 1990, Namibia is a stable and democratic state and shares close relations with the United States. U.S. interests include promoting Namibian and regional political stability, developing democratic institutions, increasing opportunities for those who suffered under apartheid, facilitating U.S. business investments, and encouraging support for U.S. positions on regional and international issues. Namibia serves as a model of political and economic development for other African countries.

SPECIFIC OBJECTIVES:

1. Streamlined, professional Namibian armed forces.

Namibia has built a successful multiparty democracy, becoming a model of national reconciliation in the process. The United States has supported civilian control of the military and the professional development of the small Namibian Defense Force (NDF) as an apolitical body, respectful of human rights and democratic values. IMET assistance will inculcate these values in senior and junior NDF officers. The continued apolitical posture of the Namibian armed forces will indicate the progress in professionalization of the military.

2. Namibian support for and participation in international peacekeeping activities.

Namibia contributed equipment and personnel to peacekeeping operations in Cambodia and Angola. Training is necessary to continue credible participation in peacekeeping operations.

3. Improved military-to-military relations.

IMET training, combined with joint exercises and attaché or flag officer visits, helps promote professionalism, an affinity for the United States and its military, and support for U.S. policies. Development of closer relations with Namibia will further U.S. objectives.

NIGER

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.189	0.200	0.225

OVERALL U.S. OBJECTIVES:

Niger is a landlocked country sharing borders with some of the continent's most unstable countries, including Algeria, Libya, Chad and Nigeria. Niger's democratic government was overthrown in a military coup in January 1996. The military government has agreed to return to democracy within a seven-month period, and donor countries are pressing for an even shorter transition to democracy through free and fair elections. Niger's economy relies primarily on the export of uranium, which accounts for more than 85 percent of its export earnings. U.S. strategic objectives in Niger include restoring democracy, educating the military on its proper role in a civilian society, and ensuring domestic and regional stability. U.S. objectives also include successful implementation of the April 1995 peace pact with the rebel Tuareg from northern Niger. Logistical difficulties in disarming fighters and repatriating refugees has slowed implementation. Continuation of IMET is predicated upon a rapid return to legitimate government.

SPECIFIC OBJECTIVE:

A professional Nigerien military force that participates in international peacekeeping operations after democracy is restored.

IMET assistance supports U.S. objectives of creating and reinforcing a professional, apolitical military that enforces and supports democracy in Niger. IMET also helps establish closer relations with the United States, and encourages Nigerien support for U.S. regional security policies. Niger's participation in multilateral peacekeeping efforts in Rwanda afforded the armed forces valuable training and reinforced its capability to play a significant role in securing regional stability. Niger's continued participation in international peacekeeping operations will support U.S. objectives.

ORGANIZATION OF AFRICAN UNITY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	0.650	3.000	3.000

OVERALL U.S. OBJECTIVES:

The Organization of African Unity (OAU) was established in 1963 to promote unity and cooperation among African states. Its current objectives include greater stability in Africa through resolution of ongoing conflicts and prevention of new ones.

SPECIFIC OBJECTIVE:

Activation of the OAU crisis resolution center.

The OAU has established within its organization a Mechanism for Conflict Prevention, Management, and Resolution on the African continent. The Conflict Resolution Mechanism has a non-military component, as well as a separate component for the military aspects of conflict resolution. The OAU will mount civilian and military missions of limited scope to observe and monitor situations in an effort help prevent more costly, large scale peacekeeping missions. For example, the OAU dispatched a 67-member military observer mission that helped stabilize Burundi's political situation in FY 1995. A fully-equipped operations center is being constructed to enhance the Mechanism's capacity to monitor crises. The center will be able to dispatch 100 fully trained and equipped observers on short notice to any part of Africa. The deployment of credible conflict resolution operations by the OAU, reduced requirements for UN and/or U.S. peacekeeping and humanitarian relief efforts in Africa, and participation of OAU member states in UN peace-keeping operations will be among the benefits of the fully operational Conflict Resolution Center.

RWANDA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.050	0.275	0.300

OVERALL U.S. OBJECTIVES:

Rwanda is a small, landlocked country in Central Africa. The current Rwandan government is a multi-ethnic, multi-party coalition that came to power after the Rwandan Patriotic Army (RPA) won the civil war in 1994. Shortly before the end of the civil war, some officials and supporters of the then-government undertook the genocide of at least 500,000 Rwandans. Rwanda still faces significant problems, including the repatriation of 1.8 million refugees and a destroyed infrastructure. In FY 1995, the United States provided about $10 million in development assistance to Rwanda and provided $2.5 million to help pay Rwanda's arrears to the World Bank. The United States has pledged $5.36 million to help rebuild the justice system and to support UN human rights monitors. The United States is also supporting the War Crimes Tribunal, contributing over $3 million in funding and personnel in FY 1994 and FY 1995. The RPA is the most effective fighting force in the area. It is in U.S. interests to professionalize RPA officers and train them to work in a multi-ethnic, pluralistic environment.

SPECIFIC OBJECTIVES:

1. A pluralistic and professional Rwandan Army.

The RPA is predominantly Tutsi, in a country that is predominantly Hutu. Several thousand former government Hutu soldiers have been integrated into the RPA, and more such recruitments are planned. Rwandan Army officers will benefit from equal opportunity training. Though many RPA officers were field trained during their years in exile in Uganda, others were not, and many fought as guerrillas for up to four years. The Army would benefit from professional training in several fields, particularly defense resource management. Increased and successful integration of military personnel from both ethnic groups and improved use of resources will demonstrate IMET's effectiveness.

2. Military respect for human rights and civilian control of the military.

The RPA has admitted responsibility for civilian casualties when it over-reacted to guerrilla raids. Rwanda has a civilian government with a multiparty parliament. RPA support for Rwanda's transition to an electoral democracy and respect for civilian control and human rights will be critical. IMET training on the proper role of the military in a democracy and respect for human rights will support the RPA's efforts to discipline its troops.

SAO TOME & PRINCIPE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.029	0.075	0.075

OVERALL U.S. OBJECTIVES:

Sao Tome and Principe is an island located off the West African coast whose main exports include cocoa, copra, palm kernels and coffee. The August 1995 aborted coup in Sao Tome & Principe underscored the importance of assistance in the development of a professional, apolitical military. The United States contributes to improvements in the relationship between the military and civilian authorities in Sao Tome through military training programs that emphasize the proper role of the military in a democracy, and thus reduce the risk of military coups. Ensuring stability in Sao Tome and Principe is also the most effective means of safeguarding the $61 million dollar VOA facility located there. America's interest in Sao Tome and Principe are represented by American Embassy Libreville, Gabon.

SPECIFIC OBJECTIVE:

Greater respect by the military for civilian control and increased competence in managing limited resources.

The IMET training provided for Sao Tome's military emphasizes the fundamental principle of civilian control of the military and defense resource management. When U.S. assistance was suspended during the coup attempt, local observers stressed that IMET training was essential to build a military tradition of respect for civilian control. Support for Sao Tome's democratic process, fewer human rights violations by the military, and improvement in management of resources provide standards to evaluate IMET's success.

SENEGAL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.598	0.600	0.650

OVERALL U.S. OBJECTIVES:

Senegal, located on the West Coast of Africa, has limited resources, but is one of Africa's oldest democracies and remains one of the most steadfast allies of the United States. President Abdou Diouf, elected in 1981, is widely regarded as a distinguished statesman. The major U.S. objective, promoted by a $20 million USAID program, is to encourage sustained development through economic liberalization. Senegalese troops supported American efforts during Desert Storm and participated in a number of peacekeeping operations, including Liberia and Sudan. Other U.S. interests include strengthening democracy, maintaining access to airport and port facilities, and continuing Senegal's support of U.S. policies in international fora.

SPECIFIC OBJECTIVE:

Professional Senegalese armed forces.

IMET professional military education will contribute to a well-trained Senegalese military and its ability to make significant contributions to regional stability through participation in peacekeeping operations. A Senegalese military that supports international peacekeeping efforts, U.S. policies in international fora, and democratic institutions will provide evidence of IMET's success.

SEYCHELLES

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.010	0.060	0.075

OVERALL U.S. OBJECTIVES:

Seychelles is strategically located in the Indian Ocean midway between the U.S. Navy base at Diego Garcia and Mombasa, Kenya on the east coast of Africa. Its economy relies heavily on the tourist industry. The Seychelles port of Victoria served as a valuable port of call for U.S. Navy ships during the Gulf War and the Somalia crisis. Seychelles has been a cooperative host to the U.S. Air Force Tracking Station, which employed approximately 53 Americans and 150 Seychelles nationals for over thirty years. With many U.S. programs being terminated for budgetary reasons -- the Peace Corps in September 1995 and the U.S. Embassy and U.S. Air Force Tracking Station in September 1996 -- remaining programs become more important tangible symbols of U.S. interest in the Indian Ocean region. President France Albert Rene has ruled Seychelles since taking power in a 1977 military coup; he emerged the winner in multiparty elections in 1993.

SPECIFIC OBJECTIVES:

Constructive civil-military relations in Seychelles.

The IMET program in Seychelles will reinforce democratic values in the military by providing courses emphasizing civil-military relations and sponsoring the multi-event Navy Justice School series. Small assistance levels also support training in naval and security skills that are important to Seychelles, which is currently restructuring its military to emphasize Coast Guard activities in its huge exclusive economic zone. Seychelles military activities that support civilian authority and permit U.S. Navy access to the port of Victoria will further U.S. objectives. Improved military management of limited defense resources will enhance the Seychelles' ability to protect its economic base and increase its internal stability.

SIERRA LEONE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.052	0.100	0.100

OVERALL U.S. OBJECTIVES:

Located in West Africa, Sierra Leone is abundant in unexploited natural resources, such as diamonds, rutile, and bauxite. Brigadier Julius Maada Bio ousted Captain Valentine Strasser as Chairman of the National Provisional Ruling Council on January 16, 1996. The new government followed through on its commitment to hold democratic elections on February 26, 1996. Voting was extended through February 27 to accommodate massive voter turnout. Five parties won seats in the new democratic legislature. A presidential runoff election took place on March 15 and a civilian, Ahmed Tejan Kabba, was elected President. The United States supported Sierra Leone's successful structural adjustment program, and historically has maintained a small military aid program. The United States also funds 70 percent of the cost of emergency relief for more than one million Sierra Leoneans displaced by the civil war. The United States has benefited, directly and indirectly, from Sierra Leone's significant contributions to Liberian and other peacekeeping missions, including the Persian Gulf. U.S. objectives include the establishment of a stable, democratic government in Sierra Leone.

SPECIFIC OBJECTIVE:

A smaller, professional, nonpolitical and disciplined military force that is capable of responding to legitimate national defense needs.

The Republic of Sierra Leone Military Forces (RSLMF) were built up from 3,500 to 13,000 between 1991 and 1995 to counter the threat from the rebel army. In the current transition to civilian democratic rule, reintegration and demobilization of combatants is crucial to continued security and is consistent with the U.S. goal of encouraging a streamlined, depoliticized and disciplined military. The Government of Sierra Leone has identified the need to reduce the size of its military and to minimize the burden that the defense budget places on the national economy, but has lacked the resources to undertake such an effort. Sierra Leone also seeks to depoliticize the military's professional culture. IMET can provide basic instruction for defense resource management and encourage respect for civilian authority. Successful demobilization and reintegration of combatants would support U.S. regional objectives to encourage regional stability.

SOUTH AFRICA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.297	0.500	0.700

OVERALL U.S. OBJECTIVES:

South Africa is a large and strategically-located nation at the tip of the African continent that controls the shipping lanes linking the Indian and Atlantic Oceans. The peaceful transition to nonracial democracy in South Africa is vital to national and regional stability and political and economic confidence. The United States' three year, $600 million assistance package for South Africa is focused on strengthening democratic and political institutions, improving education and health, improving shelter and urban development, and supporting majority private enterprise development. In addition, the U.S. government has orchestrated a coordinated effort to increase U.S. trade and investment with South Africa. The United States has excellent relations with South Africa, including a rapidly-developing relationship between U.S. and South African defense forces. South Africa has adopted responsible positions with regard to international peace and security, including complete denuclearization, and could play an important role in regional peacekeeping operations in Africa. South Africa also played a key role in ensuring the indefinite extension of the Nuclear Nonproliferation Treaty (NPT). The new South African Government of National Unity is engaged in a massive force integration effort, bringing members of the former national military, the forces of the former "homelands," and the former liberation armies together in a new, unified force.

SPECIFIC OBJECTIVE:

A stable and cooperative military relationship between the United States and South Africa and integration of democratic and constitutional political and military principles and values into the South African National Defense Force (SANDF).

IMET supports U.S. goals for a South African military that supports the new democratically-elected, majority-led government. Because of its prestige and legitimacy, the new government could lend substantial support to conflict resolution in Africa, and its capable military establishment has the potential to make significant contributions to multilateral peacekeeping operations. The proposed IMET funds will provide professional military education for officers in middle and upper ranks of the newly integrated armed forces, focusing on the proper role of a military in a democracy, civil/military relations, and equal opportunity in the military. Successful integration of the SANDF, establishment of mechanisms to ensure civilian control of the military, and participation in international peacekeeping operations, particularly in Africa, will support U.S. regional objectives.

SWAZILAND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.057	0.075	0.075

OVERALL U.S. OBJECTIVES:

Swaziland is a small, landlocked country that shares borders with South Africa and Mozambique. Sugar and pulp production are important exports, and light manufacturing for local and regional consumption is a primary domestic industry. The United States enjoys good relations with Swaziland despite its limited economic interests there. Swaziland is ruled by a traditional African monarchy with a series of traditional local councils. The United States seeks to help resolve continuing labor demands for democracy and economic progress by encouraging a peaceful transition to representational, constitutional rule in Swaziland.

SPECIFIC OBJECTIVES:

1. A professional Royal Swazi Defense Force.

U.S. military training programs aim to solidify the concept of military subordination to civilian control, and to improve professional development of the Swazi military. During the transition to democracy it is critical that the military, an important and respected Swazi institution, remain stable and non-political. Progress towards development of an apolitical, professional military, respectful of the proper military-civilian roles in a democratic society will reflect upon IMET's success.

2. Swazi support of and participation in international peacekeeping operations.

The Government of Swaziland has indicated its willingness to provide troops for regional peacekeeping operations. These troops require training to become a professional military, and to gain competence in the functional aspects of peacekeeping activities. IMET supports these goals by providing professional development training programs to officers and non-commissioned officers.

TANZANIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.081	0.170	0.175

OVERALL U.S. OBJECTIVES:

Tanzania is a relatively large east African country on the Indian Ocean. It has an agricultural-based economy whose major exports are cotton, coffee, sisal, tea, and gemstones. Since 1986, the Tanzanian Government has undertaken a number of economic reforms, including liberalization of agricultural policies and privatization of some state-owned enterprises. Tanzania held its first nationwide multiparty presidential and parliamentary elections in October-November 1995. It is host to about 600,000 refugees from neighboring Rwanda and Burundi. The principal U.S. interest in Tanzania is to assure its continued stability in a volatile region while keeping political and economic reform on track. This will enable Tanzania to play a constructive role in regional conflict resolution.

SPECIFIC OBJECTIVE:

A professional, apolitical, and affordable Tanzanian military force that participates in international peacekeeping operations.

IMET training will provide courses to officers and non-commissioned officers to enhance professionalism and encourage proper civil-military relations. In 1994, Tanzania provided 800 troops to support the international peacekeeping operations in Liberia. The troops gained a solid reputation for professionalism as peacekeepers, but Tanzania announced that it could not afford to maintain its participation without continued substantial financial support from the international community. IMET training will provide some of the skills needed for better defense resource management and more effective peacekeeping operations. Successful Tanzanian participation in future international peacekeeping operations will promote regional stability.

TOGO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.000	0.025

OVERALL U.S. OBJECTIVES:

Togo is small country on Africa's Atlantic coast. Violent episodes in Togo's transition to democracy from 1991-1993 caused economic strife and prompted all donors to suspend assistance. In the past 12 months, Togo has made mixed, but generally positive, progress toward democracy. The United States seeks to enhance stability in the region by helping to instruct military officers in proper civil-military relations and to promote democratization and respect for human rights.

SPECIFIC OBJECTIVE:

A reformed Togolese military that respects human rights and the rule of law and supports the democratization process.

IMET-funded seminars on the role of the military in a civilian-controlled democratic society, will assist the process of downsizing, demobilization, establishing a greater ethnic balance in the military, and maintaining proper civil-military relations. Courses in military justice through the US Navy Justice School or US Army Judge Advocate General will help reduce violent repression of unarmed civilians by the military, and discourage improper use of the military in the run-up to 1998 elections.

UGANDA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.138	0.200	0.250

OVERALL U.S. OBJECTIVES:

After nearly two decades of civil war, Uganda has embarked on a transition to constitutional democracy and a free market economy. The Government of Uganda is committed to close relations with the United States and has been constructive on regional issues, including efforts to achieve reconciliation in Rwanda and Burundi and to advance peace in Sudan. Uganda also provided peacekeeping troops in Liberia, and has been supportive of the fledgling Greater Horn of Africa Initiative. Uganda, a landlocked country in East Africa, has abundant untapped natural resources (minerals and timber) and is seeking increased investment and trade ties with the United States.

The United States has a strong interest in advancing Uganda's transition to a market-based democracy. The approximately $50 million USAID program is focused on education, environment, support of micro-enterprise, and population and HIV control. A key element of Uganda's democratic transition is an ongoing effort to convert its military from a guerrilla force into a smaller, better-trained, professional armed force. The success of Uganda's demobilization program depends, in part, on U.S. assistance to ensure that its military retains the capacity to counter two insurgent groups that operate in northern Uganda.

SPECIFIC OBJECTIVE:

A professional, apolitical, and more technically proficient Ugandan military force that participates in international peacekeeping operations.

IMET assistance can contribute to Uganda's ongoing efforts to improve its military force. The FY 1997 request will continue to provide professional military training in the United States for Ugandan officers, enlisted personnel, and civilian defense officials. The Ugandan IMET program will provide participants with pertinent education and training on defense resource management and human rights issues, as well as the technical knowledge and skills necessary for an efficient, effective military force. In addition, IMET assistance will establish valuable channels of communication between U.S. and Ugandan government and military officials, thus providing a foundation for further cooperation. It is in the U.S. interest to assist the Government of Uganda in its efforts to professionalize its military force. Ultimately, a more professional Ugandan military will contribute to peace and stability in regional peacekeeping operations, thus minimizing the need to send U.S. troops to assist in conflict resolution.

ZAMBIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.092	0.125	0.150

OVERALL U.S. OBJECTIVES:

Zambia is a democratizing, free-market oriented state of 8 million people in southern Africa. It is richly endowed with mineral resources, including copper and cobalt. Zambia continues to face instability on its long borders with Angola and Zaire. U.S. interests in Zambia include the establishment of a stable democracy, broad-based and self-sustaining economic development, increased U.S. business opportunities, and a positive regional and international role.

SPECIFIC OBJECTIVES:

1. A professional Zambian military force that supports and participates in international peacekeeping operations.

The Zambian armed forces are apolitical and focused on their national security mission, which contributes to regional security and stability in southern Africa. To further inculcate democratic attitudes, the military requires additional training on the role of a military in a democracy and civil-military relations. Zambia participated in UN peacekeeping in Mozambique, Rwanda, and Angola. In each case, international assistance was needed for deployment. Additional training oriented toward basic and advanced professional development for commissioned and non-commissioned officers will help allow credible participation in regional peacekeeping. A continued apolitical military posture, improved civil-military relations, and continued Zambian participation in international peacekeeping operations provide standards to measure IMET's success.

2. Improved military-to-military contacts.

IMET training, combined with other contacts such as joint exercises and Defense Attaché and flag officer visits, helps promote professionalism, and an affinity for the United States and its military. This will best be demonstrated through the development of close relations between the U.S. and Zambian militaries.

ZIMBABWE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.232	0.250	0.275

OVERALL U.S. OBJECTIVES:

Zimbabwe, independent since 1980, is a landlocked country in southern Africa. It has the second highest level of industrialization in Africa, a very strong agricultural base, and strong potential for economic success. U.S. objectives include support of democratization, sustainable development and respect for human rights. Zimbabwe is an important political and economic player in Southern Africa. Zimbabwe supported peace efforts in Angola, Burundi, Cambodia, Lesotho, Liberia, Mozambique, Rwanda, and Somalia, and participated in peacekeeping operations in Somalia, Angola, and Rwanda.

SPECIFIC OBJECTIVES:

1. **A professional, apolitical, and economically affordable military force that supports and participate in international peacekeeping operations and conflict resolution training.**

The United States has trained approximately 200 Zimbabwean officers in U.S. military schools through the IMET program, conducted joint exercises in Zimbabwe, and supported Zimbabwean peacekeepers in Somalia. The highly professional military accepts civilian control and is a source of stability in the region. However, Zimbabwe's military lacks adequate resources and infrastructure to deploy. Additional military assistance and training can sustain and enhance Zimbabwe's contributions to regional stability and its participation in peacekeeping operations. Continued assistance will enhance military professionalization efforts and teach the military skills necessary for international peacekeeping operations. The Zimbabwean Staff College provides peacekeeping training to other African militaries in peacekeeping/conflict resolution. IMET courses will improve the Zimbabwean military's effectiveness, encourage its continued respect for civilian control, and provide training for participation in international peacekeeping/conflict resolution efforts.

2. **Continued military-to-military contacts.**

IMET courses, joint exercises and official visits promote professionalism, and relations with the United States. Continued close relations between the U.S. and Zimbabwean militaries will demonstrate IMET's effectiveness.

EAST ASIA & THE PACIFIC

EAST ASIA & THE PACIFIC REGION

OBJECTIVES:

The East Asia and Pacific region is of critical importance to the United States. This importance is most clearly evident in the economic sphere. The region includes the world's fastest growing economies and is expected to remain the most economically vibrant region of the world well into the next century. U.S. exports to the region are large and growing: in 1993, the region absorbed more than one-fifth of all U.S. exports and accounted for approximately one-quarter of U.S. trade with the world. In 1994, the region accounted for 41 percent of world trade, and is expected to account for 50 percent by the year 2000. Noteworthy is the growth of an affluent, traveling middle class, which has made Asian tourists the fastest growing segment of the U.S. tourism market. Compared with the 18 percent of U.S. merchandise trade with Europe in 1994, twice as much (37 percent) was with the Asia-Pacific Region, supporting 2.7 million American jobs.

More difficult to quantify, but no less significant, is the region's importance to U.S. security and political interests. Northeast Asia is the point of geographical confluence for four of the world's major powers -- China, Japan, Russia, and the United States. The Korean peninsula remains one of the world's potentially most dangerous flashpoints, both in terms of the threat of conventional war and implications for nuclear proliferation. The U.S.-Japan alliance and U.S. engagement with China are among the cornerstones of U.S. foreign policy. U.S. troop strength is now approximately equal -- about 100,000 personnel -- in both Asia-Pacific and Europe.

The East Asia and Pacific region costs comparatively little in terms of Function 150 resources, but it is money well spent. The total of the Asia-Pacific request is only four percent of the Administration's total FY 1997 Function 150 request. Despite this low percentage, Function 150 funds for East Asia-Pacific yield a tremendous return on investment for the United States.

U.S. Government programs in the Asia-Pacific region continue to be guided by the three themes of the President's July 1993 Seoul speech -- "shared strength, shared prosperity, and a shared commitment to democratic values." The Department of State and the agencies that contribute program resources to this region have the following key objectives:

- Maintaining the U.S. position as the major economic, political, and military power in the region;

- Promoting peace in Asia through stable, constructive relations among the major powers (the United States, Japan, China, and Russia), as well as countering the proliferation of missile technology and nuclear, chemical, and biological weapons;

- Substantially increasing U.S. economic exchanges with East Asia and enhancing access to the capital and technology markets in this region;

- Encouraging continued regional economic growth and support for U.S. economic objectives, particularly through Asia-Pacific Economic Cooperation (APEC);

- Supporting stable and increasingly democratic governments that respect international human rights standards and the rule of law;

- Promoting increased cooperation on global issues, including narcotics control, law enforcement, peacekeeping operations, environment, population, refugees, and health; and

- Promoting professionalism in the regional militaries, interoperability with U.S. forces, greater participation in peacekeeping operations, civilian control of the military, and respect for human rights.

CROSS-CUTTING OBJECTIVES AND PROGRAMS

East Asian and Pacific programs fulfill a number of important U.S. goals. The USAID-administered U.S.-Asia Environmental Partnership has already stimulated $300 million in U.S. technology exports to countries in the region, just one of many examples of how foreign aid helps promote prosperity objectives as well as sustainable development and humanitarian goals. Democracy programs are as vital to human rights goals as to sustainable development objectives.

USIA's International Visitor Program (IVP) has, over the years, made a valuable and measurable contribution to every goal by bringing key civilian leaders in contact with many different sectors of American society and government. The IVP's alumni include seven former Prime Ministers and 17 former ministers in the Republic of Korea alone. The IVP has been particularly valuable in identifying key future leaders and giving them exposure to the United States. This builds a network of influential allies at a cost of less than $3 million a year in Asia and the Pacific.

Economic Support Fund (ESF) programs support two key countries in their transition to democracy: Cambodia and Mongolia. ESF funds are critical to USAID-administered efforts to strengthen these two fledgling democracies.

The International Military Education and Training (IMET) program has performed a similar synergistic effect with regard to key military leaders in the region. IMET has promoted peace, security, democracy, and interoperability with U.S. forces.

The broad APEC effort to promote regional economic growth and integration through its active programs of trade liberalization and economic cooperation supports U.S. commercial, environmental, and social development goals. Social development goals include programs to eradicate poverty, end illiteracy, and enhance the roles and status of women.

Finally, the Asia Foundation's programs, at some point in the past, have directly benefited nearly every goal in East Asia and the Pacific and continue to do so.

It is important to recognize that, for many of the most important goals in the region, the key resource input is not foreign assistance programs, but the operating expense funds required for the diplomatic, reporting, and consular assets needed to accomplish these goals.

STRATEGY AND RESOURCES:

For FY 1997, the key Function 150 budget priorities for the East Asia-Pacific region are funding for:

- The Korean Peninsula Energy Development Organization (KEDO), established to implement the U.S.-North Korea (DPRK) Agreed Framework;
- ESF activities to support fledgling democracies in Cambodia and Mongolia;
- Operating expenses needed to maintain a diplomatic, reporting, and consular presence in the region;
- Agency programs -- USAID, Overseas Private Investment Corporation (OPIC), Export-Import Bank (Ex-Im Bank), Trade and Development Agency (TDA), and U.S. Information Agency (USIA) -- that support U.S. trade and investment in the region;
- The multilateral component of the President's "Pacific Community" strategy: Asia-Pacific Economic Cooperation (APEC);
- Governmental and non-governmental organization (NGO) programs that support broad democratization and human rights goals, including the Asia Foundation, AID Democracy Programs, and International Military Education and Training (IMET);
- USAID, the World Bank Group, and the Asian Development Bank (ADB) to support a meaningful East Asia-Pacific contribution, achieving the Secretary's global sustainable development objectives in the areas of population, health, the environment, economic growth and democratic participation; and
- IMET to promote professionalism in regional militaries and interoperability.

AN ENVIRONMENT FOR PEACE AND SECURITY

Requested Function 150 resources under this goal would fund heavy fuel oil purchases and some administrative and other program costs for KEDO, and would include modest Foreign Military Financing (FMF) funds for Cambodia.

Cutbacks in these resources would undermine implementation of the U.S.-DPRK agreement to address one of the world's potentially most dangerous nuclear proliferation problems and impede further modernization of the Cambodian armed forces in their efforts to prevent the return to power of the murderous Khmer Rouge.

In addition to Function 150 funds, the Department of Defense (DoD) complements diplomatic activities in support of priority U.S. goals in this category with extensive resources and activities. DoD and the Pacific Command support U.S. goals of reaffirming alliances with Japan and others by maintaining a forward military presence of about 100,000 men and women, strong defense supply relationships, cooperative defense agreements, joint exercises, senior official exchanges, access arrangements, and IMET programs.

Countries of the region also provide significant amounts of their own resources to support a U.S. forward military presence. Host nation support funds provided in 1994 totaled $4.6 billion from Japan and $399 million from the Republic of Korea, as well as lesser sums from other Asian friends such as Singapore.

PROSPERITY, GROWTH, AND JOBS

In pursuing U.S. prosperity, growth, and jobs, the U.S. Government has worked to increase market share and to expand the framework for free trade and investment. Strategies to achieve these objectives are: support U.S. exports and increase market access in Japan, China, and other big emerging markets; achieve trade and investment liberalization through the APEC forum; negotiate commercially meaningful accession protocols for China and Taiwan memberships in the World Trade Organization; reform investment codes and financial services regulations; protect intellectual property rights; and maintain through treaty commitments U.S. industry access to millions of dollars of fishing resources in the South Pacific.

Key activities include the efforts of the Office of the U.S. Trade Representative and the Departments of Agriculture, State, Commerce, and Treasury to expand the U.S. commercial presence in the region using trade policy initiatives. Program resources for these goals within Function 150 are provided primarily by Ex-Im Bank, the Department of State's Contributions to International Organizations account (APEC Secretariat Expenses), ESF (for the Congressionally-mandated South Pacific Fisheries Treaty commitment), OPIC, and TDA, as well as the support provided to U.S. trade and investment objectives by USAID's economic growth activities and USIA programming.

These program resources are highly leveraged, producing economic benefits many times their cost. For example, with an appropriated budget authority of $973 million in 1994, Ex-Im Bank financed $15 billion in U.S. exports, of which $3.5 billion were to East Asia and the Pacific. OPIC's modest funding request supports projects such as power plants in the Philippines and Indonesia that are expected to generate more than $1 billion in sales of U.S. products during their first five years of operations. TDA requires that any project it funds have a minimum return, in terms of U.S. export sales, of at least 40 times the cost of its investment. The $14 million in ESF provided under the South Pacific Fisheries Treaty guarantees U.S. companies access to $200 million in fish, a nearly 15-to-1 return on investment.

ADVANCING DIPLOMACY

Achievement of many of the most important objectives for the East Asia-Pacific region -- i.e., support for U.S. global objectives such as Non-Proliferation Treaty adherence, multilateral bank replenishments, and protection of American citizens and prosperity -- depends primarily on the human resources and physical infrastructure funded by State Department and other agency operating accounts.

Refocusing and reaffirming the alliance with Japan, promoting non-proliferation, implementing an engagement strategy with China, encouraging North-South dialogue on the Korean peninsula, negotiating trade and market access agreements, and winning support for human and workers rights, including enhancing the status of women, are just a few of the U.S. objectives that rely almost solely on a strong diplomatic base, with little or no investment of Function 150 funds.

Operating funds are even more important in a region such as East Asia-Pacific, where traditional development assistance is declining. For example, the economic dynamism of the region generates more returns through investments in economic and commercial personnel than is the case in other parts of the world.

DEMOCRACY AND HUMAN RIGHTS

A primary concern is to continue U.S. support for the "fledgling democracies," Cambodia and Mongolia, which are in the critical transition period from Communist governments and command economies to freely-elected democratic governments and more free market economies. Their success will serve as a beacon for others.

The objectives for Cambodia cannot be achieved if the FY 1997 ESF request level of $35 million is reduced. ESF enables the Cambodians to build democratic institutions, establish accountable government processes, promote civilian control over the military, develop an independent judiciary, hold free elections, and promote respect for international human and worker rights standards.

To transition Mongolia's political development to a democracy, the Administration seeks $4 million in FY 1997 ESF funding. Failure to provide these small amounts of support will undermine Mongolia's continuing transition from a de facto Soviet republic to a democratic and independent country.

The Asia Foundation is a highly credible NGO and does valuable work to promote democratic values, representative institutions, and individual human rights throughout Asia. Its past work has included funding for NGOs and political participation organizations in the Philippines that led to the return to democracy in that country. It continues to provide similar support to NGOs and promotion of civil society programs throughout the region, including China. The Administration is requesting $5 million for the Foundation in FY 1997.

National Endowment for Democracy (NED) funding, which supports democracy programs in Asia, among other regions, is also important to East Asia-Pacific human rights and democracy objectives. In FY 1995, NED provided approximately $5 million to help support over 40 grants for democracy programs in the region.

SUSTAINABLE DEVELOPMENT AND HUMANITARIAN ASSISTANCE

Achieving sustainable development has been for most countries in the region the single most important factor assisting them in achieving other U.S. goals: security, national stability, expanding imports of U.S. goods, and progress toward democracy. Targeted U.S. assistance in key sectors and countries both advances the U.S. global issues agenda (population, health, environment, and democratic participation) and supports U.S. exports.

Development Assistance (DA) is requested for FY 1997 as the central element in promoting U.S. sustainable development objectives in the East Asia-Pacific region. DA programs finance market reforms in Indonesia and the Philippines that increase economic growth and U.S. market opportunities. They are also essential to supporting numerous NGO and civic participation projects in the Philippines, Indonesia, and elsewhere throughout the region, and have been the key to building up successful regional efforts to slow population growth and combat HIV/AIDS.

Finally, USAID programs are on the cutting edge of the development of new technologies to deal with growing urban and natural resource environmental problems in Asia.

The Asian Development Bank (ADB), together with its concessional lending window, the Asian Development Fund (ADF), is another important tool for achieving U.S. objectives by promoting market-oriented economic growth through policy-based lending, policy dialogue with borrowers, and technical assistance. Participation in the ADB is very cost-effective: it has the lowest paid-in capital ratio for all the Multilateral Development Banks (MDBs) -- every U.S. dollar allows the Bank to lend $360. ADB procurement has great benefits for U.S. business -- U.S. firms win over 60 percent of the projects on which they bid.

The Peace Corps seeks to fund in FY 1997 volunteers in 15 East Asia-Pacific countries. The Peace Corps programs in Asia reflect the overall priorities of U.S. sustainable development objectives in East Asia and the Pacific with their emphasis on the basic human needs of education, environmental conservation, food production, and health. In some countries in the South Pacific, the Peace Corps is the most visible element of U.S. presence and interest.

Current counternarcotics assistance in the East Asia-Pacific region is modest, but supports a critical U.S. Government objective in combating heroin trafficking in a region that produces more than half of the heroin seized in the United States. Heroin production has been rising, and heroin trafficking routes have spread throughout the region. U.S. ability to respond to this more diversified threat is directly dependent on adequate funding for counternarcotics programs in the region. Laos and Thailand are the principal recipients of bilateral assistance. A small project has been started in Cambodia, and there is hope work can begin in Vietnam. Through designated contributions to the United Nations International Drug Control Program, the United States supports drug control activities in Burma and China.

Refugee numbers have been declining in the East Asia-Pacific region, but the residual Indochinese population addressed under the Comprehensive Plan of Action (CPA) remains a subject of considerable interest to Congress and U.S. refugee groups. The FY 1997 request for Migration and Refugee Assistance (MRA) funds for the region is essential to completing the CPA in a manner consistent with U.S. objectives and the domestic political pressures the Administration faces on this issue.

The Administration requests funds for PL 480 Title II food aid programs in Indonesia and the Philippines. Title II programs are designed to relieve immediate food needs of vulnerable groups suffering from emergency situations.

Many global programs in the field of sustainable development whose specific budget contributions to the East Asia-Pacific region are difficult to quantify and thus not included in the attached budget nonetheless contribute to achievement of U.S. goals in the region. Many of the programs of UN specialized agencies fall into this category. A specific example of this kind of program comes from the 1994 World Bank annual report. In 1994, World Bank (International Bank for Reconstruction and Development, or IBRD, and International Development Association, or IDA) operations in East Asia and the Pacific were $6.034 billion.

EAST ASIA-PACIFIC REGIONAL DEMOCRACY FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	0.000	6.000	8.000

OVERALL U.S. OBJECTIVES:

Democratic development in the East Asia and Pacific (EAP) region is uneven. Pluralistic societies with a long tradition of the rule of law are neighbors to newly emerging and still fragile democracies, still feeling their way forward from a long history of authoritarian governments. Most countries fall between the two extremes, exhibiting overall forward progress, but with pockets of anti-democratic processes or institutions remaining in place and in force. A regional fund that supports limited programs and short-term projects to permit Asians to share their democratic experiences and to learn from one another as well as from American participants would move the existing positive trend forward more quickly.

The Economic Support Fund (ESF) resources requested for the EAP Regional Democracy Fund would be used to sponsor or co-sponsor regional workshops and seminars specifically aimed at building democratic institutions, such as trade unions, journalists' associations, and women's rights advocacy groups. Peaceful mediation of labor-management disputes, effective enforcement of workplace safety and health regulations, and equality for women on the job as well as under law would also be included in the agendas for regional dialogues.

SPECIFIC OBJECTIVES:

1. **Democratic institutions and processes that reinforce a pluralistic civil society and accountable government.**

The reinforcement of democratic institutions and processes is particularly important in the fledgling democracies in transition from one-party, authoritarian systems to multiparty political systems, where elected governments are accountable to those they govern. Continued encouragement is vital for ensuring that basic, universally recognized human and worker rights, including freedom of association and expression, are embodied in law and implemented in practice.

Effectiveness measures:

- Reduction, if not elimination, of governmental restrictions on freedom of association for workers and journalists, as judged by specific governmental actions resulting in the establishment of new unions and associations;

- Passage of civil laws that ensure basic rights, support privatization and economic development for both males and females, and allow non-governmental organizations (NGOs) to work freely; and

- Reduction of governmental censorship of the media, as judged by the increase in members of independent media.

2. Equality for women.

Asian women deserve equality with men under the law and in practice, including at work. As the September 1995 World Conference on Women concluded, urgent implementation of the Conference Platform for Action must be actively encouraged. U.S. efforts need to emphasize reduction, if not elimination, of discrimination against women.

Effectiveness measures:

- Decreased discrimination against women in the workplace and under law, as judged by specific governmental actions and an independent survey of Asian women leaders; and

- Reduced incidents of violence against women, including domestic violence.

3. Growth of civil society in China.

Rapid economic development and a general opening up of society since 1978 have resulted in less central control over many aspects of Chinese life. U.S. NGOs experienced in working in China help nurture the types of civil institutions outside the government structure which contribute to the more pluralistic, less centralized society emerging in China. Developing such institutions can help provide useful social services, now provided poorly by the government. Such institutions also help form the basis for greater popular participation in local, regional, and national political life.

Effectiveness measures:

- Development of self-supporting Chinese quasi- or non-governmental associations working to develop principles of conducting free elections, rule of law, legal reform, environmental issues, and consumer advocacy; and

- Training of Chinese in democratic elections, multiparty rule of law, and basic freedoms.

CAMBODIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	19.500	25.000	35.000
FMF	0.000	1.000	1.000
IMET	0.273	0.350	0.500

OVERALL U.S. OBJECTIVES:

Located in Southeast Asia, Cambodia borders on Thailand, Vietnam and Laos. Its population of over 10 million is engaged primarily in agriculture. After the devastation caused by the Vietnam War, the genocidal Khmer Rouge regime, and the harsh rule under the ensuing Vietnamese occupation, the United States and the rest of the international community set about helping Cambodians to rebuild their nation. After a large-scale peacekeeping effort by the United Nations in which the United States played a major role, elections were held in 1993 under the Paris Peace Accords. U.S. interests in Cambodia are fundamental: to preserve hard-won democratic gains in the former "killing fields" and prevent the return to power of the Khmer Rouge. Cambodia is an illustration of democracy's promise, but its success cannot be taken for granted. The peaceful status of the country and the strength of the government are fragile. Cambodia now has a coalition government that is struggling to build a democratic culture in the face of enormous challenges, including the weakening but ongoing threat posed by the Khmer Rouge insurgency. The United States remains committed to assisting Cambodia's evolution toward democracy and stability. U.S. support is essential for a stable Cambodia, which in turn is critical to regional stability. U.S. assistance to Cambodia is provided through USAID, which relies on non-governmental organizations (NGOs) for project administration. Cambodia receives Economic Support Funds (ESF) under the "countries in transition" program for democratization, human rights, health care, education, and rural development. The other major component of assistance is non-lethal military aid, particularly in the areas of humanitarian demining and medical and engineering training.

SPECIFIC OBJECTIVES:

1. Transparent and credible legal, regulatory, and judicial systems.

Cambodia has a long history of domination by external forces and authoritarian regimes. The Paris Peace Accords of 1991, which led to the United Nations-sponsored elections in May 1993, resulted in the installation of the current coalition government. That government, however, remains weak; the political parties are not well-developed, and political divisions and infighting have created uncertainty about Cambodia's political, economic and social development. Nurturing pluralism and democratic values and strengthening the institutions needed for a civil society are essential to the maintenance of Cambodia's hard-won peace and freedom.

The FY 1997 request of $35 million will enable the United States to provide technical assistance to the National Assembly, courts, public interest groups, and indigenous human rights groups. The

assistance is part of ongoing programs that have contributed to increased transparency in the courts and increased understanding of and respect for due process. It also has created a cadre of trained public defenders to ensure that the courts provide criminal defendants with due process. Support for the National Assembly has been critical in developing the Assembly's ability to draft and review legislation. Through a court-training program, regional advisors are working with provincial courts, judges, and prosecutors to provide much-needed legal training to court personnel and strengthen the role of the judiciary. The United States has played the lead role in supporting the public defenders project, which has created a body of paralegals who have served effectively as legal counsel. They form a critical resource, since years of war and destruction decimated Cambodia's bar and judiciary. U.S. support for human rights groups in Cambodia is also helping create a capacity for human rights monitoring and advocacy, and protect the civil rights of women, children and minority groups.

Effectiveness measures:

- Promulgation of criminal, contract, and environmental legislation;
- Development of and public access to a database of existing laws;
- Adoption and publication of a legislative agenda; and
- Publication of court dockets and regular assignment of judges to courts and cases.

2. Stronger mechanisms and organizations to promote democratic processes.

Cambodia held its first free and fair elections in May 1993 under the supervision of the United Nations and the international community. The international community mounted a major effort to hold the 1993 elections. However, new election laws must be drafted and voter registration needs to be updated for upcoming local and national elections planned for early 1997 and 1998, respectively. Successful local elections can boost prospects for free and fair national elections the following year, which in turn will be a critical element in evaluating Cambodia's transition to democracy. Cambodia needs assistance with legislative drafting, dispute resolution, fiscal responsibility systems for political parties, voter registration and civic education, and party-building efforts in order to meet the "free and fair" standard. U.S. assistance will also be used to strengthen institutions that will play a vital role during the election process, including human rights groups, NGOs, and the independent media.

Effectiveness measures:

- Adoption and implementation of an electoral law (for local and national elections) that meets minimum standards for holding free and fair elections, including formation of an independent electoral commission;
- Assurance that media and voters are able to discuss election issues without fear of violence or reprisals; and
- Administration of local and national elections in 1997 and 1998 with a minimum of disruption or violence.

3. Economic growth that sustains democracy and development..

A dynamic, growing economy is essential for Cambodia to sustain progress in instituting democracy and a market economy. Failure to establish the necessary economic foundation could increase the threat of the Khmer Rouge, which relies heavily on impoverished peasants as its base of support. Cambodia needs a stronger economic foundation before it can end its dependence on foreign assistance and become self-sustaining. U.S. ESF focus primarily on helping to create a skilled human resource base and a reliable transportation infrastructure, particularly in rural areas. Road-building projects are opening up previously inaccessible areas, improving farmers' access to markets and reducing the ability of the Khmer Rouge to isolate and control areas of the countryside.

Human resource-related ESF funds seek to help fill the vacuum caused by the destruction of skilled workers and managers during the reign of the Khmer Rouge in the 1970s. At that time, teachers, intellectuals, professionals and even skilled workers were all targeted for elimination. The destruction of the education system, followed by years of war and occupation, left Cambodia with a literacy rate of only 35 percent. The United States funds primary education projects, including teacher training, which are necessary to rebuild the public education system and extend the benefits of literacy and education to all. In addition, U.S. funded programs support training in basic business skills essential to Cambodia's nascent private sector. Multilateral institutions are working with the Cambodian Government to create a policy environment conducive to a market economy. The United States also provides assistance for the development of a national environmental action plan, including environmental management, for appropriate utilization and conservation of Cambodia's natural resources. FY 1997 funds will also support micro-enterprise loans for rural women, which so far have been extremely successful in lifting families from poverty.

U.S. assistance, in cooperation with private voluntary organizations, also addresses basic human health needs in Cambodia. These ESF programs seek to reduce Cambodia's high infant and maternal mortality rates, and bring down the country's high birth rates (Cambodia's present growth rate is high enough to double the population in 25 years). According to a recent survey, over 75 percent of Cambodian women have expressed interest in family planning and contraceptives. U.S.-funded programs focus on family health and birth spacing, including maternal and child health care. ESF efforts seek to reduce the high death rate from preventable diseases by improving access to health care. They also aim to counter the growing threat from the spread of HIV/AIDS by spreading health information and education. There are also programs to assist victims of war and the Khmer Rouge insurgency and to provide prosthetics, humanitarian demining, and mine awareness training.

Effectiveness measures:

- Improved conditions of rural roads;
- Greater access to health care, sanitation and potable water by vulnerable groups;
- Enhanced access to pre- and post-natal care;

- Higher use of contraceptives;
- Increased number and repayment of small loans to entrepreneurs and rural dwellers; and
- Increased participation of women in all aspects of the economy and society.

4. A military engineer capability to build civil infrastructure.

FY 96 Foreign Military Financing (FMF) funds for Cambodia are being used to begin to develop a Royal Cambodian Armed Forces (RCAF) engineers capability to build and improve civil infrastructure. The first priority is to provide training and equipment to maintain over 40 pieces of engineering equipment already donated to Cambodians under the Department of Defense Excess Property program. Cambodian engineers are being trained in road construction and repair, demining operations, and construction of civil projects, such as school houses and local health clinics. Establishing the capability to maintain this equipment is vital to sustaining the long-term effectiveness of the assistance.

FMF supports the Cambodian Government's establishment of development centers to provide employment for Khmer Rouge defectors. It is the most effective technique available to resettle defectors and has contributed to the reintegration of thousands of former Khmer Rouge fighters and their families into Cambodian society, thus weakening the insurgency. U.S. assistance also aids Cambodian efforts to remove the estimated 5-8 million anti-personnel mines in the country. As a result of land mines, Cambodia has a higher proportion of amputees in its population than any other country. Demining training and equipment for the armed forces are thus a core element of humanitarian military assistance.

The $1 million FMF proposed for FY 1997 will continue to support the engineering development program, defector development centers, and demining efforts.

Effectiveness measures:

- Improved maintenance of donated engineer equipment;
- Expansion in the number of development centers, roads, schools, and health clinics built by the RCAF; and
- Increase in the number of demined hectares.

5. Civilian control of the military, military justice, and respect for international human rights standards.

Cambodia's military has embarked on a wide-ranging reform effort, including greater professionalization, regularization of pay systems to eliminate or reduce waste and corruption, and rationalization of the military rank system. The RCAF continues to be plagued by inefficient administration, inadequate pay, and shortages of equipment, which have made it difficult to weed out instances of corruption and abuse of authority. International Military Education and Training (IMET) is designed to support U.S. objectives of promoting continued reform and strengthening professional knowledge in Cambodia's armed forces. The goal is to help Cambodia develop its

military as an institution capable of protecting Cambodian sovereignty and respecting civilian authority.

The proposed IMET assistance for Cambodia focuses on training military personnel in human rights, educating Cambodian officers in military justice concepts and systems, and teaching English language. Professional military education is accomplished by training in the United States and through mobile education teams, which exposes students to the U.S. professional military establishment and democratic values. This training includes U.S. military procedures and the manner in which the U.S. military functions under civilian control.

Effectiveness measures:

- Promulgation of RCAF regulations on respect for human rights and democratic civilian-military relations;
- Increase in the number of English-language trained personnel; and
- Increase in the number of U.S.-trained officers in positions of command.

INDONESIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.600	0.800

OVERALL U.S. OBJECTIVES:

The United States has an important and expanding relationship with Indonesia, a major Asian nation spanning 3,000 miles of important ocean waterways. Indonesia's steady economic growth and ambitious development plans provide enormous potential trade and investment opportunities for U.S. companies. The fourth most populous nation, Indonesia plays a constructive role in world fora including the Asia-Pacific Economic Cooperation (APEC) forum, the Non-aligned Movement (NAM), the Islamic Conference (OIC), and, for the 1995-97 period, the UN Security Council as a non-permanent member. As the Association of Southeast Asian Nations' (ASEAN's) largest member and a founder of the ASEAN Regional Forum (ARF), Indonesia continues its efforts to maintain stability in the region by helping manage regional disputes such as that affecting the Spratly Islands. Indonesia is active in world affairs, contributing troops to peacekeeping efforts in Bosnia, Cambodia, and Angola; supporting nonproliferation efforts such as a comprehensive test ban treaty (CTBT); and pushing for free trade in Asia by the year 2020. Improvements in human rights and worker rights remain strong U.S. interests. Through its global programs, USAID works to improve sustainable development, population and health, and the environment. It also administers a PL 480 food aid program. Both USAID and USIA programs support democratic institutions.

SPECIFIC OBJECTIVES:

1. **Respect for human rights, and exposure of Indonesian military and civilian defense officials to U.S. military traditions of professionalism and civilian control.**

Historically, the Indonesian military has played a large role in government and society, viewing itself as a unifying force among the various ethnic, religious, and political elements in Indonesia. The United States continues to encourage Indonesia to strengthen its democratic process and respect for internationally recognized human rights. In recent years, the government has created a National Human Rights Commission, a de facto independent trade union has begun to emerge, non-governmental organizations (NGOs) have grown in number and influence, and Indonesia has increased its understanding of international human rights standards. The military has shown increased willingness to investigate reports of human rights abuses and to take corrective action. The United States will use its influence with the military, especially through IMET courses on defense resource management, military justice, international human rights, and civilian control of the military, to encourage an appreciation of these emerging democratic developments as well as to promote enhanced professionalism, accountability, and respect for civilian authority.

Effectiveness measures:

- Increased number of Indonesian programs to improve the awareness and respect of security forces for international human rights norms; and

- More investigations into reports of human rights abuses by security forces, and increased accountability of those found to have violated human rights.

2. An Indonesian military that is capable of operating and maintaining U.S.-origin equipment and contributing to international peacekeeping efforts.

Past Indonesian IMET graduates have played a major role in improving interoperability with U.S. forces, especially in peace efforts, and in fostering the development of an effective training and education system in Indonesia. Upon completion of IMET courses, returning officers are normally assigned to develop a training curriculum. Graduates have also been instrumental in rationalizing the Army's personnel management system, developing a reserve force, establishing and upgrading information management systems, establishing a modern patient care health services system, and introducing modern training technologies, including simulations. Funds requested to support English language training are particularly essential for interoperability and to ensure the availability of future language-qualified candidates for training in the United States. IMET courses have primarily been in post-graduate management, professional military education, technical skills, and English language instructor courses.

Effectiveness measures:

- Expressed interest in pursuing interoperability issues within the context of combined peace operations;

- Adoption of U.S. military practices, including systems in personnel, logistics, and tactical training; and

- Modernization and streamlining of the Indonesian military's logistics system.

LAOS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	2.200	2.000	2.500

OVERALL U.S. OBJECTIVES:

Laos is the least-developed country in Southeast Asia. Small and landlocked, it lies between Burma, Vietnam, Thailand, China and Cambodia. Laos' northwestern border with Thailand and Burma forms the infamous "Golden Triangle" for opium and heroin cultivation, production, and trafficking. Although the Lao Government has limited financial and human resources, it is committed to trying to reduce the cultivation and production of opium and heroin and to interdict trafficking through its territory. The government has worked closely with the United States and the United Nations Drug Control Program to make progress in counternarcotics activities. It is in the U.S. national interest to help Laos to reduce its narcotics production and to improve its enforcement capabilities, because some of the heroin produced in or transiting through Laos is destined for the U.S. market.

In addition to counternarcotics activities, U.S. objectives in Laos include the fullest possible accounting for missing personnel from the war in Southeast Asia, ensuring the safe return and reintegration of Lao asylum seekers from camps in Thailand, and encouraging a more productive regional role for Laos.

SPECIFIC OBJECTIVES:

1. Reduction of opium production.

Opium cultivation in Laos continues to be a problem. U.S. and multilateral efforts begun in 1989 to reduce supply have helped to reduce opium production. Opium crops fell sharply during the drought of 1993-94, but increased with the return of normal weather. More work needs to be done to encourage the overall downward trend in opium production, and the Government of Laos has declared its commitment to that goal. To achieve overall improvement in drug control, the government has drafted a well-conceived comprehensive program. Progress has been slow, hampered by a lack of domestic resources, limited interest by foreign donors, and domestic Lao political concerns. There are indications that efforts to attract broad-based foreign donor support are succeeding.

Bilaterally, the U.S.-funded Houaphan Opium Crop Control Project has been a notable success. Commercial opium cultivation has been virtually eliminated in the project area. The project provides rural development assistance to an area that has been a major site of opium cultivation. It has introduced basic infrastructure such as roads, dams, and irrigation works to provide economic alternatives to opium cultivation. Unanticipated costs, such as the removal of unexploded ordnance from the sites of proposed dams, have caused delays and additional expenses in

Houaphan. The project has been extended in order to meet original project goals. Expansion of the project into a larger area, possibly including areas close to the border with Vietnam, is planned.

In FY 1996, work in Houaphan will continue to complete two dams designed as part of the original project, but delayed due to unexploded ordnance removal. FY 1997 funding is intended to expand the project into adjoining areas. The Government of Laos is already conducting preliminary survey work for road construction into the proposed areas of expansion. Irrigation schemes to increase rice cultivation will be implemented in the new project area, as well as modest health and community support projects.

Effectiveness measures:

- Suppression of opium cultivation in Houaphan province; and
- Reduction, leading to elimination, of opium cultivation in expanded project areas.

2. Increased drug enforcement efforts to combat production and trafficking of heroin.

Narcotics assistance is also used to support law enforcement activity in Laos. The large overall increase in production of Southeast Asia heroin, which comes almost entirely from Burma, has caused a proliferation of trafficking routes through the region. Although transportation links through Laos are poor, arrests in the past two years have shown that heroin traffickers are using roads and commercial air routes through Laos. U.S. narcotics assistance was used to establish a specialized counternarcotics unit in the Lao police that became operational in 1994. Since the establishment of the unit, seizures and arrests have increased slightly. Two provincial counternarcotics units will be established in FY 1996 in areas with significant production or trafficking problems. Funding for the Narcotics Control Law Enforcement Project will increase to provide training, vehicles, enforcement equipment, and other support to the drug enforcement units in Laos.

Effectiveness measure:

- More effective enforcement, as demonstrated by an increase in heroin seizures and arrests for trafficking.

MALAYSIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.504	0.600	0.600

OVERALL U.S. OBJECTIVES:

Located in Southeast Asia and one of the fastest growing countries in the world, Malaysia is a multi-ethnic constitutional monarchy with a parliamentary system of government. The ruling coalition has held power since independence from Britain in 1957. In the past four decades, Malaysia has transformed itself from a low-income producer of primary commodities (tin, rubber, palm oil) to a middle-income exporter of electronics and other manufactured goods. Malaysia contributes to stability in Southeast Asia through its pivotal role in the Association of Southeast Asian Nations (ASEAN). The United States has a growing economic stake in Malaysia: it is the largest foreign investor, and bilateral trade reached nearly $24 billion last year. Malaysia appreciates the importance of the U.S. security presence in Asia. It has also been a significant contributor to UN peacekeeping operations in recent years.

The United States seeks to promote greater understanding of, support for, and cooperation with U.S. policy goals at the bilateral, regional, and international level. Through defense transfers, defense industry cooperation, and interaction with U.S. forces, as well as through multilateral fora such as the ASEAN Regional Forum, the United States seeks to enhance the bilateral defense dialogue and cooperation in regional security.

SPECIFIC OBJECTIVE:

A stable and cooperative military relationship between the United States and Malaysia.

The IMET program helps ensure continued Malaysian military familiarity with U.S. doctrine, equipment, and management techniques, while enhancing important military-to-military relationships. Enhanced exposure to U.S. equipment will encourage the Malaysians to look to the United States as the source of major weapons systems, communications, and transportation equipment. IMET also exposes the Malaysian military to U.S. traditions of democracy, human rights, and civilian government control of the military.

Effectiveness measures:

- Advancement of IMET graduates to senior leadership positions within the defense establishment; and
- Improved operational readiness rates of major military equipment items.

MONGOLIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	0.000	4.000	4.000
IMET	0.098	0.100	0.150

OVERALL U.S. OBJECTIVES:

In 1989, the Mongolian people rejected Communism in favor of a democratically-elected parliament and president. The revolution was peaceful and has generally been quite successful in the succeeding years. The remarkable nature of Mongolia's transformation is underscored by the fact that the country itself is thinly populated, is completely surrounded by Russia and China, and had not had an independent government for more than 70 years. Increasing Mongolia's isolation is the fact that much of the country is comprised of the Gobi desert, and the country as a whole has one of the coldest climates in the world. Nevertheless, Mongolia has a rich culture and history, has large natural resources of copper, uranium, and oil, and is well-educated despite its nomadic heritage.

When Mongolia lost Soviet economic support in 1990-1991, it lost external resources equal to 30 percent of its GNP. At the same time, Mongolia committed itself to democratic political institutions and a market-oriented economy. The success of its program depends in large part upon U.S. and Western support and assistance. The United States has a vested interest in Mongolia's success because it serves as an example for other Asian states that have also embarked upon reform programs.

SPECIFIC OBJECTIVES:

1. A private-sector led market economy in Mongolia.

USAID is directly assisting the Mongolian Government in developing appropriate economic and financial polices and laws through the placement of an economic policy advisor in the Office of the Prime Minister. Despite the desire of the Mongolian Government to reform its economy, there is an extreme shortage of qualified economic specialists available to the government. This has, in the past, resulted in the government's making numerous costly mistakes as well as alienating potential foreign investors.

In addition to an American economist, this program will provide several Mongolian-trained economists to the Office of the Prime Minister. These advisors will provide technical assistance and training to both the Government of Mongolia as well as to portions of Mongolia's private sector. The goal is to develop and strengthen selected public- and private-sector institutions that will help sustain a market-oriented economy.

An additional goal is to assist in the marketing of economic opportunities in Mongolia to foreign investors. Mongolia realizes it cannot rely solely on foreign assistance to solve its problems, but must also attract significant investment from abroad. Nevertheless, Mongolia lacks the experience and resources necessary to attract that investment. USAID's goal is to help the Government of Mongolia develop laws and regulations which will both attract and sustain foreign investment in the country. USAID's program also provides long- and short-term technical assistance and training to support the government's implementation of its economic policy reform agenda.

Finally, U.S. funding will assist in the development and implementation of an Economic Policy Secretariat. This Secretariat will provide an inter-ministerial mechanism to develop, debate, implement, and evaluate economic policies aimed at creating growth-oriented and private sector-led economic development.

Effectiveness measures:

- Increased share of national assets transferred from state to effective private control;
- Passage of civil laws that ensure basic rights, support privatization and economic development, and allow NGOs to work freely;
- Increased interest in Mongolia from foreign investors;
- Enhanced understanding within the Government of Mongolia of the role of a free market in setting prices; and
- Development of a private sector which is able to operate freely on its own without government assistance as well as advise the Government of Mongolia on future economic policies.

2. Civilian control of the military, military justice, and respect for international human rights standards.

Mongolia's military has embarked on a wide-ranging reform effort, including greater professionalization, regularization of pay systems to eliminate or reduce waste and corruption, and rationalization of the military rank system. IMET is designed to support U.S. objectives of promoting continued reform and strengthening professional knowledge in Mongolia's armed forces. The U.S. goal is to help Mongolia develop its military as an institution capable of protecting Mongolian sovereignty and respecting civilian authority. The proposed IMET program for Mongolia focuses on training military personnel about human rights, educating Mongolian officers in military justice concepts and systems, and teaching English-language skills.

Effectiveness measures:

- Promulgation of regulations on respect for human rights and democratic civilian-military relations; and
- Increase in the number of U.S. trained officers in positions of command.

PAPUA NEW GUINEA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.125	0.170	0.200

OVERALL U.S. OBJECTIVES:

Papua New Guinea, the largest, most populous nation in the South Pacific region, is a constitutional democracy that has successfully undergone numerous peaceful transfers of power. Austerity caused by Papua New Guinea's chronic budget over-runs and a foreign exchange crisis limit development prospects, but its rich natural resources and interest in diversifying investment and trade relationships offer a significant opportunity for U.S. business. Efforts to preserve biodiversity -- at risk along with regional rain forests and coral reefs due to development and population pressures -- merit U.S. support. The United States backs the Papua New Guinea Government's effort to prevent the nation from splintering into smaller entities -- a threat posed by the six-year-old conflict on Bougainville Island -- but cannot condone human rights violations by government forces. The United States supports a peacefully-negotiated resolution of the Bougainville insurgency. A country of vast economic potential, it has a vigorous democratic, free enterprise tradition that exerts a moderating influence in the region. Additionally, due to budget cuts, all USAID programs were eliminated in the fall of 1993.

SPECIFIC OBJECTIVES:

1. A more professional Papua New Guinea Defense Force (PNGDF).

IMET assistance can contribute to Papua New Guinea's ongoing efforts to improve the professionalism of its defense force. IMET training for officers, enlisted personnel, and civilian defense ministry officials will provide education and training on defense resource management and human rights issues, as well as the technical knowledge and skills necessary for efficient and effective armed forces.

Effectiveness measures:

- Fewer human rights violations committed by the PNGDF;
- Promotion of IMET-trained individuals to senior positions; and
- Better maintenance and greater availability of air transport assets.

2. An enhanced PNGDF capability to handle and neutralize unexploded ordnance on Bougainville and at World War II sites throughout the country.

Upgrading explosive ordnance disposal training through IMET would enhance the capability of the PNGDF to deal with unexploded ordnance, thereby reducing the risk to civilians.

Effectiveness measure:

- Improved explosive ordnance disposal capability.

PHILIPPINES

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	1.193	1.200	1.400

OVERALL U.S. OBJECTIVES:

Ten years after the "People Power" revolution restored democracy, the Republic of the Philippines is pursuing structural reforms designed to liberalize the Philippine economy and improve the living standard of its citizens. The Philippines, which straddles important sea and air routes in Southeast Asia, is committed to close relations with the United States. It is also seeking to promote regional economic and political cooperation in the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) forum. The Philippines has abundant natural resources, but a burgeoning population. It is seeking continued growth in investment and trade ties with the United States (its largest trading partner) and other nations.

The United States has a strong interest in the viability of the Philippines as a functioning democracy that is able to meet the economic and social needs of its people and to continue to provide an attractive market for U.S. trade and investment. The United States seeks to ensure that political institutions function smoothly and to help address shortcomings in such areas as law enforcement and the justice system. The United States also wants to maintain the Philippines as a cooperative partner in defense arrangements under the 1951 U.S.-Philippine Mutual Defense Treaty (MDT), and to foster cooperation on transnational issues and the promotion of regional stability. Through its global programs in the Philippines, USAID works to promote sustainable development, improve health and the environment, and support democratic institutions. It also administers a PL-480 food aid program.

SPECIFIC OBJECTIVES:

1. A Philippine military capable of participating in peace operations.

Despite the closure of U.S. military bases in the Philippines in 1992, the United States and the Philippines continue to share strategic obligations under the MDT. The Armed Forces of the Philippines (AFP) play a key role in combating domestic insurgencies and contributing to peace and stability in the region. Both of these factors figure prominently in the U.S. desire to maintain a secure and stable Philippines as a market for U.S. goods and services.

By improving professional contacts and increasing AFP familiarity with U.S. military methods and equipment, IMET promotes increased U.S.-Philippine defense cooperation at a time when the AFP is modernizing and redirecting its focus from counterinsurgency to nation-building and external defense. It also signals to the Philippines, as well as to other nations in the region, the U.S. commitment to remain engaged in Asia. Cooperation, training, and other U.S. assistance-related efforts contribute to the Philippines' efforts to develop a credible self-defense capability and peace

operations in the post-bases era. Operationally, these efforts help facilitate involvement of AFP forces in international peace operations by facilitating interaction with other nations' military forces. The IMET program has proven to be cost-effective in maintaining and ensuring the continuation of a strong working relationship between the AFP and U.S. forces.

Effectiveness measure:

- Enhanced readiness and effectiveness of the AFP in dealing with security threats and in contributing to the maintenance of regional security and international peace operations.

2. A Philippine military that adheres to the rule of law, respects human rights, and accepts civilian control.

The FY 1997 IMET request seeks an expanded level of training in the area of military justice and human rights to improve lines of communication between military officers and their civilian counterparts, enhance adherence to the rule of law, and continue the decline in AFP-related human rights abuses.

Effectiveness measures:

- Continued decline in, and eventual elimination of, human rights abuses by the AFP; and

- Continued support by the military for the democratic process.

SINGAPORE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.020	0.020	0.025

OVERALL U. S. OBJECTIVES:

Since achieving independence in the early 1960s, Singapore has maintained impressive economic growth rates. Today it has one of the highest standards of living in the world. The Government of Singapore has long been an outspoken supporter of American leadership in East Asia. Singapore and the United States usually cooperate on economic issues and in such economic fora as the World Trade Organization and the Asia-Pacific Economic Cooperation forum. The United States and Singapore share a commitment to open, market-oriented economic policies: 96 percent of goods enter Singapore duty-free. Over 1,000 American businesses have operations in Singapore, with an estimated total investment in excess of $18 billion. More than 13,000 Americans live in Singapore.

The primary U.S. objectives are continued access to key Singapore military facilities and the maintenance of a healthy and open market for U.S. goods, services, and investments. The United States wants to maintain Singapore as a cooperative partner in defense arrangements and in the promotion of regional stability.

SPECIFIC OBJECTIVES:

1. **Continued access to ship supply, repair, and other naval facilities at Sembawang and air facilities at Paya Lebar.**

Singapore's location at the crossroads of major shipping and air routes makes it a particularly important security partner in the Asia-Pacific region. In November 1990, the United States and Singapore signed a Memorandum of Understanding which provides U.S. military aircraft and ships with access to Singapore's airfields and port facilities. In January 1992, the United States and Singapore reached agreement to move a small U.S. Navy logistics unit from Subic Bay to Singapore to provide essential repair and maintenance facilities for the U.S. Seventh Fleet. The United States has made no reimbursement for improvements to the facilities it uses in Singapore, and many of the facilities are provided at below-market rents. In addition, the United States and Singapore hold annual joint exercises.

Effectiveness measures:

- Continued close contact with Singapore's military forces; and
- Improved ship repair and port facility access.

2. Continued close contact with Singapore's military officers and increased purchases of U.S. defense equipment and spare parts by the Singapore Armed Forces.

Modest levels of IMET assistance help promote increased defense cooperation with the United States and underscore the U.S. intention to remain engaged in the Asia-Pacific region. Singapore greatly values this concrete symbol of its close military relationship with the United States. In return, the program allows continued close U.S. contact with Singapore's military officers and encourages continued utilization of U.S.-manufactured defense items.

Effectiveness measures:

- Continued ascent of IMET graduates in the Singapore Government hierarchy; and
- Increased purchases of U.S. defense equipment and spare parts by the Singapore Armed Forces.

SOLOMON ISLANDS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.101	0.100	0.150

OVERALL U.S. OBJECTIVES:

A British possession until independence in 1978, the Solomon Islands plays an influential role in regional and sub-regional (i.e., Melanesian) affairs, while occupying a strategic geographic position in the Southwest Pacific. U.S. objectives continue to be the strengthening of the Solomon Islands' democratic institutions as well as the overall stability of the country's democratically-elected government. Another U.S. goal is to preserve the biodiversity of the Solomons, including supporting efforts to preserve the country's sharply decreasing rainforests and fragile coral reefs. Finally, the United States wants to support the Solomons in developing its own capability to remove mines and munitions left in place from World War II combat operations.

SPECIFIC OBJECTIVES:

1. An effective maritime and reconnaissance force.

U.S. training under IMET in maritime law-enforcement skills and procedures builds on Australia's continuing Pacific Island Patrol Boat programs. Solomon Islands fishery resources are being illegally exploited at an unsustainable rate. Training, particularly in basic coastal surveillance and seaborne law enforcement skills, combined with government efforts to prosecute and fine violators, increases the country's capability to deal with such activity.

Effectiveness measure:

- Increased number of arrests of illegal fishing violators by 10 percent over current totals.

2. The capability to remove mines left from extensive World War II operations conducted throughout Solomon Islands territory.

Training in explosive ordnance disposal (EOD) procedures will help to build an in-country EOD capability. This should result in less dependence on the United States to provide EOD assistance.

Effectiveness measure:

- Significant reduction in number of serious injuries and deaths resulting from unexploded ordnance.

SOUTH KOREA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.010	0.010	0.025

OVERALL U.S. OBJECTIVES:

The United States and the Republic of Korea (ROK) enjoy a close and mutually-beneficial security relationship in the most potentially volatile part of Northeast Asia. U.S. and ROK policies are designed to ensure a credible deterrent against the conventional threat posed by North Korea and to eliminate the threat of an indigenous North Korean nuclear program. The presence of 37,000 U.S. troops in Korea demonstrates U.S. resolve to counter the conventional threat, while the October 1994 Agreed Framework between the United States and North Korea, when fully implemented, is designed to address U.S. concerns about the latter problem. In recognition of the ROK's desire to be a fully equal partner, the United States has agreed that the ROK should assume the leading role in defense on the Korean peninsula. South Korea's economic success has increased its ability to share the burden of security-related costs and to contribute to international peace operations. An agreement concluded in November 1995 will increase the ROK's contribution to the costs of maintaining U.S. forces in Korea to $400 million in 1998. At the same time, the ROK is modernizing its force structure and establishing a more modern command and control system.

SPECIFIC OBJECTIVES:

1. **A modernized, well-equipped South Korean defense establishment that is interoperable with the U.S. military and contributes to international and regional peacekeeping operations.**

In order to maintain a credible joint deterrent while South Korea modernizes its force structure and military systems, interoperability of weapons systems is very important. Providing training on U.S. weapons systems is a vital part of this process.

Effectiveness measure:

- South Korean purchase of major U.S. weapons systems and increased participation in international peacekeeping operations.

2. **Encourage improvements in South Korea's defensive skills and professionalization in its armed forces.**

As the United States moves to a supporting role in the U.S.-ROK security relationship, South Korean armed forces will need increased training in intelligence management, the efficient use of advanced technology, and large unit operations. Our modest IMET program helps promote increased ROK defense cooperation with the United States and reinforces our intention to remain

engaged with South Korea. Although the monetary value of our IMET program is relatively small, South Korea greatly values this concrete symbol of its close military relationship with the United States.

Effectiveness measure:

- Improved ROK armed forces operational capability.

SOUTH PACIFIC MULTILATERAL FISHERIES TREATY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	14.000	14.000	14.000

OVERALL U.S. OBJECTIVES:

A key component of U.S. relations with Pacific island states and a model for others, the South Pacific Multilateral Fisheries Treaty facilitates U.S. access to rich Pacific fishing grounds. The United States is pleased that the Treaty's signatories are implementing its terms effectively and favors ongoing South Pacific efforts to negotiate parallel treaties with other deep water fishing nations. Such a web of agreements, along with deepening multilateral cooperation as occurred at the meeting of the Forum Fisheries Organization in Honiara in December 1994, will further the profitable, sustainable management of fisheries resources. No single resource is more important to the peoples of the Pacific, and the United States is pleased to have been able to contribute to its preservation.

The Honiara meeting also identified specific areas for multilateral follow-up, such as regional enforcement mechanisms, fisheries science, and high-seas catch reporting. The Commerce Department and the Coast Guard, under the Lacey Act, are lending enforcement assistance by fining foreign vessels that violate the laws of Pacific Island nations. Meanwhile, the United Nations agreement on high-seas fisheries reached in August 1995 builds on the Honiara initiative by calling for enhanced regional cooperation in the conservation of highly migratory species.

SPECIFIC OBJECTIVES:

1. Continued access of U.S. fishing vessels to Pacific fisheries.

Failure to make payments to treaty parties would result in denial of access for U.S. fishing vessels to Pacific fisheries as well as strain relations with the region. The South Pacific Multilateral Fisheries Treaty has prevented conflict between the United States and Pacific island nations over the management of highly migratory species such as tuna, contributing to the consolidation of friendly relations with those countries. Funding will ensure continued United States participation in this model regional program, which promotes multilateral cooperation in the management of a valuable natural resource.

Effectiveness measure:

- Continued access without interference for U.S. fishing vessels to Pacific ocean fishing areas.

THAILAND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	1.800	1.500	4.000
IMET	0.999	1.400	1.600

OVERALL U.S. OBJECTIVES:

A key U.S. military partner, an economic powerhouse and a growing trading partner, Thailand continues to be one of the United States' most important allies in Asia. Thailand worked closely with the United States during the Vietnam war and continues to allow access to Thai military facilities when needed. It is one of five U.S. security treaty allies in Asia. Currently, the United States conducts its largest military exercise program in Asia with the Thai armed forces. To promote regional stability and an active U.S. presence in the region, and to encourage greater Thai capability and willingness to contribute to international peacekeeping operations, it is vital that the United States continue to develop and build on these amicable security ties.

Thailand is not only an important security partner but, as one of the fastest growing economies in the world, also a key economic partner. Two-way trade between the United States and Thailand has surpassed $15 billion; U.S. investment in Thailand is valued at approximately $10 billion. The United States is strongly interested in ensuring that U.S. companies participate in the $100 billion in infrastructure projects planned in Thailand over the next decade. Thailand is also a key player in U.S. efforts to foster a Pacific Community and to liberalize trade and investment in the region. From both an economic and security perspective, it is in the U.S. interest for Thailand to remain stable and to continue to develop strong, viable democratic institutions. Finally, Thailand's geographic location has made it a major transit point for illegal narcotics. The Royal Thai Government has cooperated closely with the United States on eradicating opium fields, arresting drug lords, and sharing critical counternarcotics information. It is important that the United States continue to build on this positive relationship to ensure more progress is made.

SPECIFIC OBJECTIVES:

1. An effective Thai drug enforcement capability.

Narcotics control assistance for Thailand primarily provides support for law enforcement activities and help for the consolidation, restructuring, and technical improvement of drug enforcement units. Drug enforcement authorities in Thailand have a close working relationship with U.S. law enforcement agencies. Narcotics assistance is used to fund counternarcotics task forces, the first of which was formed in northern Thailand in 1995. Consolidated task forces are also planned for Bangkok and southern Thailand in the near future.

Demand reduction programs involve a broad spectrum of Thai officials and institutions, and help promote public understanding of the seriousness of drug addiction and its detrimental effects on

society. Decades of effort have reduced opium cultivation in Thailand to low levels, despite a marked increase in production in neighboring Burma. Because of this progress, assistance for crop control has been reduced, although funds continue to be used to support direct eradication efforts.

An increase in narcotics control funds is planned for FY 1997 to facilitate implementation of the Presidential Decision Directive on heroin signed in November 1995. To enhance its efforts to combat heroin trafficking in Southeast Asia, the United States will increase funding in Thailand to bolster Thai and regional interdiction efforts. Although law enforcement support will remain the major focus, regional Southeast Asian programs will also be funded through the Narcotics Affairs Section in the U.S. Embassy in Bangkok.

Effectiveness measures:

- Continued high levels of heroin seizures;
- Arrest and conviction of drug traffickers; and
- Suppression of opium cultivation below the 2,000 hectare threshold.

2. A professional military, committed to democratic reform and strengthened democratic institutions.

IMET for Thailand supports U.S. objectives in the development and maintenance of a Thai military committed to respecting and fostering democratic principles and capable of participating in international peacekeeping operations. It is the most cost-effective vehicle for building a mutually-beneficial relationship with the Thai military. The relatively small investment -- approximately $1 million in FY 1995 -- that pays for the training of junior- and mid-level officers provides the United States a future generation of Thai military leaders who understand and admire U.S. military doctrine, appreciate American values, and generally prefer U.S.-origin equipment in their modernization programs. As of 1995, more than 21,000 Thai students had been trained/educated at U.S. military institutions. The current Minister of Defense is a graduate of the U.S. Army's Command and General Staff College, as are the Secretary General of the National Security Council, the Assistant Commander-in-Chief of the Royal Thai Army, and the Director of Joint Operations at the Supreme Command, among others. Other prominent recipients of IMET-funded training include the Permanent Secretary of the Ministry of Defense, four of the five top generals at Army Headquarters, the Army's four regional commanders, the Air Force Commander-in-Chief, and the Supreme Command's Chief of Joint Staff. U.S. training under IMET thus has a positive impact on Thai interoperability with U.S. forces and fosters a preference for U.S. equipment among the program's graduates. The proposed FY 1997 IMET program for Thailand will continue to build on these strong military-to-military ties in a region of significant economic and security interest.

Effectiveness measures:

- Advancement of U.S.-trained officials to positions of leadership; and
- Increased Thai contributions to international peace operations.

TONGA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.050	0.100	0.100

OVERALL U.S. OBJECTIVES:

The Kingdom of Tonga has a strong bilateral relationship with the United States. Tonga has been supportive of a continuing U.S. presence in the South Pacific and of U.S. positions in regional fora. In addition, Tongan forces have contributed to regional peacekeeping operations and can play such a role in the future, to the overall benefit of the region. Tonga's monarchy incorporates basic democratic institutions within its system of government. U.S. objectives are to support the stability of the Government of Tonga and to strengthen its institutions. Another U.S. objective is the protection of Tonga's environment and its fragile resource base.

SPECIFIC OBJECTIVE:

A professional military that respects the rule of law and can contribute effectively in regional peacekeeping endeavors.

Tonga's recent commitment of personnel to the regional peacekeeping force deployed in Papua New Guinea in 1994 highlighted the need for improved tactical, logistical, and organizational skills. The IMET program will provide professional military education and management training to improve leadership within the military. Emphasis will be placed on military justice, respect for human rights, and civilian control of the armed forces.

Effectiveness measures:

- Demonstration of greater understanding of the proper role of the military within the democratic system;
- Assignment of IMET graduates to related military duties upon return;
- Increased professionalism and management capabilities among trainees, thus helping preparations for a Tongan role in possible regional peacekeeping efforts; and
- Improved tactical, logistical, and organizational skills.

VANUATU

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.050	0.100	0.100

OVERALL U.S. OBJECTIVES:

Immediately after independence in 1980, Vanuatu, a small democratic country in the South Pacific, followed a rigorously non-aligned policy. Its government began to seek closer ties with the United States in 1989 and has shown a special interest in training its security forces. U.S. objectives are the promotion of democratic ideals, including the strengthening of Vanuatu's democratic institutions, as well as the fostering of programs which protect Vanuatu's environment and fragile natural resources.

SPECIFIC OBJECTIVE:

Improve the capability of the Vanuatu Mobile Force (VMF) in protecting maritime resources, and operating effectively in regional peacekeeping and disaster-relief efforts.

Vanuatu's small force is responsible for a large area of ocean. IMET-sponsored U.S. Coast Guard training in maritime law-enforcement supplements bilateral Australia and New Zealand training and upgrades VMF capabilities. Vanuatu's recent commitment of personnel to the regional "peacekeeping" force deployed in Papua New Guinea in 1994 highlighted the need for improved tactical, logistical, and organizational skills training.

Effectiveness measures:

- Increased protection of maritime resources; and
- Improved tactical, logistical, and organizational skills.

WESTERN SAMOA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.048	0.100	0.100

OVERALL U.S. OBJECTIVES:

The oldest Western Pacific parliamentary democracy, Western Samoa is melding modern values with its strong traditional heritage. It is a major trading partner with the nearby U.S. territory of American Samoa. In this context, the United States is encouraging the strengthening of democratic institutions and the openness of the economy. The first South Pacific member of the United Nations, Western Samoa's voting record has long paralleled that of the United States. It has also worked cooperatively on issues the United States considers important in other multilateral and regional fora.

SPECIFIC OBJECTIVES:

1. A professional security service which respects its proper role in a democratic society.

IMET assistance will build on past U.S. training efforts to increase the professionalism of the security service, improve the implementation of relief efforts, and provide for more accountability within the security service. In accordance with U.S. leadership and management doctrines, training will focus on military justice, human rights, and civilian control of the security service.

Effectiveness measures:

- Demonstration of a greater understanding of the proper role of a security service within a democratic system; and
- Assignment of successful IMET graduates to related duties upon return.

2. Protection of lives and human rights in maritime operations.

The program will provide maritime law enforcement management training, concentrating on protection of civil and human rights in coastal maritime operations, similar to techniques employed by the U.S. Coast Guard.

Effectiveness measures:

- Evidence of greater respect for civil and individual rights in maritime-control activities; and
- Increase in the number of arrests of fishery violators.

EUROPE

EUROPE

OVERVIEW:

Europe represents the world's greatest concentration of nations and peoples sharing the U.S. commitment to democracy and market economies. A center of economic power and a huge export market for U.S. products, Europe and Canada include five of the seven G-7 group of major industrialized states. America's vital security and economic interests are inextricably tied to Europe, as evidenced by massive U.S. engagement in two world wars and the Cold War, and the continued U.S. leadership role in NATO.

Beyond this crucial bilateral relationship, Europe and Canada offer unique opportunities for global partnership. The European states, both individually and acting through the European Union, and Canada are global players, exercising political or economic influence in Asia, Africa, and Latin America. Thus, U.S. relations with France, for example, and also with smaller nations such as Belgium, have a multiplier effect in furthering U.S. interests on global issues and in regions far afield from Europe or Canada.

The end of the Cold War has brought new opportunities to Europe, but also new challenges. At last, the United States and its partners can complete the task of building a free, democratic, and undivided Europe, integrating Central Europe and the Baltic States into the Western economic and security system. At the same time, however, the removal of superpower rivalry has permitted the resurgence of new threats to peace, often based on ethnic conflict. Bosnia, above all, represents a challenge that must be mastered in order to establish a stable, democratic, prosperous Central Europe. Other potential hotspots such as the delicate Greece/Turkey/Cyprus relationship also require special attention.

OBJECTIVES:

- Maintain peace and stability in Europe via U.S. engagement and leadership. Construct a new European Security Architecture, building on existing institutions;
- Establish a durable peace and reduce ethnic tensions in former Yugoslavia;
- Consolidate democracy and economic liberalization and stability in Central Europe including the Baltic states and integrate these nations into western institutions;
- Deepen the U.S.-European Partnership through the "Transatlantic Agenda," among other mechanisms, and use it to enhance cooperation in Europe and globally; and
- Expand U.S. exports to Europe and Canada;
- Revamp critical economic institutions to support U.S. post-Cold War goals;
- Promote a Political Settlement in Northern Ireland.

STRATEGY AND RESOURCES

Achievement of U.S. policy goals in Europe depends on diplomacy, bilateral assistance and contributions to a variety of multilateral programs and institutions. Relationships with

countries such as France, Germany, and Canada -- vital to advancing U.S. interests both regionally and globally -- are underpinned for the most part by conventional diplomacy. On the other hand, a combination of bilateral and multilateral assistance efforts is critical to maintaining relationships with NATO allies Greece and Turkey, and to achieving U.S. objectives in those areas of Europe torn by war, threatened by instability, or still integrating with the West after decades of Soviet domination.

U.S. security policy in Europe rests upon the cornerstones of the North Atlantic Treaty Organization (NATO); the Organization for Security and Cooperation in Europe (OSCE); cooperation with Russia; and European integration. The point of departure has been and will remain the preservation of U.S. leadership in a robust Atlantic Alliance. The United States has led in adapting NATO to the changed security environment and will keep the Alliance central in the overall approach. The three most important ongoing tasks affecting NATO are: (1) to maintain momentum toward gradual, transparent enlargement of the Alliance; (2) to solidify a cooperative relationship between NATO and Russia; and (3) to enhance the Partnership for Peace (PFP) program, integrating PFP members into the work of the Alliance.

NATO is progressing on all three fronts, but PFP requires significant additional U.S. resources in order to succeed. The Alliance is integrating Partners into NATO defense planning and joint exercises and is giving high priority to improving the compatibility and interoperability of Partners with NATO forces. Partner nations, while generally committed to making their forces capable of cooperating with NATO, lack the necessary resources to undertake improvements in logistics, equipment, and training. The President's "Warsaw Initiative" commitment for FY 1996 addressed this issue, but additional Foreign Military Financing (FMF) Grant and Loan assistance is needed to permit Partners to solidify their relationship with NATO. This need applies both to Partners which intend to pursue NATO membership, and those which do not. International Military Education and Training (IMET) programs will further strengthen links between Partner nations and the United States.

Among the important tasks that more capable, modernized, military forces from Partner countries can undertake is international peacekeeping. This is already true of Latvia, Lithuania, and Estonia, which have joined with U.S. help in establishing the Baltic Peacekeeping Battalion. A portion of the FMF grant aid would provide follow-on support to the Baltic Battalion.

The 53 nation OSCE forms an essential element in the new security architecture. The OSCE's commitment to democratic development, economic cooperation, security, and human rights define the kind of Euro-Atlantic community that the United States seeks. The United States has led the way to consensus on an enhanced OSCE role, including full implementation of OSCE commitments, increased conflict prevention activities, development of a comprehensive framework for conventional arms control, and establishment of uniform non proliferation standards. Commensurate with its enhanced status and capabilities, the OSCE will play a vital role in implementing the peace agreement in Bosnia.

The OSCE is particularly well qualified for peacekeeping. Because it is in the U.S. interest that the OSCE successfully undertake large scale peacekeeping operations such as in Nagorno Karabakh, the United States continues to contribute to OSCE peacekeeping out of the Voluntary Peacekeeping Account.

The potentially volatile situation in Europe's southeastern corner requires special care. The United States is committed to advancing the negotiating process on Cyprus, controlling tensions between Turkey and Greece, and strengthening Turkey's place in the Western economic and security system. Failure here could unravel all other European security efforts.

As a result, the United States gives high priority not only to bilateral relations with these countries, but also to promoting ties between this region and Western Europe. For example, the United States strongly supports the EU Turkey customs union agreement, as well as the opening of talks on Cyprus' accession to the EU.

The strategic importance of southeastern Europe and the need for outside financial assistance make the region a disproportionate recipient of U.S. funding. Economic Support Funds to Turkey and Cyprus, and FMF loan programs and IMET programs in Turkey and Greece, support U.S. diplomatic efforts to maintain regional stability and Western ties.

The Balkan crisis has presented not only a human rights tragedy, but also a blot and a barrier to achievement of a stable and secure Europe. Fortunately, it is also the object of a major U.S. diplomatic success, one that must be backed with resources. The United States has worked to achieve a just and durable peace agreement, minimize human suffering, and promote reconstruction of shattered communities. The conflict represents, for example, the focus of U.S. refugee assistance efforts in Europe, and a substantial program is needed to assist the flood of displaced persons resulting from the conflict. The United States has also provided development assistance to the Bosnian Federation in those areas not affected by the fighting, and supported a successful Sanctions Monitoring effort against Serbia Montenegro.

The needs and opportunities for Balkan reconstruction pose a special challenge. Although other nations will assume most of the financial burden, the U.S. share remains substantial. Having brought about peace in the Balkans, the United States must also lend its resources to the critical task of restoring this region so that it can rebuild its communities, pursue economic and political development, and join the Western community of nations.

As the process of Bosnian reconstruction begins, the United States must ensure that this does not cripple the important assistance programs already underway throughout Central Europe. U.S. programs are building the foundation for democratic, free market societies throughout the region. The primary vehicle is the Support for East European Democracy (SEED) Program, a model of interagency coordination and cooperation. The United States is supporting a range of activities to promote democratization, economic restructuring, and quality of life, so that this vast region, so long denied interaction with the West, can now join it fully.

The SEED Program represents nothing less than the fulfillment of the long-standing U.S. pledge to welcome the countries of Central and Eastern Europe into the West, once the Soviet yoke was broken. Thus, even in a time of limited resources, it is important to maintain the vitality and momentum of this program, coincident with the special requirements of Balkan reconstruction.

The IMET program is a distinct and important contributor to U.S. policy goals in Central and Eastern Europe. IMET courses help strengthen civilian and democratic control of the military and enhance ties between the U.S. and foreign military organizations. Closer bilateral ties provide an opportunity to influence the evolution of military policy in those countries.

The International Monetary Fund and multilateral development banks (MDBs), particularly the World Bank and the European Bank for Reconstruction and Development (EBRD), contribute significantly to economic development of the region. The MDBs have taken the lead in supporting policy reforms, such as trade liberalization, privatization, and financial sector rehabilitation, needed in the transition to open market oriented economies.

Transatlantic and U.S.-Canadian trade and economic relations are high priority issues in U.S. diplomacy, bolstered by funding for the Trade and Development Agency, Export-Import Bank, and the Overseas Private Investment Corporation. U.S. diplomatic efforts are focused on

eliminating trade barriers through such means as a comprehensive investment regime, mutual recognition agreements, anti trust cooperation agreements, and Open Skies civil aviation accords.

The U.S. effort to revamp critical economic institutions focuses primarily on the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD). The United States is working with the EU to get the WTO up and operating smoothly, so that it can resolve appropriate trade disputes. The United States is also revitalizing the OECD as a more global and outward looking institution, while retaining its expertise in cutting edge policy analysis and dialogue on socio-economic issues.

U.S. commitment to deepen the transatlantic partnership is the best example of a top priority campaign that draws only slightly upon Foreign Operations funding. Working primarily, but not exclusively, with the EU, the United States has developed a Transatlantic Agenda that will strengthen U.S.-European ties and will channel this cooperation into joint action regionally and around the world. The scope of this joint action is as broad as the entire range of global issues: non proliferation of weapons of mass destruction, international crime, terrorism, narcotics trafficking, humanitarian and development assistance, human rights, refugees, migration, health, population, environment, science and technology.

Northern Ireland, scene of the last major ethnic/religious conflict in Western Europe, offers ground for optimism as the parties continue to discuss ways of resolving the dispute through peaceful negotiation. The United States has actively supported and encouraged these developments. An important element in this process is the political/economic revitalization of Northern Ireland and the border counties of Ireland. The concrete expression of U.S. desire to promote this revitalization is the International Fund for Ireland, which will continue to stimulate economic development and business activity in a region that has been affected by the conflict.

ALBANIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	26.363	21.000	30.000
FMF	0.000	2.525	3.600*
IMET	0.226	0.400	0.600

OVERALL U.S. OBJECTIVES:

A poor country by European standards, Albania is making the difficult transition to an open-market economy. Its long history of Stalinism and economic isolation poses a high hurdle to political and economic reforms. Albania's large, unassimilated diaspora in neighboring Kosovo, Macedonia, and Montenegro presents a potential destabilizing influence. The United States promotes the development of a democratic, secular state built on the rule of law, respect for human rights, and development of a market economy in Albania.

SPECIFIC OBJECTIVES:

1. Development of democratic institutions in Albania.

The 1991 Law on Major Constitutional Provisions remains the foundation for democratic government in Albania. New civil and penal codes, commercial rules, and hundreds of other laws have been enacted. Yet, serious gaps in understanding and implementing judicial procedure remain throughout the legal system. Corruption is a significant problem. To complete the transformation to a fully functioning democracy, the Government of Albania must pay special attention to perfecting the rule of law, and establishing an independent judiciary and a free press.

The United States employs a range of SEED-funded technical assistance programs designed to assist the Government of Albania to improve public management capacity by training government officials at the local/municipal levels. Another program will help a spectrum of media organizations to become self sufficient. A new program will concentrate on disseminating laws, codes, and rules to all courts, provide continuing education for law professionals, and revamp court system administration, among others.

Effectiveness measures:

- Legal systems which follow a democratic model;
- More accountable local government; and
- Media free of government pressures.

* Albania may also be eligible for the proposed Central Europe Defense Loan Program.

2. Economic restructuring in Albania.

Albania is building a new economy. It abandoned central planning without the institutions or infrastructure required for a well-functioning market economy. The economic reform program of 1992 arrested the economic deterioration of the country and began the transition to a market economy. Fiscal and monetary policies were complemented by structural reforms, including privatization, and the creation of a legal framework for private sector activity.

Even though Albania has made rapid progress in the transition to a free market system, it still lacks expertise in many basic functional economic activities, such as banking and investment and tax laws. U.S. SEED programs aim to provide economic sustainability by completing the mass privatization of large enterprises, developing capital markets, improving the quality of urban and infrastructure public services ,and developing and implementing a banking reform strategy.

Effectiveness measures:

- Transfer of state-owned assets to the private sector;
- Encouragement of private small business activity; and
- Improvement of government fiscal policies.

3. Military cooperation through security assistance, military to military contacts, Security and Arms Control Dialogue and Bilateral Working Group meetings

The Albanian military received over 150 IMET-funded courses in fundamental military concepts and obtained excess non-lethal defense articles from the United States. IMET training has assisted with the professionalization of the Albanian military along western lines, and has improved civil-military relations. In 1995, nine joint U.S.-Albanian training exercises were conducted. A top Albanian defense priority is control of its coastal waters and airspace. The Albanians will use FY 1996 FMF to purchase two new patrol boats and much needed small unit equipment for its 160-soldier peacekeeping contingent for IFOR purposes.

The Albanian parliament ratified the PFP Framework Document in April 1994; the NAC approved -- and Albania accepted -- Albania's Individual Partnership Program in January 1995. Forces available for PFP cooperation are expected to include one infantry company for peacekeeping operations and designated naval and air resources for search and rescue operations. The Albanians have offered NATO use of air, sea and land facilities for any peacekeeping activity. Some U.S. unmanned aerial vehicles were based in northern Albania in the summer of 1995, and cold-weather training has proved beneficial to the U.S. Marine Corps. Albania has also offered logistical and other support for IFOR activities.

Effectiveness measures:

- Albanian participation in PFP and bilateral exercises;
- Continued moderation by the Albanian government in its regional policy, which is important for avoiding a conflict in Kosovo; and
- Increased interoperability with U.S. and NATO forces, as measured by acquisition of NATO-compatible equipment and adoption of NATO military doctrine and standards.

AUSTRIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.015	0.015	0.025

OVERALL U.S. OBJECTIVES:

A small, prosperous country strategically located at the crossroads of central Europe, Austria has long been part of the Western democratic, cultural, and economic sphere despite a foreign policy of neutrality. Austria joined the European Union in 1995 and is therefore a full participant in the process of European integration. Traditionally active in "bridge-building" to the East, Austria is well situated to help integrate the new democracies of Central Europe into the West. This involvement by a prosperous, free market democracy supports the U.S. objective of a unified, free Europe.

The United States encourages Austria's long-standing role as a leading participant in UN peacekeeping operations. Austria currently provides troops to 10 UN missions around the world, totaling 869 soldiers in all, and has pledged a medium transport company for IFOR/Bosnia. Austria also plays a significant role in the OSCE, and has committed to military participation in a possible OSCE peacekeeping mission in Nagorno-Karabakh. The United States has also welcomed Austria's recent development of closer ties to Western security structures. While formally maintaining its policy of neutrality, it became an observer in the Western European Union and signed a PFP Partnership agreement on February 10, 1995.

SPECIFIC OBJECTIVE:

Continued Austrian participation in peacekeeping operations, PFP, and other Western security organizations.

The U.S. IMET program promotes this objective by enabling a limited number of Austrian officers and NCOs to participate in a variety of U.S. professional military education courses, including technical and resource management training programs. IMET also establishes personal and professional contacts between U.S. and Austrian forces, enhancing cooperative military activities. Austria has reciprocated by providing a number of unique training opportunities to U.S. Army personnel at no cost to the U.S. Government. These include training programs in alpine high altitude helicopter operations, alpine special forces operations, alpine rescue operations, participation in the Austrian General Staff course, and UN staff officer observer training.

Effectiveness Measure:

- Participation by U.S.-trained officers and NCOs in peacekeeping operations.

BOSNIA-HERZEGOVINA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	25.151	250.000*	200.000
IMET	0.000	0.200	0.500

OVERALL U.S. OBJECTIVES:

The signing of the Dayton Peace Agreement on December 14, 1995, and the subsequent arrival in Bosnia of the NATO-led Implementation Force (IFOR) shortly thereafter, are enabling Bosnia to emerge from a devastating conflict which threatened to destabilize the rest of Eastern Europe. During almost four years of war, nearly 250,000 citizens were killed, almost two million people were displaced or became refugees, 90 percent of the physical infrastructure was damaged or destroyed, and industrial/commercial productivity decreased by about 90 percent. U.S. leadership in brokering the Dayton Agreement and NATO's presence in Bosnia now afford an opportunity for the Europeans and the international donor community to further anchor the peace by accelerating the transition from mostly humanitarian assistance to alleviate immediate suffering to activities which will bring more long-term political, economic, and social benefits to this war-ravaged country. The corollary to this is that the civilian reconstruction activities will be critical and complementary to the IFOR exit strategy . Senior U.S. military leaders recognize this and support he President in arguing strongly that civilian implementation is vital to the military to successfully complete its mission.

SPECIFIC OBJECTIVES:

1. Full implementation of the Dayton Peace Agreement

A broad interagency effort has been mobilized to assist in the implementation of the Dayton Agreement. Twenty-thousand U.S. troops have deployed to Bosnia as part of the 60,000-member NATO-led Implementation Force (IFOR) that is charged with implementing the military aspects of the Dayton Agreement. On the civilian side, the United States plans to contribute $600 million over a three year period to an international reconstruction effort to rebuild Bosnia's shattered infrastructure

In addition, the State Department and USAID will contribute $162 million in humanitarian assistance (including Food for Peace) to relieve the immediate humanitarian crisis in Bosnia. The bulk of this will be provided on a decreasing scale during the first 12-18 months of the three-year period. Since 1991, the United States has provided over $1 billion to humanitarian assistance in Bosnia.

* FY 1996 estimate includes the supplement.

For FY 1996, the United States also anticipates contributing $80.7 million for police training and monitors, $8.2 million for elections and human rights monitoring and $88.1 million for a variety of other implementation activities, including demining.

Effectiveness measures:

- The complete transfer of areas between entities as called for under the Dayton accord;
- The creation of a secure environment to carry out the various actions mandated by the Dayton Agreement, i.e., free and fair elections, a phased return of refugees, the establishment of human rights, arbitration and refugee commissions;
- The deployment of an International Police Task Force to monitor and train local police authorities; and

2. Economic revitalization of Bosnia.

The FY 1997 SEED Program will continue its support of a number of critical activities initiated in FY 1996 and designed to facilitate economic revitalization: reform and reconstruction. The continuation and bolstering of these activities in enterprise finance, municipal infrastructure and services ,housing, and necessary technical assistance will be essential to assist in maintaining peace in the region both before and after the withdrawal of NATO-led military forces. Additionally, involvement in these areas will increase the likelihood of success in U.S. democracy, strengthening prospects for positive results from U.S. work in the area of economic revitalization.

Effectiveness measures:

- Short- and medium-term capital, as well as pre-export and import financing to the commercial sector, increasingly managed by the local financial institutions with significantly decreased reliance on external technical assistance advisors;
- Increased economic activity and employment opportunities for general population, repatriated refugees, and de-mobilized soldiers;
- Rehabilitated housing stock in selected areas and creation of jobs in the housing industry;
- Creation of effective public finance structures at the federal level and municipal levels; including systems for effective tax and tariff collection, government budgeting, and inter-governmental revenue sharing

3. Strengthening democracy in Bosnia.

As part of the SEED program, the U.S. Government will build upon its democracy program to further support development of an economically sound, multi-ethnic country based upon the rule of law and democratic principles. Activities under this program include support for independent media, building basic government administrative structures, rule of law, and support of the OSCE efforts in election administration and monitoring.

Effectiveness measures:

- Stronger independent broadcast media, both financially and in terms of quality of reporting;
- Free and fair elections in which moderate political parties have an opportunity to participate;
- Improved capacity of Federation municipalities and cantons to deliver and manage services (personnel, budgets, etc.) and to relate to their constituents; and
- Establishment and functioning of judicial institutions independent of party or ethnic control.

4. An adequate Bosnia Federation defensive capability.

IMET funds will assist in professionalizing Federation forces, complementing U.S. coordination of an international effort to equip and train Bosnian Federation forces. The equip and train effort, which seeks to establish a military equilibrium when IFOR departs, will not involve U.S. troops, but will call upon drawdown support. The majority of this equip and train effort is anticipated to be conducted in cooperation with other donor nations.

Effectiveness measures:

- The establishment of a military equilibrium in Bosnia upon the departure of IFOR; and
- The development of an apolitical, professional military with respect for human rights and proper civilian-military roles in a democratic society.

BULGARIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	37.313	27.500	31.000
FMF	0.000	4.275	3.000*
IMET	0.400	0.700	0.800

OVERALL U.S. OBJECTIVES:

Bulgaria occupies a key location on the troubled Balkan peninsula, bordering the Former Yugoslavia and the Former Yugoslav Republic of Macedonia, as well as U.S. NATO allies Greece and Turkey. The Bulgarian government has demonstrated a commitment to regional stability that must be encouraged. Bulgaria is undergoing a painful economic adjustment from the misdirected development undertaken during Communist rule. The United States has a strong interest in assisting Bulgarian efforts to complete the processes of economic and political reform and to integrate fully into Western institutions.

SPECIFIC OBJECTIVES

1. **Legal and regulatory reform in Bulgaria, and development of a market-oriented economy in which the majority of economic resources is privately owned and managed.**

While Bulgaria's economy has strengthened since the fall of communism in 1989, economic reform has progressed in fits and starts. Privatization remains incomplete, but received a new impetus last year with the passage of the mass privatization law. The banking system needs to be restructured and key decisions on the ownership of rural land need to be made. Bulgaria continues to lag behind other countries in Central Europe in terms of foreign investment.

To help Bulgaria develop a market-oriented economy and a regulatory framework conducive to broad-based competition and private sector growth, SEED-funded assistance focuses on: (a) developing a framework for mass privatization of government-owned enterprises; (b) developing market-based energy pricing; (c) promoting bank restructuring and privatization; (d) supporting the application of modern tax laws; (e) encouraging the reorganization or bankruptcy of non-viable enterprises; and (f) assisting in the identification and development of financing procedures for environmental initiatives.

Effectiveness measures:

- An increased transfer of state-owned assets to the private sector;
- A more competitive and market responsive private financial sector; and
- An increase in the number of viable small and medium sized private enterprises.

---

* Bulgaria may also be eligible for the proposed Central Europe Defense Loan Program.

2. A developed tradition of Bulgarian democracy and pluralism.

Bulgaria is a functioning parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections last year. The government generally respects freedom of speech, press, association, assembly, and travel, but xenophobia, nationalism, and anti-ethnic expression remain serious problems. Despite significant progress, there are major problems with corruption, organized crime and police abuses.

U.S. programs seek to improve local governments by (a) pressing the process of decentralization; (b) enhancing their abilities to lobby the central government; (c) increasing their responsiveness to its citizens; (d) building successful models for popular participation in decision making; and (e) bettering the quality of municipal services. SEED programs also aim to strengthen non-governmental groups, the media, the Assembly, and the Courts to sustain democratic progress.

Effectiveness measures:

- More accountable local government;
- Transformation of the legal system along democratic lines; and
- Expanded citizen participation in political decision making.

3. Civilian oversight, modernization, professionalization, and interoperability of the Bulgarian military with U.S. and NATO forces.

Bulgaria has been an active PFP partner and seeks expanded defense cooperation with the U.S. and its Allies. Bulgaria is an active participant in other cooperative defense activities, and has offered to provide a field hospital for service in Bosnia with the NATO-led Implementation Force.

IMET and FMF programs for Bulgaria are designed to help Bulgaria continue to move toward a better managed, defensively-oriented, Western-style military. By assisting Bulgaria in its efforts to abandon the Warsaw Pact doctrine and force structure inherited from the Communist period, the United States contributes to stability in this strategically important region. Equally important, U.S. military assistance, by focusing on professionalization and civilian oversight of the military, strengthens democratic institutions in Bulgaria. IMET courses will also enhance the proficiency and operational and maintenance capability of the Bulgarian military, and will establish friendships and channels of communication which provide the essential foundation for further U.S.-Bulgarian cooperation.

Effectiveness measures:

- Deepening participation in the Partnership for Peace, and in international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO military doctrine and standards.

CENTRAL EUROPEAN DEFENSE LOANS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF Loan Amount	0.000	0.000	72.528
FMF Loan Subsidy (BA)	0.000	0.000	7.840

OVERALL OBJECTIVES:

In the interest of contributing to the stability of the European continent, the United States has a clear and compelling rationale for nurturing expanded defense cooperation with the friendly, democratic states of Central Europe (CE) and the Baltics. Through the Central European Defense Loans (CEDL) program, the United States can contribute to regional stability by providing concrete support for ongoing military reform efforts of the democratic CE and Baltic governments. Specifically, the United States supports, through equipment transfers, training, and exchange programs, the reorientation of CE and Baltic militaries to defensive postures, regional cooperation based on uniform standards of NATO-compatible equipment, and expanded military cooperation with NATO forces both bilaterally and through the PFP. The CEDL program will assist in the gradual enlargement of NATO by providing FMF loans to Central Europe and the Baltics for acquisition of NATO-compatible equipment.

The CEDL program is separate and distinct from proposed assistance to PFP partners under the $100 million "Warsaw Initiative" program. The latter encompasses all PFP partners, including the NIS states. Furthermore, assistance provided under the Warsaw Initiative is for immediate facilitation of Partner participation in PFP activities (e.g., C^4I, communications equipment, personal equipment, NATO familiarization training, exercise support, etc.). The CEDL program, in contrast, will address deeper infrastructure deficiencies (e.g., lack of airlift capability, incompatible radar and IFF systems, etc.) which serves the broader goal of improved compatibility with NATO. The program will also focus on supporting the efforts of CE and Baltic states to develop dedicated peacekeeping units.

SPECIFIC OBJECTIVES:

1. A Central European defense infrastructure that is compatible with NATO forces.

Burdened by Soviet-trained and -equipped militaries and austere defense budgets, the CE states face manifold obstacles to closer integration with NATO. Through the CEDL program, the United States will support discrete, high-priority projects in areas where NATO compatibility is deficient (e.g., radars, IFF, communications, transportation, etc.). Assistance provided under this program will focus on enhancing defensive capabilities of CE militaries in order to assist their ongoing re-orientation to defensive postures, help them rationalize their defense planning, and allow them to deter potential aggressors.

2. Reorientation of Central European militaries toward more efficient, professional, and defensively-oriented force structures.

By focusing on qualitative improvements in defense infrastructure, the CE defense loans will allow some of the oversized, Soviet-equipped CE militaries to continue downsizing and restructuring their forces while maintaining essential defensive capability. The program will support the trend towards supporting smaller, more capable, and more professional militaries.

3. Stability-enhancing defensive and deterrent capabilities.

CE defense loans will enhance the defensive military capabilities of the CE and Baltic states by assisting in the acquisition of equipment and training such as: NATO-compatible airfield navigational aids; computers for Defense Ministry use; personal gear for dedicated peacekeeping or rapid deployment units; transportation equipment, including vehicles and aircraft; IFF transponders and interrogators; ground-based radar upgrades; search-and-rescue equipment; command, control and communications upgrades; and airfield radars, navigational aids, and instrument landing systems. Loans can also be used to acquire lethal defensive items such as small arms and anti-tank weapons.

4. Assumption of greater peacekeeping responsibilities by Central European states.

Virtually all the non-combatant CE states already maintain, or are in the process of developing, dedicated peacekeeping units deployable to multinational peacekeeping operations. However, these units lack basic NATO-compatible equipment, including communications, personal gear, and transportation, thereby limiting their ability to participate effectively alongside U.S. or NATO units in international peacekeeping operations.

Effectiveness measures:

- CE acquisition of U.S. equipment that advances the long-term goal of NATO interoperability;

- CE participation, alongside U.S. and NATO forces, in PFP peacekeeping exercises in which CE participants draw on U.S.-provided training and equipment; and

- Deployment of CE peacekeeping units to UN or NATO peacekeeping operation(s).

CROATIA

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	14.544	9.750	9.000
IMET	0.105	0.200	0.350

OVERALL U.S. OBJECTIVES:

One of the most prosperous and industrialized regions of the former Yugoslavia, Croatia suffered the effects of the conflict accompanying the breakup of that state. Croatia is successfully establishing a democratic government and market-oriented economy despite the legacy of Yugoslav communism and the burdens of war in neighboring Bosnia-Herzegovina, including nearly 400,000 refugees. Croatia regained control of most rebel-Serb held areas last August. The remaining Serb-held territory, Eastern Slavonia, will be peacefully reintegrated under a UN Transitional Administration to be headed by U.S. Air Force (reserve) General Klein. Croatia has conducted largely fair and free multi-party elections and has stabilized its currency and economy sufficiently to win IMF backing. Croatia's support for implementation of the Dayton peace accords will be crucial to their success.

SPECIFIC OBJECTIVES:

1. Development of a market-oriented economy, a developed financial sector, and a legal system which supports a free enterprise economy.

Croatia has the potential for significant economic progress if the peace accords hold. The 1993 economic stabilization program has had good results: Croatia can now claim a stable exchange rate and single digit inflation. In 1995, defense expenditures consumed an estimated 40 percent of the government expenditures and the economy grew only 1 percent. However, Croatia is farther along in the reform process than most of the former Yugoslav states, and if the government builds upon stabilization policies from the early 1990's, Croatia's prospects look good.

SEED funds help develop a transparent, well-regulated banking system, and prepare six state-owned banks for privatization. In 1996, the Government of Croatia plans to enact U.S.-supported reforms, such as a securities and investment funds law, a bankruptcy law, and a commercial code. U.S. assistance will expand the delivery mechanism of capital and technical assistance to micro, small, and medium-sized enterprises, and will help establish an office to manage the national debt.

Effectiveness measures:

- Completion of the privatization process;

- Development of a transparent, well-regulated commercial banking system; and

- Adoption of modern finance laws and uniform procedures for contracts.

2. A developed tradition of Croatian democracy and pluralism.

Croatia has a bi-cameral parliament, a President, a Prime , and a constitution which guarantees fundamental rights. Nevertheless, democratic procedures are not yet firmly established, and the executive branch has taken advantage of wartime conditions to enhance its powers. A separate court system exists on paper, but a special six-court military judicial system has jurisdiction over issues involving national security. The transition of the judiciary to a constitutional, multi-party, democratic system remains a concern because of its vulnerability to ethnic bias and to political manipulation. Although the constitution is committed to human rights for all citizens, there are problems with government control of the press, human rights violation, and a lack of investigation and prosecution of crimes against ethnic minorities.

The United States is implementing activities in Croatia to reduce political polarization and smooth the transition to democracy. The U.S. Government will continue efforts to strengthen political parities through training and technical assistance. it hopes to engage the Croatian Government in a dialogue for increased judicial independence, and work with municipal governments to encourage privatization of some services.

Effectiveness measures:

- More accountable local government;

- Development of a completely independent court system;

- Expanded citizen participation in political decision-making and the organization of effective opposition parties; and

- Expansion of independent media and creation of alternative sources of information.

3. A professionalized Croatian defense establishment that enjoys close cooperation with the U.S. military and understands Western defense doctrine and practice.

Croatia is a key to stability in the Balkans, and the United States has a clear and compelling interest in encouraging it to play a responsible role in the region -- especially vis-à-vis its security policies and the development of its military. A modest IMET program would encourage Croatia to continue to seek closer integration with Western security structures, provide an incentive for a deepened bilateral security relationship, and promote the general objective of fostering stability in the region. IMET programs would also imbue Croatian officials with an appreciation for the proper role of the armed forces in a civil democratic society.

Effectiveness measures:

- Promotion of IMET graduates to senior military or defense ministry positions; and
- Enhanced cooperation with Western military establishments, and increased professionalization of the Croatian military.

CYPRUS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	15.000	15.000	15.000

OVERALL U.S. OBJECTIVES:

Cyprus occupies a strategic crossroads between Europe, the Middle East, and North Africa. Developing into a regional financial, commercial, and communications center, Cyprus offers a growing market for U.S. products and a suitable location from which the United States can expand exports to the region and beyond. However, these opportunities lie under the shadow of the 1974 division of the island into a Greek -Cypriot area controlled by the Cypriot government (59 percent of the land), a Turkish-Cypriot area (37 percent) and a UN buffer zone (4 percent). This situation on a heavily-militarized island remains a serious source of tension between Greece and Turkey. The primary U.S. objective therefore is to end the division of Cyprus and remove it as a potential confrontation point between two allies. The United States seeks a just, intercommunal settlement which will guarantee a secure future for both sides and establish a bi-zonal, bi-communal federation. Such an outcome would also enhance stability in the region. The United States strongly supports the UN Secretary General's good offices mission in Cyprus and, in the coming months, intends to reinvigorate its diplomatic efforts to assist in finding a solution to the Cyprus problem.

SPECIFIC OBJECTIVES:

1. Enhanced bi-communal Cooperation.

The population exchange which ensued after 1974 left the Greek and Turkish Cypriot communities virtually separated. U.S. assistance to Cyprus has evolved from relief and rehabilitation to promoting activities which create lines of communications between the two communities. In planning and carrying out a wide range of bi-communal activities, Greeks and Turkish Cypriots can work together productively to advance the economic development of their island. Properly implemented, this interchange fosters an appropriate climate for successful negotiations and builds a base for normalized cooperation under a future settlement. Bi-communal activities have been undertaken in the fields of health, environment, forestry, education, historic preservation and urban renewal.

Effectiveness measures:

- Genuine bi-communal cooperation in identifying, planning and implementing projects which benefit the entire island; and

- Identification of projects which make efficient use of resources and have positive impact upon both communities.

2. Scholarships for students from both communities and short-term technical training for target groups of community leaders.

In extending educational opportunities to promising young Cypriots, the scholarship program advances Cyprus' economic and social development. While in the United States, these students observe first-hand how the U.S. system works and how various ethnic communities resolve their differences without recourse to violence. The educational program also sponsors and organizes bi-communal seminars, workshops, and lectures on Cyprus on issues relevant to both communities.

Effectiveness measures:

- Creation of a shared educational experience, value system and language among a select group of young Greek and Turkish Cypriots; and

- Evidence in these programs of genuine short and long-term interaction between the two communities.

CZECH REPUBLIC

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	13.811	3.700	0.000
FMF	0.000	8.900	7.500*
IMET	0.500	0.750	0.800

OVERALL U.S. OBJECTIVES:

The Czech Republic continues its rapid evolution as an important political, trade, and security partner of the United States. Since 1990, the Czech economy has shifted from 98% public to over 80% private ownership, while vigorous economic reforms have produced solid growth and remarkably low unemployment. On the multilateral level, the Czech Republic has supported U.S. and allied efforts in the Gulf War, at the United Nations Security Council, and on the ground in Bosnia. Key U.S. policy goals are to help the Czech Republic consolidate its rapid transition to a functioning free-market democracy and promote its integration with Euro-Atlantic organizations such as NATO and the EU, thus strengthening U.S. economic and security interests.

SPECIFIC OBJECTIVES:

1. Interoperability of the Czech military with U.S. and NATO forces through participation in the Partnership for Peace.

The rapid progress of reform in the Czech Republic has made it a leading candidate for admission to Western political, economic and security institutions. The Czech Republic is already a member of the OECD, WTO, and PFP, and in January 1996 applied formally to join the EU. On the security side, although facing a major military downsizing and restructuring, the Czech Republic is intent on adopting U.S. and Western models of defense organization to facilitate its participation in PFP and cooperation with NATO. It has made clear its interest in joining NATO soon, and has contributed an 850-soldier battalion to the Bosnia Peace Implementation Force as part of this effort. The Czech Republic has also been an active contributor to other international military operations such as UNTAES, UNCRO, and the Gulf War coalition. Bilaterally, the United States and the Czech Republic share an expanding security relationship which includes joint exercises, training programs and Foreign Military Financing.

2. Effective civilian oversight, modernization, and professionalization of the Czech armed forces.

The mutually reinforcing IMET and FMF programs for the Czech Republic are designed to help the Czechs continue the downsizing, modernization, and professionalization of their armed forces, and to reinforce civilian control of the military. The United States seeks to help re-orient the Czech armed forces away from Warsaw Pact military doctrine and toward a more defensively-oriented, Western-style force structure capable of working side-by-side with U.S.

* The Czech Republic may also be eligible for the proposed Central Europe Defense Loan Program.

and NATO forces. In addition to training Czech defense officials at U.S. facilities in areas such as defense planning, military doctrine and peacekeeping, English-language instruction for Czech defense officials will be emphasized in order to facilitate multilateral military cooperation among Czech, U.S. and NATO militaries. The FMF program will provide some of this language training, as well as much-needed tactical communications and C4I upgrades, search and rescue equipment for Czech helicopters, small unit equipment, and other similar items.

Effectiveness measures:

- Deepening participation in the Partnership for Peace, international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

ESTONIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	1.752	0.000	0.000
FMF	0.706	1.500	1.500*
IMET	0.180	0.410	0.500

OVERALL U.S. OBJECTIVES:

Estonia, one of three Baltic nations forcibly incorporated into the Soviet Union in 1940, regained its independence in 1991 and has pursued a policy of reintegration into Western Europe. The government has conducted a program of market reforms and stabilization measures which is transforming the economy. As a result, the private share of the economy is growing rapidly. Estonia's foreign trade also shifted from East to West, so that the Western industrialized countries now constitute the bulk of foreign trade.

Since 1991, the prime U.S. objectives in Estonia have been to help strengthen civil society, bolster democratic and market institutions, assist the integration of non-citizens into Estonian society, and encourage civilian-controlled, NATO-compatible defense forces. The United States wants to ensure (1) the reintegration of a democratic and prosperous Estonia into the West; (2) the success of the Baltic Peacekeeping Battalion, which will help the Estoninans build on their already successful participation in the UN Protection Force in Bosnia (UNPROFOR); (3) Estonian participation in the Bosnia Implementation Force (IFOR) and other peacekeeping and peace enforcement missions; and (4) consolidation of the already successful transition to an open-market economy and fair market access for U.S. business. The United States also supports Estonian efforts to enhance regional security by improving its relations with Russia and by playing an active role in the Partnership for Peace, the OSCE, and other international institutions.

SPECIFIC OBJECTIVES:

1. Strong Estonian democratic institutions, financial sector, and judiciary.

Although USAID decided in 1994 to graduate Estonia from bilateral assistance programs by September 1996, regional SEED-funded programs will continue to play an essential part in improving Estonia's judiciary, reforming the commercial code, and strengthening fiscal policy and management.

Long-term U.S. Treasury advisors at the Ministry of Finance and Central Bank will continue to play a key role in strengthening budget-making, treasury, tax administration, and banking supervision functions. Continued support through the SEED-funded law and democracy

* Estonia may also be eligible for the proposed Central Europe Defense Loan Program.

initiative, including training for judges, is needed to ensure independence and expertise for the Estonian judiciary.

Effectiveness measures:

- Creation of a central treasury function to eliminate the waste of separate accounts for each ministry;
- Increase tax collection efficiency to bring into the open the estimated 30% of GDP now in the parallel economy; and
- Further consolidation of commercial banks into a viable number of well-capitalized, adequately-supervised institutions capable of competitive intermediation in financial markets.

2. An Estonian police force capable of combating organized crime and corruption.

Pressure on Estonia's economy, and to a lesser extent its political system, from organized crime groups of primarily Russian origin, combined with conflict of interest among government officials, are sources of concern. The Estonian police force remains ill-trained, underpaid, overwhelmed, and corrupt. Independent "security firms" (protection rackets) threaten to usurp the government's role to guarantee public safety. Continued SEED-funded in-country training by U.S. law enforcement agencies, such as Customs, DEA and the FBI (including through a legal attaché office to be opened in Tallinn), and training at the ILEA in Budapest will help reverse these negative trends and protect the United States against spillovers from money-laundering and trade in illicit materials.

Effectiveness measures:

- More thorough prosecution of organized crime and corruption by Estonian authorities; and
- Closer cooperation with U.S. law enforcement investigations.

3. A professional, civilian-controlled Estonian military force that is interoperable with regional security organizations, such as NATO.

IMET opens lines of communication between U.S. and Estonian officers, deepening bilateral military cooperation and demonstrating U.S. support for Estonian sovereignty. IMET produces a significant multiplier effect by professionally educating trainers and giving junior officers the necessary leadership skills to assume commands held by Soviet-trained officers. Furthermore, IMET provides the tools to assist in improving civil-military relations along Western lines. With passage of the Gorton Amendment in the FY 1996 Foreign Operations appropriations bill, the United States is now authorized to offer grant lethal Excess Defense Articles to Estonia in order to enhance NATO interoperability.

Effectiveness measures:

- Advancement of IMET graduates to senior military or Ministry of Defense positions;
- Full Estonian participation in the annual BALTOPS sea exercise and in bilateral exercises similar to the summer 1995 JCET exercise in Lithuania; and
- Estonian participation in IFOR.

4 . Estonian participation in PFP and strong links to NATO.

By providing funds to purchase NATO interoperable communication equipment, FY 1996 FMF will support resource-poor Estonia to continue active participation in the full range of PFP exercises. PFP training and exercise activities will help Estonia focus on the practical, here-and-now steps toward closer relations with NATO, and will underscore U.S. policy of keeping Estonia out of a "gray zone" between an enlarging NATO and Russia. These strengthened NATO ties will provide a security environment in which Estonia can better pursue domestic reform and comprehensive reintegration into the west.

Effectiveness measure:

- Demonstration of increased Estonian interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

5. Military readiness of the First Baltic Peacekeeping Battalion by 1997.

U.S. supply of materiel provides an essential complement to Nordic and UK sponsored training. Replacing worn-out equipment through additional FMF funds will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement activities in 1997.

Effectiveness measure:

- Mission readiness of the first battalion by mid-1997.

EUROPE PEACEKEEPING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	0.000	4.000	10.000

OBJECTIVES:

The Europe Peacekeeping account provides support for civilian implementation of peace efforts in Bosnia emerging from the Dayton Agreement. In the future, the account, in conjunction with other contributors, will assist in efforts to prepare Central European peacekeeping units for multinational peacekeeping operations. The primary objectives are thus to:

- Contribute to the successful civilian implementation of the Dayton accords in the Former Yugoslavia;
- Promote regional cooperation by encouraging regional peacekeeping efforts; and
- Encourage the CE states working with NATO to assume greater peacekeeping responsibilities in the post-Cold War world.

JUSTIFICATION:

The Dayton Peace Accords establish a comprehensive context for new civilian institutions in Bosnia -- for a strong and integrated Federation, a functioning free market economy, and a democratic government. It is vital that the people of Bosnia see the benefits of peace and seek to continue reconciliation and reconstruction of their country. Financial support provided to the High Representative charged with civilian implementation of the Dayton Accords is essential for the peace effort to succeed.

The U.S. has been working with its NATO allies, the World Bank, and others to develop a comprehensive set of humanitarian assistance, economic stabilization, police training, demining, and related programs for Bosnia. The bulk of the cost associated with these efforts will be assumed by the allies, friends, and financial institutions. These funds permit the United States to lead by example and to use its funds to leverage the support to ensure success.

Funds from the Europe peacekeeping account will also be used to help the new Central European democracies assume a more active role in international peacekeeping, as demonstrated in ongoing IFOR and UN peacekeeping operations in the Former Yugoslavia. By helping to deploy Central European units to peacekeeping operations, the United States can play a key role in supporting CE peacekeeping efforts. These voluntary operations take advantage of regional institutions to promote stability and security and can result in more effective operations, usually at lower cost to the United States.

Such U.S. support would not only provide an incentive for CE countries to maintain or create dedicated peacekeeping units, but would also improve interoperability and practical political-military cooperation with NATO, as is occurring in IFOR operations in Bosnia. Assistance will help channel the CE states' defense efforts toward maintaining forces adequate for their own security, consistent with their resources, and capable of operating with the forces of NATO member states and others in multinational peacekeeping missions.

A major emphasis of this program will be to encourage regional peacekeeping efforts, such as the Baltic Peacekeeping Battalion. Such voluntary regional cooperation will promote regional security, enhance inter-ethnic cooperation, and subdue cross-border tensions. Rewarding cooperative regional efforts will also serve as an inducement for other states in the region to emulate projects such as the Baltic Battalion.

The United States has a clear and compelling interest in supporting and reinforcing this trend, which is consistent with and supportive of PFP objectives. In its invitation extended to prospective PFP partners, NATO pledged that it will "work in concrete ways towards...creating an ability (among PFP partners) to operate with NATO forces in such fields as peacekeeping..."

Effectiveness measures

- Successful civilian implementation of the Dayton Peace Accords; and

- Deployment of CE peacekeeping units to international peacekeeping operations, especially alongside units from NATO member countries.

FINLAND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.015	0.015	0.025

OVERALL U.S. OBJECTIVES:

Finland's 1300-kilometer border with Russia -- the easternmost border of the European Union following Finland's accession to the EU on January 1, 1995 -- provides a special strategic significance. Since the dissolution of the Soviet Union, Finland has taken decisive steps to emerge from the Russian shadow on military and security issues. That emergence has been paralleled by increasing cooperation with the United States in a variety of venues. For example, Finland is acquiring $3 billion in F/A-18 fighter planes from the U.S., serves as co-chairman of the OSCE's Minsk Group on Nagorno-Karabakh, and is working closely and intensively with U.S. officials to achieve an end to that conflict. Finnish peacekeeping troops have long served side-by-side with American troops in Macedonia, and have joined IFOR forces in Bosnia. Finnish support for Baltic sovereignty and democracy reinforces key U.S. policy goals for the Baltic region. Though Finland is not seeking NATO membership at this time, its increasing involvement in the Partnership for Peace program and assumption of observer status in the WEU reflect its keen desire to take part in the development of Europe's new security architecture. In light of these policy trends in one of Russia's most important neighbors, the United States has a compelling interest in promoting a deeper Finnish understanding of U.S. security policy.

SPECIFIC OBJECTIVES:

Finnish understanding of U.S. security policy and enhanced military-to-military contacts.

The IMET program emphasizes continued contact between mid-grade, upwardly mobile Finnish officers and the U.S. military through attendance at Command, Staff and War College level courses. This will provide Finland's future leadership exposure to U.S. security policy objectives and further enhance the current working relationship between the two nations. Finnish IMET graduates are already in senior command positions. The Commander-in-Chief of the Finnish Armed Forces, for example, is a graduate of the U.S. Army Command and General Staff College. The Finnish Air Force commander and the Commandant of the War College are also graduates of U.S. service schools.

Effectiveness measure:

- Continued advancement of U.S.-trained officers to the highest levels of command.

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

PROGRAM SUMMARY
(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	13.414	12.000	16.000
FMF	0.000	0.750	1.000*
IMET	0.125	0.250	0.300

OVERALL U.S. OBJECTIVES:

The key U.S. interests in the Former Yugoslav Republic of Macedonia (FYROM) are securing regional stability, democracy, and a prosperous market economy. The FYROM has contributed to peace in the volatile Balkans by hosting over 1,000 UN troops, of which approximately 550 are from the United States. The FYROM is committed to political and economic reform and integrating more fully into the West. It has accomplished the latter goal by joining NATO's Partnership for Peace, the Organization for Security and Cooperation in Europe, and the Council of Europe. The United States has a compelling interest in helping The FYROM develop democratic institutions, free enterprise, and a professional military.

SPECIFIC OBJECTIVES:

1. **Emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed.**

The FYROM economy has been under severe strain due to a Greek-imposed embargo from February 1994 to October 1995 and FYROM's observance of the UN sanctions on Serbia. Now that these embargoes have been lifted, the FYROM's economic prospects are improved and it can undertake the difficult job of economic reform.

The FYROM began an economic stabilization program in 1994 which has won praise from the IMF and the World Bank. A financial austerity program stabilized the Macedonian currency, reduced the fiscal deficit, and decreased inflation. U.S. programs are aimed at supporting the stabilization program and helping the FYROM to create the financial infrastructure necessary for a successful transition to a market economy.

Effectiveness measures:

- An increased transfer of state-owned assets to the private sector;
- A more competitive and market responsive private financial sector; and

* FYROM may also be eligible for the proposed Central Europe Defense Loan Program.

- An increase in the number of viable small and medium sized private enterprises.

2. A Developed tradition of democracy and pluralism.

The FYROM is a parliamentary democracy with a constitution that guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections. When President Gligorov was incapacitated temporarily in an October 1995 assassination attempt, the government followed constitutional principles to determine succession to the presidency during his recovery.

The constitution provides for fundamental human rights. The government generally respects these principles, although ethnic Albanians, Turks, and Serbs have raised allegations of discrimination, and ethnic tensions persist. The constitution forbids censorship and provides for freedom of speech. While opposition groups continue to publish, in 1995 the authorities shut down some private broadcast stations. The government's explanation is that it is seeking to introduce order in a chaotic broadcast milieu, but it has not yet put a regulatory framework in place.

Effectiveness measures:

- Expanded citizen participation in political decision making; and

- An open flow of information from a strengthened, independent media.

3. Development of a modern, professional defense force based on a Western model of civilian control and respect for democracy, and continued military cooperation between the United States and the FYROM.

Increased defense cooperation between the FYROM and the United States will contribute to regional stability. The United States has an interest in supporting Macedonian efforts to build a modern defense force based on a western model. IMET can shape the fledgling FYROM military by enhancing its professionalism, training Macedonians in U.S. practices, and reinforcing civilian oversight of the armed forces. The United States will continue to emphasize English-language instruction for defense officials to facilitate cooperation among the FYROM, United States, and NATO. IMET courses will also enhance the proficiency and operational and maintenance capability of the FYROM's military, and will establish friendships and channels of communication which provide the essential foundation for further U.S.-FYROM cooperation.

Because the Yugoslav National Army took its equipment when it withdrew from the FYROM, Macedonian troops, numbering approximately 10,000 - 15,000, are poorly equipped. The United States can increase regional stability by ensuring that the developing FYROM military has equipment compatible with that of U.S. and NATO forces.

Seeking to align itself with the United States and Western Europe, the FYROM joined the Partnership for Peace in November 1995. U.S. troops have been deployed in the FYROM since July 1993 as part of the UN Preventive Deployment Force (UNPREDEP). In 1994, the United States established a Bilateral Working Group (BWG) with the FYROM to deal with

defense issues. A military-to-military subgroup was established in 1995 to focus on management and social issues within the military. Also in 1995, the State Department initiated an annual Regional Security and Arms Control Dialogue with the FYROM in an effort to expand upon military-to-military contacts. Security and foreign policy issues discussed included European security architecture, nonproliferation, security assistance, arms control, and the situation in the Balkans.

Effectiveness measures:

- Advancement of U.S.-trained officers to positions of command; and

- Demonstration of increased FYROM interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

GREECE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF Loan Subsidy	17.613	26.518	13.242
FMF Loan	229.635	224.000	122.500
IMET	0.048	0.050	0.025

OVERALL U.S. OBJECTIVES:

Greece is a NATO ally with a strategic location in southeastern Europe, very close to volatile trouble spots in both the Balkans and Middle East. Greek support, therefore, is vital in helping the United States and NATO respond to threats in these areas. The key role of Greek base facilities during the Gulf War demonstrated Greece's strategic importance. The Greek Government will also be contributing a contingent to IFOR. Strengthening Greece's ability to play a major, positive role in the Balkans -- and also to meet NATO requirements on the Alliance's southern flank -- are major U.S. objectives. The United States also has strong interests in helping Greece expand its participation in NATO operations and improve its interoperability with other NATO forces. The bilateral relationship under the Mutual Defense Cooperation Agreement (MDCA) includes both a U.S. obligation to assist in the completion of Greece's five-year defense modernization program, and an agreement for continued U.S. access to Greek bases.

SPECIFIC OBJECTIVES:

1. A Greek military force with modern defense capabilities.

The FY 1997 FMF request will provide funds to sustain U.S.-origin systems already in the Greek inventory and will also allow continued refurbishment of U.S.-origin aircraft and naval vessels, as well as newer model equipment received through CFE (Conventional Forces in Europe Treaty) cascading.

Effectiveness measure:

- Sustainment of modern defense equipment.

2. A Greek military that is interoperable with U.S. and NATO forces.

FY 1997 IMET assistance will continue to provide Greek military personnel with the training needed to improve interoperability with U.S. and NATO forces. By training Greek officers in the United States and establishing cooperative ties with American officers, IMET will also enhance Greek military officers' understanding of U.S. foreign policy and defense concerns.

Effectiveness measure:

- Advancement of IMET graduates to senior military or Ministry of Defense positions.

HUNGARY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	26.765	17.000	15.000
FMF	0.000	3.200	8.500*
IMET	0.796	1.000	1.000

OVERALL U.S. OBJECTIVES:

Hungary lies in the heart of Central Europe, an area of ethnic conflict and historical suspicion that has been a significant source of geopolitical instability. Since 1989, Hungary has made considerable progress in building democratic institutions and a market-oriented economy. In 1995, it played an active and constructive role as the OSCE Chairman-in-Office, and will host a logistics facility in support of the NATO Implementation Force for the Dayton Peace Accords. It is of vital interest to the United States to assist Hungary -- and other regional states -- complete their democratic and free market transitions, and thus help preclude potential assaults on European security that could arise from tensions and poverty.

SPECIFIC OBJECTIVES:

1. Rapid economic reform in Hungary.

While Hungary's macro-economic situation was on the up-swing at the end of 1995, the economy remains in transition and continues to cope with problems of adjustment: relatively high employment and inflation, eroding domestic earnings and savings, and declining living standards for some Hungarians, particularly pensioners, dependent mothers, and children. The SEED Program provides Hungary critical assistance to facilitate privatization, enterprise restructuring, and the transfer of technical business skills.

Effectiveness measures:

- increased transfer of state-owned assets to the private sector;
- increased soundness of fiscal policies and fiscal management;
- a more competitive and market responsive private financial sector; and
- a more economically sustainable and environmentally sound energy sector.

2. Civilian oversight, modernization, professionalization and interoperability of the Hungarian armed forces with U.S. and NATO forces.

Expanded defense cooperation between Hungary and the United States will contribute to stability in Central Europe and advance the broad objectives of PFP. The mutually reinforcing IMET and FMF programs are designed to help Hungary continue the downsizing,

* Hungary may also be eligible for the proposed Central Europe Defense Loan Program.

modernization, and professionalization of its armed forces, and to reinforce civilian control of the military. The United States seeks to help re-orient the Hungarian armed forces away from Warsaw Pact military doctrine and toward a more defensively-oriented, Western-style force structure capable of working side-by-side with the United States and NATO. IMET courses will also enhance the proficiency and operational and maintenance capability of the Hungarian military, and will establish friendships and channels of communication which provide the essential foundation for further U.S.-Hungarian cooperation. The United States also seeks, through PFP, to encourage military cooperation between Hungary and its neighbors, particularly Romania and Slovakia.

Recently, Hungary has demonstrated its commitment to the principles of the NATO Alliance by providing critical logistical support and bases for U.S. forces participating in the Bosnia Peace Implementation Force. Hungary has also offered to provide an engineering battalion to serve with IFOR in Bosnia, despite political sensitivities regarding a significant ethnic-Hungarian minority in the former Yugoslavia. The United States seeks to strengthen Hungary's ability to cooperate with NATO and contribute to international peace by continuing to train Hungarian defense officials in areas such as defense planning, military doctrine, and peacekeeping operations. Another important facet of U.S. assistance focuses on English-language training to facilitate multilateral military cooperation among the Hungarian, U.S. and NATO forces. Small-unit equipment, NCO training, tactical communications upgrades, as well as other requests aimed at strengthening Hungary's ability to participate in PFP and work alongside NATO, will also be considered.

Effectiveness measures:

- Hungary's increased participation in the Partnership for Peace and in international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

INTERNATIONAL FUND FOR IRELAND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	19.600	19.600	19.600

OVERVIEW:

The United States supports the International Fund for Ireland as a tangible expression of its desire to promote peace and reconciliation in Northern Ireland through economic regeneration. The U.S. interest in achieving a resolution of the conflict in Northern Ireland flows from deep ties of kinship, culture, and history with the UK and Ireland. The United States also is committed to a peaceful, democratic and prosperous Europe and to the enhancement of human rights worldwide.

The Fund was established by the British and Irish governments in 1986 to permit contributors to demonstrate support for the Anglo-Irish Agreement. The European Union is the major donor; contributions are also received from Canada, Australia, and New Zealand. The Fund has promoted peace by creating thousands of jobs to date and by improving the economic situation of Northern Ireland and the border counties of Ireland. Disbursements from the Fund are made on the basis of equality of opportunity and nondiscrimination in employment, addressing needs in both Catholic and Protestant communities.

The Fund Board of seven members is appointed by the British and Irish governments; its chairmanship alternates. The Board is supported by a Secretariat staffed by officials seconded by the two Governments and headed by Joint Directors General based in Belfast and Dublin. Government departments from the North and South acting on behalf of the Fund assist with the day to day administration of the Fund's main work programs.

SPECIFIC OBJECTIVES:

1. **Job creation and economic development in Northern Ireland and the border counties of Ireland.**

Fund projects have created nearly 29,000 jobs for young adults who might otherwise have joined paramilitary groups. The Fund supports 3,500 economic development projects and seeks to leverage public and private sector investments. Of the $352 million in Fund resources committed to approved projects, another $264 million of private and government resources have been invested. Projects included the Dairy Farm Regeneration Scheme on West Belfast's Stewartstown Road.

2. Reconciliation between nationalists and unionists throughout Ireland.

Cross-border cooperation projects have included the Ballinamore and Ballyconnell canal Restoration Project. This activity linked the two main waterways in Ireland, the Erne and the Shannon, to develop and support important trade and business development for tourism.

LATVIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	6.915	3.700	0.000
FMF	0.706	1.500	1.500*
IMET	0.197	0.410	0.500

OVERALL U.S. OBJECTIVES:

Latvia, one of three Baltic nations forcibly incorporated into the Soviet Union in 1940, regained its independence in 1991. Latvia is rapidly becoming a dynamic market economy, with the private sector accounting for more than half of GDP. The Latvian government has fostered these developments through a series of difficult, painful economic reforms. Since 1991, the United States has sought to help strengthen Latvia's civil society, bolster democratic and market institutions, and encourage civilian-controlled, NATO-compatible defense forces. The United States seeks to ensure (1) the reintegration of a democratic, tolerant, and prosperous Latvia into the West; (2) the success of the Baltic Peacekeeping Battalion and NATO-compatible training for Latvian defense forces, which will open the door to Latvian participation in IFOR and other peacekeeping missions; and (3) a successful transition to an open-market economy, offering fair market access for U.S. business. The United States also supports Latvian efforts to enhance regional security by improving its relations with all neighboring countries and by playing an active role in the Partnership for Peace, the OSCE, and other international institutions.

SPECIFIC OBJECTIVES:

1. A strong Latvian financial sector, judiciary, local administration, and energy independence.

A prolonged banking crisis, stagnant economic reform, and the 1995 electoral success of statist political parties underscore the need for continued SEED assistance, at least for the next few years. SEED programs are helping Latvia reform its fiscal, judiciary, local government, and energy policies and processes. Long-term U.S. Treasury and Federal Reserve advisors in the Ministry of Finance and Central Bank will continue to play a positive role in strengthening budget-making, treasury, tax administration, and banking supervision functions. FY 1997 SEED assistance will continue to support the law and democracy initiative, which provides training for judges and introduction of a Lexus/Nexus-type information system for the courts. These and other programs will help achieve the reforms necessary to put the judiciary on a solid footing and to assist in rewriting commercial and criminal codes. The local administration program encourages decentralization of executive and fiscal power and

* Latvia may also be eligible for the proposed Central Europe Defense Loan Program.

enhancement of government efficiency and responsiveness by training local authorities in budget-making and management of municipal services. The USAID-administered energy efficiency program is helping Latvia make steady progress toward energy independence from Russia.

Effectiveness measures:

- Creation of a central treasury function to eliminate the waste of separate accounts for each ministry;
- Creation of a consolidated Finance Ministry budget-reporting mechanism which ensures tight, month-to-month control of revenues and expenditures;
- More efficient tax collection procedures to bring into the open the estimated 30% of GDP now in the parallel economy;
- Consolidation of commercial banks into a viable number of well-capitalized, adequately-supervised institutions capable of competitive intermediation in financial markets; and
- Revised commercial and criminal codes.

2. A Latvian police force capable of fighting organized crime and corruption.

The Latvian economy and polity are thoroughly penetrated by organized crime groups, and the police force remains ill-trained, underpaid, and corrupt. Independent "security firms" (protection rackets) threaten to usurp the government's role to guarantee public security. Continued SEED-funded on-site training by U.S. law enforcement agencies, such as Customs and the FBI, and training at the International Law Enforcement Academy in Budapest will help reverse these negative trends and protect the United States against spillovers from money-laundering and trade in illicit materials.

Effectiveness measures:

- More thorough and global--not selective--prosecution of organized crime and corruption by Latvian authorities; and
- Closer cooperation with U.S. law enforcement investigations.

3. A professional, civilian-controlled Latvian military force that is interoperable with regional security organizations, such as NATO.

IMET opens lines of communication between U.S. and Latvian officers, deepening bilateral military cooperation and demonstrating U.S. support for Latvian sovereignty. It produces a significant multiplier effect by professionally educating trainers and giving junior officers the necessary leadership skills to assume commands held by Soviet-trained officers. With passage of the Gorton Amendment in the FY 1996 Foreign Operations appropriations bill, the United States is now authorized to offer grant lethal Excess Defense Articles to Estonia in order to enhance NATO interoperability.

Effectiveness measures:

- Advancement of graduates of IMET programs to senior military or Ministry of Defense positions;

- Latvian participation and leadership in bilateral exercises similar to the 1995 JCET exercise in Lithuania; and

- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

4 . Latvian participation in PFP and strong links to NATO.

By providing funds to purchase NATO interoperable communication equipment, FY 1996 FMF will support resource-poor Latvia to continue active participation in the full range of PFP exercises. PFP training and exercise activities will help Latvia focus on the practical, here-and-now steps toward NATO affiliation, and will underscore U.S. policy of keeping Latvia out of a "gray zone" between an enlarging NATO and Russia. These strengthened NATO ties will promote a security environment in which Latvia can better pursue domestic reform and comprehensive reintegration into the west.

Effectiveness measure:

- Latvia's demonstration of interoperability with NATO in all PFP exercises.

5. Military readiness of the First Baltic Peacekeeping Battalion by 1997.

U.S. supply of materiel and services provides an essential complement to Nordic- and UK-sponsored training. Replacing worn-out equipment through additional FMF funds will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement activities in 1997.

Effectiveness measure:

- Mission readiness of the first battalion by mid-1997.

LITHUANIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	12.262	8.250	7.000
FMF	0.706	1.500	1.500*
IMET	0.196	0.410	0.500

OVERALL U.S. OBJECTIVES:

Lithuania, one of three Baltic nations forcibly incorporated into the Soviet Union in 1940, regained its independence in 1991. Since then, Lithuania has made steady progress in developing a market economy, privatizing state property, and diversifying trade more to Western markets. The country benefits from its strategic location and ice-free port at Klaipeda, and a rail and highway hub at Vilnius. Lacking important natural resources, Lithuania is dependent on imports of fuel and raw materials.

Since 1991, the United States has sought to help strengthen Lithuanian civil society, bolster democratic and market institutions, and develop civilian-controlled, NATO-compatible defense forces. U.S. objectives include ensuring: (1) the reintegration of a democratic, prosperous Lithuania into the West; (2) the success of the Baltic Peacekeeping Battalion, through which the Lithuanians seek to participate in IFOR and other peacekeeping/peace enforcement missions; and (3) a successful transition to an open-market economy, offering fair market access for U.S. business. The United States also supports Lithuanian enhancement of regional security by improving its relations with all neighboring countries and assuming an active role in the Partnership for Peace, the OSCE, and other international institutions.

SPECIFIC OBJECTIVES:

1. Strong Lithuanian democratic institutions, financial sector, judiciary, local administration, environmental protection, and energy independence.

The United States is committed to assisting the successful economic and democratic transition of Lithuania into the larger European community. Apparent restraints on freedom of the press; weakness in fiscal policy, energy pricing, and the banking sector; and a statist approach to problems of local administration underscore the need for continued SEED assistance. Therefore, continuation of the bilateral program for Lithuania remains key, at least for the next few years. Long-term U.S. Treasury advisors at the Ministry of Finance and Central Bank will continue to play a key role in strengthening budget-making, treasury, tax administration, foreign-exchange reserve management, and banking supervision functions. FY 1997 assistance to support SEED-funded law and democracy initiatives, including placement of a long-term

* Lithuania may also be eligible for the proposed Central Europe Defense Loan Program.

advisor at the Ministry of Justice and training for judges, is needed to help put Lithuania's judiciary on a solid, independent footing. The USAID local administration program encourages decentralization of executive and fiscal power and enhancement of government efficiency and responsiveness by training local authorities in budget-making and management of municipal services. The USAID-administered energy efficiency program is helping Lithuania manage the Chernobyl-type nuclear power plant at Ignalina and move to energy independence.

Effectiveness measures:

- Creation of a central treasury function to eliminate the waste of separate accounts for each ministry;

- Creation of a consolidated Finance Ministry budget-reporting mechanism which ensures tight month-to-month control of revenues and expenditures;

- Increase in efficiency of tax collection to bring into the open the estimated 20-40% of GDP now in the parallel economy;

- Consolidation of commercial banks into a viable number of private, well-capitalized, adequately-supervised institutions capable of competitive intermediation in financial markets;

- Establishment of policies and prices to support sound energy management; and

- Establishment of regional energy and environmental planning groups among the three Baltic states.

2. A Lithuanian police force capable of fighting organized crime and corruption.

Domestic and Russian-based organized crime groups are pressuring Lithuania's economy and polity, and its police are ill-trained, underpaid, overwhelmed, and corrupt. As a result, government corruption and market inefficiency remain problems. Independent "security firms" (protection rackets) threaten to usurp the government's role to guarantee public safety. Continued SEED-funded in-country training by U.S. law enforcement agencies, such as Customs, DEA ,and the FBI, and training at the ILEA in Budapest will help reverse these negative trends and protect the United States against spillovers from money-laundering and trade in illicit materials.

Effectiveness measures:

- More thorough and global--not selective--prosecution of organized crime and corruption by Lithuanian authorities; and

- Closer cooperation with U.S. law enforcement investigations.

3. A professional, civilian-controlled Lithuanian military force that is interoperable with regional security organizations, such as NATO

IMET opens lines of communication between U.S. and Lithuanian officers, deepening bilateral military cooperation and demonstrating U.S. support for Lithuanian sovereignty. It produces a significant multiplier effect by professionally educating trainers and giving junior officers the necessary leadership skills to assume commands held by Soviet-trained officers. With passage of the Gorton Amendment in the FY 1996 Foreign Operations appropriations bill, the United States is now authorized to offer grant lethal Excess Defense Articles to Estonia in order to enhance NATO interoperability.

Effectiveness measures:

- Advancement of graduates of IMET programs to senior military or Ministry of Defense positions;
- Lithuanian leadership in the annual BALTOPS sea exercise and in bilateral exercises similar to the summer 1995 JCET exercise;
- Lithuanian participation in IFOR; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

4. Lithuanian participation in PFP and strong links to NATO.

By providing funds to purchase NATO interoperable communication equipment, FY 1996 FMF will support resource-poor Lithuania to continue active participation in the full range of PFP exercises. PFP training and exercise activities will help Lithuania focus on the practical, here-and-now steps toward NATO affiliation, and will underscore U.S. policy of keeping Lithuania out of a "gray zone" between an enlarging NATO and Russia. These strengthened NATO ties will promote a security environment in which Lithuania can better pursue domestic reform and comprehensive reintegration into the west.

Effectiveness measure:

- Continued Lithuanian participation and interoperability with NATO in PFP exercises.

5. Military readiness of the First Baltic Peacekeeping Battalion by 1997.

U.S. supply of materiel and services provides an essential complement to Nordic- and UK-sponsored training. Replacing worn-out equipment through additional FMF funds will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement activities in 1997.

Effectiveness measure:

- Mission readiness of the first battalion by mid-1997.

MALTA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.058	0.075	0.100

OVERALL U.S. OBJECTIVES:

Located strategically in the Mediterranean in close proximity to Italy and Libya, Malta is a densely populated island with few natural resources. The economy is therefore largely dependent on foreign trade and services. Malta is an associate member of the European Union and is giving top priority to attaining full EU membership. The primary U.S. interest in Malta is to ensure Malta's pro-Western orientation, especially in view of Libya's close proximity. Malta continues to move its security posture closer to the U.S. and Europe, as demonstrated by joining Partnership for Peace in 1995. Malta can effectively use U.S. assistance to enhance its ability to participate in regional security activities of importance to the United States, including counternarcotics, counterterrorism, and interdiction of embargoed goods to restricted countries.

SPECIFIC OBJECTIVE:

A professional Maltese military capable of participating in regional and international missions

The FY 1997 IMET program will include infantry officer, military police, and search and rescue training. The program will improve defense resources, regional security capabilities and further develop a Western-oriented professional officer corps.

Effectiveness measures:

- Increased Maltese willingness to participate in U.S., NATO, and international missions;
- Improved standards of maintenance and operational readiness; and
- Improved interdiction and anti-terrorism capabilities.

OSCE PEACEKEEPING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	0.750	10.000	17.000

OVERVIEW:

The FY 1997 request for voluntary contributions to the OSCE supports U.S. policy goals of preventing destabilizing conflicts in the former Soviet Union, containing/reducing conflict in the Balkan states, and implementing the OSCE's responsibilities as called for in the Dayton Agreement.

OBJECTIVES:

The lion's share of this account will be used to fund the OSCE's significant responsibilities in consolidating a Bosnian peace following the withdrawal of IFOR troops.

The remainder will be used to support the OSCE's preventive diplomacy missions in Estonia, the Former Yugoslav Republic of Macedonia, Georgia, Latvia, Moldova, Chechnya, Tajikistan, Ukraine and any other OSCE missions approved by the United States in the course of FY 1996-97. Funds will also support a possible peacekeeping force and civilian oversight monitors for the enclave of Nagorno-Karabakh--to be deployed once a cease-fire is in place between Armenia and Azerbaijan; and other OSCE preventive diplomacy, conflict prevention and peacekeeping missions decided on by consensus vote of the OSCE.

The proposed U.S. voluntary contribution represents approximately nine percent of total OSCE peacekeeping expenditures, and may be used in exceptional circumstances to further the above mentioned goals beyond the nine percent contribution to which the U.S. is politically committed. OSCE missions have succeeded in reducing tensions and avoiding open conflict in their areas of deployment, thus justifying this low-cost response to dangerous conflicts.

Effectiveness measures:

- Ability of OSCE missions to contain conflict and tensions in both the Balkans and the former Soviet Union; and
- Safeguarding peace in Bosnia following IFOR's withdrawal.

PARTNERSHIP FOR PEACE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF	0.000	60.000	60.000
DoD Authority	30.000	40.000	40.000

OVERALL U.S. OBJECTIVES:

The Partnership for Peace (PFP) is a U.S. initiative launched by NATO in January 1994 to promote stability and security throughout Europe. PFP comprises a broad program of activities designed to strengthen practical cooperation between NATO and twenty-seven PFP states in Central Europe and the New Independent States (NIS). PFP's principal objective is to establish strong security ties between NATO and all PFP Partners, and to prepare those Partners interested in joining NATO for the obligations of membership. Specific objectives include:

- Increasing information exchange and mutual understanding between Partners and Allies in national defense planning and budgeting processes;
- Implementing agreed guidelines and individual country strategies for ensuring democratic control of defense forces; and
- Developing Partner forces that are better able to operate with NATO forces in joint missions such as in peacekeeping, search and rescue, and humanitarian operations.

STRATEGY AND RESOURCES:

By forging close cooperative ties between NATO and its new Partners in Central Europe and the NIS, PFP will help erase Cold War lines of confrontation and bring former adversaries into a community of shared values, principles and interests. This transformation of NATO's relations with Partners will help provide a secure and stable environment conducive to increased trade, development and market-based reforms. Each Partner is expected to contribute, in a manner commensurate with national interests and means, to the achievement of Partnership objectives. At the December 5, 1995 NAC Ministerial, the United States and other Allies reaffirmed their commitment to provide PFP the resources necessary for its continued success.

In FY 1995, Congress provided bilateral assistance totaling $30 million (JCS O&M account) to help PFP countries participate in PFP exercises and other activities. In FY 1996, under the Warsaw Iniative, the United States plans to provide $100 million in FMF ($60 M) and DoD ($40 M) funds for training (e.g. fundamental English language and NCO training), equipment (e.g. C^4I equipment, search and rescue equipment, vehicles), and other assistance (e.g. transportation and support for participation in PFP exercises). FMF funds will help Partners:

- Achieve the goals of their Individual Partnership Programs (IPPs);
- Train personnel capable of participating more actively and frequently in NATO/PFP exercises;
- Prepare and equip national forces dedicated to participating in PFP exercises; and
- Meet NATO standards to ensure successful joint missions such as peacekeeping, search and rescue, or humanitarian operations.

PFP joint peacekeeping exercises have already helped prepare some Partners for participation in future NATO-led peacekeeping operations. Soldiers from several PFP states, including Austria, the Czech Republic, Estonia, Finland, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Sweden and Ukraine, are working alongside NATO forces in the multinational Implementation Force (IFOR) in Bosnia. FMF support will encourage other PFP nations to become involved in security activities.

By developing the capacity of Partners to contribute to real-life operations, PFP will reduce demands on Allied forces and resources. U.S. bilateral support for PFP programs will enhance Partners' capacity for joint efforts and burden-sharing. Similarly, PFP assistance will help ensure that Partners seeking to join NATO are ready to share all military, political, and economic burdens of NATO membership when the Alliance decides to admit new members.

POLAND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	74.869	46.000	40.000
FMF	1.000	16.475	11.000*
IMET	0.747	1.000	1.000

OVERALL U.S. OBJECTIVES:

Poland is the largest and most strategically located state in Central Europe. In the past six years, Poland has firmly established a parliamentary democracy based on a multi-party system and free and fair elections. The Polish government is committed to continuing the process of economic and political reform. Poland actively seeks integration with western institutions, including membership in NATO. It has completed Treaties of Friendship with all seven of its neighbors, and seeks to "export stability" in the region. Poland willingly participates in a variety of multinational Peacekeeping efforts, demonstrating its readiness to accept responsibilities as a member of the family of democratic nations. The United States has a strong interest in helping Poland develop strong democratic institutions and a prosperous, free market economy that can contribute to European stability. We have supported these goals politically and financially from the onset of Poland's transformation.

SPECIFIC OBJECTIVES:

1. **Emergence of a competitive, market-oriented Polish economy in which the majority of economic resources is privately owned and managed.**

The Polish program has been the largest and among the most successful of the SEED country programs. The Polish Government has been willing to accept economic dislocation and hardship in order to make structural changes in its economy. This discipline has begun to pay dividends. The Polish economy has grown significantly and unemployment has begun to decline. The success of the macro-economic stabilization helped restore Poland's international financial standing. Even a change of government in 1993 did not alter the direction of economic reforms, maintaining fiscal discipline and producing a comprehensive program of infrastructure reform that is slowly being implemented.

However, the process of reform is only complete to some degree. Poland's capital markets have evolved gradually and systematically, but bank privatization has been slow. SEED activities focus on (a) stimulating private sector development at the firm level; (b) creating a market-oriented private financial sector; (c) speeding up bank privatization and improving bank supervision; and (d) providing longer term capital for municipal projects through commercial bank lending and the issuance of municipal bonds.

Effectiveness measures:

- Increased transfer of state-owned assets to the private sector;

* Poland may also be eligible for the proposed Central Europe Defense Loan Program.

- A more competitive and market-based private financial sector; and
- Growth of viable small and medium sized enterprises.

2. Development of Polish democratic institutions

Poland has a strong, functional parliamentary system, and has had open and free elections. The parliament is drafting a new constitution, which the president hopes to enact via national referendum in 1996. The President shares power with the Prime Minister and the Council of Ministers. The armed forces and the police are subservient to the government. The country respects human rights, but there have been some infringements on the rights of free speech and assembly.

Although politically oriented assistance is less critical than economic assistance, SEED sponsors a number of programs to encourage the development of NGOs, emphasizing their relationship and contributions to local government development, and of an independent media, ensuring the continued professional training of the Polish press and media. Other resources concentrate on making local governments more effective, responsive, and accountable.

Effectiveness measures:

- More accountable local government;
- Transformation of the Polish legal system along democratic lines; and
- Expanded citizen participation in political decision making.

3. Civilian oversight, modernization, professionalization, and interoperability of the Polish armed forces with U.S. and NATO forces.

Poland plays a pivotal role in Central Europe and is vigorously seeking membership in NATO. Expanded defense cooperation between Poland and the United States will contribute to stability in Central Europe and advance the broad objectives of PFP, including eventual NATO membership for some Partners. The mutually reinforcing IMET and FMF programs are designed to help Poland continue downsizing, modernization, and professionalization of its armed forces, and to reinforce civilian control of the military. The United States seeks to help re-orient the Polish armed forces away from Warsaw Pact military doctrine and toward a more defensively-oriented, Western-style force structure capable of working side-by-side with the U.S. and NATO. The United States also seeks to assist the Poles in their efforts to strengthen the institutional structures of civil-military relations, including military subordination to the Ministry of Defense and parliamentary oversight of the military.

Poland pursues a broad range of defense cooperation with the United States, including a variety of training and exchange programs, as well as bilateral and multilateral military exercises. Most recently, Poland began planning to deploy a battalion of peacekeeping troops to serve alongside U.S. forces in the American sector of the Bosnia IFOR. In FY 1997, The United States will continue to train Polish defense officials at U.S. facilities in areas such as defense planning, civil-military relations, military doctrine, and peacekeeping in order to improve Poland's understanding of U.S. practices and to expand cooperation between the two militaries. The FMF program will support English-language and NCO training, command and control upgrades, purchase of search and rescue equipment, purchase of small-unit equipment, as well as other requests aimed at strengthening Poland's ability to participate in PFP and work alongside NATO.

Effectiveness measures:

- Deepening Polish participation in the Partnership for Peace, international peacekeeping, and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased Polish interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

PORTUGAL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.500	0.800	0.800

OVERALL U.S. OBJECTIVES:

Portugal is a charter member of NATO and a member of the European Union. Less prosperous than most of its West European partners, Portugal is engaged in a long-term program of modernization in order to emulate the productivity and income levels of the more advanced EU countries. Consistent with its seafaring tradition, Portugal remains a strong Atlanticist nation and a close ally of the United States.

Portugal continues to pursue close military cooperation with the United States. The 1995 agreement on cooperation and defense, among other things, allows U.S. forces broad access to the Lajes military facility in the Azores Islands. Such access contributed significantly to U.S. efforts during the Gulf war and the Somalia and Bosnia initiatives. The United States supports Portugal's force modernization effort, which is intended to strengthen its ability to play an active role in collective defense organizations and international peacekeeping efforts, i.e., in Bosnia and Lusophone Africa. U.S. efforts are also directed to reinforcing Portugal's Atlantic orientation by establishing relations to future military leaders and by reinforcing its preference for U.S.-manufactured defense equipment. The newly-constituted U.S.-Portugal Bilateral Commission will help define the defense relationship in the year ahead.

SPECIFIC OBJECTIVE:

Continued Portuguese support for U.S. security policies and cooperation with the U.S. military.

Most of Portugal's influential senior military officers are U.S. IMET-sponsored graduates, as are many of its junior personnel. IMET works to maintain a pro-American attitude in Portuguese government and society, as evidenced by Portugal's close cooperation in NATO and its strong general support for U.S. political goals. Recently, for example, Portugal has demonstrated support for U.S. policies in Bosnia by committing to send an battalion for IFOR and participating in former-Yugoslav sanctions enforcement monitoring. Portugal is also cooperating in efforts to bring peace to its former colonies in Africa, and has indicated its willingness to host contingency operations at the Lajes airbase in the Azores.

Effectiveness measures:

- Continued Portuguese cooperation on key issues of European defense;
- Continued excellent access to Portuguese civilian and military decision-makers; and
- Portuguese participation in international peacekeeping operations.

ROMANIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	39.000	25.000	33.000
FMF	0.000	9.275	6.500*
IMET	0.460	0.700	0.800

OVERALL U.S. OBJECTIVES:

Romania is the largest country in south-Central Europe and is the land bridge between the former Soviet Union and the Balkans. Romania's overriding foreign policy goal is "reintegration with the West," as rapidly and completely as possible. Within this context, Romania is particularly anxious to develop relations with the United States. U.S. policies encourage continued Romanian progress in: (1) pursuing centrist policies that strengthen democratic institutions; (2) accelerating economic reform; and (3) building good relations with all its neighbors. These activities will further U.S. interests in a stable, Western-oriented, democratic Romania.

SPECIFIC OBJECTIVES:

1. A Romanian market-oriented economy in which the majority of economic resources is privately owned and managed.

After a relatively slow start, Romania has successfully stabilized its economy and has now accelerated the pace of economic reform. A relatively tight monetary policy has restrained inflation. Helpful steps were taken earlier to liberalize prices, trade and the exchange rate system. Under pressure from international financial institutions, Romania instituted a comprehensive privatization program and has begun the process of bank privatization. Nevertheless, there are problems. Unemployment is expected to rise. The Romanian economy, though vibrant at the small business level, remains hamstrung by bureaucratic inefficiency and corruption. Yet, should the government hold to the current firm macro-economic policies, economic prospects are relatively good.

The emerging private sector in Romania has been the single most dynamic element of Romania's economic restructuring. Companies with excellent growth potential receive SEED-funded technical assistance. Seed funds also support pre-privatization financial restructuring, the development of transparent and efficient capital markets, and the consolidation of national accounts by enabling the Government of Romania to exercise greater control over revenues and expenditures.

Effectiveness measures:

- An increased transfer of state-owned assets to the private sector;

---

* Romania may also be eligible for the proposed Central Europe Defense Loan Program.

- A more competitive and market responsive private financial sector; and
- An increase in the number of viable small and medium sized private enterprises.

2. A developed tradition of democracy and pluralism.

Romania is a functioning parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections. All political parties and NGOs, including ethnic and extreme nationalist groups, have carried out a full range of political activities without hindrance. Although the 1992 law on the reorganization of the judiciary has increased the independence of the judicial branch, technical, financial, and staffing problems continue to hamper the effective operation of the court system. The central government in Bucharest continues to have enormous influence over economic and social institutions, including the broadcast media.

SEED-funded programs support continued political reform to ensure that democratic principles embodied in Romania's constitution become institutionalized. SEED funds training programs for parliamentarians to improve their ability to make decisions based on independent and sound policy research, and for young magistrates and lawyers to interpret the law. A municipal infrastructure project focuses on improvements in customer services, management and increased reliability of services.

Effectiveness measures:

- More accountable local government;
- Transformation of the legal system along democratic lines;
- Expanded citizen participation in political decision making; and
- Expansion of independent media and creation of alternative sources of information.

3. Civilian oversight, modernization, professionalization, and interoperability of the Romanian armed forces with U.S. and NATO forces.

The Romanian military has earned respect for its Western orientation, contribution to democratic stability, and participation in multilateral peacekeeping and humanitarian operations. An enthusiastic PFP partner, Romania seeks expanded defense cooperation with the United States and its Allies. Romania is an active participant in a range of other cooperative defense activities, and has provided an engineering battalion for service in Bosnia with the NATO-led Implementation Force.

The mutually reinforcing IMET and FMF programs for Romania are designed to help Romania continue moving in the direction of a smaller, more defensively-oriented, Western-style military. By assisting Romania in its efforts to abandon the old Warsaw Pact doctrine and force structure it inherited from the Ceausescu regime, the United States contributes to stability in this strategically important region and reinforces the strongly pro-American attitude of the current Romanian government. Equally important, IMET, by focusing on professionalization and civilian oversight of the military, seeks to strengthen democratic institutions in Romania.

IMET will emphasize training of Romanian defense officials at U.S. facilities in areas such as defense planning, civil-military relations, military doctrine, and peacekeeping in order to improve Romania's understanding of U.S. practices and to expand cooperation between militaries. The FMF program will provide: PFP-unique English-language and NCO training,

tactical communications upgrades, medical equipment, and small-unit equipment. Other requests will also be considered, with the goal of strengthening Romania's ability to participate in PFP and work alongside NATO.

Effectiveness measures:

- Deepening participation in the Partnership for Peace, and in international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO standards and doctrine.

SLOVAKIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	27.330	16.000	15.000
FMF	0.000	3.550	6.500*
IMET	0.253	0.530	0.600

OVERALL U.S. OBJECTIVES:

The key U.S. policy goals are to help the Slovak Republic create a stable, prosperous, fully-functioning free-market democracy; to promote Slovakia's good relations with its neighbors and integration with Euro-Atlantic security, political, and economic organizations; and to encourage the Slovak government to pursue responsible export control and non-proliferation policies. Over the longer term, the United States places a high priority on promoting U.S. investment in and trade with Slovakia.

The success or failure of Slovakia's historic effort to create fully functioning democratic institutions and a prosperous, free-market economy has important consequences, not only for the stability of Central Europe and Western Europe, but for the security and economic interests of the United States as well. Should Slovakia's reform process falter and extreme nationalists or other non-democratic forces gain influence, regional relations could deteriorate hindering the reform efforts of neighboring countries and the process of European unification and enhanced Atlantic security cooperation. The U.S. interest in preventing destabilizing weapons and technologies from reaching pariah states means that the U.S. government must work with Slovakia, formerly an important arms manufacturing country, to adopt responsible export control and non-proliferation policies.

SPECIFIC OBJECTIVES:

1. Emergence of a competitive, market-oriented Slovak economy in which the majority of economic resources is privately owned and managed.

In 1995, the Slovak economy bounced back after several years of serious recession. The Meciar government has maintained Slovakia's conservative fiscal and monetary policies, which in part account for the economic upturn. However, the Government has also retained a decisive voice in the privatization of key enterprises, and has followed a policy of favoring domestic over foreign investors during this phase of privatization. As a result, Slovakia's record on privatization is mixed.

Effectiveness measures:

- an increased transfer of state-owned assets to the private sector;
- a more competitive and market responsive private financial sector; and
- an increase in the number of viable small and medium sized private enterprises.

---

* Solavakia may also be eligible for the proposed Central Europe Defense Loan Program.

2. A developed tradition of Slovak democracy and pluralism.

Slovakia is a functioning parliamentary democracy whose constitution guarantees fundamental rights recognized under OSCE principles. Its parliament and government were elected in free and fair multi-party elections. However, despite a very positive beginning for Slovakian democracy, there are troubling signs under the Meciar regime. There have been allegations of human rights abuses and the state-owned electronic media have become increasingly politicized under Meciar.

Effectiveness measures:

- more accountable local government;
- transformation of the legal system along democratic lines;
- expanded citizen participation in political decision making; and
- promote the open flow of information by strengthening the independent media.

3. Civilian oversight, modernization, professionalization, and interoperability of the Slovak military with U.S. and NATO forces.

The United States enjoys excellent military-to-military relations with Slovakia. Faced with developing its own military after the break-up of Czechoslovakia, Slovakia has chosen to emulate Western models of defense organization, planning, and operations, and to seek integration with NATO and Western security structures. As such, it looks to the United States to provide its fledgling defense establishment with training, guidance and equipment. Despite its limited resources, the Slovak military is providing a 500-soldier engineering battalion for peacekeeping duty in the former Yugoslavia under UNPROFOR/UNCRO and is also participating in UN Peacekeeping efforts in Eastern Slavonia.

U.S. military assistance, specifically IMET, seeks to strengthen democratic institutions in Slovakia. IMET continues to play a key role in shaping the newly-created and evolving Slovak armed forces. By enhancing the professionalism of Slovak defense officials, training Slovaks in U.S. practices, and exposing Slovaks to the U.S. system of civilian oversight of the military, IMET helps create a stabilizing influence in Slovak politics and society. The United States will continue to train Slovak defense officials at U.S. facilities in areas such as defense planning, military doctrine, and peacekeeping in order to improve Slovakia's understanding of U.S. practices. The training will also establish friendships and channels of communication which provide the essential foundation for further U.S.-Slovakian military cooperation. The FMF program will focus on PFP-unique English-language instruction and NCO training, tactical communications upgrades, and small-unit equipment.

Effectiveness measures:

- Deepening participation in the Partnership for Peace, and international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO compatible equipment and adoption of NATO standards and doctrine.

SLOVENIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
SEED	6.276	3.200	0.000
FMF	0.000	0.400	1.000*
IMET	0.150	0.300	0.400

OVERALL U.S. OBJECTIVES:

Slovenia has taken important strides to strengthen its links to the West. It is an island of stability in the region, and has rapidly established a functional democracy with a multi-party political system, a free press, and an excellent human rights record. Slovenia quickly introduced needed economic reforms, which led to a rapid turnaround in the economy beginning in 1993. The economy registered strong growth of about 5% in 1994 and 1995, giving Slovenia the highest per capita income in Central Europe. Slovenia's successful democratic transition, economic transformation, peacefulness, and stability, serve as an example to other nations in the region. The U.S. has a strong interest in supporting Slovenia's efforts to consolidate and build on its accomplishments.

SPECIFIC OBJECTIVE:

Effective civilian oversight, modernization, professionalization, and interoperability of the Slovenian armed forces with U.S. and NATO forces.

Following its brief struggle for independence, Slovenia was left with a small, under-equipped military. The UN arms embargo on ex-Yugoslav republics further hampered its effort to build an adequate defense capability. Slovenia has been eager to expand its excellent security relationship with the U.S. and NATO. It was the first non-NACC country to join the Partnership for Peace, and played a key role in the transit of NATO forces bound for Bosnia as part of the Dayton Peace Agreement. U.S. training under IMET has been essential in deepening the U.S. security relationship, especially since the arms embargo severely limited other avenues of military cooperation. By enhancing the professionalism of Slovenian military officials, training officials in U.S. practices, and promoting civilian oversight of the armed forces, the IMET program continues to help shape evolving attitudes in Slovenia's military about the proper role of the armed forces in a democratic society.

In FY 1997, IMET will continue to train Slovenian defense officials at U.S. facilities in areas such as defense planning and military doctrine. The FMF program will continue to support English-language and NCO training. With the lifting of the UN arms embargo, the United States will also begin to provide defense articles and services aimed at strengthening Slovenia's ability to participate in PFP and work alongside NATO.

* Slovenia may also be eligible for the proposed Central Europe Defense Loan Program.

Effectiveness measures:

- Deepening participation in the Partnership for Peace, and in international peacekeeping and humanitarian operations;
- Promotion of U.S.-trained officers to senior military or defense ministry positions; and
- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrine and standards.

SPAIN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.052	0.050	0.050

OVERALL U.S. OBJECTIVES:

Spain is important to the United States because of its gateway location at the Straits of Gibraltar and its significant role in Europe and the world community. An active member of Europe's key political, economic, and security organizations -- NATO and the European Union -- Spain has also maintained its special identification with Latin America. History and geography also give Spain an important place in Mediterranean and North African issues. The United States maintains an important security relationship with Spain, predating Spanish membership in NATO. Preserving access to and use of strategically important military facilities in Spain by implementing and extending the 1989 Defense Cooperation Agreement (DCA) is critical to support U.S. operational requirements. The United States also has a broad interest in maximizing cooperation on the range of global issues with a country that is an important player within and beyond Europe.

SPECIFIC OBJECTIVE:

Professional Spanish armed forces which maintain close ties with the United States and participate in peacekeeping and other operations.

Spain's participation in IMET's Professional Military Education (PME) courses ensures military professionalism and strengthens managerial skills among Spanish officers. Qualitative improvements among the officer corps, combined with the multiplier effect achieved when PME-trained officers return to Spain and apply their U.S.-based training, strengthen the entire armed forces structure and reinforce its transition to an appropriate role in society.

In addition, the IMET program encourages continued close ties between U.S. armed forces and the Spanish military, increasing support for negotiations to extend the Defense Cooperation Agreement (DCA) in 1997. Well-trained, modern Spanish armed forces will continue to play constructive roles internationally, such as participating in peace operations and pressing for better observance of human rights. Previous IMET funding has enabled Spain to effectively work with U.S. forces and to contribute to UNPROFOR and IFOR. For example, Spain provides 1700 troops stationed in Bosnia, naval support in the Adriatic Sea, and a squadron of F-18's which participate in NATO flights from Italy.

Effectiveness measures:

- Spanish military support for extension of the DCA; and
- Spanish participation in international peacekeeping operations and PFP exercises.

TURKEY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF Loan Amount	328.050	320.000	175.000
FMF Loan Subsidy (BA)	25.161	37.882	18.918
IMET	1.102	1.100	1.500
ESF	45.750	33.500	60.000
INL	0.400	0.400	.400

OVERALL U.S. OBJECTIVES:

Turkey sits at the crossroads of Europe, Central Asia and the Middle East, playing a key role in a wide range of issues of vital U.S. interest. It stands out as a democratic nation with a secular government in a region with weak democratic traditions and widespread political instability. Turkey's ability to exercise influence in support of vital U.S. interests is shared by only a handful of nations in the entire world. Turkey hosts Operation Provide Comfort, which maintains the no-fly zone over northern Iraq and provides humanitarian assistance to the population of the region, and is playing an important role in restoring stability to Bosnia. Turkey is essential to the resolution of the Cyprus question, which is a key U.S. foreign policy objective. Turkey also constitutes an important bulwark against the expansion of Iranian influence into Central Asia and will play an important role in the export of huge Caspian oil reserves. Finally, Turkey's designation by the U.S. Department of Commerce as one of the ten big emerging markets for U.S. goods makes it an important target for American trade and investment.

SPECIFIC OBJECTIVES:

1. Sustainment of Turkey's armed forces.

Turkey's defense budget continues to cope with two shocks: the economy's significant contraction in 1994, and the sudden conversion of U.S. grant funding in 1993 to loan financing. If the Turkish government is unable to continue force modernization and provide necessary maintenance support, maintaining Turkey's essential regional security role will become increasingly difficult, and perhaps ultimately impossible. The FY 1997 request will help avert such an outcome by financing the sustainment of U.S.-origin equipment in Turkey's inventory.

Effectiveness measure:

- Continued and increased operational readiness of the Turkish military, leading to continued willingness to support U.S. regional initiatives.

2. Successful economic reform in Turkey.

Economic Support Funds (ESF) will help Turkey address the long term structural reforms necessary to sustain growth, and ease Turkey's entry into the European Customs Union. Maintaining ESF funding will help offset the economic costs associated with enforcement of UN sanctions against Iraq. ESF also supports women's health and family planning activities, along with certain human rights programs.

Effectiveness measure:

- The Government of Turkey's adherence to its difficult economic reform program, and the program's success in producing measurable improvements in the economy.

3. A professional, democratically-aware military leadership.

IMET provides Turkish military personnel with the training needed to improve interoperability with U.S. and NATO forces. It not only improves the professionalism of future leaders, but also introduces them to U.S. concepts of the proper role of the military in a democratic society. Training also helps support Turkey's involvement in international peacekeeping operations.

4. Reduction of narcotics trafficking via Turkey.

U.S. assistance enhances Turkey's investigation and interdiction efforts by providing training and equipment, although current levels only begin to meet demands in the largest cities. The Turkish law enforcement community is keenly aware of Turkey's position as a narcotics gateway to Europe, and is working aggressively to decrease both the transit and processing of heroin.

In FY 1997, the $235,000 Turkish National Police Project will continue to provide intelligence gathering equipment to law enforcement personnel throughout Turkey to combat drug smuggling. The $110,000 Turkish Customs Gates Interdiction Project will continue a multi-year program to improve the quality of interdiction efforts at Turkey's 15 official border crossings through training by DEA and U.S. Customs. The $25,000 Demand Reduction/Public Awareness Project will follow up on the results of the recently completed narcotics use survey by providing technical assistance to the only drug abuse clinic in Turkey, and by continuing public awareness activities.

Effectiveness measures:

- Intelligence leading to the arrest and prosecution or extradition of major narcotics traffickers and the disruption of their organizations;

- An increase in seizures of heroin and precursor chemicals, and confiscation of heroin laboratories by Turkish authorities; and

- Increased public awareness of drug abuse as a domestic problem.

NEW INDEPENDENT STATES

NEW INDEPENDENT STATES

OVERVIEW:

U.S. policy in the Former Soviet Union region is aimed at fostering security, stability, and prosperity; further developing constructive relationships with a crucially important region; and preventing the emergence of another significant threat to U.S. national security. The surest way to do this is to assist the newly independent states as they transition to market economies and democracies which are responsible members of the international community.

OBJECTIVES:

The United States is pursuing a complex set of interlocking objectives:

- To encourage and help the Newly Independent States (NIS) to democratize and develop market economies;
- To encourage the integration of the NIS into international political and economic institutions, and to construct a durable security structure for Europe;
- To seek to limit and reduce weapons of mass destruction and ensure the proper handling of their constituent components, the most urgent national security task of the post-Cold War world;
- To promote the development of stable, cooperative relations among the NIS, based upon international norms, to help prevent conflicts in the region which could endanger global stability; and,
- To advance the interests of American business throughout the NIS.

STRATEGY AND RESOURCES

Stability and prosperity in the former Soviet region is the long-term guarantor of responsible and mature political and economic behavior. The United States has supported economic reforms, privatization, and democratization NIS-wide as the most basic means to advance stability and prosperity. Providing expertise and assistance has been an important means to this end. In addition, the role of NIS military establishments will continue to be crucial to the success of the transition to democracy and to help build confidence in nation-building efforts. The United States has recognized this by pursuing an energetic program of military-to-military contacts.

The implementation of reform in the NIS has made these countries eligible for membership in international organizations, such as the IMF, the World Bank and the WTO. Membership in such organizations ties these countries into a web of obligations that reinforce democratic reform and adherence to international norms. The United States encourages this involvement, and backs WTO membership for Russia and Ukraine and supports European Union outreach to the NIS.

The United States has also actively sought to ensure inclusion of the NIS in the creation of a new security architecture for Europe. With U.S. allies, alongside plans for NATO

enlargement, the United States has developed the Partnership for Peace program, which all of the NIS except Tajikistan have joined, and initiated a NATO-Russian relationship of dialogue and cooperation. The IMET program is also a distinct and important contributor to U.S. policy goals in this region. IMET courses help strengthen civilian and democratic control of the military and enhance ties between the United States and foreign military organizations. Closer bilateral ties provide an opportunity to influence the evolution of military policies in these countries. The United States has cooperated with Russia and the other NIS in addressing specific security problems such as implementing the peace accord in Bosnia.

The United States is continuing to focus much of its diplomatic efforts on arms control and the control of nuclear materials. The United States, for example, has ratified the START II treaty and are encouraging the Russian parliament to do the same. Furthermore, the United States is working on an understanding to demarcate Anti Ballistic Missile Defense from Theater Missile Defense, and is seeking Russian compliance with the CFE Treaty's flank provisions and full Russian implementation of commitments related to biological and chemical warfare. The United States is also working with the Russians on an Agreement for Cooperation on Transparency and Irreversibility of nuclear materials.

The United States has actively sought to strengthen controls on remaining nuclear materials in the former Soviet Union and to prevent them from reaching terrorists or rogue states like Iran or Libya. U.S. aid and expertise are increasing material protection, control and accounting at civilian facilities in the NIS where fissile materials are stored. The United States has also helped Russia, Ukraine, Kazakstan and Belarus, to improve their nuclear export control systems. Finally, the United States will continue to impress upon the Russians its belief that nuclear cooperation with Iran is too dangerous to be permitted.

To promote stability in the NIS, the United States has encouraged the normalization of Russia's relations with its neighbors as well as the resolution of conflicts among or within the states of the region. The United States is continuing its active diplomacy on the conflict in Nagorno-Karabakh, and has also promoted principles which encourage investment and ways to develop and market the vast energy resources of the Caspian basin.

ARMENIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	52.100	85.000	55.000
FMF	0.000	0.250	0.250

OVERALL U.S. OBJECTIVES:

Armenia, currently the largest per capita recipient of U.S. assistance in the NIS, has faced extreme economic hardship since gaining independence in 1991. It has also been greatly affected by the conflict over Nagorno-Karabakh. Nonetheless, the Government of Armenia has taken steps to privatize agriculture and industry and has made some progress in observing democratic principles and human rights. Armenia is committed to close relations with the United States, and its critical location in the Caucasus and influential diaspora community make it a compelling interest for the United States.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance in Armenia and the empowerment of its citizens through democratic political processes.**

The United States will assist Armenia's transition to democracy by supporting programs that promote democratic institutions, including professional training and long-term academic programs for journalists to encourage development of free and independent news media. The embassy-based Democracy Fund will provide small grants to nascent NGOs, promoting in particular the free flow of information.

The rule of law program will help Armenia draft implementing legislation for its new Constitution and will assist in the development of an independent judiciary and the strengthening of criminal justice procedures. Technical assistance will also be used to promote free and fair municipal and presidential elections in the coming year.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights;
- Multiple private media outlets functioning free of government control; and
- Improved management and delivery of services at the municipal level, which are more cost effective and responsive to local needs and desires.

2. A competitive, market-oriented economy in which the majority of economic resources are privately owned and managed.

While the Armenian Government is making some tangible progress toward market reform, it also has increasingly concentrated more power in the executive branch. To provide some balance against this trend, other institutions will need U.S. support, including the media and the legislative and judicial branches of government.

U.S. technical assistance focuses on developing a legislative and policy framework to support economic restructuring, and assisting new entrepreneurs by providing business management tools and small amounts of start-up capital. The USAID-funded Center for Economic Policy Research and Analysis (CEPRA) conducts economic analyses to develop policy options promoting economic reform and improving the climate for private investment. Complementary technical assistance in the fiscal sector enhances national budget and tax administration and government securities management. USAID will also provide assistance to the Central Bank and Ministry of Finance in establishing a new national accounting system based on internationally-accepted accounting standards. Once the accounting conversion is underway, USAID will embark upon a program to train bankers in portfolio management, prudential relationships between the Central Bank and commercial banking sector, sound lending procedures, and systems of loan recovery.

USAID has funded the establishment of a commercial lending facility for small and medium enterprises (SMEs), through a competitively selected local bank, to facilitate the creation of capital markets. Personnel from the lending bank receive training in banking operations, accounting and lending procedures. Mechanisms are currently being explored for implementing a regional Enterprise Fund. As commercial laws and regulations are developed and private banks and financial restructuring take hold, we anticipate a shift in program emphasis to development, with an enterprise fund playing a significant role in the process.

USAID will assist in creating the legislation, organizations, and procedures necessary for the development of a well-functioning, market-oriented private housing sector responsive to the needs of a restructured economy. In addition, assistance is being provided to the Armenia Government to design, test, and develop: (a) a unified system of property registration based on a cadastre system for urban, suburban, and rural areas; and (b) a service to legally register property and convey title and record property values based on market prices.

USAID-funded teams are helping improve thermal power plant operations, increase the efficiency of district heating systems, and install energy-saving equipment. Future U.S. assistance will help to restructure Armgas, the national gas utility, and consolidate structural improvements to Armenergo, the state-owned electric utility. Programs will also focus on development and implementation of an energy supply and demand plan to facilitate closure of the Medazmor nuclear plant by 2002. Some funds will be provided to the Nuclear Regulatory Commision to help train Armenia's nuclear power regulators.

Effectiveness measures:

- Establishment of policies, enactment of legislation and development of regulatory procedures necessary to break up monopolies, establish markets, and expand the private sector;

- Increased number of private businesses of all sizes and increased private sector employment;

- Decreased government budget deficit;

- Promulgation of energy standards, policies, and legislation that support subsector restructuring and commercial market development of energy-efficient and related environmental technologies and services;

- Increased percentage of total volume of electricity and heating produced and distributed by privatized sources; and

- Improved energy efficiency at local firms assisted or influenced by USAID activities and replication elsewhere.

3. Effective Armenian management of the human dimension of the transition to democracy and a market economy.

Improving the delivery, sustainability and quality of core social services is crucial to improved social welfare and for building popular support for economic and political reform. The United States has multiple interests in promoting political stability, economic progress, and a strengthened democracy in Armenia and the Caucasus region. As a country in transition, Armenia's assistance needs have required most programs to be focused on the provision of basic humanitarian assistance in the form of food, fuel, and medicines. The highest U.S. assistance priority has been to provide the vulnerable population within Armenia with enough heating fuel and food to prevent extreme suffering or loss of life. With sustained political stability, continued movement towards reform, and the maturing of Armenia's market economy, the ultimate goal will be to move away from humanitarian assistance towards more development-oriented forms of aid.

In FY 1995 approximately 66% of the allocated FSA funds were expended on humanitarian assistance. This number is targeted to drop to 58% in FY 1996 and should continue to decrease in FY 1997 with more emphasis on technical and democratic assistance. Where possible, humanitarian assistance programs will be linked directly to ongoing development programs funded by the U.S. Government or the international community. This will become especially important as the United States continues to encourage the Armenian Government to move rapidly towards the privatization of its energy sector and bread corporation. In this same vein, USAID is supporting a number of U.S.-based private voluntary organizations (PVOs) to assist and advise vulnerable groups and to develop an NGO network.

Effectiveness measure:

- The extent to which assistance reaches the most vulnerable, and to which NGOs are functioning to meet local needs.

4. Cooperative efforts between the United States and Armenia to prevent the proliferation of weapons of mass destruction and related weapons expertise and, if circumstances warrant, Armenian participation in the Partnership for Peace.

Through the International Science and Technology Center in Moscow, FY 1997 assistance may be provided to help prevent the proliferation of weapons expertise by putting former Soviet weapons scientists remaining in Armenia to work on peaceful civilian research projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and can help integrate Armenian scientists and engineers into the international community.

Assistance also may be provided, if circumstances warrant, to encourage Armenian participation in the Partnership for Peace.

AZERBAIJAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	10.700	7.200	22.000
FMF	0.000	0.250	0.250

OVERALL U.S. OBJECTIVES:

With its abundant oil and natural gas reserves, Azerbaijan has the richest resource base of any of the Caucasus countries. However, continuing effects from the break-up of the former Soviet Union, a lack of economic reform and privatization, and closures of the Russian and Iranian borders for varying lengths of time have caused Azerbaijan's economy to decline. The ongoing burden of over 700,000 refugees and internally displaced persons, as well as the loss of productive agricultural land in the Nagorno-Karabakh conflict have strained the economy even further. A cease-fire in the conflict remains in effect despite sporadic violations. The United States remains committed to helping the parties to the Nagorno-Karabakh conflict peacefully resolve their differences, encouraging political and economic reform, and supporting U.S.-Azerbaijani commercial ties. Due to legislative restrictions on government-to-government aid (Section 907 of the FSA), U.S. humanitarian assistance is limited to direct aid provided through private voluntary and international organizations.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance in Azerbaijan, and the empowerment of its citizens through democratic political processes.**

Working within the provisions of Section 907 of the FSA, the U.S. Government will provide limited technical assistance to promote the development of democratic institutions. One key objective will be to promote, through training and technical assistance, the capability of independent political parties to function inside and outside government. Through both technical assistance and small grants via the embassy-administered Democracy Fund, U.S. efforts will support nongovernmental and citizen initiatives to promote public participation in the political process.

Assistance will also be targeted toward the small but important independent media sector, with the goal of enhancing the professionalism and economic viability of independent media outlets, primarily through training and consultations.

Effectiveness measures:

- Trained individuals use their newly acquired skills to build their organizations;
- Development of viable private media outlets; and

- Greater involvement of NGOs in shaping the formation of public policy.

2. A competitive, market-oriented economy in which the majority of economic resources are privately owned and managed.

Because of Section 907 restrictions, U.S. training and exchange programs to foster a market economy have been limited to the private sector, specifically private farmers, agribusiness entrepreneurs, small-scale entrepreneurs, business people and bankers. Training opportunities to develop curricula in such areas as economics, business administration, health care and English-language training will continue to be offered to faculty and administrators of private universities. The planned Caucasus Enterprise Fund will enable the United States to promote private business in Azerbaijan. Currently, several American oil companies are also working with the State Oil Company of the Azerbaijan Republic to develop offshore oil fields.

Effectiveness measures:

- Equip private citizens with technical skills training to implement the transition to a market economy; and

- Increased number of private enterprises and businesses.

3. Provision of assistance to the neediest sectors of the population.

Through grants to American private voluntary organizations (PVOs) and international organizations, the U.S. Government will continue providing food, medicine, and emergency shelter to refugees, displaced persons and other vulnerable populations. U.S. assistance will support training programs to provide skills that can be used upon repatriation. FSA funds will be used to transport privately donated food and medical commodities. The United States will also continue efforts to attract more experienced PVOs in order to broaden the capacity to accept and distribute commodities.

The *FY 1996 Foreign Operations Appropriations Act* contains a provision that would make the Government of Azerbaijan eligible for assistance for humanitarian purposes if the president determines that humanitarian assistance provided in Azerbaijan through nongovernmental organizations is not adequately addressing the suffering of refugees and internally displaced persons. The language in the Foreign Operations Appropriations Act would enable the U.S. Government to provide more effective assistance to refugees and displaced persons by giving us an opportunity to work with government institutions, such as hospitals, to aid this target group in a more efficient and timely manner. This would allow the U.S. Government to address more equitably the humanitarian needs across the Caucasus as a whole. If peace does become a reality in the region, U.S. economic assistance could shift from the provision of food and medicines to housing and relocation assistance, as well as to technical assistance focused on economic stabilization programs.

4. Promote cooperation between the U.S. and Azerbaijan's military and regional peace and security.

If circumstances warrant, assistance may be provided to encourage Azerbaijan's participation in the Partnership for Peace.

BELARUS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	5.600	6.500	10.000
FMF	0.000	0.500	0.500
IMET	0.094	0.275	0.300

OVERALL U.S. OBJECTIVES:

The United States has a significant interest in promoting the development of an independent, democratic Belarus with an economy based on market principles. U.S. assistance and engagement with Belarus on all levels of government are vital to encouraging a Belarusian commitment to economic and political reform. In December 1995, the Belarusian people elected a new parliament, whose challenge will be to ensure that a viable separation of powers develops. In fall 1995, Belarus reaffirmed its commitment to complying with the terms of the Treaty on Conventional Forces in Europe and pledged to complete destruction of treaty-limited equipment by April 1996. Throughout 1995, Belarus worked toward obtaining a $300 million standby credit from the International Monetary Fund (IMF), which was approved in October. At the end of 1995, the IMF had decided not to conclude its first review of the standby credit, but Belarus expressed willingness to continue working with the IMF in an effort to advance the program.

SPECIFIC OBJECTIVES:

1. **A competitive, market-oriented economy in which the majority of economic resources are privately owned and managed.**

To create a climate for reform, U.S. funds, through an International Finance Corporation program funded by USAID, will continue focusing on small-scale privatization at ten sites including Minsk, the capital and largest city. The West NIS Enterprise Fund covers Belarus and plans to open an office in Minsk in 1996. Currently, the Fund is reviewing proposals for equity investments and loans to private Belarusian firms. USAID will continue to support a hospital partnership program focused on pediatrics, poison control, and hospital administration and management.

Effectiveness measures:

- Increased number of private sector businesses and farms;
- Improved efficiency, quality and access to health care services; and
- Investment in private firms by West NIS Enterprise Fund.

2. Transparent and accountable governance in Belarus and the empowerment of citizens through democratic political processes.

Democracy-building activities in Belarus will focus on the development of four key sectors: (1) a legislative branch that is transparent and responsive to constituents; (2) a viable judiciary that enforces the rule of law while not violating human rights; (3) an independent media; and (4) indigenous nongovernmental organizations (NGOs) promoting citizens' involvement in the political process.

Through exchanges and training programs, Belarusian parliamentarians will be exposed to Western models of governance; limited assistance will be offered in legislative drafting. Training programs will also be organized for judges and attorneys, and, through the Anti-Crime Training and Technical Assistance program, for law enforcement officials. Belarus' small but growing independent media sector will receive training designed to increase their economic viability, and raise their professional standards. Finally, support will continue for NGOs, through both small grants and training.

Effectiveness measures:

- Improved legal framework and judicial process to ensure protection of individual rights; and

- Strengthened independent media outlets capable of providing alternative sources of objective information.

3. A stable, cooperative relationship between Belarus and the United States and its allies; continued denuclearization, demilitarization and nonproliferation efforts; and participation of Belarus in the Partnership for Peace.

The United States has critical security interests in preventing the proliferation of weapons of mass destruction and related weapons expertise in Belarus, encouraging Belarusian participation in the Partnership for Peace, and continuing to strengthen civilian control of the military in Belarus through IMET. These objectives are supported by several security-related assistance programs, including IMET and FMF.

Belarus is a member of the International Science and Technology Center in Moscow, a program which helps prevent the proliferation of weapons expertise by putting former Soviet weapons scientists in Belarus to work on peaceful civilian projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and helps integrate Belarusian scientists and engineers into the international community. While no new FY 1997 assistance through the Science Center is planned for Belarus, assistance may be provided if proposed projects warrant support.

Assistance also will be provided for private sector conversion activities through the Defense Enterprise Fund. Initially authorized and funded through the DoD Cooperative Threat Reduction Program, the DEF will focus on support for joint ventures to privatize defense industry assets and convert weapons of mass destruction, military technologies and

capabilities into civilian activities. These efforts are directed at meeting U.S. security as well as economic and technical assistance objectives.

Encouraging participation of Belarus in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Belarus' capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Belarus' engagement in PFP and participation in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO and Belarus.

International Military Education and Training (IMET) encourages the Belarusian armed forces and civilian leadership to support democratic transition by exposing their military and civilian leadership to the topics of military justice, internationally recognized human rights, improved civil-military relations, and effective defense resources management. The proposed FY 1997 program will again focus on professional education for senior military officers and civilians and English language training. IMET will continue to promote Belarus' ability to participate in cooperative programs with the United States and its allies.

Effectiveness measures:

- Provision of civilian employment alternatives to scientists and engineers with critical weapons expertise;

- Attract investment in productive viable joint ventures to convert production capability from weapons of mass destruction to civilian goods;

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior military or ministry positions.

GEORGIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	37.500	20.600	33.000
FMF	0.000	0.250	0.250
IMET	0.082	0.250	0.275

OVERALL U.S. OBJECTIVES:

Located between Russia, Turkey and the Caspian and Black Seas, Georgia provides a potential gateway to Central Asia and serves as an important transit point for humanitarian aid to Armenia and displaced persons in the region. The recent decision of the Azerbaijan International Oil Consortium to develop an oil route through Georgia from the Caspian to the Black Sea highlights the country's strategic importance. Wracked by civil war in the period immediately following independence, Georgia now depends on international humanitarian assistance to feed and provide heat for its citizens. Georgia will continue to be dependent while it negotiates a peaceful settlement of regional crises and works to rebuild its energy, transportation, and productive infrastructure, as well as to institutionalize political and economic reforms. U.S. support for Georgia's reform efforts through humanitarian, institution-building, and training assistance encourages the development of democratic institutions and free-market practices, and strengthens ties to the West. A stable and prosperous Georgia will help ensure stability in the Caucasus and southern Russia.

SPECIFIC OBJECTIVES:

1. Transparent and accountable governance in Georgia and the empowerment of citizens through democratic political processes.

To promote democratic development, the United States will continue supporting the activities of a number of on-site U.S. organizations. Through the exchanges and training program, educational opportunities will be offered for students in nongovernmental organization (NGO) management, independent media development, parliamentary process, and rule of law. USAID and the Department of Justice will provide assistance to improve the civil and criminal justice systems and codification of laws. Technical assistance also will be provided to independent media outlets. Several U.S. Government-funded training and exchange programs and a recently opened Institute of Public Administration are providing current and future Georgian reformers new skills and giving them exposure to mature democratic and free-market institutions. Finally, the embassy-based Democracy Fund will provide direct support to NGOs in the form of small grants.

Effectiveness measures:

- Improved legal framework and judicial process to ensure protection of individual rights;

- Strengthened independent media outlets capable of providing alternative sources of objective information; and

- Improved management and delivery of services at the municipal level to enhance efficiency and responsiveness to local needs.

2. Economic restructuring to foster the emergence of a competitive, market-oriented economy.

The United States provides policy advice and guidance to assist Georgia's efforts to move through the initial stages of restructuring its economy. USAID is providing long-term advisors to work with the newly established Center for Economic Policy Analysis and Reform (CEPAR), which will support policymakers in the formulation of economic reforms required to achieve an environment that fosters private sector growth. The U.S. will also support the establishment of an electronic payments system to facilitate timely financial transactions among domestic banks and between the central bank and its regional clearing branches. Existing tax laws require strengthening to broaden the Georgian tax base, as required by the IMF. To that end, the Department of Treasury and USAID will provide training and advisory services to improve tax administration, collection, and auditing, and to assist in national budget formulation. USAID will finance training in portfolio management and lending procedures, and provide resources to the Eurasia Foundation to initiate a small and medium enterprise (SME) lending program.

Continued support for the agriculture and agribusiness sector will be provided through the Farmer-to-Farmer Program. Technical assistance will be provided to farmers' unions in business management and member services, especially targeting qualifying farmers' unions to receive loans under the Eurasia Foundation. A regional enterprise fund, now being created, will also help to make investment capital available on commercial terms.

Energy assistance will emphasize: (a) increasing energy efficiency and waste reduction in power generation, distribution, transmission, and utilization through technical assistance; (b) assisting in the development of an institutional and policy framework to support these changes; and (c) helping create the legal and financial infrastructure necessary to allow for participation in the transport of the region's oil and gas resources. USAID resources will be used to: rehabilitate the energy supply system; restructure and corporatize the power sector; provide technical assistance and commodities for more efficient gas transmission; upgrade maintenance capacity and recommission inoperable equipment; and provide advisors to deal with issues related to the transport of oil and gas. The European Union, the World Bank, and the European Bank for Reconstruction and Development are also expected to make other significant contributions to the energy sector.

Effectiveness measures:

- Establishment of policies, enactment of legislation and development of regulatory procedures necessary to break up monopolies, establish markets, expand the private sector and encourage foreign investment;

- Increased number of private businesses of all sizes and level of private sector employment;

- Improved tax collection procedures;
- Restructuring of the power sector;
- Georgian participation in regional oil transport arrangements; and
- Greater number of private farms and food processing facilities.

3. Effective management of the human dimension of the transition to democracy and a market economy, and sustainment of the neediest sectors of the population during the transition period.

The United States has multiple interests in promoting political stability, economic progress and a strengthened democracy in Georgia, and in assisting Georgia in establishing a policy based on unity and consensus. Because of Georgia's situation as a country wracked by internal strife and encumbered by more than 250,000 displaced people, the majority of U.S. assistance has had to be focused on the provision of humanitarian assistance in the form of food, fuel and medicine. Special efforts are being made to distribute this assistance by means of efficient organizations that function in a manner consistent with market principles.

With sustained political stability, continued movement towards reform, and the development of a viable market economy in Georgia, U.S. efforts will continue to move steadily away from humanitarian assistance towards more advanced forms of assistance that are more developmental in nature. In FY 1995, approximately 80% of allocated FSA funds were expended on humanitarian assistance. This number is targeted to drop to 50% in FY 1996 and should continue to decrease in FY 1997 with more of an emphasis on technical and democratic assistance. Where possible, humanitarian assistance programs will be linked directly to ongoing development programs funded by the U.S. Government or the international community. This will become especially important as the United States continues to encourage the Georgian Government to move rapidly towards the privatization of its energy sector and state bread-baking enterprise. USAID is also supporting a number of U.S.-based PVOs to assist and advise vulnerable groups and to develop an NGO network.

Effectiveness measures:

- Assistance reaches the most vulnerable, needy populations;
- Decreased number of days when heat is not available to residences and businesses; and
- Decreased role of state monopolies in the distribution of food and fuel assistance.

4. A stable and cooperative military relationship between the United States and Georgia, cooperation in nonproliferation efforts, and Georgian participation in Partnership for Peace.

Through the International Science and Technology Center in Moscow, FY 1997 assistance may be provided to help prevent the proliferation of weapons expertise by putting former

Soviet weapons scientists in Georgia to work on peaceful civilian research projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and can help integrate Georgian scientists and engineers into the international community.

Encouraging Georgia's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Georgia's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Georgia's ability to engage in PFP and participate in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO and Georgia.

International Military Education and Training (IMET) encourages the Georgian armed forces' support for democratic transition by exposing their military and civilian leadership to the topics of military justice, internationally-recognized human rights, improved civil-military relations, and effective defense resources management. Furthermore, IMET improves Georgia's ability to participate in cooperative programs with the U.S. and its allies. The proposed FY 1997 IMET program for Georgia will again focus on professional education for senior military officers and civilians, and English language training.

Effectiveness measures:

- Provision of civilian employment alternatives to scientists and engineers with critical weapons expertise;

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to positions of leadership in the Georgian military and associated ministries.

KAZAKSTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	47.200	30.400	39.000
FMF	0.000	0.500	0.500
IMET	0.097	0.375	0.400

OVERALL U.S. OBJECTIVES:

Kazakstan is a massive country located strategically between Russia, China, and the rest of Central Asia. Its stability and prosperity are of central importance in this sensitive region. The Kazakstani Government is committed to close relations with the United States and cooperates with the U.S. Government on a broad range of issues, including nonproliferation and denuclearization and regional security issues. Kazakstan promises to become one of the world's largest petroleum exporters, and it is home to a growing number of U.S. companies and investors. The United States has a compelling interest in promoting Kazakstan's transition towards a democratic, market-based system.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance in Kazakstan and the empowerment of citizens through democratic political processes.**

Assistance to Kazakstan takes into consideration the Government of Kazakstan's departure from important democratic norms during 1995. Nonetheless, the election of a new parliament, continued political pluralism, a generally benign human rights environment, and active, independent media provide a basis for continuing assistance to promote democracy.

Opportunities will be explored to promote the independent development of the new parliament, possibly including the establishment of a legislative information management system and a government auditing capacity. To strengthen local government, advisors will introduce a pilot system for municipal budgeting, finance, and management. Advocacy training and small grants are being provided to local NGOs. Support will also be given to help develop a legal and regulatory environment more conducive to NGO participation. In the media sector, training and technical assistance are offered to strengthen public interest reporting and the effective use of media during elections. Support for the rule of law in Kazakstan includes workshops and training for legislators and others involved in the development of commercial and civil law, and advice in improving the administration of justice, legal procedures, and administrative management. Through the Anti-Crime Training and Technical Assistance program, training will also be provided to Kazakstani law enforcement.

Effectiveness measures:

- Movement of the new parliament towards becoming a power-sharing institution in the Kazakstani Government; and

- Continued development of building blocks of democracy, including an active media and NGOs.

2. A competitive, market oriented economy, including a climate conducive to investment.

Kazakstan is moving ahead to develop a market-based economy and actively seeks Western trade, investment and economic support. The U.S. assistance effort will further these goals through initiatives in legal and regulatory reform, which will include USAID programs in trade and investment, bankruptcy reform, general business law, revenue collection, tax reform and budgetary reform. Continued support for capital markets development will enhance progress made in economic and financial restructuring, and will help provide incentives for economic growth as well as for stimulating local and international investment.

Technical assistance will include programs in all phases of developing market infrastructure for the newly-created securities exchange, supporting the emerging securities markets, building an institutional framework and standards for corporate accounting, training for commercial bankers, modernization of bank supervision, and training in tax administration. Other market transition assistance will include agribusiness and agri-banking development, including joint venture programs and business planning services. Small business development will also be supported by Eurasia Foundation programs. The Central Asian-American Enterprise Fund (CAAEF) will continue and expand its services (equity investments and loans to larger enterprises, as well as its small business loan program) in support of the development of private companies and joint ventures. Technical assistance in support of Kazakstan's application for accession to WTO/GATT will also help improve the climate for trade and investment.

The United States will also provide technical assistance and training to support energy sector policy reform, pricing, improved energy efficiency, and resolution of related environmental problems. Kazakstan's economic stability will also benefit from a U.S.-funded, Central Asia energy initiative that will assist in creating the legal and institutional infrastructure to promote rational development of the country's oil and gas resources.

Efforts to create a market-oriented social sector will include assistance to reform health finance and delivery systems, and, to a limited extent, housing. In particular, technical assistance will be provided to newly-privatized pharmacies. Medical partnerships will continue to improve the quality of local medical care.

Effectiveness measures:

- Increased share of national assets transferred from state to effective private control;

- Passage and implementation of commercial laws conducive to business development and investment and an increase in the number of private businesses of all sizes;

- Progress toward accession to the WTO;
- Improvements in tax administration;
- Development of a more efficient budgetary process;
- Improved implementation and enforcement of securities laws and regulations;
- Promulgation of energy standards, policies, and legislation that support subsector restructuring and commercial market development of energy efficiency and related environmental technologies and services; and
- Increase in the number of private health care practitioners, non-profit care facilities, and pharmacies.

3. A stable and cooperative relationship between Kazakstan and the U.S. and its allies, continued demilitarization and nonproliferation efforts; and participation of Kazakstan in Partnership for Peace.

The United States has critical security interests in preventing the proliferation of weapons of mass destruction and related weapons expertise remaining from the former Soviet Union; encouraging Kazakstani participation in the Partnership for Peace; and helping strengthen civilian control of the military in Kazakstan. These objectives are supported by several security related assistance programs.

Kazakstan is a member of the International Science and Technology Center in Moscow. FY 1997 assistance will continue to help prevent the proliferation of weapons expertise by putting former Soviet weapons scientists in Kazakstan to work on peaceful civilian projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and helps integrate Kazakstani scientists and engineers into the international community.

The Defense Enterprise Fund (DEF) will assist in the development of successful private sector entities. Initially authorized and funded through the DoD Cooperative Threat Reduction Program, the DEF will focus on efforts to privatize the defense industries and convert weapons of mass destruction, military technologies and capabilities in Kazakstan into civilian activities. These efforts contribute to U.S. security, economic, and technical assistance objectives.

Encouraging Kazakstan's participation in the Partnership for Peace (PFP) will support greater regional security and promote integration into western institutions. Foreign Military Financing (FMF) will provide equipment and training to enhance Kazakstan's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Kazakstan's engagement in PFP and participation in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO and Kazakstan.

Kazakstan is interested in learning from the United States as it seeks to establish small, mobile armed forces necessary for legitimate defense of its sovereignty. International Military Education and Training (IMET) encourages the Kazakstani armed forces' support for democratic and economic transition, and helps promote Kazakstan's ability to participate in cooperative programs with the U.S. and its allies. The proposed FY 1997 IMET program for Kazakstan will again center on English language instructor training, professional education for military officers and civilian personnel, and programs addressing such issues as military justice, maritime search and rescue, and effective defense resources management.

Effectiveness measures:

- Provision of civilian employment alternatives to scientists and engineers with critical weapons expertise;

- Attract investment in productive viable joint ventures converting weapons of mass destruction production capability to civilian production;

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior military or ministry positions.

KYRGYZSTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	22.700	17.900	20.000
FMF	0.000	0.250	0.250
IMET	0.060	0.225	0.250

OVERALL U.S. OBJECTIVES:

Since independence, Kyrgyzstan has distinguished itself through early, consistent, and aggressive economic reform and a commitment to democratization. Kyrgyzstan's isolation and limited resources, however, challenge its efforts to become an economically viable independent state. With the holding of free and open presidential elections in December 1995, and large segments of the population still awaiting positive results from the country's sweeping economic reforms, Kyrgyzstan is now at perhaps the most crucial point in its political and economic development. The United States will continue to focus its efforts on assisting Kyrgyzstan's transition to a free-market system, helping build democratic political institutions, supporting civilian authority over the military, and providing humanitarian assistance to cushion the serious hardships endured by the population during the difficult period of economic transition.

SPECIFIC OBJECTIVES:

1. A competitive, market oriented economy, including a climate conducive to investment.

Considerable progress has been made in reforming the Kyrgyz economy, particularly in terms of lowering inflation rates, maintaining currency stability, and establishing an overall level of macroeconomic stability. Major elements of the country's privatization program are winding down following a process that, in many ways, has been more transparent and open than those adopted elsewhere. As this phase of the economic transition moves to completion, the U.S. assistance effort increasingly will be devoted to ensuring a legal and regulatory environment that promotes private sector growth. Investment will be supported by the very active program of the Central Asian-American Enterprise Fund, which already has made several equity investments and a number of small business loans. A Eurasia Foundation program will support small business development. Kyrgyzstan's application for accession to WTO/GATT will be further supported as a measure to increase trade.

On the fiscal front, additional work is needed to ensure that the macroeconomic progress Kyrgystan has achieved thus far is maintained. Building upon the planned introduction of a new tax code, U.S. assistance programs will work towards improvements in tax administration, including greater use of computers and the introduction of a taxpayer information system. A U.S. Department of Treasury advisor is helping improve budgetary classification and ensure more effective budget management. Reforms in the revenue generation and budget allocation process among the various elements of government (national, oblast, local) are also needed.

Capital market development also will continue as a priority. Assistance activity will concentrate on developing the main institutions and features of an effective financial market, including the Kyrgyz Stock Exchange (KSE), State Securities Agency (SSA), private investment funds, and private broker and dealer groups. Policy advice, the transmission of technical skills and training are all important parts of this effort. Future goals include promoting a self-sufficient securities exchange with at least 30 companies trading on the main board; assistance for a variety of automated accounting, settlement, and depository systems; assistance to the SSA to enforce securities law and regulations, and to train staffers about regulations and various operations; and completion of a broker/dealer compliance manual. Over time, the emergence of efficient capital markets should also help channel foreign investment into the Kyrgyz economy.

U.S. assistance will continue to help Kyrgyzstan restructure its social sector to make it consistent with a market economy. Specifically, efforts will focus on introducing market-based approaches to health care that increase individual choice and rely, when possible, on the private sector. A pilot project in the Karakol region of northeastern Kyrgyzstan includes the introduction of insurance plans, family group practices, cost-accounting and more efficient patient-discharge programs.

Effectiveness measures:

- Passage and implementation of commercial laws conducive to business development and investment;
- Increased number of private businesses of all sizes;
- Progress toward Kyrgyzstan's accession to the WTO;
- Development of a more efficient budgetary process and improvements in tax administration;
- Improved implementation and enforcement of securities laws and regulations and an increase in the number of firms trading on the Kyrgyz Stock Exchange; and
- Increased number of private health care practitioners, non-profit care facilities, and pharmacies.

2. Transparent and accountable governance in Kyrgyzstan and the empowerment of its citizens through the democratic political process.

Kyrgyzstan remains the most promising country for democratic development in Central Asia. Assistance will continue to help develop the judicial and legislative branches as effective counterweights to the executive. Equally important will be support to the nongovernmental sector, particularly the independent media.

Training and technical assistance will be provided to the judiciary and to law enforcement agencies (the latter through the Anti-Crime Training and Technical Assistance program). The

parliament, elected in February 1995, will receive support to strengthening its legislative capacity. Seminars will be offered to political parties, and assistance provided to promote free and fair elections. Technical assistance in municipal finance and management will promote local government reform. Finally, technical assistance and small grants from the Eurasia Foundation and the embassy-administered Democracy Fund will encourage the development of nongovernmental organizations, particularly an independent media.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights;

- Multiple private media outlets functioning free of government control; and

- Improved management and delivery of governmental services at the both the central and municipal level to ensure more responsiveness to local needs and desires.

3. A stable and cooperative military relationship between Kyrgyzstan and the United States and Kyrgyzstan's participation in Partnership for Peace.

Encouraging Kyrgyzstan's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Kyrgyzstan's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Kyrgyzstan's engagement in PFP and participation in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO forces, and Kyrgyzstan.

International Military Education and Training (IMET) for Kyrgyzstan fosters greater respect for and understanding of the principal of civilian control of the military; improved military justice systems and procedures in accordance with internationally recognized human rights; and effective defense resources management. The proposed FY 1997 IMET program for Kyrgyzstan will focus on professional education for senior military officers and civilians and English language training.

Kyrgyzstan is also a member of the International Science and Technology Center in Moscow. This program helps prevent the proliferation of weapons expertise by putting former Soviet weapons scientists in Kyrgyzstan to work on peaceful civilian projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and helps integrate Kyrgyzstani scientists and engineers into the international community. While no new FY 1997 assistance through the Science Center is planned for Kyrgyzstan, assistance may be provided if proposed projects warrant support.

Effectiveness measures:

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior military or ministry positions.

MOLDOVA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	23.600	20.900	27.000
FMF	0.000	0.400	0.400
IMET	0.106	0.225	0.250

OVERALL U.S. OBJECTIVES:

Moldova's political and economic reforms have made it a reform-leader among the NIS countries since gaining its independence in 1992. With help from the West help, especially the United States and international financial institutions, Moldova has established a stable currency, privatized enterprises, freed consumer prices, and dramatically reduced inflation. However, there is still considerable work to be done, as Moldova's economy has only just begun to recover. Moldova is also a leader in its respect for human rights, its free and fair elections, and its commitment to peaceful settlement of ethnic and separatist disputes, setting an important example for that strife-torn region. Moldova can make an important contribution to regional security. Continued U.S. assistance is essential for Moldova to remain an example to neighbors facing similar political, economic, and social difficulties.

SPECIFIC OBJECTIVES:

1. Transparent and accountable governance in Moldova and the empowerment of its citizens through democratic political processes.

Moldova has made impressive progress in establishing a pluralistic political environment. A variety of U.S.-funded programs will assist the institutionalization of democratic processes. The rule of law program will offer consultations in legislative drafting and provide training for judges and attorneys and, through the Anti-Crime Training and Technical Assistance program, for law enforcement officials. Training programs in the U.S. and in-country training assistance will introduce parliamentarians and local government officials to mechanisms for promoting public involvement in the political process. Limited training will be offered to independent journalists. Finally, the embassy-administered Democracy Fund small grants program will provide direct assistance to indigenous NGOs.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights;
- Multiple private media outlets functioning free of government control; and

- Improved management and delivery of governmental services at the both the central and municipal level to ensure more responsiveness to local needs and desires.

2. Continued development of a competitive, market-oriented economy.

The most important economic assistance objectives in Moldova are to strengthen efforts at macroeconomic stabilization and accelerating structural reform. The success of USAID's privitization assistance program, initiated in 1994, has led to a shift in emphasis to post-privatization efforts -- assisting newly privatized enterprises to restructure to compete globally and attract investment and trade. The program focuses on the demonopolization of transportation and distribution systems, enterprise restructuring, and public information campaigns to inform Moldovans about their rights and options in this emerging market system.

With USAID support, the Moldova Stock Exchange is planning all aspects of securities trading: hardware procurement, software implementation, legislation, trading rules, clearing and settlement systems and expanded training programs on customer service and credit issues. USAID has also helped to create a Securities and Exchange Commission. New activities include assisting in the adoption and application of internationally accepted corporate accounting principles, a step that is expected to boost foreign investment in Moldova. The West NIS Enterprise Fund will continue to provide investment capital, in both equity and loans, to private Moldovan enterprises in 1997. Private sector development initiatives will also support the establishment of agribusiness partnerships, and the Eurasia Foundation will continue activities in Moldova, providing grants for small businesses and entrepreneurship education. USAID small-business support services will provide consulting and other services to Moldovan entrepreneurs. Finally, work will accelerate on land privatization and focus on creation of an infrastructure that supports creation of real estate markets.

The U.S. will support training and technical assistance to the Ministry of Finance staff to improve tax policy, fiscal policy and the management information systems for budgeting practices and design of computer systems, among other improvements. This support is designed to respond to changes in Moldova's budget law, improved budgeting practices and the establishment of the Treasury. U.S. support is very important in developing a sound financial sector infrastructure through bank supervision training, and the formation of a troubled bank resolution unit in the central bank.

In energy and environment, USAID is expected to work with Moldova Gas in reconfiguring the State monopoly into a series of competitive companies. The restructuring effort will include training programs in financial management and in financial accounting, as well as a procurement plan for management systems equipment. USAID advisors will also provide the Government of Moldova with support for environmental policy and institution building.

Through medical partnerships, USAID is seeking to improve the efficiency and productivity of existing health care providers through better clinical and administrative management and organization. The partnerships also train health care policy makers and administrators at all levels of government to make informed choices and rational system changes with respect to delivery system reform. To help make social services work for the people during Moldova's transition, USAID supports the institutional development of local NGOs, whose efforts are critical as part of the private sector network of organizations providing social protection

services. USAID provides DoD excess property and in-kind donations through local NGOs and social service providers to meet the critical needs of vulnerable populations.

Effectiveness measures:

- Institutionalization of trading on Moldova stock exchange;
- Adoption of internationally-accepted accounting standards and regulations that support a secure, transparent banking system;
- Establishment of a treasury function at Ministry of Finance;
- Break-up and corporatization of Moldova Gas;
- Establishment of new management procedures at hospital partnership counterpart institutions; and
- Creation of functioning land markets.

3. A stable, cooperative military relationship between the U.S. and Moldova, including Moldova's participation in Partnership for Peace; and integration of democratic and constitutional political, military, and economic principles and values into the Moldovan defense infrastructure.

Encouraging Moldova's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Moldova's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Moldova's engagement in PFP and participation in PFP exercises. It also supports greater defense and military cooperation between the U.S., NATO and Moldova.

International Military Education and Training (IMET) for Moldova is designed to foster greater respect for and understanding of the principal of civilian control of the military; improved military justice systems and procedures in accordance with internationally recognized human rights; and effective defense resources management. The proposed FY 1997 IMET program for Moldova will focus on professional education for senior military officers and civilians and English language training.

Effectiveness measures:

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and
- Promotion of IMET graduates to senior military or ministry positions.

RUSSIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	344.200	163.400	173.000
FMF	0.000	1.500	1.500
IMET	0.413	0.750	0.800

OVERALL U.S. OBJECTIVES:

The development of a democratic Russia with a strong civil society and a market economy is very much in the U.S. interest. Such a Russia can serve as a positive force in world affairs and a constructive partner on a wide range of global issues. The benefits to the United States of a reforming Russia are direct and tangible, including reduced defense requirements, reduction of the threat from weapons of mass destruction and proliferation of weapons expertise; enhanced cooperation in resolving regional security issues; expanded opportunities to export U.S. goods and services to a country of 150 million with enormous, pent-up demand; cross-fertilization of scientific and technical knowledge among some of the world's leading scientists; and increased cooperation on global environmental issues. The current U.S. approach for providing assistance includes phasing down technical assistance to the government and emphasizing people-to-people linkages and programs outside the capital.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance based upon democratic principles, with the development of lasting ties at the grass-roots level between the U.S. and Russian societies.**

A number of recent developments, from the ongoing bloodshed in Chechnya to the strong showing by the resurgent Communist Party in the parliamentary elections, have highlighted the imperative for the reformist transition in Russia and strengthening democratic institutions and market mechanisms. U.S. efforts to promote a functioning civil society in Russia focus on developing initiatives at the local level, with the main goal of supporting existing indigenous trends toward devolution of power from the capital. The media development program concentrates almost exclusively on the regions, and is helping to develop a network of respected independent television stations capable of providing credible alternative sources of objective information. Political party building activities have begun to shift their emphasis from working with central organizations to working with municipal and other structures in the regions. A broad, widespread program to help young NGOs provides both technical and direct assistance in the form of small grants.

Exchange programs remain a key mechanism to reach younger reformers and will receive renewed emphasis. Academic exchanges, for example, expose students to Western principles and values. Significant resources have supported a program to create linkages between U.S. and Russian communities, providing training opportunities for young entrepreneurs and other

reformers, and giving American communities a stake in the process, thereby increasing the potential for sustainability after U.S. funding has ended.

U.S. assistance will continue to strengthen legal institutions, although at reduced levels in anticipation of a significant World Bank loan. Bilateral assistance in law enforcement training and cooperation will remain a priority, given the rise of crime both transnationally and domestically in Russia, threatening to undermine the fragile reform process. The most important vehicle for this training is the Anti-Crime Training and Technical Assistance program, which has provided much needed expertise in such critical areas as organized crime and financial crimes. Ten U.S. Government law enforcement agencies participate in this State Department-coordinated effort.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights;

- Multiple private media outlets functioning free of government control; and

- Improved management and delivery of governmental services at the both the central and municipal level to ensure more responsiveness to local needs and desires.

2. Continued development of a competitive, market-oriented economy, including improvements in the climate for business, trade and investment.

With the mass privatization process essentially complete (there is now a broad base of private ownership in every significant sector of the Russian economy), the U.S. assistance effort is focusing on regulatory reform and other measures to stimulate commerce, trade and private investment. Building on an effort initiated in 1996 to assist in a comprehensive reform of the Russian tax system, U.S. assistance programs will continue to highlight implementation of tax reform at all levels, especially in terms of tax administration and collection. Assuming continued Russian receptivity to U.S. assistance, the United States will continue to emphasize helping Russia build the legal and institutional infrastructure needed to permit the mobilization of savings for investment. USAID will complete the assistance programs in capital markets development, including support for an independent regulatory body; independent share registries; clearance and settlement organizations; recognized accounting, reporting and auditing standards; and ethical codes for corporate officers and dealer/brokers to protect shareholder rights. In addition, U.S. programs will finish improvements in the central bank's capabilities for commercial bank supervision and payments clearance. This assistance is closely linked to major World Bank funding.

Assuming continued Russian receptivity to U.S. assistance, USAID programs supporting private enterprise growth in FY 1997 will develop the sustainability of Russian business support organizations, help complete the legislative and regulatory environment conducive to business growth, replicate successful models of private ownership and modern management; and encourage better operation of factor markets (land, real estate, capital) which are important to private enterprises. U.S. assistance will phase down as local pilot projects on land market development are replicated to promote secure land tenure and sale of land among private

parties. Technical advisors will complete work with Russian counterparts to institute real estate information systems in urban, semi-urban and rural areas that facilitate land titling, registration, transfer, mortgage finance, zoning, and property taxation in areas where significant privatization has already occurred. The centers will provide training and advisory services to small businesses and work with local governments to create a hospitable environment for private business. The Cochran Fellowship program will continue to support training for farmers in modern agribusiness techniques.

International trade will be stimulated through a variety of programs, including those funded in the budgets of the Ex-Im Bank, OPIC and the Trade and Development Agency (TDA). TDA will receive additional Freedom Support Act money for its programs, as will the Department of Commerce in support of its BISNIS, BISTA, and SABIT programs, and in support of DOC's American Business Centers (ABC's) that have been established in several Russian cities. The U.S.-Russian Investment Fund (TUSRIF) will support investment activities, including equity investments and loans to large enterprises, as well as a small business loan program. Assuming Russia continues to make progress in its accession to WTO/GATT, additional U.S. assistance may be forthcoming as a follow on to Commerce's Commercial Law Development Program (CLDP), including programs on the protection of intellectual property rights and standardization of customs procedures.

To conclude programs begun in FY 1995 and FY 1996, energy sector assistance will emphasize electric power restructuring, extending support to the emergence of a viable, competitive, non-nuclear electric power generation industry at the regional level. In addition, final support will be provided to partnerships between U.S. and Russian energy organizations which have the potential to evolve into independently-financed partnerships in the future. Limited U.S. environmental assistance will support pilot projects at the regional level to help Russia gain experience in countering the most severe health risks from industrial pollution, reducing urban pollution and managing natural resources, such as the Lake Baikal watershed and the Far Eastern forests, in ways that promote environmentally-friendly development and support long-term biodiversity. These programs emphasize the economic benefits of sound environmental practices and encourage community participation. Their success will establish them as models for replication in other regions.

Assistance efforts to develop a social sector appropriate to a market-oriented economy will phase down in FY 1997. A pilot project designed to test alternatives to the traditional, curative, public sector, hospital-based health care service delivery systems in Siberia will be completed in FY 1996. A more limited pilot program of financing and organizational reforms in Tver and Kaluga will also be near completion. The lessons of these initial efforts from FY 1996 will largely determine how FY 1997 health care reform resources will be deployed.

Effectiveness measures:

- Enactment of legislation clearly establishing private property rights, including fee-simple ownership of land/structures for housing and commercial users;

- Passage and implementation of commercial laws conducive to business development and investment, and increased numbers of new, private sector small businesses and jobs;

- Progress towards completing the WTO accession process;
- Improvements in tax administration and development of a more efficient budgetary process;
- Improved implementation and enforcement of securities laws and regulations;
- Promulgation of energy standards, policies, and legislation that support subsector restructuring and commercial market development of energy efficiency and related environmental technologies and services;
- Improved environmental awareness reflected in federal, regional and local government policy on resource development; and
- Increased numbers of private health care practitioners, non-profit care facilities, and pharmacies.

3. A stable, cooperative military relationship between the United States and Russia, including Russian participation in the Partnership for Peace and cooperative threat reduction and nonproliferation efforts.

The United States has critical security interests in preventing the proliferation of weapons of mass destruction and related weapons expertise in Russia remaining from the former Soviet Union; encouraging Russian participation in the Partnership for Peace; and continuing to strengthen civilian control of the military in Russia through IMET. Several security assistance programs support these objectives.

Through the International Science and Technology Center in Moscow, FY 1997 assistance will continue to help prevent the proliferation of weapons expertise by putting former Soviet weapons scientists to work on peaceful civilian projects. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and helps integrate Russian scientists and engineers into the international community.

The United States will also provide assistance to encourage development of successful private sector entities through the Defense Enterprise Fund. Initially authorized and funded through the DoD Cooperative Threat Reduction Program, the DEF will focus on efforts to privatize the defense industries and convert weapons of mass destruction, military technologies and capabilities into civilian activities. These efforts are directed at meeting U.S. security, as well as economic and technical assistance objectives.

Foreign Military Financing (FMF) will be provided for equipment and training to enhance Russia's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Russia's ability to engage in the Partnership for Peace (PFP); increases the level of participation in PFP exercises; and supports efforts to deepen defense and military cooperation between the United States, NATO allies, and their PFP partners. FMF support is expected to include communications equipment and computer support equipment.

International Military Education and Training (IMET) for Russia fosters greater respect for and understanding of the principal of civilian control of the military; improved military justice systems and procedures in accordance with internationally recognized human rights; and effective defense resources management. The proposed FY 1997 IMET program for Russia will center on professional education for senior military officers, and English language training and defense resources management training primarily for civilian defense related government employees.

Effectiveness measures:

- Provision of civilian employment alternatives to majority of scientists and engineers with critical weapons expertise;

- Investment in productive, viable joint ventures converting weapons of mass destruction production capability to civilian production;

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior positions.

TAJIKISTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	9.200	3.500	5.000

OVERALL U.S. OBJECTIVES:

Tajikistan is at a crossroads: it survived a bloody civil war which uprooted half a million people and resulted in tens of thousands of deaths, and is now embarked on a UN-brokered peace process with the goal of national reconciliation. The United States has an interest in promoting democracy and market reform in this newly independent country and in preventing instability from spreading throughout the region. Although most U.S. assistance will be targeted at humanitarian needs and social sector restructuring, the focus will increasingly shift from dealing with immediate humanitarian needs caused by the civil war and the resulting economic crisis, to addressing more long-term developmental needs. Funds will be channeled in large part through American PVOs to help strengthen local community organizations and the ability of Tajiks to build and sustain their own economic recovery. Efforts will also be made to leverage funding from other donors and to help shape the broader donor effort. If the Tajik Government and opposition agree on a general peace accord in 1996, some U.S. assistance may be directed toward implementation of this agreement.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance in Tajikistan and the empowerment of its citizens through democratic political processes.**

Because of Tajikistan's limited success in implementing real political reforms, the United States has limited technical assistance for democracy building. U.S. efforts have focused on providing the successor generation with training opportunities in the United States, and on improving access to Western sources of information. FREEDOM Support Act funds will continue to support professional and academic training programs, as well as information centers for law and student advising.

Effectiveness measure:

- Assignment of exchange participants to positions of influence and/or authority.

2. **Comprehensive economic reform and social sector restructuring in support of the emergence of a market-oriented economy.**

Programming efforts will focus on the ongoing economic and social crisis in Tajikistan, seeking to build local capacity and offer new approaches to development that can eventually be extended on a national level. USAID-funded American PVOs will remain a significant programming vehicle for at least the next two years, and an increased emphasis will be placed

on developing Tajik partner groups and ensuring sustainable approaches to development. The activities of the Central Asian-American Enterprise Fund will be used to support the development of private businesses. For example, one equity investment already has been made and another four, plus several small business loans, are under consideration. Depending upon the government's progress towards meeting international economic commitments, Tajikistan might also receive technical assistance on the preliminary phases of WTO/GATT accession. Ongoing short-term training programs will emphasize in-country training, conferences and seminars, as well as technical assistance in economic restructuring and privatization. Medical partnerships with American hospitals will be a primary vehicle for social sector restructuring, especially in improving maternal and pediatric care.

Effectiveness measures:

- Passage of laws and regulations in key areas related to macroeconomic reform;
- Increased numbers of private businesses
- Evidence of improved financial stabilization;
- More effective responses of the public health system to outbreaks of specific diseases; and
- Increased number of local-level health care facilities using, on a consistent basis, quality assurance procedures and systems.

3. Management of the transition period to peace and national recovery, especially by addressing humanitarian needs arising out of the conflict and its aftermath.

USAID programs in Tajikistan have primarily focused on responding to emergency and humanitarian needs stemming from internal conflict. These needs are likely to increase under a peace settlement, as refugees and internally displaced persons return to their homes and are reintegrated into Tajik society and the economy. Food and health assistance needs are particularly acute in the southwest and the central Garm Valley. USAID funds an array of emergency relief activities involving international organizations and a number of U.S. PVOs to provide food, medicine, and shelter. PVOs have played a major role in the delivery of U.S. assistance activities to date, utilizing transportation provided by the Coordinator's Office to move donated and Defense Department excess commodities and USAID-funded commodities with FSA funding, while USDA has continued to provide assistance through its PL-480 program.

In FY 1997, the U.S. strategy in Tajikistan will continue concentrating on humanitarian assistance and social sector restructuring. However, the focus will increasingly shift from dealing with the immediate humanitarian needs resulting from the civil war and the economic crisis which followed, to addressing more long-term development concerns. Funds will be channeled primarily through American PVOs to help strengthen local community organizations and the ability of Tajiks to build and sustain their own economic recovery. The United States will also leverage funds from other donors, including the World Bank and the UNDP, which are considering new initiatives which could increase funding for various PVOs working in the country.

TURKMENISTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	5.400	3.600	5.000
FMF	0.000	0.250	0.250
IMET	0.118	0.225	0.250

OVERALL U.S. OBJECTIVES:

Energy-rich Turkmenistan strategically borders Afghanistan, Iran, the Caspian Sea and the rest of Central Asia. With natural gas export routes essentially limited to the old Soviet pipeline system, Turkmenistan has been unable to reap the full benefits of its sizable reserves—fourth largest in the world. Moreover, Turkmenistan has made only limited political and economic reforms since the end of the Soviet era. The United States has interests in helping preserve the independence and sovereignty of Turkmenistan; supporting enhanced civilian authority over the military; promoting democratic and market-based reforms and respect for basic human rights; and encouraging business and investment opportunities for American firms, especially to increase and diversify energy supplies. The United States will continue efforts to encourage the development of a new, reform-minded generation of leaders. In addition to providing food aid, modest U.S. assistance will therefore fund training and exchange programs and technical assistance to support democratization and the transition to a market economy, all of which will be conducive to U.S. trade and investment.

SPECIFIC OBJECTIVES:

1. Increased capacity to manage the transition to a market economy.

By the end of 1996, over 300 Turkmen will have participated in the USAID-funded NET training effort, a program that includes training on economic restructuring, privatization, bank reform, tax and fiscal policy, international contracting and budget reform. While programs cannot fully educate individuals in a particular technical field, the experience provides highly useful, hands-on exposure to help participants understand the organization of modern, democratic, market-based societies. If Turkmenistan undertakes more definitive steps to introduce and implement reform, short-term technical assistance in relevant areas may also be considered as part of the follow-on effort in FY 1997. The Central Asian-American Enterprise Fund, which recently opened its office in Turkmenistan, will support the development of private business and is already reviewing several equity and small business loan projects. Depending upon the government's progress towards meeting international economic commitments, Turkmenistan may also receive technical assistance on the preliminary phases of WTO/GATT accession. Finally, a U.S.-funded, Central Asia energy initiative will foster economic stability by assisting in the creation of a legal and institutional infrastructure to promote rational development of Turkmenistan's oil and gas resources.

Effectiveness measures:

- Passage of laws and regulations in key areas related to macroeconomic reform;
- Evidence of improved financial stabilization; and
- Increase in the number of private businesses and new employment in the private sector.

2. Transparent and accountable governance in Turkmenistan and the empowerment of its citizens through democratic political processes.

Turkmenistan has made limited progress toward an open, pluralistic democratic system. There are few outlets for dissent, and no independent media. U.S. assistance to promote democracy thus focuses on exposing the successor generation to democratic values and precepts through exchange and training programs. Small grants programs, such as the Eurasia Foundation, seek to improve access to Western information sources, such as data bases and Internet, and to support the nascent nongovernmental sector.

Effectiveness measure:

- Assignment of exchanges participants to positions of influence and/or authority.

3. A stable and cooperative military relationship between the United States and Turkmenistan, including Turkmenistan's participation in Partnership for Peace.

Encouraging Turkmenistan's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Turkmenistan's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Turkmenistan's ability to engage in PFP and participate in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO forces, and Turkmenistan.

International Military Education and Training (IMET) for Turkmenistan fosters greater respect for and understanding of the principal of civilian control of the military; improved military justice systems and procedures in accordance with internationally recognized human rights; and effective defense resources management. The proposed FY 1997 IMET program for Turkmenistan will focus on professional education for senior military officers and civilians and English language training.

Effectiveness measures:

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and
- Promotion of IMET graduates to senior military or ministry positions.

UKRAINE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	182.500	205.700	183.000
FMF	0.000	2.500	2.500
IMET	0.707	0.950	1.000

OVERALL U.S. OBJECTIVES:

The United States has a continuing and significant interest in promoting an independent, democratic, non-nuclear Ukraine with a market economy and a military under civilian control. Ukraine has the second largest population and economy of the New Independent States, and its stability and prosperity are key to a secure and undivided Europe. Ukraine adopted a multi-party democratic system, and in 1994 chose a new president and parliament in free and fair elections. In 1995, Ukraine implemented an ambitious economic program launched the year before in conjunction with the IMF, agreed to close the Chornobyl nuclear power plant by the year 2000, and continued to dismantle conventional and nuclear weapons and return nuclear weapons to Russia for destruction in accord with its international commitments.

SPECIFIC OBJECTIVES:

1. **Transparent and accountable governance in Ukraine and the empowerment of its citizens through the democratic political process.**

U.S. assistance will foster institutionalization of the Kuchma Government's democratic reforms. Democracy-building activities will focus on developing four key sectors: (1) legislative structures that are transparent and responsive to constituents; (2) a viable judiciary that enforces the rule of law while not violating human rights; (3) an independent media; and (4) indigenous NGOs to promoting citizens involvement in the political process.

In FY 1997, the United States will continue programs to help the Ukrainian Parliament develop its legislative agenda, as well as a comprehensive media development program focusing on both print and electronic media. Assistance will also emphasize local government and community development through linkages with U.S. communities and training opportunities in the United States. The Eurasia Foundation and the embassy-managed Democracy Fund small grants program will provide direct assistance to NGOs.

The rule of law program will continue receiving special emphasis to help Ukrainians develop the appropriate legal framework needed for a market-oriented democracy. Through the Anti-Crime Training and Technical Assistance program, training will be provided to officials involved in reforming the Ukraine law enforcement system.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights;
- Multiple private media outlets functioning free of government control; and
- Improved management and delivery of governmental services at the both the central and municipal level to ensure more responsiveness to local needs and desires.

2. A competitive, market economy in which the majority of economic resources are privately owned and managed.

Ukraine has committed itself to comprehensive economic reforms which the United States will support with assistance programs for: the privatization of enterprises; land reform and housing; creation of capital markets; reform of financial and fiscal systems; development of sound commercial law; restructuring the energy sector; fostering new business development and investment; reinvigorating agriculture; and promoting environmentally sustainable growth. However, Ukraine has moved cautiously to implement its mass privatization program, in part because of deep-seated political and social concerns. As a result, U.S. assistance for privatization will match the size and scope of the Ukrainian Government's privatization efforts. As privatization advances, support for capital market development will keep pace. Activities will include: work with Ukraine's Securities Regulatory Commission to develop regulations and provide information and market analyses through a Capital Markets Monitoring Unit; specialized training for Commission board members; development of pilot share registrar companies throughout the country; and organization of an over-the-counter securities trading system with an association of brokers and dealers. Additional programs will help establish secure trading and settlement systems and develop a central depository for traded shares.

Over the past year, a number of cities used urban land auction systems developed with USAID assistance to either sell for private ownership or lease land plots for up to 50 years. In FY 1997, USAID will provide assistance for similar land auctions, national and local land titling and registration efforts, and development of the legal and regulatory framework for urban and rural land privatization. USAID's housing privatization program will integrate national and local efforts to encourage the private ownership of housing units and to improve the delivery of maintenance and communal services. Other social sector assistance will include continued support for hospital partnerships and technical assistance on vaccines and pharmaceuticals, as well as development of alternative health care finance and delivery systems compatible with a market-oriented economy.

In the financial sector, ongoing USAID and Treasury programs will continue: developing the National Bank of Ukraine's (NBU) capacity to analyze and monitor risk and enforce prudential regulations; revising banking law and NBU regulations; and developing a government securities market. On the fiscal side, future USAID budget-related assistance will help develop models for budget preparation, analysis, and monitoring, including the development of analytic tools to assess the "underground economy" and its budgetary implications. Tax-related efforts will emphasize rationalization of the existing disparate tax legislation to enhance the environment for private investment.

USAID legal and regulatory reform work has concentrated on anti-monopoly and unfair competition. Over the coming months, the program will focus on statutory and regulatory drafting and enactment assistance, and will help ensure that secured lending and debt restructuring can take place. Nascent bankruptcy and collateral law assistance activities will complement work with the Anti-monopoly Committee.

Various USAID-funded projects and Eurasia Foundation programs will support small business development. The West NIS Enterprise Fund, which includes both direct investment and small business loan programs, will continue providing investment capital to newly privatized Ukrainian enterprises. Close to $12 million has been committed in just over a year's time, primarily for agribusiness, construction-related industries, and wood products. A micro-lending program is being developed and will be implemented next year. Depending upon Ukraine's progress in its application for accession to WTO/GATT, the Department of Commerce's Commercial Law Development Program (CLDP) may be extended, helping expand trade. DOC's BISNIS and SABIT programs will also continue to support business and trade development. The Trade Development Agency (TDA) will use funds from its agency budget and receive FSA funds to support its Ukraine program.

The U.S. Government will continue assisting the transformation of Ukraine's power sector from a state monopoly system into a configuration of privately-owned and operated companies, reorganized to maximize the play of free market forces. In response to a request by the Ukrainian Government, consideration is also being given to providing assistance to restructure the coal sector. Power sector restructuring is central to G-7 efforts, in which the United States is a major participant, to assist Ukraine in closing the Chornobyl Nuclear Power Plant by 2000. The G-7 signed a Memorandum of Understanding with Ukraine in December 1995, specifying steps that will be taken to achieve this objective. In addition to power sector restructuring, USAID, DOE and NRC programs will address energy efficiency, nuclear safety, and the social impact of closing Chornobyl.

Plans for FY 1997 in the agricultural sector, include: support for a self-sustaining, privately-operated credit facility through which affordable and accessible financing will be available for farm inputs and technology; continued support for USDA-administered programs to improve market infrastructure; and continued farmer-to-farmer programs that send highly skilled Americans to help Ukrainian farmers overcome specific problems which stymie agricultural productivity.

EPA and USAID are fostering an appropriate institutional framework to ensure that Ukrainian environmental policy integrates economic objectives. FSA-funded local initiatives focus on infrastructure and resource conservation, including improved water and wastewater systems management, and the development of micro-enterprise in areas such as agribusiness and eco-tourism. USAID's World Environment Center, a pollution prevention and technology resource center in Donetsk, focuses on production and process efficiencies and the reduction of waste generation. In coordination with the EU and other donors, the U.S. Government will also continue support for development of a Regional Environmental Center (REC) patterned after the Central Europe REC in Budapest.

Effectiveness measures:

Higher percentage of GDP attributable to private sector activities;

- Greater number of private citizens investing in securities held by private companies;
- Increased number of viable private commercial banks;
- Adoption of specific policies related to rational energy pricing, competitive markets, private and foreign investment, trade liberalization, and environmental protection;
- Market-oriented reforms in Ukrainian hospitals and health centers;
- Local governments' development of sustained sources of revenue separate from central government and control over their own budgets;
- Progress towards accession to WTO/GATT; and
- More efficient, privatized agricultural production.

3. A stable, cooperative relationship between Ukraine, the United States, and its NATO allies; continued denuclearization, demilitarization and nonproliferation efforts, and Ukrainian participation in Partnership for Peace.

The United States has critical security interests in preventing proliferation of weapons of mass destruction and related weapons expertise from the former Soviet Union which remain in Ukraine; encouraging Ukrainian participation in the Partnership for Peace; and continuing to strengthen civilian control of the military in Ukraine through IMET. These objectives are supported by several security programs.

Through the Science and Technology Center in Ukraine (STCU), FY 1997 assistance will continue to help prevent the proliferation of weapons expertise by putting former Soviet weapons scientists to work on peaceful civilian projects in Ukraine. In addition to contributing to nonproliferation efforts, this program encourages the transition to a market-based economy; helps find solutions to nationally and internationally recognized technical problems; and helps integrate Ukrainian scientists and engineers into the international community.

Assistance also will be provided to develop successful private sector entities through the Defense Enterprise Fund. Initially authorized and funded through the DoD Cooperative Threat Reduction Program, the DEF will focus on support for joint ventures which encourage privatization of defense firms and convert weapons of mass destruction, military technologies and capabilities into civilian activities. These efforts are directed at meeting U.S. security as well as economic and technical assistance objectives.

Encouraging Ukraine's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Ukraine's capability to operate jointly with NATO forces

in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Ukraine's ability to engage in PFP and participate in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO and Ukraine. FMF support is expected to include communications and computer equipment and other support equipment.

International Military Education and Training (IMET) encourages support by the Ukrainian armed forces for democratic transition by exposing military and civilian leaders to the issues of military justice, internationally-recognized human rights, improved civil-military relations and effective defense resources management. Furthermore, IMET promotes Ukraine's ability to participate in cooperative programs with the United States and its allies. The proposed FY 1997 IMET program for Ukraine will again focus on professional education for senior military officers, English language training, and defense resources management training, primarily for civilian defense related government employees.

Effectiveness measures:

- Provision of civilian employment alternatives to scientists and engineers with critical weapons expertise.

- Attract investment in productive viable joint ventures to convert weapons of mass destruction production capability to civilian production.

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior military or defense ministry positions.

UZBEKISTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FSA	11.800	18.400	20.000
FMF	0.000	0.250	0.250
IMET	0.095	0.225	0.250

OVERALL U.S. OBJECTIVES:

Uzbekistan has the largest and most homogeneous population in Central Asia, and is the only country in the region which borders all of the others. Its central location, relative cohesion, and extensive historical legacy bolster its claim as a regional leader—a role that the United States hopes Uzbekistan will assume constructively in the interest of long-term stability. U.S. interests also include helping Uzbekistan turn from its authoritarian traditions and build democratic institutions to bolster pluralism and ensure long-term internal stability. Uzbekistan can also make important contributions to the regional security environment. With its substantial gold, natural gas, and mineral resources and industrious traditions, Uzbekistan has the capacity to serve as an anchor for region-wide growth and prosperity. Uzbekistan is committed to building a free-market economy, which will advance trade and investment opportunities for U.S. firms. U.S. assistance to Uzbekistan will strive to support democratic and market reform.

SPECIFIC OBJECTIVES:

1. Transparent and accountable governance in Uzbekistan and the empowerment of its citizens though the democratic political process.

The U.S. democracy program in Uzbekistan maintains three main objectives: (1) to assist in the development of a transparent legal system to complement market reforms; (2) to open Uzbekistani society to Western sources of information by supporting the development of indigenous media and access to Western media; and (3) support for the development of NGOs, particularly those devoted to human rights monitoring.

Technical assistance will emphasize the rule of law, specifically to help draft necessary civil and criminal legislation, and provide training for judges and attorneys. USAID-funded Internews will provide training for the small but growing independent media sector. Several small grants mechanisms, including the Eurasia Foundation and the embassy-based Democracy Fund, will provide direct assistance to Uzbekistani NGOs. Exchange and training programs will offer the next generation of leaders exposure to Western values.

Effectiveness measures:

- A constitutional and legal framework and judicial process which provide for more secure individual rights; and

- Continued development of building blocks of democracy, including the media and NGOs.

2. A free-market economy in Uzbekistan, including market-oriented social sector reform and improvements in environmental resource management.

The commitment of Uzbek policymakers to reform is best demonstrated by Uzbekistan's new fiscal policies. A USAID project is working closely with counterparts in the Ministry of Finance to draft a new tax code and implement modernized taxation administration systems. Additional technical advice is being provided to draft a new budget law, reorganize budgetary classification systems and strengthen the budgetary planning and execution process. Although banking and broader financial sector reform continue to lag, the situation may change sufficiently to merit USAID-funded technical advice and training to modernize banking structures in Uzbekistan and pave the way for an efficient, private financial sector. Participant training will offer important opportunities to strengthen ongoing economic assistance programs and allow Uzbek counterparts to directly observe the situation and experience of other countries. The United States will continue to encourage investment and support development of private business through the Central Asian-American Enterprise Fund, which has already made numerous equity investments and small business loans in Uzbekistan.

Depending upon Uzbekistan's progress towards meeting international economic commitments, technical assistance on the preliminary phases of WTO/GATT accession might be provided. The country's economic stability should benefit from a U.S.-funded, Central Asia energy initiative that will help create the legal and institutional infrastructure to promote rational development of the country's oil and gas resources. Environmental assistance will continue to provide additional support for water resource management policy programs and the Aral Sea initiative, including the ongoing program to improve the operation and maintenance of the Nukus and Urgench water treatment plants. USAID social sector activities will build on previous work in the hospital partnerships program to focus on small-scale introduction of market-based approaches to health care that increase individual choice. Decentralization and a reduced emphasis on curative measures also offers some prospects for change in the area of health care.

Effectiveness measures:

- Declining levels of government subsidies to state-owned enterprises;
- Progress towards implementation of a new tax code;
- Revision of the budgetary system;
- Government support to reform the banking sector;
- Employment creation in the private sector;
- Revision of environmental resource policy;

- Increased number of households with access to safe drinking water, and greater water conservation; and

- Increased number of private health care practitioners, non-profit care facilities, and pharmacies.

3. A stable and cooperative military relationship between the United States and Uzbekistan, and Uzbekistan's participation in the Partnership for Peace.

Encouraging Uzbekistan's participation in the Partnership for Peace (PFP) will contribute to greater regional security. Foreign Military Financing (FMF) will be provided for equipment and training to enhance Uzbekistan's capability to operate jointly with NATO forces in peacekeeping, search and rescue, humanitarian and other operations. This assistance can help address near-term problems limiting Uzbekistan's ability to engage in PFP and participate in PFP exercises. It also supports greater defense and military cooperation between the United States, NATO forces and Uzbekistan.

International Military Education and Training (IMET) fosters greater respect for and understanding of the principal of civilian control of the military; improved military justice systems and procedures in accordance with internationally recognized human rights; and effective defense resources management. The proposed FY 1997 IMET program for Uzbekistan will center on professional education for senior military officers and civilians and English language training.

Uzbekistan is considering becoming a member of the International Science and Technology Center in Moscow. This program would help to prevent the proliferation of weapons expertise by putting former Soviet weapons scientists remaining in Uzbekistan to work on peaceful civilian projects. While no FY 1997 assistance through the Science Center is planned for Uzbekistan, assistance may be provided if Uzbekistan joins the Science Center.

Effectiveness measures:

- Participation alongside U.S. and NATO forces in PFP and multilateral activities leading to improved cooperation and interoperability of forces; and

- Promotion of IMET graduates to senior military or ministry positions.

LATIN AMERICA AND THE CARIBBEAN

LATIN AMERICA AND THE CARIBBEAN

OVERVIEW:

The historic meeting of the democratically elected leaders of the Western Hemisphere at the "Summit of the Americas" closed 1994 with a clear agreement on a common set of goals and principles for the 21st century: democracy, free trade, the eradication of poverty and illiteracy, and the right of all people to health care, education, and a clean environment. To build on the gains of the region's reformed economies, hemispheric leaders committed themselves to strengthen democracy, civic institutions, and participation by a broad spectrum of citizens without discrimination by race, gender, national origin, or religious affiliation. Throughout the region, work already has begun to achieve these goals.

U.S. national and strategic interests demand that this period of great promise ultimately lead to durable transformations throughout the Western Hemisphere. To ensure that democracy will endure, the region's long-standing income inequities must be addressed and high rates of poverty must come down. To stem high levels of illegal immigration to U.S. shores, economic growth and job creation must accelerate. To expand the scope of regional trade and integration, economic reform efforts must be intensified, and political stability must deepen. And if future generations are to share in the prosperity we seek for Latin America, environmental protection must move from a stage of organization and awareness to decisive action.

Trade within the Latin American and Caribbean region continues to lead nations forward in a course toward regional integration that now seems increasingly irreversible. Steps are underway to expand NAFTA access, while many of Latin American and Caribbean countries -- including the smallest and least advantaged -- are lowering duties and deepening economic reforms. Sound economic management and more attention to increased human capital investment have led to renewed growth for the tenth year in a row, and in some countries, the first truly hopeful signs in a decade that poverty rates are declining.

Foreign assistance to the Latin American and Caribbean region today bears little resemblance to programs of the past. Large scale integrated public sector development projects of the seventies have given way to smaller, more focused projects that empower women and community groups at the local levels. Today, the United States serves as a partner to Latin American and Caribbean governments and private groups to provide technical assistance and training in areas of mutual interest such as economic policy reform, democratic governance, environmental protection, intellectual property rights and opening of markets.

Even some of Latin America's most intractable social problems now seem open to the first hints of change. A valid peace process in Central America, unthinkable until recently, is moving slowly and fitfully forward, bringing in its wake the possibility that the centuries-old neglect of citizens will end. U.S. programs in Haiti are giving Haitians a chance at a real transition to a vital democratic society.

Complementing these positive developments is an increased emphasis on civilian control in defense affairs, defense transparency, and the positive role the military can play in developing

respect for democratic institutions, the rule of law and human rights. Through the Defense Ministerial of the Americas and the IMET program, the United States is supporting greater civilian leadership, improved defense resource management, and military justice reform.

Strengthening the role of women in all aspects of political, social, and economic life in these countries is essential to reduce poverty and social inequalities, and to enhance democracy and sustainable development.

Economic integration and other inter-American connections bind the United States with the hemisphere in many beneficial ways. However, these linkages also mean that transnational crime more readily affects us at home. U.S. programs have therefore been designed to combat narcotics trafficking, illegal immigration and alien smuggling, and terrorism effectively.

OBJECTIVES:

U.S. policy in the region, which is built upon the common goals set forth in the "Summit of the Americas," identifies the following objectives as key to furthering U.S. national interests:

- Strengthen Haiti's nascent democratic institutions and foster economic growth and sustainable development;

- Continue to support the peace process underway in Central America through protection of human rights, strengthening of civil society and reform of the judicial system;

- Integrate counternarcotics police and military enforcement activities, drug awareness, alternative development, and sustainable economic growth into comprehensive country and regional programs;

- Expand defense cooperation, to include collaboration in peacekeeping, demining, improvement in civil-military relations, development of military professionalism, and engagement in confidence-building measures;

- Promote the peaceful transition to democracy in Cuba through the growth of civil society and support for non-governmental organizations (NGOs);

- Pursue policies that integrate trade and economic growth in the region by strengthening the prospects for politically stable and democratic societies throughout the Americas;

- Provide more direct support to U.S. companies doing business in Latin America and the Caribbean by supporting U.S. export and promotion agencies (i.e., Export-Import Bank, Overseas Private Investment Corporation, Trade and Development Agency, etc.) and advancing the fight against bribery and corruption in the hemisphere;

- Work with multilateral institutions to develop a regional approach to migration flows and assist governments in the region in coping with the burden of economically motivated illegal immigrants;

- Combat money laundering by improving coordination and support for the United Nations, the Organization of American States, the Financial Action Task Force and other international organizations in their multilateral efforts; and

- Support the contributions of regional and international financial and technical institutions to foster economic policy reform, growth, and development in Latin America and the Caribbean; and to intensify their programs to encourage the adoption of national and international measures to implement the Summit Plan of Action and the Platform for Action adopted at the Fourth World Conference on Women in Beijing.

STRATEGY AND RESOURCES:

U.S. foreign policy interests in the region remain high. Resource allocations to support these interests center on completing the democratization process, particularly in Haiti and Central America; countering the threat of the narcotics trade; developing professional criminal justice institutions; supporting a regional security strategy; and consolidating peace processes in Central America.

Building Democracy:

Haiti -- In Haiti, the United States strives to consolidate the transition from military to civilian rule by creating a civilian police force that includes a coast guard, and an independent judiciary; secure the transition from military rule to a democratic, representative government; foster more effective and responsive democratic institutions; facilitate increased private sector employment; and promote sound environmental resource management and sustainable economic development.

Central American Peace -- Ten years ago, Central America was the most pressing foreign policy problem in the region. Civil war, lack of respect for human and indigenous rights, grinding poverty for the majority of the population, and an absence of functioning democratic institutions led to enormous suffering and stifled economic growth. To achieve lasting peace and sustainable development, the United States must address these problems with adequate resources in the context of the peace process.

Counternarcotics Control:

Counternarcotics programs in the region encourage key drug producing/trafficking nations to shoulder more of the drug control burden and resist the destructive forces of narco-corruption and intimidation. U.S. programs are directed at strengthening anti-drug institutions in countries that are committed to narcotics control, the rule of law, and economic and social development

Administration of Justice:

Training and technical assistance through the International Criminal Investigative Training Assistance Program provides key countries in Latin America with the support necessary to

develop police and investigative institutions, without which the rule of law and lasting democratic governance cannot exist.

Regional Security:

In addition to providing military training, the International Military Education and Training (IMET) program exposes Latin American and Caribbean students to the U.S. professional military establishment and American way of life, including respect for democratic values, human and individual rights, and the rule of law.

Strengthening Haitian democracy is a U.S. regional and global foreign policy priority. It is absolutely critical that resources be found to ensure an adequate international presence after the June 1996 departure of the UN Mission in Haiti (UNMIH). Although the United States will not participate in a post-UNMIH presence, funds will be required to support any U.S. presence and Coast Guard operations unmet by the current budget projections. Similarly, an FMF program in the Eastern Caribbean is imperative to help support the CARICOM Battalion member nations, which fight narcotics trafficking and supports the transition to democracy in Haiti.

ADMINISTRATION OF JUSTICE/ICITAP

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	6.500	7.000	10.000

OVERALL U.S. OBJECTIVES:

The International Criminal Investigative Training Assistance Program (ICITAP) of the U.S. Department of Justice supports the development of civilian police institutions and improvements to the criminal investigative capacity of police, prosecutors, and courts in Latin America and the Caribbean. While ICITAP will receive funding from other sources in FY 1997, activities under this account will focus on major institutional development efforts in a limited number of high priority countries in the region. FY 1997 will be the final year for funding of major activities begun in Panama and El Salvador in FY 1990 and FY 1992, respectively.

PERFORMANCE:

For the last few years, Bolivia, El Salvador, Honduras, and Panama have been the principal Latin American and Caribbean countries receiving ICITAP assistance (except Haiti, whose funding comes from other accounts in the international affairs budget). Political circumstances have prompted the United States to suspend ICITAP activities in Guatemala (other than support for the Public Ministry), Nicaragua, and Peru, although they remain countries of high priority for police assistance should the necessary political changes occur.

In the wake of defining political achievements in Panama and El Salvador, ICITAP is supporting the transition to new civilian police forces. In both countries, ICITAP provides technical assistance for comprehensive restructuring of police institutions, the creation of new police academies, investigative agencies, offices of professional responsibility, and other specialized units to provide a full range of policing services for each country. Because the Panamanian process is nearer to completion, the level of activity there is much lower.

In other Latin American countries, ICITAP focuses more narrowly on improving investigative and forensic skills, police management, and police academy curricula. In Guatemala, Honduras, and Bolivia, ICITAP works closely with the U.S. Agency for International Development (USAID) to support the implementation of active prosecutorial systems that, for the first time, place prosecutors, not judges, in charge of investigations. ICITAP assistance on the technical and procedural aspects of investigations, combined with assistance from other prosecution experts, has been a critical transition force in these countries. In Bolivia, ICITAP also assists the National Police with curriculum development, human rights training, the writing of internal disciplinary and management codes, and the creation of a new civilian investigative corps.

As the trend toward transferring investigative responsibility to prosecutors continues in other countries, ICITAP assistance will be needed for both police investigators and supervisory prosecutors to help develop the skills and relationships required for effective criminal investigation and case development. This is essential to help end the rampant criminal activity, often practiced with impunity, that threatens fragile democracies throughout the region. Development of ICITAP activities under this account will be closely coordinated with other agencies, such as USAID, in order to work with specific countries on these justice issues and provide general support for prosecutors and judges.

The completion of specific activities measures the effectiveness of the ICITAP program. These include:

- enactment of legislation or establishment of policies and procedures for overall management of a civilian police force or any of its component parts or issues, such as an office of professional responsibility, handling of crime scene evidence, use of force, or ethical standards of conduct for police;

- implementation of civilian policing curricula within the local training academy and certification of national instructors who will remain with the institution after the project ends;

- implementation of merit-based recruitment and promotion standards and establishment by the host government of a salary scale commensurate with the desired skill levels;

- development of forensic laboratories to analyze physical evidence;

- development of procedures and/or task forces to enhance cooperation between police investigators and prosecutors in investigating evidence and presenting cases in court;

- augmenting public confidence in and cooperation with the police and prosecutors in criminal investigation; and

- increasing the number of court cases that utilize hard physical evidence to identify perpetrators.

ARGENTINA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.109	0.500	0.600

OVERALL U.S. OBJECTIVES:

Argentina is Latin America's second largest country, both geographically and economically. The democratically-elected president, Carlos Raul Menem, has liberalized the economy, increased foreign direct investment, and realigned Argentina's foreign policy toward the United States. In 1995, Argentina voted consistently in support of U.S. positions in the UN. Given Argentina's collaboration with the United States on a broad range of geopolitical issues, the United States has a vested interest in nurturing this close relationship. Argentina also plays a key role in international peacekeeping operations in support of U.S. foreign policy. For example, Argentina was the only Latin American country to provide forces for the Gulf War and to participate in all phases of the restoration and consolidation of Haitian democracy. Furthermore, in 1995, Argentina established an international peacekeeping school that has attracted third-country military personnel, as well as US forces for multilateral missions. Given Argentina's critical role in sub-regional affairs and support of U.S. economic and security interests in the hemisphere, United States policy seeks to support Argentina's consolidation of democracy, institutionalize economic reforms, expand the market for U.S. goods and services, and improve military-to-military relations.

SPECIFIC OBJECTIVE:

Improved defense resource management capabilities and interoperability with U.S. and UN peacekeeping forces.

With the principle of civilian control clearly established and uncontested in Argentina, the greatest remaining challenge is modernizing the military's approach to allocating defense resources and increasing civilian participation in this process. By providing courses on resource management, defense procurement, and establishment of budgetary priorities, the IMET program gives civilian and military leaders the defense management tools needed to credibly and effectively administer the defense establishment. Some IMET-sponsored training could strengthen Argentina's peacekeeping efforts by complementing funding from other sources tailored to peacekeeping issues and training. As Argentina implements budget cuts to meet its overall fiscal priorities, the process of streamlining defense resources will, in part, measure the success of IMET courses

BAHAMAS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.013	0.100	0.100
INL	0.700	0.700	0.800

OVERALL U.S. OBJECTIVES:

Located just 60 miles off the coast of the United States, the Commonwealth of The Bahamas is a constitutional, parliamentary democracy and a member of the Commonwealth of Nations. Prime Minister Hubert Ingraham's Free National Movement (FNM) has controlled the government and parliament since 1992. The Bahamas is a stable, developing nation whose economy is based on tourism and financial services, primarily offshore banking and trust management. In recent years, however, The Bahamas has become a major transit point for illicit narcotics entering the United States. The Bahamas cooperates fully with the United States on a number of security-related issues, such as drug interdiction and joint military operations. U.S. policy supports the Bahamian government's efforts to combat the negative impact of the drug trade on its institutions and society, improve its judicial system, professionalize its military and police forces, and increase its participation in multilateral peacekeeping operations.

SPECIFIC OBJECTIVES:

1. **Preclude the use of Bahamian territory and territorial waters for the transit of cocaine and other illicit drugs.**

Operation Bahamas and Turks & Caicos (OPBAT) is a shining example of an effective combined counternarcotics enforcement effort. Unparalleled bilateral cooperation permits a significant interdiction and investigation infrastructure in The Bahamas involving U.S. aircraft, ships, and personnel. U.S. Coast Guard and Army helicopters are assigned to joint interdiction bases on the islands of New Providence, Exuma, and Great Inagua. Successful combined counternarcotics operations and the improved ability of Bahamian law enforcement agencies to prosecute offenders will continue to define the OPBAT program's effectiveness.

2. **An effective Bahamian judicial system.**

Programs funded by the United States facilitate in two ways the process by which the Bahamian Government administers justice: (1) by providing computers and training for judges, magistrates, and prosecutors to enable the automation of court records and the linkage between the many court buildings in Nassau; and (2) by inviting Bahamian judicial officers to observe the U.S. judicial system to learn more efficient procedures and methods. Increasing timely, successful prosecutions of narcotics offenders by the Bahamian judicial system will continue to measure the success of U.S. efforts.

3. A professional Royal Bahamas Defense Force (RBDF) that is interoperable with U.S. and allied forces.

The Bahamian government lacks the resources to both train and maintain its small defense force. The IMET program thus provides necessary advanced training for a limited number of RBDF officers and encourages a continued bilateral military cooperation. IMET's success is evidenced by the RBDF's participation in both the Multinational Force and the UN Mission in Haiti, and the U.S. military's ability to conduct exercises in Bahamian territory.

BELIZE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.054	0.250	0.250

OVERALL U.S. OBJECTIVES:

Belize, independent since 1981 and a parliamentary democracy, has been a useful partner to the United States in the Caribbean and the Central America. Belize favors free trade and welcomes foreign investment. However, its coastline, sparse population, and borders with Mexico and Guatemala, make it vulnerable to international crime, such as narcotics trafficking, alien smuggling, and auto theft. It is important that the United States keep Belize involved in regional efforts such as peacekeeping, as well as strengthen the Belizean government's resolve and resources to combat international crime. In addition, the United States believes the Belize Defense Force (BDF) is an element of stability on the disputed Belize-Guatemala border now that British troops have been withdrawn, and hopes to retain its access to unique military training opportunities in Belize.

SPECIFIC OBJECTIVE:

A professional, combat-ready Belizean military that supports U.S. regional policies.

IMET assistance contributes to Belize's ongoing efforts to maintain its defense forces at an optimal level. From 1994 to 1995, Belize served as the command leader of the CARICOM Battalion during its participation in the UN mission to restore the democratically elected government in Haiti and in subsequent peacekeeping activities. IMET training established the basis for cooperation between the U.S. military and the BDF in these operations, thus reinforcing Belizean support of U.S. regional policy objectives. IMET assistance also supports counternarcotics cooperation between the United States and Belize.

BOLIVIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF*	13.990	0.000	0.000
FMF*	3.229	0.000	0.000
IMET	0.368	0.500	0.500
INL	11.000	15.000	50.000

OVERALL U.S. OBJECTIVES:

Bolivia is a multiparty democracy whose governmental structure follows the U.S. model. Elected in 1993, President Gonzalo Sanchez de Lozada has continued the economic reforms instituted by his predecessor. In 1994, Bolivia made significant strides toward consolidating its democracy by approving constitutional amendments that affected the election of future presidents and congresses, lowered the voting age, reformed the judicial system, and created a human rights ombudsman office. Bolivia supports the United States on various important issues in international fora and maintains progressive economic and social development policies. The Bolivian Government's concern for biological diversity also establishes it as one of the hemisphere's leaders on environmental matters. Although Bolivia remains one of the poorest countries in the region, President Sanchez de Lozada has succeeded in lowering the inflation rate, signing a free trade agreement with Mexico, and instituting a privatization program.

Bolivia is the world's third largest producer of illicit coca and refined cocaine and the second largest exporter of cocaine to the United States. In 1995, an estimated 33,700 hectares in the Chapare region -- the source of virtually of Bolivia's finished cocaine -- cultivated coca, while 5,500 hectares were eradicated. The United States' primary foreign policy objective in Bolivia is eliminating narcotics production and trafficking. Closely linked to the success of this goal is the need to strengthen Bolivia's justice system, encourage good governance, promote sustainable development, and establish a basis for broad economic growth to provide viable economic alternatives to producing narcotics.

* Funding for ESF/FMF programs are included as a part of INL's budget submission in FY 1996 and FY 1997.

SPECIFIC OBJECTIVES:

1. Strong, cohesive, and accessible democratic institutions of government capable of arresting narcotics production and trafficking in Bolivia.

The **Narcotics Law Enforcement** program for FY 1997 enhances the Government of Bolivia's ability to direct and finance counternarcotics efforts. Program projects strengthen the civilian police units which conduct counternarcotics law enforcement operations and support military units. A primary objective of these law enforcement operations is to disrupt the transport and sale of illegal coca leaf. U.S. assistance supports the Bolivian coca eradication agency, improvements in ground, air, and riverine law enforcement counternarcotics operations; chemical control efforts; investigations and prosecutions of major drug traffickers; improved counternarcotics intelligence gathering and dissemination; and programs to control the transport and marketing of legal coca.

Most funding in the Narcotics Law Enforcement category targets agencies which support a range of law enforcement efforts such as the Ministry of Government and special units under the Ministry of Defense. The Special Force for the Fight Against Narcotics Trafficking (FELCN) is the umbrella organization for Bolivia's primary counternarcotics law enforcement activities. These include the Police Rural Mobile Patrol Units (UMOPAR), and a unit of specialized prosecutors charged with enforcing Bolivian antidrug law (Law 1008). Special task forces of the Bolivian Air Force and Navy provide air transport and logistical support for UMOPAR interdiction operations, and monitor riverine traffic for drugs and chemicals in coordination with UMOPAR. The Army Green Devils Task Force provides ground mobility and logistical support to the police. In 1995, a new unit known as the Ecological Police was created to implement eradication operations; funding for this group will continue in FY 1997.

The **Program Development and Support Project** provides administrative support and salaries for 30 direct-hire and contract U.S. and foreign service national personnel in the Embassy's Narcotics Affairs Section.

Effectiveness measures:

- An increase in the number of interdictions and seizures of cocaine and other illicit coca derivatives, precursor materials, and assets of the coca trade;
- Eradication of coca production beyond the level authorized for legal use, while helping to create viable, licit income-earning alternatives for coca producers; and
- Public awareness that drug abuse, production, and trafficking are harmful to Bolivia's economy and society.

2. Sustained economic growth and reduced effects of the drug trade on Bolivia's economy.

The **Sustainable Development Program** promotes counternarcotics-related development opportunities in the Chapare by providing incentives for the development of viable, licit income-earning alternatives for coca farmers. It includes projects to develop alternative

sources of income and employment, expand financial services to micro-entrepreneurs, promote Bolivian exports, and support macro-economic balance-of-payments assistance to the Bolivian Government. In FY 1997, the program will continue to encourage broad-based , private sector-led economic growth by creating an attractive climate for foreign trade and investment.

Effectiveness measures:

- A decrease in the size of the illegal coca economy and the level of coca exports; and
- An increase in access to financial services for the poor, in licit employment, and in non-traditional exports.

3. A strong, efficient Bolivian criminal justice system.

The **Administration of Justice Program** promotes an efficient, effective, and accessible judicial system in Bolivia as a fundamental element of a strong democracy. It includes three major components: improving judicial efficiency and accountability; increasing the effectiveness of criminal prosecutions and investigations; and providing access to justice through alternative dispute resolution centers. In 1997, the program will continue to strengthen investigative, prosecutorial, and judicial human resources, and improve case tracking and administrative management. It will also continue to provide training and equipment to Bolivian prosecutors.

Effectiveness measures:

- An increase in the number of arrests and prosecutions of major drug traffickers;
- An increase in the number of cases completed within legally prescribed periods in criminal courts; and
- An increase in the number of alternative dispute resolution centers.

4. A Bolivian military which supports democratic civilian government.

The Bolivian military remains a significant force, despite budget and resource reductions, insufficient command, control, and communications capabilities, and an absence of long-range logistical/maintenance planning. The IMET program has exposed Bolivian military personnel to well-organized, professional operations and training, and has reinforced the importance of civilian command and oversight of the armed forces in a democracy. IMET has also encouraged modernization of the armed forces structure in view of resource constraints. IMET's effectiveness will be measured in part by improved civil-military relations, greater respect for human rights and democratic values, and increased cooperation with U.S. counterdrug efforts.

BRAZIL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.100	0.200	0.225
INL	1.000	1.000	1.000

OVERALL U.S. OBJECTIVES:

Brazil is Latin America's largest nation, with the world's tenth largest economy. A decentralized, federal republic, Brazil has twenty-six states and a federal district represented in a two-chamber legislature. President Fernando Henrique Cardoso swept to victory in the 1994 elections with an economic program to reduce inflation and open the economy. His plan succeeded in reducing inflation from its 1994 peak monthly rate of 50 percent to less than 2 percent. Brazil plays a major role in hemispheric and global security issues of concern to the United States. U.S. objectives in Brazil include strengthening democratic institutions, promoting prosperity through free trade and sustainable development, conserving natural resources, and fighting narcotics trafficking. U.S. assistance has enabled Brazil to begin opening its markets, thereby improving economic stabilization. Assistance has also facilitated closer cooperation with the United States on global issues, including counternarcotics, nonproliferation, peacekeeping operations, and protection of the environment.

SPECIFIC OBJECTIVES:

1. A Brazilian Federal Police (DPF) capable of interdicting major narcotics trafficking and reducing the flow of drugs to the United States.

Brazil is a key transit route for cocaine shipments from Bolivia, Peru and Colombia to the United States and Europe. In 1994 and 1995, seizures increased to a total of 15 tons of cocaine. At present, a weak Brazilian currency and lax banking laws render the country susceptible to money laundering. Most U.S. counternarcotics funding provides equipment and training for the DPF to enhance its interdiction and investigative capability. Funds also support programs to rehabilitate juveniles, reduce the demand for drugs, and educate the public on drug abuse prevention. The Brazilian government has demonstrated a greater interest in contributing military support to international counternarcotics operations.

Effectiveness measures:

- An increase in successful federal police investigations of major cartel operations, interdiction of overland and riverine cocaine shipments, and prosecution of drug traffickers; and

- An increase in high-level political support for international counternarcotics efforts, as well as the passage of comprehensive counternarcotics and related legislation.

2. A professional Brazilian military that is interoperable with U.S. and allied peacekeeping forces.

Participation of Brazilian military personnel in IMET provides otherwise unavailable leadership and technical training to professionalize as well as strengthen the military's commitment to a democratically-elected civilian government. IMET courses have improved the military's interoperability in such missions as the Brazilian-led Military Observer Mission in Ecuador and Peru (MOMEP), and in the deployment to Angola to assist in U.N. peacekeeping/de-mining efforts. Moreover, returning IMET graduates have multiplied the program's value by developing new training courses for their colleagues. IMET funding in FY 1997 will continue to expand and strengthen these important U.S.-Brazilian ties.

CARIBBEAN REGIONAL FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
FMF	0.000	2.000	2.000

OVERALL U.S. OBJECTIVES:

Caribbean nations have traditionally been strong allies of the United States. Most recently, they provided support for U.S. efforts to restore the legitimate regime in Haiti. Caribbean countries formed the CARICOM (Caribbean Community) battalion, which served as a building block for the U.N. Multinational Force (MNF), and as a principal component in the U.S.-led coalition effort in Haiti. The Bahamas, Belize, Guyana, Jamaica, Trinidad and Tobago, Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, the Grenadines, and St. Vincent all contributed troops to the battalion. Suriname also contributed to the UN Mission in Haiti but at the time was not a member of the CARICOM.

The participation of CARICOM forces in MNF accelerated wear on existing equipment and spare parts, thus pressuring national governments to sustain the operative capabilities of their forces. FY 1997 funding will be used on the various island nations to improve communications capabilities, purchase small arms, vehicles, and their spare parts, and maintain existing U.S.-origin equipment. Without FMF funding, the maritime and land forces in many of the smaller countries would quickly become ineffective, leaving the larger island nations to make up the shortfalls in cooperative capabilities. Loss of FMF funding would also adversely affect Caribbean counterdrug and migrant interdiction operations.

SPECIFIC OBJECTIVES:

1. Continued Caribbean countries' support for regional military operations of U.S. interest.

Recent peacekeeping operations re-emphasized the importance of enabling countries and regional coalitions to conduct peacekeeping or other military operations in order to minimize reliance on U.S. forces and resources. This implies sharing the burden of maintaining regional stability by increasing the participation of regional allies in hemispheric operations and providing the equipment necessary for successful deployment of the CARICOM Battalion. This objective will be accomplished by the continued involvement of CARICOM troops in U.S.-supported regional military operations.

2. Sustained and upgraded natural disaster response capability of local militaries.

Among the problems that affect the region are recurring tropical storms, hurricanes, and volcanic activity. Local militaries provided critical support during the 1995 hurricane season, assisting in humanitarian relief efforts and in maintenance of good order. The ability to

participate in this type of cooperative operation is particularly important to regional stability and economic well-being. FY 1997 funds will help ensure that Caribbean military forces can execute this vital function in the event of a natural disaster.

3. Regional military forces capable of supporting drug interdiction operations.

The Caribbean region has been significantly beset by the scourge of narcotics trafficking. Caribbean military forces cooperate with U.S. law enforcement in narcotics interdiction operations, and FY 1997 funds will ensure their continued participation. Increased seizures of narcotics and enhanced regional capabilities to coordinate and contribute to regional joint military exercises, including interoperability with U.S. forces will be measures of effectiveness.

CHILE

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.120	0.300	0.400

OVERALL U.S. OBJECTIVES:

Chile is important to the United States as an economic partner and a key diplomatic ally in international fora, particularly in support of human rights and democracy. Chile's transition to democracy provides an opportunity for the United States to work more closely with the Chilean Government to advance many shared interests. Its free market economy, commitment to free trade, and peaceful return to democracy serve as a sound basis for cooperation and as an excellent example to other developing nations. Chile's president, Eduardo Frei Ruiz-Tagle, has increased spending on social welfare programs, attracted foreign capital investments, promoted Chilean exports, and sought important amendments to the constitution to advance national reconciliation democratization.

Last year, the Frei government imprisoned a dozen military personnel convicted of gross human rights violations committed under the 1973 to 1990 Pinochet regime. The Frei administration is resolved to reform parts of the 1980 constitution to give elected civilian leaders more authority over the armed forces. Such democratization fulfills broader U.S. hemispheric and global goals of promoting democracy, peace and civilian rule.

SPECIFIC OBJECTIVES:

1. **Institutionalization of democracy in Chile, including military acceptance of and respect for civilian control.**

An important step toward consolidating civilian control of the Chilean military establishment involves expanding civilian participation and expertise in defense management issues. IMET funds complement existing Chilean consolidation efforts by training civilian Ministry of Defense officials, NGOs, and non-Ministry of Defense civilian officials involved in defense matters.

2. **Professional Chilean armed forces that participate in peacekeeping operations with U.S. and allied forces.**

Although the Chilean armed forces are among the most technically competent in Latin America, they lack modern strategies and tactics. IMET training and exposure to U.S. peacekeeping operations instruct Chilean military officers in standard operating procedures of U.S. forces, thereby enhancing the Chilean military's capability to participate effectively in regional military operations. IMET indirectly encourages continued Chilean participation in the Military Observer Mission in Ecuador and Peru and support for UN peacekeeping.

COLOMBIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.588	0.900	0.900
INL	16.000	16.000	25.000
FMF	10.000	0.000	0.000

OVERALL U.S. OBJECTIVES:

Colombia is a multiparty, constitutional democracy in which the Conservative and Liberal parties have long dominated the political scene. In Colombia's mixed private/public sector economy, crude oil and coffee account for the country's principal legal exports. Three guerrilla insurgencies and extremely well-funded and subversive drug cartels have placed severe strains upon the country's social, political, and economic systems. Colombia is an essential regional partner with the United States in the fight against narcotics trafficking. Although the government has taken steps to curb production, Colombia remains the primary source of refined cocaine entering the United States. The Colombian and U.S. governments work together to develop U.S.-funded programs which combat the efforts of many guerrilla and paramilitary narcotics groups and promote internal stability.

SPECIFIC OBJECTIVES:

1. Strengthened Colombian democratic institutions of government that assist in counter-narcotics efforts.

The United States has a compelling self-interest in eliminating cocaine production and trafficking in Colombia, as well as ensuring a strong democracy. Curbing Colombian sources of cocaine diminishes its availability in the United States, thereby facilitating domestic efforts to combat drug use. U.S. assistance to Colombia aims to disrupt the cocaine trafficking infrastructure through investigative, evidence-gathering, arrest, prosecution, and asset seizure measures. In so doing, the assistance counters the drug trafficking threat posed to Colombia's internal security, political system, and economy, and provides a foundation for maintaining a democratic governance.

2. Professional Colombian armed forces that respect human rights.

IMET funding for FY 1997 will train civilians and senior, mid-level, and junior officers in courses which emphasize democratic principles, human rights, professionalism and resource management. Decreases in reported cases of human rights abuses, increased levels of narcotics related convictions, and continued adherence to democratic civilian rule will determine program effectiveness.

COSTA RICA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.068	0.150	0.150

OVERALL U.S. OBJECTIVES

Costa Rica is Central America's shining example of a stable, constitutional, free-market democracy that respects human rights and the rule of law. Costa Rica acts as a regional role model for civilian control of the military. The historic constitution of 1949 abolished the military in favor of a small police force. Costa Rica's generally stable and progressive economy depends in large part on tourism and export of bananas, coffee, and other agricultural products. In 1994, Costa Rica signed a free trade agreement with Mexico and has instituted other free-market reforms in response to a slowing economy and an increasing budget deficit. The right to own private land is protected by the constitution, but Costa Rica's commitment to environmental protection has resulted in the expropriation of some property owners' land.

The primary U.S. objective is to support Costa Rica's critical political role as a moderating influence in Central America, with the goal of promoting regional peace and stability. U.S. interests also include strengthening the country's governmental and financial systems against illegal activities. As with many other small nations in the region, Costa Rica has become a transit country for cocaine and heroin entering the Untied States from South America. U.S. efforts to fight narcotics include providing assistance to Costa Rica to professionalize its police forces.

SPECIFIC OBJECTIVE:

A professional Costa Rican police force that effectively manages its resources.

Although the civilian police force has demonstrated its ability to handle serious regional crime problems, such as alien and narcotics smuggling, the United States supports the continued professionalization of Costa Rican security forces. IMET strengthens Costa Rica's ability to protect public order, mount counternarcotics operations, and combat increased alien smuggling. FY 1997 IMET funds will be used by the U.S. Embassy and the Ministry of Public Security to select members of the Civil and Rural Guards for training in civil/military relations, resource management, and professional development in the United States. The students will act as a training resource for their colleagues who did not receive training. Program effectiveness will be determined by the police force's capacity to use its limited resources to combat narcotics trafficking and protect the public good. The FY 1997 IMET program will also train members of the four branches of the police, including Air and Maritime Sections, in aircraft, motor, and systems maintenance, corrosion control, and computer systems. These IMET courses should assist the police force in improve the functioning, maintenance, and repair of its equipment.

THE DOMINICAN REPUBLIC

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.213	0.500	0.500

OVERALL U.S. OBJECTIVES:

The Dominican Republic is a multiparty, constitutional democracy that has a popularly elected president and a bicameral Congress. In reality, the system heavily favors the executive branch, headed by seven-term President Joaquin Balaguer. The President appoints the Supreme Court, which heads a nominally independent judiciary. During the May 1994 elections, significant voting irregularities were found. Despite an inconclusive investigation of fraud charges, the Central Electoral Board declared Balaguer victorious. After lengthy negotiations with all political parties, the Congress adopted the Pact for Democracy, which set the next election for May 1996, in effect allowing Balaguer a two-year instead of four-year term. Although the Dominican economy once relied heavily on sugar exports, it has grown more diverse; tourism and export processing zones are now major sources of income and employment.

U.S. foreign policy objectives in the Dominican Republic include promoting prosperity and sustainable development, and supporting the nation's democratic institutions. The United States seeks to enhance its bilateral relations, encouraging the Dominican Republic to integrate fully into the hemisphere's growing community of democratic nations and serve as a U.S. ally in the Caribbean. These goals will be achieved through diplomatic engagement supported by USAID development assistance programs, which strengthen civil society and democratic institutions almost exclusively through local NGOs, and by IMET funds to strengthen civilian control over the military and uphold the rule of law.

SPECIFIC OBJECTIVE:

A Dominican military which understands and respects its proper role in a democratic society.

Previous International Military Education and Training programs for the Dominican military have contributed significantly to its professionalism and depoliticization by exposing military students to the American way of life, including U.S. respect for human rights, democratic values, and the belief in the rule of law. These qualities will be vital in the sensitive 1996 electoral process and subsequent transition to a new government. A disciplined military, clearly subordinate to civilian authorities, will enhance the political stability necessary for democracy in the Dominican Republic. A strictly apolitical performance of military duties during and after the inauguration of the new government will, in part, measure the success of IMET courses, as will swift military judicial action against any member who may promote unconstitutional actions by the military.

EASTERN CARIBBEAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.217	0.400	0.400
FMF	0.769	0.000	0.000

OVERALL U.S. OBJECTIVES:

The tiny nations of the Eastern Caribbean formed the Regional Security System in 1983 to establish a mechanism for collective security and to provide mutual support. The RSS is composed of all seven Eastern Caribbean countries: Antigua & Barbuda, Barbados, Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent & The Grenadines. The United States has a strategic interest in maintaining the RSS because it serves as a regional stabilizing force through active involvement in peacekeeping operations, notably in Haiti, and through maritime interdiction it helps protect the seven democracies from political and economic instability caused by illicit narcotics trafficking.

SPECIFIC OBJECTIVE:

A regional security coalition that supports U.S. policy objectives and promotes the proper role of military force in a democracy.

The RSS plays a key role in supporting U.S. subregional polices and, with proper training, can provide effective interdiction of illegal drugs and immigrants. During the past year, the United States concluded maritime counternarcotics agreements with all of the RSS countries except Barbados, and recently initialed Mutual Legal Assistance and extradition treaties with Barbados. The U.S. Government expects to conclude a maritime counternarcotics agreement with Barbados and an extradition treaty with the other Eastern Caribbean countries in 1996.

Although all RSS countries are functioning democracies, previous IMET funding has contributed to force professionalization. FY 1997 IMET funding will be used to train RSS military personnel in peacekeeping operations and resource management. Continued support for U.S. policies in the region, enhanced security for the Eastern Caribbean against narco-traffickers, and the continued apolitical performance of military duties will indicate the success of the IMET program.

ECUADOR

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.293	0.400	0.425
INL	0.500	0.500	0.850

OVERALL U.S. OBJECTIVES:

The United States seeks to strengthen constitutional democracy in Ecuador, in part by promoting a professional military supportive of a freely-elected civilian government and effective law enforcement and judicial institutions. U.S. assistance also enhances Ecuador's counternarcotics capabilities and rejuvenates Ecuador's stalled economic reform program. IMET and INL play an important role in furthering U.S. democracy and counternarcotics objectives in Ecuador by providing the military with the resources to counter the production and shipment of illicit narcotics. Narcotics traffickers with ties to Cali ship an estimated 30 to 50 million tons of cocaine through Ecuador. USAID's development assistance program is a vital component in U.S. efforts to promote economic development, reinforce Ecuador's commitment to democracy and free-market practices, and heighten public awareness about the dangers of drug abuse.

The Ecuadorian economy is based on private enterprise, although government involvement continues to be heavy in key sectors such as petroleum, utilities, and aviation. Ecuador's military enjoys substantial autonomy, reinforced by guaranteed access to revenues from the nation's petroleum exports. In 1992, President Sixto Duran Ballen launched a series of macro-economic reforms that have reduced the inflation rate and increased foreign investment. Ecuador has demonstrated its commitment to free trade by signing free or complementary trade agreements with Bolivia, Chile, Colombia, Peru, and Venezuela, as well as joining the World Trade Organization.

SPECIFIC OBJECTIVES:

1. **Stronger institutions capable of interdicting illegal drugs and precursor chemicals, prosecuting traffickers, seizing drug assets, and reducing money laundering.**

In FY 1997, INL funding will be used to develop a greater emphasis on narcotics law enforcement projects. Projects will strengthen the Interpol Police law enforcement capability, continue to improve police skills and performance, and support a police counternarcotics training center. The National Drug Council Project will emphasize ministerial-level drug coordination efforts, including money laundering efforts, asset seizures and storage, control and monitoring of precursor and essential chemicals, and drafting of related counternarcotics laws and procedure.

Effectiveness Measures:

- Expanded participation at the police counternarcotics training center and other locations;
- Development of a precursor chemical control program and establishment of procedures to control money laundering;
- Increase in the number of convictions for narcotics related offenses; and
- Establishment of community based drug abuse prevention programs and increased Ecuadorian public awareness of the dangers of drug abuse.

2. A professional Ecuadorian military which emphasizes defense resource management and greater civilian control over the military.

The continued autonomy of the Ecuadorian military poses a latent challenge to Ecuador's democracy. The United States has a vested interest in consolidating democracy throughout the Andean region, in part because of the severe, corruptive impact illegal narcotics have on democratic governments, judicial systems and society at large. In order for Ecuador to effectively and efficiently combat the drug trade, respect for human rights and civilian authority must be in place. The U.S. IMET program to Ecuador focuses on professionalizing the military and preparing it to combat narcotics threats while respecting the country's democratic institutions and principles, and in light of the Peru-Ecuador border conflict, peacekeeping. Measures of program effectiveness include continued military support for the democratic constitutional process and logistical support for counternarcotics efforts, assignment of U.S.-trained IMET graduates to leadership and command positions, and greater respect for human rights.

EL SALVADOR

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.404	0.450	0.450

OVERALL U.S. OBJECTIVES:

The 1992 Peace Accords between the Salvadoran Government and the Farabundo Marti National Liberation Front (FMLN) stand as the basis for profound political and economic reforms that have transformed Salvadoran society. El Salvador has emerged from its brutal conflict as a democratic nation committed to free-market principles, the protection of civil and human rights, and sustainable economic development policies. El Salvador's economy, still recovering from years of protracted warfare, is growing solidly. The government's privatization and deregulation programs have paved the way for the more rapid growth necessary to alleviate poverty and achieve international competitiveness. Elected in 1994, President Armando Calderon Sol presides over a constitutional democracy that provides for an executive branch, unicameral national legislature, and a separate, politically appointed judiciary. The United States supports El Salvador in it efforts to solidify democratic institutions and reform economic policies.

As provided for in the Peace Accords, the El Salvadoran government disbanded the paramilitary-national police and formed the National Civilian Police. The government has implemented judicial and electoral reform, land transfers, economic reinsertion programs, and purged the military of human rights violators. Recognizing that the government must continue its efforts on these much needed reforms, the United States provides IMET assistance to El Salvador.

SPECIFIC OBJECTIVES:

1. **Military acceptance of the guidance and leadership of the elected government and continued progress in right-sizing the military.**

IMET programs have educated senior civilian and military leaders on defense policy-making and civil-military cooperation issues, fostering greater mutual understanding and strengthening civilian capacity for military oversight. IMET programs have also assisted the Salvadoran military reduce its force level from approximately 62,000 troops to its current level of under 18,000, while increasing military professionalism and restructuring the Salvadoran military into a more effective fighting force. FY 1997 IMET assistance will promote the military's continued restructuring from a counterinsurgency force to one focused on territorial defense, disaster relief and other appropriate missions. IMET's success will be measured in part by the military's acceptance of public and private acceptance of civilian authority and its respect for human rights.

2. Military contribution to maritime law enforcement, anti-alien smuggling, and regional disaster relief efforts, as well as participation in joint exercises that foster Central American cooperation.

IMET has improved El Salvador's ability to control its coastline and coordinate maritime law enforcement efforts through the U.S. Navy Small Craft Instruction and Technical School (NAVSCIATTS) program. The Salvadoran military has also participated in U.S.-sponsored regional exercises with Honduran, Guatemalan and Nicaraguan units, increasing communication and confidence building measures among regional militaries. Standards of program effectiveness include continued Salvadoran military participation in U.S.-sponsored regional exercises and the Salvadoran Navy's fight against alien and narcotics smuggling threats.

GUATEMALA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	2.100	2.100	2.000
IMET	0.000	0.000	0.225

OVERALL U.S. OBJECTIVES:

After nearly four decades of military rule, Guatemala returned to a democratically-elected civilian president in 1985. The 1985 Constitution codifies universal suffrage, a one-term president, unicameral Congress, an independent judiciary, and a Human Rights Ombudsman. The 35-year armed conflict between the military and the guerrilla insurgency, the Guatemalan National Revolution Unity (UNRG), and a pattern of human rights violations by the armed forces, guerrillas, and common criminals dominate Guatemala's recent history. The armed forces operate with considerable autonomy, though in January 1996 President Arzu acted quickly to remove corrupt military officers and strengthen civilian control over the military. Impunity for both human rights abusers and common criminals remains a serious problem in Guatemala. In response to provisions of the human rights accord signed by the Guatemalan government and the UNRG, a UN human rights verification mission was established in November 1994. Both parties have stated their commitment to completing a comprehensive peace agreement this year.

The overriding U.S. interest in Guatemala is promoting peace, humanitarian assistance, and consolidating democratic institutions through continued diplomatic engagement and improved bilateral relations. Proposed U.S. assistance will support a comprehensive peace accord, improved respect for human rights and the rule of law, and strengthening Guatemala's counternarcotics interdiction and eradication capabilities. Guatemala is Central America's largest country in terms of population and economic activity, and the region's most important trade partner for the United States. Support for the transition to peace in Guatemala will engender economic and political benefits for the United States. A stable, peaceful Guatemala will be a strong market for U.S. goods and services, and economic growth and development in Guatemala will deter illegal Guatemalan immigration to the United States.

SPECIFIC OBJECTIVES:

1. Cessation of cocaine trafficking through Guatemala to the United States.

In the past, substantial amounts of cocaine transited Guatemala by air en route to the United States. U.S.-funded interdiction efforts, particularly Operation Cadence, have been successful in markedly reducing the number of traffickers using Guatemala as a transit point. However, recent information indicates that air trafficking through Guatemala may be on the incline, necessitating continued U.S. support for interdiction operations. FY 1997 INL funds will be

used to support the Guatemalan security forces' fight against drugs by providing significant training and equipment.

Effectiveness measures:

- continued minimal transit of cocaine through Guatemala, as tracked by U.S. radar and intelligence;
- evidence of a decrease in smuggling through port facilities;
- greater professionalism and greater resistance to corruption among civilian law enforcement units; and
- increased riverine and coastal seizures, as anti-narcotics units detect new trafficking routes.

2. Cessation of opium production.

In Guatemala, opium poppy is cultivated in small plots hidden in steep, narrow, high-mountain valleys near the Mexican border. U.S.-owned and operated aircraft, working with the government of Guatemala, have been successful in aerial eradication of opium poppy. U.S. assistance also supports Guatemala's manual eradication efforts in the remotest areas. From a high of almost 2,500 hectares in 1990, opium poppy cultivation is now down to less than 200 hectares, thanks to the effectiveness of U.S.-Guatemalan eradication efforts. FY 1997 funds will continue to prevent renewed poppy cultivation through ground spot aerial eradication as needed.

Effectiveness measures:

- A decline in area under opium poppy cultivation to well under 200 hectares; and
- Increased capability of Guatemala's Department of Anti-Narcotics Operations units to conduct independent manual eradication operations.

3. Development of an effective civilian narcotics law enforcement agency and improved judicial handling of narcotics cases.

The Narcotics Law Enforcement Project, initiated in 1991, has successfully organized, trained, and equipped narcotics control units in the Guatemalan Treasury Police, a civilian law enforcement agency. FY 1997 funds will provide continued training and support to strengthen the narcotics control units, expand the activities of narcotics prosecutors in the Public Ministry, and support the expanded narcotics investigation squad.

Effectiveness measures:

- Increased arrests for narcotics trafficking; and
- Larger numbers of cases turned over to courts by narcotics prosecutors for trial.

4. A Guatemalan military that respects international human rights standards and cooperates in the implementation of a comprehensive peace agreement.

Resuming limited IMET for Guatemala in FY 1997 will be an important policy tool to ensure Guatemalan military support for implementation of the comprehensive peace agreement. IMET was suspended in March 1995 because of concerns about the lack of progress in resolving human rights abuse cases. U.S. training, especially in human rights and civil relations, will complement USAID programs in strengthening Guatemala's democratic institutions.

Effectiveness measures:

- Significant progress made in implementation of the Accord on the Role of the Military in Civil Society; and

- A decrease in the level of reported human rights cases.

GUYANA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.097	0.150	0.175

OVERALL U.S. OBJECTIVES:

The cooperative Republic of Guyana, a member of the Commonwealth of nations and the Caribbean Community (CARICOM), is a small, multiracial developing nation with a unicameral Parliament. In 1992 Guyana held its first elections in more than 25 years. Dr. Chedda Jagan, leader of the majority party in Parliament, is Executive President. One of the hemisphere's poorest countries, Guyana's economy is based on agricultural exports, gold mining, and timber production.

U.S. objectives in Guyana include protecting the nascent democracy, professionalizing the Guyanese security forces, improving drug interdiction capabilities, and securing border integrity. USAID development assistance seeks to expand economic opportunities for the urban and rural poor, implement agriculture sector reforms, and restore basic agriculture infrastructure.

SPECIFIC OBJECTIVE:

Professionalization of the Guyana Defense Force

The Guyana Defense Force (GDF) is small and untrained. IMET funding would provide the necessary training for the GDF to function as an apolitical and professional entity. The GDF contributed personnel to the CARICOM battalion to restore democracy to Haiti and could be called upon for other regional peacekeeping operations. Indicators of program effectiveness include the GDF's proper understanding of its role in relation to a civilian government, and performance of its duties in an apolitical fashion, and its responsibility to protect human rights.

HAITI

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	86.700	75.300	80.000
FMF	3.000	0.000	0.000
IMET	0.035	0.250	0.300
PKO	25.300	4.000	4.000

OVERALL U.S. OBJECTIVES:

After decades of despotic governments and economic decline, Haiti held free and fair elections in 1990 and elected Jean-Bertrand Aristide president. A military coup in 1991 overthrew the democratically-elected government, forcing Aristide into exile. After three years of repressive, corrupt military government and an internationally-sanctioned economic embargo, the United States and the international community restored President Aristide to office in October 1994. The principal U.S. objective is to strengthen Haiti's nascent democratic institutions and foster economic growth and sustainable development. On December 17, 1995, Haitians chose Rene Preval, a close advisor to Aristide, to be his successor; Preval was inaugurated President of Haiti on February 7, 1996. In FY 1997, The United States will continue to provide assistance to Haiti, the poorest nation in the Western Hemisphere, to stabilize its economy, train the newly formed security force, consolidate democratic institutions, and promote prosperity.

SPECIFIC OBJECTIVES:

1. **A consolidated transition from military to civilian rule, including the creation of an apolitical, civilian police force that includes a coast guard and an independent judiciary.**

The Haitian government seeks to abolish its military forces in favor of a politically-neutral National Police force that responds to the civilian government, and a coast guard, as an integral part of the National Police, which supports counternarcotics, coastal surveillance, external security, and other critical maritime missions. IMET funds will train the coast guard in critical maritime law enforcement, coast guard operations, and other related maritime skills. ESF funds will, among other things, help strengthen an independent judicial system.

Effectiveness measures:

- An adequately equipped National Police force with equipment and facilities sufficient to perform its mission as a professional, apolitical, community-based civilian police force;

- A coast guard trained and equipped to perform its mission as a professional, apolitical, service-oriented maritime organization, with a strong foundation of support for continued expansion;

- A functioning, fair legal justice system that is accountable responsive to all Haitians and maintains a well-trained judicial staff and standard systems and procedures; and

- A Ministry of Justice which, in carrying out its duties, respects political and human rights.

2. A successful transition from military/authoritarian rule to a democratic, representative government and a democratic political culture free of violent intimidation.

The UN forces are scheduled for withdrawal from Haiti in June 1996. This 21-month presence of international peacekeeping forces will have provided Haiti an opportunity to begin to build viable democratic governance and security institutions, but reforms are incomplete and new institutions fragile. PKO voluntary funds may be applied to help smooth the transition to Haiti's assumption of full responsibility for its own security and secure the re-establishment of a democratic, representational form of government.

Effectiveness measures:

- Graduation of Haitian police from field training consistent with ICITAP academy training; and

- The continuation of International Civilian Mission reporting on human rights, judicial, and police procedures based on monitoring throughout rural and urban areas of Haiti.

3. More effective and responsive democratic institutions and empowered communities.

Political instability and quasi-exclusion of the majority of Haitians from the political process have been the most serious barriers to Haiti's development. ESF for Haiti is designed to foster the effective and responsive democratic institutions necessary to lay the foundation for rule of law and to promote stability and economic development. These funds will strengthen the justice system; improve the operational and administrative functions of the National Assembly; provide technical support to the electoral system, and train local government representatives.

Effectiveness measures:

- Increased public confidence in the judicial system and improved legal advocacy; and

- A well-established electoral process and peaceful transitions to newly elected leaders including a more effective and responsive legislature.

4. Increased private sector employment and income.

Improvement in the economy and access to opportunities for Haiti's poor are crucial to the success of the democratic transition. ESF assistance will help improve Haiti's food security through increased agricultural production; provide technical assistance to microenterprises and the informal sector; establish a regulatory environment conducive to reactivating agribusiness operations, encourage investment and employment creation; and enlarge the development of a cadre of capable managers and technicians.

Effectiveness measures:

- Increases in per capita GDP, private sector employment, high-value non-traditional and niche market exports; and

- Revised civil, commerce, labor and investment codes, and privatization of public assets.

5. Healthier, smaller, and better educated families.

Overall goals of social well-being, democracy and economic growth will not be realized if the basic social unit, the family, cannot participate actively in their achievement. ESF will be used to expand and enhance primary and reproductive health services; enhance household food security; improve national population, health, and education policies; and increase the quality and relevance of primary education.

- Increases in the use of contraceptives, immunization coverage, use of oral rehydration therapy, and children receiving vitamin supplements;

- Decreases in malnutrition levels, the number of people fed as a transitional measure, and the integration of food distribution with health care services; and

- Increases in the number of teachers trained in basic skills and pedagogy, textbooks in public and private schools, schools participating in community level actions with community organizations.

6. Sound environmental resource management.

Haiti's extreme environmental problems undermine its short and long-term prospects for achieving political and social stability, food security, and sustainable economic development. ESF will be used to increase the use of sustainable hillside agricultural practices, develop and implement a framework for long-term environmentally-sound development, and increased community participation in tree planting. This will be achieved through the increase in the volume of agricultural production, adoption and implementation of a National Environmental Action Plan, and the promulgation of a land-tenure policy.

HONDURAS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.325	0.400	0.425

OVERALL U.S. OBJECTIVES:

Since its return to democracy in 1982, Honduras has witnessed four peaceful civilian democratic transitions of power. Honduras' economy is based primarily on agriculture with a small but growing light manufacturing sector. The armed forces also play a sizable role in the national economy and political life. Because of Honduras' proximity to the United States, its increasing role as a transshipment point for illicit narcotics entering the United States, and desire to fully develop its market economy, the United States has a compelling interest to help Honduras become a stronger democracy with a better legal system, a healthier and more open economy capable of sustainable development, and a military subordinate to civilian authority. IMET funds will be used to assist the military in recognizing its proper role in a functioning democracy. USAID development assistance supports programs aimed at increasing income for the most impoverished, improving family health, protecting the environment, and facilitating court reform. Honduras will also receive funds from the International Criminal Investigative Training Assistance Program (ICITAP) to train personnel in the Public Ministry and its Criminal Investigation Division (DIC).

SPECIFIC OBJECTIVE:

Increased respect for human rights and civilian authority, as well as the ability to meet traditional security threats with decreased budget and force levels.

IMET funding for Honduras supports U.S. objectives related to improving the internal management of the armed forces. The proposed FY 1997 IMET program will center on continued defense resources management, professional military education, and technological training. One measure of effectiveness will be the improved ability to manage resources, which are declining due to inflation and drastic reductions in manpower following the abolition of forced conscription. Another goal of IMET funding for Honduras is to help strengthen democratic institutions and processes. The proposed FY 1997 IMET program will include follow-up courses in civil-military relations and human rights and military justice courses. The requested assistance will continue the professionalization of the Honduran military. An improved responsiveness to civilian judicial authority, assignment of U.S. IMET graduates to command positions, and increased civilian control over the military will demonstrate IMET's success in Honduras.

JAMAICA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.174	0.450	0.500
INL	0.600	0.700	0.800

OVERALL U.S. OBJECTIVES:

Jamaica is a key U.S. regional ally and is active and influential among Caribbean states. The Government of Jamaica supported U.S.-led efforts to restore stability and return democratic government to Haiti, first by allowing the United States to process Haitian migrants off Jamaican shores, and then by contributing troops to the Multinational Force and the follow-up UN Mission in Haiti. The Jamaica Defense Force (JDF) is considered one of the most capable military forces in the area. The JDF also supports the Jamaican Constabulary Force in efforts to reduce crime in Kingston and tourist areas of Jamaica. The capabilities of the JDF depend largely on U.S. assistance.

Jamaica is a constitutional democracy with an economy based on primary products, services, and light manufacturing. Jamaica is a transit point for cocaine entering the United States and a producer of marijuana. The United States assists the JDF, JCF, and other Jamaican agencies to carry out effective drug enforcement operations, and supports drug awareness programs. Both USAID and State/INL conduct programs aimed at improving the justice system. The USG provides four leased helicopters to the Jamaican government for use in marijuana eradication program.

SPECIFIC OBJECTIVES:

1. A professional Jamaican Defense Force that is interoperable with U.S. and allied forces.

The IMET program will enhance professional and logistics management skills, as well as technical maintenance skills to keep old equipment functional. IMET will also enhance JDF ability to participate in operations promoting regional stability. One measure of program success will be the successful US/Jamaican collaboration in regional and international peacekeeping activities.

2. Conduct a full range of drug enforcement operations throughout Jamaica.

The JCF Narcotics Unit is the major Jamaican counter-drug law enforcement agency. The United States provides extensive training and equipment to the JCF Narcotics Unit, the Contraband Enforcement Team, and the Port Security Corps.

Effectiveness measures:

- Increased Jamaican capability in drug law enforcement; and
- Greater Jamaican responsibility for locating and destroying marijuana production sites.

3. A Jamaican judicial system capable of prosecuting drug violators.

The United States supports Jamaican efforts to adopt comprehensive narcotics control legislation and prosecute drug violators.

Effectiveness measure:

- An increased in successful convictions of drug offenders.

4. Public awareness of threats from drug abuse and trafficking.

The United States supports demand reduction efforts by private organizations, as well as efforts to increase public awareness of the effects of drug trafficking in Jamaica.

Effectiveness measure:

Reduced drug abuse and increased intolerance of drug trafficking.

LATIN AMERICAN PEACEKEEPING

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	0.000	0.000	4.000

OVERALL U.S. OBJECTIVES:

The United States has a clear and compelling interest to support the establishment of peace and democracy in countries torn by civil strife throughout the region. The FY 1997 request level provides the flexibility necessary to support conflict resolution, national reconciliation, and multilateral peace operations. United States involvement in this area promotes stability, security, and democracy, usually at a lower cost to the United States.

SPECIFIC OBJECTIVE:

Establishment of the requisite institutional mechanisms to verify, monitor, and observe the anticipated Guatemalan peace accord.

The Guatemalan government expects to sign a peace accord with the Guatemalan Revolutionary Unity Group (URNG) in 1996. While serious human rights abuses continue, progress in the peace negotiations and the establishment of the United Nations Verification Mission (MINUGUA), is contributing to an increased respect for internationally recognized human rights standards as they slowly become institutionalized. A comprehensive peace agreement, which will end the region's oldest civil conflict, is essential for improving the human rights situation, consolidating democracy, incorporating all segments of society into the political process, and undertaking economic reforms. Providing assistance to an observer/monitoring mission in Guatemala advances U.S. regional interests of promoting democracy and human rights.

Effectiveness measures:

- Demobilization and disarmament of the UNRG guerrillas and their successful reintegration into civil society;
- Increased participation of all sectors of society in the political process;
- A decrease in the number of human rights abuses as reported by MINUGUA; and
- Enhanced regional stability and greater Latin American involvement in the resolution of regional conflicts.

LATIN AMERICA REGIONAL COOPERATION

PROGRAM SUMMARY

(Dollars in Millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	3.962	3.700	5.250

OVERALL U.S. OBJECTIVES:

As drug control efforts in several Latin American program countries have become more effective, traffickers have sought new routes in the Caribbean, Central America and southern South America, and they have developed new methods of transportation through major transit points such as Mexico and the Eastern Caribbean. These areas are of increasing importance for the transshipment of cocaine, and to a lesser extent opium and marijuana production. Governments in most of these countries lack resources, strong law enforcement and judicial institutions, and adequately trained personnel to meet the challenges. Many of the countries receiving funds from this account, including Panama, Antigua, Argentina and Costa Rica, are also known money laundering centers or are emerging as such at an alarming rate.

Latin America regional funds support programs in countries where the threat does not warrant large programs, but which are used increasingly by traffickers and money launderers to finance and transship their illegal products. Regional assistance improves host government capabilities in all aspects of drug control, including development of law enforcement and judicial institutions engaged in drug control, and training. To assist in meeting the challenges of attacking the drug problem at the source, the United States provides equipment and supplies to help develop programs to detect illicit cultivation for eradication, reduce drug trafficking, destroy drug processing and storage facilities, and assist in drug investigations, arrests and prosecutions. Additionally, this program will provide public information/awareness materials to educate the public about the dangers of drug consumption and trafficking.

SPECIFIC OBJECTIVES:

The Latin America Regional Cooperation Fund supports a combination of objectives in each of its individual programs, including:

- To adopt and implement strong narcotics control legislation, improve the efficiency and effectiveness of judicial institutions to bring drug offenders to justice, including forfeiture of drug trafficker assets, and develop bilateral and multilateral mutual legal assistance cooperation;

- To strengthen host nation police/drug capabilities to enable better institutional response to threats of drug trafficking and drug-related crime, including interdiction of shipments of drugs and precursor materials and control of money laundering, in the region;

- To expand maritime enforcement capabilities throughout the region by entering into cooperation agreements supported by training, materiel and combined operations;

- To eradicate illegal drug cultivation by providing commodities and technical support; and

- To develop government and non-government organizations' institutional and resource bases to control the growth of drug abuse in the region.

Caribbean. Funds will provide training and equipment to strengthen countries' law enforcement and judicial institutions. Using such mechanisms as maritime cooperation agreements and combined operations, the program encourages more vigorous regional counterdrug cooperation. The United States plans to increase support to the Regional Security Systems, a cooperative organization comprising small, independent states of the Eastern Caribbean to help it develop into a viable and operational counterdrug partner organization. The U.S. will continue to support and encourage Caribbean joint drug interdiction, other efforts to combat narcotics trafficking and operations, and efforts to improve money laundering laws and their implementation, including seizure and forfeiture of assets. Additionally, the program will expand countries' drug investigative capabilities by providing existing Joint Information Coordination Centers (JICCs) with upgraded equipment and advanced training; new JICCs will be established where appropriate. Assistance will provide training to develop local community action partnerships for drug abuse prevention and to improve the effectiveness of drug treatment professionals. The budgets for Jamaica and the Bahamas appear as separate requests.

Central America. A full range of activities to assist Belize, Costa Rica, El Salvador, Panama, and Honduras disrupt trafficking and strengthen indigenous law enforcement infrastructures will continue in FY 1997. In addition to providing ongoing training, law enforcement assistance programs include equipment, maintenance and repair of aging vehicles, radio networks and other equipment. Port security assistance will be provided to countries which actively export or transship products through port facilities. The Administration proposes to provide training, equipment, and supplies to countries experiencing significant maritime transit. Judicial reform programs will administer training to update judges and prosecutors on narcotics law. The Administration also proposes to help Panama establish money laundering controls by providing equipment and technical training that will enable the GOP to detect, investigate, and prosecute financial crime. A small allocation will also support prevention education in Nicaragua. The Guatemala, Panama, and Mexico programs appear as separate requests.

South America. Drug trafficking in the Southern Cone countries of South America is increasing at an alarming rate. Paraguay, Chile, Uruguay, and Argentina are used as transit points for cocaine originating primarily in Bolivia, and arrests of local narcotics traffickers have revealed relationships with Colombian trafficking organizations. The FY 1997 plan includes continued support to Argentina to strengthen its capacity to disrupt trafficking and investigate money laundering and chemical diversion. In Paraguay and Chile, programs will assist the police to investigate and prosecute traffickers and train those in charge of implementing and enforcing new counternarcotics laws and money laundering legislation (pending in Paraguay). In Uruguay equipment and training will be provided to develop the

enforcement capabilities of the narcotics police force and provide the necessary tools to implement recent counternarcotics legislation.

Effectiveness measures:

- Adoption of effective anti-drug and money laundering statutes and anti-corruption measures;
- Increased capabilities of regional counterdrug law enforcement agencies, as demonstrated by larger quantities interdicted drugs and deterred drug trafficking;
- Increased arrests and prosecutions of major drug traffickers and money launderers, including forfeiture of the proceeds of crime;
- Disruption of trafficker networks;
- Decreased drug abuse and an increase in intolerance of drug trafficking in the region; and
- Decreased amount of drugs produced in the region.

LATIN AMERICA AND CARIBBEAN REGIONAL DEMOCRACY PROGRAMS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	20.960	13.000	25.000

OBJECTIVES:

The end of the Cold War has provided the United States and its hemispheric neighbors the potential to reap substantial dividends of peace. Democracy now flourishes in nearly every corner of the Latin America and has finally returned to Haiti, the region's most brutalized nation. Central America is moving closer to a lasting peace based on the U.S.-supported peace initiatives.

Little progress toward development can be sustained where the political system represses the talents and efforts of its people. The government has the primary responsibility to facilitate the involvement of all its citizens --including women -- in the economic and development decisions that affect their lives and to ensure accountability and transparency of their actions. Because corruption diverts attention and resources from the poor, the United States attaches great importance to advancing the process of democratization in the region through good governance. This involves a variety of approaches: modernizing public institutions, devolution of authority to local governments, fostering a respect for human rights and the rule of law, civic education, improved financial management for the public sector, and military demobilization (as in El Salvador and Nicaragua).

U.S. programs that strengthening democracy in the region are fundamental to the success of overall U.S. efforts. From underwriting elections in Haiti, to helping Guatemala and Peru develop more responsive judicial systems, to advancing the peace process in El Salvador and Nicaragua, the United States continues to be a key regional player, pushing for consolidation of the recent transitions to democratic rule throughout this hemisphere.

The proposed regional democracy program will provide ESF to those nations where democracy, support for human rights, economic reform, and equitable growth are part of major internal policy reforms. A wide variety of programs in the region will be supported to promote and strengthen democratic institutions, local governments, labor, and grassroots organizations, and to assure that women enjoy legal and civil rights protection. Programs will also provide human rights awareness and training for NGOs and elected and appointed officials throughout the hemisphere, including appropriate measures to address and reduce violence against women. Assistance will be provided to assist countries in making the transition to peace.

1. A complete transition from war to peace in El Salvador.

In El Salvador, $9 million of our ESF funds will be used to meet the shortfall of the U.S. pledge of $300 million to assist in the implementation of the Peace Accords. This includes funds to support the National Reconstruction Plan (NRP). Key elements of the Peace Accords include the land transfer program, infrastructure needs, judicial reform, agricultural and microenterprise technical assistance and credit assistance to the war wounded.

2. Judicial reform and civilian control of security forces in Guatemala.

Eight million dollars of economic assistance in Guatemala will be used for judicial reform by supporting the Human Rights Accord, implementation of criminal justice reforms, and civilianization of the security forces. In addition, funds will be programmed for socio-economic reforms on land access issues and production credit, assistance to displaced/returning populations, and support for MINUGUA, the UN human rights verification mission.

3. A strong Nicaraguan civil society, labor, and education.

In Nicaragua, $6 million in U.S. assistance will support democratic initiatives, including assistance to private human rights organizations, strengthening civil society through non-governmental organizations, and assistance to AIFLD for training programs to professionalize labor and education.

4. A peaceful transition to democratic society in Cuba.

The United states provides $2 million in assistance for appropriate NGOs to support individuals and organizations which promote peaceful democratic change and the growth of civil society in Cuba. U.S. funds will complement private initiatives licensed by the Department of the Treasury, as well as the USIA activities. Programs will be conducted pursuant to the authorities and purposes of the Cuban Democracy Act of 1992 and the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act.

PERFORMANCE:

El Salvador: Most of the reforms contained in the 1992 Salvadoran Peace Accords have been implemented. The Armed Forces have been reduced by 70 percent, paramilitary forces have been dismantled, the National Police has been demobilized, and a new National Civilian Police (PNC) was established in December 1994. The United States played a critical role in the demobilization by providing ex-combatants with training for reintegration into civil society; credit for land, agriculture, and business; and household starter kits.

Guatemala: In January 1994, President de Leon Carpio restarted peace negotiations with the guerrilla movement known as the URNG, with the U.N. serving as moderator. Through its participation in the peace process, the United States has been actively involved in helping both sides to achieve a negotiated settlement. Since January 1994, five major accords have been signed including a Global Accord on Human Rights.

Nicaragua: Nicaragua has made progress in overcoming many difficulties in resolving property disputes. Its promulgation of constitutional reforms demonstrated a commitment to the democratic system. U.S. programs, including ongoing assistance to CIAV/OAS, have contributed significantly to consolidating democracy, monitoring human rights violations, and mediating disputes.

Cuba: U.S. assistance to NGOs in Cuba is designed to promote peaceful democratic change by fostering the growth of civil society. These funds will help support independent organizations in Cuba in their efforts to publicize human rights abuses, promote democracy, and disseminate information to the Cuban people. Recent actions by the Cuban Government indicate the potential these groups have for providing alternatives to the Castro regime.

MEXICO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.400	1.000	1.000
INL	0.000	1.200	5.000

OVERALL U.S. OBJECTIVES:

The United States and Mexico have a unique relationship, sharing the stewardship of a 2,000 mile common border; a joint commitment to economic growth and free trade; and a belief that democratic governance provides the most legitimate representation of the citizenry. Over the past decade, cooperation between both nations has accelerated significantly on a range of economic, commercial, social and political issues. Because of this intertwined relationship, the United States has overriding national security concerns in the economic and political stability of Mexico. The objectives of development assistance -- encouraging broad-based economic growth, protecting a shared environment, stabilizing population growth, and strengthening democratic institutions -- illustrate the breadth of the U.S.-Mexican relationship. It has opened possibilities for enhanced bilateral military cooperation, making military training and exchanges more valuable.

SPECIFIC OBJECTIVES:

1. Mexico's cooperative and open military relationship with the United States.

FY 1997 IMET funding for Mexico will provide professional and technical military training on areas of mutual concern, including strengthening military command, professionalizing the military, technical capabilities, English language skills, resource management skills and human rights standards. IMET's effectiveness will be measured in part by the promotion of U.S.-trained officers and civilian personnel to positions of leadership and command, increased inter-operability and cooperation in joint military operations, and effectiveness in counterdrug and other law enforcement support missions.

2. Narcotics control cooperation with the United States.

Under President Ernesto Zedillo, the Mexican counternarcotics effort has been reinvigorated and expanded. He also launched a major administration of justice and legal reform effort. While the Mexican Government continues to fund most of its program costs, it has requested renewed U.S. training and technical assistance in specialized areas of drug control. The economic crisis in Mexico, in particular, has affected the Mexican Attorney General's aviation program, including the the government's plans to upgrade and modernize its fleet. The INL program for FY 1997 will also support the fleet of U.S.-leased rotary-wing aircraft. This air fleet is critical to both eradication and interdication efforts. At the Mexico's request, INL is working with other U.S. Government agencies to develop a comprehensive administration of

justice and law enforcement training program to support the Zedillo Administration's reorganization and reform plan. Law enforcement field support assistance will complement training, an aviation support program will continue at lower funding levels, and small projects in demand reduction will be introduced. The Embassy Narcotics Affairs will also expand personnel and operations.

NICARAGUA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.200	0.200

OVERALL U.S. OBJECTIVES:

Torn by civil war and economic mismanagement throughout the 1980s, Nicaragua has made impressive progress since 1990 in reconciliation, democratization, and the establishment of a free market. The United States has already invested nearly one billion dollars in Nicaragua's transition since 1990. Continued U.S. support is essential to the survival and strengthening of Nicaragua's democratic institutions, especially as Nicaragua readies itself for general elections in the final months of 1996. Proposed IMET programs to reinforce civilian control over the military are consistent with the broad U.S. policy goal of assisting the democratization process, as are other USAID projects to strengthen the civil society, support independent human rights groups, provide support for voter registration, and train poll watchers.

SPECIFIC OBJECTIVE:

Firmly established civilian control over the Nicaraguan military.

IMET funds will be used in Nicaragua to cement civilian control over the military, instill respect for internationally recognized human rights standards, provide civilian authorities with greater technical skills to oversee all facets of the military, reduce the military's role in society. The United States has a vested interest in assisting the Nicaraguan armed forces become a modern, apolitical, professional institution trained to abide by and support the rule of law. Effectiveness measures include consolidation and implementation of military reform, increased civilian control over the military, and a depoliticized military.

PANAMA CANAL AREA MILITARY SCHOOL PROGRAM

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.425	0.500	0.500

OVERALL U.S. OBJECTIVES:

The United States has a strong interest in maintaining the U.S. Navy Small Craft Instruction and Technical Training School (NAVSCIATTS). This component of the Latin American navies and coast guards is essential to meeting the challenges that international terrorism, narcotics traffickers and smugglers pose to national security and regional peace. Graduates of the NAVSCIATTS play a pivotal role in building security partnerships with the U.S. and other governments throughout the region. IMET funding helps to subsidize the operational costs of this program.

SPECIFIC OBJECTIVE:

Standardization, interoperability, and increased professionalization among the region's coastal and riverine forces and counternarcotics capabilities.

Successful bilateral and regional collaboration in riverine and coastal naval cooperation and continued IMET-funded training for Latin American and Caribbean officers will demonstrate the IMET training's success. An effective NAVSCIATTS will increase the number of drug trafficker arrests and seizures of marijuana and coca leaves.

PARAGUAY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.134	0.150	0.200

OVERALL U.S. OBJECTIVES:

The inauguration of Paraguay's first freely-elected civilian president and opposition-dominated Congress in 1993 marked the opening of a new era in Paraguayan politics, creating an opportunity to build a strong democracy in Paraguay. Elected in 1993, President Juan Carlos Wasmosy presides over a market economy based on the export of primary agricultural products. In a major step to increase its economic activity in the region, Paraguay joined the Southern Cone Common Market (MERCOSUR) in 1991. A professional military that supports civilian control is key to maintaining and consolidating democratic rule in Paraguay. Defense training, with interaction between the U.S. and Paraguayan militaries, supports these objectives. The United States has a keen interest in a stable, civilian government in Paraguay, which will in turn help advance U.S. interests in combating narcotics trafficking, enhancing transparency, and modernizing economies.

SPECIFIC OBJECTIVE:

A professional Paraguayan armed force that supports civilian control.

IMET training courses will provide both civilians and military personnel with an understanding of how a professional, apolitical military functions under civilian control and supports democratic ideals. Training and exposure to U.S. armed forces will encourage Paraguayan forces to participate in international peacekeeping, contribute to consolidating Paraguay's democracy, and increase respect for civilian control of the military. Standards of program effectiveness include continued adherence to democratic civilian rule, ensuring successful transfer of power in regularly scheduled free elections; participation in regional training exercises and willingness to participate in international peacekeeping; and advancement of U.S.-trained officers to positions of command.

PERU

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.325	0.400	0.450
INL	15.000	15.500	25.000
ESF	5.800	0.000	0.000

OVERALL U.S. OBJECTIVES:

With the most progressive foreign investment and trade laws in the Andean region, one of the largest markets, and the virtual end of Sendero Luminoso terrorism, Peru is poised to become a potent economic force in South America. However, Peru's weak judicial sector, extraordinarily uneven division of wealth, narcotrafficking problems and continued human rights abuses negatively affect business confidence. To protect U.S. business investments from adverse impact and encourage further investment, the United States supports continued economic liberalization and judicial reform. The U.S. priority goal of building and strengthening democratic institutions will provide stability to Peru.

The U.S.-supported narcotics aircraft intercept program has led to a dramatic decrease in coca leaf prices from seventy-five dollars to five dollars per kilogram. While Peru has demonstrated the will to fight narcotics trafficking, its effectiveness has been hampered by weak democratic institutions and a lack of resources. The thirty million dollar alternative development project approved last year has begun to make progress, but it is a small program compared to the scope of the problem: over half the world's coca is produced in Peru. The United States has a compelling interest in ending the illicit cultivation of coca, supporting Peruvianization of the anti-narcotics fight, professionalizing Peru's police and armed services, and reforming the judicial system.

SPECIFIC OBJECTIVES:

1. Elimination of illicit coca cultivation and cocaine trafficking from Peru.

INL programs provide commodities, service, and advice to Peruvian government agencies engaged in developing or implementing counternarcotics-related programs. These programs disrupt cultivation, processing, wholesale purchase and export of refined coca. All specific programs are aimed at institutionalizing the Peruvian counternarcotics effort (Peruvianization). Specific programs include: training and equipping counternarcotics law enforcement air and ground units; developing local municipalities; strengthening the judicial system; supporting micro-enterprises, building infrastructure and agricultural activities; supporting broad-based economic growth to establish a stable market economy; establishing mobile air operations at forward locations for law enforcement operations against major Peruvian traffickers; controlling precursor chemicals at ports of entry and in the interior; developing actionable law enforcement intelligence; and supporting the Peruvian government's national and local demand-

reduction efforts. The FY 1997 budget will implement the President's decision to consolidate international counternarcotics law enforcement, economic and military funds into a single account.

Coca Eradication and Sustainable Development Projects: In February 1996, the Government of Peru began limited operations in key areas. The FY 1997 program will initiate a comprehensive mature coca eradication program in coordination with coca-growing communities receiving development assistance and others who have abandoned their coca crops. Small-scale community projects reinforce U.S. counternarcotics and democracy development goals by providing agricultural assistance, road-building, community development projects, and long-term technical assistance to municipalities. These projects will serve as the basis for international financial institution and other donor assistance to combat the illicit coca economy.

USAID programs in coca-cultivating areas provide viable economic alternatives by focusing assistance on marketing, efficient enterprise management, infrastructure and crop substitution. Programs financed through the World Bank and the Inter-American Development Bank. complement USAID efforts.

Counternarcotics law enforcement efforts rely on a mobile-basing concept which allows police and helicopters to conduct operations against major trafficking facilities from a variety of secure locations, using the Ucayali town of Pucallpa as the rear area logistical and maintenance depot.
Law enforcement programs support:

- The Anti-Drug Directorate (DIRANDRO) of the Peruvian National Police (PNP), which combats and investigates illegal trafficking in essential chemicals and financial crimes. Funds support all costs for training, equipping, and operating DIRANDRO units and personnel, except for salaries;

- The National Police Aviation Division (DIPA), which provides pilots, aircrews, and support personnel for 12 Department of State-owned UH-1H helicopters that support mobile law enforcement actions in the field. U.S. Aviation Support funds these counternarcotics operations, providing fuel, maintenance, hangaring and warehousing, aircraft rental when needed, and operational support for DIPA personnel;

- The Customs Project, which is a narcotics interdiction activity that provides limited logistic support for the Customs Service, including vehicles, investigative and communications equipment, training, and operational support.

Effectiveness measures:

- Reduced area of coca under cultivation, confirmation of abandoned coca fields, and continued downward trend in the price of coca leaf; and

- Continued dismantling of major Peruvian drug trafficking organizations.

2. Strong democratic institutions that bolster human rights, prevent corruption and provide a stable environment for investors.

USAID programs focus primarily on election assistance, strengthening local governments and grass-roots, participatory democracy, and developing micro-enterprise opportunities. Projects also strengthen local human rights NGOs, and assist the Office of the Ombudsman for Human Rights. Local government development provides technical assistance to strengthen public administration and institutional capabilities. INL funding provides anti-corruption and investigative technique courses for narcotics trafficking prosecutors.

Effectiveness measures:

- A transparent and functioning electoral system; and

- An increase in the number of successful narcotics prosecutions.

3. Professional Peruvian armed services.

Peru's IMET program is designed to enhance civilian control over the military and to incorporate respect for human rights and other democratic principles in the military. Courses for civilians mid-level, junior and non-commissioned officers include human rights instruction, professional military education and, in light of the Peru-Ecuador border conflict, peacekeeping, which supports U.S. objectives related to improving the civil-military relations. The U.S. objective is to ensure selection of the "best and brightest" field grade officers of the Peruvian services to attend these courses. By establishing constructive, cooperative relationships, Peruvian military personnel will develop an appreciation of the U.S. military and its role in the democratic process. As graduates return to duty in Peru, they will be more inclined to support and enforce positive democratic policies. A professional, apolitical military responsible to executive and legislative branches and respectful of human rights, and increased numbers of U.S.-trained officers in command positions will demonstrate IMET's success.

SURINAME

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.028	0.075	0.100

OVERALL U.S. OBJECTIVES:

After a decade of predominantly military rule, Suriname installed a freely elected Parliament and inaugurated a democratically chosen president in 1991. Since then, the government has made fitful progress in consolidating democracy, and slow but steady progress toward reestablishing civilian control over the military. In May 1996, Suriname will elect a national assembly which, in turn, will choose a successor to President Ronald Venetiaan. The Government of Suriname, a coalition of four political parties, has been ineffectual in curbing the flow of illicit narcotics through Suriname and slow to strengthen civilian control over its armed forces. U.S. objectives in Suriname include strengthening the democratic civilian government, promoting and advancing the integration of the military with the civilian government, and professionalizing the armed forces.

SPECIFIC OBJECTIVE:

A restructured and apolitical Suriname military.

IMET provides instruction on the correct role of the military establishment in a democratic, civilian-controlled government. The United States has encouraged Suriname to proceed with military reforms, including weeding out disloyal and corrupt officers and passing legislation that establishes the functions and chain of command of the armed forces. Training has also been provided for the military police to eliminate human rights abuses. Although the military has been downsized, clear limits of authority between the civilian government and the armed forces have not been established. Measures of program success include peaceful transition elections, promotion of U.S.-trained officers and officials to policy-making roles, and decreased human rights violations by the military police.

TRINIDAD & TOBAGO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.050	0.100

OVERALL U.S. OBJECTIVES:

Trinidad and Tobago has the largest and most diversified economy and the second largest population in CARICOM. Even though the Trinidad and Tobago Defense Force (TTDF) is one of the largest in the English-speaking Caribbean, it has only recently begun to more fully coordinate its activities with the United States. Trinidad strongly supported the restoration of democracy in Haiti and provided a substantial contribution of troops for the CARICOM Battalion. In recent years, Trinidad has become an increasingly important point for transshipping narcotics into the United States. U.S. counternarcotics efforts have focused on assisting the TTDF perform drug interdiction and demand reduction exercises. IMET funding in FY 1997 will continue to professionalize the TTDF by providing education and training in leadership, resource management, and decision making.

SPECIFIC OBJECTIVE:

A professional TTDF capable of drug interdiction and eradication.

FY 1997 IMET assistance to Trinidad and Tobago will focus on professionalizing the defense force by increasing training and exposure to U.S. military standards of conduct. IMET's effectiveness will be reflected by the promotion of TTDF personnel to leadership positions, as well as continued cooperation between the United States and Trinidad & Tobago in counternarcotics programs.

URUGUAY

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.143	0.250	0.275

OVERALL U.S. OBJECTIVES:

Since the return to democratic rule in 1985, Uruguay has resumed its place as one of the region's strongest democracies. U.S. objectives in Uruguay include maintaining good civil-military relations, encouraging increased professionalism of the military; and promoting support for international peacekeeping activities. The United States has regional political and economic interests in helping Uruguay to sustain its democracy and free market reforms. Uruguay's president, elected in 1994, Julio Maria Sanguinetti, presides over a $15 billion economy with a favorable climate, agriculturally-productive soils, substantial hydropower potential, and a well-educated population. Last year, Uruguay confirmed its commitment to MERCOSUR by implementing a common external tariff, thus taking a major step toward regional economic cooperation.

SPECIFIC OBJECTIVE:

Professional Uruguayan armed forces that maintain a cooperative relationship with the United States.

IMET for Uruguay is designed to support U.S. objectives in the Southern Cone including, ensuring political and economic stability, maintaining civilian rule, and reinforcing democratic values in the Uruguayan military. The proposed FY 1997 IMET program will provide senior service professional military education for military officers and civilian officials, visits by U.S. military mobile education teams, and English-language instructor training. Effective IMET training will result in the Uruguayan military's continued adherence to democratic civilian rule, expanded participation in peacekeeping operations, increased training in defense issues civilian leaders, and the advancement of U.S.-trained officers to positions of command.

VENEZUELA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.250	0.300	0.350
INL	0.500	0.500	0.500

OVERALL U.S. OBJECTIVES:

Improving Venezuela's institutional ability to detect and interdict drug and precursor chemical shipments to other drug producing countries is a national security issue of great importance to the U.S. An estimated 100 to 200 metric tons of cocaine transit Venezuela annually. Colombian traffickers cultivated over 1,000 hectares of opium poppy in the Sierra de Perija region, which the Venezuelans eradicated quickly with U.S. assistance. Venezuela is also a high-priority country in the U.S. effort to combat international money laundering.

The collapse of Venezuela's banking sector and the general decline of its economy are causes for concern, particularly given Venezuela's strategic role as the largest foreign supplier of oil to the United States. Venezuela has a long democratic tradition and its military leaders are expected to remain loyal to the government. In 1992, however, a small number of military officers participated in two coup attempts; significantly, none of the participants were IMET graduates. U.S. assistance enhances the professionalism of Venezuelan armed forces and thus strengthens democratic ideals, a key U.S. foreign policy priority. INL funding also helps improve Venezuela's ability to respond to external threats, including Colombian insurgents, kidnappers and drug traffickers and cultivators in the West and illegal Brazilian miners in the South.

SPECIFIC OBJECTIVES:

1. **Venezuelan institutional capacity to detect and interdict drug and precursor chemical shipments, as well as eradicate coca and poppy cultivation.**

The **Narcotics Law Enforcement Project** will provide training and commodities to improve Venezuela's drug information-sharing capabilities and facilitate increased interdiction. The National Guard (GN) and Judicial Technical Police (PTJ) will receive such assistance as detection and interdiction training, computers, and radios. FY 1997 activities will include:

- A narcotics crop control project designed to gather more complete information on the extent of narcotics cultivation in Venezuela and to sustain bilateral eradication efforts;

- A drug analysis facilities project to strengthen the investigative and forensic skills of the PTJ and the GN. Three new laboratory facilities, with upgraded equipment, will be established in outlying regions of Venezuela;

- A waterways interdiction project to provide boats, training, and operational support to strengthen the Venezuelan Coast Guard and Venezuelan Marines interdiction capability along the Caribbean Coast and extensive river systems. This project will complete two Caribbean Basin Radar Network (CBRN) sites and repair the air defense radar system, which are key to successful interdiction.

Effectiveness measures:

- Increased interdiction of illicit drugs transiting through Venezuela's waterways;
- Improved controls on precursor chemicals; and
- Reduced coca, opium, poppy, and marijuana cultivation.

2. Venezuelan compliance with money laundering provisions of the 1988 UN Convention.

The **Money Laundering Project** will develop the capabilities of the PTJ and GN to investigate and dismantle money laundering operations. Funding will assist the PTJ in the development of a computer database on suspected money launderers and financial transactions. The PTJ, with USG assistance, will also develop an effective, multi-agency financial crimes task force.

Effectiveness measure:

- Enactment of more comprehensive money laundering legislation.

3. Public awareness of the drug threat.

The **Drug Awareness and Demand Reduction Project** will engage the Venezuelan administration on narcotics issues, particularly the need to increase public support for counternarcotics programs. Other initiatives include a comprehensive national drug abuse survey, an epidemiological study, training workshops with local NGOs and sports-based drug prevention training programs with the U.S. Major League Baseball Association.

Effectiveness measure:

- Greater drug awareness in Venezuela's public and private sectors.

4. Professionalization of the armed services through IMET.

The IMET program for Venezuela will continue U.S. efforts to support effective civilian control over the military. Courses for mid-level, junior and non-commissioned officers will include human rights instruction as well as professional military education. IMET assistance will help engender an appreciation of the military's role in the democratic process and establish professional links with Venezuelan military. IMET seeks to improve Venezuela's civil-military relations, create an effective military justice system, and improve respect for human rights. It will also support the military role in implementing a national drug control plan.

THE NEAR EAST

THE NEAR EAST

OBJECTIVES:

Securing a just, lasting, and comprehensive peace in the Middle East is a cornerstone of United States foreign policy. Peace in the Middle East was once just a vision for optimists. Now it is much more. The agreements achieved over the last two years between Israel and Jordan and between Israel and the Palestinians, coupled with the ensuing expansion of political and economic contacts and the long-standing peace between Israel and Egypt, form the foundation of a comprehensive settlement of the Arab-Israeli conflict. The circle of peace is expanding day by day.

Even as the region moves toward peace, threats remain to U.S. interests in the region, including access to the region's energy resources, and demand careful attention and monitoring. Forces of terrorism and rejection work against efforts to make peace. Opposition movements -- religious and secular -- that use violence and terrorism challenge some governments in the region. The pursuit of weapons of mass destruction by some states poses a long-term threat which must be countered. Iran, Iraq, and Libya remain sources of particular concern. With this as the backdrop, the United States has ten principal objectives in the Middle East and North Africa:

Achievement of a Comprehensive Arab-Israeli Peace: A comprehensive Arab-Israeli peace, including implementation of existing peace agreements between Israel and its neighbors and conclusion of new ones, remains the United States' number one priority in the region. The United States is working to:

- Support the process of Israeli-Palestinian implementation of the Interim Agreement;
- Assist the Palestinian Authority to increase self-sufficiency in meeting budget requirements and spur economic growth in the West Bank and Gaza, while shifting donor assistance toward long-term infrastructure and investment projects;
- Deepen and expand Israeli-Jordanian ties;
- Enhance Jordan's economic stability, promote its economic development, and build its military capabilities;
- Support the parties' efforts to reach an Israeli-Syrian and an Israeli-Lebanese agreement;
- Promote contacts between Israel and the Arab world;
- Establish new regional institutions, such as the Bank for Economic Cooperation and Development in the Middle East and North Africa, which foster private/public partnership;
- Broaden the scope of activities and regional participation in the Multilateral Peace Process;
- Eliminate all vestiges of the Arab boycott of Israel;

- Preserve Egypt's role as a key Arab partner in the peace process and in regional security and encourage warmer, deeper relations between Egypt and Israel;

- Enhance Egyptian ability to operate as a coalition partner in regional military operations;

- Improve Egyptian living standards through development programs and sustained economic reforms; and

- Safeguard the Egypt-Israel peace treaty through a continued commitment to the MFO.

Maintain Israel's Security, Well-Being and Qualitative Military Edge: The United States is committed to the maintenance of Israel's security and qualitative military advantage against any likely combination of adversaries. U.S. policies work to sustain Israel's confidence that it can maintain its security while pursuing peace.

Maintain Full and Secure Access to Energy Resources of the Persian Gulf: Efforts to reduce the threats posed by Iran and Iraq and enhanced security cooperation with the states of the Gulf Cooperation Council (GCC)--Saudi Arabia, Oman, Bahrain, Qatar, UAE, Kuwait--are the cornerstones of U.S. policy in the Gulf. Specifically, the United States seeks to:

- Increase GCC defense cooperation with the United States and participation in regional military exercises;

- Improve defense capabilities of GCC states through the provision of equipment and training; and

- Reduce U.S. response time to military emergencies through agreements and improvements to interoperability, integration of command and control, and enhancements to sea/airlift.

Contain threats to regional stability posed by Iran and Iraq: The United States is working to achieve full Iraqi compliance with UN resolutions and continued support to coalition military operations enforcing UN Security Council resolutions against Iraq. In addition, the United States seeks to end the Iraqi buildup of weapons of mass destruction and the Iraqi missile program.

Expand Trade and Investment by the U.S. Private Sector in the Middle East and North Africa: Increased export market share and investment opportunities for U.S. business remains a key priority. Specifically, the United States is seeking to support individual U.S. companies' approaches to host country decision makers for trade and investment opportunities, as well as reduce barriers in the region to trade and economic growth, particularly in Egypt, Jordan, Israel, and the West Bank and Gaza.

Contain Regional Conflicts and Prevent Hostilities: The prevention of hostilities between Israel and its neighbors and maintenance of security along Israel's border are key priorities. The United States also supports UN Peacekeeping missions in the region, including MINURSO's efforts to encourage a resolution of the conflict over the Western Sahara and UNIKOM's monitoring of the demilitarization along Iraq-Kuwait border.

Promote Political Reform and Adherence to International Norms for Human Rights: Throughout the region, the United States is encouraging movement toward democratic political processes, adoption of the rule of law, greater respect for human rights, higher status for women, and expansion of civil society institutions. To this end, the United States also supports development of professional, apolitical military forces untainted by human rights violations.

Promote Sustainable Development and Meet Humanitarian Needs: The United States is working to promote economic development activities that enable sustainable improvements in living standards, reduce poverty, and encourage the sustainable use of the region's natural resources. U.S. policies encourage economic development opportunities for both men and women and emphasize private entrepreneurs and markets, micro-enterprises, and openness to world trade for goods, capital and technology.

Counter the Proliferation of Weapons of Mass Destruction and their Delivery Systems: The United States is working to promote universal adherence to, and full compliance with, global nonproliferation regimes and norms of behavior. The United States coordinates with other states to prevent the transfer of sensitive technologies and destabilizing arms sales to the region. In particular, the United States is working to prevent further development of Libya's chemical weapons program, and to achieve UN certification that Iraq is no longer in possession of -- or developing -- weapons of mass destruction or missiles of a certain range.

Combat the Threat of Terrorism, Narcotics, and Crime: The United States seeks to sustain bilateral and multilateral political and economic pressure on state sponsors of terrorism. U.S. diplomacy is working to compel Iran to renounce and curb terrorism, and to increase pressure against Libya to induce it to surrender the suspects in the Pan Am 103 bombing and comply with relevant UNSC resolutions. The United States seeks from all governments in the region the greatest possible assistance to U.S. and other governments' law enforcement and counterterrorism efforts In concert with friends and allies, the United States is working to encourage governments in the region to address the social and economic conditions on which extremism thrives.

STRATEGY AND RESOURCES:

The Administration pursues many of its most vital foreign policy objectives through its diplomatic efforts alone. The Department of State remains alert to opportunities to encourage a peace agreement between Israel and Syria, and is working actively to put an end to the Arab League boycott of Israel once and for all. Energetic U.S. diplomacy at the Amman Economic Summit led to the creation of several new key regional institutions, and these efforts will continue as the Summit process moves on to Cairo in 1996 and then to Qatar in 1997. An active, high-level dialogue with U.S. allies in Europe and Canada is key component of U.S. efforts to reduce threats posed by Iran, Iraq, and Libya.

The majority of the Administration's Foreign Operations budget proposal for this region--$5.2 billion--is intended to sustain and accelerate the Middle East Peace Process. The budget request includes traditional amounts of economic and military support for Israel and Egypt to meet the legitimate security needs of these countries and to promote continued economic reform and broad-based economic growth. Assistance strengthens a free and democratic Israel and facilitates peace negotiations and stability in the region. U.S. assistance to Egypt reinforces its moderating influence in the region and helps it play a critical role in the negotiation process.

The $75 million ESF request for the West Bank and Gaza will promote Palestinian self-government through economic development and institution-building. Assistance for this process, along with active coordination with other donors, is essential for the formation of the political, economic, and institutional infrastructure necessary for self-government and economic viability.

The assistance program for Jordan addresses both economic development and security needs. FMF military assistance in FY 1997 will support the transfer of a squadron of F-16s to be provided under a no-cost lease agreement to the Government of Jordan.

A $4 million ESF program for Lebanon will assist in the rebuilding of civil administration institutions vital to restoration of the government's ability to provide basic services.

Regional ESF programs totaling $12 million will promote Arab-Israeli cooperation through support for technical cooperation and collaborative research, and fund the Peace Process' five multilateral working groups in the areas of water, environment, economic development, refugees, and arms control.

USAID-administered Development Assistance programs in Morocco, Lebanon, Jordan, and Yemen will contribute to U.S. goals of sustainable development, poverty reduction, and free market policies in these countries

Active trade promotion efforts in most countries of the region support U.S. commercial objectives. In addition, the Overseas Private Investment Corporation, the Trade and Development Agency, and the Export-Import Bank remain alert for important private sector opportunities in the region.

In order to promote political reform and adherence to international norms for human rights and respect for the rule of law, funds are being requested for the first time in FY 1997 for a Regional Democracy Fund. This fund will seek opportunities for developing democratic institutions in countries receiving little or no peace process-related economic assistance or AID-administered Development Assistance.

The International Military Education and Training (IMET) program enhances the United States' access to and influence with the armed services in several countries, assists in the professionalization of their militaries, and exposes them to the proper role of a military in a democracy.

ALGERIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.074	0.075	0.075

OVERALL U.S. OBJECTIVES:

Algeria is the world's tenth largest country and has the second largest military force in Africa. Occupying a strategic location on the southern flank of the Mediterranean, Algeria is a major foreign policy concern to NATO allies in Europe. Despite four years of profound crisis, Algeria has undertaken steps to redress some underlying economic and social problems. Algeria held the first multi-party presidential elections in the Arab in 1995, and it may now be moving toward a more democratic political system and a possible end to civil conflict in 1996. American businesses have substantial investments in Algeria's important oil and gas sector, and Algeria is a major market for American grain exports. The United States has a clear interest in promoting regional peace and security by encouraging Algeria's support of the Middle East peace process and in improving respect for human rights in Algeria's nascent democracy.

SPECIFIC OBJECTIVE:

A professional Algerian military which respects human rights and understands and respects the principle of civilian control.

The IMET program in Algeria gives the United States a measure of influence to encourage reform within an Algerian military establishment gradually moving along a path toward greater democratization. IMET programs increase Algerian participants' awareness of international norms of human rights, foster greater respect for the principle of civilian control of the armed forces, and ultimately will improve the Algerian military's interoperability with U.S. and NATO armed forces. IMET programs also advance larger U.S. foreign policy considerations in that they explicitly aim to promote a greater understanding of democracy and democratic institutions in Algeria.

BAHRAIN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.075	0.100	0.150

OVERALL U.S. OBJECTIVES:

The United States has a strong interest in maintaining its long-standing and close bilateral relationship with the island state of Bahrain. Bahrain has played a key role in the security component of this relationship, hosting the Naval Central Command (NAVCENT) and its predecessor organizations since the end of World War II. Its strategic location in the Arabian Gulf provided useful access for U.S. military forces during the Gulf War. In 1995, Bahrain welcomed the recommissioning of the new U.S. Fifth Fleet, based in Manama. The U.S.-Bahraini relationship has continued to grow, with provision of major military equipment through Emergency Drawdown Authority (EDA) and through Bahraini acceptance of a temporary aircraft deployment during a carrier gap in the Gulf. Bahrain has participated in all five working groups of the Middle East multilateral peace process, with special emphasis on the Environment Working Group, and supported the Gulf Cooperation Council (GCC) decision to end enforcement of the secondary and tertiary aspects of the boycott of Israel. Bahrain also serves as an important banking and commercial center for the Gulf region.

Bahrain has been supportive of U.S. regional political issues, including acceptance of Iraqi sanctions-violating vessels diverted by the Multinational Interception Force. The United States and Bahrain have mutually shared objectives in maintaining access to critical oil and gas reserves under free market conditions, ensuring freedom of navigation in the Gulf, and supporting the stability of friendly countries in the region.

SPECIFIC OBJECTIVE:

A professional Bahraini military which understands U.S. security perspectives in the region and accepts the principle of civilian control of the armed forces.

IMET programs will strengthen Bahraini understanding of U.S. objectives in the region, improve cooperation, and promote professionalism. In enhancing interoperability with U.S. and NATO armed forces, IMET programs also serve to strengthen an important regional ally and reinforce the importance of a strong, cooperative relationship, both politically and militarily.

EGYPT

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	815.000	815.000	815.000
FMF	1,300.000	1,300.000	1,300.000
IMET	1.000	1.000	1.000

OVERALL U.S. OBJECTIVES:

Egypt is a pivotal country in the Arab world, a recently-elected member of the UN Security Council, and a key U.S. ally in the Middle East. The US-Egyptian relationship is one of shared regional and international interests, including the pursuit of Arab-Israeli peace, regional development, international stability, and the stemming of terrorism. As the U.S.' principal Middle East coalition partner, Egypt participates in a number of annual joint military exercises and has contributed to international peacekeeping efforts such as Somalia and, most recently, Bosnia. Units of the U.S. Sixth Fleet make regular calls to Egyptian ports and utilize their facilities for routine repairs and maintenance. In addition, Egypt's strategic location makes it a critical transit point for oil and for U.S. forces moving to and from the Gulf region

The United States seeks to promote regional peace and security by encouraging Egypt's continued participation and leadership in the Middle East peace process. Given its key role in the Peace Process and in regional politics more generally, the United States has strong interest in maintaining its long-established bilateral security relationship, and in supporting Egypt's critical political and military role as a moderating influence in the region and as a contributor to peacekeeping operations. The United States works to promote market-oriented economic development and policy reform in Egypt, provide professional military education and training to Egyptian officers to enhance professionalism, modernize Egypt's armed forces, and encourage acceptance of U.S. values.

SPECIFIC OBJECTIVES:

1. A Modernized Egyptian armed forces.

U.S. FMF programs will help ensure that Egypt remains a key player in the region's pursuit of peace and stability. The Egyptian armed forces are well into a long-term modernization program aimed at replacing antiquated Soviet equipment with more up-to-date U.S. equipment. This FMF request will allow the Egyptian government to continue five major programs (armor modernization, F-16 and Apache aircraft, Hawk modernization, and frigate acquisition), while upgrading its secondary systems and increasing its concentration on interoperability and sustainment. Supporting such modernization is crucial to maintaining the military balance in the region -- demonstrated by the Egyptian commitment to Desert Storm -- and strengthening the security of those states in the forefront of the Peace Process.

By 1998, the following programs should be completed: co-production of 555 MlA1 tanks; fielding of the TOW anti-tank system; acquisition, training, and maintenance infrastructure for 36 Apache helicopters and 173 F-16 aircraft acquired through the Peace Vector I through IV programs. A new F-16 program, Peace Vector V, will also be underway. In addition, two Perry class frigates should be commissioned and the related training and infrastructure development for them will be completed. As Egypt has an identified requirement for two additional Perry-class frigates, a second program may be initiated. A loss of funding would delay the modernization program and reduce the Egyptian military's ability to maintain interoperability with U.S. armed forces.

2. U.S. training for Egyptian military officers.

IMET programs, coupled with participation in extensive military-to-military exercises such as Bright Star, enhance professionalism in the Egyptian military and improve coalition interoperability with U.S. armed forces. In addition, this training introduces Egyptian military officers to U.S. traditions of democracy, human rights, and civilian control of a professional military, as well as U.S. training concepts.

3. Egyptian economic reform and a strong U.S. - Egyptian Partnership for Economic Growth and Development.

ESF-funded programs encourage policy reforms which promote macro-economic stability and structural change in the agricultural, trade, and financial sectors. Private sector investment and trade within a market-oriented framework will expand under these reforms. Efforts to increase agricultural production and incomes emphasize liberalizing market controls, and ESF-funded programs have had success in land reform and crop changes, as well as horticultural development. Economic growth resulting from these reforms will contribute to internal stability essential to Egypt's important role in the Middle East peace process.

ESF-funded programs are heavily involved in infrastructure development, including water, sewers, electricity and telephones. ESF financed replacement of all the Russian generators in the Aswan High Dam. U.S. programs have assisted Egypt in developing its tourism sector, protecting the environment, and in the preservation of Egypt's priceless antiquities and monuments.

ISRAEL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	1,200.000	1,200.000	1,200.000
FMF	1,800.000	1,800.000	1,800.000

OVERALL U.S. OBJECTIVES:

Israel, a country of 5.5 million on the eastern edge of the Mediterranean, has close historical ties to the United States. The United States has a long-standing and continuing commitment to Israel's security and well-being and remains firmly committed to supporting Israel as it takes risks for peace in the region. Israel's economy has responded favorably in recent years to the restructuring imposed after the crises and hyper-inflation of the mid-80s. Economic growth has averaged six percent since 1990, as the economy has become increasingly sophisticated and technologically advanced. GDP growth in 1995 was about 6.8 percent, and unemployment declined to 6.3 percent from 1992 levels of 11 percent. Despite this good news, however, the government still faces economic challenges associated with absorbing over 600,000 immigrants since 1989 in a country of only five million. Increased domestic demand, associated with high immigration levels, has contributed to a widening trade deficit, expected to reach $10.1 billion in 1995. The immigration surge has also required a rapid increase in Israel's supply of housing, expansion of its infrastructure, and sizable investments in new plant and equipment. Concurrently, the unanticipated and substantial expenditures associated with implementation of the peace agreement with the Palestinians and Jordan have exacerbated Israel's domestic budget deficit.

The commitment to Israel's security has been a cornerstone of U.S. Middle East policy since the creation of the State of Israel in 1948. This long-standing commitment is based on historic and cultural ties and the strong U.S. interest in a successful peace process. In addition, the United States shares with Israel concerns related to the security of the eastern Mediterranean. The security and legitimacy of Israel must not be in doubt if the ongoing bilateral and multilateral peace talks, co-sponsored by the United States, are to succeed. With $3 billion in funding for Israel for FY 1997 (which equals current assistance levels for FY 1995 and 1996), the United States will reaffirm its unshakable commitment to Israel's security and well-being, its qualitative edge in military technology, and U.S. national interest in securing a just and comprehensive peace between Israel and all its Arab neighbors.

The historic accords between Israel and the Palestinians and between Israel and Jordan represent a unique opportunity for progress toward regional peace and security. Israel has taken significant risks for peace, risks which the United States should recognize and reduce to a minimum. Dramatic progress toward peace has decreased the immediate threat to Israel, but a longer-term threat remains from countries such as Iraq and Iran, which continue to pursue the development and acquisition of weapons of mass destruction and their delivery systems.

SPECIFIC OBJECTIVES:

1. A professional and technologically-advanced Israeli military.

The United States is committed to maintaining Israel's qualitative edge against any likely combination of aggressors. Toward this end, FMF will allow Israel to continue cash-flow funding and follow-on support for major multi-year procurement programs, such as new F-15I fighter aircraft purchases, SAAR corvettes, and continued upgrades of Israel's Apache and Blackhawk helicopter squadrons. Other objectives include reformulating Israeli defense thinking, strategy and doctrine, moving forward on a number of long-term military initiatives, including the "Arrow" anti-tactical ballistic missile (ATBM) program and active missile defense, and the acquisition of advanced long-range U.S. F-15I fighter aircraft.

2. A stable, growing Israeli economy.

U.S. ESF provides Israel the funds it needs to promote economic reforms, encourage economic growth, and carry out a domestic agenda that reinforces the government's peace process policy. ESF also ensures the success of economic reforms, and encourages long-term growth, including steady progress by the government to privatize state enterprises, efforts to reduce trade barriers, and policies designed to decrease the budget deficit as a percentage of GDP.

JORDAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	7.200	7.200	10.000
FMF	7.300	30.000	30.000
FMF Supplemental	0.000	140.000*	0.000
IMET	1.003	1.200	1.600

OVERALL U.S. OBJECTIVES:

Strategically positioned, both politically and geographically, Jordan's constitutional monarchy has consistently been a positive force in the Middle East peace process. Jordan's bold and courageous decision for peace with Israel was an important step toward a comprehensive peace in the region. U.S. assistance to Jordan supports a stable and moderate government committed to democratization and a peaceful solution to the region's problems. The United States also supports King Hussein's difficult political decisions on behalf of peace and his Government's efforts to maintain stability and promote Jordan's long-term economic viability.

SPECIFIC OBJECTIVES:

1. Jordan's continued participation in the Middle East peace process and regional cooperation with Israel.

Jordan's signing of the 1994 peace treaty with Israel and the opening of international borders has paved the way for collaboration in trade, tourism and other activities in a number of fields that dovetail with USAID's areas of strategic emphasis, offering considerable scope for ESF-funded programs. The tourism sector agreement was signed in April 1995; water management agreements have been reached; integrated approaches to the Jordan Rift Valley are being developed; and issues relating to the environment, agriculture, health and energy resources are being discussed. Greater cooperation with Israel, particularly in the sphere of economic coordination, is now foreseen. The State Department and USAID are working closely with the U.S. National Oceanic and Atmospheric Administration on the formation of a joint Jordanian/Israeli Marine Park in the Gulf of Aqaba. These U.S. agencies are also assisting the Government of Jordan to develop environmental standards and a Jordanian national park policy. The latter will figure significantly in planned, extensive Rift Valley/Dead Sea park development.

2. Economic development through projects that promote broad-based economic growth.

ESF funds USAID programs in Jordan aimed at eliminating three threats to Jordan's economic growth: a major financing gap resulting from inadequate foreign exchange earnings; an increasingly serious water shortage; and an excessively high population growth rate. Jordan's severe debt burden, combined with its small economy and dependence on external assistance,

* Pending FY 1996 FMF supplemental supports Jordan's F-16 program.

dictate a shift toward increasing its foreign exchange earnings. USAID has focused on the international visitor industry, since tourism is Jordan's largest foreign exchange earner and the potential for growth in this sector has increased exponentially with the signing of the 1994 peace treaty with Israel.

USAID assists Jordan in promoting economic reforms needed to improve its investment climate (such as eliminating export licenses, simplifying customs procedures and automating export incentive systems) and in redrafting laws identified as barriers to increased trade and investment. USAID programs will continue to encourage Jordan's liberalization process, including through provision of technical assistance to support areas such as customs reform and investment promotion.

3. Improved water quality and conservation.

Water shortages are now a problem that threatens to be a national catastrophe in five to ten years. Virtually all known sources of water in Jordan have been tapped, and a significant portion of USAID's activities is directed toward water conservation and re-use. ESF funded programs laid the groundwork for awarding a $10.6 million contract to a U.S. firm to upgrade Jordan's As-Samra Stabilization Pond System, which mitigates pollution to the Zarqa River Basin, receptacle for most of the country's industrial pollutants. FY 1997 ESF funding will permit construction of additional treatment facilities for conversion of wastewater for use in agricultural irrigation, as well as feasibility studies and infrastructure pilot projects involving the private sector to allow upgrades for more water supply and sewage systems.

4. A modernized, restructured, and well-equipped and trained Jordanian armed forces able to secure its borders.

At this critical stage of the Middle East peace process, U.S. military assistance enhances Jordan's important role in contributing to the peace and security of this still volatile region, and supports Jordan as it pursues new areas of strategic and economic cooperation with Israel and enforces UN sanctions against Iraq. FMF has traditionally allowed for sustainment and modest modernization of Jordan Armed Forces (JAF) capabilities to maintain adequate border security, internal stability and effective participation in international peacekeeping missions, such as the Implementation Force (IFOR) in Bosnia. Starting in FY 1996, pending Congressional approval, FMF will support the lease of a squadron of F-16s to the Government of Jordan. King Hussein has deemed the acquisition of F-16s crucial to sustaining Jordan's strategic and security interests in the region. This assistance assures strong U.S. military influence and access and improved JAF readiness and interoperability with U.S. military missions.

5. A professional Jordanian military.

The IMET program will promote military professionalism, educate Jordanian officers and NCOs on the role of the armed forces in a democratic society, reinforce U.S. values, such as civilian control of the military, and strengthen Jordan's capability to participate in international peacekeeping operations. IMET will also enhance interoperability with U.S. forces and serve to reinforce the importance of a strong, cooperative relationship, both politically and militarily with the United States.

LEBANON

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	2.000	2.000	4.000
IMET	0.394	0.475	0.575

OVERALL U.S. OBJECTIVES:

The United States maintains close ties with Lebanon to help preserve its independence, sovereignty, national unity and reconciliation, and territorial integrity. Lebanon plays a key role in the Middle East peace process and the United States believes that a peaceful, prosperous and stable Lebanon can make an important contribution to stability and a comprehensive peace in the Middle East. For this reason, the United States has publicly committed to support Lebanon's reconstruction and national reconciliation following 17 years of civil war.

SPECIFIC OBJECTIVES:

1. **A stable Lebanese government able to re-establish control throughout the country and provide basic public services.**

Instability in Lebanon has proven consistently detrimental to the prospects for a comprehensive peace in the region. ESF, together with Development Assistance, funds programs across Lebanon's broad ethnic, religious and political spectrum. A large part of this assistance supports the reconstruction of basic infrastructure, including water, electricity, telecommunications and the rehabilitation of housing in areas hard hit by war and intense poverty. These funds assist the government in countering the social services provided by the terrorist group Hizballah. They are also used to train civilian administrators in providing efficient services, thereby increasing the citizenry's confidence in government capabilities and authority.

ESF also supports American-system universities in Lebanon, specifically the American University in Beirut and the Lebanese American University. While other programs assist immediate reconstruction requirements, these universities provide the intellectual capital for Lebanon's longer-term development.

2. **A professional Lebanese Armed Forces which demonstrates respect for human rights and civilian leadership.**

Training for Lebanese military officers complements U.S. efforts to provide the Lebanese Armed Forces (LAF) the support it needs to assert central government authority and stability throughout Lebanese territory. In the aftermath of the civil war, enhancing the professionalism of the armed forces is an essential step toward rebuilding one of the few national institutions commanding the respect and approval of the average Lebanese citizen. IMET-funded training and education has afforded the LAF an opportunity to experience U.S. traditions of democracy, respect for human

rights, and civilian control of the military. The military has demonstrated increasing capability to deploy in areas previously outside government control. It has also continued to demonstrate respect for civilian control. Continuing support will help ensure LAF's capability to successfully deploy into occupied regions, such as southern Lebanon, as part of a regional peace.

MIDDLE EAST MULTILATERAL WORKING GROUPS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	5.000	3.000	5.000

OVERALL U.S. OBJECTIVES:

The multilateral negotiations grew out of the 1991 Madrid Peace Conference as a complement to the bilateral talks. At the January 1992 organizational meeting, five working groups were established to address regional issues: Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources. A Steering Group also was established to coordinate the activities of the various working groups. These groups promote the discussion of regional issues among Israelis and Arabs, and bring to bear the expertise and resources of the international community to support concrete, visible projects which contribute to the long-term peace, stability, and prosperity of the Middle East. The United States and Russia serve leading roles as co-sponsors of the peace process and chair two of the groups; the European Union, Japan, and Canada head the others. Current participants include Algeria, Bahrain, Egypt, Israel, Jordan, Kuwait, Mauritania, Morocco, Oman, Palestinians, Qatar, Saudi Arabia, Tunisia, United Arab Emirates, Yemen, and over thirty extra-regional parties. The multilateral groups, particularly the Regional Economic Development Working Group, contribute to the development of multilateral regional institutions emerging from the Middle East/North Africa Economic Summits.

SPECIFIC OBJECTIVES:

1. **Multilateral interaction and cooperation between the parties to the Middle East peace process.**

The multilateral working groups complement the bilateral negotiations and agreements reached between Israel and her Arab neighbors by facilitating increased interaction and cooperation among the parties on issues of regional concern. Early contacts between Israelis, Palestinians, and Jordanians in the multilaterals played a key role in the achievement of the Israel-Palestinian Declaration of Principles of September 13, 1993, the Israel-Palestinian Interim Agreement of September 28, 1995, and the Israel-Jordan Peace Treaty of October 26, 1994. Moreover, in consolidating security arrangements after their peace treaty, Jordan and Israel drew heavily on concepts and methods which had been discussed in the multilateral track The multilateral groups are also well-positioned to play a complementary role in the achievement and implementation of future agreements, including the Israel-Syria and Israel-Lebanon tracks, as the parties work to achieve a just, lasting, and comprehensive peace.

2. **Regional peace, stability, and economic development.**

Each multilateral group has undertaken an active program of workshops, feasibility studies, and concrete projects which involve a number of regional parties and are changing the landscape of the

Middle East. Projects supported by the United States in FY 1995 include the establishment of the Middle East Desalination Research Center, regional water data banks, the Middle East Mediterranean Travel and Tourism Association, an electronic communications network, and a Regional Business Council. The creation of the Tourism Association and Business Council was announced at the 1995 Middle East/North Africa Economic Summit in Jordan, now an annual event, which grew out of the multilateral process and is playing a key role in promoting regional economic development through a public-private partnership. In FY 1996, the United States will support follow-on activities related to these projects, as well as new institutions, such as regional security centers which will facilitate dialogue and cooperation among the parties.

3. Facilitate contacts between Israel and a wider group of Arab parties in the Gulf and Maghreb.

The multilateral working groups provide a vital forum to promote contacts between government officials, military officers, private sector representatives, and technical experts from Israel and Arab states in the Gulf and Maghreb. Such contacts helped spur recent moves by Morocco, Tunisia, Oman, and others to begin normalizing relations with Israel. Working group meetings have now been held with Israeli participation in seven Arab states: Egypt, Jordan, Oman, Bahrain, Qatar, Morocco, and Tunisia. Additionally, Egypt will host the 1996 Middle East/North Africa Economic Summit, and Qatar will host the 1997 Summit.

MIDDLE EAST REGIONAL COOPERATION

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	7.000	7.000	7.000

OVERALL U.S. OBJECTIVES:

In order to solidify the emerging peace in the Middle East, it will be important for Israelis and Arabs to become comfortable with working together at every level (policy makers, technical experts, etc.) on a wide range of issues. The Middle East Regional Cooperation (MERC) Program, which began after the conclusion of the Camp David accords in 1979 as a Congressionally-mandated program, is designed to promote mutually beneficial technical cooperation between experts in Israel and its Arab neighbors (initially limited to Egypt). In recent years, the cooperation has expanded to include, in addition to Egypt, Jordan, the Palestinians, and Morocco. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for those involved. The program is managed by USAID's Bureau for Global Programs, Field Support and Research.

SPECIFIC OBJECTIVES:

1. Technical collaboration by Israeli and Arab experts.

The MERC Program supports Israeli-Arab expert teams on cooperative projects in a wide range of technical areas, including agriculture, health, water resources, marine technologies, the environment, and the social sciences. The Program operates by reviewing proposals submitted jointly by Israeli-Arab teams. Thus, Arabs and Israelis are encouraged to work together from the development and submission stage of a proposal to the actual implementation of funded projects. The United States intends to maintain and increase where possible the numbers of Israelis and Arabs participating collaboratively in MERC projects.

2. Funding and implementation of regionally important technical projects.

In the Middle East peace process, a wide range of technical topics is being discussed. In FY 1995, the MERC Program began to look at how to support and complement the peace process by funding proposals relevant to those technical topics. In FY 1997, the MERC Program will continue to look for opportunities to fund projects that support and complement the technical topics being discussed in the peace process, including water resources, wastewater treatment, marine pollution, environmental health, hazardous wastes, and desertification.

MIDDLE EAST REGIONAL DEMOCRACY FUND

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	0.000	0.000	1.400

OVERALL U.S. OBJECTIVES:

The United States has a strong interest in supporting the advancement of democratic processes, more open political systems, and respect for human rights and the rule of law throughout the Middle East and North Africa. The new Middle East Regional Democracy Fund will promote governance and basic respect for human rights on a regional basis through programs managed by local and U.S. non-governmental organizations in countries of the region currently receiving little or no Peace Process-related assistance.

SPECIFIC OBJECTIVES:

Specific programs will depend on proposals developed locally. These may include seminars, provision of equipment, training of local pollworkers and election commission staffs, and technical and financial assistance to local NGOs. Programs will promote the development of the following democracy building blocks:

1. Credible, transparent, free and fair multi-party elections with fewer instances of electoral fraud and higher voter turnout;

2. Representative and accountable government at national, regional, and local levels, as evidenced by more independent legislatures and local councils whose members understand the legislative process, the role of a loyal opposition, and ways to communicate with and represent constituents;

3. Commitment to the rule of law, including respect for human rights, a strong legal system, and an independent judiciary, as evidenced by improvements in the administration of justice and increased independence of judicial officials;

4. A freer and more open press;

5. A democratic political culture and party system, including programs to mobilize female voters and generally enhance the role of women in politics; and

6. A strong and participatory civil sector, including free trade unions and non-governmental organizations. Growth in the number and effectiveness of grassroots political and human rights organizations, higher political participation, and a more diverse civil society.

MOROCCO

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.724	0.800	0.800

OVERALL U.S. OBJECTIVES:

Strategically located at the gateway to the Mediterranean, the Kingdom of Morocco is a stable constitutional monarchy which maintains close ties to the United States and other Western countries and serves as a moderating influence in its relations with other Islamic, Arab, and African countries. Morocco and the United States established formal relations in 1787, giving it the longest unbroken treaty relationship in U.S. history. Under King Hassan II, Morocco stands as a bulwark against the extremism which has caused instability elsewhere in the region. Morocco has supported U.S. efforts in the United Nations, including dispatch of Moroccan troops to the multinational forces in Saudi Arabia during the Gulf War. Morocco continues to play a significant role in supporting and advancing the Middle East Peace Process and has been at the forefront in normalizing relations with Israel. Moreover, Morocco's demonstrated readiness to uphold commitments to the United States under the 1982 Base Access and Transit Agreement underscores Morocco's importance as a reliable partner in the region.

The United States has a strong interest in ensuring continued Moroccan support for the Middle East Peace Process; maintaining a high level of military cooperation and access to Moroccan military facilities; promoting regional stability; and in assisting the development of professional, apolitical military forces. In addition, USAID-funded programs are working to reduce the involvement of the state in the economy, increase bilateral trade and investment, assist the Moroccan government to provide basic health services and housing to the population, and foster respect for democratic principles and human rights.

SPECIFIC OBJECTIVE:

A professional Moroccan military which respects human rights.

The IMET program assists in strengthening Moroccan understanding of U.S. objectives in the region and in improving cooperation and interoperability with the U.S. military. As IMET graduates move onto more senior military positions, they will likely display continued support for U.S. initiatives, greater sensitivity to issues of resource management, and more respect for human rights. IMET programs should also yield increased interoperability with U.S. and NATO forces, thereby enhancing regional security.

MULTINATIONAL FORCE AND OBSERVERS

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
PKO	16.090	15.500	17.000

OVERALL U.S. OBJECTIVES:

The Egyptian-Israeli Peace Treaty and its security arrangements monitored by the MFO represent a cornerstone of the Middle East peace process. The MFO is a critical component of the Treaty and it serves as a model security arrangement and confidence building measure in the context of the ongoing peace negotiations between Israel and its neighbors. The MFO is a concrete building block serving one of the Administration's highest foreign policy priorities -attaining a comprehensive peace between Israel and all of its Arab neighbors.

SPECIFIC OBJECTIVES:

1. Preservation of the peace between Egypt and Israel.

The MFO is an important part of the peace between Egypt and Israel. In addition to being an established system to monitor treaty compliance, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two-thirds provided by Israel and Egypt. Subject to Congressional authorization and appropriations, the United States is committed to supporting the MFO's mission until the Parties to the agreement which created the MFO mutually concur that the MFO is no longer necessary. The MFO's long-standing effectiveness is apparent in the continued compliance with the treaty and in the excellent cooperation and interaction between Egyptian and Israeli officials in the treaty's liaison system.

2. A clear demonstration that confidence-building measures are viable alternatives to military occupation of strategic territory.

The MFO also plays a central role in the broad context of the peace process as a possible model for security arrangements and confidence building measures elsewhere. Furthermore, it allows Israel to concentrate on peace negotiations with neighbors on its other borders, secure in the knowledge that the security arrangements in its peace treaty with Egypt are monitored effectively.

OMAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.131	0.125	0.150

OVERALL U.S. OBJECTIVES:

Oman's location, wrapped around the southeastern corner of the Arabian Peninsula and guarding the southern approaches to the Strait of Hormuz across from Iran, makes it an essential partner in preserving freedom of navigation in the Gulf and a key participant in regional strategic planning. Oman has been a leader in support of U.S. efforts to promote regional security and stability and was the first country in the Gulf with which the United States negotiated a security cooperation agreement in 1980. During its tenure on the UN Security Council, Oman supported the Iraq sanctions regime and assisted in the drafting of UN Security Council Resolution 986, which allowed for the controlled sale of Iraqi oil to provide humanitarian assistance to the Iraqi people. In addition, Oman has made significant contributions to the Middle East peace process and recently signed an agreement with Israel to open commercial exchange offices in each other's country. This important relationship has continued to grow, with provision of military equipment through excess defense articles (EDA) transfers.

SPECIFIC OBJECTIVE:

A professional Omani armed forces which understands U.S. security objectives and cooperates closely with the U.S. military.

Oman maintains a small but effective defense force which is undergoing a concentrated program of modernization and an accompanying decline in influence of expatriate elements. IMET supports Oman in this process and improves cooperation with the United States. The IMET program supports enhanced interoperability with U.S. forces in the event of joint operations in the region. In addition, continued association with U.S. military equipment opens the potential for future purchases of such equipment.

TUNISIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.800	0.725	0.775

OVERALL U.S. OBJECTIVES:

Independent only since 1956, Tunisia has made significant economic and social progress and has become a model of development in the Third World. Prudent fiscal policy has resulted in the highest standard of living in North Africa for the average Tunisian and the creation of a stable middle class. Perched between an unpredictable Libya and a politically-uncertain Algeria, the United States and Tunisia share many of the same political-military concerns and interests in the region. Tunisia has long been a supporter of the Middle East peace process and has hosted three working group meetings of the Multilateral Peace Process since 1993. In January 1996, Tunisia ignored Libyan threats and announced that it would exchange interests sections with Israel. Tunisia remains a strong supporter of the UN sanctions against Libya and Iraq.

SPECIFIC OBJECTIVES:

1. A Tunisian military capable of operating and maintaining U.S.-origin equipment.

In spite of historical ties to France, the bulk of Tunisia's military equipment is of U.S.-origin. Joint exercises between the United States and Tunisia have become more complex as Tunisian expertise has increased. In a given year, there are approximately 11 military exercises involving all three service branches. An active military exercise program should be maintained with the possibility of increased activities of longer duration requiring higher military skill levels.

2. A professional Tunisian military which respects human rights and understands and accepts the principle of civilian control.

Democratization and human rights are key issues in U.S.-Tunisian bilateral relations. The Tunisian government has mandated programs and seminars devoted to human rights awareness among the officer corps as part of its overall democratization program. IMET-funded training and education affords an opportunity to experience U.S. traditions of democracy, respect for human rights. and civilian control of the professional military. In addition, IMET funding enables members of the Tunisian officer corps to gain expertise in U.S. defense resource management and apply that expertise to the Tunisian armed forces. There is recognition by the U.S. military that the Tunisian armed forces are among the best trained and most professional in the Arab world.

WEST BANK AND GAZA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
ESF	75.000	75.000	75.000

OVERALL U.S. OBJECTIVES:

The West Bank and the Gaza strip, with a total population of about 2.5 million, is undergoing major change as Israel and the Palestinians implement the Interim Agreement of September 1995. The United States is fully committed to supporting the peace process as the parties implement the Interim Agreement and move toward permanent status negotiations, which are to begin later this year. The United States continues to monitor and press for Palestinian compliance with the terms of the Interim Agreement.

A stable economy is the best guarantee for the viability of new political structures. The economies of the West Bank and Gaza are now severely depressed, with the situation in Gaza especially bleak: unemployment rates hover near 50 percent and the population growth rate is 3.1 percent. At least 15 percent of the population of the West Bank and Gaza live below the poverty line. Combined GDP for both areas is estimated at $3.4 billion for 1995. The Palestinians need extensive economic assistance to help them create effective institutions of self-rule and to translate the Interim Agreement into real and lasting changes on the ground. Without this change, and a U.S. capacity to provide leadership in the international donor community, progress in promoting regional peace may be jeopardized.

SPECIFIC OBJECTIVES:

1. Market-oriented economic development and a growing private sector.

It is vital that the Palestinians in the West Bank and Gaza realize tangible benefits from the new political realities made possible by the Interim Agreement and other Israel-PLO implementing accords. In the longer term, economic stability is the best guarantee for viability of the new Palestinian entity in the West Bank and Gaza Strip. To address urgent economic needs, U.S. assistance will focus on making a contribution to immediate and visible improvements in the standard of living. To provide a stable foundation for long-term prosperity and self-rule, ESF programs stress economic development based on private sector activity and regional economic cooperation. Assistance programs focus on enhanced income opportunities, improving the quality and sustainable use of water resources; and on promoting sustained production of goods and services by Palestinian producers.

2. A capacity for self-governance and efficient management of municipal institutions.

ESF-funded assistance programs place special emphasis on the building of democratic institutions, providing technical assistance on development of effective, independent, and transparent

administrative structures and democratic policy-making institutions, and on the efficient management and operation of municipal institutions.

YEMEN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.000	0.000	0.050

OVERALL U.S. OBJECTIVES:

Yemen, a recently unified country comprising half the indigenous population of the Arabian Peninsula, sits astride some of the world's most important shipping lanes at the mouth of the Red Sea. Yemen recently embarked on a democratic experiment, and the country's 1993 parliamentary elections impressed international observers by their fairness. Yemen's relations with moderate Arab states have recovered, with Yemen and Saudi Arabia negotiating differences over their undemarcated border. The Yemeni government has instituted a number of economic reforms and has taken steps to expel foreign extremist elements. The Yemeni government has progressed in re-establishing a pluralistic government following the civil war.

The United States relationship with the Yemeni government improved markedly in 1995 as Yemen distanced itself from Iraq. As a result of Yemen's actions during the Gulf War, the United States dramatically reduced its presence in Yemen, including canceling all military cooperation. Assistance levels dropped in FY 1991 to $2.9 million, but food assistance through the PL 480 and export enhancement programs continued. The United States was actively involved in and strongly supportive of the 1993 elections and continues working to strengthen Yemen's democratic institutions. The USAID program, focused in the health field, has slowly increased to $8.5 million in FY 1995.

SPECIFIC OBJECTIVE:

A stable and cooperative military relationship between the United States and Yemen and Yemeni understanding of U.S. security perspectives in the region.

The very modest IMET for Yemen is designed to support U.S. objectives related to the establishment and maintenance of a Yemeni military supportive of democratic and economic transition, and committed to a durable pattern of cooperation with the West. The FY 1997 IMET program will focus on English language instructor and officer training. Additionally, U.S. instructors may visit Yemeni military colleges to help strengthen Yemen's democratic institutions and foster democratic pluralism, rule of law and all aspects of human rights.

SOUTH ASIA

SOUTH ASIA

OVERVIEW:

Since the end of the Cold War, South Asia has continued to grow more important to U.S. economic and strategic interests. With over 20% of the world's population, the region presents an enormous potential market for goods and investment. The United States is already the region's biggest foreign investor; for example, India approved $12 billion in foreign investment, a majority of which came from U.S. firms, between January, 1991, and August, 1995. Long-established, firmly entrenched democracies in India and Sri Lanka, along with newer, more fragile democracies in Pakistan, Bangladesh, and Nepal, are moving increasingly toward market-based economies. At the same time, however, multiple threats to South Asia's peace, stability, and potential markets exist: political tensions resulting from the long-standing dispute between India and Pakistan over Kashmir, of greater concern because of the nuclear weapons capabilities of both countries; bitter political cleavages in Bangladesh; ethnic conflict in Sri Lanka; a multi-sided civil war in Afghanistan; extreme and widespread poverty; rapid population growth, disease, and environmental degradation; drug production and trafficking; and international terrorism. These complex and severe problems have global implications and require long-term U.S. engagement. They resist quick fixes. Accordingly, the thrust of the United States policy toward South Asia is to take measured steps to enhance regional stability and reduce tensions while furthering growing U.S. interests, particularly in the commercial arena.

OBJECTIVES:

The primary U.S. objectives in South Asia are to:

- Eliminate Indo-Pakistani tensions, particularly over Kashmir, to permit cooperation in other areas of common interest;
- End further development or deployment of weapons of mass destruction and ballistic missiles;
- Resolve internal conflicts which impede economic, democratic and social advancement;
- Implement effective counter-narcotics, counter-terrorism, and anti-crime programs;
- Increase U.S. prosperity through trade and investment in South Asia;
- Assist in the establishment of participatory democracies which give the highest priority to protection of universally recognized human rights;
- Encourage sustainable development which accounts for environmental and global population stabilization concerns;

- Protect and provide humanitarian assistance to refugees; and

- Improve civil-military relations; and

- Protect the interests of U.S. citizens in the South Asia region.

India and Pakistan, the predominant economic, political, and military states in the region, have a long history of tension and conflict. The United States continues to promote an Indo-Pakistani dialogue, accompanied by confidence-building measures, to reduce tensions, particularly on Kashmir. The United States seeks to enhance regional security by encouraging arms control initiatives and stronger adherence by India and Pakistan to multilateral nonproliferation norms. The United States also seeks to forestall the production, introduction, and deployment of ballistic missiles by India and Pakistan and to persuade them to support the adoption of a Fissile Material Cutoff Treaty and a Comprehensive Test Ban Treaty.

Afghanistan is a serious source of instability in South Asia. The United States strongly supports the UN Special Mission to Afghanistan, headed by Special Envoy Mahmoud Mestiri, as the best hope for peace and strongly discourages outside assistance to Afghan factions.

In Sri Lanka, the United States publicly and privately voices its support of a negotiated political settlement of the long-standing ethnic conflict. The United States continues to urge the Liberation Tiger of Tamil Eelam (LTTE) rebel group and the Government of Sri Lanka to take all possible steps to protect civilians in the conflict and cooperate with relief agencies assisting persons displaced by the fighting.

The United States engages bilaterally and multilaterally with states in the region to combat the scourges of terrorism and international crime, including narcotics production and trafficking, and money laundering. U.S. contributions to such organizations as the United Nations Drug Control Program (UNDCP) and the Colombo Plan advance a range of initiatives, from international drug control to regional drug treatment seminars, and the organization of drug prevention NGOs. The United States provides direct assistance to Pakistan, one of the world's largest producers of illicit drugs, in support of its anti-narcotics program, and to provincial authorities in Afghanistan who have undertaken opium poppy eradication and crop substitution programs.

USAID development programs and PL-480 food assistance improve the standard of living of the people of the region while simultaneously contributing to U.S. political, economic, and commercial objectives. The strategy for most effective use of aid resources involves strengthening legal, regulatory, and policy frameworks of regional states, as well as their capacity for technical and commercial innovation as a foundation for economic growth, while mitigating problems which impede sustained and equitable growth (such as rapid population growth, widespread illiteracy, weak governance, limited civic participation, and environmental degradation).

The International Military Education and Training (IMET) program enhances the United States' access to and influence with the armed services in several South Asian countries. Easing of Pressler Amendment sanctions by the recently passed Brown Amendment removes an

impediment to renewal of IMET for Pakistan, an important contributor to multilateral peacekeeping efforts, after a five-year suspension.

The United States supports the repatriation and protection of the various refugee populations in the region and encourages cooperation from governments in the region, most notably Afghanistan, with millions of its citizens still refugees. The United States also encourages South Asian governments to develop sound policies that discourage illegal migration and alien smuggling, and ease the return of rejected asylum seekers. The United States will continue to provide timely disaster assistance when needs arise and work toward increasing local capacity for disaster planning.

BANGLADESH

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.209	0.250	0.300

OVERALL U.S. OBJECTIVES:

Bangladesh, about the size of Wisconsin, is one of the world's most densely populated and poor countries. Geography renders the country susceptible to frequent natural disasters, such as cyclones and floods. After years of authoritarian rule, 1991 elections brought a democratically-elected government to power. However, a political impasse between the government and opposition seriously marred February, 1996, elections, which were characterized by violence and administrative irregularities. This impasse is testing the strength of democratic institutions. The United States enjoys warm bilateral relations with Bangladesh, grounded in shared democratic values and deepened by Bangladesh's participation in international peacekeeping operations. U.S. interests in Bangladesh focus on strengthening democratic institutions; encouraging economic development, including market-oriented reforms; enhancing respect for human rights; and advancing U.S. commercial interests.

SPECIFIC OBJECTIVE:

A professional Bangladeshi military, respectful of human rights and civilian control.

Military interventions and extended periods of martial law have frequently punctuated Bangladesh's brief history as a nation. Since 1991, however, this pattern has altered dramatically as the military, many of whose senior leaders are graduates of IMET courses, has chosen to stay out of politics. The IMET program is a critical factor in helping preserve respect for civilian rule and democratic institutions. The FY 1997 program would emphasize professional military education and training through mid-level command and staff college programs and senior level management courses for selected officers from all services and civilian personnel. The proposed program will also include resource management courses offered by the Naval Post Graduate School, as well as training in civil-military relations and human rights issues.

In addition, the military cooperation program, which has included joint exercises, visits by U.S. forces, and training, offers increased opportunities to build upon already warm relations between the U.S. and Bangladeshi military. The United States seeks ultimately to achieve through the IMET program increased support for democracy and greater respect for human rights among senior and mid-level military officers.

INDIA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.208	0.350	0.400

OVERALL OBJECTIVES:

The world's largest democracy and second most populous country, India is an increasingly important friend of the United States. The United States is India's largest trade and investment partner, a trend that will continue as India continues to implement key economic reforms. India is a political leader in the developing world, and its troops play a large role in UN peacekeeping. However, the dispute over Kashmir in which India and Pakistan remain locked adds an urgent dimension to efforts to bring the two countries into the international consensus on nuclear and missile nonproliferation.

A high rate of population growth and uneven economic development in India exacerbate environmental degradation and contribute to rural poverty, abuse of child labor, and problems of health care. India is the world's largest source of legal opium for pharmaceuticals but also a transit point for heroin. Regional insurgencies, communal tensions, and human rights abuses pose a challenge to the success of India's huge democratic experiment and to regional stability.

SPECIFIC OBJECTIVE:

Enhance peacekeeping, human rights and technical skills of the Indian military.

Indian forces have been reliable participants in UN peacekeeping operations. Indian military and security forces, involved in counterinsurgency operations in northeast and northwest India, have encountered difficulties in human rights practices. The IMET program, focusing on improved civil-military relations and internationally-recognized human rights, can assist with this deficiency. The U.S. road-map for deepening bilateral security cooperation envisions enhanced Indian participation in U.S. military technical training.

Effectiveness measures:

- Enhanced cooperation and interoperability in peacekeeping operations;
- Fewer human rights violations in counterinsurgency operations;
- Enhanced technical military capability; and
- Improved civil-military relations.

MALDIVES

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.050	0.080	0.100

OVERALL U.S. OBJECTIVES

The Republic of Maldives consists of some 1,200 islands scattered across an area 500 miles long by 75 miles wide off the southwestern coast of India. Bilateral relations between the Government of the Republic of Maldives (GORM) and the United States are cordial, but limited by the geographical distance between the two countries. The GORM is a moderate Muslim voice in international fora. Maldives' small National Security Service (NSS) combines the functions of the police, army, navy, air force and coast guard. Its effectiveness is impeded by a severe shortage of trained manpower, but standards within the NSS continue to improve as a direct result of U.S. training.

The United States has a strong interest in ensuring access to Maldives' strategic location in the Indian Ocean. The GORM has been helpful in providing access for U.S. vessels and allowing U.S. aircraft transit rights in Maldivian airspace. Maldives has a parliamentary form of government with a strong elected executive, but its democratic institutions need strengthening. The NSS is allowed significant latitude in enforcing presidential decrees.

SPECIFIC OBJECTIVE:

Improved effectiveness of the Maldivian National Security Service and cooperative relations with the United States.

IMET assistance can contribute to Maldives' ongoing effort to improve its paramilitary force. The FY 1997 IMET request would continue to improve the professionalism of the NSS, enhance its ability to train personnel, and provide assistance in long-term defense resource management, while also addressing the topic of internationally-recognized human rights. Furthermore, IMET would be designed to establish valuable channels of communication with Maldivian officials and provide additional incentive to Maldives to continue to allow U.S. vessels and aircraft access to its strategically located ports and airspace.

Effectiveness measures:

- Continued internal stability and NSS support for democratic institutions; and
- Continued U.S. access to Maldivian ports and airspace.

NEPAL

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.096	0.125	0.200

OVERALL OBJECTIVES:

Nepal, a small landlocked nation situated between India and China, ranks as the fourth poorest nation in the world. Five years ago, Nepal instituted a democratic system and embarked upon a program of economic reform and liberalization. Nepal has been a steadfast contributor to international peacekeeping. The United States seeks to strengthen Nepal's new democracy, support economic reform and assist in grass roots economic development, and improve Nepal's ability to plan for UN peacekeeping operations. IMET funds will provide training to the Royal Nepal Army (RNA) in support of these objectives.

SPECIFIC OBJECTIVE:

A professional, apolitical Royal Nepal Army which is an effective international peacekeeping partner.

IMET assistance will contribute to Nepal's ongoing effort to improve its military. The FY 1997 IMET request will continue to improve the military's professionalism by exposing them to the topics of effective defense resources management, improved military justice systems, and civil-military relations. Furthermore, the IMET program helps promote Nepal's ability to participate in cooperative efforts with the United States and its allies. The FY 1997 IMET program will again focus on senior service schools, professional educational programs, and limited English language training.

Effectiveness measures:

- Greater interoperability and effectiveness in peacekeeping operations;
- Enhanced professionalism in the RNA; and
- Continued RNA non-interference in Nepalese politics.

PAKISTAN

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
INL	2.500	2.500	3.000
IMET	0.000	0.150	0.300

OVERALL OBJECTIVES:

Pakistan, an important economic and military power in South Asia, has long been a close friend of the United States. Economic reforms begun in 1991 propel a growing economy which is increasingly attractive to U.S. business interests. Pakistan's historic rivalry with India, particularly the dispute over Kashmir, could again lead to war. Both Pakistan and India possess a nuclear weapons capability. Stemming the further proliferation of weapons of mass destruction and ballistic missile delivery systems is a major objective of U.S. policy in Pakistan. Pakistan is a major contributor to international peacekeeping operations.

Pakistan is a major producer and important transit country for opiates destined for the international drug market, including approximately one-tenth of the heroin consumed in the United States. The largest supply of opium poppy is cultivated in the remote, politically autonomous tribal areas of Pakistan's Northwest Frontier Province (NWFP) along the largely unpoliced border with Afghanistan. Despite its domestic cultivation of opium poppy, Pakistan is a net importer of opium. Heroin refineries in the NWFP process domestic and Afghan opium into morphine base and heroin. Major narcotics caravans transit the province of Baluchistan to either Iran or the Arabian Sea Coast.

The United States' principal interests in Pakistan are: promoting non-proliferation and regional stability; establishing positive relations which will advance U.S. goals; strengthening democratic institutions; increasing trade and investment; and combating narcotics production and trafficking. INL funds provide training to police to combat drug production and trafficking. The Colombo Plan, funded by INL and U.S. contributions to international organizations, also provides training and sponsors regional drug treatment seminars. Program Development and Support funds provide for salaries, benefits and allowances of U.S. and foreign national personnel, short-term TDY assistance, and other general administrative and operating expenses for counter-narcotics program planning, design, implementation, monitoring, and evaluation.

SPECIFIC OBJECTIVES:

1. Effective anti-narcotics and money laundering legislation and enforcement.

By providing supplementary funds, the Law Enforcement project strengthens Pakistani anti-narcotics institutions, enforcement efforts, and training for investigators and management personnel. The FY 1997 program would continue to support the Anti-Narcotics Force,

Pakistani Customs, and Northwest Frontier law enforcement entities through training and communications and provision of operational equipment.

Effectiveness measure:

- Enactment of money laundering and consolidated narcotics legislation.

2. An effective anti-narcotics infrastructure which facilitates elimination of heroin production and opium poppy cultivation.

The Development Assistance project builds roads into previously inaccessible tribal areas of the NWFP to: (a) aid in the eradication of opium poppy; (b) facilitate farmers' ability to deliver alternative crops to market; and (c) permit Pakistani law enforcement entities access to areas with heroin processing laboratories. FY 1997 funds would be directed principally to the road project in Khyber Agency, where most of the heroin processing in Pakistan takes place.

Effectiveness measures:

- Extradition arrest and prosecution of major traffickers;

- Destruction of heroin manufacturing laboratories; arrest and prosecution of their operators; and

- Reduction in opium poppy cultivation as a result of alternative crops and expanded enforcement of the opium poppy cultivation ban.

3. Help build support for action to deal with Pakistan's domestic drug problem.

The Demand Reduction project funds activities which increase Pakistani public awareness of the domestic drug problem, train Pakistani public health workers in appropriate types of treatment, and builds support for action to address the problem. The FY 1997 funding request would increase efforts to reduce the demand for narcotics in support of the Pakistani National Drug Strategy, which focuses on the country's estimated three million addicts.

Effectiveness measures:

- Increased public awareness of the personal and societal costs of the serious drug problems in Pakistan.

- A cadre of public health care workers trained in the treatment of narcotics addiction.

4. A professional Pakistani military which demonstrates respect for human rights and an acceptance of civilian control of the military.

The United States and Pakistan had active military-to-military links prior to the 1990 U.S. imposition of sanctions according to provisions in the Pressler Amendment. The Brown Amendment, enacted in February 1996, moderated these sanctions, thus removing an impediment to IMET for Pakistan. Pakistan values the IMET program, in which now-senior

officers have participated. The program fosters contact and cooperation between the U.S. and Pakistani military. The FY 1997 IMET program would emphasize professional military education and training through mid-level command and staff college programs and senior level management courses for selected officers from all services and civilians.

Effectiveness measures:

- Increased support for democracy and greater respect for human rights among senior and mid-level military officers; and

- Greater effectiveness in peacekeeping operations.

SRI LANKA

PROGRAM SUMMARY

(Dollars in millions)

	FY 1995 Actual	FY 1996 Estimate	FY 1997 Request
IMET	0.096	0.175	0.200

OVERALL OBJECTIVES:

Sri Lanka, an island country located in the Indian Ocean off the southeastern coast of India, has been a functioning democracy since it independence in 1948. The United States has traditionally enjoyed good relations with Sri Lanka, based in large part on shared democratic principles. Sri Lanka is plagued by a long-standing insurgency by Tamil separatists. The United States' primary interests are to promote a peaceful resolution of the ethnic conflict, strengthen observance of human rights, encourage sustainable development, and expand commercial ties between both countries.

SPECIFIC OBJECTIVES:

A professional Sri Lankan military which demonstrates understanding and acceptance of democratic values and human rights.

IMET assistance encourages Sri Lanka to sustain and build upon significant human rights improvements of the past two years. Human rights training with a strong component on civil/military relations will be critical as the Sri Lankan armed forces reassert control over areas formerly held by the insurgents. Training would also improve the professionalism of the defense forces, enhance their ability to train personnel, and provide assistance in long-term defense resource management.

Effectiveness measures:

- A decline in human rights violations; and
- Improved military performance and enhanced professionalism in the Sri Lankan Army and Air Force.

OTHER SUPPORTING INFORMATION

ARMS CONTROL CONSIDERATIONS

Despite the end of the Cold War, security assistance continues to be an indispensable U.S. policy instrument for exerting constructive leadership in advancing international peace and security, and increasing the number of states with democratic political institutions and free market economies. Judiciously used, arms transfers can deter aggression, foster internal and regional stability, strengthen and revitalize mutual security relationships, and demonstrate enduring interest in the security of friends and allies. New and creative uses of security assistance, such as the worldwide Nonproliferation and Disarmament Fund, promote bilateral and multilateral efforts to control the spread of missiles, nuclear and chemical/biological weapons, and destabilizing conventional arms transfers. These mutually reinforcing approaches to international security promote regional and global stability by enhancing the deterrent and defense capabilities of U.S. friends and allies, and actively advancing U.S. nonproliferation and arms control objectives.

U.S. security assistance program complements U.S. arms control policy of promoting international security through the negotiation of equitable and verifiable agreements, and assuring compliance with existing agreements. It also enhances the United States' ability to limit the proliferation of potentially destabilizing weapons, especially in regions of tension and conflict, by giving countries other means for insuring their security. As the President's arms transfer policy states, the United States will actively seek greater transparency in the area of arms transfers and promote regional confidence-building measures to encourage restraint on such transfers to regions of instability. Carefully structured security assistance programs support U.S. arms control policy of allowing transfers which enhance stability, and U.S. nonproliferation objectives of curbing the spread of weapons of mass destruction and their delivery systems.

The President's arms transfer policy requires the careful, case-by-case evaluation of each request for arms in terms of its contributions to foreign policy and national security. The arms control implications of each transfer are essential elements of this evaluation, and each transfer is specifically reviewed for its impact upon U.S. 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; whether the proposed transfer adds or detracts from fulfilling U.S. nonproliferation goals; and whether possible adverse effects of the transfer are offset by positive contributions to U.S. regional interests and objectives.

The Arms Control and Disarmament Agency (ACDA) exercises statutory authority for evaluating the arms control and nonproliferation implications of arms transfer proposals. As required by the Arms Export Control Act and the Foreign Assistance Act of 1961, ACDA assesses whether proposed military sales and assistance and commercial arms exports might contribute to an arms race; support international terrorism; increase the possibility of outbreak or escalation of conflict; prejudice the development or negotiation of bilateral or multilateral arms control arrangements; or adversely affect the arms control policy of the United States.

ACDA also takes into account factors such as regional stability and the military balance; legitimate defense needs relative to threats; the military force structure, strategy and doctrine of the proposed

recipient and its neighbors; whether the transfer would constitute a "new", offensive, power-projection, or destabilizing capability; its proliferation implications; and risks of misuse or unauthorized retransfer.

ACDA is an active participant in the U.S. arms transfer and security assistance decision-making process. The Agency participates in the inter-agency security assistance program development process in order to ensure that arms control and proliferation implications are considered in the development of all programs contained in the annual security assistance budget request. ACDA continues to play an active role in the development and support of major Administration arms transfer and weapons nonproliferation initiatives, and participated in and contributed to, the establishment and implementation of the President's conventional arms transfer policy. The agency is also supporting U.S. efforts to establish and strengthen the new multilateral Wassenaar Arrangements on Export Controls for Conventional Arms and Dual Use Goods and Technologies. ACDA has strongly supported initiatives for regional and global restraint in arms transfers, consistent with the Administration's overall policy.

These efforts will accelerate as the focus of arms control adapts to the post-Cold War world, where regional instability and the proliferation of weapons of mass destruction increasingly pose the most dangerous threats to world peace. Recent initiatives to promote regional arms control arrangements and control the proliferation of weapons of mass destruction, their delivery systems, and destabilizing conventional weapons will intensify as the United States now shares many common objectives with former adversaries.

At the same time, programs like the Nonproliferation and Disarmament Fund permit the use of security assistance funds for activities such as technical assistance in support of defense industry conversions or dismantlements, regional arms control arrangements and nonproliferation objectives. The United States remains committed to helping its friends and allies maintain and enhance their security through prudent arms transfers and nonproliferation initiatives which promote regional stability and world peace.

ESTIMATING FOREIGN MILITARY SALES

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives from foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government FMS Letters of Offer and Acceptance (LOA's) signed in FY 1995, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 1996 and FY 1997. These estimates are derived through an analysis of each country under conditions of extreme uncertainty. Projections are based on: analysis of expectations of interests by potential purchasers which may not result in official requests; judgments of which requests may be approved and which may result in actual sales offers after completion of a thorough, and often lengthy, U.S. Government review process; and a judgment not only of how essential the military equipment or defense service is to the country's defense needs, but also of whether the purchase will be approved during the purchasing country's budget process. Projections include an estimate of potential requests for major increases in scope (amendments) to prior-year cases. These amendments are reflected as a sale in the current fiscal year. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. (Further information is provided in the classified annex to this document).

Each phase of the request/offer/acceptance process has many variables which 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. In addition, U.S. agreements cannot always be segregated on a cash or financing basis when Letters of Acceptances are concluded by purchasing countries. Also, for countries eligible for U.S. financing, it is not always possible to determine until full payment has been made how much of that payment was U.S.-financed.

OTHER SUPPORTING INFORMATION

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS

(DOLLARS IN THOUSANDS)

	ACTUAL FY 1995			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	FY 1996 TOTAL SALES	FY 1997 TOTAL SALES
AFRICA:					
BOTSWANA	75	0	75	13,900	0
CAPE VERDE	2	58	60	100	0
CHAD	343	194	537	500	0
COTE D'IVOIRE	0	0	0	400	0
DJIBOUTI	50	0	50	400	100
ERITREA	204	456	660	600	600
ETHIOPIA	544	243	787	4,900	13,200
GAMBIA	0	0	0	200	0
GHANA	85	0	85	2,700	0
GUINEA-BISSAU	0	0	0	200	0
KENYA	2,754	0	2,754	4,200	4,200
MALAWI	0	0	0	100	0
MOZAMBIQUE	368	0	368	400	0
NAMIBIA	60	0	60	400	0
NIGER	589	0	589	**	0
NIGERIA	0	0	0	200	0
SAO TOME & PRINCIPE	0	0	0	400	0
SENEGAL	451	0	451	200	0
SEYCHELLES	0	0	0	200	0
SIERRA LEONE	3	0	3	300	0
SOUTH AFRICA	0	0	0	1,000	0
TANZANIA	0	0	0	100	0
UGANDA	0	0	0	200	0
ZAIRE	0	0	0	200	0
ZAMBIA	322	0	322	200	0
ZIMBABWE	292	0	292	13,700	0
REGIONAL TOTAL	6,142	951	7,093	45,700	18,100
AMERICAN REPUBLICS:					
ANTIGUA-BARBUDA*	162	0	162	100	100
ARGENTINA	15,909	0	15,909	6,000	6,000
BAHAMAS, THE	0	0	0	1,100	2,000
BARBADOS*	88	0	88	500	700
BELIZE	298	0	298	**	0
BOLIVIA	0	0	0	500	500
BOLIVIA - INTL. NARC.	13,631	1,340	14,971	6,700	6,700
BRAZIL	58,259	0	58,259	39,000	31,000
CHILE	4,084	0	4,084	55,200	19,000
COLOMBIA	20,732	0	20,732	25,000	32,000
COLOMBIA - INTL. NARC.	10,235	451	10,686	59,000	91,000
COSTA RICA	2,009	0	2,009	2,000	2,500
DOMINICA*	73	0	73	**	0
DOMINICAN REPUBLIC	610	0	610	4,500	4,500
ECUADOR	134	0	134	400	500
ECUADOR - INTL. NARC.	129	243	372	5,600	0
EL SALVADOR	7,214	2,442	9,656	1,800	700
GRENADA*	95	0	95	100	100
GUATEMALA	0	0	0	2,100	2,100
GUYANA	67	0	67	100	200
HAITI	918	0	918	3,300	1,000
HONDURAS	3,952	388	4,340	6,000	2,100
JAMAICA	1,169	0	1,169	200	2,000
MEXICO	1,608	0	1,608	6,000	3,000
PANAMA	55	0	55	1,500	1,500
PARAGUAY	13	0	13	**	500

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS

(DOLLARS IN THOUSANDS)

	ACTUAL FY 1995			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	FY 1996 TOTAL SALES	FY 1997 TOTAL SALES
AMERICAN REPUBLICS (CONT):					
PERU	0	0	0	8,700	21,500
ST. KITTS AND NEVIS*	15	0	15	100	100
ST. LUCIA*	292	0	292	100	100
ST. VINCENT & GRENADINES*	25	0	25	100	100
TRINIDAD & TOBAGO	155	0	155	100	100
URUGUAY	2,323	0	2,323	2,000	500
VENEZUELA	36,172	0	36,172	20,000	29,000
REGIONAL TOTAL	180,426	4,864	185,290	257,800	261,100
EAST ASIA & PACIFIC:					
AUSTRALIA	164,756	0	164,756	30,100	5,500
BRUNEI	20	0	20	**	0
CAMBODIA	1,688	0	1,688	2,000	2,000
FIJI	15	0	15	0	0
INDONESIA	11,293	0	11,293	6,300	6,300
JAPAN	715,389	0	715,389	407,800	409,000
MALAYSIA	25,697	0	25,697	271,000	635,000
NEW ZEALAND	9,390	0	9,390	7,700	2,000
PHILIPPINES	23,025	0	23,025	72,000	180,000
SINGAPORE	198,146	0	198,146	180,100	206,500
SOUTH KOREA	494,320	0	494,320	940,800	220,000
TAIWAN	208,123	0	208,123	278,000	317,000
THAILAND	193,496	0	193,496	735,000	637,000
REGIONAL TOTAL	2,045,358	0	2,045,358	2,930,800	2,620,300
EUROPE & CANADA:					
ALBANIA	0	0	0	2,700	4,300
AUSTRIA	10,462	0	10,462	10,000	10,000
BELGIUM	24,213	0	24,213	33,400	8,000
BULGARIA	0	0	0	13,600	10,000
CANADA	197,661	0	197,661	140,000	150,000
CZECH REPUBLIC	0	0	0	8,000	10,000
DENMARK	47,222	0	47,222	285,100	60,000
ESTONIA	168	0	168	4,000	7,700
FINLAND	218,175	0	218,175	60,000	45,000
FRANCE	767,735	0	767,735	74,000	74,000
GERMANY	266,461	0	266,461	120,000	120,000
GREECE	216,194	0	216,194	330,000	349,000
HUNGARY	0	0	0	3,900	8,000
IRELAND	45	0	45	0	0
ITALY	31,012	0	31,012	128,100	50,000
LATVIA	234	0	234	3,100	8,700
LITHUANIA	341	0	341	2,800	5,000
LUXEMBOURG	68	0	68	100	0
MALTA	12	0	12	0	0
NETHERLANDS	947,526	0	947,526	282,000	180,000
NORWAY	12,131	0	12,131	251,000	115,800
POLAND	0	0	0	10,000	14,500
PORTUGAL	13,519	0	13,519	17,000	22,000
ROMANIA	12,431	0	12,431	5,000	8,500
SLOVAKIA	**	0	**	3,500	7,500
SPAIN	401,722	0	401,722	177,600	407,000
SWEDEN	12,865	0	12,865	5,500	5,500
SWITZERLAND	22,393	0	22,393	55,000	55,000

OTHER SUPPORTING INFORMATION

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS

(DOLLARS IN THOUSANDS)

	ACTUAL FY 1995			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	FY 1996 TOTAL SALES	FY 1997 TOTAL SALES
EUROPE & CANADA (CONT):					
TURKEY	599,092	0	599,092	450,000	353,800
UNITED KINGDOM	114,369	0	114,369	297,500	161,000
REGIONAL TOTAL	3,916,051	0	3,916,051	2,772,900	2,250,300
NEAR EAST & SOUTH ASIA:					
BAHRAIN	57,266	0	57,266	160,000	330,000
BANGLADESH	7,542	0	7,542	4,000	2,300
EGYPT	1,080,975	4,241	1,085,216	1,456,200	453,000
INDIA	15	0	15	4,700	0
ISRAEL	661,282	0	661,282	440,000	450,000
JORDAN	15,316	0	15,316	97,000	220,000
KUWAIT	83,694	0	83,694	170,000	915,000
LEBANON	66,044	0	66,044	114,600	66,100
MOROCCO	4,482	4,854	9,336	36,200	31,700
OMAN	8,108	0	8,108	15,500	7,000
PAKISTAN	78	0	78	13,900	7,100
QATAR	0	0	0	2,100	2,100
SAUDI ARABIA	485,613	10,000	495,613	773,600	549,200
SRI LANKA	67	0	67	13,100	500
TUNISIA	10,552	0	10,552	19,800	26,100
UNITED ARAB EMIRATES	4,698	0	4,698	85,000	988,000
YEMEN	0	0	0	200	0
REGIONAL TOTAL	2,485,732	19,095	2,504,827	3,405,900	4,048,100
NON-REGIONAL:					
CLASSIFIED TOTALS a/	320,801	0	320,801	300,000	300,000
INTERNATIONAL ORG.	74,802	0	74,802	67,700	25,000
NON-REGIONAL TOTAL	395,603	0	395,603	367,700	325,000
WORLDWIDE TOTAL	9,029,308	24,911	9,054,218	9,780,800	9,522,900

NOTE: Totals may not add due to rounding.

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative for a discussion of specific country programs.

** Less than $500.

a/ For further information, please see the Classified Annex to this document.

FOREIGN MILITARY SALES ADMINISTRATIVE COSTS

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support, and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies, and services needed by our Army, Navy, Air Force, and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of 3 percent is applied to most FMS cases. A 5 percent rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of 3.1 percent is also applied on certain deliveries of spare parts, equipment modifications, secondary support equipment, and supplies. These administrative funds, collected from the FMS customer, are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting, and other financial and program management. A majority of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSAA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The Foreign Operations, Export Financing and Related Programs Appropriations Act of 1996, P.L. 104-107, included, for FY 1996 only, a ceiling of $355 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customer funds which 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 1997, $355 million is required. Fewer work years will be financed in FY 1997 versus FY 1996, lowering payroll costs for FMS management consistent with declining workload. However, this reduction will be offset by the non-recurring initial cost required to design and develop a single FMS management information system throughout DoD. This Defense Security Assistance Management System (DSAMS) will replace more than thirteen major systems operated in the Military Department and Defense Agencies, provide a much needed new technology infrastructure, and reduce overall operation and maintenance costs in the years following DSAMS development and full implementation.

The table which follows shows FMS administrative budget amounts for FY's 1995 - 1997.

FMS ADMINISTRATIVE COSTS/WORKYEARS

(Dollars in Millions)

	Actual FY 1995 a/		Estimated FY 1996		Proposed FY 1997	
	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears
Military Departments	256.900	4,504	253.300	4,340	245.400	4,261
Other Defense Activities	70.500	901	79.700	900	87.600	873
SAOs (Net)	23.600	477	22.000	417	22.000	399
Total	351.000	5,882	355.000	5,657	355.000	5,533

a/ Includes an additional $16.0 million above the FY 1995 FMS Administrative Obligation ceiling established by P.L. 103-306. Congressional notification was provided on February 24, 1995.

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE ARMS EXPORT CONTROL ACT

The Office of Defense Trade Controls (DTC), Bureau of Political-Military Affairs, Department of State, administers the United States Government's program to control commercial exports of defense articles, services and technical data. DTC implements the Arms Export Control Act (AECA) through the International Traffic in Arms Regulations (ITAR), which includes the United States Munitions List (USML). DTC reviews all requests for licenses and other approvals to export defense articles, services or technical data; establishes licensing policies and procedures; and enforces compliance with the ITAR.

The data in the following chart on commercial arms sales are compiled by DTC based on information as of September 1995. The chart is in two parts. The first column, entitled "Actual Deliveries (Preliminary)", shows the preliminary dollar value totals by destination of exports during fiscal year 1995. These export totals are compiled from expired or completed licenses returned to DTC by the U.S. Customs Service, unless a more comprehensive method is available. The totals are preliminary because DTC licenses are approved for four calendar years, thereby allowing shipments to span five fiscal years, and are not returned by the U.S. Customs Service until the license is completed or expired. In some instances, training and technical assistance are not included in these figures. For further information, see also the classified annex to this document.

The second and third columns in the chart show the estimated dollar value totals by destination of possible deliveries in fiscal years 1996 and 1997. These estimates are based primarily on the dollar value of licenses approved for each destination during the prior two fiscal years (the dollar values of the authorized licenses are not shown). Not all approved licenses result in signed contracts and actual exports. Factors which affect the final export value include the availability of the licensed item for shipping, and how quickly the license will be returned to DTC. (See also the classified annex.) Other factors which cannot be quantified are economic and security conditions at the destination, and changing U.S. foreign policy and national security considerations. Countries for whom there were no actual deliveries in fiscal year 1995 and which had no authorized licenses for fiscal years 1994 and 1995 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 1996 and 1997) were revised for the 1995 CPD. Previous procedures for such estimates called for extrapolating exports for the first out 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.

An analysis of preliminary worldwide exports for fiscal years 1988-1992 showed, however, exports ranging from an average of 4.3 percent to 21.18 percent of the total dollar value of approvals for the previous two years. It further showed that actual shipments for some countries have ranged from zero to values in excess of previous years' approvals, owing to changing economic and security conditions or acquisition of major defense systems. Based on this historical data, DTC now estimates exports for the first out year (fiscal year 1996) to be 10 percent of the total dollar value of approved licenses for the previous two years (fiscal years 1994 and 1995). The exports for the second out year (fiscal year 1997) are estimated to be fifty percent of those for fiscal year 1995.

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA

(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1995	ESTIMATED DELIVERIES FY 1996	FY 1997
AFRICA:			
ANGOLA	0	1,037	622
BOTSWANA	8	1,805	1,083
BURKINA FASO	0	7	4
BURUNDI	0	15	9
CAMEROON	0	900	540
CAPE VERDE	0	**	**
CHAD	0	2,093	1,256
COMOROS	0	3	2
CONGO	3	277	166
COTE D'IVOIRE	5	369	222
ERITREA	0	181	163
ETHIOPIA	0	235	141
GABON	**	647	388
GHANA	1	5	3
GUINEA	0	1	**
KENYA	35	187	112
MADAGASCAR	0	**	**
MALI	2	1	**
MAURITIUS	220	101	61
NAMIBIA	38	876	526
NIGER	0	169	101
NIGERIA	9	750	450
REUNION	0	5	3
SENEGAL	0	187	112
SOMALIA b/	0	**	**
SOUTH AFRICA	425	13,742	8,245
TANZANIA	0	19	11
UGANDA	0	75	45
ZAMBIA	800	1,053	632
ZIMBABWE	7	600	360
REGIONAL TOTAL	1,553	25,340	15,257
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	0	112	67
ARGENTINA	15,967	48,365	29,019
ARUBA	5	4	3
BAHAMAS, THE	0	10,156	6,093
BARBADOS*	47	20,622	12,373
BELIZE	22	72	43
BERMUDA	23	140	84
BOLIVIA	8,375	22,741	13,645
BRAZIL	1,074	164,426	98,655
BRITISH VIRGIN ISLANDS	0	2	1
CAYMAN ISLANDS	17	41	25
CHILE	1,486	55,868	33,521
COLOMBIA	1,863	35,063	21,038
COSTA RICA	695	14,994	8,996
DOMINICA*	**	3	2
DOMINICAN REPUBLIC	15	12,808	7,685

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA

(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1995	ESTIMATED DELIVERIES FY 1996	FY 1997
AMERICAN REPUBLICS (CONTD):			
ECUADOR	681	31,343	18,806
EL SALVADOR	2,969	13,370	8,022
FRENCH GUIANA	1,981	180,309	108,185
GRENADA*	**	6	4
GUADELOUPE	0	76	46
GUATEMALA	249	12,576	7,546
GUYANA	38	100	60
HAITI	0	319	192
HONDURAS	378	11,523	6,914
JAMAICA	48	18,186	10,911
MARTINIQUE	0	24	14
MEXICO	13,274	151,078	90,647
NETHERLANDS ANTILLES	0	10,799	6,480
NICARAGUA	0	3,192	1,915
PANAMA	253	13,113	7,868
PARAGUAY	742	28,122	16,873
PERU	19,079	27,967	16,780
ST. KITTS AND NEVIS*	**	10	6
ST. LUCIA*	1	28	17
ST. VINCENT & GRENADINES*	52	46	28
SURINAME	30	303	182
TRINIDAD & TOBAGO	50	18,130	10,878
TURKS & CAICOS ISLANDS	**	2	1
URUGUAY	119	19,302	11,581
VENEZUELA	21,012	56,582	33,949
REGIONAL TOTAL	90,545	981,923	589,155
EAST ASIA & PACIFIC:			
AUSTRALIA	7,598	487,597	292,558
BRUNEI	996	23,081	13,848
BURMA	0	1	1
CAMBODIA	0	15	9
CHINA	57	89,284	53,571
FIJI	10	278	167
FRENCH POLYNESIA	0	10	6
HONG KONG	1,656	82,032	49,219
INDONESIA	1,230	117,328	70,397
JAPAN	100,992	1,720,328	1,032,197
LAOS	0	**	**
MACAU	7	191	115
MALAYSIA	2,288	105,671	63,403
NAURU	0	8	5
NEW CALEDONIA	3	146	88
NEW ZEALAND	242	92,907	55,744
PAPUA NEW GUINEA	0	888	533
PHILIPPINES	1,671	126,202	75,721
SINGAPORE	2,981	437,589	262,554
SOLOMON ISLANDS	165	68	41
SOUTH KOREA	11,190	995,521	597,313

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA

(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1995	ESTIMATED DELIVERIES FY 1996	FY 1997
EAST ASIA & PACIFIC (CONTD):			
TAIWAN	27,760	300,000	300,000
THAILAND	515,357	130,281	78,169
VIETNAM	9	425	255
REGIONAL TOTAL	674,212	4,709,851	2,945,914
EUROPE & CANADA:			
ALBANIA	1	16	9
ANDORRA	5	24	14
AUSTRIA	1,138	22,118	13,271
AZERBAIJAN	0	26	15
BELGIUM	109,932	115,526	69,315
BULGARIA	0	79	48
CANADA	1	18,990	11,394
CROATIA a/	1	**	**
CYPRUS	6	1,447	868
CZECH REPUBLIC	424	18,696	11,218
DENMARK	1,049	96,213	57,728
ESTONIA	17	595	357
FINLAND	5,784	840,980	504,588
FRANCE	59,033	156,044	93,626
GERMANY	62,567	721,955	433,173
GIBRALTAR	0	9	6
GREECE	478,868	133,457	80,074
GREENLAND	0	11	7
HUNGARY	2,000	1,664	998
ICELAND	45	44,310	26,586
IRELAND	110	2,123	1,274
ITALY	4,639	466,377	279,826
KAZAKHSTAN	0	91,848	55,109
LATVIA	0	130	78
LIECHTENSTEIN	0	15	9
LITHUANIA	0	7	4
LUXEMBOURG	137	56,953	34,172
MALTA	0	23	14
MOLDOVA	13	95	57
MONACO	0	9	5
NETHERLANDS	3,643	347,948	208,769
NORWAY	26,910	177,487	106,492
POLAND	2	1,734	1,040
PORTUGAL	805	57,312	34,387
ROMANIA	11	753	452
RUSSIA	885	6,179	3,708
SLOVAKIA	5	567	340
SLOVENIA a/	141	9,586	5,752
SPAIN	514,173	302,507	181,504
ST. PIERRE & MIQUELON	0	1	1
SWEDEN	2,799	589,500	353,700
SWITZERLAND	2,455	173,581	104,149
TURKEY	57,922	595,834	357,500

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA

(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1995	ESTIMATED DELIVERIES FY 1996	FY 1997
EUROPE & CANADA (CONTD):			
TURKMENISTAN	0	240	144
UKRAINE	0	626	376
UNITED KINGDOM	83,000	1,542,685	925,611
UZBEKISTAN	0	8	5
REGIONAL TOTAL	1,418,520	6,596,272	3,957,764
NEAR EAST & SOUTH ASIA:			
ALGERIA	9,283	17,156	10,294
BAHRAIN	453	10,982	6,589
BANGLADESH	19	2,415	1,449
BHUTAN	0	42	25
EGYPT	2,564	189,280	113,568
INDIA	3,164	60,731	36,439
ISRAEL	3,232	900,650	540,390
JORDAN	614	2,879	1,727
KUWAIT	761	371,614	222,968
LEBANON	4	1,533	920
MALDIVES, REPUBLIC OF	0	21	12
MOROCCO	802	24,027	14,416
NEPAL	13	64	39
OMAN	1,573	7,511	4,507
PAKISTAN	662	76,653	45,992
QATAR	60	3,203	1,922
SAUDI ARABIA	520,243	1,287,703	772,622
SRI LANKA	231	11,243	6,746
TUNISIA	235	2,626	1,575
UNITED ARAB EMIRATES	10,392	164,212	98,527
YEMEN	171	557	334
REGIONAL TOTAL	554,476	3,135,102	1,881,061
NON-REGIONAL:			
CLASSIFIED TOTALS c/	875,290	1,200,000	1,300,000
INTERNATIONAL ORG.	5,520	1,190,049	714,030
NON-REGIONAL TOTAL	880,810	2,390,049	2,014,030
WORLDWIDE TOTAL	3,620,116	17,838,537	11,403,181

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative for a discussion of specific country programs.

** Less than $500.

a/ Approvals for Croatia and Slovenia reflected in actual or estimated deliveries are either for use by UNPROFOR or judged not to violate the arms embargo.

b/ Approvals for Somalia reflected in actual or estimated deliveries are either for USG or UN operations in Somalia.

c/ For further information, please see the Classified Annex to this document.

OVERSEAS MILITARY PROGRAM MANAGEMENT

U.S. military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the geographic area military Commanders-in-Chief to ensure that SAOs are properly staffed to conduct their missions efficiently. These reviews have resulted in a reduction of U.S. military personnel authorizations from the 424 justified in last year's Congressional presentation materials to 403 for FY 1996.

In FY 1996, separate SAOs will be assigned to fifty-two countries. In twenty-nine additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché. In other countries with which the U.S. maintains a security assistance relationship, Defense Attachés and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 1995 and the estimated levels for FY 1996 and FY 1997. Actual assigned strengths for FY 1996 and FY 1997 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

The following is a glossary of Security Assistance Organizations assigned to U.S. Diplomatic Missions overseas to manage host country security assistance programs:

U.S. SECURITY ASSISTANCE ORGANIZATIONS

JUSMAG	- Joint U.S. Military Assistance Group (Philippines, Thailand)
JUSMAG-K	- Joint U.S. Military Affairs Group - Korea
KUSLO	- Kenya U.S. Liaison Office
MAAG	- Military Assistance Advisory Group (Dominican Republic, Peru)
MAP	- Military Assistance Program (Jordan)
MDAO	- Mutual Defense Assistance Office (Japan)
MILGP	- Military Group (Argentina, Bolivia, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Venezuela)
MLO	- Military Liaison Office (Belize, Brazil, Eastern Caribbean, Haiti, Jamaica)
ODC	- Office of Defense Cooperation (Belgium, Botswana, Denmark, France, Germany, Greece, Italy, Morocco, Netherlands, Niger, Norway, Paraguay, Poland, Spain, Tunisia, Turkey, United Kingdom, Uruguay)
ODR	- Office of Representative (Costa Rica)
ODRP	- Office of Defense Representative - Pakistan
OMC	- Office of Military Cooperation (Bahrain, Egypt, Oman)
OMC-K	- Office of Military Cooperation - Kuwait
SAO	- Security Assistance Office (Singapore)
USLO	- U.S. Liaison Office (Djibouti, Eritrea, Qatar, United Arab Emirates)
USMTM	- U.S. Military Training Mission (Saudi Arabia)

OVERSEAS MILITARY PROGRAM MANAGEMENT

(DOLLARS IN THOUSANDS)

		ACTUAL FY 1995			ESTIMATED FY 1996			PROPOSED FY 1997		
	ORG.	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
AFRICA:										
BOTSWANA	ODC	184	46	230	171	45	216	190	49	239
CAMEROON	DAO a/	107	36	143	70	15	85	0	0	0
CHAD	DAO a/	69	30	99	65	17	82	55	15	70
CONGO	DAO	5	0	5	5	0	5	5	0	5
COTE D'IVOIRE	DAO	4	1	5	4	1	5	4	1	5
DJIBOUTI	USLO	108	146	254	207	20	227	200	20	220
ERITREA	EMBASSY	15	0	15	140	8	148	135	10	145
ETHIOPIA	DAO	7	0	7	7	0	7	8	0	8
GABON	EMBASSY	1	0	1	1	0	1	1	0	1
GAMBIA	EMBASSY	3	1	4	3	1	4	3	1	4
GHANA	EMBASSY	27	3	30	27	3	30	33	4	37
GUINEA	EMBASSY	5	3	8	5	3	8	5	3	8
KENYA	KUSLO	127	220	347	264	59	323	276	60	336
MALAWI	DAO	1	5	6	6	0	6	6	0	6
MOZAMBIQUE	DAO		1	1	0	1	1	1	0	1
NAMIBIA	DAO	0	0	0	4	0	4	24	0	24
NIGER	ODC	88	63	151	89	27	116	72	22	94
RWANDA	EMBASSY	3	0	3	3	0	3	4	0	4
SENEGAL	DAO a/	217	60	277	199	60	259	210	61	271
SIERRA LEONE	EMBASSY	1	0	1	1	0	1	1	0	1
SOUTH AFRICA	DAO	0	0	0	0	0	0	140	45	185
UGANDA	EMBASSY	3	0	3	3	0	3	3	0	3
REGIONAL TOTAL		975	615	1,590	1,274	260	1,534	1,376	291	1,667
AMERICAN REPUBLICS:										
ARGENTINA	USMILGP	235	126	361	276	92	368	295	97	392
BELIZE	USMLO	130	56	186	147	63	210	153	65	218
BOLIVIA	USMILGP	281	593	874	686	191	877	691	200	891
BRAZIL	USMLO	301	193	494	255	131	386	260	132	392
CHILE	USMILGP	173	78	251	164	71	235	180	77	257
COLOMBIA	USMILGP	509	439	948	596	266	862	607	271	878
COSTA RICA	ODR	238	26	264	229	26	255	235	36	271
DOMINICAN REPUBLIC	DAO a/	105	124	229	168	86	254	166	85	251
EASTERN CARIBBEAN	USMLO b/	203	92	295	276	60	336	279	60	339
ECUADOR	USMILGP	263	108	371	239	93	332	222	94	316
EL SALVADOR	USMILGP	221	677	898	523	207	730	504	200	704
GUATEMALA	USMILGP	151	95	246	202	92	294	196	90	286
HAITI	USMLO	220	115	335	278	23	301	270	25	295
HONDURAS	USMILGP	458	299	757	536	239	775	567	250	817
JAMAICA	USMLO	127	84	211	126	82	208	130	83	213
MEXICO	DAO a/	125	102	227	139	64	203	131	62	193
PANAMA	DAO a/	39	83	122	37	99	136	22	60	82
PARAGUAY	ODC	202	40	242	176	42	218	186	45	231
PERU	MAAG	282	146	428	302	111	413	324	117	441
TRINIDAD & TOBAGO	USMLO	29	29	58	0	0	0	0	0	0
URUGUAY	ODC	244	104	348	197	84	281	211	90	301
VENEZUELA	USMILGP	302	423	725	304	426	730	322	452	774
REGIONAL TOTAL		4,838	4,032	8,870	5,856	2,548	8,404	5,951	2,591	8,542
EAST ASIA & PACIFIC:										
AUSTRALIA	DAO a/	0	117	117	0	130	130	0	127	127
CHINA	DAO	34	0	34	21	0	21	21	0	21
FIJI	DAO	4	1	5	5	0	5	4	0	4
INDONESIA	DAO a/	515	410	925	353	325	678	360	336	696
JAPAN	MDAO	195	548	743	94	753	847	100	793	893
MALAYSIA	DAO a/	183	139	322	178	181	359	171	172	343
MONGOLIA	DAO	23	3	26	23	3	26	23	3	26
NEW ZEALAND	DAO	5	4	9	7	6	13	7	6	13
PHILIPPINES	JUSMAG	406	991	1,397	278	432	710	256	407	663
SINGAPORE	SAO	52	137	189	31	180	211	30	173	203
SOUTH KOREA	JUSMAG-K	979	2,207	3,186	564	2,438	3,002	600	2,478	3,078
THAILAND	JUSMAG	735	1,091	1,826	619	1,267	1,886	600	1,216	1,816
REGIONAL TOTAL		3,131	5,648	8,779	2,173	5,715	7,888	2,172	5,711	7,883
EUROPE & CANADA:										
ALBANIA	DAO	126	0	126	290	30	320	308	30	338
AUSTRIA	DAO a/	73	60	133	9	115	124	10	124	134

OVERSEAS MILITARY PROGRAM MANAGEMENT

(DOLLARS IN THOUSANDS)

		ACTUAL FY 1995			ESTIMATED FY 1996			PROPOSED FY 1997		
	ORG.	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
EUROPE & CANADA (Contd):										
BELGIUM	ODC	38	483	521	48	482	530	48	491	539
BULGARIA	DAO	0	0	0	194	38	232	190	35	225
CANADA	DAO a/	3	50	53	3	55	58	3	60	63
CZECH REPUBLIC	DAO a/	153	22	175	173	25	198	182	28	210
DENMARK	ODC	125	180	305	50	235	285	50	228	278
ESTONIA	DAO	0	0	0	119	13	132	128	14	142
FRANCE	ODC	88	530	618	31	464	495	28	456	484
GERMANY	ODC	173	884	1,057	100	923	1,023	100	894	994
GREECE	ODC	372	981	1,353	309	1,051	1,360	300	1,017	1,317
HUNGARY	DAO a/	96	11	107	113	15	128	120	16	136
ITALY	ODC	106	392	498	94	435	529	91	423	514
LATVIA	DAO	0	0	0	145	12	145	159	12	171
LITHUANIA	DAO	0	0	0	104	13	117	120	15	135
NETHERLANDS	ODC	176	243	419	38	339	377	35	332	367
NORWAY	ODC	68	148	216	7	128	135	12	218	230
POLAND	DAO a/	170	28	198	242	32	274	260	36	296
PORTUGAL	ODC	202	333	535	196	292	488	195	290	485
ROMANIA	DAO	0	0	0	248	28	276	255	30	285
RUSSIA	DAO a/	161	0	161	150	0	150	170	0	170
SLOVAKIA	EMBASSY	0	0	0	202	20	222	214	21	235
SLOVENIA	DAO a/	0	0	0	131	10	141	135	12	147
SPAIN	ODC	82	417	499	106	383	489	108	384	492
SWEDEN	DAO	0	5	5	0	5	5	0	5	5
TURKEY	ODC	2,085	1,686	3,771	2,134	1,764	3,898	1,770	2,039	3,809
UKRAINE	DAO a/	123	0	123	145	0	145	180	0	180
UNITED KINGDOM	ODC	31	74	105	3	135	138	3	123	126
REGIONAL TOTAL		4,451	6,527	10,978	5,384	7,042	12,426	5,174	7,333	12,507
NEAR EAST & SOUTH ASIA:										
ALGERIA	DAO a/	15	20	35	15	20	35	15	20	35
BAHRAIN	OMC	50	412	462	53	434	487	53	421	474
BANGLADESH	DAO a/	30	3	33	30	3	33	30	3	33
EGYPT	OMC	542	2,132	2,674	425	2,316	2,741	425	2,205	2,630
INDIA	DSA	137	57	194	174	44	218	178	44	222
ISRAEL	DAO	0	0	0	15	35	50	15	40	55
JORDAN	MAP	281	418	699	390	188	578	394	190	584
KUWAIT	OMC-K	0	418	418	0	234	234	0	219	219
LEBANON	DAO a/	52	43	95	64	52	116	64	54	118
MOROCCO	ODC	85	515	600	184	397	581	188	405	593
NEPAL	EMBASSY	18	1	19	25	2	27	28	2	30
OMAN	OMC	158	197	355	176	216	392	167	208	375
PAKISTAN	ODRP	370	120	490	365	103	468	362	105	467
QATAR	USLO	30	172	202	33	225	258	31	200	231
SAUDI ARABIA	USMTM	0	1,270	1,270	0	1,264	1,264	0	1,032	1,032
SRI LANKA	DAO a/	32	6	38	32	9	41	32	10	42
TUNISIA	ODC	293	325	618	332	247	579	345	260	605
UNITED ARAB EMIRATES	USLO	0	597	597	0	646	646	0	656	656
REGIONAL TOTAL		2,093	6,706	8,799	2,313	6,435	8,748	2,327	6,074	8,401
WORLDWIDE TOTAL		15,488	23,528	39,016	17,000	22,000	39,000	17,000	22,000	39,000

a/ Personnel authorized to assist the DAO with security assistance management functions.
b/ Manages programs for Eastern Caribbean countries.

OTHER SUPPORTING INFORMATION

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

		ACTUAL FY 1995				ESTIMATED FY 1996				PROPOSED FY 1997			
	ORG.	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
AFRICA:													
BOTSWANA	ODC	2	1	0	3	2	0	1	3	2	0	1	3
CAMEROON	DAO a/	1	1	0	2	0	0	0	0	0	0	0	0
CHAD	DAO a/	1	0	1	2	0	0	1	1	0	0	1	1
DJIBOUTI	USLO	2	0	1	3	1	0	1	2	1	0	1	2
ERITREA	USLO	0	0	0	0	1	0	0	1	1	0	0	1
GHANA	EMBASSYb/	0	0	0	0	0	1	0	1	0	1	0	1
KENYA	KUSLO	5	2	2	9	4	2	1	7	4	2	1	7
MADAGASCAR	DAO a/	1	0	1	2	0	0	0	0	0	0	0	0
NAMIBIA	EMBASSYb/	0	0	0	0	0	1	0	1	0	1	0	1
NIGER	ODC	2	0	1	3	2	0	1	3	0	0	1	1
SENEGAL	DAO a/	1	1	2	4	1	1	2	4	1	1	2	4
SOMALIA	OMC c/	0	0	1	1	0	0	0	0	0	0	0	0
SOUTH AFRICA	DAO a/	0	0	0	0	0	0	0	0	2	0	0	2
ZAIRE	DAO a/c/	0	0	1	1	0	0	0	0	0	0	0	0
REGIONAL TOTAL		15	5	10	30	11	5	7	23	11	5	7	23
AMERICAN REPUBLICS:													
ARGENTINA	USMILGP	3	1	2	6	3	1	2	6	3	1	2	6
BELIZE	USMLO	2	1	1	4	2	1	1	4	1	1	1	3
BOLIVIA	USMILGP	6	5	3	14	6	5	3	14	6	5	3	14
BRAZIL	USMLO	3	2	1	6	3	2	1	6	3	2	1	6
CHILE	USMILGP	2	0	1	3	2	0	1	3	2	0	1	3
COLOMBIA	USMILGP	9	3	10	22	9	3	10	22	9	3	10	22
COSTA RICA	ODR	2	2	3	7	1	2	2	5	1	0	2	3
DOMINICAN REPUBLIC	USMAAG	3	0	2	5	3	0	1	4	3	0	1	4
EASTERN CARIBBEAN	USMLO d/	4	0	0	4	4	0	0	4	4	0	0	4
ECUADOR	USMILGP	5	1	5	11	5	1	5	11	5	1	5	11
EL SALVADOR	USMILGP	7	1	11	19	7	1	11	19	6	1	10	17
GUATEMALA	USMILGP	3	1	3	7	3	1	3	7	2	0	2	4
HAITI	USMLO e/	2	0	1	3	2	0	1	3	2	0	1	3
HONDURAS	USMILGP	7	2	9	18	6	2	9	17	5	2	8	15
JAMAICA	USMLO	3	1	0	4	3	1	0	4	3	1	0	4
MEXICO	DAO a/	3	0	3	6	3	0	3	6	3	0	3	6
PANAMA	DAO a/	1	0	3	4	1	0	0	1	1	0	0	1
PARAGUAY	ODC	2	0	3	5	2	0	3	5	1	0	3	4
PERU	MAAG	2	1	5	8	2	1	5	8	2	1	5	8
TRINIDAD & TOBAGO	USMLO	0	0	0	0	0	0	0	0	0	0	0	0
URUGUAY	ODC	1	0	4	5	1	0	4	5	1	0	3	4
VENEZUELA	USMILGP	6	4	5	15	6	4	5	15	6	4	5	15
REGIONAL TOTAL		76	25	75	176	74	25	70	169	69	22	66	157
EAST ASIA & PACIFIC:													
AUSTRALIA	DAO a/	3	1	0	4	2	1	0	3	2	1	0	3
CAMBODIA	DAOa/	0	0	0	0	0	0	0	0	0	0	1	1
INDONESIA	DAO a/	10	1	14	25	9	1	9	19	7	1	9	17
JAPAN	MDAO	5	4	5	14	5	4	5	14	5	4	5	14
MALAYSIA	DAO a/	3	1	2	6	3	1	2	6	3	1	2	6
PHILIPPINES	JUSMAG	14	1	8	23	5	1	4	10	5	1	4	10
SINGAPORE	SAO	4	1	0	5	4	1	2	7	4	1	2	7
SOUTH KOREA	JUSMAG-K	30	11	23	64	28	9	20	57	28	5	20	53
THAILAND	JUSMAG	23	1	15	39	22	1	15	38	22	1	15	38
									0				0
REGIONAL TOTAL		92	21	67	180	78	19	57	154	76	15	58	149
EUROPE & CANADA:													
ALBANIA	DAO a/	0	0	0	0	2	0	0	2	2	0	0	2
AUSTRIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
BELGIUM	ODC	2	1	3	6	2	1	3	6	2	1	3	6
BULGARIA	DAO a/	0	0	0	0	2	0	0	2	2	0	0	2
CANADA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
CZECH REPUBLIC	DAO a/	2	0	0	2	2	0	0	2	2	0	1	3
DENMARK	ODC	1	1	2	4	1	1	2	4	1	1	2	4
ESTONIA	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1

OTHER SUPPORTING INFORMATION

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

		ACTUAL FY 1995				ESTIMATED FY 1996				PROPOSED FY 1997			
	ORG.	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
EUROPE & CANADA (Contd):													
FRANCE	ODC	1	1	4	6	1	1	4	6	1	1	3	5
GERMANY	ODC	5	3	4	12	5	2	4	11	5	2	3	10
GREECE	ODC	10	4	11	25	9	4	11	24	9	4	9	22
HUNGARY	DAO a/	2	0	0	2	2	0	0	2	2	0	1	3
ITALY	ODC	3	0	4	7	3	0	4	7	3	0	4	7
LATVIA	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
LITHUANIA	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
NETHERLANDS	ODC	3	1	2	6	3	1	2	6	2	1	2	5
NORWAY	ODC	2	0	2	4	2	0	2	4	2	0	2	4
POLAND	ODC	2	0	0	2	2	0	2	4	2	0	2	4
PORTUGAL	ODC	7	2	4	13	6	1	3	10	5	1	3	9
ROMANIA	DAO a/	0	0	0	0	2	0	0	2	2	0	0	2
RUSSIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
SLOVAKIA	DAO a/	0	0	0	0	2	0	0	2	2	0	0	2
SLOVENIA	DAO a/	0	0	0	0	1	0	0	1	1	0	0	1
SPAIN	ODC	4	2	1	7	4	2	1	7	3	2	1	6
TURKEY	ODC	29	4	13	46	27	4	9	40	24	4	8	36
UKRAINE	DAO a/	1	1	0	2	1	1	0	2	1	1	0	2
UNITED KINGDOM	ODC	2	1	0	3	2	1	0	3	2	1	0	3
REGIONAL TOTAL		81	21	51	153	89	19	48	156	83	19	45	147
NEAR EAST & SOUTH ASIA:													
ALGERIA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
BAHRAIN	OMC	6	1	0	7	6	1	0	7	6	1	0	7
BANGLADESH	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
EGYPT	OMC	29	9	18	56	28	9	18	55	29	9	18	55
INDIA	DAO a/	2	1	3	6	2	1	3	6	2	1	3	6
ISRAEL	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
JORDAN	MAP	11	2	5	18	8	2	4	14	8	2	4	14
KUWAIT	OMC-K	11	2	1	14	11	2	1	14	11	2	1	14
LEBANON	DAO a/	1	0	2	3	1	0	2	3	1	0	2	3
MOROCCO	ODC	5	2	5	12	4	3	4	11	4	3	3	10
NEPAL	EMBASSYb/	0	0	1	1	0	0	1	1	0	0	1	1
OMAN	OMC	5	1	1	7	5	1	1	7	5	1	1	7
PAKISTAN	ODRP	5	0	10	15	4	0	7	11	3	0	5	8
QATAR	USLO	2	1	0	3	2	1	0	3	2	1	0	3
SAUDI ARABIA	USMTM	69	4	9	82	66	3	9	78	66	3	9	78
SRI LANKA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
TUNISIA	ODC	7	2	2	11	7	2	2	11	6	1	1	8
UNITED ARAB EMIRATES	USLO	6	1	2	9	6	1	2	9	6	1	2	9
YEMEN	OMC c/	0	0	1	1	0	0	0	0	0	0	0	0
REGIONAL TOTAL		159	26	63	248	150	27	57	234	149	26	53	228
WORLDWIDE TOTAL		423	98	266	787	402	95	239	736	388	87	229	704

a/ Personnel authorized to assist the DAO with security assistance management functions.

b/ Personnel authorized to assist the U.S. Embassy with security assistance management functions.

c/ Although personnel authorizations exist for these positions, they are currently not staffed.

d/ Manages programs for Eastern Caribbean countries.

e/ Although authorizations exist for two military positions, only one is staffed.

EXCESS DEFENSE ARTICLES (EDA)

Defense articles no longer needed by the U.S. armed forces are referred to collectively as Excess Defense Articles (EDA), and may be either sold to eligible countries under the Foreign Military Sales (FMS) program, or transferred under the provisions of Sections 516, 517, 518, 519, or 520 of the Foreign Assistance Act of 1961 (FAA), as amended. EDA does not apply to articles provided previously under Military Assistance Program (MAP) grants or those articles sold from stock to foreign governments through normal FMS procedures.

In determining which defense articles are excess, the definition for Section 644(g) of the FAA applies:

> Excess defense articles means the quantity of defense articles (other than construction equipment, including tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators and compressors) owned by the United States Government, and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations under this Act.

Items transferred under Sections 516, 517, 518, 519, and 520 of the FAA as grants are priced only for Congressional notification purposes. Except for specific exceptions authorized by Sections 557 and 585 of the Foreign Operations, Export Financing and Related Programs Appropriations Act for FY 1996 (P.L. 104-107), charges are levied for related services such as packing, crating, handling and transportation. Current value of the material and the original acquisition value are provided to Congress as part of the notification procedure. EDA articles sold through FMS procedures are priced on the basis of condition as described in DoD 7000.14-R, and range from a high of 50 percent of original acquisition value for new equipment to a low of five percent for equipment in need of repair. Because the U.S. Government does not intend to replace these articles, they are exempt from Section 21(a)(2) of the Arms Export Control Act (AECA), which requires that the purchaser pay the replacement cost of defense articles purchased.

Section 31(d) of the AECA limits the annual acquisition value of EDA that may be provided to foreign governments by sales (except those reported as AECA Section 36(b) sales) and grants under Sections 517 and 518 of the FAA. The limit applicable to FY 1996 is $250 million, determined by acquisition value. Ships, their on-board stores and supplies, that require separate legislative authority are also excluded from the ceiling.

EXCESS DEFENSE ARTICLES SOLD UNDER FOREIGN MILITARY SALES
VALUE OF CASES ACCEPTED DURING FISCAL YEAR 1995
(Dollars in Thousands)

	ACQ. VALUE	FY 1995 SALES VALUE
AMERICAN REPUBLICS:		
BRAZIL	1,500	750
REGIONAL TOTAL	1,500	750
EAST ASIA & PACIFIC:		
AUSTRALIA	1,000	100
MALAYSIA	20,119	10,700
NEW ZEALAND	90	9
THAILAND	11,250	577
REGIONAL TOTAL	32,459	11,386
EUROPE:		
GREECE	383	153
ITALY	29	12
TURKEY	961	338
REGIONAL TOTAL	1,373	503
WORLDWIDE TOTAL	35,332	12,639

GRANT EXCESS DEFENSE ARTICLES TRANSFERRED
UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT
(DELIVERIES IN FY 1995)
(Dollars in Thousands)

	ACQ. VALUE	FY 1995 CURRENT VALUE
AFRICA:		
BOTSWANA	2,045	538
ETHIOPIA	328	56
MOZAMBIQUE	3,768	385
SENEGAL	4,849	466
REGIONAL TOTAL	10,990	1,445
AMERICAN REPUBLICS:		
ARGENTINA	13,876	1,505
BOLIVIA	562	24
CHILE	22	1
COLOMBIA	8,013	425
COSTA RICA	443	44
EL SALVADOR	2	1
PANAMA	300	150
REGIONAL TOTAL	23,218	2,150
EAST ASIA & PACIFIC:		
PHILIPPINES	37	2
THAILAND	48	3
REGIONAL TOTAL	85	5
EUROPE:		
ALBANIA	1,913	350
ESTONIA	1,289	302
GREECE	74,086	17,347
HUNGARY	2	1
LATVIA	1,015	302
LITHUANIA	510	138
PORTUGAL	61	31
SLOVAKIA	148	11
TURKEY	178,463	58,092
REGIONAL TOTAL	257,487	76,574
NEAR EAST & SOUTH ASIA:		
BAHRAIN	130	65
BANGLADESH	2,514	2,043
EGYPT	64,217	18,500
ISRAEL	39,731	6,529
JORDAN	83,337	25,767
LEBANON	1,990	186
MOROCCO	2,981	489
TUNISIA	17,990	4,300
REGIONAL TOTAL	212,890	57,879
WORLDWIDE TOTAL	504,670	138,053

LEASED DEFENSE ARTICLES

The United States Government normally makes defense articles available to foreign governments through Foreign Military Sales (FMS) under the Arms Export Control Act (AECA). However, there may be exceptional instances in which a lease agreement would be the most appropriate method whereby U.S. defense articles can be made available to eligible foreign countries or international organizations. Such arrangements are authorized under the AECA, Chapter 6, when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease rather than a sales basis and the articles are not needed for public use during the period of the lease.

Leases are concluded 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 articles.

Lease terms require the lessee to pay the cost of restoration or replacement less any depreciation during the term of the lease if the articles are damaged, lost, or destroyed while leased.

The lessee country or international organization must pay in U.S. dollars all costs incurred by the U.S. Government in leasing the articles, including a rental payment which is equal to the depreciation of the articles while leased.

Chapter 6, AECA, provides for the waiver of both replacement charges and rental payments for leases entered into for purposes of cooperative research or development, military exercises or communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Such waivers are made before the implementation of the lease agreement.

LEASES UNDER THE ARMS EXPORT CONTROL ACT
(IMPLEMENTED FY 1995)
(Dollars in Thousands)

	REPLACE-MENT VALUE	TOTAL RENTAL VALUE
AMERICAN REPUBLICS:		
BRAZIL	303	3
CHILE	99	0
REGIONAL TOTAL	402	3
EAST ASIA & PACIFIC:		
AUSTRALIA	7,472	189
TAIWAN	30,624	0
REGIONAL TOTAL	38,096	189
EUROPE & CANADA:		
CANADA	355	6
FRANCE	125,074	3,755
GERMANY	75	2
GREECE	40,000	4,000
NETHERLANDS	1,511	69
SPAIN	8,052	1,926
SWITZERLAND	2,187	177
TURKEY	10,800	1,690
UNITED KINGDOM	1,031	359
REGIONAL TOTAL	189,085	11,984
NEAR EAST & SOUTH ASIA:		
ISRAEL	16,821	1,158
JORDAN	13,852	423
REGIONAL TOTAL	30,673	1,581
NON-REGIONAL:		
NATO	42	0
UNITED NATIONS	107,632	3,742
NON-REGIONAL TOTAL	107,674	3,742
WORLDWIDE TOTAL	365,930	17,499

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.

The Foreign Operations, Export Financing and Related Programs Appropriations Act for Fiscal Year 1996 (P.L. 104-107) permits additions to stockpiles in Israel without requirement for additional legislation (previously allowable only for stockpiles for NATO purposes). The Act also allows the President to designate any country as eligible for stockpiles not on a military base manned by U.S. personnel, subject to a 15-day prior notification to Congress (previously restricted to NATO allies, major non-NATO allies, the Republic of Korea and Thailand.) The Act further authorizes additions of $40M to stockpiles in the Republic of Korea and $10M to stockpiles in Thailand each year during FY 1996 and FY 1997.

As the term "war reserves" implies, these stocks are intended for use only in emergencies. In all cases, title to and control of the additions remain with the U.S. Government. Pursuant to Section 514(a) of the FAA, any transfer to an allied or friendly country must be in accordance with the provisions of the security assistance legislation prevailing at the time.

Some additions in FY 1997 may consist of overseas U.S. defense stocks currently identified as war reserves for U.S. armed forces. These reserves would be identified in FY 1997 as war reserves to be held for emergency use under the terms of Section 514 of the FAA. While some of these additions may not be wholly relocated within the territory of the intended recipient in FY 1997, their value will not be counted a second time, when eventually relocated.

VALUE OF ANNUAL CEILINGS FOR STOCKPILING
($ in thousands)

FISCAL YEAR	AMOUNT STOCKPILED
1976 AND 1977	96,750
1977	152,000
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
1981	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992	300,000
1993	389,000
1994	292,000
1995	250,000
1996	50,000
1997	50,000

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA), the following 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. That a determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

COUNTRY	DATE OF DETERMINATION
Africa	
Angola	July 28, 1995
Benin	January 2, 1973
Botswana	February 6, 1979
Burkina Faso	January 2, 1973
Burundi	August 24, 1991
Cameroon	January 2, 1973
Cape Verde	June 10, 1985
Central African Republic	February 2, 1987
Chad	September 1, 1977
Comoros	May 26, 1992
Congo	August 24, 1991
Djibouti	May 17, 1982
Equatorial Guinea	November 28, 1983
Eritrea	February 18, 1994
Ethiopia	January 2, 1973
Gabon	January 2, 1973
Gambia	February 2, 1987
Ghana	January 2, 1973
Guinea	January 2, 1973
Guinea-Bissau	June 10, 1985
Ivory Coast	January 2, 1973
Kenya	October 29, 1974 and May 20, 1975
Lesotho	October 25, 1990
Liberia	January 2, 1973
Madagascar	October 29, 1974
Malawi	February 4, 1985
Mali	January 2, 1973
Mauritania	June 10, 1985
Mauritius	October 29, 1974
Mongolia	August 22, 1995
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 2, 1973
Nigeria	January 2, 1973
Rwanda	February 27, 1981

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
Sao Tome & Principe	May 27, 1988
Senegal	January 2, 1973
Seychelles	July 20, 1989
Sierra Leone	February 5, 1985
Somalia	November 5, 1976 and March 3, 1980
Sudan	November 5, 1976
Tanzania	July 20, 1989
Togo	February 11, 1985
Uganda	July 20, 1989
Zaire	January 2, 1973
Zambia	August 11, 1992
Zimbabwe	October 26, 1982
Latin America & the Caribbean	
Antigua & Barbuda	April 8, 1982
Argentina	January 2, 1973
Bahamas	December 13, 1973
Barbados	June 21, 1979
Belize	November 23, 1981
Bolivia	January 2, 1973
Brazil	January 2, 1973
Chile	January 2, 1973
Colombia	January 2, 1973
Costa Rica	January 2, 1973
Dominica	March 13, 1980
Dominican Republic	January 2, 1973
Ecuador	January 2, 1973
El Salvador	January 2, 1973
Grenada	April 3, 1984
Guatemala	January 2, 1973
Guyana	August 30, 1993
Haiti	January 2, 1973
Honduras	January 2, 1973
Jamaica	January 2, 1973
Mexico	January 2, 1973
Nicaragua	January 2, 1973
Panama	January 2, 1973
Paraguay	January 2, 1973
Peru	January 2, 1973
St. Kitts-Nevis	April 9, 1984

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
St. Lucia	March 13, 1980
St. Vincent and the Grenadines	March 13, 1980
Suriname	April 14, 1976
Trinidad and Tobago	January 2, 1973
Uruguay	January 2, 1973
Venezuela	January 2, 1973
East Asia & the Pacific	
Australia	January 2, 1973
Brunei	January 2, 1973
Burma	January 2, 1973
Cambodia	January 2, 1973
China	June 12, 1984
Cook Islands	January 6, 1993
Fiji	August 5, 1975
Indonesia	January 2, 1973
Japan	January 2, 1973
Korea	January 2, 1973
Laos	January 2, 1973
Malaysia	January 2, 1973
Marshall Islands	January 6, 1993
Micronesia	January 6, 1993
Mongolia	August 22, 1995
New Zealand	January 2, 1973
Papua New Guinea	December 4, 1980
Philippines	January 2, 1973
Singapore	January 2, 1973
Solomon Islands	January 6, 1993
Taiwan	January 2, 1973; reaffirmed 12/30/78
Thailand	January 2, 1973
Tonga	November 5, 1987
Vanuatu	January 6, 1993
Vietnam	January 2, 1973
Western Samoa	January 6, 1993
Europe & Canada	
Albania	March 22, 1994
Austria	January 2, 1973
Belgium	January 2, 1973

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
Bosnia-Herzegovina	February 23, 1996
Bulgaria	March 22, 1994
Canada	January 2, 1973
Czech Republic	January 5, 1994
Denmark	January 2, 1973
Estonia	March 22, 1994
Finland	January 2, 1973
Former Yugoslav Republic of Macedonia	Signature Pending
France	January 2, 1973
Germany	January 2, 1973
Greece	January 2, 1973
Hungary	December 6, 1991
Iceland	January 2, 1973
Ireland	January 2, 1973
Italy	January 2, 1973
Latvia	March 22, 1994
Luxembourg	January 2, 1973
Lithuania	March 22, 1994
Malta	January 2, 1973
Netherlands	January 2, 1973
Norway	January 2, 1973
Poland	December 6, 1991
Portugal	January 2, 1973
Romania	March 22, 1994
Slovakia	January 5, 1994
Slovenia	Signature Pending
Spain	January 2, 1973
Sweden	January 2, 1973
Switzerland	January 2, 1973
Turkey	January 2, 1973
United Kingdom	January 2, 1973
Yugoslavia	January 2, 1973
Near East	
Algeria	April 8, 1983/ April 10, 1985
Bahrain	January 2, 1973
Egypt	August 1, 1977
Iran	January 2, 1973
Israel	January 2, 1973
Jordan	January 2, 1973

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

Kuwait	January 2, 1973
Lebanon	January 2, 1973
Libya	January 2, 1973
Morocco	January 2, 1973
Oman	January 2, 1973
Qatar	January 2, 1973
Saudi Arabia	January 2, 1973
Tunisia	January 2, 1973
United Arab Emirates	January 2, 1973
Yemen Arab Republic	January 2, 1973 /a

South Asia

Afghanistan	January 2, 1973
Bangladesh	December 31, 1980
India	January 2, 1973
Nepal	January 2, 1973
Pakistan	January 2, 1973
Sri Lanka	January 2, 1973

International Organization

NATO and its Agencies	January 2, 1973
United Nations and its Agencies	January 2, 1973
Organization of African Unity	August 25, 1992
Organization of American States	January 2, 1973

a/ - Determination effective only for FMS cases accepted prior to May 1, 1990

FUNDING
(Dollars in Millions)

FOREIGN MILITARY FINANCING GRANTS (11-1082)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Grant for Israel	1,800.000	1,800.000	1,800.000
Grant for Egypt	1,300.000	1,300.000	1,300.000
Grant - All Others	31.477	85.140	105.000
Administrative Costs	22.062	23.250	23.250
Unobligated Appropriation Expiring	0.083	0.000	0.000
Amounts Transferred From Other Accounts	-2.343	0.000	0.000
Total Appropriation	3,151.279	3,208.390	3,228.250
Reobligations	0.000	0.000	0.000
Reimbursements	1.163	0.000	0.000
Transfers From Other Accounts	2.343	0.000	0.000
Appropriation Rescinded	0.000	0.000	0.000
Total Budget Authority	3,154.785	3,208.390	3,228.250
Unobligated Balance Expiring	-0.306	0.000	0.000
Recovery of Prior Year Obligations	0.000	0.000	0.000
Total Obligations	3,154.479	3,208.390	3,228.250
Net Outlays	2,933.267	3,302.000	3,217.000

FOREIGN MILITARY FINANCING GRANTS (11-1082)
Supplemental

	Actual FY 1995	Estimated FY 1996 a/	Proposed FY 1997
Grant - All Others (Jordan)	0.000	140.000	0.000
Total Appropriation	0.000	140.000	0.000
Total Budget Authority	0.000	140.000	0.000
Total Obligations	0.000	140.000	0.000
Net Outlays	0.000	25.000	0.000

a/ Pending supplemental in support of Jordan F-16 program.

FUNDING (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING PROGRAM ACCOUNT (11-1085)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Direct Loan Subsidy Appropriation	47.917	64.400	40.000
Transfers to Other Accounts	-5.143	0.000	0.000
Budget Authority	42.774	64.400	40.000
Total Obligations	42.774	64.400	40.000
Net Outlays	47.020	92.250	77.331

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (11-4121)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Obligations:			
Guarantee Claims	72.660	56.242	49.736
Total Obligations	72.660	56.242	49.736
Financing:			
Collections of Guarantee Claims	149.870	38.592	39.137
Change in Fund Balance:			
Fund Balance - Start of Year	433.026	11.103	0.000
Fund Balance - End of Year	11.103	0.000	0.000
Offsetting Collections From:			
Repayment of Guarantee Claims	149.870	38.592	39.137
Repayment of Direct Loans	292.387	261.998	202.787
Total Offsetting Collections	442.257	300.590	241.924
Net Outlays	52.325	-233.245	-192.188

FUNDING (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING DIRECT LOAN FINANCING ACCOUNT (11-4122)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Direct Loans	557.685	544.000	370.028
Interest on Treasury Borrowing	55.469	65.000	111.000
Total Obligations/Financing Authority	613.154	609.000	481.028
Financing Disbursements	321.824	836.000	978.000
Less Offsetting Collections:			
Payments from FMF Program Account	-47.020	-94.250	-77.331
Interest on Uninvested Funds	-31.532	0.000	0.000
Payments from Country Loans	-15.146	-84.872	-95.000
Financing Disbursements (Net)	228.126	656.878	805.669

MILITARY DEBT REDUCTION FINANCING ACCOUNT (11-4174)

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Payment to Liquidating Account	0.000	15.171	3.885
Interest on Debt to Treasury	0.000	1.000	1.000
Total Obligations	0.000	16.171	4.885
Outlays (Gross)	0.000	16.171	4.885
Less Offsetting Collections From:			
Federal Funds	0.000	3.274	1.446
Non-Federal Funds	0.000	1.000	1.000
Net Outlays	0.000	11.897	2.439

NOTE: The Military Debt Reduction Financing account shows the financial transactions involved in providing debt relief for military loans owed by the poorest countries in the context of Paris Club debt rescheduling. We expect to obtain agreement in the Paris Club for reduction of non-concessional debt by two thirds, with a larger reduction for democracies or countries making significant progress toward democracy.

FUNDING (Continued)
(Dollars in Millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

	Actual FY 1995		Estimated FY 1996	Proposed FY 1997
IMET Program	26.350		39.000	45.000
Unobligated Programs	-0.015		0.000	0.000
Total Obligations	26.335		39.000	45.000
Unobligated Balance Lapsing	0.015		0.000	0.000
Budget Authority:				
Appropriation	25.500		39.000	45.000
Transfer from Other Accounts	0.850	a/	0.000	0.000
Total Budget Authority	26.350	a/	39.000	45.000
Net Outlays	27.313		31.000	46.000

a/ The President's FY 1996 Budget shows IMET Budget Authority of $25.500 in FY 1995. Subsequent to the release of the President's Budget, $.850 was transferred out of the PKO account and into the IMET account ($.350 for Botswana and $.500 for Senegal) to enhance PKO training.

MILITARY ASSISTANCE PROGRAM

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Deobligation of Prior Year Country Funds	0.235	0.000	0.000
Net Outlays a/	0.005	0.002	0.000

a/ Net outlays represent the spendout of FY 1990 and prior year funding.

FUNDING (Continued)
(Dollars in Millions)

SPECIAL DEFENSE ACQUISITION FUND

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Purchases of Equipment (Obligations) a/	26.038	6.000	7.000
Gross Budget Authority b/	0.000	0.000	0.000
Offsetting Collections	-245.453	-178.000	-166.000
Net Budget Authority	-245.453	-178.000	-166.000
Financing Disbursements	159.873	49.000	38.000
Offsetting Collections	-245.453	-178.000	-166.000
Net Outlays	-85.580	-129.000	-128.000
Return of Unobligated Balances Due to Program Cancellation c/	282.000	320.000	166.000

a/ FY 1995 obligations are the final year of SDAF program authority to purchase articles and services for resale. FY 1996 and FY 1997 estimated obligations are for the close-out and termination expenses of SDAF.

b/ Gross budget authority is zero, despite incurring additional obligations, because these obligations are being financed by on-hand cash balances. As noted below, annual SDAF receipts are being returned to the Treasury.

c/ 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 the net outlay.

AIR BASE CONSTRUCTION IN ISRAEL

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Beginning Balance:			
Appropriation	0.254	0.057	0.000
Contract Authority	4.419	4.419	0.000
Ending Balance:			
Appropriation	0.057	0.000	0.000
Contract Authority	4.419	0.000	0.000
Withdrawal of Contract Authority	0.000	-2.816	0.000
Deduction for Offsetting Collections	0.000	-1.603	0.000
Net Outlays	0.197	0.057	0.000

FUNDING (Continued)
(Dollars in Millions)

MILITARY-TO-MILITARY CONTACT PROGRAM

	Actual FY 1995	Estimated FY 1996	Proposed FY 1997
Military-to-Military Contact Program	11.825	0.000	0.000
Unobligated Programs	-0.422	0.000	0.000
Total Obligations	11.403	0.000	0.000
Unobligated Balance Lapsing	0.422	0.000	0.000
Budget Authority	11.825	0.000	0.000
Net Outlays	5.574	0.000	0.000

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS

(Dollars in Millions)

FOREIGN MILITARY FINANCING PROGRAM

Fiscal Year	Executive Branch 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	140.000 A/	140.000 A/				
1997	3,228.250	3,228.250				

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

a/ Includes $500.000 for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

b/ CRA limitation.

c/ Includes $2,200.000 for Emergency Security Assistance requested, authorized and appropriated for Israel.

d/ Includes transitional quarter (FY 197T).

e/ Includes $2,200.000 supplemental program for Israel and a $1,500.000 supplemental program for Egypt.

f/ Includes a $10.000 amendment for Sudan and $15.000 for Oman.

g/ Includes $200.000 proposed budget amendment for Egypt.

h/ Reflects the amended budget request but not the supplemental budget request for program increase of $525.000 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).

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING PROGRAM (Continued)

j/ Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $223.170 not available for obligation.
k/ Includes a supplemental request of $200.000.
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 $4,049.000 for FY 1988. Also included in the law was a $32.000 rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of $4,017.000, 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 $4,828.403 which was reduced by .43% for use in the control of illicit drugs. In addition, $20.000 was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in $4,827.641 available to the FMF program.
r/ Authorization waived in P.L. 101-513.
s/ P.L. 101-513 appropriated $5,066.921 for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to $4,663.421.
t/ Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
u/ P.L. 102-266 appropriated $4,100.000 for FY 1992, reduced the amount appropriated by $60.602 and provided for the transfer of $63.750 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 $3,928.548.
v/ Authorization waived in P.L. 102-391.
w/ P.L. 102-391 appropriated $3,300.000 for FY 1993, rescinded $25.586 of prior year balance, and provided for the transfer of $29.000 to the Demobilization and Transition Fund for a net budget authority of $3,245.414.
x/ P.L. 103-87 appropriated $3,149.279, 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 $91.282 of FY 1993 and prior year balances. Subsequently, an additional $5.600 was transferred to the IMET and Economic Support Fund accounts leaving a net appropriation of $3,052.397.
y/ P.L. 103-306 appropriated $3,151.279 for FY 1995. The Authorization was waived.
z/ P.L. 104-107 appropriated $3,208.390 for FY 1996. The Authorization was waived.
A/ Pending FY 1996 FMF supplemental request of $140.000 supports Jordan F-16 program.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING
DIRECT LOAN FINANCING ACCOUNT
TOTAL PROGRAM

Fiscal Year	Executive Branch 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	

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 $855.000 for FY 1993.
c/ P.L. 103-87 provides financing authority for direct loans of $769.500 for FY 1994.
d/ P.L. 103-306 provides financing authority for direct loans of $619.650 for FY 1995.
e/ P.L. 104-107 provides financing authority for direct loans of $544.000 for FY 1996.

FOREIGN MILITARY FINANCING
DIRECT LOAN SUBSIDY ELEMENT

Fiscal Year	Executive Branch 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	

a/ Authorization waived under P.L. 102-109 and P.L. 102-145.
b/ P.L. 102-266 appropriated $50.900 for FY 1992 and reduced the appropriation by $.752 for a net availability of $50.148.
c/ P.L. 102-391 appropriated $149.200 for FY 1993. The Authorization was waived.
d/ P.L. 103-87 appropriated $46.530 for FY 1994. The Authorization was waived.
e/ P.L. 103-306 appropriated $47.917 for FY 1995. The Authorization was waived.
f/ P.L. 104-107 appropriated $64.400 for FY 1996. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

MILITARY ASSISTANCE PROGRAM

Fiscal Year	Executive Branch 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/

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

Fiscal Year	Executive Branch 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	39.000 M/	39.000 M/
1997	45.000		

NOTE: (1) The Military Assistance Program included International Military Education and Training Program prior to FY 1976.
(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 $1,700.000; no executive branch request for authorization was required.

c/ Does not include MAP drawdowns of $75.000 in FY 1965 and $300.000 in FY 1966, or Section 506(a) drawdowns of $1.000 in FY 1980; $26.000 in FY 1981; $55.000 in FY 1982; $25.000 in FY 1983; $40.000 in FY 1986; and $25.000 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 $2,500.000 for Section 506 drawdown authority.

f/ Includes $5.000 transferred to AID.

g/ Does not include $75.000 for Section 506 drawdown authority.

h/ Includes transitional quarter (FY 197T).

i/ Does not include $275.000 for Section 506 drawdown authority.

j/ Includes $40.200 subsequently rescinded.

k/ Includes a $50.000 supplemental for Turkey.

l/ Includes a $1.700 Senate supplemental for Sudan.

m/ Does not include $7.100 reimbursement for Section 506 drawdown authority.

n/ Reflects the amended budget request but not the $187.000 supplemental budget request.

o/ Reflects initial budget request; excludes $1.000 supplemental request.

p/ Reflects initial budget request; excludes $259.050 supplemental request for Central America.

q/ Includes supplemental appropriation of $201.750 for Central America.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

MILITARY ASSISTANCE PROGRAM AND INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (Continued)

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) $33.626 of MAP and $2.343 of IMET are not available for obligation.
t/ Includes supplemental appropriation of $50.000 for the Republic of the Philippines.
u/ Includes a supplemental request of $261.000.
v/ Authorization waived in Continuing Resolution (P.L. 100-202).
w/ Authorization waived in P.L. 100-461.
x/ P.L. 101-45 transferred $2.000 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 $47.400 which was reduced by .43% for use in the control of illicit drugs, resulting in $47.196 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 $6.750 of prior year balances and $5.760 of previously disbursed amounts.
E/ P.L. 102-298 rescinded $20.164 of prior year balances.
F/ During FY 1994, P.L. 103-211, the FY 1994 Emergency Supplemental Appropriations Act, rescinded $.439 of prior year appropriations.
G/ P.L. 102-266 appropriated $47.196 for FY 1992. P.L. 102-298 rescinded $1.925 and P.L. 102-381 reduced it an additional $.698 for a net availability of $44.573.
H/ Authorization waived in P.L. 102-391.
I/ P.L. 102-391 appropriated $42.500 for FY 1993.
J/ P.L. 103-87 appropriated $21.250 for FY 1994. The Authorization was waived. During FY 1994, an additional $1.000 was transferred into IMET from FMF making a total of $22.250 of appropriated funds available.
K/ P.L. 103-306 appropriated $25.500 for FY 1995. The Authorization was waived. Subsequent to the release of the President's FY 1996 Budget, $.850 was transferred out of the PKO account and into the IMET account ($.350 for Botswana and $.500 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 $39.000 for FY 1996. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)

(Dollars in Millions)

ECONOMIC SUPPORT FUND

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1964	435.000	380.000	330.000
1965	405.000	405.000	401.000
1966	764.000	684.000	684.000
1967	750.000	715.000	690.000
1968	720.000	660.000	600.000
1969	595.000	410.000	365.000
1970	515.000	414.600	395.000
1971	600.000	414.600	414.600
1972	800.000	618.000	550.000
1973	848.800	a/	600.000 a/
1974	732.000	629.000	611.500
1975	1,425.300	1,377.000	1,200.000
1976	1,923.300	1,856.200	1,739.900
197T	50.200	464.100 b/	279.700 b/
1977	1,893.500	1,895.000	1,757.700
1978	2,232.200	2,235.000 c/	2,219.300 c/
1979	2,204.400	2,202.000	2,282.000
1980	2,115.100	1,935.000	1,946.000 g/
1981	2,030.500	2,065.300	2,104.500 g/
1982	2,931.500	2,973.500	2,926.000
1983	2,886.000	2,873.500	2,962.250 g/
1984	2,949.000	3,074.000	3,254.250 g/j/
1985	3,438.100	k/	6,084.000 l/
1986	4,024.000	3,800.000	3,800.000 m/n/
1987	4,390.800	p/	3,600.000 q/
1988	3,600.000	3,200.820 r/	3,200.820 r/
1989	3,281.000	3,258.500	3,258.500
1990	3,849.100	3,916.510 t/	3,916.510 t/
1991	3,358.000	3,175.000 v/	3,175.000 v/
1992	3,240.000	3,216.624 g/	3,216.624 g/
1993	3,123.000	2,670.000	2,670.000
1994	2,582.000	2,364.562	2,364.562
1995	82.300	2,368.600	2,368.600
1996	2,494.300	2,359.600	2,359.600
1997	2,408.000		

a/ CRA level - $618.000. There was no authorization level in FY 1973.

b/ Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.

c/ Includes $300.000 for Portugal; also $20.000 for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.

d/ Includes a $300.000 supplemental for Egypt and $100.000 for Turkey.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

ECONOMIC SUPPORT FUND (Continued)

e/ Executive Branch request included ESF and PKO in one account--Security Supporting Assistance (SSA).
f/ Includes an $80.000 supplemental for Central America.
g/ CRA limitation.
h/ Reflects initial budget request. Does not include the $294.500 supplemental budget request.
i/ Reflects initial budget request. Does not include the $340.500 supplemental appropriation for Central America or the $10.000 thousand for Poland.
j/ Includes supplemental appropriation (P.L. 98-332).
k/ Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
l/ Includes FY 1985 Supplemental of $2,258.000.
m/ Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $159.358 not available for obligation.
n/ Includes $100.000 supplemental for the Republic of the Philippines.
o/ Includes a supplemental request of $297.000.
p/ The International Development and Security Act of 1985 (P.L. 99-83) authorized $3,800.000 for both FY 1986 and FY 1987.
q/ Includes $50.000 deoblilgation/reobligation reappropriation.
r/ Includes $12.500 deobligation reobligation reappropriation estimate.
s/ Includes $18.000 deobligation/reobligation reappropriation estimate and a $500.000 supplemental for Panama.
t/ Includes $20.000 for Ireland (less $.145 sequestration pursuant to P.L. 99-177), minus $50.000 pursuant to P.L. 101-167 and $755.000 supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia, and South Africa.
u/ Includes $14.000 reappropriation estimate.
v/ Includes $14.000 reappropriation estimate and $30.200 transferred to other accounts. Includes $20.000 for Ireland.
w/ Includes $12.000 reappropriation estimate.
x/ Includes $11.000 reappropriation estimate.
y/ Executive Branch did not request Economic Support Funds in the President's Budget for FY 1995. The FY 1996 President's Budget includes a supplemental FY 1995 request of $82.300.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

PEACEKEEPING OPERATIONS

Fiscal Year	Executive Branch 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		

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT
(Formerly Guaranty Reserve Fund)

Fiscal Year	Executive Branch Request	Appropriated	Borrowing/Spending Authority	
			Actual	Estimated
1985	274.000	109.000	0.000	0.000
1988	0.000	532.000	0.000	0.000
1989	0.000	0.000	452.065	0.000 k/
1990	0.000	0.000	731.510	0.000 k/
1991	0.000	0.000	127.014	0.000 k/
1992	0.000	0.000	0.000	0.000 k/
1993	0.000	0.000	62.678	0.000 k/
1994	0.000	0.000	49.608	0.000 k/
1995	0.000	0.000	0.000	39.300 k/
1996	0.000	0.000	0.000	23.577 k/
1997	10.599			

AIR BASE CONSTRUCTION IN ISRAEL

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1979	800.000	800.000	800.000

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

PEACEKEEPING OPERATIONS, FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT AND AIR BASE CONSTRUCTION IN ISRAEL (Continued)

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, $125.000 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), $1.462 of this amount is not available for obligation.
g/ Includes $10.000 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 $75.623 plus $6.812 transferred from other accounts.
j/ The President's FY 1996 Budget shows PKO Budget Authority of $75.000 in FY 1995. Subsequent to the release of the President's Budget, $.850 was transferred out of the PKO account and into the IMET account ($.350 for Botswana and $.500 for Senegal) to enhance PKO training.
k/ 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 1995, and estimated use of the permanent indefinite appropriation authority in FY 1996 and FY 1997.

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
SUB-SAHARAN AFRICA:										
Angola					10,000				125	10,125
Benin	1,605								350	1,955
Botswana	1,300								450	1,750
Burkina Faso	1,214									1,214
Burundi									125	125
Cameroon	2,993								100	3,093
Cape Verde	1,077								100	1,177
Central African Republic	1,765								150	1,915
Chad	1,025								25	1,050
Comoros									75	75
Congo	898								175	1,073
Cote d'Ivoire	1,533								150	1,683
Djibouti									100	100
East Africa Regional							6,000			6,000
Eritrea	1,108								375	1,483
Ethiopia	1,297								400	1,697
Gabon	2,538									2,538
Gambia	1,130									1,130
Ghana	2,470								250	2,720
Guinea	1,974								150	2,124
Guinea-Bissau	1,123								125	1,248
Kenya	2,241								300	2,541
Lesotho	2,242								75	2,317
Madagascar	948								100	1,048
Malawi	1,735								225	1,960
Mali	2,891								125	3,016
Mauritania	1,290								25	1,315
Mauritius									25	25
Mozambique									175	175
Namibia	1,688								200	1,888
Niger	2,163								225	2,388

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
OAU								3,000		3,000
Rwanda									300	300
Sao Tome & Principe									75	75
Senegal	2,958								650	3,608
Seychelles									75	75
Sierra Leone									100	100
Somalia										0
South Africa	1,140								700	1,840
Swaziland	317								75	392
Tanzania	1,730								225	1,955
Togo	1,879									1,879
Uganda	1,224								300	1,524
Zambia	1,389								150	1,539
Zimbabwe	1,369								275	1,644
Africa Regional					10,000			10,000		20,000
Total, Africa	52,252	0		0	20,000		6,000	13,000	7,625	98,879
East Asia and the Pacific:										
China	893									893
Cambodia					35,000		1,000		500	36,500
Fiji Islands & Tuvalu	992									992
Indonesia									800	800
Kiribati	459									459
Laos		2,500								2,500
Malaysia									600	600
Mongolia	1,234								150	1,384
Micronesia, Palau & Marshall Islands	1,763									1,763
Papua New Guinea	1,948								200	2,148
Philippines	2,126								1,400	3,526
Singapore									25	25
Solomon Islands	1,087								150	1,237

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
South Korea									25	25
South Pacific					14,000					14,000
Thailand	1,463	4,000							1,600	7,063
Tonga	970								100	1,070
Vanuatu	706								100	806
Western Samoa	976								100	1,076
Asia Regional					12,000					12,000
Total, East Asia & Pacific	14,617	6,500		0	61,000		1,000	0	5,750	88,867
Europe and the NIS:										
Albania	1,506			30,000					600	32,106
Armenia	1,153		55,000							56,153
Austria									25	25
Azerbaijan			22,000							22,000
Baltics	2,205									2,205
Belarus			10,000						300	10,300
Bosnia & Herzegovina				200,000					500	200,500
Bulgaria	1,434			31,000					800	33,234
CE Defense loans							[72,528]			[72,528]
Croatia				9,000					350	9,350
Cyprus					15,000					15,000
Czech Republic	642								800	1,442
Estonia									500	500
EUR Regional								10,000		10,000
Finland									25	25
F.Y.R.O. Macedonia				16,000					300	16,300
Georgia			33,000						275	33,275
Greece (grants)									25	25
Greece (loan)							[122,500]			[122,500]
Hungary	729			15,000					1,000	16,729
Ireland Fund					19,600					19,600

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
Kazakstan	1,618		39,000						400	41,018
Kyrgystan	1,058		20,000						250	21,308
Latvia									500	500
Lithuania				7,000					500	7,500
Malta	55								100	155
Moldova	1,077		27,000						250	28,327
Warsaw Initiative (see page 9)							60,000			60,000
OSCE								17,000		17,000
Poland	2,757			40,000					1,000	43,757
Portugal									800	800
Romania	1,299			33,000					800	35,099
Russia	3,772		173,000						800	177,572
Slovakia	1,467			15,000					600	17,067
Slovenia									400	400
Spain									50	50
Tajikistan			5,000							5,000
Turkey (grants)		400			60,000				1,500	61,900
Turkey (loan)							[175,000]			[175,000]
Turkmenistan	962		5,000						250	6,212
Ukraine	2,583		183,000						1,000	186,583
Uzbekistan	1,132		20,000						250	21,382
Eastern Europe Regional				79,000						79,000
N.I.S. Regional			48,000							48,000
N.I.S./East Europe		4,000								4,000
Total, Europe & the NIS	25,449	4,400	640,000	475,000	94,600		60,000	27,000	14,950	1,341,399
Latin America & the Caribbean:										
Argentina									600	600
Bahamas		800							100	900
Belize	1,026								250	1,276

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
Bolivia	2,170	50,000							500	52,670
Brazil		1,000							225	1,225
Chile	1,159								400	1,559
Colombia		25,000							900	25,900
Costa Rica	1,096								150	1,246
Dominican Republic	2,663								500	3,163
Eastern Caribbean	2,420								400	2,820
Ecuador	2,499	850							425	3,774
El Salvador	835								450	1,285
Guatemala	2,862	2,000							225	5,087
Guyana	794								175	969
Haiti	605				80,000			4,000	300	84,905
Honduras	2,629								425	3,054
Jamaica	1,783	800							500	3,083
Mexico		5,000							1,000	6,000
Nicaragua	1,583								200	1,783
PACAMS									500	500
Panama	1,251									1,251
Paraguay	2,906								200	3,106
Peru		25,000							450	25,450
Suriname	931								100	1,031
Trinidad & Tobago									100	100
Uruguay	1,105								275	1,380
Venezuela		500							350	850
Caribbean Regional							2,000			2,000
LAC Regional		5,250			25,000			4,000		34,250
Total, Latin America & Caribbean	30,317	116,200	0	0	105,000		2,000	8,000	9,700	271,217
Near East:										
Algeria									75	75
Bahrain									150	150

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
Egypt					815,000		1,300,000		1,000	2,116,000
Israel					1,200,000		1,800,000			3,000,000
Jordan					10,000		30,000		1,600	41,600
Lebanon					4,000				575	4,575
ME Democracy					1,400					1,400
ME Multilaterals					5,000					5,000
ME Regional (MERC)					7,000					7,000
MFO - Sinai								17,000		17,000
Morocco	2,052								800	2,852
Oman									150	150
Tunisia									775	775
West Bank - Gaza					75,000					75,000
Yemen									50	50
Total, Near East	2,052				2,117,400		3,130,000	17,000	5,175	5,271,627
South Asia:										
Bangladesh									300	300
India									400	400
Maldives									100	100
Nepal	2,252								200	2,452
Pakistan		3,000							300	3,300
Sri Lanka	720								200	920
Total, South Asia	2,972	3,000		0	0		0	0	1,500	7,472
TOTAL, COUNTRY ALLOCATIONS	127,659	130,100	640,000	475,000	2,398,000		3,199,000	65,000	44,700	7,079,461
Central Programs										
International Criminal Justice		20,000								20,000
Administration of Justice/ICITAP					10,000					10,000

FY 1997 SELECTED U.S. ECONOMIC & MILITARY ASSISTANCE PROGRAMS - REQUEST

($ thousands)	*Peace Corps*	*Narcotics*	*NIS Assistance*	*SEED Assistance*	*ESF*	*Other*	*FMF*	*PKO*	*IMET*	*TOTAL ASS'T.*
Narcotics:										
Asia/Africa/Middle East Regional		5,000								5,000
Interregional Aviation Support		27,200								27,200
International Organizations		12,000								12,000
Law Enforcement & other training		12,000								12,000
Program Development & Support		6,700								6,700
FMF:										
FMF Loan Subsidies							40,000			40,000
Demining							6,000			6,000
Administrative Costs							23,250			23,250
Peace Corps, Other Volunteer Support	97,341									97,341
IMET General Costs									300	300
PKO Sanctions Enforcement								5,000		5,000
TOTAL, CENTRAL PROGRAMS	97,341	82,900			10,000		69,250	5,000	300	264,791
TOTAL, GEOGRAPHIC & CENTRAL	225,000	213,000	640,000	475,000	2,408,000		3,268,250	70,000	45,000	7,344,250
OTHER BILATERAL ASSISTANCE										
Migration & Refugee Assistance						650,000				650,000
Emer. Migration & Refugee Ass't.						50,000				50,000
Anti-Terrorism Assistance						17,000				17,000
Non-Proliferation & Disarmament Fund						20,000				20,000
TOTAL, OTHER BILATERAL ASS'T.						737,000				737,000

*Totals may not add due to rounding.

*U.S. GOVERNMENT PRINTING OFFICE: 1996-410-907/50344