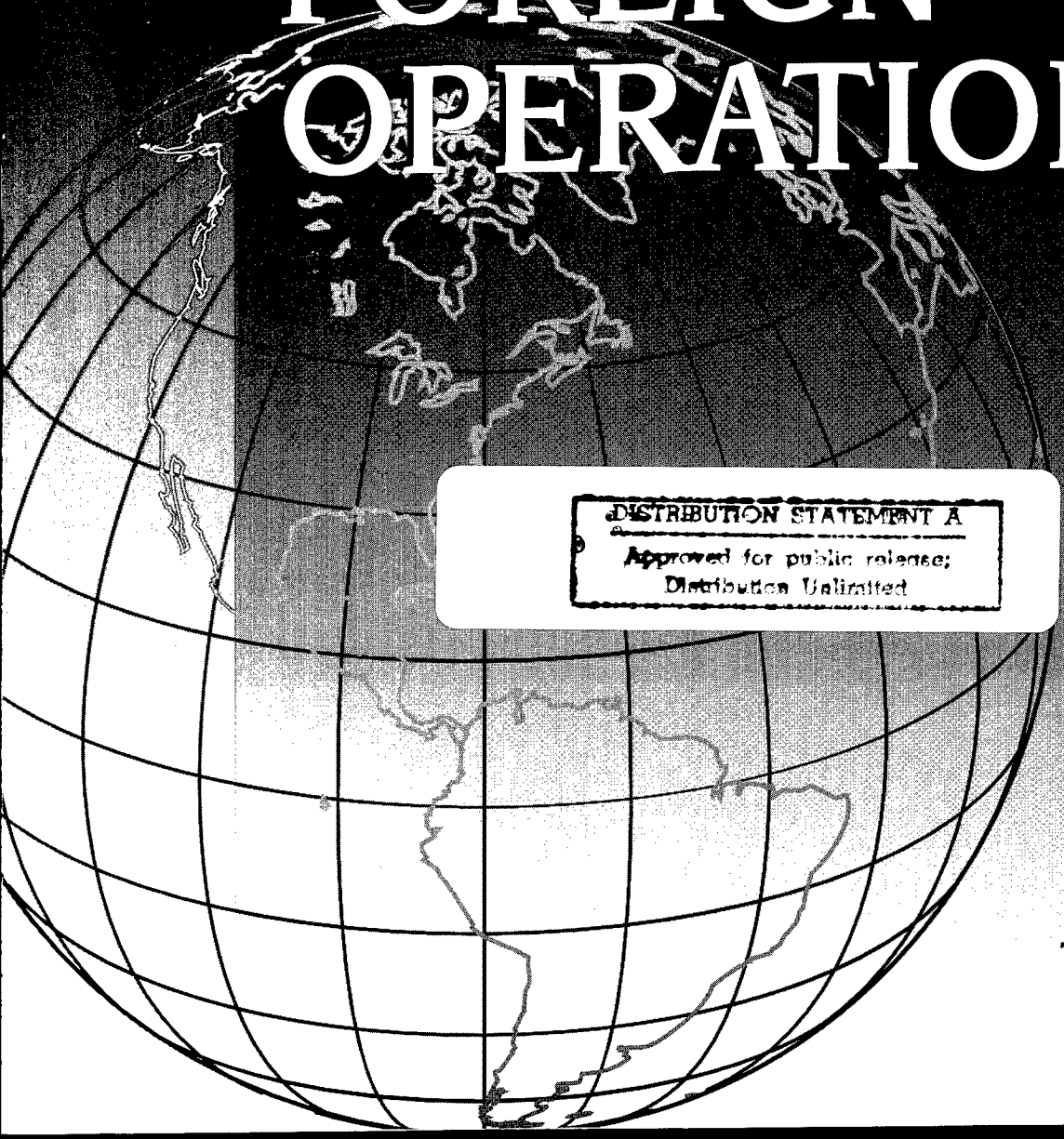
The Secretary of State

CONGRESSIONAL PRESENTATION *for* FOREIGN OPERATIONS



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I. INTRODUCTION

CONGRESSIONAL PRESENTATION DOCUMENT
FOR
FOREIGN OPERATIONS

FISCAL YEAR 1999

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I. INTRODUCTION

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Statement By The Secretary Of State
Madeleine K. Albright

Maintaining U.S. leadership in the global community requires the steadfast and committed investment of policymakers and stakeholders. The international affairs budget is an appeal for a bipartisan consensus to provide the resources necessary for the people and programs required to enhance the security, prosperity, and freedom of the American people.

Some may ask why we need to fund a major international affairs effort. After all, our economy is booming, domestic crime has declined, the budget is in balance, and there are always important priorities here at home. Why should we spend valuable taxpayer resources on U.S. international goals? It's a fair question, with a solid answer. Today, more than ever before, the international affairs budget touches the lives of all Americans. It does so by advancing seven basic national interests:

◊ ***The international affairs budget protects the security and vital geopolitical interests of the United States.***

Funding under the Freedom Support Act helps the new states of the former Soviet Union make the transition to market economies and democracy. Our goal is clear: we want to live at peace with all these countries, to trade with them, and to work with them so that we may prosper together. In this budget we request a substantial increase for our Partnership for Freedom Initiative. This prudent investment in our security pales in size to the trillions of dollars we spent fighting the Cold War or the trillions we would spend in the future were reform efforts to fail and our relationships to become adversarial once again.

Funding under the SEED Act for Central Europe and for our Partnership for Peace helps the countries of this region complete the wrenching transition from Communism to free-market democracy, and from the Warsaw Pact to full participation in the defense of European freedom and security. These funds include programs for the people of Bosnia to make continued progress in their struggle to build a stable, united, and democratic nation in the aftermath of a bitter and brutal war.

Few areas of the world combine such political and strategic importance with such chronic instability as the Middle East. Our budget request includes funding for the military and economic assistance programs which back our diplomatic commitment to the Middle East Peace Process. In addition to supporting Israel and Egypt, we are also seeking assistance for Jordan and the Palestinians, in order to cement support for the overall Arab-Israeli peace process by helping the existing accords produce the benefits the people of the region looked forward to when the agreements were signed.

Throughout the world, we defend our security by working to prevent the spread of weapons of mass destruction. This budget pays for the verification system of the Comprehensive Test Ban Treaty. It supports programs required to secure or destroy materials and technology related to weapons of mass destruction, to maintain cooperation between our military and that of present or prospective allies, and to build the security structure and alliances that will ensure that Americans live at peace far into the 21st Century.

◊ ***This budget promotes America's prosperity.***

The budget increases for the Export-Import Bank and the Trade and Development Agency to give America's businesses the tools they need to compete in the global marketplace. This matters to Americans because trade is twice as important in our domestic economy now than it was a quarter century ago, and it has fueled one-third of the sustained economic growth we have enjoyed these past five years. Today, 12 million American jobs are supported by exports and these jobs pay on the average 15 percent more than others.

Our bilateral and multilateral assistance programs benefit American security by promoting stability around the globe, and they contribute to our prosperity by expanding overseas markets for American goods and services.

We continue in this budget to fund global efforts to open markets and promote free trade. Trade with developing nations is one of the fastest growing segments of our economy. For example, this year we include development assistance funds for a Partnership for Economic Growth and Opportunity in Africa. This initiative will serve humanitarian and democracy-building initiatives and will help accelerate the role of Africa as an important export market.

◊ ***The international affairs budget protects American citizens abroad and safeguards America's borders.***

Americans travel abroad more often than ever before. The FY 1999 budget funds passport services and the assistance provided by U.S. Embassies and Consulates to American students, tourists, business people, and others who need emergency medical assistance or require help while overseas.

State Department visa services abroad enable millions of visitors to come to the United States from around the world each year. Foreign tourism to the U.S. brings in billions of dollars and creates hundreds of thousands of jobs in America. Our country is among the world's top vacation destinations, and the number of visitors to the U.S. grows each year.

Our Embassies are the front line in enforcing our immigration policies to screen out drug smugglers, terrorists, and other criminals whose entry into the United States could endanger our citizens. This budget protects U.S. borders and deters illegal immigration by assisting several nations in strengthening their own domestic economies, so that their citizens may enjoy a more prosperous future.

◊ ***This budget protects Americans from international narcotics trafficking, terrorism and other crimes.***

In today's world, the most distant threats can arrive at our doorstep in a matter of seconds. Just as progress in business and telecommunications has exponentially increased the speed by which transactions are carried out around the world, so too have the threats posed by narcotics trafficking, crime and terrorism. Interdiction and assistance programs safeguard us directly by attacking the root causes of criminal activity. Our anti-narcotics programs involve us in cooperative law enforcement efforts, drug eradication, and alternative development – all vital to achieving our Andean initiative and substantially reducing world coca production.

◊ ***The function 150 budget promotes our values, including democracy, human rights and the rule of law.***

Democracy is a necessary precondition to achieving lasting stability and world peace. It is a unique form of government that promotes stable transitions and represents popular aspirations. Democracy contributes to all of our national interests, and it is the only system of government that embodies the freedoms we cherish.

Human rights and the rule of law are indispensable components of democracy. Through Development Assistance and Economic Support Funds, we are able to promote fundamental democratic principles around the world, to stop human rights violations, to reform judicial systems, and to train competent parliamentarians.

Our programs this year include: a Great Lakes Initiative to improve the administration of justice and conflict resolution in this strategic and strife-torn part of Africa; the Secretary's Advisory Committee on Religious Freedom Abroad; and the Human Rights and Democracy Fund.

◊ ***This budget maintains America's long-standing role in providing humanitarian assistance to those in greatest need.***

Our Development Assistance and Economic Support Fund programs advance economic development in the poorest countries of the world. These programs demonstrate that prevention is more effective and less costly than crisis intervention. The Child Survival account helps at-risk children experiencing poverty, hunger, or ill-health to reach adulthood.

U.S. disaster assistance and refugee programs respond quickly and flexibly when man-made or natural disasters arise. This year, our budget also proposes an increase in funding to eliminate the threat of landmines to innocent civilians the world over by the year 2010.

◊ ***Finally, this budget addresses the global challenges of excessive population growth, contagious disease, and environmental degradation.***

The rate of world population growth has slowed modestly in recent years due largely to U.S. efforts. Still, 90 million additional children are born every year. Ninety-five percent of them live in developing countries adding stress to scarce food supplies, environmental resources, and health and housing systems. Over-population causes illegal immigration, threatening American communities and institutions.

The United States has sponsored the training of health care professionals worldwide in family planning and reproductive health for more than 40 years. As a result, average family size has declined from six to four in over 28 countries, and the spread of diseases, such as HIV, has been measurably contained. Safeguarding Americans from contagious diseases can be accomplished only if we prevent the dismal conditions in which they flourish.

Ozone depletion, soil erosion, water, soil and air pollution are not insurmountable problems; however, they are serious global challenges that could have disastrous consequences if allowed to go unchecked. They could exacerbate health conditions and destroy the potential availability of irreplaceable natural resources for a burgeoning population.

The FY 1999 budget proposes to fund several operational strategies to prevent irreparable harm to our limited global resources. Through bilateral and multilateral assistance programs, such as the Global Environmental Facility and our voluntary and assessed contributions to international organizations, we plan to support better understanding and improved resource management practices throughout the world.

Whether our paramount concern is to protect our physical security, to guarantee our prosperity, or to live safer, healthier lives, the FY 1999 international affairs budget serves the interests of each and every American. Reaching out beyond our borders is the best way to reinforce the fabric of our own livelihood – our jobs, our resources, and our values.

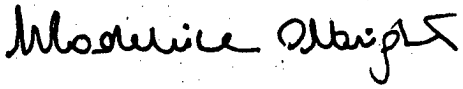
◊ ***Conclusion***

To achieve our important foreign affairs goals, we must maintain the intricate international security and economic architecture we set up after World War II. As the driving force in the establishment of the United Nations, we remain among its greatest beneficiaries. Having established the Bretton Woods system, we gain continually from

the worldwide financial stability it proffers. We must not allow the influence of these to international organizations to weaken, nor our central leadership position in them to wane. We must invest our membership share in the United Nations, international organizations, and the multilateral development banks. We must also sustain our commitment to the New Arrangements to Borrow and the International Monetary Fund. The FY 1999 budget and FY 1998 supplemental appropriations propose to retain for the United States a strong, influential voice in these institutions.

The international affairs budget provides the funds necessary to maintain a capable and reliable cadre of skilled professionals who serve in U.S. Embassies and Consulates overseas and in our nation's Capitol. They perform services and maintain operations of important government agencies that advance American interests around the globe – among these are: the Department of State, the Department of the Treasury, the Department of Agriculture, the Department of Commerce, the Agency for International Development, the U.S. Information Agency, and the Peace Corps.

In today's world, it is essential that we keep our alliances strong, that we respond rapidly and definitively to security threats, that we retain a prominent place in international markets, that we assist Americans overseas, that our compassion reaches those suffering disaster, that we are innovators of sound natural resources management, and that we protect human life now and for future generations. For these reasons, it is clear that this international affairs budget deserves our strongest support.



February, 1998

INTERNATIONAL AFFAIRS BUDGET REQUEST BY APPROPRIATION ACCOUNT

($ in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
GRAND TOTAL, INTERNATIONAL AFFAIRS	**$ 18,224,538**	**$ 19,032,449**	**$ 20,150,228**
FOREIGN OPERATIONS	**12,391,814**	**13,189,465**	**14,001,094**
MULTILATERAL ASSISTANCE	**1,285,355**	**1,780,450**	**2,048,764**
MULTILATERAL DEVELOPMENT BANKS:	985,905	1,458,950	1,650,764
Inter-American Development Bank- Ordinary Capital	25,611	25,611	25,611
Inter-American Development Bank - Fund for Special Ops.	10,000	20,835	21,152
International Development Association	700,000	1,034,503	800,000
Asian Development Bank	13,222	13,222	13,222
Asian Development Fund	100,000	150,000	250,000
IBRD - Global Environment Facility (GEF)	35,000	47,500	300,000
International Finance Corporation	6,656	-	-
African Development Fund	-	45,000	155,000
European Bank for Reconstruction & Development	11,916	35,779	35,779
Enterprise for the Americas Multilateral Investment Fund	27,500	30,000	50,000
North American Development Bank	56,000	56,500	-
Debt Reduction Programs	27,000	27,000	72,000
Treasury Technical Assistance	-	-	5,000
Enhanced Structural Adjustment Facility	-	-	7,000
International Organizations and Programs	272,450	294,500	314,000
BILATERAL ASSISTANCE - USAID PROGRAMS	**2,349,750**	**2,431,390**	**2,504,545**
Development Assistance	1,129,962	1,172,134	1,265,798
Child Survival & Disease Programs Fund	500,000	550,000	502,836
Development Credit Authority Program Account	-	[8,000]	[15,000]
Urban and Environmental Credit Program - Subsidy	3,500	3,000	6,000
Urban and Environmental Credit Program - Admin.	6,000	6,053	6,053
Micro and Small Enterprise Development - Subsidy	1,500	1,500	1,500
Micro and Small Enterprise Development - Admin.	500	500	500
USAID Operating Expenses	488,288	478,858	483,858
Operating Expenses - Inspector General	30,000	29,047	33,000
International Disaster Assistance	190,000	190,298	205,000
OTHER BILATERAL ASSISTANCE	**1,093,100**	**1,256,074**	**1,389,500**
Freedom Support Act - Assistance for the NIS	621,550	770,798	925,000
Support for Eastern Europe & Democracy (SEED)	471,550	485,276	464,500
INTERNATIONAL SECURITY ASSISTANCE	**5,913,105**	**6,043,472**	**6,158,410**
Voluntary Peacekeeping Operations (PKO)	69,000	77,500	83,000
Economic Support Fund (ESF) - including Intl. Fund for Ireland	2,358,600	2,419,928	2,513,600
International Military Education & Training (IMET)	43,475	50,000	50,000
Foreign Military Financing (FMF) - Total	3,291,030	3,363,044	3,295,910
Foreign Military Financing (FMF) - Grant	3,209,604	3,313,300	3,246,000
Foreign Military Financing (FMF) - Administration	23,209	29,744	29,910
Foreign Military Financing (FMF) - Loan	58,217	20,000	20,000
Nonproliferation, Anti-terrorism, Demining and Related Prgs. (NADR)	151,000	133,000	215,900

INTERNATIONAL AFFAIRS BUDGET REQUEST BY APPROPRIATION ACCOUNT

($ in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
EXPORT & INVESTMENT ASSISTANCE	**686,004**	**562,114**	**698,540**
Export-Import Bank:			
Export-Import Bank - Loan Program Account	726,000	683,000	808,000
Export-Import Bank - Administrative Expenses	46,614	48,614	51,940
Export-Import Bank - Direct Loans, Neg. Subsidies	(14,610)	(36,000)	(35,000)
Total, Export-Import Bank	758,004	695,614	824,940
Trade and Development Agency	40,000	41,500	50,000
Overseas Private Investment Corporation (OPIC):			
OPIC - Loan Program Support	[77,000]	[60,000]	[50,000]
OPIC - Admin. Expenses	[32,000]	[32,000]	[34,000]
OPIC - Program Account	96,000	79,000	70,000
OPIC - Noncredit Acct.	(208,000)	(254,000)	(246,400)
Total, Overseas Private Investment Corporation	(112,000)	(175,000)	(176,400)
OTHER ASSISTANCE	**1,152,500**	**1,192,965**	**1,251,335**
Peace Corps	208,000	225,581	270,335
Inter-American Foundation	20,000	22,000	22,000
African Development Foundation	11,500	14,000	14,000
Migration and Refugee Assistance (MRA)	650,000	650,384	650,000
Emer. Refugee and Migration Assistance (ERMA)	50,000	50,000	20,000
International Narcotics and Crime	213,000	231,000	275,000
Special Defense Acquisition Fund	(88,000)	(77,000)	(50,000)
COMMERCE, JUSTICE, STATE, AND RELATED AGENCIES	**4,955,064**	**4,964,824**	**5,270,639**
DEPARTMENT OF STATE	**3,805,783**	**3,754,151**	**4,060,439**
Administration of Foreign Affairs	2,553,383	2,534,636	2,882,443
Diplomatic and Consular Programs	1,713,575	1,638,193	1,691,282
Buying Power Maintenance Fund	11,725	-	-
Salaries and Expenses	352,300	352,205	367,778
Capital Investment Fund	24,600	86,000	118,340
Representation Allowance	4,490	4,200	4,300
Protection of Foreign Missions and Officials	8,332	7,900	8,100
Emergencies in the Diplomatic and Consular Service	5,800	5,500	5,500
Payment to the American Institute in Taiwan	14,490	14,000	16,426
Office of the Inspector General	27,495	27,495	28,717
Security and Maintenance of US Missions	389,320	397,943	640,800
Repatriation Loans Program Account	1,256	1,200	1,200
International Organizations	1,244,400	1,211,515	1,162,996
Contributions for Internat'l. Peacekeeping Activities	334,780	256,000	231,000
Contributions to International Organizations	902,102	948,978	930,773
International Conferences and Contingencies	7,518	6,537	1,223
International Commissions (non Function 150)	[41,992]	[43,992]	[46,720]

INTERNATIONAL AFFAIRS BUDGET REQUEST
BY APPROPRIATION ACCOUNT
($ in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Other Programs			
The Asia Foundation	8,000	8,000	15,000
ARMS CONTROL & DISARMAMENT AGENCY (ACDA)	**41,500**	**42,716**	**43,400**
U.S. INFORMATION AGENCY	**1,065,772**	**1,125,281**	**1,119,300**
International Information Programs	447,683	453,146	461,728
Technology Fund	5,050	5,050	5,050
Radio Construction	30,000	40,000	25,308
International Broadcasting Operations	355,490	384,884	388,690
Educational & Cultural Exchange Programs	185,000	197,731	199,024
National Endowment for Democracy	30,300	30,000	31,000
East-West Center	10,000	12,000	5,000
North-South Center	1,495	1,500	2,500
Eisenhower Exchange Fellowship Prog. Trust Fund	589	570	600
Israeli-Arab Scholarship Program	165	400	400
OTHER PROGRAMS	**42,009**	**42,676**	**47,500**
Commission for the Preservation of America's Heritage	206	250	250
Foreign Claims Settlement Commission	953	1,226	1,750
International Trade Commission	40,850	41,200	45,500
DEPARTMENT OF AGRICULTURE	**866,500**	**867,000**	**867,000**
PL-480 Title II	837,000	837,000	837,000
PL -480 Title III	29,500	30,000	30,000
LABOR, HHS, EDUCATION	**11,160**	**11,160**	**11,495**
U.S. Institute of Peace	11,160	11,160	11,495

Footnotes to the Table
International Affairs Budget Request By Appropriations Account

1. Included in the FY 1998 and FY 1999 columns for the Multilateral Development Banks are respectively $359.5 million and $502 million in arrears payments.

2. The FY 1997, FY 1998, and FY 1999 contributions to the UN Children's Fund (UNICEF) appear in the International Organizations & Program account (IO&P).

3. FY 1997 and FY 1998 funding ($2.5 million) for the International Fund for Agricultural Development initially appropriated in Development Assistance, is reflected in the estimates of the International Organizations and Program account.

4. Funding transferred out of the Freedom Support Act (NIS) and Support for Eastern Europe and Democracy (SEED) to other accounts in FY 1997 and FY 1998 are included in the NIS and SEED totals and not in the estimates and requests of the receiving accounts. The SEED account total includes $25 million for Bosnia police.

5. For Development Assistance, the FY 1997 actual column reflects appropriated levels.

6. The Voluntary Peacekeeping (PKO) account does not reflect the use of Economic Support Funds for PKO under Section 451 of the Foreign Assistance Act.

7. The FY 1998 column of the Contribution to International Organizations Account reflects the transfer of $6.537 million to the International Conferences account for Chemical Test Ban Treaty Prepcom expenses.

8. The FY 1998 columns of the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities (CIPA) accounts reflect $54 million and $46 million in arrears payments respectively that will be made available upon legislative authorization and certification of reforms at United Nations and other international organizations. A supplemental appropriation request for FY 1998 will include an arrears package for the UN and international organizations totaling $1.021 billion through FY 2000 in keeping with the Balanced Budget Act of 1997.

9. The Nonproliferation, Antiterrorism, Demining and Related (NADR) Programs account is reconfigured in FY 1999 to include funding for the CTBT Prepcom, KEDO, and NIS Science Centers not previously grouped in the account totals approved by Congress. The Administration's Demining 2010 Initiative is also included in NADR. None of the transfers to or from other accounts are shown for FY 1997.

10. The FY 1999 budget includes the following funds for Africa: $35 million in Treasury Special Debt Relief; $30 million in Development Assistance (DA) funds for trade and investment; $25 million in Economic Support Funds (ESF) for the Great Lakes Initiative; $10 million in ESF and $26 million in DA for Education for Development and Democracy; almost $10 million in Peace Corps programs; $5 million in U.S. Information Agency funds; and $25 million in PL-480, Title II.

11. The budget includes $20 million in Development Assistance funds for the Summit of the Americas, and $140 million in Economic Support Funds for Haiti.

12. The FY 1997 column for Foreign Military Financing does not show the transfer of $56 million from the Nonproliferation, Antiterrorism, Demining and Related (NADR) Programs account.

13. The FY 1998 column has been adjusted to reflect the impact of the International Cooperative Administrative Support Services (ICASS) Budget Amendment on FY 1998 appropriated levels. The following is a listing of those Function 150 accounts affected by the ICASS adjustment:

Account	**ICASS Adjustment**	**Account**	**ICASS Adjustment**
Diplomatic and Consular Programs	-$106,132,000	Security & Maintenance of U.S. Missions	-$5,530,000
USIA	24,423,000	ACDA	1,216,000
FMF - Admin	6,494,000	ESF	328,000
AID-Operations	5,858,000	AID Credit Programs	53,000
SEED	276,000	NIS	798,000
Peace Corps	3,581,000	Disaster Assistance	298,000
International Narcotics	1,089,000	MRA	384,000
Development Assistance	634,000		

INTERNATIONAL AFFAIRS BUDGET REQUEST BY STRATEGIC GOAL

($ In Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
TOTAL FUNCTION 150	**$ 18,224,538**	**$ 19,032,449**	**$ 20,150,228**
TOTAL, STRATEGIC GOAL BY REGION	**12,521,938**	**12,644,450**	**13,051,111**
Regional Stability	**5,024,732**	**5,136,132**	**5,068,818**
Africa (AF)	43,296	55,008	56,417
Latin America & the Caribbean (ARA)	56,974	49,209	42,136
East Asia & the Pacific (EAP)	33,625	37,011	36,218
Europe & Canada (EUR)	435,750	472,359	427,260
Near East (NEA)	4,417,336	4,474,133	4,453,023
Newly Independent States (NIS)	29,040	39,038	43,944
South Asia (SA)	8,711	9,374	9,820
Eliminate Threat of WMD	**84,381**	**86,050**	**94,632**
Africa (AF)	1,109	1,169	1,233
Latin America & the Caribbean (ARA)	-	-	-
East Asia & the Pacific (EAP)	33,110	38,213	44,792
Europe & Canada (EUR)	9,264	11,876	12,469
Near East (NEA)	2,150	2,150	2,310
Newly Independent States (NIS)	37,878	31,752	32,918
South Asia (SA)	870	890	910
Open Markets	**222,648**	**240,687**	**248,674**
Africa (AF)	12,647	15,070	15,093
Latin America & the Caribbean (ARA)	20,053	22,206	22,598
East Asia & the Pacific (EAP)	45,358	44,222	45,331
Europe & Canada (EUR)	109,156	109,489	112,554
Near East (NEA)	6,119	6,611	6,833
Newly Independent States (NIS)	24,113	36,723	39,834
South Asia (SA)	5,202	6,366	6,431
Expand U.S. Exports	**559,448**	**541,344**	**625,167**
Africa (AF)	25,086	24,892	27,233
Latin America & the Caribbean (ARA)	162,251	150,492	177,475
East Asia & the Pacific (EAP)	205,574	192,102	223,818
Europe & Canada (EUR)	36,435	37,799	39,723
Near East (NEA)	9,609	9,332	10,615
Newly Independent States (NIS)	81,542	86,096	98,383
South Asia (SA)	38,951	40,631	47,920

INTERNATIONAL AFFAIRS BUDGET REQUEST BY STRATEGIC GOAL

($ In Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Increase Global Economic Growth	**442,696**	**525,565**	**688,026**
Africa (AF)	-	-	-
Latin America & the Caribbean (ARA)	68,423	81,397	101,944
East Asia & the Pacific (EAP)	114,829	164,851	264,936
Europe & Canada (EUR)	5,549	5,786	6,027
Near East (NEA)	2,150	2,170	2,341
Newly Independent States (NIS)	242,362	260,631	302,013
South Asia (SA)	9,383	10,730	10,765
Promote Growth in Developing & Transitional Economies	**1,830,844**	**1,800,088**	**1,799,099**
Africa (AF)	522,770	507,847	470,187
Latin America & the Caribbean (ARA)	184,545	195,592	240,257
East Asia & the Pacific (EAP)	23,029	22,781	23,100
Europe & Canada (EUR)	330,470	298,472	299,098
Near East (NEA)	664,421	683,087	682,800
Newly Independent States (NIS)	7,804	9,578	10,451
South Asia (SA)	97,805	82,731	73,206
Enhance Security & Safety of Americans Abroad	**62,009**	**53,765**	**56,578**
Africa (AF)	1,354	1,424	1,502
Latin America & the Caribbean (ARA)	15,776	14,100	14,821
East Asia & the Pacific (EAP)	6,504	6,584	6,927
Europe & Canada (EUR)	31,219	24,913	26,259
Near East (NEA)	5,276	5,250	5,550
Newly Independent States (NIS)	723	724	724
South Asia (SA)	1,157	770	795
Control the Flow of Immigrants and Non-Immigrants	**88,061**	**71,605**	**75,708**
Africa (AF)	6,347	6,635	6,997
Latin America & the Caribbean (ARA)	19,586	11,042	11,604
East Asia & the Pacific (EAP)	7,964	7,399	7,903
Europe & Canada (EUR)	42,436	36,540	38,419
Near East (NEA)	7,300	6,753	7,300
Newly Independent States (NIS)	1,409	1,376	1,500
South Asia (SA)	3,019	1,860	1,985
Minimize the Impact of International Crime	**38,247**	**46,315**	**58,430**
Africa (AF)	1,524	1,729	1,843
Latin America & the Caribbean (ARA)	17,071	15,270	17,423
East Asia & the Pacific (EAP)	2,303	1,114	2,356
Europe & Canada (EUR)	2,940	3,216	3,298
Near East (NEA)	624	625	839
Newly Independent States (NIS)	13,504	24,053	32,363
South Asia (SA)	281	308	308

INTERNATIONAL AFFAIRS BUDGET REQUEST BY STRATEGIC GOAL

($ In Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Reduce the Levels of Entry of Illegal Drugs	**187,113**	**212,509**	**256,255**
Africa (AF)	923	972	3,825
Latin America & the Caribbean (ARA)	168,262	193,902	231,727
East Asia & the Pacific (EAP)	8,760	8,816	10,431
Europe & Canada (EUR)	6,272	6,713	6,846
Near East (NEA)	-	-	-
Newly Independent States (NIS)	-	-	-
South Asia (SA)	2,896	2,106	3,426
Reduce International Terrorist Attacks in the U.S.	**24,822**	**23,033**	**28,534**
Africa (AF)	2,153	2,580	2,498
Latin America & the Caribbean (ARA)	8,809	5,037	8,583
East Asia & the Pacific (EAP)	803	814	856
Europe & Canada (EUR)	3,396	3,566	3,802
Near East (NEA)	7,915	9,754	9,729
Newly Independent States (NIS)	456	436	432
South Asia (SA)	1,290	846	2,634
Increase Adherence to Democratic Principles	**795,863**	**801,073**	**1,051,195**
Africa (AF)	99,258	122,575	168,378
Latin America & the Caribbean (ARA)	137,083	161,547	184,368
East Asia & the Pacific (EAP)	84,166	78,682	75,207
Europe & Canada (EUR)	247,088	185,740	232,089
Near East (NEA)	91,268	51,183	94,653
Newly Independent States (NIS)	131,804	193,023	287,966
South Asia (SA)	5,196	8,323	8,534
Humanitarian Response	**1,065,308**	**963,567**	**880,754**
Africa (AF)	333,833	317,795	259,696
Latin America & the Caribbean (ARA)	120,650	132,444	128,345
East Asia & the Pacific (EAP)	24,101	15,299	15,504
Europe & Canada (EUR)	146,722	75,418	76,549
Near East (NEA)	198,589	174,497	168,297
Newly Independent States (NIS)	132,183	156,217	146,807
South Asia (SA)	109,230	91,897	85,556
Secure a Sustainable Global Environment	**518,931**	**609,195**	**524,883**
Africa (AF)	107,732	114,611	119,264
Latin America & the Caribbean (ARA)	108,849	128,325	77,322
East Asia & the Pacific (EAP)	35,793	44,030	53,844
Europe & Canada (EUR)	25,380	24,645	23,503
Near East (NEA)	139,378	189,367	137,656
Newly Independent States (NIS)	80,663	82,344	86,917
South Asia (SA)	21,136	25,873	26,377

INTERNATIONAL AFFAIRS BUDGET REQUEST BY STRATEGIC GOAL

($ In Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Early Stabilization of World Population	**283,755**	**272,721**	**297,707**
Africa (AF)	45,350	48,030	50,099
Latin America & the Caribbean (ARA)	75,194	64,253	71,447
East Asia & the Pacific (EAP)	48,053	42,170	42,212
Europe & Canada (EUR)	8,120	8,643	8,055
Near East (NEA)	55,144	51,844	51,894
Newly Independent States (NIS)	10,000	10,000	10,000
South Asia (SA)	41,894	47,781	64,000
Protect Human Health & Reduce Spread of Diseases	**382,506**	**382,268**	**411,538**
Africa (AF)	161,697	170,498	177,634
Latin America & the Caribbean (ARA)	129,614	129,080	124,002
East Asia & the Pacific (EAP)	8,878	11,362	15,149
Europe & Canada (EUR)	7,104	5,578	5,627
Near East (NEA)	5,259	851	928
Newly Independent States (NIS)	26,821	15,548	41,153
South Asia (SA)	43,133	49,351	47,045
Public Diplomacy	**223,521**	**229,670**	**224,915**
Africa (AF)	26,067	27,722	27,777
Latin America & the Caribbean (ARA)	24,254	25,537	25,208
East Asia & the Pacific (EAP)	35,187	36,537	35,374
Europe & Canada (EUR)	69,191	77,205	76,811
Near East (NEA)	23,366	24,644	25,053
Newly Independent States (NIS)	32,178	25,964	23,175
South Asia (SA)	13,278	12,061	11,517
Diplomatic Activities & Readiness	**687,053**	**648,863**	**660,198**
Africa (AF)	183,664	176,270	179,703
Latin America & the Caribbean (ARA)	142,205	133,333	136,519
East Asia & the Pacific (EAP)	97,990	82,910	83,843
Europe & Canada (EUR)	110,513	95,891	98,376
Near East (NEA)	57,558	53,941	56,584
Newly Independent States (NIS)	42,417	54,974	57,544
South Asia (SA)	52,706	51,544	47,629
OTHER INTERNATIONAL AFFAIRS PROGRAMS 1/	**5,702,600**	**6,387,999**	**7,099,117**

INTERNATIONAL AFFAIRS BUDGET REQUEST BY STRATEGIC GOAL

1/ Includes Resources From The Following Accounts:

African Development Foundation
Arms Control and Disarmament Agency
Asia Foundation
Contributions to International Organizations
Contributions to International Peacekeeping
Debt Relief
Development Assistance/Child Survival
Economic Support Fund
Enhanced Structural Adjustment Facility
Export-Import Bank (net)
Foreign Military Financing
International Disaster Assistance
International Military Education and Training
International Narcotics Control
International Trade Commission and other programs
Multilateral Development Banks
Non-Proliferation and Disarmament Fund
Other State Department Programs, inc. IG
Overseas Private Investment Corporation (net)
Peace Corps
PL-480
Refugee Assistance
Security and Maintenance of US Missions
Special Defense Acquisition Fund
State Operations: D&CP, S&E, CIF
Tres Tech. Assistance
United States Institute of Peace
USAID Credit Program and Microenterprise
USAID Office of the Inspector General
USAID Operating Expenses
USIA-Other
USIA - International Information Programs
USIA Exchanges
Voluntary International Organizations

Footnotes to the Table
International Affairs Budget Request by Strategic Goal Table

1. The International Affairs Budget Request by Strategic Goal comprises $13.051 billion of the $20.150 billion Function 150 FY 1999 budget. This table summarizes the regional summary tables by strategic goals in Section II of the CP. This strategic goal array depicts the estimated allocation of funds for various accounts based on regional requests. For accounts listed on page viii, FY 1999 budget estimates broken out by region or country were not available. Thus, the remaining $7 billion represents funding for both central or global accounts, and those for which regional or country data is not available due to the demand driven or contingency nature of the accounts.

2. FY 1999 represents the first-year display of a fiscal year budget request by strategic goal. Figures correlating to each goal are shown by appropriations account by region accompanying the Regional Program Plans in Section II of the CP. Indicators listed for each goal provide examples of achievements that may be construed as measures of progress to serve as the basis for developing performance reports in future years.

3. The country pages in the FY 1999 Congressional Presentation document display data and explanatory justification for those countries for which U.S. assistance is proposed for FY 1999. If no assistance is requested, there is no country page. For example, although Sierra Leone or Sudan received PL480, Title II in FY 1997 or FY 1998, there is no assistance proposed for them, thus no country paper, for FY 1999.

4. The country pages provide narrative justification for proposed budget expenditures by appropriations account. For FY 1999, there was no data available by strategic goal at the country level.

5. The regional breakout of Export-Import Bank (Ex-Im) figures in the FY 1999 Congressional Presentation for Foreign Operations are approximate. Definitive allocations are not available; Ex-Im does not prospectively budget by region.

6. FY 1997 appropriated levels for Development Assistance (DA) are reflected in the FY 1997 actual column for the international affairs budget request by strategic goal, for regional summary by strategic goal, and for country tables,.

7. DA for the Agency for International Development (AID) includes breakouts for the Asia and the Near East Bureau according to the following State Department bureaus: 40 percent for South Asia; 40 percent for East Asia and the Pacific; and 20 percent for the Near East.

8. AID Operating expenses are displayed by region for FY 1997, FY 1998, and FY 1999 according to estimates of the distribution of DA account funds by region for FY 1999.

9. Trade and Development Agency actual expenditures in FY 1997 serve as the basis for the distribution share by region displayed as projections for FY 1998 and FY 1999.

10. Peace Corps regional totals are assigned to strategic goals based on the percentage of volunteers assigned to skill sectors worldwide, i.e., 64 percent for economic development, 18 percent for environment, 18 percent for health. These are illustrative, rather than actual regional allocations.

11. FY 1997 figures for the Peace Corps do not include a $12 million transfer from the Freedom Support Act.

12. The Emergency Refugee and Migration Fund (ERMA) shows expenditures in FY 1997. For FY 1998 and FY 1999 no drawdowns were estimated at publication time.

13. PL-480 consists of central programs, as well as country allocations. For Title III, all data for FY 1999 is depicted centrally.

14. Regional U.S. Information Agency data are preliminary estimates.

15. In cases where a program for a country is described in the country page narrative, but corresponding dollar figures associated with the program level are not provided in their respective table, precise country allocations were not available at publication time.

16. According to the Foreign Assistance Act, the amount of assistance provided to a foreign government is reduced by the amount of any outstanding parking fines that it's representatives may owe the United States.

II. REQUEST BY STRATEGIC GOAL

Congressional Presentation Document
Summary: By Strategic Goal

Presentation by Strategic Goal

The Foreign Operations Congressional Presentation (CP) for the fiscal year 1999 budget provides detail on policy and resources for Function 150 programs and activities in a distinct new format. As in the past, the CP displays Foreign Operations appropriations accounts with justifications by region and for countries where U.S. multilateral and bilateral assistance is proposed. For the first time, a new array of Function 150 resources by ***strategic goal*** is also presented in the summary table in Section I of the CP, and by geographic region in Section II.

The strategic goals correlate directly to the International Affairs Strategic Plan, which the Secretary of State transmitted to Congress in September 1997 and comply with the Government Performance and Results Act (GPRA). From the strategic goals, indicators are derived from which achievements of performance may be measured.

In accordance with the International Affairs Strategic Plan, the CP was developed through interagency cooperation and a commitment to build a shared vision of U.S. foreign policy for the 21st Century. For this reason, the CP seeks to capture as many international affairs resources as possible – across Executive Departments and agencies, and Congressional Committees of jurisdiction – and display these by strategic goal. Resources by region are cross-referenced and justified according to their support for U.S. strategic goals serving as the basis of U.S. foreign policy. It is assumed that the best measure of effective resource utilization would evolve through a comprehensive compilation of all U.S. government international affairs accounts.

This first-year effort provides more information and better justification for the wide-variety of programs and activities which support U.S. strategic goals on a regional basis. This is depicted in the Regional Program Plans in Section II. However, due to the regional or global distribution of some accounts, the limited availability of reliable data, and lack of accurate projected allocations for some accounts, the regional displays are not exhaustive in presenting funding from all Function 150 sources.[1/] The fiscal year 2000 budget cycle should afford enhancements to the CP that encompass a broader range of resources with cross-references to the strategic goals.

Summary Tables

Section I includes two summary budget tables. The Function 150 Budget Summary Table by Appropriations Account provides a three-year comparative view for the fiscal years 1997 to 1999. The second table displays the Function 150 budget for FY 1999 by the new strategic goal format based on data derived from the Regional Program Plans in Section II of the CP. This strategic goal format is consistent with the International Affairs Strategic Plan.

Regional Program Plans and Country Papers

The Regional Program Plans in Section II of the CP were prepared by interagency teams led by the Regional Assistant Secretaries of the Department of State. Interagency teams included policy and program experts from various Function 150 agencies, including: U.S. Agency for International Development (USAID), U.S. Information Agency (USIA), the Arms Control and Disarmament Agency (ACDA), the Peace Corps, Export-Import Bank (Ex-IM), the Overseas Private Investment Corporation (OPIC), the Trade Development Agency (TDA), the Department of Defense, the Department of State, and the Department of Treasury.

The Regions in Section II include: Africa; East Asia and the Pacific; Europe and Canada; Latin America and the Caribbean; the Near East; the New Independent States; and South Asia. Corresponding to the regions, each Assistant Secretary is presenting an overview statement describing how they intend to implement U.S. foreign policy for their respective geographic area. Their statements are based on U.S. strategic goals and the U.S. international affairs mission statement.[2]

Following each Assistant Secretary's statement are two regional resource tables: the first, by the strategic goal applicable to the region cross-referenced to appropriations accounts; the second, by appropriations account.

After the respective regional summary tables is the Regional Program Plan. This newly configured portion of the CP describes the programs and activities to be undertaken within the region during 1998 and 1999 as they relate to the strategic plan. It describes which U.S. national interests, strategic goals, and long-term objectives will be met by various strategies employed. Priorities for human resources, information management, infrastructure and operations are also described. Assumptions as conditions to progress are stated, as well as preliminary indicators of performance.

Similar to past years, Section II includes country papers; they are placed after the Regional Program Plans. The country papers provide a comprehensive overview of the U.S. international affairs programs and resources by appropriation account. They also summarize U.S. program objectives, outline strategies designed to achieve them, and provide an initial set of performance indicators to evaluate program success.

Section II incorporates the following regional jurisdictions:

Africa
Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Djibouti, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Namibia, Nigeria, Niger, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Somalia, South Africa, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe

Latin America and the Caribbean
Argentina, Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, the Eastern Caribbean, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad & Tobago, Uruguay, Venezuela

East Asia and the Pacific
Cambodia, Indonesia, Laos, Malaysia, Mongolia, Papua New Guinea, Philippines, Samoa, Solomon Islands, Thailand, Tonga, Vanuatu

Europe
Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Serbia-Montenegro, Slovakia, Slovenia, Turkey

The Near East
Algeria, Bahrain, Egypt, Israel, Jordan, Lebanon, Morocco, Oman, Tunisia, West Bank and Gaza, Yemen

New Independent States
Armenia, Azerbaijan, Belarus, Georgia, Kazakstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

South Asia
Afghanistan, Bangladesh, India, Maldives, Nepal, Pakistan, Sri Lanka

[1/] Regional Summary Tables – by appropriations account and by strategic goal -- comprise over $13 billion of the $20.15 billion Function 150 budget. The remaining amount could not be arrayed by goal for the FY 1999 presentation.

[2/]The International Affairs Mission Statement and Strategic Goals, as presented in the International Affairs Strategic Plan, follow:

International Affairs Mission Statement

The purpose of United States foreign policy is to create a more secure, prosperous, and democratic world for the benefit of the American people. In an increasingly interdependent and rapidly changing world, international events affect every American. Successful U.S. international leadership is essential to security at home, better jobs and a higher standard of living, a healthier environment, and safe travel and conduct of business abroad.

Under the direction of the President and the Secretary of State, the United States conducts relations with foreign governments, international organizations, and others to pursue U.S. national interests and promote American values. The goals of U. S. foreign policy are to:

◊ Secure peace; deter aggression; prevent, and defuse, and manage crises; halt the proliferation of weapons of mass destruction; and advance arms control and disarmament;

◊ Expand exports, open markets, assist American business, foster economic growth, and promote sustainable development;

◊ Protect American citizens abroad and safeguard the borders of the United States;

◊ Combat international terrorism, crime, and narcotics trafficking;

◊ Support the establishment and consolidation of democracies, and uphold human rights;

◊ Provide humanitarian assistance to victims of crisis and disaster; and

◊ Improve the global environment, stabilize world population growth, and protect human health.

To advance the interests of the nation and the American people through foreign affairs leadership, the U.S. Government requires a strong international presence; a highly qualified, motivated, and diverse Civil and Foreign Service serving at home and abroad; extensive communication with the public, both foreign and domestic; and the political, military, and economic means to carry out the nation's foreign policies.

U.S. International Affairs Strategic Goals

◊ Regional stability – ensure that local and regional instabilities do not threaten the security and well-being of the United States or its allies.

◊ Eliminate threat of weapons of mass destruction or destabilizing conventional arms.

◊ Open markets to the free the flow of goods, services, and capital.

◊ Expand U.S. exports to $1.2 trillion by 2000.

◊ Increase global economic growth.

◊ Promote growth in developing and transitional economies.

◊ Enhance security and safety of Americans abroad.

◊ Control the flow of immigrants and non-immigrants.

◊ Minimize the impact of international crime on the United States and its citizens.

◊ Reduce levels of entry of illegal drugs.

◊ Reduce international terrorist attacks in the U.S.

◊ Increase adherence to democratic principles.

◊ Humanitarian Response – minimize the human costs of conflict and natural disasters.

◊ Secure a sustainable global environment to protect the United States and its citizens from the effects of international environmental degradation.

◊ Early stabilization of world population.

◊ Protect human health and reduce the spread of infectious diseases.

◊ Public Diplomacy – international information, education, and cultural exchanges.

◊ Diplomatic Activities and Readiness – capital, human resources, and operations of the international affairs agencies.

AFRICA

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Statement by Assistant Secretary Susan E. Rice
Bureau of African Affairs

I. Introduction and Summary

Our strategic policy focus in Africa is several-fold:

Helping to integrate Africa permanently into the global economy: In the broadest terms, we seek a stable, democratic, economically dynamic Africa with which we can trade, in which we can invest profitably and with which we can work to advance U.S. interests globally. This will be impossible to achieve unless and until Africa is fully integrated into the global economy as have been Asia and Latin America.

Achieving this long-term goal entails active pursuit of four imperatives:

Sustainable Economic Growth: Our aim is to assist African nations to implement economic reforms, create favorable climates for trade and investment and achieve sustainable economic growth and development. In addition, we seek to encourage U.S. companies to trade with and invest in Africa to further our mutual prosperity. Both sustainable economic development and humanitarian assistance programs undergird this fundamental economic emphasis.

Promoting Democracy and Human Rights: In Africa, as elsewhere, governments with greater degrees of transparency and accountability to their own citizens have proved less corrupt and more stable, reliable partners than undemocratic states. Democracies are more likely to avoid conflict, respect the human rights of their citizens, pursue sound economic policies, and to be better partners in addressing threats to their citizens and ours.

Conflict Resolution: One of the key impediments to development in Africa has been the persistence of conflict. We seek to strengthen institutions and mechanisms for conflict resolution in Africa and to build African peacekeeping capacity.

Transnational threats: Defending the U.S. against state-sponsored terrorism, narcotics trafficking, international crime, the spreading influence of pariah states, proliferation, environmental degradation and disease is a major priority. These threats can only be addressed through effective, sustained engagement with strengthened African partners.

II. Key Policy Issues in Africa

With respect to each of our key policy goals, we face numerous opportunities and challenges. The salient ones are highlighted below. While we will not be able to address effectively every one of the numerous challenges Africa poses, we must be able to seize opportunities; identify those issues which touch most directly on our interests and target our resources efficiently.

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1. Integrating Africa into the Global Economy

Integrating Africa into the global economy is crucial to increasing political stability, strengthening our partnerships in addressing global threats, and enhancing the quality of life of Africa's people. This goal would also directly benefit the U.S. by opening an important new market for U.S. exports. The approximately 700 million people of sub-Saharan Africa represent one of the world's largest remaining untapped markets. Already, the U.S. exports over 25 percent more to Africa than to all of the former Soviet Union combined; yet, the U.S. enjoys only a 7 percent market share. Increasing both U.S. market share and the size of the African market will bring tangible benefits to U.S. workers and help create wealth in Africa.

Economic Growth

- Trade and Investment Policy: Over the past year, the Administration has taken important steps to alter the economic policies of African nations as well as U.S. policy and institutions in order to spur growth in Africa and promote increased trade and investment. This effort grew in part from the Denver Summit and in part from the World Trade Organization (WTO) implementing legislation, which requested that the Administration develop a comprehensive trade and development policy for Africa and report annually to Congress. The Administration enthusiastically supports the Africa Growth and Opportunity Act, which would substantially change our approach to trade and investment with Africa, with an emphasis on opening markets, providing loan guarantees to spur investment, and providing debt relief for countries which implement growth-oriented policies.

- Sustaining Bilateral and Multilateral Development Assistance: An important ingredient for an effective trade and development policy is maintaining our sustainable development efforts. Bilateral development assistance to Africa has been cut almost 15 percent over the last two years. To provide vitally-needed assistance and preserve U.S. influence, we must maintain adequate assistance to Africa -- both through bilateral and multilateral mechanisms.

- Humanitarian Programs: Development programs alleviate the root causes of crises and are a far less expensive option for the American taxpayer than responding to emergencies via peacekeeping efforts and disaster relief. Nevertheless, when crises cannot be prevented, the United States should lead the effort to save lives and reduce human suffering. We will continue to strengthen the capacity of African entities to prepare for and respond to emergencies while linking our relief efforts with sustainable development activities.

Promoting and Consolidating Democracy and Respect for Human Rights

There are now over 20 emerging democracies in Africa, up from 5 in 1990. The gains in these nascent African democracies are fragile, and in recent years there have been notable setbacks. We must continue to work hard to promote better, more inclusive, and transparent governance and respect for human rights in Africa. All our goals are crosscutting. Without movement toward more accountable, less corrupt governments, the domestic and foreign investment these societies need will not occur. Without economic growth which allows these governments to meet the basic needs of their citizens, we cannot expect to promote sustainable democracies.

Promoting democracy must take into account country-specific circumstances while upholding international standards of democracy and human rights as the ultimate goal. Our success in helping Africans establish sustainable democracy will be judged in large part on our progress in several key states, including such pivotal states as Nigeria, Democratic Republic of the Congo (DROC), and South Africa. In South Africa, we actively support the country's transition through the Binational Commission, more aggressive promotion of U.S. investment as well as sustained political and economic engagement. Supporting the precarious and difficult transition in the DROC will require a significant new infusion of technical assistance, international resources and constant political pressure. In Nigeria, we continue to seek with international partners an effective formula for promoting stability, democracy, and respect for human rights.

Conflict Resolution

Conflicts continue to destabilize parts of Africa and retard their growth. The U.S. has been instrumental and relatively successful in helping resolve many African conflicts from Mozambique to the Horn. This active engagement must continue and intensify, if we are finally to achieve the peace within reach in Angola, consolidate peace in Liberia and remain vigilant for openings - thus far elusive - to help broker peace in Sudan and Somalia.

The area with the greatest potential for serious conflict and renewed genocide remains the Great Lakes region of central Africa, where fighting could result in the permanent destabilization of Rwanda, Burundi or the DROC. The U.S. remains actively engaged in efforts to negotiate lasting peace in Burundi and bring stability to Rwanda and avert another genocide.

African Crisis Response Initiative (ACRI)

In late 1996, the U.S. launched an innovative initiative to catalyze efforts to build African capabilities to conduct peacekeeping and humanitarian operations. The ACRI has received generally favorable responses from African and donor nations. In the coming years, we will continue to work to turn this concept into reality. The institutional infrastructure is just now in place to sustain the ACRI initiative.

Continued active political support and adequate resources will be necessary to enable timely and effective implementation of the ACRI.

2. Defending Against Transnational Threats to U.S. National Interests

The U.S. has made some progress in countering transnational threats from Africa. We have invested substantially in efforts to combat environmental degradation and disease in the region. We led international efforts to halt the proliferation of land mines, secure the Non-Proliferation Treaty and supported the establishment of the African Nuclear Weapons Free Zone. We have also worked to control the spread of fissile material and chemical and biological weapons technology in Africa.

However, there remains much to be done:

- Terrorism: The economic and political weakness of many African states makes them potential platforms for criminal and terrorist elements. Iran, Iraq, Sudan and Libya have increased their influence throughout sub-Saharan Africa in recent years through increased diplomatic activity, generous aid programs, economic coercion, weapons sales and other means. Friendly nations are being drawn, at least partially, into the orbits of terrorist-list states, while countries without strong central governments are even more susceptible to the influence of such states.

Sudan, in particular, remains among the world's leading supporters of international terrorism and poses a direct threat to U.S. interests. We expect to continue our policy of working to contain and isolate Sudan, including its placement on the terrorist list, maintenance of comprehensive unilateral, economic sanctions, providing defensive military assistance to neighboring states and seeking UN Security Council (UNSC) sanctions.

Libya, which is also a state sponsor of terrorism, has looked with some success for opportunities in sub-Saharan Africa to ease the isolation imposed on it by the UNSC resolutions as a result of the Pan Am 103 bombing. We will continue to work closely with African governments and regional organizations to oppose these efforts and to urge African states to abide by UNSC anti-terrorism resolutions.

- Narcotics/Crime: From Nigeria to Ethiopia to southern Africa, Africa is increasingly a major trans-shipment point for narcotics to the U.S. and Europe as well as fertile ground for international criminal syndicates. While our primary motivation to combat this trend is to intercept drugs bound for the U.S., progress in this fight is closely connected to our goal of achieving sustainable democratic reform, good governance and development in Africa.

Despite our difficult bilateral relations, we continue to seek to cooperate with Nigeria to counter the spread of narcotics and crime. We remain open to opportunities for improved coordination with Nigeria on counter-narcotics programs.

South Africa faces a growing threat from international crime and narcotics trafficking. We are working with the South African Government on these matters, but more should be done to assist South Africa and other states in the region before they become major trans-shipment points.

- Countering the Health Threat: We propose to support greater research and programs (educational, vaccination, delivery services) to counter the principal diseases which pose a threat to Africans and ultimately to our own population as well as retard African economic growth and undercut progress toward political stability. We have made progress in programs to combat specific diseases, from malaria to AIDS.

Universal Representation and Diplomatic Readiness

A continued U.S. permanent resident presence in African countries is key to our ability to represent and advance U.S. interests there. We project that demands on U.S. diplomacy in Africa, from partnership in trade and economic growth to political engagement and conflict prevention, will increase over the next decade. A core function is provision of efficient and prompt consular assistance to American citizens residing or traveling abroad. This presents unique challenges in the African context, as many of our posts are lightly staffed and located in countries where communication and other infrastructure are lacking. Administratively, we must ensure that our posts are adequately staffed, information management programs are in place for efficient, often life-saving communications, and that all USG agencies work together through International Cooperative Administrative Support Services (ICASS) to support USG interests.

Guaranteeing diplomatic readiness for the USG in Africa is exceptionally expensive because of political instability and gaps in local infrastructures. The majority of the bureau's budget is spent on mandatory costs, (e.g., operating fuel costs, benefits, contractual arrangements, and employee entitlements) and cannot be reprogrammed into other categories. As a result, savings cannot readily be achieved without seriously jeopardizing our diplomatic readiness and USG interests.

III. Conclusion

Our goal is to promote the growth of a stable, prosperous, democratic Africa with which we can work effectively to promote respect for human rights, a global consensus on issues of collective capacity and to combat traditional and emerging transnational threats. Africa faces major obstacles: low literacy, lack of developed human and institutional capacity, and conflicts, as well as enormous health and environmental

challenges. The United States has sought to address these problems and to encourage economic and political reform through our development assistance and through the President's Partnership for Economic Growth and Opportunity in Africa.

In addition, however, the United states should lead a shift in the paradigm for Africa from crisis response to supporting Africa's successful transformation in the 21st century. We will work with Africa's new leaders to build human capacity by helping to transform education in Africa so that it strengthens democratic and free market systems and gives access to technology and knowledge Africans will need to fully participate in the global economy. This initiative for democracy and development is aimed at helping create a new Africa for the next generation. It includes a set of investments that would serve as seed money to attract additional private sector resources and help build a coalition of bilateral and multilateral donors as well as corporations and NGOs to help Africa achieve its full its potential in the next century.

International Affairs Budget by Account and Budget Function

Region: AF

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$1,049,583**	**$1,133,764**	**$1,230,302**
African Development Foundation	11,500	14,000	14,000
Debt Reduction	27,000	27,000	35,000
Development Assistance Program	660,819	699,999	730,000
Economic Support Fund	10,000	25,000	67,000
Export- Import Bank loans program account	16,000	16,000	17,500
Foreign Military Financing	9,250	15,000	10,000
International Military Education and Training	7,093	8,140	8,140
International Narcotics and Law Enforcement	..	..	2,800
Migration and Refugee Assistance	129,309	143,440	148,100
Non-proliferation, anti-terrorism, demining, and related programs	478	816	638
Operating Expenses of the Agency for International Development	66,713	65,650	63,631
Peace Corps	90,621	94,689	102,993
Peacekeeping Operations	15,500	19,130	25,000
Trade and Development Agency	5,300	4,900	5,500
Other Function 150	**$525,227**	**$461,063**	**$339,077**
Diplomatic and Consular Programs	145,161	137,765	145,106
Educational and Cultural Exchange Programs	19,994	19,984	19,629
International Information Programs	32,672	41,026	41,400
P.L. 480	327,400	262,288	132,942
AF Total:	**$1,574,810**	**$1,594,827**	**$1,569,379**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: AF

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$43,296**	**$55,008**	**$56,417**
Educational and Cultural Exchange Programs	122	135	125
Foreign Military Financing	9,250	15,000	10,000
Peacekeeping Operations	15,500	19,130	25,000
International Military Education and Training	7,093	8,140	8,140
Diplomatic and Consular Programs	7,383	7,781	8,207
International Information Programs	3,948	4,822	4,945
Eliminate Threat of WMD	**$1,109**	**$1,169**	**$1,233**
Diplomatic and Consular Programs	1,109	1,169	1,233
Open Markets	**$12,647**	**$15,070**	**$15,093**
Diplomatic and Consular Programs	3,778	3,984	4,201
Educational and Cultural Exchange Programs	832	923	851
International Information Programs	8,037	10,163	10,041
Expand U.S. Exports	**$25,086**	**$24,892**	**$27,233**
Export- Import Bank loans program account	16,000	16,000	17,500
Trade and Development Agency	5,300	4,900	5,500
Diplomatic and Consular Programs	3,786	3,992	4,233
Promote Growth in Developing & Transitional Economy	**$522,770**	**$507,847**	**$470,187**
Debt Reduction	27,000	27,000	35,000
Development Assistance Program	283,423	300,227	313,094
Diplomatic and Consular Programs	3,831	4,032	4,251
P.L. 480	163,700	131,144	66,471
Peace Corps	34,466	34,244	40,171
African Development Foundation	10,350	11,200	11,200
Enhance Security/Safety of Americans Abroad	**$1,354**	**$1,424**	**$1,502**
Diplomatic and Consular Programs	1,354	1,424	1,502
Control the Flow of Immigrants and non-immigrants	**$6,347**	**$6,635**	**$6,997**
Diplomatic and Consular Programs	6,347	6,635	6,997
Minimize the Impact of International Crime	**$1,524**	**$1,729**	**$1,843**
Educational and Cultural Exchange Programs	207	230	212
International Information Programs	419	555	635
Diplomatic and Consular Programs	898	944	996
Reduce Levels of Entry of Illegal Drugs	**$923**	**$972**	**$3,825**
Diplomatic and Consular Programs	923	972	1,025
International Narcotics and Law Enforcement	..	..	2,800
Reduce International Terrorist Attacks in the U.S.	**$2,153**	**$2,580**	**$2,498**
Non-proliferation, anti-terrorism, demining, and related programs	478	816	638
Diplomatic and Consular Programs	1,675	1,764	1,860
Increase Adherence to Democratic Principles	**$99,258**	**$122,575**	**$168,378**
Diplomatic and Consular Programs	23,699	24,895	26,248
Development Assistance Program	52,722	55,848	58,242
Economic Support Fund	10,000	25,000	67,000
Educational and Cultural Exchange Programs	780	865	797
International Information Programs	11,482	14,567	14,691
African Development Foundation	575	1,400	1,400

International Affairs Budget by Bureau by Strategic Goal by Account

Region: AF

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Humanitarian Response	**$333,833**	**$317,795**	**$259,696**
P.L. 480	163,700	131,144	66,471
Migration and Refugee Assistance	129,309	143,440	148,100
Diplomatic and Consular Programs	5,247	5,525	5,824
Development Assistance Program	35,577	37,686	39,301
Secure a Sustainable Global Environment	**$107,732**	**$114,611**	**$119,264**
African Development Foundation	575	1,400	1,400
Development Assistance Program	95,871	101,555	105,908
Diplomatic and Consular Programs	2,975	3,137	3,307
Educational and Cultural Exchange Programs	125	139	128
International Information Programs	647	889	827
Peace Corps	7,539	7,491	7,694
Early Stabilization of World Population	**$45,350**	**$48,030**	**$50,099**
Diplomatic and Consular Programs	879	922	972
Development Assistance Program	44,471	47,108	49,127
Protect Human Health & Reduce Spread of Diseases	**$161,697**	**$170,498**	**$177,634**
Development Assistance Program	148,755	157,575	164,328
Diplomatic and Consular Programs	1,095	1,152	1,216
Peace Corps	11,847	11,771	12,090
Public Diplomacy	**$26,067**	**$27,722**	**$27,777**
International Information Programs	8,139	10,030	10,261
Educational and Cultural Exchange Programs	17,928	17,692	17,516
Diplomatic Readiness	**$183,664**	**$176,270**	**$179,703**
Peace Corps	36,769	41,183	43,038
Operating Expenses of the Agency for International Development	66,713	65,650	63,631
Diplomatic and Consular Programs	80,182	69,437	73,034
AF Total:	**$1,574,810**	**$1,594,827**	**$1,569,379**

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Ensure that the security and well-being of the U.S. and its allies are not threatened by African instabilities.

OPERATIONAL GOAL: Strengthened capacities of regional and sub-regional structures to prevent or respond to crises.

STRATEGY:

The U.S. will continue to work closely with both the United Nations (Department of Peacekeeping Operations) and the OAU on enhancing conflict prevention and resolution capabilities. The OAU has increased its capabilities and improved its efforts to help resolve African conflicts, sponsoring mediation and other interventions with more than $8 million in U.S. assistance over the last five years. We will continue our assistance in this area. Increasingly, sub-regional organizations in East, West, and Southern Africa are creating conflict resolution and prevention mechanisms. We will begin consultations regarding the operation of these mechanisms. The Denver Summit of the Eight endorsed an initiative aimed at strengthening rapidly deployable African peacekeeping capacities (ACRI) and sought an explicit endorsement of the creation of a multilateral (Africans, donors, UN and OAU), joint coordinating body dedicated to promoting enhanced African peacekeeping and humanitarian assistance capability.

OBJECTIVES:

1. Strengthen the OAU's capacity for conflict prevention, management, and resolution. (State/AF, PM, USIA)

2. Work with Intergovernmental Authority on Development (IGAD), Southern African Development Community (SADC), and the UN Standing Advisory Committee on Security Questions in Central Africa to structure sub-regional conflict resolution capabilities. (State/AF, USAID)

3. Create an informal coordinating mechanism of donors and Africans to facilitate an information exchange on ongoing efforts aimed at enhancing African peacekeeping and humanitarian assistance capabilities. (State/AF, PM, DOD, USAID)

4. Increase the number of African countries participating in the ACRI. (State/AF, PM, DOD)

5. Increase foreign donor contributions to enhance African peacekeeping capabilities. (State/AF, PM, DOD)

6. Expand and strengthen OAU coordination with African conflict resolution NGO network. (State/AF, USAID)

7. Assist African states in the professionalization of their militaries through participation in U.S. military educational programs. (State/AF, PM, DOD)

ASSUMPTIONS:

- Africans will take an increasingly important leadership role in resolving an issue that has been handled almost exclusively by non-Africans.
- Sub-regional institutions will play an expanded role in conflict resolution efforts, given the OAU's continued hesitancy to move away from its doctrine of non-interference in member states' internal affairs.

INDICATORS:

- Expanded OAU Conflict Management Center support for activities of sub-regional institutions.
- Increased institutionalization of conflict resolution structures in sub-regional institutions.
- Increased frequency of sub-regional, multilateral peacekeeping training exercises.
- Expanded donor coordination efforts in practical aspects of conflict prevention, management, and resolution efforts aimed at enhancing African capabilities.
- Continued 60-day training of African units participating in the ACRI; training of new units.
- Increased defense capabilities of East African States.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Ensure that the security and well-being of the U.S. and its allies are not threatened by African instabilities.

OPERATIONAL GOAL: Advancement of the peace processes in countries where conflict resolution efforts are underway and resolution of ongoing conflicts.

STRATEGY:

The world has seen more conflicts in the past twenty years than at any other time in this century. Sub-Saharan Africa is the world's most severely affected area. Ethnic, religious, cultural, regional, and other divisive forces contribute to this process. Despite some successes in resolving such cases, complex armed conflicts continue to tax the will and resources of international donors. We will maintain our position in the forefront of efforts to help African nations prevent, mitigate, resolve, and/or recover from armed conflicts. We must, however, position ourselves to be better able to respond to this challenge with our partners, both national and international organizations. We will focus on efforts to overcome resource constraints by expanding multilateral coordination in conflict resolution and conflict prevention.

OBJECTIVES:

1. Implementation of the Lusaka Protocol by both the GRA and UNITA in Angola. (State/AF)

2. Initiate multilateral post-conflict reconstruction effort in Democratic Republic of Congo. (State/AF, PM, USAID, DOD)

3. Continue conflict resolution efforts with GOB/CNDD in Burundi and continue to support Franco-African mediation efforts in the Central African Republic. (State/AF, PM)

4. Expand upon initial demobilization and re-integration of ex-combatants in Angola, Chad, Democratic Republic of Congo, Sierra Leone, and Liberia. (State/AF, USAID, DOD, DOJ/ICITAP, USIA)

5. Expand upon post-conflict reconstruction efforts in Angola, Mozambique, Liberia, Sierra Leone, Democratic Republic of Congo, and Rwanda. (State/AF, USAID, DOJ/ICITAP, USIA)

6. Continue humanitarian demining operations already underway and initiate limited, but urgent, demining efforts in countries where demining efforts are not currently underway. (State/AF, PM, DOD)

7. Promote the development of professional civilian police forces that protect their communities in accordance with human rights standards and the rule of law in Liberia, Rwanda, and South Africa. (State/AF, DOJ/ICITAP)

8. Continue conflict resolution efforts in Sudan under IGAD principles.

ASSUMPTIONS:

- Africans will take an increasingly important leadership role in resolving an issue that has been handled almost exclusively by non-Africans.

INDICATORS:

- Number of armed conflicts in sub-Saharan Africa.
- Status of post-conflict reconstruction efforts in Angola, Mozambique, Liberia, Sierra Leone, Democratic Republic of Congo, and Rwanda.
- Demobilization in Angola, Chad, Democratic Republic of Congo, Sierra Leone, and Liberia.
- Creation of an IGAD peace fund to provide IGAD with flexibility and rapid response capability to play a strategic role in conflict resolution in the Horn.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Ensure that the security and well-being of the U.S. and its allies are not threatened by the introduction of weapons of mass destruction (WMD) to the African continent, and/or illicit trafficking or excessive or destabilizing accumulations of conventional weapons.

OPERATIONAL GOAL: Reinforce existing control regimes for weapons of mass destruction and their delivery systems and enhance cooperation to prevent the illegal trafficking and proliferation of conventional weapons.

STRATEGY:

In some areas, non-proliferation efforts have already enhanced regional security. The proliferation threat in sub-Saharan Africa has largely receded as South Africa has dismantled its nuclear facilities. However, the illegal flow and excessive or destabilizing acquisition of conventional arms, remain serious problems. We will also seek to prevent destabilizing conventional arms races by gaining African support for UN and regional efforts to stem arms flows.

OBJECTIVES:

1. Seek expanded African ratification of African Nuclear Weapons Free Zone Treaty. (State/AF, PM, ACDA, DOD)

2. Seek expanded African ratification of the Convention on Chemical Weapons. (State/AF, PM, ACDA, DOD)

3. Promote wider African participation in other relevant global arms control regimes and arrangements, including the UN Register of Conventional Arms. (State/AF, PM, ACDA, DOD)

4. Support the United Nations, including the UN Institute for Disarmament Research, in its effort to constrain the flow of small arms in West Africa and build upon the recommendations of the UNSYG's Advisory Mission to the Sahara-Sahal for the collection of small arms. (State/AF, PM, IO, ACDA, DOD)

5. Seek the endorsement of the Chairman of the Wassenaar Arrangement General Working Group of a common position of maximum restraint with respect to arms transfers to Great Lakes region of Central Africa and support West African efforts to establish a small arms moratorium. (State/AF, PM, ACDA, DOD)

6. Assist Southern African states, individually and through SADC, to control illegal arms trafficking in the sub-region. (State/AF, PM, DOC, Treasury)

7. Foster, support, and assist the adoption of appropriate arms control measures by African and other states to help prevent, manage, and resolve conflicts. (State/AF, PM, ACDA)

8. Encourage and support adoption of effective national arms control mechanisms, including export controls by African states, to regulate arms and related technologies, internally and externally. (State/AF, PM, Treasury, DOC)

ASSUMPTIONS:

- The threat of the introduction of weapons of mass destruction in sub-Saharan Africa will remain minimal for the foreseeable future.
- Trafficking in conventional weapons, especially small arms, poses the greatest threat of political destabilization and increased conflict on a sub-regional level.
- Easy access to the international arms market and weak control infrastructure in African states will complicate non-proliferation efforts.

INDICATORS:

- Sub-Saharan accession to international non-proliferation and arms control regimes.
- Conventional arms sales to the region.
- Sub-regional arms control agreements or other measures.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: African markets open to the free flow of goods, services, and capital.

OPERATIONAL GOAL: Improved investment climates and trade regimes with reduced tariff (average trade-weighted rate of 20 percent) and non-tariff barriers that attract a greater share of global private capital flows.

STRATEGY:

The completion of the Uruguay Round and the establishment of the World Trade Organization (WTO) strengthened the multilateral trade regime, opened markets, and reduced barriers to trade and investment. We will encourage African accession to the agreement, ensure that WTO rules are enforced, and oversee the conclusion and implementation of follow-on agreements, especially those in services and telecommunications. Future international negotiations and bilateral discussions will focus on corruption, technical standards, labor standards, and the environment. Following the President's Partnership for Growth and Opportunity in Africa we will provide incentives to encourage economic reforms that will move Africa toward more market-oriented frameworks. The measures encouraged in these initiatives should improve the region's investment climate, liberalize its financial systems, and privatize those sectors of the economy that are fiscal drains and most likely to attract foreign investment. These are among the most important conditionalities for loan disbursements by the international financial institutions (IFI) and promoted in bilateral donor assistance packages. We will continue to leverage reform efforts through active diplomacy, including official visits and the Minister/Cabinet-level Trade and Economic Cooperation Forum, USAID projects, U.S. participation in IFI discussions, and incentives provided in African initiatives.

OBJECTIVES:

1. Increase IFI resource flows to African countries undertaking comprehensive trade liberalization and fiscal reform as encouragement for continued adjustment and to make up for the loss of tariff revenue. (Treasury, USAID, State/EB, AF, DOC)

2. Strengthen African judicial and legal frameworks to settle investment and property rights disputes through Department of Justice and USAID Democracy and Governance programs. (State/AF, EB, INL, USAID, DOJ, USIA).

3. Encourage African accession, adherence, and participation in the World Trade Organization and accelerated reduction in tariff and non-tariff barriers. Obtain support for services, telecommunications, labor, and intellectual property

protection. Pursue technical assistance for African countries by the WTO and UNCTAD to assist in implementation of WTO obligations. (State/EB, AF, IO, USTR, DOC)

4. Mobilize African countries to pursue greater regional economic integration where possible through established groupings such as the Southern African Development Community (SADC), East African Community (EAC), Community of East and Southern Africa (COMESA), and West Africa Economic Community. (State/EB, AF)

5. Support economic stabilization and reform, and improve investment climates, and developing capital markets. (USAID, Treasury, USED, State/IO, AF ,EB)

6. Reduce corruption in Africa through IFI program reviews, international fora, such as GCA and The World Bank/IMF meeting, Consultative Group meetings, and expanded NGO activity. (State/AF, EB, USUN, Treasury/USED, USAID)

7. Combat the incidence of foreign corrupt practices in Africa through international forums and bilateral exchanges. (State/AF, EB, DOC, USAID, USIA).

ASSUMPTIONS:

- Passage of the African Growth and Opportunity Act and implementation of the President's Partnership.
- Major U.S. trading partners will share the commitment to strengthen multilateral and regional trade initiatives.
- Legislative renewal of the Generalized System of Preferences.
- African countries' interest in obtaining incentives in Level 2 of Partnership.
- Increasing number of countries moving to open, market-oriented policies.

INDICATORS:

- Average tariff rate in African countries.
- African accession and adherence to WTO provisions (for intellectual property, etc.).
- Foreign direct investment to GDP ratios in African countries.
- Africa's volume and share of world trade.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Increased U.S. exports to Africa.

OPERATIONAL GOAL: Appreciable growth in U.S. exports to Africa.

STRATEGY:

Both President Clinton's Partnership for Growth and Opportunity in Africa and H.R. 1432, the African Growth and Opportunity Act, reflect the growing importance the United States places on Africa's transition from aid recipient to commercial partner. To increase exports to Africa, the USG must promote U.S. products actively to African countries through Embassy and USG outreach, trade missions, and technical assistance, while ensuring a level playing field on which U.S. business can compete. The USG should offer greater assistance to U.S. companies exploring investment opportunities in Africa. The Overseas Private Investment Corporation (OPIC) provides loan guarantees and insurance to generate greater U.S.-Africa private sector links. The Export-Import Bank provides export and project financing to U.S. investors who wish to do business in Africa. The Trade and Development Agency (TDA) promotes U.S.-Africa private sector links by funding feasibility studies and reverse trade missions, especially in infrastructure development. Commerce Department officers in Johannesburg, Abidjan, Accra, Lagos, and Nairobi provide updated assessments of market opportunities for U.S. firms. The Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC), both arms of the World Bank group, play important roles in promoting trade in the least developed countries of Africa. USAID's trade and investment initiatives, especially those in small and micro-enterprise (which are focused on South Africa and other SADC countries) could be expanded to include other emerging markets in East and West Africa.

OBJECTIVES:

1. Promote U.S. business and exports by increasing FSO availability for commercial work, expanding commercial training, and enhancing high-level involvement in promotion activities. (State/AF, E/CBA, Commerce, USIA)

2. Increase availability of foreign exchange to purchase U.S. exports by eliminating concessional debt owed to the USG by reforming African governments and reducing debt payments to other bilateral and multilateral donors via the Paris Club and the heavily indebted poorest countries (HIPC) debt initiative. (State/EB, AF, Treasury, USAID)

3. Expand the work of the Commercial Service in promoting African export opportunities through the Department of Commerce Advocacy Center, seminars,

protection. Pursue technical assistance for African countries by the WTO and UNCTAD to assist in implementation of WTO obligations. (State/EB, AF, IO, USTR, DOC)

4. Mobilize African countries to pursue greater regional economic integration where possible through established groupings such as the Southern African Development Community (SADC), East African Community (EAC), Community of East and Southern Africa (COMESA), and West Africa Economic Community. (State/EB, AF)

5. Support economic stabilization and reform, and improve investment climates, and developing capital markets. (USAID, Treasury, USED, State/IO, AF ,EB)

6. Reduce corruption in Africa through IFI program reviews, international fora, such as GCA and The World Bank/IMF meeting, Consultative Group meetings, and expanded NGO activity. (State/AF, EB, USUN, Treasury/USED, USAID)

7. Combat the incidence of foreign corrupt practices in Africa through international forums and bilateral exchanges. (State/AF, EB, DOC, USAID, USIA).

ASSUMPTIONS:

- Passage of the African Growth and Opportunity Act and implementation of the President's Partnership.
- Major U.S. trading partners will share the commitment to strengthen multilateral and regional trade initiatives.
- Legislative renewal of the Generalized System of Preferences.
- African countries' interest in obtaining incentives in Level 2 of Partnership.
- Increasing number of countries moving to open, market-oriented policies.

INDICATORS:

- Average tariff rate in African countries.
- African accession and adherence to WTO provisions (for intellectual property, etc.).
- Foreign direct investment to GDP ratios in African countries.
- Africa's volume and share of world trade.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Increased U.S. exports to Africa.

OPERATIONAL GOAL: Appreciable growth in U.S. exports to Africa.

STRATEGY:

Both President Clinton's Partnership for Growth and Opportunity in Africa and H.R. 1432, the African Growth and Opportunity Act, reflect the growing importance the United States places on Africa's transition from aid recipient to commercial partner. To increase exports to Africa, the USG must promote U.S. products actively to African countries through Embassy and USG outreach, trade missions, and technical assistance, while ensuring a level playing field on which U.S. business can compete. The USG should offer greater assistance to U.S. companies exploring investment opportunities in Africa. The Overseas Private Investment Corporation (OPIC) provides loan guarantees and insurance to generate greater U.S.-Africa private sector links. The Export-Import Bank provides export and project financing to U.S. investors who wish to do business in Africa. The Trade and Development Agency (TDA) promotes U.S.-Africa private sector links by funding feasibility studies and reverse trade missions, especially in infrastructure development. Commerce Department officers in Johannesburg, Abidjan, Accra, Lagos, and Nairobi provide updated assessments of market opportunities for U.S. firms. The Multilateral Investment Guarantee Agency (MIGA) and the International Finance Corporation (IFC), both arms of the World Bank group, play important roles in promoting trade in the least developed countries of Africa. USAID's trade and investment initiatives, especially those in small and micro-enterprise (which are focused on South Africa and other SADC countries) could be expanded to include other emerging markets in East and West Africa.

OBJECTIVES:

1. Promote U.S. business and exports by increasing FSO availability for commercial work, expanding commercial training, and enhancing high-level involvement in promotion activities. (State/AF, E/CBA, Commerce, USIA)

2. Increase availability of foreign exchange to purchase U.S. exports by eliminating concessional debt owed to the USG by reforming African governments and reducing debt payments to other bilateral and multilateral donors via the Paris Club and the heavily indebted poorest countries (HIPC) debt initiative. (State/EB, AF, Treasury, USAID)

3. Expand the work of the Commercial Service in promoting African export opportunities through the Department of Commerce Advocacy Center, seminars,

Internet information, market surveys, outreach through the Internet, and management training exchanges. (State/AF, Commerce)

4. Encourage African countries to pursue and enhance regional economic integration, using established groupings, such as the Southern African Development Community (SADC), as a model. (State/AF, EB, Treasury, USTR, Commerce)

5. Support OPIC disbursements from its New Africa Opportunities Fund and Modern Africa Growth and Investment Company (MAGIC). (State/AF, USAID, OPIC)

6. Encourage EXIM to pursue additional lending opportunities in off-cover countries, especially through project finance, and increase TDA assistance in Africa. (State/AF, EB, Commerce, EXIM, TDA)

7. Promote USAID energy and telecommunications projects in South Africa. (State/AF, EB, USAID, Energy, Transportation)

8. Strengthen contacts and coordination with the Corporate Council on Africa and other business organizations to promote trade missions, improve private sector contacts, and disseminate information about African opportunities, and facilitate U.S. support of business ventures. (State/EB, AF, Commerce, USAID, USIA)

9. Expand Embassy services and facilities (Gold Key, Country Commercial Guides, matchmaking service, commercial library linkages to Commerce offices in the United States) and FSN training opportunities. (State/AF, FSI, Commerce)

10. Advocate adherence to WTO provisions on IPR, tariffs, and services. (State/AF, EB, USTR, USIA)

11. Negotiate bilateral investment and tax treaties with African countries who are willing to meet our standards and compliance rules, primarily SADC countries. (State/AF, EB, Commerce, Treasury)

12. Focus USG advocacy, finance, and other export promotion efforts on the fast-growing, emerging market of South Africa, and those with demonstrated potential, particularly Ghana, Cote d'Ivoire, Uganda, and Ethiopia. (State/AF, Commerce, Treasury, USTR)

13. Support efforts of the petroleum industry to maintain and expand operations in established oil producers (Nigeria, Angola, Gabon) and potential new producers (Chad, Cameroon). (State/AF, Commerce, Energy, OPIC)

ASSUMPTIONS:

- Passage of H.R. 1432 - The African Growth and Opportunity Act.

- Increased eligibility of African countries for EXIM financing.
- Adequate funding for Embassy commercial operations and USAID programs.
- Little or no decline in oil prices.
- Africa's annual economic growth will remain above four percent.
- Exchange rate changes will not harm U.S. exports to Africa.
- Reorientation of USAID financing for most open/best performing countries.

INDICATORS:

- Level of U.S. exports of goods and services to Africa.
- African accession and adherence to WTO provisions.
- Number of BIT/BTT under consideration or in force.
- Amount of funding provided by OPIC, EXIM, TDA to African projects.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Increased African economic growth.

OPERATIONAL GOAL: Sustained average real annual growth rate of 4-5 percent for Africa.

STRATEGY:

Without support from donor member countries in the form of capital assessments and contributions for concessional lending, the International Financial Institutions (IFIs), particularly the World Bank Group and the International Monetary Fund (IMF) would be unable to carry out their mission. In recognition of their importance to Africa's reform efforts, we must maintain financial support for the World Bank's concessional lending arm, the International Development Association (IDA), the IMF's Enhanced Structural Adjustment Facility (ESAF), and the African Development Fund. We will strengthen bilateral efforts to accelerate reform in those countries that embrace a market-oriented policy framework. To further leverage assistance for the reform process and free African government resources for needed public investments, we will extend bilateral debt relief through participation in the Paris Club. In addition, we will support the expanded debt relief program for eligible African countries through the Heavily Indebted Poor Country Initiative (HIPC). Donor assistance strategies must be better coordinated with IFI program strategies by sharing information through international fora and bilateral consultations. Our programs in economic growth sectors will target rural development and encourage greater, more diversified export performance.

OBJECTIVES:

1. Provide appropriate debt reduction or debt rescheduling for eligible African countries, via the Paris Club. (State/EB, AF, Treasury)

2. Achieve greater donor coordination among OECD partners in bilateral discussions and international fora, including annual meetings of the World Bank-led Special Program of Assistance (SPA), the African Development Bank and Fund, the Global Coalition for Africa (GCA), UNDP round tables, and Consultative Group meetings. (State/EUR, AF, IO, USAID)

3. Expand crop diversification and agricultural research programs in countries with high potential for economic growth, particularly those with full USAID missions and Peace Corps programs. (State/AF, USAID, Peace Corps)

4. Encourage African countries to take advantage of the benefits in the President's Africa Economic Policy Initiative ("Partnership for Growth and Opportunity"), particularly enhanced duty-free access to the U.S. market through the Generalized System of Preferences. (Commerce, USTR, State/AF, EB)

5. Support stronger economic reforms and market-oriented policy frameworks through continuing and increasing official dialogues at the Cabinet and working levels. (State/AF, EB, USAID, USIA)

6. Support more transparent, accountable governmental systems to reduce corruption, promote investment, and spur economic growth. (State/AF, EB,USAID, USIA)

7. Increase African community-level involvement in small project grant programs via the African Development Foundation (ADF) and the Ambassador's Special Self Help program (SSH). (State/AF, USAID)

8. Support improved farming/irrigation practices via Peace Corps programs that provide instruction and modeling in agricultural techniques. (Peace Corps, State/AF)

9. Support implementation of the programs of the President's Education for Democracy Initiative.

ASSUMPTIONS:

- Full funding of U.S. financial commitments to IDA and the African Development Bank and Fund and continued support for ESAF and debt restructuring budget accounts.
- The absence of catastrophic exogenous shocks to economies, including natural disasters, conflict, political instability, and inordinate price hikes for critical inputs such as petroleum.
- No severe adverse shift in Africa's terms of trade, particularly price deterioration in primary commodity exports, such as coffee and cocoa.
- Continued progress to improve health and education standards, deter environmental degradation, and reduce population growth rates.
- Restoration of the Generalized System of Preferences program through FY 1999.

INDICATORS:

- Economic growth rates in African countries.
- Debt-service and debt-GDP ratios.
- Export value, especially in non-traditional commodities.
- Primary school enrollment rates.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens and Safeguard U.S. Borders

STRATEGIC GOAL: Enhanced ability of U.S. citizens to live and work in Africa.

OPERATIONAL GOAL: Provision of efficient, customer-oriented consular services in Africa.

STRATEGY:

While the number of private travelers to Africa remains low, growing U.S. trade and investment in Africa and increased transportation links make the continent more accessible. We must continue to ensure that the latest citizen service technology is available throughout Africa. Providing emergency services, while continuing to respond expeditiously to citizens' needs for travel and citizenship documents as well as basic information. In the field, our embassies will continue to upgrade warden networks to provide citizens with access to information concerning local conditions and work closely with host country governments to ensure protection for U.S. citizens. Our ability to engage in timely protective action has been somewhat degraded by the loss of universal resident representation. Any further contraction of overseas representation will have a proportionate impact.

OBJECTIVES:

1. Ensure that public information resources are accurate, up-to-date, and readily accessible to public users. (State/CA, PA, AF)

2. Ensure that new American citizen Service computer software is available on all overseas Citizen Service computers in Africa. (State/AF, EB, L, Treasury, Commerce)

3. Encourage the new government in the Democratic Republic of Congo (ex-Zaire) to expeditiously establish a regulatory and statutory environment responsive to the needs of American citizens. (State/AF, EB, CA, Treasury)

4. Ensure that adequate consular liaison is maintained in countries without resident representation - Comoros, Sao Tome and Principe, Seychelles, Somalia, and Sudan. Establish a consular agency in Equatorial Guinea. (State/AF, CA)

ASSUMPTIONS:

- No additional embassies in Africa will be closed.

- The majority of African governments will continue to pursue policies favoring economic reform and privatization, thereby encouraging additional American business interest in Africa.
- American tourist volume to Africa will continue to register moderate annual increases.

INDICATORS:

- Feedback received in the field and Washington from users of consular services.
- The volume of searches for consular information on the Department's Internet site.
- Bilateral agreements and accession to international conventions which ease conditions of work and residence for American citizens.
- South African ratification of the bilateral tax treaty.
- Post-crisis reviews of task force and other crisis response actions.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens and Safeguard U.S. Borders

STRATEGIC GOAL: Control movement of aliens from Africa to the United States.

OPERATIONAL GOAL: Legal, safe, and orderly migration of aliens from Africa.

STRATEGY:

The United States will remain an attractive destination for aliens seeking either a temporary sojourn for business or tourism or a permanent relocation. In order to maintain the integrity of U.S. immigration laws, it is essential that services be expeditiously delivered to bona fide applicants while every effort is undertaken to deny visas to fraudulent or otherwise ineligible applicants. Africa has traditionally been a source of few immigrant and nonimmigrant visa applicants. This, however, is changing with the loosening of African states' ties to their former colonial powers, economic reform, and a growing awareness of opportunities in the U.S. Efforts to consolidate visa operations in African posts have produced some economies of scale while, at the same time, imposing barriers of distance, language, and culture between responsible officers and applicants. The loss of universal resident representation has eroded the quality of visa service provided to residents of countries without U.S. facilities. Although there has been a dramatic improvement in anti-fraud technology in African posts (primarily through better access to the visa lookout system), fraud and alien smuggling continue to be significant problems in several African countries.

OBJECTIVES:

1. Encourage African governments, particularly in high-fraud countries (Nigeria, Ghana, et al.), to aggressively pursue visa and other document fraud, prosecute these offenses as serious crimes, and enact legislation against alien smuggling and document fraud. (State/AF, CA, DS, INS, INL)

2. Encourage host governments to improve the integrity of host government passports, visas, and civil documents. (State/AF, CA, DS)

3. Improve timely sharing of information to ensure that terrorists, criminals, and other ineligible individuals are entered into the visa lookout system. (State/CA, AF, IM, INS)

4. Ensure adequate training for junior officers and Foreign Service National employees engaged in visa services abroad; support anti-fraud training for host country law enforcement and airline personnel. (State/CA, AF, FSI, INS)

ASSUMPTIONS:

- No additional embassies in Africa will be closed; consular sections will be maintained at current staffing levels.

INDICATORS:

- Integrity of travel documents issued by African countries as measured by INS analysis and post anti-fraud experience.
- Arrest and prosecution of alien smugglers and fraud facilitators in host countries and the U.S.
- Number of *male fide* travelers of African origin intercepted by INS at U.S. ports of entry.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Minimize the impact of African crime on the U.S. and its citizens.

OPERATIONAL GOAL: Reduced incidence of Africa-based transnational crime affecting the United States and its citizens.

STRATEGY:

While the scale of African transnational crime is proportionate to its overall economic relevance (i.e., limited), there is a not insignificant effect on U.S. victims. Nigeria is the most important source of confidence schemes which annually defraud hundreds of U.S. citizens. Financial fraud is also a growing nuisance in other African countries, primarily in West and Central Africa. Access to the Internet and other global communications systems will lengthen the reach of unscrupulous operators in the future. Nigeria is of high priority in U.S. efforts to combat international money laundering under a Presidential Decision Directive of 1995. Emerging financial centers such as South Africa and Cote d'Ivoire have troubling vulnerabilities in their banking and regulatory sectors. The U.S. will work with regional organizations and host governments to share information on money laundering patterns and provide advice on statutory reform and technical assistance. Much of this activity will be in connection with anti-drug trafficking activity. We will continue working with Nigeria to improve its financial information gathering capacity; progress, however, will depend upon the pace of other needed reforms in that country. We will particularly focus on providing technical assistance to governments of emerging financial centers as well as chronic problem countries, such as Nigeria

OBJECTIVES:

1. Cooperate with host government law enforcement agencies to reduce money laundering activity. (State/INL, AF, DS, Justice, Treasury, DEA)

2. Encourage host governments to enact banking laws to discourage money laundering. (State/AF, INL, Treasury, Justice)

3. Strengthen the ability of South African law enforcement and regulatory institutions to combat international criminal activity, financial and otherwise. (State/INL, AF, Treasury, FBI)

4. Assist the development of regional anti-money laundering fora in cooperation with Interpol, the Financial Action Task Force, the Commonwealth Secretariat, the European Union, and other multinational efforts. (State/INL, AF, Treasury, FBI)

ASSUMPTIONS:

- Proceeds from organized criminal activity will continue to be laundered through the global financial system at ever-increasing levels.
- The fragility of African financial institutions and weak statutory and enforcement environments will make selected African countries inviting targets for money launderers.
- Ingrained corruption in selected countries will frustrate efforts to deter international criminal activity.
- Absent improved enforcement and monitoring capacity, South Africa will emerge as a major center for criminal financial activity, in particular money laundering originating in West Africa.
- Nigeria will remain a major center for financial crime.

INDICATORS:

- Arrest and prosecution of individuals and syndicates engaged in international crime.
- Enactment of statutes designed to counteract money laundering.
- Crime statistics and intelligence estimates indicating extent of criminal activity linked to organized international crime.
- Number of complaints received from American citizens concerning Nigerian criminal fraud.
- Establishment and performance of regional anti-money laundering cooperation.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Significantly reduced entry of illegal drugs from Africa into the U.S.

OPERATIONAL GOAL: Increased interdiction of illegal drugs transiting Africa.

STRATEGY:

Several African states are important in the global drug trade. Nigerians play a central role in worldwide smuggling of heroin and have expanded their activities into neighboring West African countries. South Africa and Kenya are both emerging as significant transshipment crossroads. Taking advantage of a growing political will to more aggressively confront the drug issue in Africa, we will work with individual governments and regional organizations to share intelligence, provide training and equipment, and encourage granting a high priority to narcotics enforcement activities. Withdrawal of certification for Nigeria has probably been the most significant stimulus in bringing about the modest drug enforcement progress in that country. We will use that leverage to continue efforts to professionalize Nigerian drug enforcement agencies. We will pursue similar efforts in South Africa to prevent a similar problem from emerging.

OBJECTIVES:

1. Collaborate with African governments to disrupt and dismantle drug trafficking organizations and prosecute key figures. (DEA, State/INL, AF, DS, L, INS, Customs)

2. Reduce drug trafficking and money laundering via a strong information sharing effort. (State/INL, INR, AF, DEA)

3. Encourage Nigeria, South Africa and Kenya to adopt and implement narcotics legislation that complies with the 1988 UN Drug Convention. (State/AF, INL, IO)

ASSUMPTIONS:

- Demand for illicit drugs will remain strong.
- Weaknesses in African enforcement capacities and increased air traffic between Africa and the U.S. will create opportunities for traffickers to increase their activity in the region.
- African governments will remain vulnerable to the corruption that accompanies the drug trade.

- Drug enforcement efforts in Africa will continue to be severely under-funded due to budgetary constraints on governments.

INDICATORS:

- Number of verified drug seizures in African countries.
- Arrests, prosecutions, and incarcerations of drug traffickers.
- Estimates of local illicit drug production.
- seizures of drug shipments originating in or transiting Africa.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially against the United States and its citizens.

OPERATIONAL GOAL: Reduced incidence of Africa-based terrorist attacks on U.S. interests and citizens.

STRATEGY:

Sudan is the only African state among those the Secretary has identified as engaged in state-sponsored terrorism. We will continue to work with other countries to urge that appropriate pressure be brought to bear to alter the behavior of Sudanese authorities. On a broader scale, we will continue to share intelligence information with appropriate foreign governments, work to inhibit the movement and access to funds of terrorists, enhance aviation security and encourage governments to adhere to the ten major international conventions against terrorism.

OBJECTIVES:

1. Deter, warn against, respond promptly to, and defeat terrorist attacks on U.S. citizens or interests in Africa or possible threats emanating from Africa against the U.S. (State/S/CT, INR, AF, L, CA, DS, Justice, FBI)

2. Maintain pressure on state sponsors of terrorism - continue to apply pressure on Sudan to modify its behavior, actively pursue cooperation with African countries to join in applying pressure to other terrorist sponsors, such as Libya, and adhere to UNSC anti-terrorist resolutions. (State/AF, S/CT, INR, PM)

3. Encourage African states to accede to the ten major international conventions against terrorism. (State/AF, S/CT, IO)

4. Continue to share intelligence information with appropriate African governments. (State/S/CT, INR, AF, FBI)

ASSUMPTIONS:

- U.S. interests and citizens will remain high-priority targets of terrorists.
- The number of states sponsoring terrorism in Africa will not increase.
- Law enforcement and intelligence capabilities within African states will remain weak and require external assistance.
- Sectarian, factional, or ethnic factors will motivate the major portion of terrorist acts in Africa.

INDICATORS:

- Number of terrorist incidents occurring or originating in Africa.
- Number of countries acceding to international conventions against terrorism as well as bilateral treaties governing extradition and other law enforcement activities.
- Affirmative action by African countries to adhere to UNSC resolutions against state sponsors of terrorism, in particular Libya and Sudan.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: African governments which adhere to democratic practices and respect human rights.

OPERATIONAL GOAL: The successful transition of post-conflict or non-democratic African countries into emerging democratic states.

STRATEGY:

Given the historical failure of the monopoly of power in sub-Saharan Africa, which has resulted in instability and economic crisis, democracy and transparent governance remain a high priority in sub-Saharan Africa. Through intense diplomatic engagement, we will encourage authoritarian, non-democratic, and post-conflict African states to make the difficult but necessary transition to democracy. Employing focused bilateral and multilateral programs, we will help foster a climate in African countries in which democracy can take root and flourish. We will support the building blocks of democracy by focusing efforts on human rights, multiparty pluralism, a civil society, an independent judiciary, an assertive media, and a military which respects civilian authority. We will use financial and technical assistance to promote key democratic values and institutions.

OBJECTIVES:

1. Build upon post-conflict reconstruction efforts already underway in Angola, Mozambique, Liberia, Central African Republic, and Rwanda to support the transition to democracy. (State/AF, DRL, USAID)

2. Support free and fair elections in the Congo, Central African Republic, Rwanda, Burundi, Equatorial Guinea, Gabon, Mozambique, Nigeria, Togo, and Burkina Faso in the FY 1998/99 period. (State/AF, DRL)

3. Promote fair election laws and practices via technical assistance and diplomacy, especially concerning the formation of independent electoral commissions. (State/AF, DRL, USAID, USIA)

4. Participate in international election monitoring efforts, and fund election observation and verification missions by non-governmental organizations. (State/AF, DRL, USAID, USIA)

5. Devise regional Democracy and Governance (D/G) assistance programs and encourage donor coordination with France, UK , other EU states and Japan to maximize resources. (State/AF, DRL, USAID)

ASSUMPTIONS:

- The international environment will increasingly favor democracy, leading some African governments to profess democratic principles, but democratic practices will vary, depending in particular on the will and intentions of existing African leaders.
- Transitions to democracy in countries will be uneven, as some African states will be reluctant to embrace a Western-style democratic model.
- Democracy and Human Rights Fund (DHRF) funds will continue to be available to countries where there is no USAID presence.

INDICATORS:

- Status of post-conflict reconstruction efforts in Angola, Mozambique, Liberia,
- Central African Republic, and Rwanda to establish democratic institutions and elements of civil society advances.
- Number of elections judged free and fair by independent election observers and the international community.
- Level of voter participation in the electoral process in African countries.
- Participation in the national political/economic debate by an independent media.
- Number of countries implementing democratic processes in Africa.
- Acceptance by opposition of election outcomes, indicating a consensus on rules-of-the-game and fairness of transition process.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: African governments which adhere to democratic practices and respect human rights.

OPERATIONAL GOAL: Strengthened democratic institutions and human rights practices in African democracies.

STRATEGY:

The wave of democracy that swept the world following the Cold War fueled impressive advances across Africa in the 1990's. The United States strongly supports positive changes now underway in Africa which will contribute to a democratic and peaceful region but, as recent events in Sierra Leone and the Republic of the Congo have shown, young democracies can be fragile and tragically short-lived. If we are to prevent new ethnic conflict and lingering economic dislocation from spoiling the promise of an "African renaissance," the United States and its international partners need to take concerted action now to strengthen democratic values. Through bilateral and multilateral programs and intense diplomatic engagement and moral suasion, we will seek to consolidate efforts of African governments to achieve full adherence to international human rights standards, democratic reform, good governance, and a robust civil society. Furthermore, we must remain actively engaged in promoting universal respect for human and civil rights, especially those of minority and historically disadvantaged groups, in the countries of sub-Saharan Africa. A key element of our effort will be to strive to create a more secure future for the troubled Great Lakes region by strengthening mechanisms for justice and reconciliation in order to break the cycles of impunity, extreme violence, and instability that have plagued the recent history of the region.

OBJECTIVES:

1. Strengthen national rule of law and legal frameworks (notably constitutions and electoral laws), via diplomacy and technical assistance. (State/AF, DRL, USAID, USIA)

2. Support the conduct of transparent and regularly-scheduled follow-on elections, especially in Kenya and South Africa. (State/AF, DRL, USAID, USIA)

3. Complete the transformation of Angola and Mozambique from one-party states to functioning, multi-party democracies, and encourage effective political pluralism in Cote d' Ivoire, Kenya, Senegal, and Zimbabwe. (State/AF, DRL, USAID, USIA)

4. Educate parties in power and minorities on the rights and responsibilities of a "loyal opposition" and a critical media. Expand training programs for jurists and journalists. (State/AF, DRL, USAID, USIA)

5. Strengthen elements of fledgling civil society, and educate citizens and NGO's on their civic rights and duties, and on the obligations of a democratic government to its electorate. (State/AF, DRL, USAID, USIA)

6. Promote military professionalism and respect for civil authority in African democracies, through IMET and other military-to-military programs. (State/AF, PM, DOD)

7. Expand the role of women in society, encouraging their formal political and economic participation and equal treatment under the law. (State/AF, DRL, G, USAID)

8. Support extradition, prosecution and other legal measures against abusers of human rights, and support the activities of the International War Crimes Tribunal for Rwanda. (State/AF, DRL, L, DOJ, USAID)

9. Support implementation of the President's Education for Democracy Initiative.

ASSUMPTIONS:

- Economic downturns will not be so severe as to disrupt democratic advances.
- Relations among African states will remain relatively peaceful and stable enough to allow domestic political advances.
- Political, social, and economic biases based on ethnic identity will persist throughout Africa, but the potential for civil strife will remain relatively constant.
- DHRF funds will continue to be available to countries where there is no USAID presence.
- Funding for programs to strengthen human rights will remain scarce relative to the need.
- Education in Africa needs to be transformed to strengthen democratic and free-market systems

INDICATORS:

- Follow-on elections judged closer to international standards of free and fair elections by independent domestic election observers and the international community, with increasingly sustained, informed voter participation.
- Government operations and judicial proceedings conducted in a transparent and accountable manner, with more judges deemed objective and unbiased, as assessed by, inter alia, human rights NGOs.

- Media freely critical of government policies without fear of retribution, as recommended in human rights reports (HRR).
- Basic freedoms and human rights of citizens enumerated in Constitution and legislation and freedom of assembly, association, and speech increasingly respected in practice, as measured by the HRR.
- The number of women seeking office will grow.
- Acts of harassment and brutality against the citizenry by police and security forces, and adherence to due process in instances of arrest will decrease, as assessed by HRR.
- Number of mutinies or coups d'etat by African militaries against their duly-elected civilian leaders, will decline.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Humanitarian Response

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters in Africa

OPERATIONAL GOAL: Reduced extent and impact of humanitarian crises in Africa and enhanced capacity to meet emergency needs.

STRATEGY:

Nearly half the global population requiring emergency assistance lives in Africa. We will continue to strengthen the capacity of African states, organizations, and individuals to prepare for, prevent, mitigate, and respond to crises. We will focus on improving coordination on humanitarian assistance between African national, regional, and sub-regional organizations - representing both the public and private sectors - and the international donor community via activities like the Greater Horn of Africa Initiative (GHAI) to execute an integrated strategy aimed at the development of long-term food security and crisis prevention in the region. In addition, we will seek to improve the timeliness and effectiveness of the GHAI's response capability and look to strengthen the linkages between humanitarian and development assistance so that emergency interventions not only save lives, but also pave the way for sustainable development activities.

OBJECTIVES:

1. Improve African institutional and staff capacities to identify vulnerable populations and the potential impact of natural and complex crises, using mechanism of the OAU, IGAD, and the Famine Early Warning System (FEWS). (State/AF, USAID, USDA)

2. Reduce the number of civilians killed or injured and increase the number of road miles cleared of mines. (State/AF, PM, DOD, USAID)

3. Provide timely and effective emergency relief provided by USG to meet the critical needs of targeted populations in response to emergency. (State/AF, PRM, USAID)

4. Expand the activities of OFDA's Seeds of Hope in Rwanda to reintroduce improved seeds in other war-torn areas of Africa. (State/AF, USAID)

5. Reinforce the framework of GHAI and seek greater cohesion among member states and donor countries for its objectives and support for its activities. (State/AF, PRM, USAID, DOD, USDA)

6. Support Private Voluntary Organization (PVO) efforts to design, execute, monitor, and evaluate their aid programs, particularly via programs such as Mauritania's "Doulos Community" project and the ACDI program in Cape Verde. (State/AF, DRL, USAID)

7. Seek durable solutions for refugee populations, especially those remaining in Central Africa, Eritrea, and Mozambique. (State/AF, PRM, DRL, USAID)

ASSUMPTIONS:

- Given massive humanitarian assistance requirements, other donors will recognize the need for improved coordination and burden-sharing in providing emergency relief.
- Africans will take an increasing role in preventing, mitigating, and responding to crises.

INDICATORS:

- Percent of vulnerable populations reached by food aid.
- Response times, appropriateness relief, engagement of local authorities.
- U.S. speed and effectiveness in response to emergencies.
- Percent of Food For Peace programs with on-time delivery of PL-480 Title II development food aid.
- Assessments by international organizations and NGOs of humanitarian response.
- Participation of PVOs and NGOs in disaster planning.
- Decrease in number of current refugees.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Increased protection of Africa's environment.

OPERATIONAL GOAL: Integrate U.S. efforts with those of other donors, international organizations, and national governments to support sustainable environmental protection, conservation and management of Africa's natural resources.

STRATEGY:

Degradation of the environment in Africa has accelerated under the weight of population pressures and urbanization. In much of Africa, poverty is endemic, health care inadequate, and basic education unavailable. This vulnerability has enormous implications as well on the population growth rate and level of environmental degradation. Increased life expectancy is the proxy for improved well-being, which can be tackled by lowering the infant mortality rate, expanding basic education and primary health care, and improving food security. USAID's primary mechanisms for lowering mortality of those under age five are to provide immunizations against disease, offer basic health programs on nutrition and hygiene, and improve maternity care, both pre- and post-natal. Other elements that improve welfare and increase life expectancy are those deterring environmental degradation and promoting family planning programs.

To increase protection and better management of Africa's environment, the United States must: (1) encourage governments to adopt policies and strategies for stronger environmental protection efforts, (2) undertake efforts with African countries to address trans-boundary issues, including deforestation, decertification, water and land use, pollution, and wildlife conservation, and (3) engage African nations in multilateral discussions and gain their support for key international environmental agreements, particularly those on climate change, forests, and wildlife. Collaborating agencies and multilateral development banks should be encouraged to offer greater technical assistance to African governments and local NGOs to strengthen management capacity. The Global Environment Facility should also be encouraged to offer technical assistance in its four focal areas. The Peace Corps is active at the grassroots level in promoting ecotourism, combating decertification and, undertaking biodiversity conservation projects. The African Development Foundation provides funds for community water supply improvement, agroforestry, and watershed management. Through the Partnership for Biodiversity program, USAID, the Peace Corps and the Department of Interior provide expertise for biodiversity conservation. NOAA's Environmental Satellite Data Information Service makes information available from our satellites at no cost to African countries for environmental management purposes. USAID's Central African Regional Program for the Environment (CARPE) focuses on

reducing deforestation in the Congo Basin. The Department of Commerce promotes the export of environmental technologies.

OBJECTIVES:

1. Expand regular government-to-government policy dialogue on national, regional and global environmental issues through, among other mechanisms, the broadening of existing bilateral contacts. (State/AF, OES, USAID)

2. Increase local capacity by assisting qualified Africans who are leaders in the environmental fields through greater use of existing training programs (public and private) and international visitor grants or other means. (USAID, State/AF)

3. Increase the number of countries participating in the Global Learning and Observation to Benefit the Environment (GLOBE) Program from 12 to 24. (OVP/GLOBE, State/OES, AF)

4. Include DROC into CARPE as well as support the extension of CARPE beyond 2000. (USAID, State/AF, OES, S/P)

5. Strengthen contacts and cooperation among the East African countries and regional/international organizations to address sub-regional trans-boundary environmental issues, such as Nile River water sharing and decertification/deforestation through the Regional Environmental Hub at Embassy Addis Ababa. (State/AF, OES)

6. Engage, through bilaterals and the U.N., key African governments in international environmental issues of interest to the United States, particularly biodiversity (Ethiopia, Kenya, South Africa, Zimbabwe), climate change (Kenya, Nigeria, South Africa, Tanzania, Zimbabwe), and forests (Cameroon, Central African Republic, Congo-Kinshasa, Equatorial Guinea, Gabon, Congo-Brazzaville). (State/AF, OES, USAID)

7. Promote U.S.-made environmental technologies through trade missions and trade affairs. (Commerce, State/AF, E/CBA)

8. Integrate environmental issues into all aspects of bilateral and regional discussions with African governments. (State/AF, OES)

9. Encourage key AF countries to participate in the GEF General Assembly meeting, expected to be held in New Delhi, India in March 1998.

10. Increase average life expectancy in African countries by one year each year. (State/AF, USAID)

11. Expand childhood immunization services in at least five countries. (State/AF,USAID)

ASSUMPTIONS:

- Enhanced African desire and ability to protect the environment.
- The Addis Ababa Regional Environmental Hub fully operational by the end of 1997.
- Continued budgetary and resource support for the Regional Environmental Hub program.
- Congressional support for CARPE.

INDICATORS:

- Bilateral interactions on environmental and other related global issues, including U.S.-South African Binational Commission meetings.
- The Addis Ababa Regional Environmental Hub Work Plan.
- Establishment of additional regional hubs in West and Southern Africa.
- African positions and engagement in negotiations on various key agreements, including climate change, forests and biodiversity.
- Effectiveness of activities supported by the MOBs, including GEF lending levels to sub-Saharan Africa.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Reduced disease in Africa.

OPERATIONAL GOAL: Improved levels of public health in Africa.

STRATEGY:

Africa is threatened by a myriad of infectious diseases. Not the least among these is HIV/AIDS; the related morbidity and mortality which will exacerbate the present devastation on human health in the region. The spread of infectious diseases knows no borders, and therefore there is increased risk to the health of US soldiers participating in peacekeeping operations in the region, international travelers to and from the region, and potentially to U.S. citizens at home in America. We will develop and coordinate a sustained effort to enlist support from other nations and international bodies to raise the level of priority accorded to infectious diseases, we will also work to enhance the national capacities of countries in the region to recognize, report, prevent, and respond to infectious disease threats.

OBJECTIVES:

1. Encourage programs for increased sustainability, quality, efficiency, and equity of health services. (State/AF, OES, USAID, DHHS, Treasury)

2. Strengthen African country and regional capacity to implement and coordinate response to selected epidemics (yellow fever, cholera, malaria, measles, and meningitis) through improving coordination, specialized training and research, and technical capacity in the area of surveillance and response. (State/AF, DHHS)

3. Assist African countries to expand environmental health programs and strengthen public health infrastructure to combat emerging and reemerging diseases with a focus on child survival in target countries. (State/AF, USAID, HHS)

4. Enhance prevention, surveillance and response to infectious diseases, including surveillance and control of nosocomial infections transmitted in primary care and other health facilities. (State/OES, AF, USAID, DHHS)

5. Expand poliomyelitis eradication campaign, with worldwide eradication by 2000. (USAID, DHHS)

ASSUMPTIONS:

- Continued international collaboration and cooperation in meeting the challenges of disease threats.

INDICATORS:

- Infant/child/adult mortality and morbidity rates.
- Rates of case fatality
- Disease outbreak response capabilities and performance.
- Status of international cooperation in combating the threat of disease.
- Rate of immunization coverage for all vaccine-preventable diseases and the eradication of polio by the year 2000.
- Rates of oral rehydration therapy use.

AF: 1999 PERFORMANCE PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Human Resources

OPERATIONAL GOAL: Develop and maintain optimal bureau staffing (diversified, trained, deployed on time) domestically and overseas, that enables DOS to achieve the US government's interests in Africa.

STRATEGY:

- Use every available officer as a recruiter for domestic and overseas vacancies. Create a network that understands the bureau's needs and that will market and attract qualified individuals. Reduce and eliminate vacancies.

- Use alternative work forces (Rockefellers, WAEs, Excursion Tours) to staff AF, especially overseas, in our hard to fill positions.

- Anticipate surge capacity demands for crisis management and develop a reserve of resources to assist in meeting this demand.

ASSUMPTIONS:

- Infrastructure decline, security problems and poverty will continue throughout Africa thereby complicating and exacerbating our abilities to staff.
- Unaccompanied and/or minor dependent unaccompanied posts will grow in the future, exacerbating our abilities to staff.
- We will have to tap alternative resources/work forces such as C.S. excursion tours, TCNs, Rockefellers, etc. to meet our overseas staffing demands.
- Regularizing all assignments to meet the summer cycle will further exacerbate our abilities to staff.
- The Department will not adequately provide human resources (especially in specialist categories) at a rate to meet the demand.
- Surge capacity demands created by crisis situations in Africa; post evacuations, political upheaval and alert, etc. will continue and may intensify.

INDICATORS:

- Number of vacancies is reduced.
- TDY requests decline, bureau is able to fill majority of TDY requests.
- Volunteer cables decline.
- Vacancies remaining at the end of the assignment cycle decline.

- Number of alternative employment mechanisms increases consistent with demand for staffing.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Infrastructure and Operations

OPERATIONAL GOAL: Institutionalize the International Cooperative Administrative Support Services (ICASS) to ensure that new system functions effectively, and emphasizes a client-oriented approach by all service providers.

STRATEGY:

- Using in-house AF assets and outside experts as trainers and teachers, educate and backstop our service providers in the field.
- Develop, coordinate and facilitate workshops and training sessions for service providers in the field.
- Assist service providers in developing user friendly service standards, and provide management tools to assist providers in adjusting performance standards based on available resources.

ASSUMPTIONS:

- Increasing demand from the field (ICASS councils) for information, guidance, and cost-benefit analysis.
- For the first few years, implementing ICASS will be resource intensive for the bureau as employees without experience and background knowledge seek guidance.
- The department will be unable to provide adequate resources to fill the training and staffing needs brought on by introduction of a new financial management system.
- State will be the primary provider of services and as such should take leadership role in financial management of USG resources at posts.
- Bureau will continue to serve as primary point of contact to resolve and coordinate complex ICASS funding and policy issues.

INDICATORS:

- Post's financial personnel master the ICASS software and use the software to cost out various ICASS proposals to determine financial impact and/or cost savings.
- Post prepares accurate and timely reports and information necessary to evaluate ICASS costs.

- Posts have adequate human resources necessary to support the council's requests to convert to the more complicated, labor-oriented ICASS standard software.
- Financial reports are error free.
- Service providers determine and revise service standards based on the impact of ICASS funding reductions.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Information

OPERATIONAL GOAL: Develop and maintain a comprehensive Information Technology (IT) strategy within the parameters of the Information Management Strategic and Tactical Guidelines to facilitate all levels of information communication domestically and internationally, enabling the Department to process information for effective support of U.S. government interests in the AF region.

STRATEGY:

- Identify specific IT requirements domestically and for all posts that will enhance and strengthen the ability of the AF bureau to comply with Year 2000 IRM requirements, achieve bureau priority goals, and give us the flexibility and connectivity necessary to respond to increasing crises around the world.

- Prioritize and articulate our posts' needs for ALMA (A Logical Modernization Approach) compliance with the Department's conversion to the NT operating platform.

- Outside the scope of specific Alma/Year 2000 requirements, identify and prioritize further post-specific IRM needs (i.e. telephone and radio systems, classified processing systems, etc.) for presentation through the Joint Planning Process (JPP).

- Enhance skills of information management personnel in the field, through modernization workshops, training, and better coordination and communication of priority needs of the bureau vis-a-vis overall department requirements.

ASSUMPTIONS:

- Fiscal resources for all programs will be limited. Central system will not fully fund priority needs of the bureau.
- Prioritization of post needs will be necessary so as to assure limited capital is spent in most cost effective and efficient manner.
- Skill levels in support of information management initiatives will vary dramatically and the central system support will not be adequate. Regional bureaus will continue to be primary resource of training in the field.
- Information resource management demands will grow exponentially over the near future, current equipment and designs will have to be replaced and updated continuously. Our current equipment is not full Year 2000 compliant.

- Department implementation and coordination strategies will have to be reviewed regularly in light of technology and personnel changes. Bureau resources will be required to assist in coordinating and developing modification strategies.
- The department will not adequately hire and retain information management specialists at a rate to meet the demand. Lack of this resource will drive costs (especially special projects) higher. Contractors will be necessary to meet resource demands and these costs will rise.

INDICATORS:

- Personnel meet the Department's standardization to the Windows NT platform prior to the installation of the ALMA infrastructure.
- Distribution and installation of Bureau's hardware from the Windows NT initiatives are seamless migrated to the new operating platform.
- Expansion of the classified electronic mail capabilities between the Department and posts meets the need for classified "real-time" communications.
- Telephone and radio systems communications at AF posts is modernized.

AF: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Stabilize world population growth by 2020.

OPERATIONAL GOAL: Coordinate U.S. efforts with those of other donors and national governments to stabilize population growth rates in the African region consistent with the goals and objectives of the 1994 International Conference on Population and Development (ICPD) Program of Action.

STRATEGY:

Africa's population growth today is the highest of any region of the world. We will encourage governments to adopt effective policies and strategies for stronger population stabilization efforts, including: expanding family planning and reproductive health services for under-served populations such as adolescents, males, and urban populations; increasing national commitment to integrate family planning, maternal/child health, STI/HIV/AIDS services, post-abortion care, and prevention of female genital mutilation (FGM) and harmful birthing practices; and increasing national capacities to advocate for and provide quality family planning and other reproductive health services.

OBJECTIVES:

1. Through promoting women's legal rights, improve gender equality and empowerment of women, especially in Burkina Faso, Mali, Niger, and Burundi. (State/AF, State/PRM, USAID)

2. Existing national policies supporting family planning are strengthened.

3. Promote improved coordination among all partners, including the UN and the World Bank at both field and HQ levels, for effective family planning and reproductive health programs. (State/AF, State/PRM, USAID)

4. Complementary national population stabilization activities such as basic education (particularly for girls) and microcredit programs for women are national government priorities.

ASSUMPTIONS:

- Improving basic health and rights will reduce population growth.
- Congressional support for U.S. population and family planning assistance programs is maintained or strengthened.
- Educating women leads to declining population growth.

INDICATORS:

- Improved National population policy development and resource allocation.
- Increased availability of quality family planning services and other reproductive health information and services.
- Levels of contraceptive use among individuals and couples of reproductive age.
- Education opportunities for girls and women.
- Falling population growth rates toward zero.

Angola Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	5,500	10,000	2,000
DA	12,500	13,000	13,000
PL480 Title II	33,004	31,208	-
IMET	174	200	175
Total, Angola	**$51,178**	**$54,408**	**$15,175**

U.S. Foreign Policy 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 nearly seven percent of U.S. oil imports. Major new deep water oil discoveries suggest that Angola may supply up to fifteen percent of those imports by 2005. Trade and investment opportunities will grow rapidly when lasting peace is achieved. The U.S. also has a significant humanitarian interest in helping the Angolan people rebuild a country devastated by three decades of civil war which has caused more than a half million deaths, displaced three million Angolans from their homes, and created nearly 100,000 amputees. U.S. humanitarian assistance to Angola has exceeded $450 million in recent years. If the economic and social benefits of peace do not materialize, large quantities of additional food assistance and/or expensive peacekeeping interventions may again be required as a humanitarian response to a continuing man-made disaster.

The overall U.S. objectives in Angola are to promote Angola's transition to a peaceful democratic society, to support community rehabilitation and resettlement, and to foster economic recovery. We pursue this with active involvement, both bilaterally and multilaterally, in the full implementation of the Lusaka Protocol, which provides a comprehensive outline for military disengagement and formation of a unified government. The formation of the Government of National Unity and Reconciliation in April 1997, the integration of more than 10,000 National Union for the Total Independence of Angola (UNITA) officers and soldiers into the new national army, and the demobilization of most of UNITA's remaining forces has allowed the more than 7,000 strong UN peacekeeping troops (MONUA) overseeing this process to draw down to fewer than one thousand troops. We are fully engaged in assisting the demobilization process. The United States now supports many programs to rebuild communities, assist former combatants and families to return to their homes, and rebuild civic life and form democratic institutions. Another strategic U.S. goal, economic revitalization, involves the restructuring of government financial institutions and creation of an enabling environment for investment and free enterprise. Also, Angola will continue to receive training under the Humanitarian and Demining

Program, which will reduce the risk to human life in the heavily mined regions and will remove a serious impediment to farming and commercial traffic.

Strategy for FY 1999:

The primary focus of our efforts will be the satisfactory completion of the peace process, including UNITA's transformation from an armed movement into a political party fully engaged in the political process and the opening of all of Angola to the free movement of people and goods. Our strategy for FY 1999 to advance these objectives will emphasize continued high-level work with the Angolan government, the UN Special Representative and the ambassadors of Portugal and Russia, our partners as observers of the Lusaka peace process, to enable both government and UNITA to fully complete their Lusaka Protocol obligations. We will also provide assistance for reconciliation and the beginning of the humanitarian and economic rebuilding of Angola, primarily through the rehabilitation of community and rural infrastructure and the provision of improved seed stock. We will study the possibility of employment and income generating activities to help stabilize communities and build sustainability into the transition process, and will continue our attempts, together with the International Monetary Fund and the World Bank, to encourage financial reform and transparency in government accounting. Finally, our assistance will help build the foundations of a civil society through developing the capacities of indigenous non-governmental organizations (NGOs), community based organizations, human rights organizations, the media, and advocacy groups. Women will continue to participate actively in all aspects of the program.

We will continue to implement food-assisted (PL480) programs to support Angolans as they move through resettlement and rehabilitation to self-reliance. Through NGO partners USAID will continue to provide seeds, tools, and basic resettlement kits for resettling internally displaced people and aid to the victims of war.

Our efforts to build more democratic institutions and practices in Angola will shift in focus to mostly lower-level democratic institutions. Assistance to the electoral process will be a major effort if municipal elections are held in 1999 or 2000.

Resumption of our IMET program -- designed to facilitate the integration of the UNITA soldiers into the unified Angolan armed forces -- is expected to occur during 1998, when Angolan forces complete their withdrawal from Congo-Brazzaville. The IMET program will assist in developing an apolitical military cadre that respects human rights, the rule of law, and the concept of civilian control of the military.

Angola will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Grant EDA will support Angola's peacekeeping and demining activities. However, EDA items will not be considered for transfer until the current suspension is lifted.

Indicators:

- Participation of UNITA in political process.
- Scheduling of local elections during 1999.
- Improved transparency in government accounting leading to IMF agreement.
- Reduction in IDP numbers with return to home villages.
- An integrated military that supports democratic principles, such as respect for civilian authority and human rights.

Benin Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	1,719	1,712	1,719
DA	13,800	17,150	15,600
PL480 Title II	2,096	1,924	1,902
IMET	350	350	350
Total, Benin	**$17,965**	**$21,136**	**$19,571**

U.S. Foreign Policy Objectives:

U.S.-Benin relations are excellent. Benin is a prime example in Africa of peaceful transition from Marxist-Leninist military dictatorship to democracy and market economic development. However, Benin's democracy is still fragile and, despite a six percent annual economic growth rate, Benin remains one of the world's poorest nations. U.S. policy is committed to helping the Beninese strengthen their democratic institutions and promote economic development. We seek a more attractive investment climate for U.S. business, and a deeper engagement by the Beninese in international peacekeeping operations.

Strategy for FY 1999:

The cornerstone of our democracy-building program in Benin will continue to be our AID-funded primary education project. Other DA-funded efforts include included assistance for economic growth and environmental protection, as well as population and child-survival programs. PL480 Title II programs will provide additional support for rural development in Benin. The Peace Corps will support many of these initiatives, especially the primary education project.

The Beninese have reformed their political system and successfully conducted two free and fair Presidential elections and one free and fair legislative election. However, further progress depends on strengthening Benin's capacity to educate its citizens to make the kinds of choices required in democratic societies. The emphasis on the education of girls, often neglected in the past, will continue. We will also continue to encourage the Beninese to adhere closely to the World Bank/IMF programs, which are responsible in part for Benin's impressive economic growth. We will press the Beninese to maintain momentum on reforms of commercial laws, customs regulations, and the judiciary to make Benin more attractive to U.S. investors. We will seek opportunities to provide training and assistance to the Beninese in their ongoing effort against corruption and international financial crime. Through our IMET-funded programs and military-to-military cooperation agreement (the Joint Military

Commission) we will provide opportunities for Beninese cadets to study at the U.S. service academies, and deepen their understanding of the role of the military in democratic societies. We will offer programs to enhance the professional and leadership skills of Beninese officers and soldiers, and prepare them for further engagement in peacekeeping operations. Benin's armed forces will also be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would also assist Benin in its participation in regional peacekeeping activities.

Indicators:

- Basic literacy rate in Benin.
- Benin's legislative elections in 1999 are free and fair, all major parties participate, and the results are respected by all sides.
- Benin continues to adhere strictly to World Bank and IMF reforms; economic growth increases from 1998 levels.
- Private investment increases; major American firms engage significantly in Benin.
- Benin's possible participation in African Crisis Response Initiative (ACRI) peace keeping training.
- Improvement in the health of the population.
- Declining birthrates.

Botswana Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	965	87	-
IMET	391	500	450
Total, Botswana	**$1,356**	**$587**	**$450**

U.S. Foreign Policy Objectives:

Botswana is a model democracy in southern Africa. The transparency of the Botswana political system has been a significant factor in the country's stability and impressive economic growth. U.S. relations with Botswana are excellent, and include close cooperation on military and security issues. Our interests lie in supporting Botswana's stable democracy, encouraging broad-based and self-sustaining economic development, expanding U.S. business opportunities, and advocating Botswana's positive involvement and leadership in the region.

Strategy for FY 1999:

Our strategy to achieve U.S. policy objectives in Botswana calls for supporting expansion of U.S. business opportunities, and encouraging Botswana's leadership role in regional issues, including collective security. The Botswana Defense Force (BDF) enjoys a strong reputation as an apolitical and professional institution. A large segment of the BDF officer corps has received U.S. training. We will continue to provide training to help sustain professionalism and enhance BDF contributions to regional peacekeeping efforts. Security assistance, joint exercises, and flag officer visits will promote professionalism in the BDF, develop affinity and appreciation for the United States and its military, and gain support for U.S. policies. The IMET program will provide professional military education to BDF staff officers and commanders to improve the capability and effectiveness of their troops in future peacekeeping missions. Botswana will be able to receive Excess Defense Articles (EDA)in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would support peacekeeping efforts as well as ongoing biodiversity and civic action programs.

Indicators:

- Maintenance of the military's respect for civilian control and dedication to national defense.

- Preparedness of the military in peacekeeping and humanitarian operations.
- Participation in international peacekeeping efforts and support for international conflict resolution.
- Continued close relations between the U.S. and Botswana militaries.

Function 150 Resources	Burkina Faso ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	11,560	10,026	10,521
Peace Corps	1,495	1,716	1,750
Total, Burkina Faso	**13,055**	**$11,742**	**$12,271**

U.S. Foreign Policy Objectives:

The overriding U.S. national security interests in Burkina Faso are the promotion of democracy and good governance, peace and stability, and economic growth. Although President Compaore and his party dominate the government, there are possibilities for strengthening civil society, developing a stronger parliament, and increasing judicial independence. Compaore has also played a mediating role in regional conflicts. We should build upon this experience and Burkina Faso's presidency of the OAU (June 1998 - 1999) to bolster and advance our African conflict resolution and mitigation activities. With continued economic growth and development, we also seek increased opportunities for private American trade and investment.

Strategy for FY 1999:

PL480 Title II will remain a cornerstone of our overall developmental and humanitarian relief programs in Burkina Faso. Peace Corps activities will provide support for educational and developmental activities of many kinds.

We will use Democracy and Human Rights Funds for a broad spectrum of election-related activities: strengthening and training political parties, promoting women's participation, training recently elected legislators, providing technical assistance to the election commission and civic education. USIA will develop International Visitor Projects on democracy and governance issues.

We will encourage a faster pace of privatization and identify areas where Burkina Faso can benefit from the President's Partnership for Economic Growth and Opportunity. Burkina Faso will also continue to receive Self-Help Funds for income-generating activities.

By providing safe refuge to Malian and Nigerien Tuaregs, by participating in ECOMOG, and through Compaore's personal conciliation efforts in regional conflicts, Burkina Faso has demonstrated that it can play a positive role in promoting regional peace and stability. We will build on these successes and use Burkina's presidency of the OAU to cooperate on conflict resolution in Africa.

Indicators:

- A free, fair, transparent, and competitive presidential election in December 1998.
- Pro-active leadership role as President of the OAU.
- Positive force in regional issues and conflict mitigation.
- Increase pace of privatization.
- Increased American trade and investment.

Cameroon Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	3,102	2,744	2,684
IMET	104	125	-
Total, Cameroon	**$3,206**	**$2,869**	**$2,684**

U.S. Foreign Policy Objectives:

Last year was marked by parliamentary elections that were flawed and presidential elections that were boycotted by the major opposition parties. Following the elections, President Biya named a new government, which includes members of one major opposition party. Biya also initiated a formal dialogue with other opposition parties and released some opposition prisoners. The government plans to establish a Senate and a constitutional court in 1998. Senate elections are expected in 1998. There may also be elections to regional councils, an institution called for in the Constitution but not yet established.

Economic trends are generally positive, with Cameroon enjoying renewed economic growth following a decade of stagnation. The government has, as of January 1998, stuck with an IMF-sponsored economic reform program for six months, longer than at any time in recent history.

The principal U.S. objectives in Cameroon are to:

- Encourage the continued transformation of Cameroon's internal political systems to true multiparty democracy.

- Support the government's economic reform efforts, including adherence to its Enhanced Structural Adjustment Facility (ESAF).

Strategy for FY 1999:

The U.S. strategy will focus on laying the groundwork for better elections by improving voter registration. International observers of the 1997 Parliamentary elections identified deficiencies in the voter registration system as a major impediment to democratization. A voter registration project would address all aspects of voter registration, including electoral law and regulations, staffing and training, material requirements and public feedback. It would likely be coordinated with related projects undertaken by other donors. Democracy and Human Rights Fund (DHRF) projects would complement the voter registration program through education of diverse populations on human rights issues, preparation of Cameroonian citizens

for senatorial and/or regional elections, and participation in a multinational election observer training program.

The Peace Corps will pursue basic developmental and educational activities.

Indicators:

- Increase the percentage of eligible voter registered to 80 percent, up from compared to only 64.5 percent for the 1997 legislative elections.
- Continued adherence to ESAF.

Cape Verde Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	3,381	3,934	2,805
Peace Corps	967	1,076	1,153
IMET	208	100	100
Total, Cape Verde	**$4,556**	**$5,110**	**$4,058**

U.S. Foreign Policy Objectives:

Cape Verde has surpassed virtually all other West African states in its responsiveness to U.S.-supported ideals on democracy, human rights, and economic reform. Democracy has been entrenched in Cape Verde since 1991, when the country became one of the first in sub-Saharan Africa to replace a one-party regime through multiparty elections. Democratic institutions are now flourishing, and fundamental human rights enjoy strong constitutional protections. Despite its small size, Cape Verde's dramatic pursuit of political and economic reforms and its positive diplomatic engagement in regional affairs have made it a model for the region and a worthy U.S. partner.

Cape Verde has enacted a vigorous economic reform program that includes a strong investment code and effective legal protections for private property. The World Bank has lauded Cape Verde's excellent overall track record on policy reform in all sectors. These efforts have begun to yield positive results in the form of economic growth, increased investment, and improved social indicators.

Notwithstanding Cape Verde's impressive reform efforts, the country's economic future remains at risk. Cape Verde is an arid, resource-poor country that, for the time being, remains partially dependent on outside loans, remittances from Cape Verdians living abroad, and external food assistance. Our PL480 Title II food assistance program thus remains a cornerstone of our overall approach to Cape Verde. Peace Corps activities provide an important multiplier effect for basic educational, health, and developmental activities.

Cape Verde's location off the coast of West Africa has made its airport an important refueling stop and crossroads for air traffic from Africa to Europe and North and South America. Cape Verde is interested in expanding its air links with the African continent and the United States, an achievement that would encourage bilateral business.

At the same time, Cape Verde's position as a transport hub has encouraged an illicit narcotics trade, fueled by poverty. The GOCV has expressed serious interest in combating this trade but lacks sufficient resources to do so effectively. It is very much in the U.S. interest to work with Cape Verde to eliminate illegal narcotics traffic.

Strategy for FY 1999:

We seek the continued development of democracy in Cape Verde. The U.S. Embassy in Praia will continue its dialogue with the GOCV and public opinion leaders to encourage positive steps. High-level visits by USG officials, including during refueling stopovers, would provide useful opportunities to signal USG support for Cape Verde's positive diplomatic role in the UN and other international fora. The Embassy will also continue to support democracy and good governance through DHRF programs. The Peace Corps will continue its programs in the fields of education, health, and community development.

The U. S. will seek opportunities to facilitate Cape Verdean efforts to establish ties with U.S. businesses through the Corporate Council on Africa. USG officials should work with the GOCV to explore commercial opportunities under the President's Partnership Initiative on Africa and work cooperatively with the GOCV to expand transportation links. The USG will, where appropriate, support to IFI deliberations on financial assistance to Cape Verde.

The IMET program will encourage the Cape Verdean military to continue to respect human rights and civilian authority. Cape Verde will also to eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Cape Verde is interested in an EDA transfer of a naval patrol boats will to enhance Cape Verde's ability to protect is fisheries.

Indicators:

- Continuing Cape Verdean support for democratic institutions.
- Increased bilateral trade and increased U.S. investment in Cape Verde.
- Cooperative counter-narcotics programs and a demonstrated decline in narcotics activity.

Central African Republic Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	158	150	90
Total, Central African Republic	**$158**	**$150**	**$90**

U.S. Foreign Policy Objectives:

The Central African Republic is a struggling democracy facing severe economic challenges and political instability. The army mutinied three times during 1996. An internationally-brokered cease-fire set up an inter-African peacekeeping force (MISAB) which has helped to restore order. However, France plans to cease funding MISAB in April 1998 and is also withdrawing its own troops. The security situation remains very fragile.

U.S. Democratization and Human Rights Funds (DHRF) will help strengthen CAR's fragile democratic institutions and civil society. U.S. military assistance encourages the development of a disciplined and professional military as a means of bolstering democracy and political stability.

Strategy for FY 1999:

The U.S. will continue its self-help program of grassroots development, as well as DHRF assistance.

The U.S. resumed the IMET program in FY 1998. The IMET program encourages respect for civil authority and promotes understanding of proper civilian-military relations in a democracy. IMET defense resources management courses help provide skills necessary for the effective allocation of defense resources. Assistance will help build a professional, apolitical and pro-democratic military that will maintain order while encouraging respect for human rights.

Indicators:

- Continued stability and progress on military and economic reforms.
- Improved behavior and increased professionalism of the CAR's armed forces.
- Improved defense resource management.
- A military supportive of democratic principles and respectful of human rights.

Chad Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	4,977	-	538
Peace Corps	1,114	1,170	1,207
IMET	27	100	50
Total, Chad	**$6,118**	**$1,270**	**$1,795**

U.S. Foreign Policy Objectives:

Bordering Libya and Sudan, Chad is moving toward democratic government. The Deby government is beginning to implement economic reform and integration of former guerrilla groups into the armed forces. Although the 1996 presidential elections were flawed, international observers found the 1997 legislative elections to be free and fair.

The United States seeks to assist in the difficult transition to democracy and in reducing human rights violations. The U.S. is participating in the development of Chad's sizable oil reserves, which will provide sizable revenue flows for Chad and will open numerous business opportunities for American companies.

Strategy for FY 1999:

USIS will work with local journalists and human rights groups to encourage a freer press and efficient monitoring of human rights. Through USAID's Sahel regional program, the U.S. will support food security and respond to shortages.

PL480 Title II and Peace Corps programs will support basic developmental needs such as health, sanitation, and education.

Chad will receive training under the humanitarian demining program which will reduce risk to human life in the heavily mined north and will remove a serious impediment to commercial traffic between northern and southern Chad.

The IMET program encourages respect for civil authority and promotes understanding of proper civilian-military relations in a democracy. It also builds a professional, apolitical military that will maintain order while ensuring respect for human rights. IMET defense resource management courses help provide skills necessary for the effective allocation of defense resources.

Indicators:

- Emergence of an apolitical, professional and democratically-oriented military.
- Increase in the prosecution of military personnel guilty of human rights abuse, and a decrease in the number of incidents of abuse of human rights by military personnel.
- Successful training of trainers in demining techniques.
- Improved food security.

Comoros Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	76	75	75
Total, Comoros	**$76**	**$75**	**$75**

U.S. Foreign Policy Objectives:

The Federal Islamic Republic of the Comoros, a group of islands located off the northern tip of Madagascar in the southwest Indian Ocean, is a country in transition to democracy, still prone to coup attempts and frequent governmental reorganizations. President Mohamed Taki won 1996 elections that were judged free and fair by international observers. Comoros experienced civil unrest for much of 1997, and the islands of Onjouan and Moheli declared independence other donors support the territorial integrity of Comoros. OAU-sponsored talks in December have so far failed to resolve the crisis. Comoros has an extremely poor agriculture-based economy and a high population growth rate. U.S. foreign policy in Comoros seeks to:

- Uphold the territorial integrity of Comoros.
- Establish a bulwark against the potential influence of extreme fundamentalism.
- Promote democracy and human rights.

Strategy for FY 1999:

Our strategy is to promote improved civil-military relations, emphasizing the proper role of the military in a democracy. Continued control of the military by civilian authorities and a negotiated settlement to the separatist crisis are a prerequisite for the ongoing success of democracy in the Comoros.

- IMET courses will emphasize human rights and the apolitical role of the military in a democracy.
- DHRF funds will be used for a national reconciliation and rule-of-law program, if the opportunity arises.

Indicators:

- Improved behavior and increased professionalism in the Comorian Defense Force.

Congo Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	559	-	-
IMET	147	-	-
Total, Congo	**$706**	**-**	**-**

U.S. Foreign Policy Objectives:

One of the largest oil producers in Africa, Congo exports most of its oil to the United States. A socialist single-party state until 1990, the country was undergoing an economic and political transformation until this was derailed by the recent coup. In a four-month war, former president Denis Sassou Nguesso ousted democratically elected Pascal Lissouba in October 1997 with the help of Angolan troops. Presidential elections were not held in July as scheduled because of the war. U.S. policy is to: press the Sassou regime to restore democracy by holding early elections; effect the removal of Angolan troops from Congo; resume economic liberalization, including adherence to IMF/World Bank guidelines; recover or obtain reparations for looted U.S. property; and ensure a level playing field for U.S. investors in Congo.

Strategy for FY 1999:

Our strategy for accomplishing our objectives is twofold. On the one hand we will maintain diplomatic contact with the new Congolese government and pursue our objectives through dialogue at every opportunity. In support of our call for early elections and the departure of the Angolans, we will lobby other nations to push the Congolese on these points.

On the other hand, to demonstrate our disapproval of the overthrow of democratically-elected government, we suspended all non-humanitarian assistance to Congo, including IMET. No government-to-government assistance is contemplated for FY 1999. Only humanitarian assistance is being provided through various NGOs. We are considering additional action if satisfactory efforts are not made to compensate U.S. losses due to looting by Sassou's militia following the war. These may include such measures as visa restrictions and the withholding of support for assistance to Congo from international financial institutions. However, if suspensions are lifted, Congo will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

Indicators:

- Early date for new elections.
- Departure of all Angolan troops.
- Reestablishment of a positive relationship with the IMF, World Bank, and other international financial institutions.
- Recovery in a usable form of looted U.S. property of value or reparations for unrecoverable losses.
- Fair treatment for U.S. investors in Congo, both in bidding future contracts and in complying with prior agreements.

Cote d'Ivoire Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	2,293	-	963
Peace Corps	1,892	2,111	2,025
IMET	170	150	150
Total, Cote d'Ivoire	**$4,355**	**$2,261**	**$3,138**

U.S. Foreign Policy Objectives:

Cote d'Ivoire is one of the most stable, successful states in the region. U.S.-Ivorian relations are excellent. Significant commercial interests, common strategic goals, and the role of our Embassy in Abidjan as a logistical base for the USG's regional programs make this one of the most important bilateral relationships in West Africa.

The Ivorian economy, with its strong growth rate, diverse commodity exports, and good infrastructure, has attracted significant U.S. investment. The U.S. is now Cote d' Ivoire's third largest trading partner. We seek further progress in democratization, institutional reforms to improve the climate for U.S. investors, and a continued constructive Ivorian role in regional stability and peace-keeping.

Strategy for FY 1999:

Further steady, orderly progress in the transition from a one-party state to multi-party democracy is important to Cote d' Ivoire's future as a partner of the USG. We will direct our DHRF funds and USIS programs at organizations and programs which promote civil society, human rights, a free and professional news media, and inter-ethnic cooperation. We will continue to urge the GOCI to reform election laws and to adopt democratic electoral procedures which are fair, transparent, and respected in practice by all sides. We will maintain our active dialogue with both opposition and ruling party, urging constructive dialogue rather than confrontation as the elections in 2000 approach.

In coordination with the IMF, World Bank, and the donor community, we will continue to urge the GOCI to make necessary economic and administrative reforms. The United States Government will continue to promote U.S. investment in Cote d'Ivoire, and use trade missions, official visits, and Embassy channels to underline to the Ivorian authorities the necessity of making judicial reforms, further liberalizing the economy, and streamlining customs and port formalities in order to attract and keep international investors. We will encourage Ivorian participation in the President's African Trade and Investment Initiative.

At the same time, developmental needs remain widespread in the rural areas of Cote d'Ivoire. The U.S. strategy is to use PL480 Title II assistance and Peace Corps activities to meet these needs.

Cote d'Ivoire has, in recent years, played a helpful diplomatic role in mediating regional conflicts. The GOCI has traditionally maintained a policy of non-involvement in military operations outside its borders. However, in 1997, the GOCI softened its policy and contributed a hospital unit to the ECOMOG peacekeeping force in Liberia. The Ivorian Government has indicated it is prepared to consider further support for regional peacekeeping operations. In this regard, Cote d'Ivoire will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Through our IMET programs we can strengthen the GOCI military's capacity to participate in peacekeeping and provide instruction in civil-military relations, military justice, and other democracy-building programs. We seek to keep the Ivorians constructively engaged in restoring civilian, democratic government in Sierra Leone and maintaining the fragile peace in Liberia.

Indicators:

- The GOCI adheres closely to the IMF/World Bank economic reform programs.
- U.S. companies continue to invest in Cote d'Ivoire, with less frequent complaints about the business climate.
- Government and opposition reach a consensus on electoral reform long before the 2000 presidential and general elections.
- Cote d'Ivoire armed forces participate in ACRI peacekeeping training.
- Cote d'Ivoire cooperates with ECOWAS to bring about the restoration of the elected government in Sierra Leone.

Democratic Republic of the Congo (DROC) Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	-	20,000	20,000
ESF	-	-	8,000
IMET	-	-	70
Total, DROC	**-**	**20,000**	**$28,070**

U.S. Foreign Policy Objectives:

Our overriding objective is to see a successful post-Mobutu transition that results in a stable, prosperous, and democratic Congo. As large as the U.S. east of the Mississippi and bordering on nine countries, the Congo is crucial to the stability of all of central Africa – a region that has consumed significant U.S. humanitarian resources in recent years. With its central location and vast natural resources -- including 18 percent of world reserves of industrial diamonds and 28 percents of world cobalt -- the Congo has the potential to serve as a bridge for trade with Central, Southern, and Eastern Africa and as an engine of growth for much of the continent. If the transition fails, however, the Congo could slip back into renewed internal and cross-border conflict, refugee flows, and prolonged period of humanitarian crisis.

Strategy for FY 1999:

We will continue to build on our strategy of engagement with the people and government of the Congo to advance our key objectives. To promote democratic reforms and respect for human rights, we will provide technical assistance and other direct support to Congolese election authorities responsible for organizing national elections in April 1999. USAID-funded US-based NGOS will also work with key civil society institutions to foster democratic values and respect for human rights and the rule of law. Additional activities will be funded under the Democracy and Human Rights Fund (DHRF) and ESF. Targeted activities in the justice sector – including technical assistance – will also continue. In addition, a small IMET program is proposed for FY 1999. The IMET program will assist in developing an apolitical military cadre that respects human rights, the rule of law, and the concept of civilian control of the military.

In support of economic growth, we will expand programs in USAID's regional development centers in several provinces of the Congo. These programs emphasize grassroots development through regional non-governmental and community-based organizations, as well as local and regional governments. The programs also reinforce our democratization objectives through conflict resolution activities and support to the civil society. To help ensure a macro-economic framework that encourages growth, we

will provide technical assistance to key finance and economic ministries. Efforts to promote trade and foreign investment are likely to be enhanced by OPIC insurance coverage and possible financing.

Improvements in children's health and AIDS prevention will be achieved through continuation of USAID's health programs. These include immunization campaign's for children and USAID's education programs. Peace corps will continue projects in the health sector, in coordination with USAID. Programs to protect the environment will be funded through the Central African Regional Programs for the Environment to counter deforestation in the Congo, which accounts for half the remaining tropical rainforest in Africa.

Indicators:

- Non-recurrence of refugee flows and other humanitarian crises.
- Progress toward organizing scheduled national elections.
- Reduced reports of human rights abuse,
- Economic growth.
- Increased Congolese trade within Africa.
- Increased Congolese trade with U.S. and U.S. and trade with investments in the Congo.
- Increased AIDS awareness.
- Reduced incidence of childhood disease.
- An integrated military that supports democratic principles, such as respect for civilian authority and human rights.

Djibouti Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	-	482	-
IMET	94	100	100
Total, Djibouti	**$94**	**$582**	**$100**

U.S. Foreign Policy Objectives:

The principle policy objective for the United States in Djibouti is securing region stability through the strengthening of democratic institutions and improving civil-military relations in Djibouti. To achieve these goals we will:

- encourage an expanded and more active role for the sub-regional organization, the Inter-governmental Agency on Development, headquartered in Djibouti.
- support demobilization of the military to reduce government expenditures and to comply with IMF loan conditions.
- maintain contact with the Government of Djibouti and the political opposition to assist both parties in the building of a democratic political culture in Djibouti.
- retain U.S. military access to key airport and port facilities in Djibouti with their access to the Bab Al-Mandeb straits.

Strategy for FY 1999:

The Djiboutian military is undergoing significant change in size and nature of mission. This is brought on by the reform demands of the IMF and the beginning of domestic reconciliation following the 1994 civil war. Through the IMET program we hope to professionalize the Djiboutian military and contribute to the formation of a democratic and responsible military, ready to face the challenge of a peaceful and reconciled nation. Part of the civil-military project is the building of a hospital that serves the whole nation. Djibouti will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. The transfer of EDA such as vehicles, radios and field equipment would encourage and support the development of Djiboutian peacekeeping capabilities. Democracy funds will be used to provide training for citizens on their rights and responsibilities in a democratic society. Some moneys will go for institution-building and confidence-building measures aimed at reassuring all members of society that they can play a meaningful role.

Indicators:

- Successful demobilization of troops.
- Continued participation by qualified Djibouti Army Officers in IMET training and programs.
- Increased participation by minorities and women in political life.
- Improved relations with other IGAD member states through cooperation in organizational activities.

Eritrea Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	9,500	10,650	10,000
PL480 Title II	735	423	1,956
Peace Corps	1,187	1,285	1,512
IMET	413	425	425
Total, Eritrea	**$11,835**	**$12,783**	**$13,893**

U.S. Foreign Policy Objectives:

Eritrea is a small country strategically located near the southern entrance of the Red Sea across from Saudi Arabia and Yemen. The Government of the State of Eritrea (GSOE), formally established at Eritrea's independence in May 1993, is committed to close relations with the United States. The country has substantial offshore petroleum reserves as well as a growing economic base and increasing trade with the United States. The United States seeks to help Eritrea pursue its plans to establish a market-based, democratic system and assist it in transforming what originally was a guerrilla force into a smaller, better-trained, professional armed force. U.S. foreign policy objectives in Eritrea are to: implement market reform offering greater access to U.S. firms; consolidate democratic institutions; and assist Eritrea to develop a professional, apolitical military force with a cooperative relationship with the United States and enhanced potential to participate in international peacekeeping operations.

Strategy For FY 1999:

The United States will contribute to the consolidation of Eritrea's governing structures through a combination of efforts. East Africa Regional Assistance, coupled with the IMET program, will be used to help Eritrea to better defend its border with Sudan. Specifically, the IMET program will seek to professionalize Eritrea's military, increase its ability to participate in international peacekeeping missions, and foster respect for human rights and civilian control of the military. Eritrean military professionalism will also be supported through joint exercises with the Department of Defense. Eritrea will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to help strengthen Eritrea's demining program by providing such items as vehicles, radios and engineering equipment. Within the context of the Greater Horn of Africa Initiative, DA and PL480 Title II funds will support Eritrean development with programs in health and population assistance, rural enterprise development, enhancement of food security, and increased governance capacity. Peace Corps volunteers will be involved in education and health programs. The promotion of democratic values through speakers and exchange programs will be carried out by USIS.

Indicators:

- Increased rural income through growth of rural enterprise;
- Improved access to primary health care services;
- Increased capacity for democratic governance;
- Increased in U.S. investment, and decreased international donor assistance;
- Advancement of U.S.-trained officers to positions of responsibility;
- Improved professional performance by Eritrean forces; and
- Increased involvement in international peacekeeping activities.

Ethiopia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	37,290	45,585	37,585
PL480 Title II	37,397	56,812	32,044
Peace Corps	1,246	1,460	1,695
IMET	313	475	575
Total, Ethiopia	**$76,246**	**$104,332**	**$71,899**

U.S. Foreign Policy Objectives:

Ethiopia is the most populous country in the Horn of Africa and the second largest in area. Its internal situation and international orientation have long been important elements in the stability of the region as a whole. The Government of the Federal Democratic Republic of Ethiopia (GFDRE) has a warm relationship with the United States and has committed itself to advancing democracy and market-based economic reform. Ethiopia is engaged in a long-term effort to transform its armed forces into a professional, better-organized, modern military. U.S. foreign policy objectives in Ethiopia are to:

- Promote basic food security.
- Assist Ethiopia to consolidate democratic institutions.
- Assist Ethiopia to develop a professional, apolitical military force with stable, cooperative military relations with the United States.
- Maintain Ethiopia's support for, and increase its ability to participate in, international peacekeeping operations.

Strategy For FY 1999:

PL480 and USAID's program focus on promoting food security. Assistance will help ensure a minimum level of food availability, as a basic need and as a critical base for the government's and farmer's ability to focus on other essential aspects of long-term development. The U.S. will also continue to support the transition to democracy and strengthen the foundations of civic society. The Peace Corps effort underpins the civic society initiative with a focus on basic education. Development assistance will also be used for health and population programs in support of long-term development. The United States will undertake initiatives in support of Ethiopia's democratization, employing a variety of assistance tools. U.S. strategy will seek to:

- Assist with the professionalization of Ethiopia's military, encourage respect for human rights and civilian control of the military, and maintain a cooperative

relationship with extensive use of IMET funding.

- Maintain Ethiopia's support for peacekeeping operations and improve its ability to participate in such activities as a means of increasing the professionalism of the Ethiopian military.
- Improve international, regional, and local conflict management and prevention techniques through the USIS exchange and speaker programs.
- Improve Ethiopia's defensive posture against destabilizing incursions from Sudan using resources from the East Africa Regional Assistance Program.
- Reinforce Ethiopia's demining capabilities with Excess Defense Articles (EDA), such as vehicles, radios and engineering equipment. Ethiopia would be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act.

Indicators:

- Increased production of domestically-produced food grain crops;
- Increased enrollment in primary education and expanded investment in the education system;
- Increased use of primary and preventive health care services;
- Strengthened political role of parliament and NGOs; independence of the judiciary; independence of media;
- Advancement of U.S.-trained officers to positions of responsibility;
- Improved professional performance by Ethiopian forces; and
- Increased ability of the Ethiopian military to participate in international peacekeeping operations.

Gabon Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	2,548	2,122	2,161
IMET	-	-	50
Total, Gabon	**$2,548**	**$2,122**	**$2,211**

U.S. Foreign Policy Objectives:

Although Gabon's President Bongo instituted some democratic reforms in 1994, progress in this area has been uneven. New Presidential elections are scheduled for FY 1999 and will serve as a test of democratic progress. The main political objective for the U.S. is to encourage the strengthening of democratic institutions, including free and fair elections.

Gabon is the third largest oil producer in Africa and exports $1 billion in petroleum to the U.S., but purchases few American goods. Oil production has probably peaked but Gabon has done little to prepare for a decline in this dominant industry, as through diversification of its economy. Although Gabon possesses one of the highest per capita incomes in Africa, distribution of wealth is highly skewed and social indicators are poor. The French have long held a dominant position in Gabon and other investors have been discouraged by red tape and bribery. U.S. policy seeks to:

- encourage the Gabonese to import more U.S. products;
- provide a level playing field for all foreign investors;
- hold Gabon to fiscal responsibility by meeting IMF conditions;
- complete Gabon's privatization program; and
- diversify Gabon's economy and begin to address its many social ills.

Strategy for FY 1999:

The U.S. will engage the Gabonese in dialogue to encourage the process of democratization, to be complemented by the funding of an electoral commission project in support of free and fair elections in early FY 1999. The U.S. will appeal to the best interests of the Gabonese in urging them to reform their economy by pursuing diversification and creating new opportunities for poorer Gabonese, to be more fiscally responsible, increase imports from the U.S., and attract foreign investment by providing a level playing field. Peace Corps activities will support the developmental aspects of these initiatives. The small IMET program will focus on the role of the military in a democracy.

Indicators:

- Free and fair Presidential elections.
- More purchases from the U.S., particularly in the aviation field.
- A level playing field for U.S. investors.
- Improved fiscal policies as laid down by the IMF.
- Progress in developing non-oil sector industries.

The Gambia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	1,864	1,593	1,978
Peace Corps	1,322	1,264	1,231
Total, The Gambia	**$3,186**	**$2,857**	**$3,209**

U.S. Foreign Policy Objectives:

The United States has a national security interest in encouraging The Gambia to play a responsible role in West African regional affairs, including limiting its involvement with pariah states. This interest is strongly reinforced by The Gambia's assumption in January of a two-year term on the United Nations Security Council. We will encourage The Gambia to play a constructive role during its term on the UNSC and limit its support for pariah states in that forum. We seek to minimize the effect on The Gambia of the long-running conflict in Senegal's Casamance region. We further seek to increase adherence to democratic practices and respect for human rights by the Government of The Gambia as well as to minimize transnational criminal activity.

Strategy for FY 1999:

The Gambia has turned to Libya and other pariah states to replace the flow of development and security assistance that the United States cut off in 1994. We will continue to maintain a frank dialogue with The Gambian government through our embassy in Banjul, as well as through our the U.S. Mission to the United Nations in New York, to ensure that our positions are well-known and appreciated on issues of concern. Through our diplomatic activities, we will seek to encourage the Government of The Gambia to realize that it has more to gain from good relations with the United States in the form of trade, investment, and tourism, that it has from Libya and other pariah states.

The small but professional Gambian army lacks the logistics and communications capabilities to respond adequately to external threats. Nonetheless, we will use diplomatic dialogue to encourage the government to make a good faith effort to prevent Senegalese rebels from crossing into and establishing camps in The Gambia. We will also use diplomatic dialogue to encourage The Gambian government to take further action to interdict illicit arms transfers and curtail other transnational criminal activity that may be taking place in The Gambia.

We will continue our bilateral dialogue with The Gambian government to impress upon it the need to improve its democratic practices and respect for human rights. We will employ DHRF to fund projects in these areas by local non-governmental organizations.

Under Section 508 of the Foreign Assistance Act, U.S. economic assistance cannot resume until a democratic election is held in Gambia.

At the same time, PL480 Title II resources and Peace Corps activities will complement these efforts with an intensive focus on human development.

Indicators:

- Coincidence of voting with the U.S. in the UN Security Council.
- Cooperation on issues of mutual concern.
- Efforts to control Senegalese rebel activity in The Gambia.
- Efforts to control transnational criminal activity.
- Respect for human rights, including treatment of the media and opposition politicians.

Ghana Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	2,408	2,441	2,466
DA	36,000	38,231	36,543
PL480 Title II	13,843	13,478	15,066
IMET	243	340	400
Total, Ghana	**$52,494**	**$54,490**	**$54,475**

U.S. Foreign Policy Objectives:

It is very much in the U.S. interest to continue a close relationship with Ghana, a country that has the potential to become a leading U.S. partner in West Africa. Ghana stands at the forefront of West African nations positively engaged in furthering regional peace, it has made significant strides in the development of a constitution-based democracy, and it is one of our most important trading partners in sub-Saharan Africa. Ghana is a leader in transportation liberalization and is rapidly developing as a regional hub. Ghana stands out as one of the most influential forces for positive change in the region.

With its highly competent military and activist diplomacy, Ghana has been a leader in regional peacekeeping efforts. Ghana's decision in late 1997 to participate in the African Crisis Response Initiative (ACRI) gave an important boost to USG hopes that the initiative will bear positive fruits.

Ghana's democracy has now weathered two major elections and its record on human rights, while imperfect, surpasses that of most of its neighbors. Continued USG engagement with the GOG on democracy and human rights will contribute to the development of these institutions both in Ghana and in the wider region. A strong democratic Ghana will be an important U.S. friend in an otherwise unstable region.

Ghana's evolution in recent years from one-party socialist state to free market democracy has brought important economic benefits and created significant opportunities for U.S. business. Ghana is already one of our largest trading partners in sub-Saharan African; continued USG engagement to encourage sound macroeconomic policies and greater market openness will encourage this positive trend. As in so many other areas, the success of private enterprise in Ghana will serve as a stimulus for other regional states. Ghana's role as an economic entrepot will be enhanced by its regional leadership in the transportation field. Ghana has been upgraded by the Federal Aviation Administration from Category 3 to Category 1, a remarkable achievement.

Ongoing engagement with the GOG will be necessary to stem the flow of illegal narcotics through Ghana and the increasing phenomenon of international business fraud.

Strategy for FY 1999:

Reciprocal high-level visits will provide valuable opportunities to convey USG support for Ghana's diplomatic and military initiatives on behalf of regional peacekeeping, democracy, and economic openness. They will also provide opportunities to highlight USG concern about human rights lapses, unsound economic policies, and crime.

Continued military to military cooperation through IMET, joint ACRI activities, ship visits, military exchanges, and other DOD programs, including grant Excess Defense Articles (EDA), will enhance our ability to keep Ghana positively engaged in peacekeeping activities. The IMET program will also assist Ghana in effective defense resources management and encourage greater respect for human rights, the rule of law, and the concept of civilian control of the military.

Ghana would be eligible in FY 1999 to receive grant EDA under Section 516 of the Foreign Assistance Act. EDA such as vehicles, radios, field equipment and clothing would help Ghana participate in peacekeeping operations.

Our development assistance program focuses on developing the private sector, primary education, family health, child survival, and population stabilization, as well as HIV/AIDS programs. It also promotes civic participation and accountable governance.

Continued and, where possible, increased access to DHRF funds will provide critical support for the development of democracy and human rights institutions. The U.S. Embassy and its component elements will continue a dialogue with the GOG and the public sector on these issues.

The USG should reinforce the message of fiscal responsibility in its dialogue with the GOG and, at the same time, ensure that the International Financial Institutions deliver a similar message. High-level dialogue and day-to-day Embassy contact will provide opportunities to expand commercial interactions under the President's Growth and Opportunity Initiative. We should continue discussions with the GOG on transportation cooperation, including an Open Skies Agreement.

Government to government dialogue at all levels should emphasize USG concerns about the narcotics trade and other forms of crime and convey the negative impact these have on the developing relationship.

To a very real degree, the development of a democratic and free market environment in Ghana compatible with U.S. values will come as the result of a fundamental shift in Ghana's way of doing business. Government-to-government dialogue and the activities

of all USG elements, including USAID and the Peace Corps, as well as judicious application of PL480 Title II resources will contribute to this modernization process.

Indicators:

- The health of the population improves, especially in the area of nutrition and infectious diseases.
- Basic literacy rates improve.
- Population growth slows.
- Government responsiveness to the public improves.
- Continued GOG involvement in ACRI and other regional peacekeeping initiatives.
- Preparations for transparent elections in year 2000.
- Decline in reported human rights abuses.
- Increased U.S. exports to Ghana and U.S. investment in Ghana.
- Improved macroeconomic posture leading to reduced inflation, increased privatization.
- Per capita income rises, especially in rural areas.
- Demonstrated efforts to halt narcotics shipments, other forms of international crime.

Guinea Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	2,438	2,695	3,184
DA	12,500	16,900	16,800
PL480 Title II	1,155	823	814
IMET	55	150	150
Total, Guinea	**$16,148**	**$20,568**	**$20,948**

U.S. Foreign Policy Objectives:

The U.S. seeks to assist Guinea's transformation from an aid-dependent country to a productive trading partner. In this regard, we should support Guinea's developing democratic institutions, as the economy can best flourish in a free society. Guinea has demonstrated its readiness to participate in regional conflict resolution and peacekeeping. Our support for development of this capability will place the primary responsibility for solving African problems in the hands of Africans.

Guinea must be encouraged to continue its economic reform program. With valuable natural resources such as gold, diamonds and bauxite, Guinea could be a valued trading partner, but its citizens are among the poorest in the world. Guinea also could increase its agricultural production significantly, which would launch it into the global marketplace. But corruption plagues all levels of government, and its judicial and administrative procedures are underdeveloped, diminishing the attractiveness of its investment climate. Even so, the economy has improved dramatically since the demise of the Marxist regime of Sekou Toure in the mid-1980's. We should continue to focus our development assistance to Guinea on market reform, privatization and an improved investment climate, while supporting parallel efforts of the International Financial Institutions (IFIs).

Guinea has demonstrated capability for conflict resolution and peacekeeping as an active participant in ECOWAS and ECOMOG in Liberia and Sierra Leone and continues to host large refugee populations from both countries. Despite the apparent fragility of the Conte regime, Guinea has recently had a stabilizing influence in the sub-region, making it crucial that we remain engaged via our USAID Mission, USIS program, Peace Corps presence, our PL480 Title II contribution, and military assistance programs.

Strategy for FY 1999:

Through the Democracy and Human Rights Fund (DHRF) and cooperation with organizations which focus on strengthening nascent democracies, we can continue to

support Guinea's progress on democratization. We should provide assistance in combating corruption, strengthening the judiciary through training and electoral reform.

DA funds programs and NGO activities to improve social services and provide environmental protection to those areas most heavily impacted by the refugee influx. It also funds activities that seek to improve the general health and education level of the population.

Working with the IFIs, USAID and other donors, we should encourage Guinea to privatize money-losing parastatals, diversify from its dependence on the bauxite mining industry, and reign in corruption which is rampant at all levels of government. Commercial ties could be enhanced through trade missions, and visits by Washington policy makers, and investment promotion programs.

We can further our commitment to provide humanitarian assistance to those in need by continuing to press the GOG to improve its record on protection of the human rights of all Guineans, especially women and children. Neither the military nor the police are well trained or disciplined. The IMET program will assist the military in this area. The IMET program will also provide professional military education, English language training, and instruction in effective defense resources management.

Our continued support of ECOWAS and ECOMOG is another means of bolstering Guinea's regional role.

Indicators:

- Improved basic literacy of the population.
- Improved basic health of the population, especially among the poor.
- Improved elections, judicial reform, checks and balances among the three branches of government.
- Active participation in regional peacekeeping organizations and operations.
- Continued openness to refugee populations.
- Stronger economy signaled by increased GDP and increased trade with the other nations.
- Greater respect for human rights indicated by better treatment of prisoners, equality for women and protection of children.
- A more professional military characterized by trained and disciplined officers and troops and a higher quality police force.

Guinea Bissau Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	1,906	-	-
Peace Corps	1,055	1,063	986
DA	4,100	-	-
IMET	119	125	125
Total, Guinea Bissau	**$7,180**	**$1,188**	**$1,111**

U.S. Foreign Policy Objectives:

Democratic and economic reforms have begun to take root in Guinea-Bissau, and in significant measure, respond to USG policy initiatives. Although Guinea-Bissau is a small, resource-poor country, the U.S. Embassy and our soon-to-close USAID mission have helped turn it into a potential success story. Opportunities for U.S. business have begun to develop. Guinea-Bissau now has one of the fastest growing economies in sub-Saharan Africa. With continued USG diplomatic and commercial engagement, Guinea-Bissau can develop into a "good neighbor" in a volatile region and contribute to regional peace and prosperity.

Since Guinea-Bissau's first multi-party election in 1994, the country has demonstrated a determination to throw off the legacy of a one-party, socialist experiment and replace it with democratic institutions, a free market, and increasing respect for human rights. While Guinea-Bissau's democratic institutions are new and remain frail, there are few signs the country is prepared to abandon them. The USG has supported these reforms through democracy-building and good-governance programs.

Despite its commendable progress, Guinea-Bissau's poverty, its heavy international indebtedness, and its lack of access to outside funding have rendered it susceptible, to some degree, to Libyan blandishments and financing. The success of these efforts are reflected in occasional visits by high-level GOGB officials to Libya and by support for Libyan positions on some UN issues. It is in the U.S. interest to encourage Guinea-Bissau to develop in a way that is consistent with our principles.

Guinea-Bissau is in a region that has been devastated by armed conflicts in recent years. A conflict in Senegal has led to an influx of refugees into Guinea-Bissau and has created a security problem along the border. Guinea-Bissau does not have the military resources to adequately police its frontiers and risks being drawn further into this conflict. The U.S. seeks, as part of its wider goal of advancing regional peace, to engage the GOGB at diplomatic and military levels and to encourage appropriate conflict resolution strategies involving, inter alia, the relevant sub-regional and regional organizations.

Strategy for FY 1999:

With the departure of our USAID mission in Bissau in 1998, the role of democracy and human rights programs, such as DHRF, will become even more pronounced. These programs are invaluable in promoting democracy and human rights.

USAID trade promotion programs and Embassy commercial activities have been invaluable in developing support for free enterprise. Following USAID's departure, the Embassy and Washington-based agencies will continue the dialogue with the GOGB on economic reform issues and trade opportunities. The USG will a trade promotion visit to the U.S. The USG should also use its influence to encourage continued economic reform by applying appropriate conditionalities to IFIs loans.

Positive military-to-military relationship will be encouraged through continuation of IMET programs, ship visits, JCET exercises, and DOD-funded training opportunities, particularly in the areas of peacekeeping and conflict resolution. The IMET program will provide professional military education to Guinea Bissau, as well as training in civil-military relations. The Department and DOD will continue efforts to enhance the ability of the Guinea-Bissau military to locate and remove landmines. In this regard, Guinea Bissau will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act.

The Embassy will use diplomatic channels to discourage the GOGB from adopting positions in support of Libya and to work with the GOGB to discourage the limited existing cross-border traffic in illegal drugs and weapons.

Peace Corps will continue to work in the areas of agriculture, environment, health and education.

Indicators:

- Continuing support for parliamentary democracy.
- Continuing economic growth and expansion of private investment, including U.S. investment.
- GOGB diplomatic actions that encourage conflict resolution strategies with neighbors and avoid entanglements with Libya.

Kenya Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	19,678	19,500	19,300
PL480 Title II	11,469	14,519	8,228
Peace Corps	3,017	2,813	2,867
IMET	304	400	400
Total, Kenya	**$34,468**	**$37,232**	**$30,795**

U.S. Foreign Policy Objectives:

Kenya has been a reliable U.S. partner in a volatile region for many years, and we seek to maintain our diplomatic and military cooperation on matters of mutual concern, particularly humanitarian and conflict resolution efforts in the Horn of Africa and Great Lakes region. The Government of Kenya has played a constructive mediating role in conflicts in Sudan, Somalia and Zaire and has consistently provided access to its air and naval facilities for U.S. military forces during crises. Through our military training assistance, we work to enhance the professionalism of a Kenyan military that has participated successfully in international peacekeeping operations.

With the largest economy and most advanced (but deteriorating) infrastructure in East Africa, Kenya is of pivotal importance to the economic and development prospects of the region. Despite a modest rebound in economic growth following economic reforms in the mid-1990s, Kenya's economy remains flat. The United States uses its assistance and its influence to urge the Kenyan Government to address the sources of poor economic performance, including the government's excessive role in the market, pervasive government corruption, political violence that has frightened away international investors, and insufficient social investment in health education.

The overriding goal of U.S. policy in Kenya has been the development of a more democratic and accountable political system. Although general elections in late 1997 were characterized by less ethnic violence and greater freedom to campaign for opposition party candidates than was the case in 1992, serious logistical flaws and allegations of fraud diminished the mandate received by the incumbent government led by President Moi. Long-term stability in Kenya will depend on an inclusive dialogue and political and economic reform, a process the United States will encourage.

Strategy for FY 1999:

Well-targeted assistance from international financial institutions, such as the World Bank and IMF, and from bilateral donors, such as the United States, will be important if Kenya is resume a path of economic growth and address challenges such as high

urban unemployment, excessive population growth, grinding poverty, and its deteriorating infrastructure. To merit donor assistance, however, the United States believes the Government of Kenya must create an environment in which aid dollars will be put to good use. We intend to maintain pressure for concrete steps by the Kenyan Government to address corruption and jump-start restructuring of key sectors before substantial assistance is resumed.

In the interim, USAID will continue to address the pressing needs of the Kenyan population, including agricultural development and natural resource management. Efforts will also cover family planning, HIV/AIDS prevention, democratic reform, and improved food security. U.S. assistance will continue to flow through non-governmental organizations pending further reforms by the government. PL480 Title II resources will also be used to meet the pressing developmental needs of the Kenyan people. The Peace Corps will complement these activities with efforts in education, community development, and health care.

In addition, we look to the newly-elected government to embrace an inclusive process of political reform. This is a necessary condition for the political stability required by investors, whether public or private. We will continue our support to civil society organizations which have been catalysts for political reform in Kenya.

The United States seeks to contribute to regional stability by assisting Kenya, through the IMET program, in its effort to maintain a professional, apolitical military force that respects human rights and civilian authority. We also contribute to that military's ability to participate in international peacekeeping operations. In addition, Kenya will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. EDA such as vehicles, radios, and individual equipment would enhance Kenya's capability to participate in international peacekeeping operations. The United States does not provide assistance to the Kenyan Police, which continue to be involved in significant human rights abuses.

Indicators:

- Kenyan Government actions to meet IMF conditionalities for economic reform and more transparent economic governance.
- Reduced fertility rates.
- Reduced incidence of HIV/AIDS.
- Initiation of a dialogue on constitutional reform with participation of civil society and major opposition parties.
- Kenyan military's continued professional, apolitical role.
- Continued Kenyan interest in international peacekeeping activities.

Lesotho Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	1,611	-	-
Peace Corps	2,000	1,930	1,918
IMET	76	75	75
Total, Lesotho	**$3,687**	**$2,005**	**$1,993**

U.S. Foreign Policy 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 and in 1997 a country-wide police mutiny required a military assault on police headquarters to end it. 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 more than half the ethnic Basotho live. The United States supports Lesotho's increased democratization as a bulwark against such instability.

Strategy for FY 1999:

Developmental activities are the core of our approach to Lesotho. The Peace Corps plays a leading role in our effort to meet developmental needs such as basic health and education.

Sustainable democratic government in Lesotho requires continued work to complete the redefinition of the army's role and training to increase professionalism and respect for civilian authority. The IMET program will assist in meeting these objectives by providing professional military education and training in civil-military relations. Civilian control must continue to be strengthened, a concept military officers have begun to understand. Improved civil-military relations, manifested by greater civilian control over the military, will demonstrate IMET's success.

Indicators:

- Participation of the defense force in peacekeeping operations.
- Successful functioning of a multiparty Parliament following successful transition from one democratically elected government to another in 1998.
- Increased Lesotho military professionalism.

Liberia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	7,500	7,500	7,500
ESF	-	-	5,000
PL480 Title II	23,143	28,623	-
IMET	-	-	100
Total, Liberia	**$23,143**	**$36,123**	**$12,600**

U.S. Foreign Policy Objectives:

The seven year Liberian civil war ended with free elections in July 1997. In the aftermath of that ethnically divisive conflict, the United States has important interests in promoting democratic institutions, human rights and the rule of law as well as in the development of an open, market-oriented economy that welcomes foreign investment and private initiative. During the war, the United States provided significant food, medicines and other emergency relief to stave off humanitarian crises. However, Liberia's need for humanitarian assistance should decline as the country moves toward reconstruction of its national economy. Reintegration of refugees, internally displaced persons and former combatants will promote national reconciliation and social harmony. A stable, economically viable Liberia will improve West African regional security.

Strategy for FY 1999:

Our overarching strategy for Liberia is to work with the government and civil society in order to encourage democratization, national reconciliation and growth of the private sector. Most of our assistance will be to non-governmental groups. Assistance given to the government will emphasize good governance, human rights, resettlement, and reintegration of displaced populations.

We hope to continue programs on democracy and governance, human rights, and rule of law. DHRF funds will be used to strengthen domestic human rights groups and to fund civic education projects. This assistance will be important to help establish human rights as a core value as well as strengthen domestic non-governmental institutions. Funds will also be used to continue the Department of Justice Judicial training program begun in FY 1997. This program will foster the rule of law by helping to establish an independent, impartial judiciary and encourage good governance at all levels, which in turn will promote decentralization. We plan to provide technical assistance to the national legislature and newly established local governments. To expand the foundation for democracy, USIA will support programs to improve the media.

USAID will continue programs that train, educate and rehabilitate the estimated 33,000 ex-combatants who participated in the civil war. USAID and the Bureau of Population, Refugees, and Migration will also provide funding for the return and resettlement of the approximately 750,000 Liberian refugees in neighboring states and the internally displace population of over one million people. USAID will also continue activities that promote private sector growth and employment opportunities for ex-combatants, returning refugees and the internally displaced.

To foster free market economic and financial reform, USAID will provide technical assistance to pertinent GO ministries to improve government budgetary practices, and to assess investment, tax and tariff laws and regulations in order to spur private enterprise, trade, and foreign investment.

Judicious use of military-to-military assistance may be made in FY 1999. The overall objective of such assistance would be the creation of small, professional force that will support nation-building, democracy and the development of civil society. IMET would begin with training on core values such as human rights, civil-military relations and military justice.

Indicators:

- Government of Liberia respect for core human and political rights.
- Pace of resettlement and reintegration of refugees, internally displaced persons and ex-combatants.
- Growth of the Liberian domestic private sector.
- Level of U.S. exports to and private investment in Liberia.
- Transparency in Government of Liberia fiscal and monetary policies.
- Vibrant non-governmental institutions

Madagascar Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	16,250	17,000	16,500
PL480 Title II	3,700	4,970	5,941
Peace Corps	1,035	1,048	1,158
IMET	113	100	100
Total, Madagascar	**$21,098**	**$23,118**	**$23,699**

U.S. Foreign Policy Objectives:

Madagascar, a large island off the coast of East Africa, completed a transition from over 15 years of socialist dictatorship to a multiparty democracy in 1993, and completed a peaceful change of government in 1996 when President Didier Ratsuaka was sworn in following free and fair elections. Madagascar's economy, which depends on cash crops such as vanilla and coffee for foreign exchange, is based largely on agriculture but has potential in tourism and mining. U.S. foreign policy objectives in Madagascar are to:

- Promote democracy and human rights by strengthening democratic institutions and civil society.
- Protect Madagascar's biologically-diverse flora and fauna, a top global conservation priority.
- Encourage economic reform through implementation of Agreements with the IMF, World Bank and other IFIs.

Strategy For FY 1999:

USAID assistance supports Madagascar's efforts to alleviate its poverty through accelerated economic growth, while addressing two other long term challenges – natural resource degradation and high population growth rates. PL480 Title II resources and the Peace Corps program supplement this set of initiatives.

Our strategy for consolidating democracy includes enhancing the professionalism of the Malagasy military force by providing, through IMET, courses that reinforce respect for human rights, the rule of law and respect for the concept of civilian control of the military. We also provide guidance in the administration of military justice systems and the role of the military in a democratic society. The sometimes violent political turbulence during the transition to democracy in 1991-92 underscored the need for the armed forces to adhere to their apolitical role.

- A policy of encouraging the military to become an institution for nation-building and civil action assumes added importance because of the need to rebuild the economic infrastructure which was devastated by years of socialist rule.
- USIS will continue to work closely with the Embassy and USAID in programming aimed at consolidation of democratic institutions, strengthening NGOs involved in civic education, human rights and election observations, and working with the press to help foster independent and responsible media.

Indicators:

- Reduction of natural resource depletion.
- Vigorous private sector growth.
- A reduction in the yearly rate of deforestation and implementation of resources leading increased protection of endangered species.
- Advancement of U.S.-trained officers to positions of command.
- Malagasy military activities that support civilian authority.

Malawi Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	34,312	36,100	32,461
Peace Corps	2,051	1,859	1,726
IMET	228	275	335
Total, Malawi	**$36,591**	**$38,234**	**$34,522**

U.S. Foreign Policy Objectives:

Malawi is a small landlocked, southern African country with a population of approximately 11 million people. Our fundamental interest lies in a friendly, prosperous, stable, and democratic Malawi. Having achieved a peaceful political transition in 1994, Malawi is now consolidating democracy and establishing a market-oriented economy. Its reform process is occurring in the broader context of a southern African region that is increasingly stable and democratic, and that has the potential for sustainable economic growth and more U.S. trade and investment. Malawi has demonstrated its willingness to participate actively in regional affairs, notably peacekeeping and the U.S.-sponsored African Crisis Response Initiative (ACRI). Malawi's progress in building democratic institutions and reforming the economy makes it a model for other African countries.

Strategy for FY 1999:

U.S.-Malawian relations are excellent, as the United States seeks to promote stable democracy, respect for human rights, accountable and transparent government, and equitable economic opportunities for Malawi's poor majority. Agriculture is a key to alleviating poverty and economic disparities. DA and Peace Corps activities are focused on resource management, conservation, sustainable use, and economic growth, as well as on the basic developmental staples of population, health, and education.

The United States and other donors will be actively engaged in the run-up to May 1999 national and local elections. The Malawian Army enjoys a strong reputation as an apolitical and professional institution, which played a pivotal role in ensuring in 1994 Malawi's transition from thirty years of authoritarian rule. A large segment of the Malawian Army's officer corps has received U.S. training via the IMET program. Continuation of the IMET program will help sustain professionalism and respect for civilian control of the military, and enhance Malawi's contributions to regional peacekeeping efforts. Malawi will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance act. Grant EDA will support Malawi's peacekeeping efforts. Malawi has generally supported U.S. positions on important international and regional issues, and it was one of the first

African states to participate in ACRI training designed to enhance the capability and effectiveness of Malawi's officers and troops for future peacekeeping activities.

Indicators:

- Enhanced productivity of the basic agricultural sector.
- Per capital GNP rising at or above the average level in Africa.
- Implementation of plans to conserve fragile natural resources such as cropland.
- Excellent capabilities and preparedness of the military in peacekeeping and humanitarian operations.
- Continued participation in regional peacekeeping efforts such as ACRI, and support for international conflict resolution.
- Maintenance of the professional military's respect for civilian control and dedication to national defense.
- Continued close relations between the U.S. and Malawi militaries.

Mali Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	2,930	2,885	2,871
DA	31,150	35,900	30,600
PL480 Title II	3,890	1,062	409
IMET	152	275	280
Total, Mali	**$38,122**	**$40,122**	**$34,160**

U.S. Foreign Policy Objectives:

We seek to strengthen and deepen Mali's democratic practices and institutions, and to facilitate its entry into the global economy. Mali seeks to model its institutions and practices on the American standard. After enduring military rule until 1991, Mali looks to the United States as a key development. In supporting Mali's democratization and sustainable economic growth, and in helping to build its the United States seeks to work with Mail on such issues as democratization, peace and stability, arms control, human rights, terrorism, and narcotics. We also gain access to new markets for American businesses in a country actively seeking increased foreign investment.

Strategy for FY 1999:

Democratic rule, decentralization, education, press freedom, the rule of law, and a market economy are the cornerstones of Mali's political, economic, and social growth. Although there were administrative shortcomings in Mali's second set of multiparty elections, U.S. funding helped to make them free, fair, and transparent. Additional programs through USAID, DHRF, and DA will focus on civic education, strengthening the courts and press, improving public administration, and training the national legislature and soon to be elected municipal officials. PL480 Title II resources provide a modest developmental supplement to these initiatives.

Mali successfully resolved a five-year conflict in its North, a region dangerously close to Libya, and has a deep continuing interest in regional peace and stability. In order for Mali to continue to participate in regional peacekeeping, peace in the North must be lasting and the ability of Mali's military to undertake successfully peacekeeping operations must be enhanced. The U.S. should continue to support the strengthening of Mali's peacekeeping capabilities, as well as Malian initiatives to promote rule of law and stability at home and abroad. African Crisis Response Initiative (ACRI) training will develop Mali's ability to respond to conflicts; an increase in funding for IMET programs is required to build a more capable, more reliable corps of Malian officers able to participate fully in peacekeeping operations. IMET will also encourage professionalism, effective defense resources management, and respect for the rule of

law, and human rights. Mali will be eligible to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA such as vehicles, radios, and individual equipment would increase Mali's capabilities to participate effectively in international peacekeeping operations. The U.S. should contribute to the establishment of an office to monitor Mali's proposed moratorium on small arms.

Mali recognizes that democratization will be short lived without economic development. It wants to develop the spirit of entrepreneurship, strengthen the private sector, expand trade and investment, broaden its economic base, and ease its dependence on the trade of cotton, gold, and livestock. We will seek to ensure that Mali benefits from the President's Partnership for Economic Growth and Opportunity. We also plan to stimulate more trade and investment missions to introduce American investors to the Malian market.

Indicators:

- Increased cooperation among Mali's political parties.
- Improvements in governance at local and national levels.
- Increased autonomy of Mali's eight administrative districts.
- Stability, growth, and development in the North.
- Greater leadership role for Mali in regional conflict mitigation activities and peacekeeping.
- More Malians attending IMET training.
- Continued economic growth.
- More investment opportunities for American firms.
- Completion of a U.S. trade and development mission.
- Improvement in the quality and quantity of education.
- Continued Malian participation in ACRI-related activities.

Mauritania Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	4,026	881	713
Peace Corps	1,302	1,372	1,357
Total, Mauritania	**$5,328**	**$2,253**	**$2,070**

U.S. Foreign Policy Objectives:

The United States seeks to promote sustainable development, democracy and crisis prevention in the Sahel region of West Africa. Mauritania held its first multiparty presidential elections in 1992, a second set of elections in 1996, and has been gradually evolving with the appointment of a largely civilian cabinet. Both sets of elections were flawed, but civil society and human rights groups, along with the independent press and the opposition, continue to push for greater reform. 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 which is also more in line with U.S. interests, the nation still needs encouragement.

Strategy for FY 1999:

The United States will continue to pursue human rights and democracy objectives and maintain political space for civil society and the independent press through diplomacy and small programs such as the Democracy and Human Rights Fund and the Ambassador's Special Self Help Fund. PL480 assistance is integrated with other U.S. efforts to achieve food security and immediate relief as well as longer term development objectives. Peace Corps programs in education, health and environment are aimed at assisting the poor majority.

Indicators:

- Continued, if incremental, progress toward democratic governance and civil and political rights.
- Stronger civil society organizations with improved skills in the areas of advocacy and civic education.
- A stronger independent media.

Mauritius Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	22	50	50
Total, Mauritius	**$22**	**$50**	**$50**

U.S. Foreign Policy Objectives:

Mauritius, an Indian Ocean island country, is a model of successful political and economic development and is fostering democracy, economic reform, and respect for human rights in the region. It has been democratic since independence and underwent a peaceful change in its elected government in 1995. It has a vibrant economy, with low unemployment, based on textile and sugar exports as well as tourism. Mauritius claims sovereignty over the British Indian Ocean Territory, including Diego Garcia, the site of U.S. Naval Facility. While Mauritius has fully accepted the U.S. naval presence in the region, its government periodically attempts to raise the sovereignty issue in connection with other issues. The government of Prime Minister Rangoolan has reversed its predecessor's ban on nuclear ships and welcomed a U.S. Navy ship visit in 1997. Mauritius is a member of the Non-Aligned Movement and the Southern African Development Community (SADC) and plays an active role in international fora. U.S. foreign policy objectives in Mauritius are to:

- Promote U.S. commercial interests.
- Gain support for U.S. views on issues in multilateral fora.

Strategy For FY 1999:

Our strategy for moderating Mauritian views on the key issue of Diego Garcia is to promote a stable and cooperative military relationship between the United States and Mauritius. A small IMET program will build on previously provided U.S. Coast Guard search and rescue and maritime law training. It will improve Mauritian maritime skills, support interoperability with the U.S. Coast Guard, and help interdict the flow of narcotics into the country. USIS will continue to use its exchange programs to promote democratic ideals and economic development. It will publicize visiting American trade delegations and continue to promote the Embassy's commercial section.

Indicators:

- Increased trade activity;
- Increased Mauritian support in the UN and other fora; and
- More U.S. Navy ship visits to Mauritius.

Mozambique Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	31,933	38,396	41,220
PL480 Title II	21,180	23,855	18,780
Peace Corps	-	726	1,210
IMET	204	175	180
Total, Mozambique	**$53,317**	**$63,152**	**$61,390**

U.S. Foreign Policy Objectives:

Mozambique is emerging as one of Africa's leading success stories on a number of fronts. In late 1994, after peacefully negotiating an end to a protracted civil war lasting over 15 years, and successfully holding the country's first-ever multiparty elections, Mozambique embarked on an ambitious economic reform program that continues to draw support from the World Bank, IMF, and the European Commission. Mozambique is a potentially rich country, both in land and resources, that could have a dramatic impact on the future of regional integration in southern Africa and offer major investment opportunities to American companies. No less significant is Mozambique's progress on the democratization front. Democratic consolidation and institution-building continue. The United State's primary interest in Mozambique is that the country remain at peace. This goal requires steady political, social, and economic progress. U.S. policy toward Mozambique has two principal objectives:

- to encourage further movement toward consolidating democracy and national reconciliation; and
- to promote further economic reform that will increase development, attract investment, and reduce aid dependency.

Strategy for FY 1999:

Mozambique's main task remains the consolidation of multiparty democracy and democratic institutions. This requires a shift in emphasis from an overly centralized executive to a system of checks and balances among the three branches of government. Government transparency and accountability also must improve. Our strategy to support this process calls for continued U.S. assistance to the National Assembly. USAID's other democracy and governance projects also will play a vital role in consolidating democratic institutions and strengthening civil society. Our Democracy and Human Rights Fund projects have also been effective and expenditures in these areas should be increased. Mozambique will hold its second general election in 1999 and the U.S. hopes to support its voter education efforts.

Devastated by decades of war and economic mismanagement, Mozambique remains the most donor-dependent country in the world with one of the lowest per capita incomes of about $90. Even so, the government has demonstrated commendable determination to implement economic reforms in pursuit of a market economy. The challenge is for Mozambique to remain on this progressive track through continued structural reform. Removing impediments to growth and stabilization remains a high priority. Comprehensive reforms are necessary and are being pursued to improve revenue performance, simplify and rationalize the tax system, increase the efficiency of public administration, develop financial markets, strengthen bank supervision, promote agricultural development, and remove obstacles to private sector development. U.S. DA assistance, -- supplemented by PL480 Title II resources and Peace Corps activities -- is playing a key role in rural infrastructure development and in efforts to increase rural income. Large population and health programs also play a major role in our strategy to support economic and social progress in this important country.

As part of the peace process, nearly 80,000 soldiers were demobilized and a unified army (FADM) launched. A viable, integrated, non-political, professional FADM maintained at a level consistent with Mozambique's limited economic resources is essential to national reconciliation and important to regional stability. Our strategy is to reinforce democracy by emphasizing respect for human rights and the role of the military in a democracy; promote continued integration of RENAMO officers and enlisted men into the ranks of the FADM; enhance government support for the FADM through a reordering of budget priorities and a reduction in non-essential defense spending; and promote professionalism and military-to-military contacts . the IMET program will assist in developing an apolitical military cadre that respects human rights, the rule of law, and the concept of civilian control of the military. Mozambique will be eligible to receive Excess Defense Articles (EDA) on a grant basis in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would be used to support Mozambique's demining capabilities. The Mozambican humanitarian demining program continues to improve through increased Mozambican engagement and much better coordination with other donors and NGOs.

Indicators:

- A greater role for the National Assembly.
- Increased independence of the judiciary.
- Increased GDP and per capita income.
- Increased health and literacy of the population.
- Increase in private sector, including U.S. investments.
- Greater role for RENAMO officers.

- Enhanced and training opportunities for RENAMO rank and file.
- Reduced expenditures on defense other than the FADM.
- Increased support to basic FADM needs.
- Closer relations between the Mozambican and U.S. militaries.

Namibia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	8,500	8,000	8,650
Peace Corps	2,133	2,449	2,544
IMET	188	200	175
Total, Namibia	**$10,821**	**$10,649**	**$11,369**

U.S. Foreign Policy Objectives:

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 (such as the parliament), 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. DA and Peace Corps activities support human development aspects of the U.S. agenda in Namibia, especially programs which focus on education, economic growth, and natural resource management.

Strategy for FY 1999:

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. We have worked closely with the NDF and Namibian officials to assist with the eradication of land mines left over from the country's war for independence from apartheid South Africa. Namibia is rapidly becoming a demining success story, and we have encouraged Namibia to utilize its demining expertise throughout the southern African region or in international peacekeeping efforts. In addition, IMET training, combined with joint exercises and attaché or flag officer visits, helps promote professionalism, respect of civilian control of the military, effective defense resources management, an affinity for the United States and its military, and support for U.S. policies. Namibia's eligibility to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Grant EDA would support Namibia's peacekeeping and demining efforts.

Indicators:

- Increasing health and nutritional standard of the population.
- Increasing basic literacy.

- Continued development of closer U.S.-Namibian military relations.
- A more active Namibian posture in regional security affairs, such as use of its superb demining capacity in affected African countries, and the development of a demining training center in Namibia.
- Sustained support for international and regional peacekeeping and conflict resolution, including U.S. policies and initiatives.

Niger Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	2,585	2,154	2,052
DA	1,503	2,500	-
PL480 Title II	2,032	-	-
Total, Niger	**$6,120**	**$4,654**	**$2,052**

U.S. Foreign Policy Objectives:

Prior to the January 1996 coup d'état which ousted a civilian, democratically-elected government, we enjoyed strong, supportive relations with Niger. As a means to reviving that relationship, our overriding policy objective is the swift return of democratic government and Nigerien protection of individual human rights and freedoms. The restoration of democracy will facilitate the adoption of a more transparent legal and regulatory environment, and restore the confidence of American and other foreign donors and investors. We also seek peace and development in the North, factors for stability in Niger as well as in the region.

Strategy for FY 1999:

Embassy Niamey will use DHRF and Self-Help funding to support NGO grass roots activities. The Peace Corps works in support of basic education and women's empowerment.

We should encourage economic development to lessen Niger's dependence on foreign assistance, to improve the quality of life for its citizens, to maintain peace in the North and in the region, and to attract and keep American investment.

Indicators:

- Increasing basic health and literacy of the population.
- Full political participation in free, fair, and transparent local elections.
- Greater respect for freedom of speech, of the press, and of assembly.
- Economic growth and a decrease in strikes.
- Increased private American investment.

Nigeria Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	4,100	7,000	7,000
Total, Nigeria	**$4,100**	**$7,000**	**$7,000**

U.S. Foreign Policy Objectives:

U.S. national security interests lie in having a productive relationship with a stable Nigeria, a world-class producer of petroleum and natural gas that supplies eight percent of U.S. oil imports. With over 100 million people and vast mineral wealth, Nigeria's potential for trade and investment is great. Moreover, Nigeria's peacekeeping role in ECOMOG is useful in furthering mutual goals in the sub-region.

Our primary objective is to promote stability through a democratic Nigerian Government. Because of Nigeria's size and influence, its instability would negatively affect the entire West African sub-region. In addition, the U.S. seeks to work with Nigeria to stem the flow of narcotics into the United States and other parts of the world and curtail money-laundering and financial fraud. Continued support, through ECOMOG, for responsible Nigerian peacekeeping efforts will achieve our objective of supporting African solutions to African regional problems.

Strategy for FY 1999:

U.S. leverage in Nigeria is limited. Internal factors will continue to dictate the Nigerian Government's decision-making. In this context, we will pursue our long-term goals through targeted bilateral engagement calibrated to political developments and progress on the human rights front.

We should continue to stress publicly and privately our support for democratization and human rights, including the release of all political prisoners. USAID programs will be programmed for humanitarian, democratization and social sector programming, and will go exclusively through NGOS. We should gradually expand programs that promote civil society, and encourage NGO's to enhance peaceful political competition and confidence building measures among traditionally rival regions and interest groups. Incremental cooperation on technical issues may be possible. However, we should preserve all existing sanctions and measures against the regime of General Abacha in the absence of improvement in the regime's behavior in the realms of democratization, human rights, drug enforcement, and other areas of prime U.S. interest. Should the regime commit new human rights transgressions, we would reassess our policy and approach.

We will consider support on regional peacekeeping matters, through ECOMOG, independently but in parallel with our human rights and democratization objectives. Such cooperation will not only serve to shore up stability in the region, but may serve as a useful mechanism to increase our influence and further our bilateral relationship.

Indicators:

- Release of political prisoners.
- Humanitarian relief becomes more effective when needed.
- Key social services improve.
- Return to civilian, democratic rule through a competitive electoral process.
- Enhanced cooperation in law enforcement matters.

Function 150 Resources	Rwanda ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	4,500	7,500	9,500
PL480 Title II	70,890	10,681	-
IMET	359	300	300
Total, Rwanda	**$75,749**	**$18,481**	**$9,800**

U.S. Foreign Policy Objectives:

Rwanda has made considerable progress in the last year, most notably the successful return and reintegration of over 1 million refugees. However, significant challenges remain. Our interests in Rwanda are linked to our regional goals of economic integration, peace, and stability. Key bilateral interests include political reconciliation, justice, human rights, and restoring faith in the UN and the international community.

The Rwanda Patriotic Army (RPA) is an important institution in Rwanda. When the refugees returned to Rwanda en masse in 1996, so too did many of the soldiers and militiamen who were responsible for the 1994 genocide which left over 500,000 persons dead. These soldiers/militia are currently waging an insurgency against the government of Rwanda and have engaged in several terrorist, genocidal attacks against the civilian population. The RPA is the only force capable of responding to these attack and protecting the civilian population. Individual soldiers within the RPA have at times responded to this insurgency with excessive force and some civilians have also been killed by these government troops. U.S. interests include: professionalizing the RPA; encouraging the respect of human rights and rules of war; and training RPA officers to work in a multi-ethnic, pluralistic environment.

Strategy for FY 1999:

Given the fragile stability within Rwanda, priority transition-to-development objectives are to strengthen the institutions of justice, to promote the continued reintegration and resettlement of refugees, to halt genocidal attacks, and to increase access to basic social and family services. Rwanda will continue to receive training under the humanitarian demining program, which will reduce risk to human life in the heavily mined regions and will remove a serious impediment to farming and commercial life.

DA supports a wide range of developmental activities designed to alleviate some of the major underlying economic and social problems in the country.

The RPA is predominantly Tutsi, while Rwanda is majority Hutu. Many Hutu soldiers of the former government have been successfully integrated in to the RPA. The RPA

would benefit from professional training in several fields. Rwanda's IMET program will help professionalize the RPA and provide enhance educational opportunities in areas relating to respect for human rights and the proper role of a military in a civilian democracy. The RPA has taken responsibility for civilian casualties when it has over-reacted to insurgency raids. Individual soldiers guilty of abuses have been properly dealt with by the military justice system. In a recent court-martial dealing with such abuses, the prosecutor was an IMET graduate.

Rwanda will be eligible in FY 1999 to receive grant excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Rwanda would benefit from EDA such as vehicles, radios, and engineer equipment. Such equipment would support Rwanda's demining program and help the government protect citizens from terrorist attacks.

Indicators:

- Increase in number and size of non-governmental civil-society structures.
- Improvement in the general health of the population.
- Improvement in food security, especially for the most vulnerable poor.
- Reintegrated civil communities.
- Notable progress toward development of an apolitical, multi-ethnic, professional military.
- Increased number of IMET-trained officers in key military positions.
- Military respect for human rights.
- Respect for proper military-civilian roles.

Sao Tome and Principe Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	72	75	75
Total, Sao Tome and Principe	**$72**	**$75**	**$75**

U.S. Foreign Policy Objectives:

Sao Tome and Principe, a two-island nation in the Gulf of Guinea, was one of the first countries in Africa to move from a single to a multiparty political system. An August 1995 an aborted coup brought Sao Tome's economic plight as the world's leader in per capita debt into brief notoriety and underscored the importance of assistance in the development of a professional, apolitical army. In 1996, presidential elections were judged free and fair by international observers, including a U.S.-sponsored observer team. In 1996, a Voice of America transmitter began operations in Sao Tome. U.S. objectives include promoting professionalism and respect for civilian authority within the military, and urging the country to meet IMF guidelines so that an IMF shadow program can be established and lenders can consider Sao Tome for debt reduction.

Strategy for FY 1999:

Through dialogue, the U.S. will encourage Sao Tome and Principe to continue its progress in establishing and strengthening democratic institutions. This includes working around the political deadlock due to the different political affiliations of the President and the Government. The U.S. will also urge the country to undertake the economic measures necessary to qualify it for debt relief. Through IMET, the U.S. will promote professionalism in the military together with a respect for civilian authority.

Indicators:

- Continued development of Sao Tome's multiparty democracy.
- Better cooperation between the President and the Government.
- Noninvolvement by the military in political affairs.
- Compliance with IMF guidelines needed to quality for debt relief.
- Improvement of the Sao Tomean economy, particularly in the agricultural sector.
- A professional military that supports democratic principles, such as respect for civilian authority and human rights.

Senegal Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	21,200	17,300	24,526
Peace Corps	2,426	2,387	2,135
PL480 Title II	74	-	-
IMET	697	735	735
Total, Senegal	**$24,397**	**$20,422**	**$27,396**

U.S. Foreign Policy Objectives:

It serves U.S. interests to nurture our warm and cooperative relationship with Senegal and to support Senegal's leadership in West Africa. With its natural resources and constantly improving infrastructure, Senegal is a potentially powerful trading partner. A strong economy in Senegal would result in a gradual decrease in its dependence on U.S. and other donor assistance. Senegal has the political stability and military strength to play a key role in regional conflict resolution and peacekeeping. We will therefore continue to support Senegal's regional leadership and economic development.

To maintain its leadership in the region, Senegal must continue to strengthen its democratic institutions. Though elections are held regularly, they have been subject to credible allegations of fraud and mismanagement. Decentralization efforts by the central government have progressed slowly, hampered by lack of financial and human resources; Dakar continues to exercise substantial control over all aspects of local affairs.

The U.S. should encourage the Government of Senegal to stay the course on economic reform. A continuing commitment to privatization and reform of the administrative and judicial systems will promote an improved investment climate. Several large U.S. companies already do business in Senegal, and there is great potential to further develop economic ties under President Clinton's Partnership for Economic Growth and Opportunity.

Senegal was one of the first countries to receive Africa Crisis Response Initiative (ACRI) training. It in is our interests to continue to support military training programs in Senegal so that Senegal maintains its status as a leader in conflict resolution and peacekeeping.

Strategy for FY 1999:

We should continue to seek and support high level visits which underscore our close bilateral relationship. With Presidential elections scheduled for 2000, it is important

that we emphasize to the Senegalese the significance we place on strengthening democratic institutions. DHRF can be targeted to support the new National Observatory of Elections (ONEL) which has received limited GOS financial support. We should continue to support the GOS's decentralization efforts through USAID, USIS and Self-Help Projects. DA projects also support basic economic growth and some environmental activities, as well as population and health programs. The Peace Corps supplements this set of initiatives with an emphasis on basic education.

U.S. economic and humanitarian interests would be served by a growing economy in Senegal. Following the devaluation of the CFA in 1994, Senegal rebounded nicely, but 1997 key economic indicators were disappointing. We should support the International Financial Institutions (IFIs) in keeping Senegal on the reform track by speeding up privatization and moving away from a climate-dependent, agriculturally based economy. Our aid programs must continue at current funding levels to accomplish the goals of the Country Strategy developed cooperatively with the Senegalese.

Funding for IMET and other security assistance programs targeted at strengthening military capacity are vital to furthering the overriding U.S. goal of placing the responsibility for peace in Africa where it belongs - with the Africans. Participation in joint and international exercises should promote this objective. In addition, Senegal will be eligible to receive Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would be used to enhance Senegal's capabilities to participate in international peacekeeping activities.

Indicators:

- Free, fair, transparent election in 2000.
- Effective decentralization supported by funding to the ten regions and training for regional administrators.
- Predictable GDP growth and improved investment climate based on judicial and administrative reforms.
- Increase in domestic and international investment.
- Demonstrated capacity to engage in crisis response, conflict resolution and peacekeeping as well as effective control of international criminal activity.

Function 150 Resources	Seychelles ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	50	75	75
Total, Seychelles	**$50**	**$75**	**$75**

U.S. Foreign Policy Objectives:

Seychelles is strategically located in the Indian Ocean midway between our U.S. Navy base at Diego Garcia and Mombasa, Kenya on the east coast of Africa. The Seychelles port of Victoria was a valuable port of call for U.S. Navy ships during the Gulf War and the Somalia crisis. President France Albert Rene has ruled Seychelles since taking power in a 1977 military coup; he emerged the winner in multiparty elections in 1993; and he faces elections again in 1998. The economy relies heavily on tourism. Seychelles was a cooperative host to the U.S. Air Force Tracking Station for over thirty years. Closure of the Tracking Station, U.S. Embassy, and Peace Corps give remaining programs added importance as tangible symbols of continuing U.S. interest in the Indian Ocean region. U.S. foreign policy objectives in Seychelles are to:

- Continued access by U.S. Navy ships to the Port of Victoria.
- Strengthen and consolidate democratic institutions.

Strategy for FY 1999:

Our strategy is to foster democratic civil-military relations and promote a stable and cooperative military relationship between the United States and Seychelles. The IMET program in Seychelles reinforces democratic values within the military by emphasizing civil-military relations and sponsoring the multi-event Navy Justice School series. A small IMET program is quite important to Seychelles, as the country is in the process of a major restructuring of its military which emphasizes Coast Guard activities in its huge exclusive economic zone. IMET courses in Defense Resources Management (emphasizing procedures for determining, requesting, and allocating resources) build on previous U.S. Coast Guard training and cooperation.

Indicators:

- Seychelles military activities that support civilian authority;
- Improved naval and security operations in the exclusive economic zone;
- Continued U.S. Navy access to the port of Victoria; and
- Concrete steps by the military to improve management of limited resources.

Somalia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	3,693	4,000	2,700
PL480 Title II	2,248	-	-
Total, Somalia	**$5,941**	**$4,000**	**$2,700**

U.S. Foreign Policy Objectives:

Since 1991, Somalia has been a failed state without authority, or recognized government. The instability arising from this situation has destroyed the country's infrastructure and caused a humanitarian emergency. The United States government seeks to alleviate the effects of the humanitarian tragedy of Somalia and to contain the instability which threatens to infect the region. As a part of U.S. policy we are encouraging the contending factions to reconcile among themselves and with the Somali people. U.S. goals in Somalia are to:

- Encourage the role of the Inter-governmental Agency on Development headquarters in Djibouti and other multilateral reconciliation efforts.
- Support efforts to involve civil society in reconciliation and recovery efforts.
- Maintain contact with all parties to the Somali conflict and with regional administrations to encourage Somali territorial integrity.

Strategy for FY 1999:

The Somali factions have begun to come together to talk about reconciliation and an end to hostilities. These developments are being facilitated by the governments of Egypt, Ethiopia and the combined efforts of IGAD donor and member states.

We will continue to monitor the Somali reconciliation process from our missions in Djibouti and Nairobi. Addis Ababa, with its regional importance, will also play a key role in our Somali policy.

DA funding will support basic economic growth and agricultural activities.

Indicators:

- Implementation of the Cairo Accord, beginning with the convocation of the Baidoa conference.

South Africa Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	65,609	70,600	50,531
Peace Corps	1,528	1,958	2,199
IMET	656	800	800
Total, South Africa	**$67,793**	**$73,358**	**$53,530**

U.S. Foreign Policy Objectives:

South Africa is a large and strategically-located country at the tip of the African continent that controls the shipping lanes linking the Indian and Atlantic Oceans. By far Africa's most politically and economically developed nation, as well as its preeminent military and diplomatic power, the country's successful transition to stable democracy and establishment of a growing free market economy is essential to regional security and stability. The overriding U.S. foreign policy objectives in South Africa are to support its political, economic, and social transition and to establish a sound and lasting basis for cooperation on regional and international affairs. In addition, we seek to increase U.S. trade and investment with South Africa and its neighbors in the mineral-rich southern African region. The United States has an excellent relationship with South Africa, to include rapidly-developing cooperation between the two defense forces. South Africa has adopted responsible positions with regard to international peace and security, including the complete elimination of nuclear weapons programs, and could play an important role in regional peacekeeping operations in Africa. South Africa is in the early stages of an epochal transition from apartheid to non-racial democracy. Notwithstanding relatively well-developed institutions and infrastructure, apartheid's divisive and socially debilitating legacy poses tremendous transitional challenges. The new government has made some progress to date in extending social services to the majority population, but much remains to be done to fulfill popular expectation for improved living conditions.

Strategy for FY 1999:

Our strategy is to deploy, in close consultation with the South African government (SAG), available resources to assist South Africa's political and economic transition. At the same time, we seek diplomatically to deepen mutual understanding to promote cooperation both in terms of U.S. assistance to South Africa and on the various regional and international issues of concern to both countries. USAID programs, scheduled to close in 2005, focus on democracy and governance, education, economic policy capacity, private sector development, and housing and urban services. The overall goal of these programs is "sustainable transformation" – assisting South Africa to the point at which democracy is consolidated and basic systems and policies for

social service delivery and economic growth are in place. Peace Corps, whose programs focus on education, assists in this effort.

Through expanding law enforcement and judicial assistance programs, we seek to help the SAG combat organized crime, money laundering, counterfeiting of U.S. currency, illegal immigration, smuggling, and drug trafficking. The FBI, DEA, and INS have opened regional offices in South Africa to assist in this effort.

By providing professional military education for officers in the middle and upper ranks of the newly-integrated South African National Defense Forces (SANDF), IMET supports our efforts to advance a number of U.S. objectives, including enhancing the U.S.-South Africa defense relationship, expanding South African military appreciation for how regional peacekeeping efforts contribute to stability in Africa, and deepening SANDF appreciation for the role of the military in a democratic society. South Africa will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Grant EDA will support U.S. objectives in South Africa by enhancing our cooperative relationship and supporting peacekeeping efforts.

The U.S.-South Africa Binational Commission (BNC), chaired by Vice President Gore and Deputy President Mbeki, provides a framework for expanding bilateral cooperation in the areas of agriculture, trade and investment, conservation and the environment, energy, defense, local governance, human resources development, housing, and education. A portion of USAID assistance, consistent with USAID's approved strategic objectives in South Africa, is used to fund BNC-initiated programs.

Indicators:

- Domestic stability during run-up to 1999 national elections.
- Improved delivery of social services.
- More effective anti-crime efforts and improved administration of justice.
- Increased trade and investment.
- Expansion of U.S.-South African defense relationship.
- An integrated military that supports democratic principles, such as respect for civilian authority and human rights.

Swaziland Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	117	-	-
IMET	85	75	75
Total, Swaziland	**$202**	**$75**	**$75**

U.S. Foreign Policy Objectives:

Swaziland is a small, landlocked country which shares borders with South Africa and Mozambique. The U.S.-Swaziland relationship can be characterized as open and fairly cooperative. Swaziland is ruled by sub-Saharan Africa's only absolute monarchy. U.S. policy toward Swaziland has two principal objectives: encouraging democratic reform and good governance; and furthering economic and political stability and development.

Strategy for FY 1999:

Ethnic homogeneity and a strong traditional system have left Swaziland with outdated political and economic structures. Especially since the transition to democracy in South Africa, domestic pressure has been mounting to liberalize a system that has banned political parties since 1973 and long has been manipulated by unaccountable traditionalist elements. The King has responded by initiating parliamentary and municipal elections by secret ballot and launching a Constitutional Review Commission charged with making recommendations for a new political structure. Unfortunately, the Commission has failed to win the confidence of advocates of political change and progress toward writing a new constitution and implementing democratic reforms has been far too slow. Meanwhile, the Swaziland Federation of Trade Unions, in the absence of political parties, has become a militant advocate of political change, challenging the government through strike actions.

U.S. policy seeks to bolster the commitment by the King and cabinet to meaningful political and economic reform, and discourage actions, such as politically motivated arrests, that could further polarize the situation. Our strategy to support this process calls for continued pressure on progressive elements to take advantage of opportunities to make tangible progress. To help close the gap between these factions, our embassy will need to work closely with a broad range of non-governmental organizations engaged in civic education, conflict resolution, and human rights advocacy.

Promoting democracy and greater respect for human rights in Swaziland remains our top goal. Our Democracy and Human Rights Fund expenditures are critical to this mission. The ESF Africa Regional Democracy Fund will be used to support elections

and voter education as the opportunity arises. Given that USAID has closed its operations in Swaziland, these programs are the only source of funds to support democratic reform in Swaziland.

During the transition to democracy, it will be very important for the military, an important and respected Swazi institution, to be stable and apolitical. U.S. military training through IMET seeks to solidify the concept of civilian control of the military and enhance the professionalism of the Royal Swazi Defense Force. The government supports the Africa Crisis Response Initiative and has indicated its willingness to provide troops for regional peacekeeping operations, but requires training to professionalize its military and gain competence in the functional aspects of peacekeeping activities. We will support these goals by providing basic and advanced officer and non-commissioned officer development training programs.

Indicators:

- Progress toward revising the constitution.
- Successful elections.
- Unbanning of political parties.
- Greater respect for human rights.
- Enhanced professionalism of an apolitical defense force.
- Participation of the defense force in peacekeeping operations.

Function 150 Resources	Tanzania ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	17,800	19,700	21,650
PL480 Title II	-	8,746	-
Peace Corps	1,853	1,991	1,999
IMET	5	225	150
Total, Tanzania	**$1,858**	**$30,662**	**$23,799**

U.S. Foreign Policy Objectives:

Tanzania is an emerging democracy, having held its first multiparty elections in 1995. It hosts about 300,000 refugees from Burundi. A few thousand Rwandan refugees remain in Tanzania, but more than 400,000 repatriated in late 1996. Tanzania has been a leader in regional efforts to broker negotiations between Burundian antagonists in supporting regional economic sanctions. The Tanzanian Government has liberalized agricultural policies and privatized some state-owned enterprises over the past ten years. U.S. foreign policy objectives in Tanzania are to:

- Promote stability in a volatile region.
- Encourage continued economic reforms.
- Encourage a constructive role in regional conflict resolution.

Strategy For FY 1999:

The USAID mission is concentrated on five strategic objectives. Programs focus on natural resources management, wildlife preservation, sustained democratic reform, private sector economic development, and rural economic development. Peace Corps programs provide broad-ranging support to these developmental activities.

Our strategy for enhancing regional stability is to assist Tanzania with the development of a professional, apolitical and affordable military force. We have encouraged Tanzania to support and participate in international peacekeeping operations, but the GOT has shown limited interest in participating in the African Crisis Response Initiative (ACRI). In 1994, Tanzania provided 800 troops to the peacekeeping operation in Liberia for over a year. Tanzanian troops acted with restraint in rounding up illegal immigrants and refugees from border areas in 1997. Tanzania troops are also helping to train troops from the Democratic Republic of Congo.

Training assistance will enhance professionalism by providing basic and advanced officer and non-commissioned officer professional development. IMET training will

provide some of the skills needed for better defense resources management and more effective peacekeeping operations. Tanzanian participation in future international peacekeeping operations will promote regional stability. Tanzania will be eligible in FY 1999 for grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA, such as vehicles, radios and individual military clothing and equipment, would help Tanzania improve its international peacekeeping capabilities.

Indicators:

- Increased private sector participation in the economy;
- Lower birth rates;
- Decreased incidence of HIV/AIDS;
- TPDF military activities that support civilian authority;
- TPDF professionalism and restraint along the volatile border with Burundi;
- Effective and efficient Tanzanian participation in international peacekeeping operations; and
- Concrete steps by the military improving management of resources.

Togo Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL480 Title II	-	907	-
Peace Corps	1,974	1,682	1,598
IMET	25	40	50
Total, Togo	**$1,999**	**$2,629**	**$1,648**

U.S. Foreign Policy Objectives:

Our objectives for Togo are good governance and the social peace that comes from democratic political institutions, an improved economic and investment climate, and cooperation in regional stability and anti-crime initiatives.

The USG will press the Government of Togo to maintain momentum on privatization of the parastatal industries and improve the investment climate. Judicial reforms must be made. The Togolese must develop an honest, politically neutral civil service and security force. The electoral process must occur in a way that clearly demonstrates it can accommodate diverse views peacefully within the political system, in order to quell fears that political dissatisfaction might again disrupt stability for the commercial environment.

Strategy for FY 99:

Whatever the outcome of the summer 1998 presidential elections in Togo, our long-term emphasis can be expected to remain on good governance and economic development. We will work through the NGO's to strengthen democratic institutions such as the national legislature. We will begin to look beyond the current crop of rigid, combative leaders in all parties and seek to influence positively the more flexible and capable of the newer generation of the Togolese political class, and particularly women leaders. It is in our interest to remain appropriately engaged with the military, but we must exercise care to assure that our contacts are directly relevant to our objectives, particularly in areas such as human rights in the military, and the role of a military in a democracy.

In coordination with the IMF, World Bank, and donor community we will maintain pressure on the GOT to make necessary economic and administrative reforms. In coordination with concomitant efforts by other donors, we should press for GOT cooperation in investigating and prosecuting international narco-trafficking and money-laundering through Togo. We should support and encourage U.S. investment in Togo but use visits by investors and trade delegations to underline to the Togolese the importance of improving their investment climate, and stress the linkages between political accommodation and economic recovery. PL480 assistance is integrated with resources to achieve food security and immediate relief as well as

longer term development objectives. Peace Corps programs in education, health and environment complement other USG program efforts.

Through the IMET program, we must encourage further improvement in human rights and a more professional, discipline security forces under civilian control. We will continue to encourage respect for the laws which permit a free press and an independent and competent judiciary system and support establishment of an electoral machinery that is efficient, transparent, and neutral, and encourage the peaceful participation by all sides in the process.

Indicators:

- The GOT completes liquidation and restructuring of parastatals. Funds raised from sell-off of the OTP (phosphate enterprise) are used to reduce Togo's internal debt.
- International investment in Togo increases. At least one major contract is secured by an American firm.
- Peaceful political rallies and campaign activities take place without interference anywhere in Togo, and are protected by the security forces.
- An election is conducted which is fair, efficient, and respected in practice by all sides.
- Peaceful political rallies and campaign activities take place without interference anywhere in Togo, and are protected by the security forces.
- The Government of Togo arrests and prosecutes international narcotraffickers operating in Lome.
- Managers, administrators and jurists are appointed and promoted on the basis of competence rather than loyalty to the regime, and their operations evince transparency and neutrality of decision-making.
- Development of a professional, apolitical defense force that respects human rights and the proper role of a military in a democracy.

Uganda Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	42,518	44,714	48,300
PL480 Title II	25,072	29,012	5,284
Peace Corps	1,453	1,764	1,821
IMET	342	400	400
Total, Uganda	**$69,385**	**$75,890**	**$55,805**

U.S. Foreign Policy Objectives:

The United States seeks to reinforce and support Uganda's efforts to restructure its economy and pursue sound social development. We seek to enhance checks and balances, improve respect for basic human rights by security forces and the judiciary, and to permit greater pluralism. We support the Ugandan government's identification of regional economic integration as an important component of its development strategy. Through the East African Cooperation (EAC) group, Uganda is working towards economic integration with neighbors Kenya and Tanzania. Uganda also participates in a development coordinating body for seven countries of the Horn of Africa, the Inter-Governmental Authority on Development (IGAD), headquartered in Djibouti.

The United States provides professional military training and non-lethal, defensive military assistance to help Uganda respond to brutal, Sudanese-supported insurgencies. In particular, the IMET program encourages respect for human rights and the rule of law, effective defense resources management, and respect for the concept of civilian control of the military. Furthermore, IMET training contributes to Uganda's ability to participate in regional peacekeeping operations. In addition, we have encouraged the exploration of non-military efforts to mitigate the sources of internal discontent feeding these conflicts.

We expect to deepen cooperative efforts with the Government of Uganda to address instability in the region and pursue common objectives in Africa and in international fora. Uganda was one of the first countries to receive U.S. military training for participation in the African Crisis Response Initiative (ACRI). Uganda has been extremely forthcoming in providing logistical support for U.S. military deployments in the region.

Strategy For FY 1999:

To support Uganda's exemplary economic restructuring efforts, USAID will continue to build on its investments in economic growth, basic education, health, environmental management and democracy and governance. PL480 Title II resources and Peace Corps programs help broaden these activities into the rural community. We will also continue to work with key international financial institutions, in particular the World Bank and the International Monetary Fund, to ensure that international donors remain engaged and supportive of Uganda's efforts. Our democracy and government program focuses on legislative strengthening, support for civil society organizations, government decentralization, and enhanced accountability.

The United States seeks to enhance regional stability by assisting Uganda through the IMET program in its effort to develop a professional, apolitical, and more technically proficient military force. We have requested continued provision of non-lethal military equipment to Uganda to help it better protect its citizens against the extreme violence committed by Sudan-linked insurgencies. Uganda will also be eligible to receive Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would be used to enhance Uganda's capabilities to participate in international peacekeeping operations.

Indicators:

- Improve quality of basic education provided to Uganda children in the wake of doubling of enrollment at the beginning of 1997.
- Increase rural household incomes as export-diversification continues.
- Conserve critical ecosystems.
- Reduced incidence of HIV/AIDS.
- Improved performance of Ugandan military in combating foreign-supported insurgencies.
- Continued Ugandan participation in ACRI and support for broader African involvement.
- Further decentralization of government decision-making following local elections early in 1998.
- Government pursuit of non-military options to resolve conflict in northern Uganda.
- Continued Ugandan participation in IGAD-sponsored Sudanese peace talks.

Zambia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	17,600	18,311	19,250
Peace Corps	2,042	2,127	2,224
PL480 Title II	163	-	-
IMET	172	150	150
Total, Zambia	**$19,977**	**$20,588**	**$21,624**

U.S. Foreign Policy Objectives:

Zambia is a democratizing, free market-oriented state 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 the Congo.

U.S. interests in Zambia include the establishment of a stable democracy, broad-based and self-sustaining economic development, and increased U.S. business opportunities.

Strategy for FY 1999:

U.S. efforts are focused on maintaining peace and stability, protecting human rights and Zambia's nascent democracy, and promoting economic reform. To these ends, we have worked closely with all sides to promote inter-party dialogue and tolerance, to build democratic institutions and bolster Zambian civil society, and to promote economic reform and growth. The Zambian armed forces have historically remained apolitical and focused on their national security mission. Indeed, the Zambian military played a pivotal role in putting down the abortive coup and remaining loyal to Zambian democracy. To further inculcate democratic attitudes, the military requires additional training through IMET on the role of a military in a democracy and civil-military relations. The IMET program will assist in developing an apolitical military cadre that respects human rights, the rule of law, and the concept of civilian control of the military. Zambia has a tradition of having contributed to regional security and stability in southern Africa, and it participated in UN peacekeeping in Mozambique, Rwanda, and Angola. Zambia's will be eligible for Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. EDA would be used to enhance Zambia's capabilities to participate in international peacekeeping operations.

DA, PL480 Title II resources, and Peace Corps activities cover a wide range of economic growth, democratic-governance, agriculture, population, child survival, and HIV-control activities.

Indicators:

- Improved inter-party dialogue and a lessening of political tensions in Zambia.
- Respect for human rights, rule of law, and democratic institutions and processes.
- Maintenance of the Zambian armed forces' respect for civilian control and a continued apolitical military posture.
- Improved capability and effectiveness of the military in training and operations.
- Continued effective support for international peacekeeping and conflict resolution.
- Support for democratic principles, such as respect for civilian authority and human rights.

Zimbabwe Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	16,900	11,850	2,050
Peace Corps	1,389	1,415	1,503
IMET	298	350	300
Total, Zimbabwe	**$18,587**	**$13,615**	**$3,853**

U.S. Foreign Policy Objectives:

The United States has a strong interest in actively encouraging the continued evolution of Zimbabwe's democracy through strengthening of democratic institutions, promoting growth of a sound civil society, and helping to establish a vibrant private sector. As a landlocked country sharing borders with Mozambique, South Africa, Botswana and Zambia, Zimbabwe's stability and prosperity are key to maintaining the forward momentum of democracy and economic growth in the region. Zimbabwe has been instrumental in helping to defuse volatile confrontations in the region and brokering dialogue between antagonists. Despite Zimbabwe's planned graduation from direct bilateral assistance in the year 2003, the country will continue to face economic and political development challenges.

Strategy for FY 1999:

Zimbabwe still benefits from a range of developmental assistance in population and rural development. DA and Peace Corps activities are the major U.S. contribution to helping the country attain broad-based economic growth. DA will also be used to promote democratic participation.

Our strategy to achieve U.S. policy objectives in Zimbabwe includes using Democracy and Human Rights Funds (DHRF) to support projects that will strengthen democratic institutions, including the judiciary. We will continue to promote economic reform. We also will continue to provide military assistance and training to enhance and sustain the professionalism of Zimbabwe's armed forces, reinforce their submission to civilian control, and impart skills needed for international peacekeeping operations. Zimbabwe's Staff College will provide training to other African militaries in peacekeeping and conflict resolution. IMET courses will improve the military's effectiveness, encourage its continued respect for civilian control, and provide training for participation in international peacekeeping and conflict resolution. Personal interaction with Zimbabwean officers through IMET helps build confidence between U.S. and Zimbabwean forces. In addition, Zimbabwe will be eligible to receive grant

Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. Grant EDA will support Zimbabwe's peacekeeping activities.

Indicators:

- Continued broad-based growth in the agriculture sector.
- Reduced incidence of HIV/AIDS.
- Improved capability and effectiveness of military in training and operations.
- Continued effective support for international peacekeeping and conflict resolution.
- Enhanced efforts to provide training in peacekeeping and conflict resolution to other African countries.
- Support for democratic principles, such as respect for civilian authority and human rights.

Africa Crisis Response Initiative (ACRI) Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	10,500	10,000	15,000
FMF	4,500	10,000	5,000
Total	**$15,000**	**$20,000**	**$20,000**

U.S. Foreign Policy Objectives:

In late 1996, the U.S. launched a new effort (ACRI) to build African capabilities to conduct peacekeeping and humanitarian assistance operations. ACRI is a training initiative intended to permit the U.S. to work with selected African states to create highly effective, rapidly-deployable peacekeeping units, which can operate jointly in a humanitarian crisis or a traditional peacekeeping operation. The initiative's emphasis is on training based on a common peacekeeping doctrine and the supply of common communications equipment, which will enable the units to work more effectively together.

The initial 60-day training cycle of ACRI-committed battalions has taken place in Senegal, Uganda and Malawi. We plan to commence training in Mali and Ghana in early 1998.

Strategy for FY 1999:

Our focus in FY 1999 will be to complete our initial training cycle. Our objective is to achieve a threshold of trained troops, approximately 10,000 by the end of FY 1999. We hope to achieve this threshold by having trained ten to twelve battalions and several specialized companies from African nations. We will then shift to sustaining readiness through refresher training. This will include field training exercises, logistics readiness exercises and command post exercises.

While the ACRI will remain the core of the U.S. effort to enhance African peacekeeping capabilities, we will build upon our May 1997 agreement with France and the UK ("P-3") to cooperate and collaborate in a joint effort to enhance African capabilities. We will work to expand the number of countries willing to participate in this effort.

African nations have expressed reservations and concerns regarding the political direction that might be provided to troops trained under this initiative. They want any deployment of troops endorsed by both the OAU and the UN. We will continue to work with the UN, the OAU, and African sub-regional organizations to make certain that the initiative develops in a manner that takes African concerns into account.

Indicators:

- New program participants complete initial training cycle and begin longer-term sustainment training.
- Donor participation institutionalized in an informal coordination mechanism that works in close cooperation with the United Nations Department of Peacekeeping Operations and the OAU.
- Increased donor country coordination on efforts to enhance African peacekeeping capabilities beyond the P-3 to include other nations.
- Follow-on ACRI training funds battalions and equipment stores intact and equipment properly maintained.

Africa Regional Democracy Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	4,500	15,000	15,000
Total	**$4,500**	**$15,000**	**$15,000**

U.S. Foreign Policy Objectives:

The United States seeks to help Africans establish governments that adhere to democratic practices and respect human rights in order to prevent ethnic conflict and economic dislocation from spoiling the promise of an "African renaissance." Military professionalism and respect for civilian rule are key to the survival of democratic rule in Africa, and the United States will continue to pursue these goals. Post-conflict reconstruction and successful transitions to democracy in Angola, Mozambique, Liberia, Sierra Leone, the Democratic Republic of the Congo, the Congo, Central African Republic and Rwanda are also critical to achieving a democratic continent and enhancing regional stability. In the Great Lakes region, justice and reconciliation will be pursued to break the cycles of violence. The rule of law, independent democratic institutions, full political participation by women, a vibrant civil society, and freer and fairer 1998-99 elections remain central to U.S. policy as means of breaking corrupt political monopolies and establishing transparent, accountable governments, and stable societies.

Strategy for FY 1999:

Diplomatic dialogue is important to promoting democracy and human rights in Africa. The United States will also pursue democratic rule and human rights through programs of assistance. The United States will support post-conflict reconstruction, successful transitions to democracy, and the consolidation of fully democratic institutions and practices through a coordinated combination of programs funded by Development Assistance, Economic Support Funds, USIA programs and the Africa Development Foundation. Specifically, these programs will provide technical assistance, equipment, education and financial support aimed at strengthening civil society, independent judiciaries and legislatures, fair electoral processes, and reconciliation and justice under the rule of law. Finally, the United States will coordinate with other donors to maximize resources and enhance the effectiveness of U.S. efforts at political reform in Africa.

Indicators:

- Post-conflict reconstruction efforts in Angola, Mozambique, Liberia, Sierra Leone, the Congo, Central African Republic, and Rwanda establish democratic institutions and elements of civil society.
- Number of mutinies or coups d'etat by African militaries against their duly-elected civilian leaders will decline.
- Basic freedoms and human rights of citizens enumerated in Constitution and legislation and freedom of assembly, association, and speech -- including media freely critical of government policies without fear of reprisals -- are increasingly respected in practice, as measured by the annual USG Human Rights Reports.
- The number of women holding office will grow.
- Acceptance by opposition of election outcomes, indicating a consensus on rules-of-the-game and fairness of transition process.
- Follow-on sets of elections judged closer to international standards of free and fair elections by independent domestic election observers and the international community, with increasingly sustained, informed voter participation.

Democracy and Human Rights Fund (DHRF) for Africa Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA (DHRF)	3,500	3,483	3,100
Total	**$3,500**	**$3,483**	**$3,100**

U.S. Foreign Policy Objectives:

U.S. policy aims to break corrupt political monopolies and establish transparent, accountable governments and democratic societies in Africa. In order to attain these long term goals, the United States must help Africans to educate, train and empower themselves and their societies to implement internationally accepted legal and political standards associated with democracy, human rights, and the rule of law. Following decades of authoritarian rule and conflict, African political reformers have already begun the work of advocating, educating and training both governments and citizens. Reformers have begun to make slow progress towards building a democratic culture, establishing independent and effective judicial and legislative branches and independent election commissions, ensuring full political participation by women, and developing a vibrant civil society able to articulate public needs and concerns.

Strategy for FY 1999:

It is critical to empower Africans to undertake advocacy, education, and training efforts aimed at increasing human and civil and political rights within their own societies. The Democracy and Human Rights Fund (DHRF) is a unique program which provides small grants to African NGOs and institutions for short-term, high-impact projects. The DHRF is administered using the combined expertise of an interagency team comprised of the U.S. Embassy, USAID (where present), and USIA (where present) staff in over forty countries in Africa. The Embassy DHRF committee in each African country coordinates DHRF projects with political development projects sponsored by other donors, fostering a close working donor relationship in the area of political reform, including in countries without a USAID presence, where the program is doubly critical. African-led project activities span the areas of human rights, legal and civic education, women's political empowerment, local election monitoring, and activities that promote tolerance and conflict resolution.

The DHRF is small but important key to encouraging indigenous efforts at demanding and enabling political reform and respect for human rights. DHRF projects are small in scale, and their final impact in African societies will be cumulative and will depend on a host of other factors outside the scope of project activities, such as the political will of the government, as well as social and economic dynamics.

Indicators:

- Citizens' knowledge of human and legal rights increases, evidenced by greater number of reports and recommendations to governments, and greater number of cases of abuse reported to local authorities by citizens.
- Citizens' knowledge of their roles increases, evidenced by greater election turnout, greater levels of independent expression and less tolerance for corrupt or repressive laws and government policies.
- Judicial and legislative branches increase their independence, professionalism and efficiency.
- The number of women holding government office and civil society leadership roles increases.
- NGOs monitoring elections create increasingly comprehensive and persuasive reports regarding successes and flaws in the process, including for local as well as national elections.
- Level of voter participation in African countries increases.

East Africa Regional Assistance Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	4,750	5,000	5,000
Total	**$4,750**	**$5,000**	**$5,000**

U.S. Foreign Policy Objectives:

Sudan remains a destabilizing factor in the Horn of Africa and the world because of its policies and actions, ranging from support of terrorism to disruption of humanitarian assistance. The United States will provide assistance to neighboring Ethiopia, Eritrea and Uganda to bolster their defense capabilities, and to help them resist regional destabilization.

Strategy For FY 1999:

In November 1997, President Clinton imposed comprehensive economic sanctions on Sudan because of Sudan's continuing support for international terrorism; ongoing efforts to destabilize neighboring governments; and the prevalence of human rights violations.

The Organization of African Unity (OAU) and the UN Security Council have both condemned the Government of Sudan for its involvement in the June 26, 1995, assassination attempt against Egyptian President Mubarak in Addis Ababa, Ethiopia. The Government of Sudan continues to acquire offensive armaments and it has been providing military support to rebel and guerrilla groups in neighboring countries: in Uganda (the Lord's Resistance Army and the West Nile Bank Front); in Eritrea, where the Eritrean Islamic Jihad is responsible for numerous terrorist actions; and in Ethiopia, to groups opposed to the Government.

Our assistance is intended to help Sudan's neighbors which have cooperated closely with the United States on numerous regional and international 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 in major regional initiatives, such as the African Crisis Response Force.

Indicators:

- East Africa Regional Assistance recipients better able to resist their neighbor's

aggressive support of rebel elements in their own countries.

- Increased stability in affected regions.
- Sudan's regional and international influence further contained.

Education for Development and Democracy Foreign Operations Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	-	-	5,000[1]
ESF	-	-	10,000
USIA	-	-	[4,500][2]
PL 480 II	-	-	25,000
DA	-	-	26,000
Total	-	-	**$66,000**

U.S. Foreign Policy Objectives:

The U.S. seeks to promote a democratic, economically developed Africa. An educated citizenry is fundamental to meeting these objectives. Democracy and development in Africa need to be addressed in a larger social and political context. One of the major obstacles Africa faces is the limited human capacity that hinders efficiency, popular participation in decision-making, and good governance. There is also a lack of understanding regarding civil and political rights and the respective roles of governments and citizens in a democracy. In an effort to overcome historical patterns of centralized power and corruption, many African governments are moving toward a wider dispersal of economic and political power throughout their societies. The United States will work with Africans to enhance human capacity through education to strengthen democracy and free-market systems. The United States will also seek to improve Africans' access to the technology and knowledge they need to participate fully in the global economy and the world community of democracies.

Strategy for FY 1999:

U.S. objectives will be pursued through combining U.S. experience, resources and skills with African and other donor efforts already underway to improve education in Africa. With assistance from USAID, USIA, the Peace Corps, and private U.S. institutions and NGOs, the United States will help equip Africans to build educational institutions and practices that will foster efficient economic systems and a democratic political culture. U.S. programs will focus on areas that promise practical short- or medium-term results at primary through university levels, as well as on civic education and skills training for professionals such as judges, journalists and civil society leaders.

Targeted infusions of technology, which can accelerate African integration into modern global systems of education, government, business and communications, will be pursued. The Leland and GLOBE initiatives are examples of U.S. efforts in this area. U.S.–African partnerships

[1] In addition, $29,000,000 of Peace Corps funding in Africa is already designated for education programs.
[2] Included in other USIA figures.

linking governments, educational institutions, private corporations and civil society to promote education will also be strengthened and expanded. Pilot programs will be used to test the operability of innovative concepts, such as the use of hand-crank radios for rural education, renewable energy sources, new methods to train teachers, the design and implementation of curricula reforms, and the creation of regional hubs which serve as technical resources and manage partnership linkages.

Indicators:

- Increased linkages between U.S. and African partners in universities, civil society groups, private corporations, schools and other groups and institutions involved in African education.
- More effective overall linkages between U.S. education programs in Africa, both governmental and private.
- Innovations in increasing the accessibility of education technology to Africans.
- Creation of pilot programs which lead to improvements in African education.

Great Lakes Initiative Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	-	-	25,000
Total	-	-	**$25,000**

U.S. Foreign Policy Objectives:

Emerging from major conflicts, the Great Lakes region is a potential engine for development of a large part of Africa. U.S. policy seeks to prevent destabilizing conflicts, secure the rule of law, strengthen democratic practices, and promote long-term economic growth. To tap the region's potential and address the roots of conflict, we will act as a catalyst to mobilize international donor resources to support regional development.

Strategy for FY 1999:

Economic Support Funds will be used to strengthen mechanisms for justice and reconciliation in order to break the cycles of impunity, extreme violence, and instability that have plagued the region's recent history. We will also seek to galvanize support for social reform and social security systems which enhance accountability and the rule of law, and promote reconciliation at the national and local levels.

To address the culture of impunity, renewed dedication is required at three levels: civilian justice, military justice, and international mechanisms. At each level, we will focus on three goals: training of personnel, building institutional capacity, and creating long-term financing of justice institutions.

Indicators:

- Establishment of human rights commissions or ombudsmen and human rights NGOs.
- Increased naval justice military and civilian training.
- Drafting of military codes of justice.
- Creation of a witness protection program for the International Criminal Tribunal for Rwanda.
- Increased effectiveness of the DROC Office of Ill-Gotten Gains, created to identify assets misappropriated by the Mobutu regime.
- Increased international and national focus on establishment of the rule of law in Rwanda, DROC and Burundi.
- Implementation of the Rwanda genocide law.
- Improved capacity of Rwandan and DROC judicial systems.
- Effective national and local reconciliation processes.

Organization of African Unity (OAU) Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	3,000	2,000	2,000
Total	**$3,000**	**$2,000**	**$2,000**

U.S. Foreign Policy Objectives:

The U.S. continues to work closely with the OAU's enhancement of conflict resolution capabilities. The OAU has focused its efforts to help resolve African conflicts, sponsoring mediation and other interventions. To date, the Department of State has contributed $10.89 million to the OAU, primarily to assist with the construction and equipping of an early-warning Conflict Management Center (CMC) and to pre-position equipment for a 100-man quick reaction military observer force. The CMC will provide the OAU with the capability to monitor crisis situations across the continent.

Strategy for FY 1999:

Our strategy will be to build upon our efforts to date. The international community, particularly the EU, France, Canada and Japan, has begun to direct bilateral assistance to the OAU. The EU took a "Common Position" in June 1997 that permits the European Commission to begin, for the first time, active consideration of three project proposals valued at over $10 million spread over three years. In light of this increased assistance, we will begin a collaborative effort with other donors aimed at avoiding duplication of effort.

Particular emphasis will be placed on a possible collaborative effort to connect the OAU Mechanism for Conflict Prevention, Management and Resolution to international networks through electronic mail and online connections and service providers such as INTERNET, DIALOGUE, AMERICA ONLINE, HORNET, PEACENET and CNNTEXT. These connections and communications capabilities are required to support the day-to-day operations of the CMC and update and sustain the validity of data required to make estimates and provide options.

In addition, in an effort to conform to the expressed desires of the Chiefs of Defense Staff of the Central Organ of the OAU Mechanism, we will work with other donors to establish a network linking the CMC to similar early-warning cells established in sub-regional organizations in Africa. The purpose of the project is to enhance the capacity of the OAU CMC to anticipate and prevent conflicts by affording it the capacity for early political action. The first sub-regional cell is projected to be established by the UN Standing Advisory Committee on Security Questions in Central Africa in Libreville, Gabon.

With the deployment of a military observer force to the Comoros, the OAU has again demonstrated a willingness to play a more active role in regional dispute resolution activities. We will consult closely with the OAU, during and after the deployment, in order to engage in a lessons-learned exercise so as to better direct our effort at providing the OAU with equipment for such deployments.

Indicators:

- Establishment of an early-warning cell in Libreville.
- Creation of a multilateral coordination mechanism for the provision of assistance to the OAU.
- Initiation of a joint U.S.-E.U. effort to enhance OAU communications and data transmission capabilities.

Partnership for Economic Growth and Opportunity in Africa Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Debt Relief	-	-	35,000
DA	-	-	30,000
Total	-	-	**$65,000**

U.S. Foreign Policy Objectives:

The Partnership for Economic Growth and Opportunity in Africa (Partnership) provides the policy framework and programs that the USG will implement to pursue the Administration's highest foreign policy objective for Africa -- the integration of African countries into the global economy. The Partnership seeks to create new links with the countries that are most aggressively pursuing growth-oriented economic reform. We hope to make them better trade, investment and security partners for the United States.

All African countries eligible for the U.S. Generalized System of Preferences program and OPIC investment support as part of the basic Partnership program. A number of other programs will be open to a select group of African countries that meet rigorous economic policy reform criteria: 1) debt reduction of $35 million for FY 1999; 2) participation in the U.S.-African Economic Forum; and 3) three USAID programs amounting to $30 million annually.

Under the Partnership, renewal of the current GSP law will provide enhanced market access for the poorest African countries that are in the Least Developed Country category (LLDCs). New legislation must be passed to provide enhanced market access to the growth-oriented African countries that meet the reform requirements for Level 2 participation in the Partnership. The Administration is working with Congress to ensure early passage of the African Growth and Opportunity Act.

To encourage private investment in Africa, in 1997 OPIC has launched two new funds which, when fully leveraged, will enable U.S. private business to invest up to $270 million in Africa. OPIC is discussing the creation of additional OPIC-supported funds which can leverage up to $500 million for investments in African infrastructure projects. OPIC's activities will not require any additional budget authority.

Strategy for FY 1999:

The Administration is moving forward with Partnership Programs that do not require legislation. Most programs are in the implementation stage and will be continued during FY 1999. During FY 1998 USAID will continue to develop programs that be

will launched during FY 1999 which will provide economic-policy related assistance to qualified countries.

Legislation must be passed to implement the market access provisions of the Partnership. Renewal of the GSP law and passage of the African Growth and Opportunity Act are high legislative priorities and the Administration strongly supports their early passage by Congress.

Indicators:

- Complete development work on USAID programs for Level 2 of the Partnership and launch them during FY 1999.
- Complete work necessary to grant debt relief to Level 2 countries during FY 1999.
- Obtain passage of African Growth and Opportunity Act.
- Continue implementation of ongoing Partnership programs which were launched during FY 1998.
- Organize and hold first ministerial-level meeting of the U.S.-Africa Economic Forum.

Greater Horn of Africa Initiative Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	8,369	15,000	15,000
Total	**$8,369**	**$15,000**	**$15,000**

U.S. Foreign Policy Objectives:

The United States has expended huge levels of human and material resources in the Horn of Africa over the years, including during the 1984-85 Ethiopian famine, the 1992 conflict and famine in Somalia, and the Rwandan refugee outflow in July 1994. The Greater Horn of Africa Initiative (GHAI) was launched in 1994 to reduce the costs and ameliorate the root causes of these recurring crises. GHAI's objectives are food security and conflict prevention, mitigation and resolution.

Strategy for FY 1999:

USAID leads GHAI in close cooperation with the State Department and other U.S. government agencies. GHAI employs a comprehensive approach which integrates diplomacy with long-term development activities to tackle the root causes of both conflict and food insecurity. In pursuing these objectives, the State Department, USAID and other U.S. agencies are guided by five operating principles: African ownership, strategic coordination across domestic and international bureaucratic boundaries, linkage of relief programs with development programs, taking a regional approach to the Greater Horn's problems, and contingency planning in these continually unstable environments.

Other partners include donor governments, international and regional organizations, non-governmental organizations, and most importantly, Africans from both public and private sectors in the Horn. GHAI is coordinated through USAID missions and U.S. embassies in the region. GHAI projects include workshops and other exercises involving U.S. officials and African partners, and recently produced a guide on conflict prevention and resolution for practitioners. The State Department and USAID also work with non-governmental organizations in various conflict prevention activities. The GHAI is carrying out significant capacity building with a regional African organization - the Inter-Governmental Authority on Development (IGAD). IGAD sponsors major peace building initiatives in Somalia and Sudan, and has a quick response Peace Fund financed by the major donors, including the U.S. It also pursues food security objectives through regional policy harmonization efforts, and by facilitating crop, livestock and infrastructure investments.

Indicators:

- Tolerance and crisis prevention increase at the grassroots level through efforts of NGOs and citizens, as well as through diplomatic efforts and program assistance at the governmental and regional organization levels.
- Food security and early warning capabilities are enhanced through improved regional coordination activities financed in part by the GHAI program.

Initiative for Southern Africa Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	-	-	2,000
DA	48,000	30,000	30,000
Total	**$48,000**	**$30,000**	**$32,000**

U.S. Foreign Policy Objectives:

No other sub-region of sub-Saharan Africa has matched the overall economic and political progress of Southern Africa. As the rest of the continent strives to attain economic growth and democratic stability, the United States seeks to preserve the remarkable yet still fragile gains in the southern region and encourage economic and political cooperation towards continued progress and reform. Through the Initiative for Southern Africa which was launched in 1994 – also known as the Southern Africa Development Community (SADC) initiative -- the United States seeks to promote equitable, sustainable economic growth in a democratic Southern Africa. Objectives which will contribute to this goal are a cluster of well-functioning democracies, increased incomes and employment for rural and disadvantaged groups, sustainable increases in food security, and strengthened regional cooperation and increased trade an investment regionally and internationally.

Strategy for FY 1999:

Although Southern Africa leads the continent in reform, the success of conflict resolution in Mozambique continues to be offset by slow progress in Angola. Democratic gains in South Africa, Namibia and Malawi remain fragile. Zambia has fallen behind on democratic reform, while Zimbabwe continues to make only incremental progress in consolidating a free and open political system. Repercussions of the Asian economic crisis will affect Southern Africa, even if indirectly, and overall trade and economic growth rates have slowed from previous years. It is within this context that efforts begun in 1994 to consolidate gains will be continued.

The Initiative for Southern Africa is intended to be African-led and stakeholder-driven and to promote new and creative modalities for providing development assistance in the sub-region. Four areas of program support are democracy and governance, small and medium-sized business development, transport and telecommunications, and agricultural and natural resource management. The initiative builds on efforts by a previous USAID Southern Africa Regional Program (SARP), which included agriculture, natural resource management and rail and telecommunications projects. The 1994 Initiative for Southern Africa brings two new foci: small and medium indigenous business development through the Southern Africa Enterprise Development Fund, and support for regional democracy efforts through the Southern Africa Regional Democracy Fund.

The Initiative for Southern Africa incorporates African decisions into project design, approval and implementation through standing committees which incorporate African as well as U.S. citizens. In order to remain close to issues on the ground, the initiative is being managed out of Gaborone, Botswana.

Indicators:

- Increasing economic cooperation and integration in southern Africa.
- Enhanced security dialogue and cooperation in the region.
- Ratification of the SADC Trade Protocol.

Regional Development Fund for Africa Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	130,514	124,130	134,634
Total	**$130,514**	**$124,130**	**$134,634**

U.S. Foreign Policy Objectives:

The United States has a strong interest in supporting transformations taking place in African economies, political systems, and human resource development. A healthy, prosperous, and free Africa will have a beneficial effect on the U.S. economy, will provide more effective partnerships to combat global environmental and health threats, will reduce U.S. requirements to provide funds due to crises, and will create greater political stability. USAID supports the achievement of U.S. foreign policy objectives in Africa by promoting sustainable development and by helping to address natural and man-made crisis situations. USAID's Regional Development Fund program enhances the ability of bilateral country missions to address country-specific development problems by helping to identify and resolve technical issues in a way that incorporates experiences gained throughout Africa and the rest of the world, and that allows lessons from one sector to be considered in other sectors. It also strengthens regional and sub-regional linkages, with a focus on encouraging increased communication among Africans as well as between Africans and the United States, and on building African capacity for problem solving.

Strategy for FY 1999:

The regional program has been developed to supplement bilateral programs for three reasons: (1) to provide assistance in a more cost-effective way by maximizing economies of scale and the information linkages among USAID development programs; (2) to support and strengthen pan-African and in some cases, sub-regional African institutions which can not be supported through our bilateral programs; and (3) to respond quickly to new development challenges.

Three approaches are used: First, the program provides policy-relevant information and helps African countries and their partners use this information to improve the policies, programs and strategies required for sustainable development. Second, it builds the capacity of Africa to manage its own development. Third, it assists African countries and institutions to build more effective regional interaction to increase economic and technical cooperation. The program works with a variety of partners, including host country government officials, African and U.S. non-governmental organizations, international organizations, other U.S. government agencies, and other donors.

In FY 1999, the program will address a variety of sector-specific development challenges:

- accelerating sustainable and equitable economic growth, including trade promotion;
- providing health services in more sustainable, efficient, and productive ways;
- preventing and mitigating crises;
- improving agricultural and natural resource management techniques to increase income earning opportunities, and making sure that development activities are environmentally sound;
- improving sustainability, equity and quality of basic education and family planning services;
- increasing the use of information technology;
- eradicating polio; and
- identifying cost-effective ways to prevent the spread of HIV/AIDS.

In its support to USAID bilateral missions, African governmental and nongovernmental organizations, and regional organizations, the program works with partners to develop targeted policies, programs and strategies which are based on continent-wide experience and on identification of sector-specific issues important to African development. In operational terms, the program focuses on activity and strategy development, dissemination of information, provision of technical assistance for strategy implementation, and African technical and institutional capacity building, primarily at the regional and sub-regional levels. The program also participates in Africa-wide initiatives, such as polio eradication, the child survival initiative, the trade and development initiative, and the Africa Food Security Initiative.

Indicators:

- African capacity and regional and sub-regional cooperation increase in the areas of broad-based economic growth and agricultural development, population and health, protecting the environment, building democracy, and providing humanitarian assistance.
- Bilateral U.S. programs receive effective assistance in strategy development and implementation tools which enhance program performance and the achievement of program results.
- Specific sector and sub-sector results, identified in separate USAID program documentation, are achieved.

Africa Regional Peacekeeping Foreign Operations Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	2,000	7,130	8,000
Total Africa PKO	**$2,000**	**$7,130**	**$8,000**

U.S. Foreign Policy Objectives:

By supporting conflict resolution in Africa, the United States bolsters the prospects of consistent progress towards economic recovery and political stability. While the ACRI and OAU initiatives prepare Africans to more effectively participate in conflict resolution, this program provides the means by which they may do so. These resources enable African peacekeeping forces to participate in sub-regional, regional and UN operations, and promote continued stability in countries emerging from conflict. As was demonstrated in Liberia, PKO funds support peacekeeping efforts which 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.

Strategy for FY 1999:

U.S. peacekeeping funds will be used to facilitate the actual operation of African peacekeeping forces in African countries through providing support for African partners such as Botswana, Eritrea, Ethiopia, Ghana, Malawi, Mali, Namibia, Senegal, Tanzania and Uganda. The Great Lakes region remains unstable, and conflicts elsewhere such as in Sierra Leone, have yet to reach full resolution.

Indicators:

- Wider African participation in sub-regional, regional and/or United Nations peacekeeping operations.
- A more timely African response to calls for participation in peacekeeping operations.

EAST ASIA & PACIFIC

Statement by Assistant Secretary Stanley Roth
Bureau of East Asia and Pacific Affairs

I. Introduction and Summary

The U.S. policy framework in the Asia Pacific is derived from President Clinton's vision of a Pacific community based on "shared strength, shared prosperity and shared values." This vision continues to be the touchstone for our policy in the region and translates into actions that 1) maintain peace and security through our bilateral alliances, multilateral fora, and collective restraints on weapons proliferation; 2) foster economic growth through free trade and investment and the creation of a level playing field for American business; 3) encourage the development of democracy and respect for human rights and the rule of law; and 4) attack the problems of environmental degradation, drug trafficking, international organized crime, and terrorism that threaten our well-being. Time and time again we have heralded our firm commitment to the Asia Pacific region, a commitment which is "solidly based on American interests" as a Pacific nation, power, and partner.

For almost a decade, however, our actions have not matched our words. We have closed posts (since 1994 alone, four Consulates, 15 USIA offices, and two USAID offices) and eliminated positions, reduced development and military assistance levels, and neglected our infrastructure and workforce. Countries in the region, including our allies, are questioning our commitment and reliability. More than that, they are turning to our competitors -- for military equipment, for investment, for financial support and development assistance. In the near to mid-term, we are in danger of losing the goodwill we have enjoyed in the region, goodwill which has prevented inevitable friction from becoming ruptures and on which we have been able to draw for support of our objectives (e.g., crucial funding for KEDO, a democratic resolution in Cambodia and Burma, critical tasks for APEC, urgent work on climate change, and counternarcotics). Unless we begin now to redress this trend, our influence and interests in the region will suffer.

II. Regional Overview

The East Asia and Pacific region is of tremendous importance to the United States. This becomes more evident each year and is most clearly quantifiable in the economic sphere. Reflecting a fundamental shift of economic power from Europe to Asia, the region includes the world's fastest growing economies and despite recent setbacks is expected to remain the most economically vibrant region well into the next century. U.S. exports to the region are large and growing. In 1996, the region absorbed about one-third of all U.S. exports and accounted for approximately two-fifths of all U.S. trade, almost twice our total trade with Europe. The region is expected to account for half of world trade by the year 2000.

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The current financial crisis underscores the fact that in broad economic terms, the health and behavior of East Asia and Pacific economies has a direct effect on the welfare and prosperity of all Americans. Recognizing that prolonged economic turbulence in Asia would have serious repercussions for the political stability of the region and for U.S. interests globally, we are actively engaged on a number of fronts to reestablish financial stability in the region.

Global and transnational problems threaten us all as much as protectionism and recession do. The American people -- and increasingly citizens throughout Asia -- have suffered tremendously from the plague of illicit narcotics, a primary source of which is Southeast Asia. Drug traffickers and other organized criminal operations function throughout the region and in the United States. We are developing programs to strengthen legal frameworks and regulatory mechanisms to address this. Environmental threats such as deforestation, marine and coral reef degradation, and global climate change threaten to undermine our collective future and demand our attention. The U.S. is committed to making environmental cooperation a central part of our cooperation with the ASEAN states and we have opened a regional environmental hub in our Embassy in Bangkok. The U.S. is the largest contributor to the South Pacific Regional Environment Program (SPREP) budget. Our cooperation in fisheries with fifteen other Pacific nations under the Forum Fisheries Agency serves as a model for others in utilizing while preserving ocean resources. Meanwhile, sufficient progress has been made in resettling refugees to allow us to finish phasing out our assistance to the Vietnamese, Lao, and Rohingyas in FY 1999.

Northeast Asia is the point of geographical confluence for four of the world's major powers – China, Japan, Russia, and the United States. It remains one of the world's most dangerous flashpoints, both in terms of conventional war and implications for proliferation of weapons of mass destruction and the missiles that deliver them. In addition to uncertainties on the Korean Peninsula, long-standing territorial disputes over the Senkaku Islands, for example, pose a potential threat of serious conflict. Reflecting the region's importance to American national security interests, the U.S. has five bilateral mutual defense treaties in force in East Asia -- with Japan, South Korea, Australia, Thailand, and the Philippines. Major defense facilities are spread throughout the region, including a $6 billion missile test range in the Marshall Islands. Reflecting these interests, U.S. troop strength in the Asia Pacific region is now equal – about 100,000 persons – to that in the European region.

III. Key Policy Issues

Requested Function 150 resources will fund heavy fuel oil purchases and some administrative and other program costs for Korean Energy Development Organization; our priority regional security goal . Cutbacks in these resources would undermine implementation of the US-DPRK agreement to address one of the world's potentially most dangerous nuclear proliferation problems.

Our role as an aid donor in the region is changing, and rightly so. Many of the Asian economies have "graduated" to the ranks of middle income countries and out of traditional "poverty alleviation" assistance programs. (In fact, more than 75% of USAID's development assistance funds are Congressionally earmarked or protected for use in alleviating poverty in non-Asian regions.) But that does not mean our development assistance is no longer needed or useful. The current financial crisis which began in Southeast Asia and has reverberated in Northeast Asia, and the earlier Southeast Asian environmental crisis (the fires in Indonesia and their broadly felt effects) point to the need for our assistance on a region-wide basis -- from creating stable regional capital markets to attacking the root causes of climate change and implementing cooperative preventive measures.

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: 1) support U.S. exports and increase market access in Japan, China, and other big emerging markets; 2) achieve trade and investment liberalization through the Asia and Pacific Economic Cooperation (APEC) forum; 3) negotiate commercially meaningful accession protocols for China and Taiwan memberships in the World Trade Organization, and reform investment codes and financial services regulations and protect intellectual property rights; 4) and maintain through treaty commitments U.S. industry access to millions of dollars of fishing resources in the South Pacific.

Some of the most important objectives for the EAP region including support for U.S. global objectives such as the non-proliferation treaty or multilateral bank replenishments, as well as ensuring the protection of American citizens, depend primarily on the personnel and supporting physical infrastructure funded by State Department and other agency operating funds.

Refocusing and reaffirming the alliance with Japan, promoting non-proliferation and export controls, 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 150 account program funds.

$6 million in ESF funding for FY 1999 is being requested to help Mongolia's political development to a democracy. This small amount of aid will support Mongolia's recent election successes and continuing transition from a de facto Soviet republic to a democratic society and independent country.

The Asia Foundation is a highly credible Non-Governmental Organization (NGO) doing valuable work to promote democratic values and human rights throughout Asia. Its past work has included funding for other 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 promotes civil society programs throughout the region, including China

IMET funding, especially through the Expanded-IMET program, contributes to the transition to and maintenance of democracy by addressing such issues as civil-military relations, effective defense resources management and military justice, including internationally recognized human rights.

Achieving sustainable development has been for most of the countries in the region the single most important factor in 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 U.S. global issues agenda (population, health, environment, and democratic participation) and supports exports from the U.S.

USAID development assistance is the central element in promoting U.S. sustainable development objectives in the EAP region. USAID programs finance market reforms in Indonesia and the Philippines that increase economic growth and U.S. market opportunities, are essential to supporting numerous NGO and civic participation projects in the Philippines, Indonesia, and elsewhere throughout the region, have been the key to building up successful regional efforts to slow population growth and combat HIV/AIDS, and are on the cutting edge of the development of new technologies to deal with growing urban and natural resource environmental problems in Asia.

Current State counternarcotics assistance in the EAP region is modest, but it supports a critical U.S. government objective in combating heroin trafficking in a region that is the world's leading producer of heroin. Heroin production has been rising and heroin trafficking routes have spread throughout the region. The U.S. ability to respond to this more diversified threat is directly dependent on adequate funding for INL counternarcotics programs in the region.

IV. Conclusion

In short, there is a need for broader and more visible "engagement" with Asia, particularly Southeast Asia. With this proposed budget, we are expanding our cooperation with the region into new areas and activities, we will be addressing burning issues of common concern: stabilizing financial institutions; promoting economic policy and structural reforms; creating stable regional capital markets; building democracy and rule of law; eliminating such non-tariff barriers to US business as corruption and poor IPR protection; and attacking drug production and trafficking, that negatively impact on our collective well-being.

International Affairs Budget by Account and Budget Function

Region: EAP

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$574,157**	**$607,965**	**$746,108**
Contribution to the Asian Development Bank/Fund	113,222	163,222	263,222
Development Assistance Program	105,475	109,418	120,394
Economic Support Fund	60,800	59,000	49,250
Export- Import Bank loans program account	184,500	169,650	200,810
Foreign Military Financing	1,000	..	..
International Military Education and Training	5,015	5,425	5,125
International Narcotics and Law Enforcement	7,000	5,800	8,500
Migration and Refugee Assistance	20,165	11,300	11,300
Non-proliferation, anti-terrorism, demining, and related programs	25,000	30,000	36,150
Operating Expenses of the Agency for International Development	19,922	20,569	16,950
Peace Corps	22,658	23,081	23,907
Trade and Development Agency	9,400	10,500	10,500
Other Function 150	**$241,870**	**$226,932**	**$241,693**
Contributions to International Organizations	1,913	2,055	2,055
Diplomatic and Consular Programs	157,486	138,206	146,876
Educational and Cultural Exchange Programs	32,519	32,963	32,100
International Information Programs	42,381	46,084	46,862
Payment to the Asia Foundation	7,571	7,624	13,800
EAP Total:	**$816,027**	**$834,897**	**$987,801**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: EAP

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$33,625**	**$37,011**	**$36,218**
International Military Education and Training	5,015	5,425	5,125
Foreign Military Financing	1,000	..	..
Economic Support Fund	..	250	250
Diplomatic and Consular Programs	16,223	16,428	17,286
International Information Programs	11,114	14,606	13,278
Educational and Cultural Exchange Programs	273	302	279
Eliminate Threat of WMD	**$33,110**	**$38,213**	**$44,792**
Diplomatic and Consular Programs	8,110	8,213	8,642
Non-proliferation, anti-terrorism, demining, and related programs	25,000	30,000	36,150
Open Markets	**$45,358**	**$44,222**	**$45,331**
Educational and Cultural Exchange Programs	1,858	2,061	1,901
International Information Programs	12,903	14,535	15,152
Economic Support Fund	14,000	14,000	14,000
Diplomatic and Consular Programs	15,837	12,866	13,518
Contributions to International Organizations	760	760	760
Expand U.S. Exports	**$205,574**	**$192,102**	**$223,818**
Diplomatic and Consular Programs	10,521	10,657	11,213
Contributions to International Organizations	1,153	1,295	1,295
Export- Import Bank loans program account	184,500	169,650	200,810
Trade and Development Agency	9,400	10,500	10,500
Increase Global Economic Growth	**$114,829**	**$164,851**	**$264,936**
Diplomatic and Consular Programs	1,607	1,629	1,714
Contribution to the Asian Development Bank/Fund	113,222	163,222	263,222
Promote Growth in Developing & Transitional Economy	**$23,029**	**$22,781**	**$23,100**
Development Assistance Program	12,805	12,805	12,805
Diplomatic and Consular Programs	1,607	1,629	1,714
Peace Corps	8,617	8,347	8,581
Enhance Security/Safety of Americans Abroad	**$6,504**	**$6,584**	**$6,927**
Diplomatic and Consular Programs	6,504	6,584	6,927
Control the Flow of Immigrants and non-immigrants	**$7,964**	**$7,399**	**$7,903**
Diplomatic and Consular Programs	7,964	7,399	7,903
Minimize the Impact of International Crime	**$2,303**	**$1,114**	**$2,356**
Diplomatic and Consular Programs	803	814	856
International Narcotics and Law Enforcement	1,500	300	1,500
Reduce Levels of Entry of Illegal Drugs	**$8,760**	**$8,816**	**$10,431**
International Information Programs	307	287	309
International Narcotics and Law Enforcement	5,500	5,500	7,000
Diplomatic and Consular Programs	2,490	2,515	2,648
Educational and Cultural Exchange Programs	463	514	474
Reduce International Terrorist Attacks in the U.S.	**$803**	**$814**	**$856**
Diplomatic and Consular Programs	803	814	856
Increase Adherence to Democratic Principles	**$84,166**	**$78,682**	**$75,207**
International Information Programs	7,743	7,963	7,784
Diplomatic and Consular Programs	8,110	8,213	8,642

International Affairs Budget by Bureau by Strategic Goal by Account

Region: EAP

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance Program	12,200	12,200	12,200
Payment to the Asia Foundation	7,571	7,624	13,800
Economic Support Fund	46,800	40,750	31,000
Educational and Cultural Exchange Programs	1,742	1,932	1,781
Humanitarian Response	**$24,101**	**$15,299**	**$15,504**
Diplomatic and Consular Programs	3,936	3,999	4,204
Migration and Refugee Assistance	20,165	11,300	11,300
Secure a Sustainable Global Environment	**$35,793**	**$44,030**	**$53,844**
Economic Support Fund	..	4,000	4,000
International Information Programs	3,031	..	2,344
Educational and Cultural Exchange Programs	279	310	286
Peace Corps	2,424	2,348	2,413
Diplomatic and Consular Programs	2,490	2,515	2,648
Development Assistance Program	27,569	34,857	42,153
Early Stabilization of World Population	**$48,053**	**$42,170**	**$42,212**
Diplomatic and Consular Programs	803	814	856
Development Assistance Program	47,250	41,356	41,356
Protect Human Health & Reduce Spread of Diseases	**$8,878**	**$11,362**	**$15,149**
Development Assistance Program	5,651	8,200	11,880
Diplomatic and Consular Programs	803	814	856
Peace Corps	2,424	2,348	2,413
Diplomatic Activities	**$1,291**	**$1,311**	**$1,381**
Diplomatic and Consular Programs	1,291	1,311	1,381
Public Diplomacy	**$35,187**	**$36,537**	**$35,374**
International Information Programs	7,283	8,693	7,995
Educational and Cultural Exchange Programs	27,904	27,844	27,379
Diplomatic Readiness	**$96,699**	**$81,599**	**$82,462**
Peace Corps	9,193	10,038	10,500
Operating Expenses of the Agency for International Development	19,922	20,569	16,950
Diplomatic and Consular Programs	67,584	50,992	55,012
EAP Total:	**$816,027**	**$834,897**	**$987,801**

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security.

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well being of the U.S. or its allies. (NS-1)

OPERATIONAL GOAL: Peace in Asia through stable, constructive relations among the major powers (the U.S., Japan, China, and Russia) and a sustained U.S. presence.

STRATEGY:

U.S. regional security strategy for the Asia-Pacific region emphasizes strengthening the five bilateral alliances that have been at the heart of the United States strategy for more than forty years. The U.S. is also committed to contribute to regional security through active participation in multilateral fora like the ASEAN Regional Forum. Through such multilateral mechanisms the countries of the region seek to develop new cooperative approaches to achieve greater stability and security. Additionally, the U.S. Pacific Command sponsors multinational military activities.

OBJECTIVE(S):

1) Working with the South Korean government, elicit North Korean government's participation in Four Party talks, leading to a permanent peace arrangement on the Korean peninsula.

2) Maintain U.S. forces in region at approximately current level of 100,000.

3) Maintain close defense ties with Japan, particularly in implementing the decisions of the Special Action Committee on Okinawa (SACO) and in implementing the 1997 Defense Guidelines.

4) Improve bilateral relations with China through high level visits and by expanding our strategic dialogue on global and regional issues.

5) Promote professional military development, effective defense resource management, civilian control of the military, improved military justice and increased awareness of human rights in the region's militaries.

6) Peaceful resolution of territorial disputes through strengthened regional security fora, including ASEAN Regional Forum.

7) U.S. military access to Thailand, Singapore, Indonesia, Brunei, Malaysia and the Philippines for transit, training and exercises in support of U.S. regional presence and force projection capabilities.

8) Continue to increase regional security cooperation through the ASEAN Regional Forum (ARF); use the ARF more effectively to combat Chinese assertions that bilateral security ties are a Cold War anachronism.

9) Prevent the return of the Khmer Rouge to Cambodia.

10) Improve bilateral relations with Indonesia.

11) Enhance POW/MIA cooperation with Laos, Vietnam, China and North Korea.

12) Promote regional nations' peacekeeping force development.

13) Strengthen bilateral military cooperation with regional countries.

14) Expanded training of DoD personnel in Australia.

15) Maintain U.S. security interests in the Freely Associated States.

ASSUMPTIONS:

- Continued uncertainty about the course of events on the Korean Peninsula.
- Unresolved territorial claims will remain contested through at least 1999.
- The U.S. military will remain capable of defending U.S. interests in the region.
- The possibility of national political instability may create regional security problems.

INDICATORS:

- North Korea participates in Four Party talks in FY 1998. (OBJ1)
- U.S. regional forces maintained at nearly 100,000. (OBJ2)
- Implementation of SACO base relocations in Japan substantially underway by FY 1999. (OBJ3)
- Completion of documents implementing Defense Guidelines with Japan by FY 1999. (OBJ3)
- Presidential State Visit to China in 1998. (OBJ4)
- China participates in regional security fora, such as the ARF and NEACD. (OBJ4)
- Continued military-military interaction and access to foreign military facilities. Improved use of defense resources. (OBJ5)
- Continued bilateral U.S. military exercises in the region (OBJ5)
- Secretary's participation in ARF/ASEAN PMC in July 1998 in Manila demonstrates importance of U.S.-ASEAN relationship. (OBJ6)
- Public statements of support for the U.S. security presence by regional states. (OBJ7)

- Use ARF Intersessional Meetings (ISMs) to make incremental progress toward larger areas of cooperation. (OBJ8)
- Expansion of demining activities into former Khmer Rouge held areas. (OBJ9)
- High level visit to Indonesia to underscore importance we attach to the bilateral relationship. (OBJ10)
- Continued progress resolving POW/MIA cases in Laos, Vietnam and North Korea. (OBJ11)
- At least one multinational peacekeeping force development activity in the region. (OBJ12)
- Implement a Visiting Forces Agreement with the Philippines by FY 1999. (OBJ13)
- Marine Corps expanded training in Australia begins in FY 1999. (OBJ14)
- Security interests assessed in the Freely Associated States in FY 1998 to determine the parameters of negotiations to begin in FY 2000. (OBJ15)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security.

STRATEGIC GOAL: The U.S. and its allies will not be threatened by weapons of mass destruction or destabilizing conventional arms races. (NS-2)

OPERATIONAL GOAL: Counter the proliferation of missile technology and nuclear, chemical, and biological weapons.

STRATEGY:

Levels of cooperation with our nonproliferation efforts by Asian countries will be among our most important criteria in judging the nature of our bilateral relations. We will use the four-party peace talks to achieve a permanent peace agreement and denuclearize the Korean Peninsula. We will also use bilateral and multilateral forums to urge China and other Asian countries to stop the proliferation activities of entities within their jurisdiction.

OBJECTIVE(S):

1) Gain Chinese support for and compliance with international nonproliferation regimes.

2) Broader support for KEDO.

ASSUMPTIONS:

- The North Koreans, Russians and the Chinese will continue to be willing to negotiate on nonproliferation.
- Nonproliferation concerns will become more technologically sophisticated and therefore more difficult to detect and monitor.

INDICATORS:

- China joins the Zangger Group in FY 1998. (OBJ1)
- China promulgates nuclear and dual-use export control regulations in FY 1998. (OBJ1)
- Implementation of U.S.-PRC 1985 Agreement on Peaceful Uses of Nuclear Energy in FY 1998. (OBJ1)
- Include greater support for KEDO in the agenda of high level meetings, particularly at the ASEAN ARF and PMC in Manila in July 1998. (OBJ2)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity. (EP)

STRATEGIC GOAL: Open foreign markets to free the flow of goods, services, and capital. (EP-1)

OPERATIONAL GOAL: Increased U.S. economic exchanges with East Asia and improved access to goods, services, and capital markets in the region.

STRATEGY:

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 to support U.S. exports and increase market access in Japan, China, and other big emerging markets; achieve focused outcomes in the Asia-Pacific Economic Cooperation (APEC) forum that combine elements of trade and investment liberalization facilitation (TILF) with economic cooperation and development; negotiate commercially meaningful accession protocols for the PRC and Taiwan memberships in the World Trade Organization, and reform investment codes and financial services regulations and protect intellectual property rights; and maintain through treaty commitments U.S. industry access to millions of dollars of fishing resources in the South Pacific.

OBJECTIVE(S):

1) Pursue regional trade and investment liberalization facilitation (TILF) in APEC to open markets and cooperation to build them.

2) Conclude and implement agreements on the nine sectors identified for early action in APEC's "Early Voluntary Sectoral Liberalization" program; later conclude agreements on the remaining six sectors identified for action.

3) Rationalize the APEC Working Groups process so that it supports the priorities established by the Leaders.

4) Achieve a commercially-meaningful WTO accession by China as soon as feasible.

5) Strengthen IPR protection in Hong Kong.

6) Expand opportunities in South Korea for U.S. traders and investors by encouraging the government to implement fundamental reforms, making the Korean economy more market-oriented, less regulated, and more open, in compliance with Korean OECD and WTO commitments.

7) Increase access to the Indonesian market by pressing for elimination of discriminatory trade practices, a more transparent investment regime, and more vigorous enforcement of measures to protect intellectual property.

8) Normalize economic relations with Vietnam.

9) Normalize economic relations with Laos.

10) Expand opportunities in the Philippines for U.S. traders and investors by encouraging opening of financial and retail trade sectors.

11) Use ASEAN's push toward open market reform to press our regional/global trade and economic agenda.

12) Maintain access to South Pacific fishing resources.

ASSUMPTIONS:

- Regional financial instability will abate as governments implement liberalization and prudential market supervision measures.
- Regional environment for market liberalization remains steady.
- APEC continues as a viable regional forum.

INDICATORS:

- APEC implements a "focused outcome" infrastructure project in which governments eliminate cross-border and domestic policy disincentives and the private sector provides know-how and capital. (OBJ1)
- Individual Action Plan (IAP) process fosters TILF, using inputs from posts and from the private sector. (OBJ1)
- Agreement will be concluded on nine sectors identified for early liberalization by June 1998; agreements on six other sectors will follow. (OBJ1)
- Government systems that impose costs on market operations in the areas of customs, product standards, and professional standards are changed. (OBJ1)
- U.S. investment facilitated by upgraded regional investment regimes. (OBJ1)
- Pressure created through the Ministerial and Leaders meetings for all WTO participants to complete negotiations on the built-in agenda (of previous GATT Round issues). (OBJ2)
- Existing APEC Working Groups streamlined so they respond to policy direction from Ministers and Leaders. (OBJ3)
- Reliance increased on ad hoc APEC task forces with specific objectives and sunset dates. (OBJ3)
- In Hong Kong, achieve crackdown on retail IPR piracy, prosecution of major IPR crime figures, and strengthened HK-PRC border cooperation. (OBJ5)

- Fundamental reforms in South Korean financial and auto sectors. (OBJ6)
- Indonesian Government conducts raids and vigorously prosecutes violators of intellectual property rights. (OBJ7)
- Conditions for a Jackson-Vanik waiver for Vietnam established, leading to initiation of TDA, EXIM, OPIC trade and investment facilitation programs, and AID assistance to liberalize commercial policy. (OBJ8)
- Philippine government amends retail trade law to permit greater foreign presence and increases the number of U.S. banks allowed to open branches. (OBJ10)
- U.S.-ASEAN Dialogue, ASEAN PMC and related meetings used to promote return to regional financial stability and press APEC and U.S. trade/economic agenda. (OBJ11)
- Access to South Pacific fishing resources remains unimpeded. (OBJ12)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity. (EP)

STRATEGIC GOAL: Expand U.S. exports to $1.2 trillion in 2000. (EP-2)

OPERATIONAL GOAL: Promote U.S. exports and increase market access in Japan and fast-growing, emerging markets: PRC, Indonesia, Malaysia, Thailand, Taiwan and Korea.

STRATEGY:

Focus U.S. government advocacy and export promotion efforts on emerging markets. Support American foreign direct investment as a means of increasing U.S. exports.

OBJECTIVE(S):

1) Promote greater private sector participation in APEC and ASEAN-U.S. meetings.

2) Improve the transparency and timeliness of commercial dispute resolution, including arbitration, in the PRC.

3) Insure that our trade promotion efforts are integrated into all aspects of USG efforts in the region, e.g. the summit energy and environment forum with China.

ASSUMPTIONS:

- Regional trading partners continue trend towards freer markets.
- APEC continues to be a viable mechanism for pursuing U.S. export efforts.

INDICATORS:

- Improved investor protections and financial market development in APEC encourage greater private sector investment in Asia-Pacific infrastructure, especially in the transportation, telecommunications, and energy sectors. (OBJ1)
- U.S. members of the APEC Business Advisory Council (ABAC) provide greater input to the Leaders' process in ways that advance our interests in the region. (OBJ1)
- Board Members of the National Center for APEC involve themselves more in specific issues that matter to their companies. (OBJ1)
- U.S. ASEAN country Ambassadors continue annual export promotion tour. (OBJ1)
- Establishment of bilateral mechanisms to promote resolution of commercial disputes in the PRC; resolution of some of the current high-profile disputes. (OBJ2)

- Significant U.S. contracts signed for energy and environmental equipment/technology in China. (OBJ3)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity. (EP)

STRATEGIC GOAL: Increase global economic growth. (EP-3)

OPERATIONAL GOAL: Implement "focused outcomes" in APEC that combine elements of trade and investment liberalization and facilitation (TILF) with economic cooperation and development.

STRATEGY:

Although opening markets remains our primary economic goal in APEC, a narrow definition of liberalization undermines our effort to forge a consensus among a group of disparate members. We will forge consensus around the notion of "focused outcomes," which combine elements of liberalization and economic cooperation/development. Liberalization opens markets, cooperation builds them. In implementing focused outcomes, governments must deal with cross-border and domestic policy disincentives, while the private sector provides the know-how and the capital. We will also promote regional growth through appropriate ASEAN mechanisms and support for international financial institutions.

OBJECTIVE(S):

1) Generate concrete APEC results with a focused outcomes approach, with performance criteria and milestones, that combine TILF with technical cooperation to eliminate barriers to market growth.

ASSUMPTIONS:

- High growth experience in region continues.
- APEC remains a viable mechanism for promoting regional economic growth.

INDICATORS:

- Implementation of a regional seaports initiative begun in FY98. (OBJ1)
- Private sector coalition developed to address bottlenecks in regional energy markets. (OBJ1)
- President Clinton's initiative for Clean Production Technology and Clean Marine Environments substantially implemented by IV/99 (OBJ1)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: American Citizens and U.S. Borders.

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad through the provision of consular services. (AC-1)

OPERATIONAL GOAL: Provide a full range of consular services to all American citizens in the region.

STRATEGY:

Open a Consulate in Ho Chi Minh City by April 1998 with adequate staff to provide services to approximately 3,000 U.S. citizens resident in that consular district of Vietnam plus the 75,000 American tourists expected to visit annually. Open consular operations in Liaison Office in Pyongyang when that office is established to provide ACS (American Citizen Services) services only. Prepare for reversion of Macau to Chinese authority in 1999 and address potential consular issues.

OBJECTIVE(S):

1) Adequate access to American citizens in jail and the provision of other consular services to residents and visitors.

ASSUMPTIONS:

- There will be an increasing American citizen presence in the region and a corresponding increase in the demand for American citizen services.
- Increased resources will be required to match demand for additional consular officers in Vietnam and North Korea.

INDICATORS:

- Opening of American Citizen Services operations in Ho Chi Minh City and in Pyongyang.
- Resolution of consular issues related to the reversion of Macau to China.

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: American Citizens and U.S. Borders.

STRATEGIC GOAL: Control how immigrants and non-immigrants enter and remain in the U.S. (AC-2)

OPERATIONAL GOAL: Strengthened fraud awareness and prevention, detection, and prosecution of illegal activities involving document fraud and alien smuggling.

STRATEGY:

Use improved technology and techniques to detect fraudulent and non-bona fide visa applications while facilitating legitimate travel. Work with host government officials to interdict mala fide travelers and prosecute alien smugglers.

OBJECTIVE(S):

1) Prevent non-bona fide visa applicants from obtaining visas and reduce fraud.

2) Increase anti-fraud training for consular employees, host country officials, and airline employees.

3) Work with host governments to criminalize visa and passport fraud, document fraud, and alien smuggling and aggressively prosecute document vendors and alien smugglers.

4) Work with host governments to improve the security of their travel documents.

ASSUMPTIONS:

- Non-bona fide applicants will become increasingly sophisticated.
- Number of legitimate travelers from the region will continue to increase.

INDICATORS:

- Updated machine readable visa (MRV) system installed and operating by April 1999. (OBJ1)
- Increase in interception of fraudulent documents by newly trained personnel. (OBJ2)
- Prosecutions of document vendors and alien smugglers rise compared to prior periods. (OBJ3)
- Improvements in the integrity and security of foreign governments' documents and issuance procedures result in significantly less fraudulent document use. (OBJ4)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement.

STRATEGIC GOAL: Minimize the impact of international crime on the U.S. and its citizens. (LE-1)

OPERATIONAL GOAL: Increased cooperation to minimize the impact of international crime from the region.

STRATEGY:

Increase actions by regional governments to combat money laundering and other financial crimes, alien smuggling, drug trafficking, and other forms of transnational crime. Develop regional communication and cooperation to combat crime, negotiation of mutual legal assistance and other agreements, multilateral task forces and support for effective international agencies.

OBJECTIVE(S):

1) Implement Extradition and Mutual Legal Assistance Treaties with the Philippines.

2) Strengthen legal cooperation with Malaysia.

3) Negotiate an extradition treaty with Indonesia.

4) Strengthen law enforcement cooperation with China against Asian organized crime, including combating alien smuggling.

5) Establish a Regional Law Enforcement Academy in Southeast Asia.

6) Implement an extradition treaty with South Korea.

ASSUMPTIONS:

- Regional countries will increasingly desire to cooperate with U.S. law enforcement agencies to fight international crime.

INDICATORS:

- Procedures formalized with the Philippines by January 1998. (OBJ1)
- Mutual Legal Assistance Treaty concluded with Malaysia by FY 1998. (OBJ2)
- Extradition treaty concluded with Indonesia by FY 1998. (OBJ3)
- In China, increased bilateral training and enhanced exchanges of information. (OBJ4)

- Regional Law Enforcement Academy established. (OBJ5)
- Procedures formalized with South Korea by FY 1998. (OBJ6)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement.

STRATEGIC GOAL: Significantly reduce the entry of illegal drugs into the U.S. (LE-2)

OPERATIONAL GOAL: Reduced flow of heroin from the world's leading heroin producing region.

STRATEGY:

Current counternarcotics assistance in the East Asia-Pacific region is modest, but supports a critical U.S. Government goal in combating heroin trafficking in a region that produces a large portion of the heroin sold in the U.S. Heroin production remains high, 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 U.S. supports drug control activities in Burma, China, Cambodia and Vietnam.

OBJECTIVE(S):

1) Reduce the flow of heroin to the United States.

2) Strengthen money laundering controls.

3) Increase law enforcement counter-narcotics training for officials from Vietnam, Laos, China, and Cambodia.

ASSUMPTIONS:

- U.S. will continue to decertify Burma through 1999.
- Other regional countries are willing to work with the U.S. against narcotics traffickers.
- U.S. will continue to work through UNDCP.

INDICATORS:

- Improved UN cooperation in crop substitution, especially in Burma, results in reduced opium cultivation by April 2001. (OBJ1)
- Continued drug enforcement cooperation with Burmese authorities as appropriate. (OBJ1)

- Continued U.S. financial support for UN programs targeted at major opium-growing areas. (OBJ1)
- Money laundering legislation enacted in FY 1998 by government of Thailand. (OBJ2)
- Training of officials from Vietnam, Laos, and Cambodia increased in FY 1998. (OBJ3)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement.

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the U.S. and its citizens. (LE-3)

OPERATIONAL GOAL: Increased regional cooperation to expand counterterrorism capabilities of EAP governments and to enhance law enforcement cooperation.

STRATEGY:

Engage in bilateral and multilateral activities to increase knowledge of resources and methods to counter terrorism and to stimulate information sharing and close cooperation during terrorist incidents.

OBJECTIVE(S):

1) Continue assessments of counterterrorism capabilities of regional governments, offering antiterrorism training via the Antiterrorism Assistance Program (ATA) where appropriate.

2) Maintain the level of bilateral counterterrorism consultations between the U.S. and regional governments to increase cooperative antiterrorism efforts and policies.

3) Encourage participation in multilateral efforts such as counterterrorism conferences, treaties, and sanctions of state sponsors of terrorism.

4) Persuade North Korea to join international terrorism conventions and take additional steps to remove itself from the U.S. terrorist states list.

ASSUMPTIONS:

- Countries in the region will be increasingly interested in cooperation with U.S. agencies to combat terrorism.

INDICATORS:

- Number of antiterrorism exercises held in region. (OBJ1)
- Level of bilateral consultations. (OBJ2)
- Number of terrorists apprehended and/or prosecuted locally or extradited to requesting countries. (OBJ2)
- The results of bilateral conferences.(OBJ3)
- North Korea agrees to join international anti-terrorism conventions. (OBJ4)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy. (DE)

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights. (DE-1)

OPERATIONAL GOAL: Promote increasingly democratic governments that respect and protect international standards of human and worker rights in law and practice.

STRATEGY:

In consultation with other governments, both inside and outside the region, and with non-governmental organizations (NGOs), we seek to lead and coordinate efforts aimed at deepening democratic governance and the promotion of individual human rights, including freedom of religion. We also seek to influence governments that are violating international standards; and support democratic transitions. Promote civil society, rule of law, and human rights, including worker rights and women's rights, through funding of effective NGO programs.

OBJECTIVE(S):

1) Promote human rights, democratic values and the rule of law in China.

2) Reversion of Hong Kong to Chinese sovereignty with minimal impact on U.S. business interests, U.S. Navy port calls, protection of civil liberties, and law enforcement cooperation.

3) Progress toward the restoration of democracy in Burma.

4) Promote human rights, democratic values, and the rule of law in Cambodia.

5) Greater respect for democratic processes and international standards of human and worker rights by the Government of Indonesia.

6) Promote human rights, democratic values, and the rule of law in Vietnam.

7) Strengthen new Mongolian democratic institutions.

8) Ameliorate the human rights situation in North Korea through increased engagement.

9) Support American and regional NGOs working to build democratic institutions and monitor violations of and improve protections for individual and labor rights.

10) Encourage the creation of an ASEAN Human Rights mechanism.

11) Improve the political, social, and economic status of women in Asia.

ASSUMPTIONS:

- Regional and American NGOs will become increasingly important in monitoring and improving human and worker rights practices in the region.
- There will continue to be a fundamental difference in perspective on what constitutes "universal" human and worker rights.
- This will continue to be a sensitive policy area.

INDICATORS:

- Passage and implementation of laws that protect civil liberties and due process. (OBJ1)
- Rule of law programs launched in FY 1998. (OBJ1)
- China signs and ratifies one of the two UN Human Rights Covenants in FY 1998. (OBJ1)
- Resumption of a bilateral U.S.-PRC human rights dialogue to discuss inter alia preservation of Tibet's unique culture and traditions, and visits to prisons by international monitoring organizations in FY 1998. (OBJ1)
- Hong Kong holds open, free and fair elections for a new legislature in FY 1998. (OBJ2)
- Meaningful political dialogue among the SPDC, the National League for Democracy, and the ethnic minorities in Burma promoted by pressing the SPDC both privately and publicly, and by multilateral actions in the UNGA, the UNHRC, and the ILO. (OBJ3)
- Dialogue maintained with ASEAN, Japan, Australia, the EU, and others on Burma, urging them to press the SPDC to begin a dialogue with the democratic opposition and to respect human rights. (OBJ3)
- Internationally monitored observation of free and fair elections in Cambodia. (OBJ4)
- Democratic processes and human and worker rights issues promoted in bilateral exchanges with Indonesian leaders and by assistance to NGOs in FY 1998. (OBJ5)
- Next session of our bilateral human rights dialogue with Vietnam convened in FY 1998. (OBJ6)
- Vietnamese government efforts on economic and legal reforms facilitated by technical assistance, visits, and exchanges by government and private sector representatives in FY 1998. (OBJ6)
- Expanded training for Mongolian parliamentarians, court officials and political leaders results in more democratic, independent, and professional legislature, judiciary, and executive branches, as evaluated by informed observers. (OBJ7)

- Bilateral human rights dialogue with the North Koreans sought soon after the opening of our Liaison Office in Pyongyang. (OBJ8)
- Selected regional and country-specific NGOs receive diplomatic, technical and/or financial support for their programs in FY 1998 and FY 1999, resulting in clear-cut improvements in human rights situations. (OBJ9)
- Increased activism on the part of ASEAN national human rights groups for inclusion of human rights on ASEAN member governments' agendas, and increased participation by such groups at high level ASEAN meetings and in other international fora. (OBJ10)
- Increased numbers of women holding elected positions or government appointments, passage of laws protecting and/or promoting women's rights. (OBJ11)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Humanitarian Assistance.

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters. (HA-1)

OPERATIONAL GOAL: Minimize the human costs of conflict in the region.

STRATEGY:

Use bilateral assistance and refugee programs to allow regional governments to reduce the impact of conflict and natural disasters. Continue to press for the fullest possible accounting of American POW/MIAs. Increase support for demining programs to allow the resumption of normal national development as quickly as possible.

OBJECTIVE(S):

1) Advance the fullest possible accounting of POW/MIAs in Vietnam, Laos, North Korea, and Cambodia.

2) Continue effective demining programs in Laos and Cambodia.

3) Implement the ROVR program for returned Vietnamese asylum-seekers in FY 1998.

4) Protect refugees from Burma in Thailand.

5) Successful re-integration of Rohingyas who have returned to Burma from Bangladesh.

6) Successful re-integration of Hmong and lowland Lao returnees to Laos.

7) Alleviate famine in North Korea.

ASSUMPTIONS:

- Regional countries will cooperate with the U.S. on the accounting of American POW/MIAs.
- Demining programs will continue to be human resource intensive.
- UNHCR will continue to have access to most refugees and be in a position to monitor their return.

INDICATORS:

- Government officials in Vietnam, Laos, North Korea, and Cambodia pressed for greater unilateral efforts and continued cooperation in accounting for American POW/MIAs. (OBJ1)
- New demining MOU signed with Laos in FY 1998. (OBJ2)
- Lessons from the successful Cambodia demining program are exported to other countries requiring indigenous demining programs. (OBJ2)
- ROVR program in Vietnam completed in FY 1998. (OBJ3)
- Strongly discourage Thai government from forcibly repatriating refugees from Burma, while continuing to encourage the Thai to move refugee camps to more secure locations and to allow UNHCR to play a more active role. (OBJ4)
- UNHCR and WFP report successful re-integration of Rohingyas into Burma with no new refugee outflows to Bangladesh. (OBJ5)
- UNHCR reports successful re-integration of Hmong and lowland Lao returnees. (OBJ6)
- U.S. continues to have the lead role in responding to international appeals for food aid to North Korea (OBJ7)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity.

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies. (EP-4)

OPERATIONAL GOAL: Economic growth and sustainable development for selected populations in the region.

STRATEGY:

Use ESF, DA, and Compact Funds efficiently. Cambodia and Mongolia will remain the EAP top priorities for the use of ESF resources in the region. Indonesia and the Philippines will remain top priorities for the use of DA funds. We will support South Pacific regional efforts.

OBJECTIVE(S):

1) Economic growth and sustainable development in Cambodia and Mongolia related to transition to democracy and market economy.

2) Assure conservation of tuna fisheries in the South Pacific.

3) More effective use of Compact Funds in the Freely Associated States.

4) Promote sustainable development in the Pacific Island states and territories.

5) Sustainable development in Indonesia and the Philippines.

ASSUMPTIONS:

- Cambodia and Mongolia will require continuing assistance during their transition periods.
- Pacific Island states will require continuing assistance during FY 1998-99.

INDICATORS:

- ESF resources in Cambodia focused on primary education, maternal and child health care, economic growth in specific rural areas in FY 1998 as measured by statistical improvements. (OBJ1)
- Mongolia's energy emergency subsides. (OBJ1)
- Mongolia's economic growth resumes. (OBJ1)
- Tuna Treaty with the South Pacific island nations fully implemented. (OBJ2)

- Greater self-reliance by the Freely Associated States achieved by FY 1999, as determined by the IAG. (OBJ3)
- Through participation in the South Pacific Commission Governing Body meetings, U.S. promotes fisheries, agricultural, and forestry programs geared toward self-sufficiency. (OBJ4)
- Government of Indonesia implements AID reduction benchmarks in the economic development and population/health services programs. (OBJ5)
- Value-added exports from Mindanao, Philippines, increase by $500 million in FY 1998 and another $500 million in FY 1999. (OBJ5)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues.

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation. (GI-1)

OPERATIONAL GOAL: Protect the environment and promote sustainable development of the natural resources of the region.

STRATEGY:

Continue to incorporate environmental issues into foreign policy. Promote regional cooperation on such transboundary environmental problems as greenhouse gas emissions. Work through bilateral and multilateral fora to promote U.S. environmental policies in the region. Work with American and regional NGOs to educate public and influence national governments. Continue to play an active role in the longer-term response to the effects of extensive, uncontrolled forest fires and the delayed onset of the monsoon season in Indonesia, by identifying and pursuing a multilateral package of measures designed to plan for and mitigate the effects of future climatic variances. Integrate these elements into ASEAN, APEC, and other regional fora, and solicit support from other regional actors to assure the greatest impact for USG resources.

OBJECTIVE(S):

1. Expand environmental cooperation with China.

2. Develop a regional climatic early warning system which includes a regional disaster response coordination mechanism and, potentially, a smoke and haze health effect monitoring system.

3. Work with on-going regional efforts, particularly the ASEAN Regional Haze Action Plan, to assure regional technical expertise in forest fire-fighting and reduced-impact timber harvesting.

4. Assist Southeast Asian countries to develop policies in support of sustainable development of natural resources, especially tropical forests.

5. Cooperate with Japan on our Common Agenda, specifically on sustainable use of tropical forests and coral reefs.

6. Working with the Bangkok Regional Environmental Hub, address the whole range of environmental issues, especially where pollution and competition for scarce natural resources increase tensions within the region.

7. Secure developing country participation in efforts to address global climate change.

ASSUMPTIONS:

- Marked environmental degradation will continue in the region, resulting in more focus on this issue by regional governments.
- Department will support the regional hub(s) with funding and personnel; OES will provide sustained guidance.
- Integrated government/private sector projects will have greater effect than government alone.
- Cambodia's political environment permits progress on key objectives.

INDICATORS:

- If Congress passes enabling legislation, make maximum use of U.S.-Asia Environmental Partnership funds to strengthen environmental cooperation with China, working in conjunction with the Vice President's Environment and Development Forum. (OBJ1)
- ASEAN support for a regional climatic early warning system.
- Regional identification of shared disaster response strategies.
- Increased multilateral exercises and interchanges pertaining to disaster response strategies.
- USAID implements program to assist Cambodian government in FY 1998, resulting in Cambodian laws enacted in FY 1999. (OBJ2)
- Parks and protected areas in Indonesia assisted by AID expand in FY 1998 and FY 1999. (OBJ2)
- Community-based forests and coastal resources in Indonesia assisted by AID expand in FY 1998 and FY 1999. (OBJ2)
- By end of FY 1998, expand the portion of residual forests in the Philippines which with AID assistance are managed sustainably by community-based enterprises. (OBJ2)
- Common Agenda's Parks-in-Peril program in Latin America and the Caribbean expanded and ways to initiate a similar program in Asia and the Western Pacific explored. (OBJ3)
- Begin construction on Palau International Coral Reef Center by IV/98. (OBJ3)
- Environmental initiatives pursued in South Pacific Forum in FY 1998. OBJ4)
- Bangkok Regional Environmental Hub Action Plan defined and partially implemented by IV/98. (OBJ4)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues.

STRATEGIC GOAL: Reduced disease worldwide. (GI-3)

OPERATIONAL GOAL: Increased regional cooperation to fight infectious diseases, including polio and HIV/AIDS, bilaterally and under the U.S.-Japan Common Agenda. Improving individual health, with special attention to the reproductive health of women and adolescents and the general health needs of infants and children.

STRATEGY:

Develop and coordinate a sustained effort to enlist support from other nations and international bodies to raise the level of priority accorded to infectious diseases, and in concert with USAID, the Department of Health and Human Services, the Peace Corps and others in the public and private sectors to enhance the national capacities of countries in the region to recognize, report, prevent, and respond effectively to infectious disease threats. Advocate policies to build national capacities, enhance participation, encourage accountability and the empowerment of communities and individuals in maintaining public health. Collaborate with other donors, host governments, universities, NGOs, and the private sector to develop and implement an integrated health and population program within the context of the overall country strategy.

OBJECTIVES

1) Enhanced priority and increased investment in basic health in developing nations; greater public awareness and more political and financial commitment by other governments and international institutions to meet the challenges of infectious diseases.

2) Improved preparedness and response capabilities necessary to detect and control outbreaks of foodborne diseases, vectorborne diseases, acute respiratory track infections, and antimicrobial resistant pathogens.

3) Strengthened national and regional capacity to implement and coordinate response to select epidemics (i.e., E. coli 0157:H7, cholera, dengue, Japanese encephalitis, malaria, influenza, and multidrug resistant tuberculosis) through improving coordination, and strengthening of Asian institutions and their technical capacity to respond to epidemics by improved surveillance and response capabilities.

4) Under the U.S.-Japan Common Agenda, expanded poliomyelitis eradication campaign into Ivory Coast, Kenya, Ghana, and Tanzania, with world-wide eradication by 2000.

5) Expanded country coverage in Asia where the U.S. and Japan are cooperating on HIV/AIDS issues.

6) Joint U.S.-Japan program to evaluate micronutrient needs for children.

7) Under the U.S.-Japan Common Agenda, work with the Government of China to strengthen its influenza surveillance activities.

8) Support and participate in the 3rd International Conference on Emerging Infectious Diseases in the Pacific Rim in Indonesia under the U.S.-Japan Common Agenda.

9) Increased government and private sector support for preventive health programs.

10) Increased access to child health services regionwide.

11) improved maternal health services, including emergency referral.

ASSUMPTIONS:

- Without U.S. leadership, global disease surveillance and response capacity will not effectively expand.
- Infectious diseases will continue to be a threat to national security, public health, and economic productivity for the next decades, particularly in lesser developed countries.
- Global eradication of poliomyelitis is possible by 2000.
- The HIV/AIDS pandemic continues unabated.
- Sustained support of basic and applied research on control of infectious diseases.
- Continued domestic support for and international cooperation on activities designed to provide early warning, prevention, and mitigation of the impact of infectious disease threats, particularly in countries at greatest risk.
- Robust U.S. assistance levels for population and health for East Asia can be sustained for needy countries.
- The private sector, including businesses and NGOs, will be active participants.

INDICATORS:

- Increase in international coopération in combating the threat of disease. (OBJ1)
- Increased immunization coverage for all vaccine preventable childhood diseases. (OBJ1)
- Increased rates of ORT use, where indicated. (OBJ1)
- Improving pattern of age-specific morbidity and mortality rates. (OBJ2, OBJ3)
- Decreased, selected disease-specific incidence, prevalence, and case-fatality rates. (OBJ2, OBJ3)
- Enhanced disease outbreak response capabilities and performance. (OBJ2, OBJ3)

- Expanded cooperation with Japan to eradicate poliomyelitis in African countries. (OBJ4)
- Send a joint U.S.-Japan mission to Vietnam to evaluate the status of our present cooperation, and to explore ways we can further work together in population and HIV/AIDS issues. (OBJ5)
- Publish a joint U.S.-Japan report recommending areas for expanded cooperation in children's health. (OBJ6)
- Develop a joint U.S.-Japan cooperative program to address iodine and vitamin A deficiencies among children in Nepal, Bhutan, Vietnam, and Laos. (OBJ6)
- Chinese influenza surveillance strengthened. (OBJ7)
- Participation in the Indonesia Infectious Diseases Conference achieves U.S. objectives. (OBJ8)
- Infant and child mortality rates are reduced by FY 1999. (OBJ9)
- The proportion of births attended by trained health providers is increased by FY 1999. (OBJ10)
- The use of population-at-risk of effective measures for reducing HIV transmission is increased by FY 1999. (OBJ11)

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness: Human Resources

STRATEGIC GOAL: Enable the U. S. Government to achieve foreign policy objectives and respond to international crises by cultivating a skilled, motivated, diverse, flexible work force.
(DR-1)

OPERATIONAL GOAL: Realign personnel levels to meet the Department's policy and program objectives for the region; provide training to boost work force skills; ensure equal employment opportunities for all EAP Bureau employees.

STRATEGY:

The core of our strategy is to provide the right number and mix of personnel resources to most effectively staff the EAP Bureau both domestically and overseas. As a part of this effort, develop a work force plan using Program Planning, the Overseas Staffing Model (OSM) and other human resource management tools. This will help determine the optimal configuration for the Bureau's work force. In addition, by defining required skills and training, identify and recruit highly-qualified employees with Asian hard language skills who are likely to serve a significant portion of their careers in the EAP Bureau. Recruit versatile employees and deliver training that broadens current work force skills to meet policy and management needs. Through adherence to Department policy, ensure that EAP employees enjoy equal opportunities for advancement and training.

OBJECTIVE(S):

1) FY 1998: Open new posts in Ho Chi Minh City and Pyongyang.

2) FY 1998: Utilizing the Department's Overseas Staffing Model (OSM), establish a work force plan by analyzing current staff assets in comparison to identified needs.

3) FY 1998-99: Increase staffing in China to meet additional workload necessitated by the growing importance of this bilateral relationship.

4) FY 1999: Establish a comprehensive training program for Bureau personnel.

5) FY 1999: Determine optimal number of language training positions in the "super hard" languages (Chinese, Korean, Japanese) to produce cadres of sufficient number and breadth to adequately staff all language designated positions (LDPs).

ASSUMPTIONS:

- The new consulate in Ho Chi Minh City can expect to serve 3,000 resident U.S. citizens and 75,000 American tourists annually.
- Department re-organization and Foreign Affairs Agencies' integration will result in job skill redundancies, reductions-in-force and an increasing workload shift to the regional bureaus from the functional bureaus.
- Reduced in-take of new personnel will result in increased staffing gaps overseas at all levels, particularly at the JO rank.
- Apart from the integration of personnel from USIA and ACDA (numbers unknown), the Bureau's employment ceiling can be expected to remain static in the future.
- Our Bureau's human resources systems must be flexible in order to respond to foreign policy requirements and changes in American society, technology and the economy.
- Some work force needs will be met through alternative employment sources such as temporary hires and private sector contracts.

INDICATORS:

- Adequate staffing in the visa sections at posts in Vietnam, South Korea, and China. (OBJ 1, 2, 3).
- Status of work force planning: plan in place, percentage of work force covered, ability to accurately project staffing needs. (OBJ 2)
- Actual staff as compared to identified needs. (OBJ 2, 3)
- Cycle time , including staff gaps, and the accuracy of key personnel processes or actions. (OBJ 2)
- Customer satisfaction as measured by reduction in staffing gaps and reduction in cycle time to fill open positions. (OBJ 2)
- Training that meets needs, matches demand and is cost-effective. (OBJ 4)
- Ability to determine whether to train for certain skills or to hire from the outside. (OBJ 4)
- Opportunities for career development. (OBJ 4)
- The degree to which language training graduates match demand. (OBJ 5)
- Diversity of work force as measured by EEO data.
- Customer satisfaction with services and programs.

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness: Information Resources

STRATEGIC GOAL: Strengthen the ability of the United States to achieve its International Affairs goals and respond to crises through effective and efficient information resources management and information systems. (DR-2)

OPERATIONAL GOAL: Develop and implement sound Information Technology (IT) investment plans which support EAP priorities and enhance information movement and management.

STRATEGY:

Provide overseas and domestic EAP Bureau employees with information movement and management resources which enable U.S. representatives to pursue national interests and to respond to crises. Develop and implement sound information technology capital investment plans that support international affairs priorities and enhance overall Diplomatic Readiness. Establish information infrastructure development as the foundation for EAP's modernization initiatives. Ensure that employees have access to the necessary information technology and are trained to use the systems effectively. Ensure customer/stakeholder satisfaction with quality and timeliness of information services.

OBJECTIVE(S):

1) Prioritize and justify Bureau projects to compete for funding in the Department's Joint Planning Program (JPP). (FY 1998).

2) Work with relevant bureaus to install new telephone systems where outdated technology handicaps diplomatic readiness.

3) Work with relevant bureaus to replace proprietary information systems with open system LANs through the ALMA program .

4) Activate China Net WAN to link China consulates, Hong Kong, and Ulaanbaatar with other key hubs in the region by January 198.

5) Work with relevant bureaus to install new PCC in Ulaanbaatar (January 1998) and in Chengdu (January 1999) (Part of China 2000 implementation under DR3).

6) Work with relevant bureaus to install ACT communication systems in Koror, Majuro, Kolonia, Port Moresby and Perth in January 1998, and in Chengdu by February 1999.

7) Develop domestic user training program and ensure that posts receiving new equipment have similar plans. (FY 1998).

ASSUMPTIONS:

- The current information technology infrastructure at these posts is insufficient to achieve organizational objectives.
- Success in achieving information resources management goals depends on work force planning and upgrading the skills of the employees who use, operate, and support a modernized information resources management environment.
- Limited resources for information systems modernization will delay the timely procurement, installation and utilization of advanced information technology (IT).
- The use of contract IT services will increase as the Department falls behind in the deployment of modern IT.

INDICATORS:

- Information management systems and infrastructure meet business needs of decision makers and users.
- Infrastructure indicators are measured by meeting the start dates shown in the objectives section above for each project listed.
- Information systems compliance with established standards and regulations, such as Year 2000 compliance and security standards for sensitive information.
- Accuracy and reliability of information services.
- Customer/stakeholder satisfaction with information services.
- Upgraded information systems achieve Department-wide IT interoperability and shared, reusable data.
- Access to learning.

EAP: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness: Infrastructure and Operations

STRATEGIC GOAL: Establish and maintain infrastructure and operating capabilities that enable employees to pursue organizational objectives and respond to crises. (DR-3)

OPERATIONAL GOAL: Development and implementation of coordinated plans to provide the platform and infrastructure necessary to conduct diplomacy and advance U.S. foreign policy goals in the EAP region.

STRATEGY:

The Bureau of East Asian and Pacific Affairs operates and maintains a network of diplomatic and support facilities in nations ranging from highly-developed countries with advanced infrastructure to lesser-developed, or even crisis-bound, nations without reliable communications, transportation or banking systems. The EAP Bureau must respond to a vast array of support needs at overseas posts, ensuring that representatives from all U.S. Government agencies and their families can live and conduct business safely and efficiently, with due regard for morale, even in unhealthful or dangerous locations.

OBJECTIVE(S):

1) Property Management - Cost-effectively operate and maintain U.S. real property and leased facilities at home and abroad, with safe, functional working conditions for all employees and safe, functional living quarters for overseas staff.

2) Security - Protect U.S. Government employees and their eligible family members and sensitive information from technical and physical threats.

3) Management Systems - Improve core management systems such as ICASS, OSM, IPMS, budget and accounting systems to ensure that the Department allocates resources according to policy priorities, while meeting the diverse needs of decision makers, operational managers, and employees in the U.S. and overseas.

4) Specialized Administrative Services - Provide specialized administrative services and systems that facilitate the conduct of foreign affairs, ensure adequate working conditions at home and abroad, and sustain adequate quality of life for overseas staff members and their families.

5) Work with relevant bureaus to leverage proceeds from asset management projects in Bangkok, Manila, Seoul and Vietnam.

ASSUMPTIONS:

- Overseas operating costs (e.g., rents, utilities, maintenance costs) in the region will rise faster than comparable U.S. costs.
- Overseas facilities will remain highly visible targets for intelligence and terrorist threats.
- Other U.S. Government agencies with specialized needs will seek or expand overseas representation in the EAP region.
- The ICASS principles of shared services and full cost recovery will drive the delivery of services to all agencies at overseas posts.

INDICATORS:

- Management practices and procedures which ensure the integrity of the taxpayer's investment.
- Real property acquisition and leasing systems and procedures (in coordination with FBO) meet management and user needs.
- Adequacy of physical and technical security appropriate to the local conditions and in accordance with established Department security standards and threat levels.
- Access to timely, complete, accurate reports on Department activities.
- Effectiveness and responsiveness of specialized services.

Cambodia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	35,000	20,000	20,000
FMF	1,000	-	-
IMET	463	-	-
INC	325	-	-
Total, Cambodia	**$36,788**	**$20,000**	**$20,000**

U.S. Foreign Policy Objectives:

As a principal signatory to the Paris Peace Accords, the U.S. has been a major partner in the international effort to help rebuild Cambodian society after over 20 years of civil strife, genocide and communist rule. Cambodia's fledgling democracy, product of the 1991 Paris Peace Accords and the UN sponsored 1993 elections, plunged into crisis when Second Prime Minister Hun Sen violently ousted First Prime Minister Ranariddh in July, 1997. In response, the U.S. cut off all direct assistance to the Cambodian government and suspended about two thirds of our total assistance. Our main goal is a resumption of progress towards democracy through free, fair and credible elections in 1998.

Strategy for FY 1999:

Since the ouster of the democratically elected First Prime Minister by the Second Prime Minister on July 5-6, 1997, U.S. policy has been to oppose the violent, extra-constitutional actions which overturned the results of the 1993 elections. We have worked with ASEAN and other countries which share our interest in Cambodia to send a firm signal to the government in Phnom Penh that the international community will not agree to business as usual with Cambodia until that country is firmly on track to restore the Paris Accords and hold free, fair elections.

With the cutoff of all direct assistance to the Cambodian government since the events of July 5-6, what remains is humanitarian and democracy-building assistance directed to Cambodian NGOs and private voluntary organizations. 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. U.S. assistance, in cooperation with private voluntary organizations, also addresses basic human health needs in Cambodia. U.S. programs also assist victims of war and the Khmer Rouge insurgency, including providing prosthetics, humanitarian demining, and mine awareness training.

If Cambodia holds free, fair and credible elections in 1998, U.S. bilateral assistance may be restored. U.S. assistance to Cambodia has been provided through USAID, which relies on NGOs to administer projects. Cambodia has received 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 was non-lethal military aid, in the areas of humanitarian demining and medical and engineering training (FMF) as well as human rights professional military education programs, and English language training (IMET). The U.S. has also provided some funds for counternarcotics efforts in Cambodia.

Cambodia's needs are great: for example, the country's high birth rate is enough to double the population in 25 years. ESF programs aim to reduce Cambodia's birth rate and high infant and maternal mortality rates, and to reduce the high death rate from preventable diseases, including HIV/AIDS, by spreading health information and education.

Cambodia needs a stronger economic foundation before it can end its dependence on foreign assistance and become self-sustaining. U.S. ESF funds have focused primarily on helping to create a skilled human resource base and a reliable transportation infrastructure, particularly in rural areas. Human resource-related ESF funds have included primary education projects aimed at filling the vacuum caused by the destruction of skilled workers and managers during the reign of the Khmer Rouge in the 1970s. In addition, U.S. funded programs have supported training in basic business skills essential to Cambodia's nascent private sector. These programs have been suspended.

Although FMF, PKO and NADR funds have been suspended for use by the Royal Cambodian Armed Forces, these funds are currently being channeled for use to the politically neutral Cambodian Mine Action Center in support of humanitarian demining efforts. These funds had been used to develop Royal Cambodian Armed Forces (RCAF) engineers' capability to build and improve civil infrastructure, providing training and equipment to maintain over forty pieces of engineering equipment already donated to Cambodians under the Department of Defense Humanitarian Assistance Program. Cambodian engineers have been trained in road construction and repair, demining operations, and construction of civil projects such as school houses and local health clinics. U.S. assistance has also aided 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 have thus been a core element of humanitarian military assistance. Cambodia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA support three major U.S. objectives: build and improve civil infrastructure; support to the excellent demining effort already underway; and the establishment of secure areas free from threat by the Khmer Rouge. Of course, no EDA items will be considered for EDA transfer until suspensions are lifted. The IMET program, which

supports U.S. objectives of promoting continued reform and strengthening professional knowledge in Cambodia's armed forces, has also been suspended.

We will be prepared to consider renewing these suspended programs based in part on the following indicators.

Indicators:

- An end to the climate of fear and intimidation, with opposition politicians able to participate fully in the political process without fear of violence or reprisals.
- Accountability for human rights abuses.
- Internationally monitored elections in 1998 judged by Cambodians to have been free and fair.

Indonesia Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	43,500	43,800	38,369
IMET	105	400	400
Total, Indonesia	**$43,605**	**$44,200**	**$38,769**

U.S. Foreign Policy Objectives:

The United States has important economic, commercial, and security interests in Indonesia. The country's size and location (spanning important sea lanes and airways), 200 million population (fourth-largest in the world), and natural resources (notably oil and gas) give Indonesia broad strategic value. Indonesia's economy has experienced a sharp downturn since the Asian financial crisis began in July 1997, which Indonesia is addressing through serious policy reforms under an International Monetary Fund (IMF) stabilization program supported by the U.S. and other countries. The U.S. participated in an international effort to deal with the regional environmental disaster caused by raging forest fires in Indonesia, providing assistance targeted both at combating short term effects of smoke and fires and long term prevention measures.

In the Asia Pacific Economic Cooperation (APEC) forum, Indonesia has been a key supporter of a more open regional economy. It has enhanced its regional and global influence by playing a leading role in the United Nations, the Non-Aligned Movement (NAM), and currently, as chairman of the Organization of the Islamic Conference (OIC) and the G-77. As the largest member of the Association of Southeast Asian Nations (ASEAN) and founder of the ASEAN Regional Forum, Indonesia will continue its efforts to manage regional problems such as Cambodia and the Spratly Islands/South China Sea. It is also active in world affairs, contributing to peacekeeping efforts in Bosnia and Angola, supporting nonproliferation efforts such as the Comprehensive Test Ban Treaty (CTBT), and joining the Korean Peninsula Energy Development Organization (KEDO).

The United States has a strong national interest in access to internationally-recognized sea lanes and straits that pass through Indonesian waters. A 1992 agreement making Indonesian commercial ship repair facilities available to U.S. warships is an important component of our forward-deployment strategy in the Asia-Pacific region. The U.S. responded to the economic crisis with support for social safety net development activities, such as job creation and maternal and child health care, and with technical assistance for implementation of IMF-mandated reforms. Other U.S. Government-supported programs include those which aim to strengthen human rights practices, democratization, and good governance. Among U.S. foreign policy objectives toward Indonesia are:

- Helping stabilize the immediate economic crisis;
- Promoting greater respect for human/worker rights;.
- Encouraging Indonesian adherence to the IMF economic adjustment program.;
- Furthering Indonesia's contribution to regional stability and security;
- Encouraging Indonesia's implementation and enforcement of intellectual property laws;
- Strengthening defense cooperation aimed at greater military professionalism and discipline, recognition of Indonesia's positive role in regional stability and security, and U.S. access to Indonesian airspace and strategic sea lanes; and.
- Reinforcing Indonesia's moderating role in multilateral organizations and support on important global issues, such as biodiversity, climate change, narcotics control and counter terrorism.

Strategy for FY 1999:

Our strategy for strengthening defense cooperation includes encouraging Indonesian participation in our E-IMET program and other types of military training and education, annual bilateral defense discussions, and exchange visits by senior military personnel. Ship repair opportunities, port calls, joint exercises, and sales of major systems to meet Indonesia's legitimate defense needs also raise the level of dialogue and mutual trust. Strong military-to-military relations improve our discourse on defense and security issues. Familiarizing Indonesian military personnel with U.S.-origin equipment and maintenance procedures results in improved interoperability with U.S. forces, which is especially important in international peacekeeping efforts.

The Indonesian military plays a large role in government and society, viewing itself as a unifying force among the 336 ethnic groups living on the 1000 inhabited islands that comprise Indonesia.. The United States uses its influence with the military to promote respect for professionalism, good civil-military relations, principles of military justice and accountability, and internationally recognized human rights.

Indonesia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objectives of an Indonesian military capable of operating and maintaining U.S.-origin equipment and contributing to international peacekeeping efforts. As an identified level II country for peacekeeping participation, Indonesia requires

communications systems, training aids and equipment, and items that will provide greater interoperability.

Our AID programs support economic reform, natural resource management, health and family planning, human rights, and democracy and institution building. By channeling funds through non governmental organizations, we help support Indonesia's transition to a more democratic and pluralistic society

Indicators:

- Fulfillment of IMF program.
- Investigations of and accountability for human rights violations
- Indonesia's utilization of E-IMET funding.
- Indonesian cooperation on defense and security issues
- Maintaining access to archipelagic sea lanes
- Indonesian participation in combined peace operations
- Level of access accorded U.S. military visitors
- Progress at annual bilateral defense discussions
- Number of ship repairs, port calls, and joint exercises
- Improved practices in land management and natural resource utilization

Laos Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
INC	2,500	2,500	4,000
Total, Laos	**$2,500**	**$2,500**	**$4,000**

U.S. Foreign Policy Objectives:

Laos, the least-developed country in Southeast Asia, is one of the 10 poorest countries in the world. Small and landlocked, it lies among Burma, Vietnam, Thailand, China, and Cambodia. Laos' northwestern border with Thailand and Burma forms the infamous "Golden Triangle" for opium cultivation and heroin production and trafficking. The United States has four primary interests in Laos: furthering counter-narcotics efforts in the Golden Triangle; ensuring the most complete POW/MIA accounting possible; securing the transition of the Lao economy from a command economy to an open, market-oriented system; and facilitating progress on human rights.

Strategy for FY 1999:

Laos is the third largest producer of illicit opium in the world, behind Burma and Afghanistan. The USG focuses on helping Laos achieve two primary counter-narcotics objectives: the elimination of opium poppy cultivation and the suppression of illicit trafficking of narcotics and precursor chemicals. In 1997, the U.S. and Lao governments agreed to extend their crop control agreement to include information gathering and eradication activities as additional ways of enforcing the 1996 law banning opium production. A crop control program has been up and running in Houaphanh Province since 1989 and may be expanded. This project will serve as a model for a new program set to begin in Oudomxai Province in 1998. Additionally, the USG works closely with UNDCP and with other donors of development assistance to ensure that counter-narcotics objectives are included in all rural development programs in opium growing areas. Trafficking suppression is pursued through training and material support of special counter-narcotics police units and Lao Customs. In May 1997, Lao police arrested over 20 suspects and made the year's largest seizure of heroin in Southeast Asia, 62.3 kilograms. In response to a Lao government request, the USG will help establish seven more counter-narcotics units in key cities over the next few years bringing the total number of specialized counter-narcotics units to ten.

USG efforts to obtain the fullest possible accounting of Americans killed or captured during the Indochina conflict have been assisted by humanitarian assistance programs in areas as diverse as demining/unexploded ordnance (UXO) removal training and the donation of surplus medical equipment. Over 50% of the total area of Laos is

contaminated by UXO or landmines, severely affecting the local populations' ability to cultivate the land and frequently hampering POW/MIA investigations. In 1995, the U.S. government developed a humanitarian demining assistance program designed to develop and train an indigenous demining/UXO removal program by the end of 1999. U.S. military (Army, Navy and Marine Corps) training of Lao technicians began in 1996. Over 500 Lao civilian personnel have successfully completed U.S. training in community awareness, first aid/emergency medical treatment, and demining/UXO removal. Four U.S.-trained Lao instructors began teaching community awareness courses in 1997.

Through contributions to the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), and the Consortium (a non-governmental organization composed of Save the Children, World Education, and World Learning), the Bureau of Population, Refugees, and Migration (PRM) has supported the reintegration of the 27,000 Lao refugees and asylum seekers who have returned from Thailand and China since 1982. In FY97, PRM contributed $497,922 to the Consortium for micro-credit, animal husbandry, and irrigation projects focused on returnees. In FY96, PRM contributed $300,000 to UNHCR for a model drug detoxification project which continues through 1998.

Laos will be eligible in FY 1999 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would support U.S. counternarcotics goals, the fullest possible accounting from missing personnel for the war in Southeast Asia, and the new demining program recently begun in Laos. Laos also requires communications systems; engineering equipment; and, transportation assets.

Indicators:

- Suppression of opium cultivation in Houaphanh Province and reduction, leading to elimination, of opium cultivation in expanded project areas.
- Increased heroin seizures and arrests for trafficking.
- Decreased casualties caused by land mines and unexploded ordnance.
- Successful integration of Laos into ASEAN and other regional bodies.
- Successful repatriation of all remaining Lao refugees from camps in Thailand.

Malaysia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	631	700	700
Total, Malaysia	**$631**	**$700**	**$700**

U.S. Foreign Policy Objectives:

Malaysia, as a stable, multiethnic, and democratic country, and plays a key role in a region important to U.S. economic, political, and security interests. Malaysia is an influential member of ASEAN and will serve as the host for the 1998 APEC Summit. Access to Malaysian port and repair facilities supports the U.S. forward presence in the region, and our military-to-military relations at the working level are excellent. Malaysia participates in the peacekeeping operations in Bosnia and made a significant financial contribution to the U.S.-led Bosnia Train and Equip Program. Although Malaysia's rate of economic growth has been slowed by the Asian financial crisis, it remains an important economic partner. Malaysia is now our 11th largest trading partner, with bilateral trade totaling $28 billion in 1996. We seek to help Malaysia recover from the effects of the financial crisis by encouraging further opening and liberalizing its economy. We seek to encourage greater Malaysian understanding for our foreign policy goals at the regional and international level.

Strategy for FY 1999:

IMET is an important component of our growing military and defense ties. Through IMET, Malaysia increases its familiarity with U.S. doctrine, equipment, and management techniques. IMET also increases the likelihood that Malaysia will look to the U.S. for major equipment purchases, as it did in 1995 when it purchased FA-18's. IMET also exposes members of Malaysia's military to U.S. concepts of civilian control of the military and respect for human rights. The Embassy will seek to increase our civilian-led defense policy dialogue.

Malaysia will be eligible in FY 1999 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would support the U.S. objectives of maintaining a stable and cooperative military relationship and the improvement of peacekeeping capabilities. As an identified level I country for the development of enhanced international peacekeeping capabilities, Malaysia requires communications systems, training aids and equipment, and items that will provide greater interoperability.

Indicators:

- Degree of Malaysian cooperation in regional and multilateral fora.
- Number of military visits, joint exercises, and joint training session conducted.
- U.S. arms sales.
- Advancement of IMET graduates to leadership positions.
- Improved operational readiness.
- Enhanced participation in international peacekeeping activities.

Function 150 Resources	Mongolia ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	7,000	12,000	6,000
FSA	3,000[1]	-	-
IMET	365	425	425
Peace Corps	966	1,253	1,250
Total, Mongolia	**$11,331**	**$13,678**	**$7,675**

U.S. Foreign Policy Objectives:

Mongolia was the first Asian communist country to reform both its economic and political systems. As such, it provides an important example to all of Asia. Because of this and because of Mongolia's geostrategic position between China and Russia, the United States has a clear interest in the long term success of Mongolia's reform program. Democracy in Mongolia is young but well-established. However, economic hardships remain for many citizens, particularly in the agricultural sectors of the rural economy. The long-term success of democratic reform depends upon all segments of Mongolian society sharing the material benefits of reform. Specific U.S. objectives in Mongolia are:

- The strengthening of the private-sector economy,
- The broadening of democratic reforms to assure that the benefits of Mongolia's new system spread equally to all areas of the country.
- The promotion of civilian control of the military, military justice, and respect for international human rights standards.
- The enlargement of the U.S.-Mongolian policy dialogue on regional economic, political and security affairs, and on Mongolia's role in East Asia.

The current Mongolian government has undertaken a bold economic reform program, designed to eliminate the last vestiges of the nation's previously centrally planned economy. Key elements of that program are: removal of price controls on energy; overhaul of the banking system; closer integration into the regional and global economy; elimination of virtually all import tariffs; and privatization of state owned enterprises and housing. Reform of government bureaucracy and institutions is also given priority.

[1] As directed by a Congressional earmark.

Strategy for FY 1999:

The United States' strategy for strengthening the private-sector led market economy is embodied in the Economic Policy Support Project (EPSP). This program provides technical assistance and training designed to empower both the public and private sectors to strengthen and deepen Mongolia's economic reform program. The EPSP provides directly policy inputs through an economic policy advisor in the Office of the Prime Minister. The EPSP will expand it efforts to include provision of technical assistance in the areas of energy policy, privatization, pension reform, and budget formulation and analysis. The goal is to provide the necessary expertise to assure effective implementation of the government's reform agenda.

U.S. strategy for broadening the benefits of democratization has two parts. We will give first priority to democratic institution building by the International Republican Institute (IRI), which operates our flagship democratization program. IRI's goal is the creation of a government which is more responsive to citizens' interests and respectful of human rights and values. IRI assists in the creation of public information and legislative affairs offices in the government ministries and helps to draft legislation in selected areas.

The second part of our democratization strategy is a Rural Civil Society Program (RCSP) intended to help in the economic and political development of rural Mongolia. No other donor is working in the rural areas, although they contains 60 percent of Mongolia's population and have felt the brunt of the economic dislocation of the past eight years. The RCSP will begin with the development of rural-based NGO's and a farmer-to-farmer program and, in due course, develop additional programs to develop rural infrastructure and small-scale private enterprise.

The energy emergency, which consumed the bulk of U.S. assistance in recent years, is largely over, except for occasional unpredictable short outages. The focus of our energy assistance program will shift to policy support through the EPSP and rural electrification.

Mongolia will be eligible in FY 1999 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objectives of supporting Mongolia's successful transition to a democracy, self sufficiency, and promotion of closer ties to the U.S. military. Transportation items are especially required.

Our strategy for the promotion of civilian control of the military, military justice and respect for international human rights standards is contained in our IMET training for Mongolia's armed forces. Our goal remains the creation of professional armed forces which respect civilian authority and which are capable of protecting Mongolian, sovereignty and participating in international peacekeeping activities. We also expect to continue to carry out joint training in disaster preparedness.

Indicators:

- Increasing share of national assets transferred to effective private control;
- Establishment of stable, self-sustaining rural-based citizen associations;
- Delivery and operation of 10 new generator sets in provincial population centers;
- Improved long-term financial stability for the Energy Authority and drafting of a long-term plan for a market-based energy sector;
- Increase in the number of U.S. trained officers in positions of command.
- Increase in policy-level contacts in economic and non-economic fields and East Asian regional affairs.

Papua New Guinea Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	111	200	200
Peace Corps	1,541	1,556	1,719
Total, Papua New Guinea	**$1,652**	**$1,756**	**$1,919**

U.S. Foreign Policy Objectives:

Papua New Guinea is the largest, most populous island nation in the South Pacific. It is a constitutional democracy which has experienced repeated peaceful transfers of power since independence from Australia in 1975. An economic structural adjustment program adopted in 1995 has helped stabilize the economy, and the nation's rich natural resources and its interest in diversifying investment and trade relationships offer a significant opportunity for U.S. business. Periodic financial crises and political wheeling-and-dealing have hampered efforts to preserve biodiversity, putting rain forests and coral reefs at risk due to over-development and over-population, but conservationist forces within the government continue to merit United States support. U.S. policy objectives include encouraging Papua New Guinea's vigorous democracy, strengthening the rule of law, supporting the nation's pursuit of a free enterprise tradition while fostering stewardship of resources. Budget cuts led to the elimination of bilateral USAID programs in 1993.

Strategy for FY 1999:

U.S. strategy to achieve these objectives is three-fold: (1) build a more professional and better disciplined PNG Defense Force (PNGDF); (2) improve PNGDF capability to monitor and detect illegal fishing and to apprehend persons and vessels engaging in such fishing, and (3) enhance the PNGDF capability to neutralize unexploded ordnance on Bougainville and at other WWII sites throughout the country. IMET will support our objectives by providing professional education and training to the PNG Defense Force with emphasis on human rights, civilian control over the military, and military justice.

Papua New Guinea will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objectives of a more professional defense force, an effective maritime law enforcement and surveillance capability, as well as an enhanced capability to remove and neutralize unexploded World War II ordnance. Transportation, demining, training aids, patrol craft and aviation equipment are desired.

Indicators:

- Fewer human rights violations committed by the PNGDF.
- Improved discipline and morale among PNG Defense Force soldiers
- Increased numbers of arrests of illegal fishing foreign violators apprehended in Papua New Guinea waters
- Improved Explosive Ordnance Disposal capability.

Philippines Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	47,950	43,600	52,325
IMET	1,295	1,350	1,350
Peace Corps	1,967	2,028	1,977
Total, Philippines	**$51,712**	**$46,978**	**$55,652**

U.S. Foreign Policy Objectives:

The United States has a strong interest in the viability of the Philippines as a nation-state which is committed to democratic political principles, able to improve the economic and social conditions of its people, and confident in exercising regional leadership. With the exception of adequate potable water, the country has abundant natural resources.. However, a burgeoning population and significant environmental problems combined with a lack of fresh water and the recent decline in currency value create an environment of precarious stability. Despite regional economic difficulties, the Republic of the Philippines continues to press forward with structural reforms designed to liberalize the economy, further integrate itself into the world economy, and improve the living standards of its citizens. The Philippines continues to provide an attractive and growing market for U.S. trade, investments and exports.

The Philippines, which straddles important sea and air routes in Southeast Asia, is committed to close relations with the U.S. It is also seeking to promote regional economic and political cooperation through the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC) forums, and dialogue on regional security issues through its membership in the ASEAN Regional Forum (ARF). The United States also wants to reinvigorate cooperative security activities with the Philippines under the 1951 U.S.-Philippines Mutual Defense Treaty (MDT) and other agreements, and to foster cooperation on transnational issues, counter-terrorism, and the promotion of regional stability.

The United States seeks to encourage the smooth functioning of political institutions, continued progress in overcoming extra-legal political challenges, and to help address shortcomings in areas such as law enforcement and the justice system. Through its global programs in the Philippines, USAID works to foster broad-based economic growth in Mindanao, support the peace agreement between the government and the Moro National Liberation Front, encourage ongoing national economic reforms, promote sustainable development, improve health and the environment, and support democratic institutions. Among U.S. foreign policy objectives toward the Philippines are:

- Continuing improvement of the environment for U.S. trade, investment and exports.
- Deepening adherence of the Philippine military to the rule of law, respect for civilian control, human rights norms, and support for government-signed peace accords.
- Strengthened defense cooperation within the framework of the Mutual Defense Treaty and the Mutual Defense Board to serve mutual defense interests.

Strategy for FY 1999:

The Philippines only receives IMET funds from Function 150 Resources. The proposed IMET level supports key foreign policy objectives.

The FY 1999 IMET request continues efforts to improve understanding of military justice procedures and human rights norms and to improve communications between military officers and civilians in order to curb human rights abuses. To deepen adherence of the Philippines armed forces to rule of law and human rights norms, we will also continue high level military-to-military contacts in country. Interaction with visiting U.S. officials provides another opportunity to reiterate U.S. support for these norms.

Strengthened defense cooperation will be pursued through regular meetings of the Mutual Defense Board, supplemented by attaché and other visits. Efforts at strengthening defense cooperation will also support the modernization program of the Armed Forces and promote the sale of U.S. equipment congruent with Philippine needs. Ship visits and mutual defense exercises will also contribute to strengthened defense cooperation.

The Philippines will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. EDA would be used to support aviation, transportation, naval, and other major military equipment requirements to improve their capacity to defend their national borders.

Indicators:

- Decline in reported incidents of human rights abuses involving military personnel.
- Military support for the peace accord signed with the Moro National Liberation Front.
- Number of military visits, port calls and joint exercises.
- Achievement of a Visiting Forces Agreement with the Philippines and smooth implementation of its provisions.
- Sales of U.S. equipment to the Philippines Armed Forces.

Function 150 Resources	Samoa ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	95	100	100
Peace Corps	1,023	1,033	1,047
Total, Samoa	**$1,118**	**$1,133**	**$1,147**

U.S. Foreign Policy Objectives:

Samoa is a parliamentary democracy with a highly traditional society deeply committed to its Pacific cultural values. Samoa maintains close social, cultural and economic ties with its neighbor, the United States possession of American Samoa. It is diversifying its economy from its traditional partners, New Zealand and Australia. Key U.S. objectives in Samoa include

- Maintain continued friendly relations with Samoa and the region;
- Strengthen the government's democratic institutions.

Strategy for FY 1999:

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.

Samoa will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objective of developing an effective maritime law enforcement and surveillance capability.

Indicators:

- Continued close relations with Samoa;
- Increase the number of arrests of illegal fishing violators;
- Samoan support for U.S. positions on important votes in the UN

Solomon Islands Function 150 Resources ($ in thousands)			
Appropriation	**FY 1998 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	146	150	150
Peace Corps	1,153	1,186	1,290
Total, Solomon Islands	**$1,299**	**$1,336**	**$1,440**

U.S. Foreign Policy Objectives:

The Solomon Islands, a British protectorate until 1978, now is a parliamentary democracy with a highly traditional society deeply committed to its Pacific and Melanesian cultural values. Persistent lack of adequate revenue sources has limited development and contributed to rapid, sometimes unrestrained, exploitation of natural resources, particularly forests. U.S. objectives emphasize strengthening the Solomons' democratic institutions, as well as preserving its biodiversity. This includes supporting efforts to preserve the country's dwindling rain forests and fragile coral reefs in the face of demands for funds to develop an infrastructure.

Strategy for FY 1999:

U.S. IMET training can assist the Solomons to develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills will help guarantee that the recent Solomons-Papua New Guinea border agreement is honored. In conjunction with government efforts to prosecute and fine violators, it will also increase the country's ability to maintain control of its own resources. Ensuring adequate revenues from fisheries will decrease the Solomon Island's dependence on logging income. U.S. training under IMET in maritime law-enforcement skills and procedures would build on Australia's continuing Pacific Island Patrol Boat Programs.

Solomon Islands will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objectives of the Solomon's achieving an effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids, patrol craft and aviation equipment are desired.

Indicators:

- Increased number of arrests of illegal fishing violators.
- Continued friendly relations with the Solomon Islands.

Thailand Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	1,600	1,900	1,600
INC	3,000	3,000	3,000
Peace Corps	1,449	644	638
Total, Thailand	**$6,049**	**$5,544**	**$5,238**

U.S. Foreign Policy Objectives:

A key U.S. military partner and major trading partner, Thailand is on e 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. The first country to be seriously effected by the Asian financial crisis of 1997, Thailand has suffered a 52 percent devaluation of its currency and major economic dislocation which will likely result in negative GDP growth in 1998. The United States is strongly interested in ameliorating the potentially serious social disruptions of the financial crisis and promoting regional stability. By doing so, the U.S. can continue to develop and build on the amicable security ties and maintain an active U.S. presence in the region.

Thailand is not only an important military ally, but also a key economic partner. Despite the severity of the financial crisis, two-way trade between the United States and Thailand remained strong in 1997, with direct U.S. investment in Thailand valued at approximately $16 billion. The United States is interested in ensuring that U.S. companies be able to maintain their commitments in the country. Thailand continues to be 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 continues to build on this positive relationship to ensure more progress is made.

Strategy for FY 1999:

U.S. assistance will be geared to support fundamental structural reforms that will enable Thailand to resume its rapid economic growth in 1999, and to assist those elements of society – particularly to urban unemployed – most effected by the economic recession. The program will support social safety net interventions that include job creation, health care, education, and microenterprise development. The program will continue strong support for narcotics control assistance for Thailand, primarily 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 were formed in northern Thailand in 1995 and in the Bangkok area in 1996. A consolidated task force is also planned for southern Thailand. Narcotics control funds continue to be used for the direct support of eradication efforts. Regional Southeast Asian programs will also be funded through the Narcotics Affairs Section in the U.S. Embassy in Bangkok.

IMET for Thailand supports U.S. objectives related to 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 investment that pays for the training of junior and mid-level officers provides us a future generation of Thai military leaders who understands and admires U.S. military doctrine, appreciates American values, and generally prefers U.S. origin equipment in their modernization programs. As of 1996, more than 21,000 Thai students have been trained at U.S. military institutions. Past IMET participants have included a number of senior government officials, including four of the five top generals at army headquarters, the army's four regional commanders, the Air Force CINC, and the Supreme Command Chief of the Joint Staff, among others.

Thailand will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. For one of our closest military partners in the Pacific, EDA would support the U.S. objectives of increasing Thailand's drug enforcement capability, improving interoperability between Thai and U.S. forces, and promoting a willingness to contribute to international peacekeeping activities. In addition to major military items already in the Thai inventory, naval craft, and transportation items are very useful towards these ends.

Indicators:

- Expanded job opportunities;
- Health care delivery to the poorest segments;
- Continued high levels of heroin seizures;
- Arrest and conviction of drug traffickers;
- A military restraining its role in internal politics;
- Continuing close military-to-military cooperation; and
- Advancement of U.S.-trained officers to positions of command.

Function 150 Resources	Tonga ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	105	100	100
Peace Corps	823	857	895
Total, Tonga	**$928**	**$957**	**$995**

U.S. Foreign Policy Objectives:

The Kingdom of Tonga is a highly traditional society governed by a constitutional monarchy in which political life is dominated by the King and the nobility. Tonga interacts with the United States in important regional Pacific organizations, such as the South Pacific Commission, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. U.S. foreign policy objectives in Tonga include:

- Maintain friendly relations with Tonga and the region.
- Strengthen the Government's democratic institutions.
- Assist in the protection of Tonga's environment and fragile natural resource base.

Strategy for FY 1999:

IMET will support our objectives by providing professional education and training to Tonga's Defense Force with an appropriate emphasis on respect for human rights, civilian control over the military and military justice.

Tonga will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the ability of Tonga to contribute to regional peacekeeping endeavors and in the development of an effective maritime law enforcement and surveillance capability. Transportation, training aids, patrol craft and aviation equipment would be useful.

Indicators:

- Continued close relations with Tonga
- Tongan support for US policy objectives in international fora
- Increased professionalism in Tonga Defense Force

Vanuatu Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	99	100	100
Peace Corps	815	900	1,069
Total, Vanuatu	**$914**	**$1,000**	**$1,169**

U.S. Foreign Policy Objectives:

Vanuatu (formerly the New Hebrides), is a small democratic country in the South Pacific. United States objectives are the promotion of democratic ideals including the strengthening of Vanuatu's democratic institutions, as well as fostering programs which strengthen Vanuatu's ability to protect its environment and fragile natural resources. A mutiny by part of the Vanuatu Mobile Force (VMF) in 1996 highlighted the need for better organizational and leadership skills. Vanuatu has shown itself willing to participate in regional peacekeeping operations, such as the regional peacekeeping forces deployed in Bougainville Province, Papua New Guinea.

Strategy for FY 1999:

Vanuatu's small force is responsible for patrolling a large area of ocean. U.S. Coast Guard training in maritime law-enforcement supplements bilateral Australian and New Zealand training and upgrades VMF capabilities. The U.S. wants to use U.S.-provided training to improve the discipline of the VMF as well as its capability to protect the country's maritime resources and to operate effectively in regional peacekeeping and disaster relief efforts.

Vanuatu will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the U.S. objective of improving the capability of the Vanuatu mobile force in protecting maritime resources, and operating effectively in regional peacekeeping and disaster-relief efforts. Transportation, training aids, patrol craft and aviation equipment are desired.

Indicators:

- Increased number of arrests of illegal fishing violators by ten percent over current totals;
- Improved logistical, organizational, and leadership skills.

ASEAN Environmental Initiative Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	-	-	4,000
Total	-	-	**$4,000**

U.S. Foreign Policy Objectives:

The effects of extensive, uncontrolled forest fires and the delayed onset of the monsoon season in Indonesia in 1997 resulted in environmental, economic, and health effects throughout the ASEAN region. By responding to the crisis with immediate assistance – C-130 fire-fighting aircraft, NOAA experts on climate change, EPA monitoring teams – the U.S. garnered good will and underscored its continued commitment to the region. By continuing to play an active role in the longer-term response, in this case by identifying and pursuing a multilateral package of measures designed to plan for and mitigate the effects of future climatic variances, the U.S. can exercise continued leadership while also addressing global issues of domestic concern. In addition, U.S. efforts will help strengthen and clarify the expertise of regional and global institutions, most likely including ASEAN and APEC.

Strategy for FY 1999:

Under the aegis of an inter-agency working group chaired by the State Department, help develop a regional climatic early warning system which includes a regional disaster response coordination mechanism and, potentially, a smoke and haze health effect monitoring system. Work with on-going regional efforts, particularly the ASEAN Regional Haze Action Plan, to assure regional technical expertise in forest fire-fighting and reduced-impact timber harvesting. Integrate these elements into ASEAN, APEC, and other regional fora, and actively solicit support from other regional actors to assure the greatest impact for all USG resources.

Indicators:

- Participation of regional organizations and regional donors in strategies identified by the USG, or integration of USG strategies into existing regional fora.
- ASEAN support for a regional climatic early warning system.
- Identification and implementation of mechanisms to translate climatic forecasts into preventive actions.
- Regional identification of shared disaster response strategies.
- Increased multilateral exercises and interchanges pertaining to disaster response strategies.

East-Asia Pacific Regional Democracy Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	4,800	8,750	5,000
Total	**$4,800**	**$8,750**	**$5,000**

U.S. Foreign Policy Objectives:

Democratic development in the East Asia and Pacific 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, some of which remain in power. Most countries fall between the two extremes, however, exhibiting overall progress, but with pockets of anti-democratic processes or institutions remaining in place. A regional fund that supports limited programs and short-term projects to permit Asians to share their democratic experiences, enrich the development of civil society, and to learn from one another as well as from American participants would move the existing positive trend forward more quickly.

The ESF requested for this EAP Regional Democracy Fund would be used to support activities carried our by NGOs to promote the rule of law, and to sponsor workshops and seminars specifically aimed at democratic institution-building, and the creation of civil society, such as support for advocacy groups for women's rights, labor rights, freedom of the press, and the rule of law. Regional dialogues we seek to support include strengthening networks of NGOs concerned with human rights, facilitating the formal attention of ASEAN to human rights concerns, training of women's groups in seeking greater political participation in their societies, protection of women's and children's rights, and effective enforcement of workplace safety and health regulations.

Strategy for FY 1999:

1. Democratic institutions and processes which reinforce a pluralistic civil society, rule of law, 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 of democratic processes, to include free elections, establishment of a law-based societies, elected governments that enforce universally-recognized human and worker rights, and freedom of association and expression is vital.

2. Equality for Women and Protection of Rights of Women and Children.

Asian women deserve equality with men under the law and in practice, including at work. U.S. efforts emphasize reducing, if not eliminating, discrimination against women. In 1997 we began a new set of programs to promote the rights of women. Protection of universally-recognized rights of women and children, to include strong action against trafficking, is essential to the creation of a civil society in which women can participate as equal political and economic partners in society, and children can be protected against abuse.

3. Promotion of Labor Rights

The concepts of peaceful mediation of labor-management disputes, minimum wages, effective enforcement of workplace safety and health regulations, and equality for women on the job are still weak concepts in many Asian countries. In addition, children are sometimes abused in wage-paying jobs and are, by definition, largely incapable of protecting their own interests. The EAP fund would seek to promote the passage of, respect for, and enforcement of fair-labor laws and practices.

4. Accountability for Human Rights Abuses in Cambodia

In Cambodia accountability for human rights abuses during the Khmer Rouge regime has still not been accepted by those responsible. The Administration proposes continued funding of the Cambodian Genocide Program and Cambodian Documentation Center in Phnom Penh to allow them to continue their collection, archiving, and analysis of documents relating to these abuses.

Indicators:

- 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 which ensure basic rights, support privatization and economic development for both males and females, and allow NGOs to work freely;

- Reduction, if not elimination, of governmental censorship of the media, as judged by the increase in members of independent media;

- Decreased discrimination against women in the workplace and under law, as judged by specific governmental actions and an independent survey of Asian women leaders;

- Reduced incidents of violence against women, including domestic violence;
- Passage of and enforcement of laws protecting labor rights, workplace health and safety, mediation/arbitration of labor disputes, and equality in the workplace regardless of gender, race, or national origin;
- Training of government officials, NGOs, and the populace about multi-party democratic elections, rule of law, and basic freedoms;
- Reduction in the use of young children in the labor force, reduction of children under 18 doing forced labor, and passage of laws protecting children's rights;
- Changes in laws that now permit government sponsorship of international abduction of children; improved laws to protect parental rights; better enforcement of parental rights; and respect for foreign court orders; and
- A significant increase in the number of documents copied, preserved, and/or archived, and analyzed by the Cambodian Genocide Program and Phnom Penh Documentation Center.

East-Asia Pacific Regional Security Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	-	250	250
Total,	-	**$250**	**$250**

U.S. Foreign Policy Objectives:

Active participation in and support for multilateral, regional security fora is a significant element of the Administration's Asia-Pacific security policy. Our involvement has concentrated on two multilateral fora: the 21-member (states) ASEAN Regional Forum (ARF) and the 5-member (U.S., Japan, China, Russia, and South Korea, with North Korea invited) Northeast Asia Cooperation Dialogue (NEACD). U.S. overarching, long-term goals for the (four-year old) ARF are to foster its development into an institutionalized mechanism that makes tangible contributions to maintaining peace and security in the region, through a combination of dialogue, confidence-building measures and eventually preventive diplomacy. The NEACD process supplements our other peacekeeping efforts in this critical Northeast Asia sub-region. The U.S. seeks to develop the NEACD further, including with the eventual addition of more formal, officials-only elements.

Strategy for FY 1999:

Effective U.S. Government involvement in multilateral regional security dialogues requires modest program resources and a more extensive commitment of human resources. In the absence of institutionalized secretariats and assessed contributions to support the existing regional security fora, progress in developing and implementing specific Confidence Building Measures (CBMs) and in advancing arms control and preventive diplomacy objectives depends on the initiative and funding of individual member states.

Many of the most forward-leaning CBMs of interest to the U.S. and its allies can be best initiated through targeted "Track One" (officials only) or "Track Two" (mixed academic and government officials in their private capacity) activities, rather than formal governmental channels. These activities nonetheless require consistent financial support, generally in modest amounts. Specifically, in the context of the ARF, the U.S. seeks to co-host a "Track One" (official government-level) intersessional working group. The Regional Security Fund would be used, inter alia, to support our initiatives in the ARF and NEACD as well as in related multilateral security fora (both Track One and Track Two).

Indicators:

- Focus ARF and NEACD on CBMs that promote defense transparency and dialogue.
- Develop activities that facilitate cooperation among ARF members on defense-related issues.
- Specific goals and objectives for each of the ARF's intersessional activities.
- Discussion of proposals to add "Track One" activities to the NEACD.

South Pacific Multilateral Fisheries Treaty Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	14,000	14,000	14,000
Total	**$14,000**	**$14,000**	**$14,000**

U.S. Foreign Policy Objectives:

The South Pacific Multilateral Fisheries Treaty is a key component of our relations with Pacific island states and a model for others. Through the Treaty, the United States seeks to foster deepening multilateral cooperation among the member states of the South Pacific to achieve profitable, sustainable management of fisheries resources and to ensure continued access for U.S. fishing vessels to Pacific Ocean fishing areas. An additional multilateral agreement involving all distant-water fishing nations is now under negotiation to ensure that fisheries resources are not depleted.

Strategy for FY 1999:

By providing continued significant ESF funding to the Forum Fisheries Agency (FFA), the United States will continue to ensure that conflict will be avoided over access to and management of highly migratory fisheries resources. The U.S. supports efforts in the region to negotiate a multilateral management and conservation agreement.

Indicators:

- Continued unimpeded access without interference by U.S. fishing vessels to Pacific Ocean fishing areas.

EUROPE & CANADA

Statement by Assistant Secretary Marc Grossman
Bureau of European and Canadian Affairs

I. Introduction and Summary

Our goal is to create an Euro-Atlantic community of security, democracy, and free-market prosperity. Fifty years after Secretary Marshall laid the foundation for a peaceful, integrated Europe, our challenge is to complete that project and then to employ the strength of the transatlantic partnership in promoting our objectives throughout the world. We want to promote our objectives in Europe and with Europeans outside of Europe.

The end of the Cold War brought both new opportunities and challenges. We have the opportunity to integrate the nations of Central Europe and the Baltic states into the Western community of nations. At the same time, new threats to peace have emerged, including ethnic conflict, and global challenges such as pollution, crime, drug trafficking and terrorism. We must meet these challenges as well if we are to honor the legacy of the Marshall Plan and build an expanded and better integrated Euro-Atlantic community.

II. Key Policy Issues

National Security

The premise of U.S. policy in Europe is that the safety and well-being of the American people depend in no small measure on the peace and prosperity of Europe. We have learned that basic truth the hard way. Twice this century Europe exploded into world wars that cost the lives of over half a million Americans. The Cold War also began on this continent, and it cost the United States the equivalent of over 13 trillion dollars.

Our goal is the establishment of an integrated system that enhances stability, provides security for all, and eliminates the threat to the U.S. and our allies from weapons of mass destruction or destabilizing conventional arms. Our policy rests upon the cornerstone of NATO. We will also pursue cooperation with Russia, work with the Organization for Security and Cooperation in Europe (OSCE) and seek an enhanced partnership with the European Union on regional and global issues.

The point of departure remains the preservation of U.S. leadership in a robust Atlantic Alliance. The United States leads in adapting NATO to the changed security environment. NATO is central to our approach. The most important tasks affecting NATO are to: ensure that the Alliance remains militarily effective; continue to adapt the Alliance; build a more visible and capable European role; complete the accession of three new members, while keeping the door open to additional members in due course; expand the scope of Partnership for Peace, in part through the new Euro-Atlantic Partnership Council; and implement the historic Founding Act with Russia while

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preserving NATO's capability for action decided by its members. A key corollary objective is to erase any misapprehension of a new security border or buffer zone in central Europe.

OSCE also forms an essential element in the new security structure. The OSCE is committed to democratic development, economic cooperation, security, and human rights. We have an interest in enhancing the role of the OSCE. Reflecting its new status and capability, the OSCE has played an important role in implementing the peace agreement in Bosnia and is helping restore democracy and political stability in Albania. The OSCE is well qualified for conflict prevention and crisis management. We therefore support a series of OSCE monitoring and observer missions.

The Treaty on Conventional Armed Forces in Europe (CFE) remains fundamental to European security and stability. Having successfully promoted a CFE flank agreement, we are committed to achieving adaptation of the Treaty in a manner that both reflects changed circumstances and enhances our broader goals for building cooperation and integration in Europe.

Our work with the European Union is also an essential element in our security policy. The stabilizing influence of NATO can be reinforced by the EU's capability to promote political and economic links within Europe. The EU has begun to develop a more unified diplomatic stance through its Common Foreign and Security Policy process. We encourage this development, recognizing that cooperation with the EU can reinforce our interests and resources in Central Europe and the Balkans, our approaches to Russia and the NIS, our defense of human rights, and our actions against terrorism. European support is also important in dealing with regional crises outside Europe, as in Central Africa and the Middle East Peace Process. U.S. representatives hold consultations semiannually on these and other issues with the EU counterparts in order to coordinate our views.

The challenge to peace in the former Yugoslavia, especially Bosnia, has presented not only a human tragedy, but also a barrier to the achievement of a stable and secure Europe. Special Representative Bob Gelbard is making significant progress in carrying through on the goals of Dayton implementation, which the Secretary reiterated this summer in New York aboard the USS Intrepid. Those goals are: promoting a stable military situation; bringing war criminals to justice; professionalizing local law enforcement; advancing the development of democratic institutions and the rule of law; securing the safe return of more refugees and internally displaced persons, while providing greater freedom of movement; and enhancing economic reconstruction and commerce. We have worked to implement a just and durable peace agreement, minimize human suffering, and promote reconstruction of shattered communities. As we move into the post-SFOR period, we will continue to assist refugees, displaced persons, and returnees in their reintegration into their communities. One result is progress is the project drop in assistance to refugees from this region by more than 40 percent between FY 1997 and FY 1999.

Our priorities are to: implement fully the Dayton Peace Agreement; establish national and Federation political and economic institutions under the civilian implementation aspects of the Agreement; bring war criminals to justice; continue to encourage the peaceful reintegration of Eastern Slavonia into Croatia; promote democracy; and secure a political solution to the Kosovo issue. We are reinforcing our implementation efforts, particularly in the areas of public security, arms reduction compliance agreements (particularly Republika Srpska), return of refugees, cooperation with the War Crimes Tribunal, democratization, and commerce between the Federation and Republika Srpska.

The potentially volatile situation in Europe's southeastern corner requires special care. By supporting the UN, we are committed to promoting a Cyprus settlement once the parties take steps to make direct negotiations possible. We must also work to control tensions between Greece and Turkey; and to strengthen Turkey's place in the Western economic and security system. We want to build a new relationship with Greece reflecting old and new priorities. Also, the August 1998 departure of the United Nations Preventative Deployment (UNPREDEP) from the Former Yugoslav Republic of Macedonia (FROM) creates a challenge for the international community to ensure that a stable security environment is maintained.

In 1998, Albania offers a continuing challenge. We seek to rebuild basic civil order and to prevent additional instability that could threaten other countries. We actively worked with the OSCE in 1997 to lay the groundwork for elections. We continue to urge all Albanian parties to offer their full cooperation to the democratic process.

We have strongly backed the multi-party talks in Northern Ireland and have consistently made clear our view that there can be no alternative to the peace process. We are also promoting trade and investment in the region, notably via the International Fund for Ireland.

Resources by strategic goals

Foreign Military Financing (FMF), both in grants through the Warsaw Initiative and loans, supports NATO enlargement and, equally important, strengthens security cooperation with those countries which will not enter NATO in the near future. International Military Education and Training (IMET) funds enhance cooperation and understanding among U.S. and regional militaries, while promoting professionalism, respect for human rights and the rule of law, efficient defense resource management and an understanding of the principle of civilian control of the military.

Economic Support Funds (ESF) promote stability and the peace process in three volatile spots: Northern Ireland, Cyprus, and Albania. These funds include the International Fund for Ireland, assistance to Cyprus, and targeted technical assistance to Albania to develop a sound financial sector and to facilitate economic growth.

Voluntary peacekeeping funds enable the OSCE to undertake its critical operational tasks. The Contributions to International Peacekeeping Activities (CIPA) account plays a key role in Europe by funding peacekeeping operations. The Contributions to the International Organizations (CIO) account supports our contribution to Europe's key security organization, NATO.

Economic Prosperity

Our goal in transatlantic and U.S.-Canadian trade is to increase U.S. commerce, reflected in trade and investment, and in the process develop more high-paying, high-tech jobs in the U.S. We will work with the EU and Canada to support the multilateral trading system, to resolve bilateral trade disputes, and to take tangible steps toward building a transatlantic marketplace. We will also seek to promote broad-based economic growth in developing and transitional economies.

We enjoy generally excellent economic and political relations with Canada. NAFTA has contributed to prosperity; trade has grown by over 40 percent, adding well over a million jobs in the U.S. -- jobs that pay higher-than-average salaries -- to the U.S. workforce. With Canada as 1997 APEC chair, we worked together towards trade liberalization in the Pacific Rim. And under the U.S.-Canada 1995 Air Agreement, passenger traffic across the northern border is up 24 percent, the largest increase by far following any new aviation agreement. Forty new scheduled services are operating, fares are down, and flight choices are up.

Americans and Canadians now cross our border almost 200 million times per year. We are working with Canada to modernize border management, using new technologies and procedures, to focus enforcement resources against the illicit movement of people and goods, while streamlining the processing of legitimate travel and cargo.

Our combined trade and investment relationship with the European Union is the largest in the world. Three million American jobs, and a comparable number in Europe, directly depend on firms located on the opposite side of the Atlantic. U.S. investment in Europe supports 12 percent of U.S. manufacturing jobs. European companies are the leading foreign investor in 41 of the 50 states, and number 2 in the rest.

Since the launch of the New Transatlantic Agenda (NTA), we have already seen important results. We are engaged in an intensive effort with the EU to reduce trade barriers. At the May 1997 U.S.-EU Summit, we completed negotiation on mutual recognition of conformity assessment in key sectors such as telecommunications, electrical machinery, and medical devices, covering $44 billion in trade. This will save U.S. business spending millions of dollars on duplicative testing and spur transatlantic trade. Joint U.S.-EU efforts have also led to a landmark Information Technology Agreement, which will eliminate tariffs on information products by 2000, and the WTO's telecommunications services agreement. Together, the two agreements will

liberalize $1 trillion in trade in goods and services. At our December 1997 Summit, the United States and EU agreed on guidelines and a work program to develop with the private sector a global electronic marketplace free of customs duties, providing new opportunities for businesses and citizens in the United States and worldwide.

Using the Transatlantic Business Dialogue, we are cooperating closely with U.S. and European business to identify and address other barriers to trade, focusing currently on electronic commerce and biotechnology issues. The AFL-CIO and the European Trade Union Confederation have launched a Transatlantic Labor Dialogue, which seeks to intensify U.S.-EU collaboration on employment and labor market issues. USTR and the European Commission are conducting a joint study to eliminate trade barriers in the transatlantic region. We expect this study to produce recommendations for measures affecting trade in chemicals, automobiles, electronic commerce, bio-technology, and pharmaceuticals.

Our diplomacy supports U.S. exports. We work to secure access to fair and transparent government procurement practices in Europe. U.S. government advocacy recently succeeded in convincing German officials to redraft German government procurement legislation, affording U.S. exporters access to Germany's $5 billion annual procurement of heavy electrical equipment. Big Emerging Market (BEM) programs in Poland and Turkey give special encouragement to U.S. commercial interests in those countries. In Turkey, for example, we have won over $1 billion in new energy contracts for U.S. firms and a $2.5 billion order for U.S. aircraft. With State, the Department of Commerce implements the BEM program as well as trade promotion programs such as Showcase Europe, which is designed to expand U.S. business activity throughout Europe, with special emphasis on small and medium-sized enterprises.

Trade and Development Agency (TDA) programs promote trade and investment through feasibility studies, technical privatization assistance, pilot projects, conferences, and other activities. Infrastructure, manufacturing, and modernization constitute major sectors of TDA support for U.S. exports and investment. Given the shortage of capital in the region, TDA gives increasing emphasis to supporting the efforts of U.S. firms which are forming joint ventures and pursuing investment projects. The U.S. Export-Import Bank and the Overseas Private Investment Corporation also support U.S. exports to the region.

Two key economic institutions - the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD) - facilitate global trade and investment. We collaborated with the EU and Canada within the WTO to complete negotiations on a financial services agreement by December 1997. We continue to work to support the accession of Russia and China to WTO on commercially viable terms. The United States is also helping to revitalize the OECD as a more global and outward-looking institution, while retaining its expertise in cutting-edge policy analysis and dialogue on economic and social issues. Our top

priorities are implementing the recently agreed OECD convention on bribery in international transactions which Secretary of State Albright signed in December 1997, and negotiation of an international convention and completion of the Multilateral Agreement on Investment - both items of interest to U.S. business.

Resources by strategic goals

Human resources, supported by operating funds, are key to advancing our transatlantic agenda under the NTA and opening up markets globally. On the non-NTA trade and investment front, especially in Central Europe, the Export-Import Bank, Trade and Development Agency, and Overseas Private Investment Corporation are the major Foreign Operations accounts involved. In addition, contributions to the OECD (around $60 million per year) and WTO via the CIO account contribute to U.S. prosperity through support of the Multilateral Trading System which enhances global economic efficiency. OECD initiatives like the Convention Combating Bribery and the Multilateral Agreement on Investment help to level the playing field for U.S. investors abroad.

Democracy, Economic And Humanitarian Assistance

We remain committed to consolidating democracy, economic liberalization and stability in Central Europe and integrating those nations into Western institutions. This task serves multiple goals, including national security goals. We are active in building the foundation for democratic, free-market societies throughout the region. Our primary vehicle is the Support for East European Democracy (SEED) Program. The SEED Program represents 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. The program has effectively leveraged both multilateral and bilateral assistance consistent with U.S. policy objectives. We are supporting a range of activities to promote democratization, economic restructuring and broad-based economic growth, and quality of life, so that this extensive region, so long denied interaction with the West, can now join it fully.

One of our most successful assistance projects has been the Polish-American Enterprise Fund, which has played a central role in Poland's transition to a market economy. The Fund has made loans to, and investments in, nearly 8,000 companies and created over 15,000 new jobs. It created the Polish home mortgage market. Its investment management division is now the premier investment company in Poland. The Fund also has raised over $260 million in private money to invest in Poland. Capping this success, the Fund expects to produce a profit on its U.S. funded investments.

The EU is a uniquely valuable partner in the effort to integrate these countries into the West. Enlargement of the EU to include the countries of Central Europe holds the best hope of anchoring the democratic reforms that they are currently undertaking. The EU is by far the largest donor to the countries of Central Europe, and its role will loom

larger as more countries graduate from the SEED Program. The EU has Association Agreements with ten countries and is expected to begin negotiating the terms of their accession to full membership in early 1998. We support the EU enlargement process.

International financial institutions play an important role in leveraging scarce U.S. resources and in implementing assistance programs in Central Europe. The International Monetary Fund and multilateral development banks (MDBs), particularly the World Bank and the European Bank for Reconstruction and Development (EBRD), indirectly catalyze external support for economic stabilization, integration, and private sector transition work in Central and Eastern Europe. MDBs help Central European and Baltic countries prepare for integration into Europe. Together with the EU, they also lead the international effort for reconstruction in Bosnia. Infrastructure, energy, and environment are key areas of emphasis. The EBRD's private sector focus puts additional emphasis on reaching small and medium-sized enterprises in the region, enhancing the use of financial intermediaries, and increasing the use of equity investments.

The United States also promotes this ongoing process of integration via the Organization for Economic Cooperation and Development (OECD). The Czech Republic, Hungary, and Poland have acceded to the OECD since December 1995, after making the significant reforms required for OECD membership.

The Southeast Europe Cooperative Initiative (SECI) will encourage cooperation among the countries in that region and will facilitate the access of Southeast Europe to European integration. SECI will notably provide for better involvement of the private sector in the regional economic and environmental effort and will help create a regional climate that encourages participation of the private sector.

Our refugee assistance efforts in Europe are naturally concentrated on the former Yugoslavia, especially Bosnia.

Resources by strategic goals

The USG has taken the lead in several aspects of the economic reconstruction of Bosnia. SEED funds have helped the Bosnians make the post-war transition from primarily humanitarian concerns to those of economic recovery. Working with SEED funds, USAID has implemented a highly successful loan program for small and medium enterprises that has put many people back to work. SEED has also funded highly visible small scale infrastructure projects at the municipal level. SEED made important contributions to the smooth implementation of elections, to the establishment of an independent media, and to the birth of an NGO movement.

A fully-funded SEED program is the key to fulfilling U.S. objectives in this area, although the U.S. also makes strong diplomatic efforts to enlist the cooperation and support of the EU and other wealthy countries. Exim Bank and TDA programs also

serve these goals. Funding U.S. contributions to MDBs, including the EBRD capital increase and IDA, are essential if the U.S. is to remain effective in shaping MDB lending to complement and support our interests. MDB resources far outstrip our bilateral funds. Refugee program funds enable us to address a key aspect of the tragedy in former Yugoslavia.

Law Enforcement And Global Issues: U.S. - European Partnership

The United States and Europe can accomplish more together than separately, especially as we confront the complex new challenges of international organized crime, narcotics trafficking, environmental degradation, and disease. We seek a specific program of cooperation with Europe, as seen in the New Transatlantic Agenda, as well as augmenting our bilateral cooperation with Canada and our European partners.

The NTA gives focus and structure to our cooperation with Europe. Since the NTA's launching in 1995, we have begun to build a solid record of accomplishment, The EU has agreed to join the Korean Peninsula Energy Development Organization (KEDO) and will contribute $100 million over five years to its operations. We recently signed agreements designed to control chemicals used in illicit drug processing and to counter fraud while facilitating legitimate business in the customs area. The U.S. and EU are also supporting the development of a network of regional environmental centers in Russia and elsewhere in the NIS, building a global surveillance and response network against communicable disease, strengthening our cooperation on population issues, and reinforcing the ties between our peoples through enhanced programs of exchange.

There is much more to do - with the EU, bilaterally, and in the context of the Summits of the Eight, on such challenges as crime, narcotics, terrorism, health and the environment. Canada, Germany, France, the UK, Italy, and the European Commission participate in the Summits of the Eight.

Establishing strong, effective drug control institutions is essential to countering the challenges to development and democratic institutions from the illicit narcotics industry. Drug trafficking groups -- including organized crime --are increasingly targeting Central Europe to smuggle both heroin and cocaine, recruit couriers, obtain chemicals for manufacturing illicit amphetamines, launder profits, and develop markets. The lack of effective border controls, legislation, and effective policy make the region ever more vulnerable.

We are assisting the governments in the region to respond to this challenge. This assistance - provided through the SEED program and separate INL funds - is focused on supporting the Central European governments to establish an effective counternarcotics strategy. Such a strategy is multi-faceted and includes the development of effective legislation and effective counterdrug institutions, including health, law enforcement, and legislative and judicial agencies. Our assistance includes training, commodities, and expert advice.

We are working with Canada to increase enforcement against transborder crime, such as telemarketing fraud schemes that cost our citizens billions of dollars.

Resources by strategic goals

Since December 1995, when President Clinton and European leaders signed the New Transatlantic Agenda, it has become the framework within which we organize our relations and initiatives with the EU. Most of the ambitious New Transatlantic Agenda depends upon diplomatic effort and the commitment of human resources. The U.S.-EU May 1997 "Bridging the Atlantic Conference" produced several proposals for new or enhanced initiatives to strengthen ties among our societies. As a result of the conference, the European Parliament has set aside funding for a number of these initiatives – funding which we have not been able to match. While USIA has managed to provide funding for some initiatives, its ability to do so has been hampered by budgetary cuts. Ultimately, the success of the initiatives will depend upon the new public-private partnership firmly taking root, with programmatic support from USIA in many areas.

III. Conclusion

Europe and Canada represent the world's greatest concentration of nations and peoples sharing our commitment to democracy and market economies. Six of our partners in the annual summits of leading industrialized states come from this region. America's vital security and economic interests are tied to Europe; yet the importance of Europe and Canada for U.S. interests goes even further, for these states offer unique capabilities for global partnership. Both individually and through the European Union, they exercise political or economic influence in the Middle East, Asia, Africa, and Latin America. Our European partners are also engaged in the full range of global issues - counter-terrorism, crime and narcotics, peacekeeping, environment, refugees, or preventing the spread of weapons of mass destruction - that are high-priority issues for the U.S. Our diplomatic efforts with Europe and Canada have a multiplier effect on U.S. interests everywhere.

Achievement of U.S. goals in Europe depends upon diplomacy, bilateral assistance, outreach to non-governmental institutions and publics, and participation in a variety of multilateral programs and institutions. Relationships with key partners such as Germany, France, the United Kingdom, and Canada are vital to U.S. interests. Our diplomatic platform is what makes these ties work for us. As Secretary Albright stated during her confirmation hearings in January 1997, "When we are able to act cooperatively with other leading nations we create a dynamic web of principle, power and purpose that elevates standards and propels progress around the globe. This is our opportunity, for in the post-cold war era big power diplomacy is not a zero sum game where for one side to win the other side must lose." Thus, bilateral and multilateral assistance is important to relationships with new and old NATO allies, and to achieve

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.

Resources that cut across and support all strategic goals

The move of our Embassy in Germany from Bonn to Berlin by the year 2000 is perhaps the most complex administrative and management project ever undertaken by the Bureau. We must continue to work with the administration and Congress to acquire funding to construct the new office building. We must ensure that the Embassy and FBO have adequate offices and housing ready when they are needed. As a result of a comprehensive effort we do have a Mission-wide plan for the phased move of American and FSN positions and employees; we will need to monitor shifting needs closely.

EUR's technology initiative is crucial to the success in our foreign policy initiatives. It is imperative that we replace or upgrade all of our information systems equipment to comply with "Year 2000" requirements. Our offices and posts need classified e-mail and LANs to perform their duties. Telephone systems must be replaced and upgraded to maintain voice communications. All of these aspects of our initiative carry high price tags.

Funding for overall operations, overseas and domestic, has declined in real terms over the last ten years, at the same time that new posts, new initiatives, new requirements have created increased demands on funding and personnel resources. We must explore new paradigms for the performance of our jobs and the shape of our platform overseas. Where our foreign policy priorities are in flux, we must link the policy and resources in a clear and objective manner.

In summary, the commitment, talent and experience of our employees are the fundamental tools we use to formulate and carry out the foreign policy of the U.S. government. With the cutback in employment over the last five years, the reduction in the size of our posts and the limited recruitment for a successor generation of FSOs, our work has become increasingly difficult. We must take a broad view of our personnel needs in the context of our foreign policy priorities.

Achievement of U.S. goals in Europe depends upon diplomacy, bilateral assistance, outreach to non-governmental institutions and publics, and participation in a variety of multilateral programs and institutions. Relationships with key partners such as Germany, France, the United Kingdom, and Canada - vital to U.S. interests both regionally and globally - rest for the most part on conventional diplomacy and hence on operating funds. On the other hand, bilateral and multilateral assistance is important to relationships with NATO allies Greece and Turkey, and to achieve 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.

In addition to these high priority issues, the European Bureau faces other challenges. Work on the move of our Embassy from Bonn to Berlin has begun. This is perhaps the most complex administrative and management project ever undertaken by the Bureau. Simultaneously, we have launched a technology initiative to bring our capabilities into line with 21st century demands. In all these endeavors, the talent and experience of our diplomats remains the key resource. Foreign Operations funds also play a major role in accomplishing our objectives. These resources, however, have dwindled because of budget constraints.

International Affairs Budget by Account and Budget Function

Region: EUR

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$834,345**	**$845,324**	**$791,287**
Assistance for Eastern Europe and the Baltic States	471,550	485,000	463,500
Development Assistance Program	4,000	4,000	4,000
Economic Support Fund	56,600	34,600	54,600
Export- Import Bank loans program account	14,825	13,605	16,131
Foreign Military Financing	54,509	119,900	67,000
Foreign Military Financing - Loans	58,217	20,000	20,000
International Disaster Assistance	20,094	17,000	17,600
International Military Education and Training	11,276	14,125	14,060
International Narcotics and Law Enforcement	500	500	500
Migration and Refugee Assistance	82,026	69,600	61,000
Operating Expenses of the Agency for International Development	14,217	14,388	14,379
Peace Corps	17,766	17,008	17,686
Peacekeeping Operations	20,100	26,500	30,000
Trade and Development Agency	8,665	9,098	10,831
Other Function 150	**$792,660**	**$638,525**	**$705,478**
Contributions for International Peacekeeping Activities	161,950	82,000	129,000
Contributions to International Organizations	93,455	97,232	107,212
Diplomatic and Consular Programs	310,918	291,679	308,122
Educational and Cultural Exchange Programs	78,461	78,488	73,443
International Information Programs	85,321	89,126	87,701
P.L. 480	62,555	..	..
EUR Total:	**$1,627,005**	**$1,483,849**	**$1,496,765**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: EUR

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$435,750**	**$472,359**	**$427,260**
Peacekeeping Operations	20,100	26,500	30,000
Foreign Military Financing - Loans	58,217	20,000	20,000
International Information Programs	30,048	31,847	31,199
Foreign Military Financing	54,509	119,900	67,000
Migration and Refugee Assistance	27,068	23,200	20,333
Contributions for International Peacekeeping Activities	6,650	7,000	7,000
Economic Support Fund	56,600	34,600	44,600
Diplomatic and Consular Programs	54,260	56,191	61,271
Contributions to International Organizations	40,355	41,003	45,927
Educational and Cultural Exchange Programs	747	923	870
International Military Education and Training	11,276	14,125	14,060
Assistance for Eastern Europe and the Baltic States	75,920	97,070	85,000
Eliminate Threat of WMD	**$9,264**	**$11,876**	**$12,469**
Diplomatic and Consular Programs	9,264	11,876	12,469
Open Markets	**$109,156**	**$109,489**	**$112,554**
International Information Programs	24,425	25,475	25,014
Educational and Cultural Exchange Programs	12,463	8,307	5,927
Diplomatic and Consular Programs	19,168	19,478	20,328
Contributions to International Organizations	53,100	56,229	61,285
Expand U.S. Exports	**$36,435**	**$37,799**	**$39,723**
Trade and Development Agency	8,665	9,098	10,831
Assistance for Eastern Europe and the Baltic States	11,000	13,000	11,000
Export- Import Bank loans program account	14,825	13,605	16,131
Diplomatic and Consular Programs	1,945	2,096	1,761
Increase Global Economic Growth	**$5,549**	**$5,786**	**$6,027**
Diplomatic and Consular Programs	5,549	5,786	6,027
Promote Growth in Developing & Transitional Economy	**$330,470**	**$298,472**	**$299,098**
Peace Corps	6,757	6,151	6,348
Assistance for Eastern Europe and the Baltic States	319,390	287,830	288,000
Diplomatic and Consular Programs	4,323	4,491	4,750
Enhance Security/Safety of Americans Abroad	**$31,219**	**$24,913**	**$26,259**
Diplomatic and Consular Programs	31,219	24,913	26,259
Control the Flow of Immigrants and non-immigrants	**$42,436**	**$36,540**	**$38,419**
Diplomatic and Consular Programs	42,436	36,540	38,419
Minimize the Impact of International Crime	**$2,940**	**$3,216**	**$3,298**
Diplomatic and Consular Programs	2,940	3,216	3,298
Reduce Levels of Entry of Illegal Drugs	**$6,272**	**$6,713**	**$6,846**
International Narcotics and Law Enforcement	500	500	500
Educational and Cultural Exchange Programs	1,271	1,569	1,478
International Information Programs	649	642	634
Diplomatic and Consular Programs	3,852	4,002	4,234
Reduce International Terrorist Attacks in the U.S.	**$3,396**	**$3,566**	**$3,802**
Diplomatic and Consular Programs	3,396	3,566	3,802
Increase Adherence to Democratic Principles	**$247,088**	**$185,740**	**$232,089**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: EUR

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
International Information Programs	9,017	9,511	9,454
Educational and Cultural Exchange Programs	12,143	7,912	5,555
Diplomatic and Consular Programs	28,318	29,427	32,580
Contributions for International Peacekeeping Activities	155,300	75,000	122,000
Assistance for Eastern Europe and the Baltic States	42,310	63,890	62,500
Humanitarian Response	**$146,722**	**$75,418**	**$76,549**
Diplomatic and Consular Programs	4,815	5,108	5,282
P.L. 480	62,555	..	..
Migration and Refugee Assistance	54,958	46,400	40,667
Economic Support Fund	..	..	10,000
Assistance for Eastern Europe and the Baltic States	4,300	6,910	3,000
International Disaster Assistance	20,094	17,000	17,600
Secure a Sustainable Global Environment	**$25,380**	**$24,645**	**$23,503**
Peace Corps	1,900	1,730	1,785
Assistance for Eastern Europe and the Baltic States	12,820	11,480	10,000
International Information Programs	3,062	3,277	3,311
Educational and Cultural Exchange Programs	766	946	891
Diplomatic and Consular Programs	6,832	7,212	7,516
Early Stabilization of World Population	**$8,120**	**$8,643**	**$8,055**
Assistance for Eastern Europe and the Baltic States	2,250	2,700	2,000
Development Assistance Program	4,000	4,000	4,000
Diplomatic and Consular Programs	1,870	1,943	2,055
Protect Human Health & Reduce Spread of Diseases	**$7,104**	**$5,578**	**$5,627**
Assistance for Eastern Europe and the Baltic States	3,560	2,120	2,000
Diplomatic and Consular Programs	1,644	1,728	1,841
Peace Corps	1,900	1,730	1,786
Public Diplomacy	**$69,191**	**$77,205**	**$76,811**
International Information Programs	18,120	18,374	18,089
Educational and Cultural Exchange Programs	51,071	58,831	58,722
Diplomatic Readiness	**$110,513**	**$95,891**	**$98,376**
Peace Corps	7,209	7,397	7,767
Operating Expenses of the Agency for International Development	14,217	14,388	14,379
Diplomatic and Consular Programs	89,087	74,106	76,230
EUR Total:	**$1,627,005**	**$1,483,849**	**$1,496,765**

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Construct a broad, inclusive European security structure that maintains U.S. leadership within a robust Atlantic Alliance.

STRATEGY:

Carry out NATO enlargement, keeping the door open to additional new members. Ensure that military effectiveness of the Alliance is maintained as enlargement and the review of NATO's strategic concept proceeds. Strengthen security cooperation with those countries not immediately invited to join the Alliance, via an enhanced Partnership for Peace, the new Euro-Atlantic Partnership Council, and security assistance. Continue the internal adaptation of NATO, building a more capable and visible European role in NATO. Establish new levels of NATO cooperation with Russia and Ukraine via the Founding Act and NATO-Ukraine charter. Enhance and utilize OSCE for conflict prevention and crisis management. Support and encourage the European Union (EU) to expand into Central and Southeastern Europe and the Baltic states. Support the EU and Council of Europe's programs, in coordination with our own programs, to consolidate democratic reform at the grassroots level in Central Europe. Address national rivalries in Southeast Europe through regional confidence building measures and related diplomatic engagement. Support the Southeast European Cooperation Initiative (SECI).

OBJECTIVE(S):

1. Welcome first group of Central European NATO members by 1999. FY 1998 and 1999. (State/EUR, S/NIS, S/NERO, H, DOD)

2. Implement a functioning Euro-Atlantic Partnership Council in FY 1998. (State/EUR, DOD)

3. Increase Partners' cooperation with the Alliance in FY 1998 and FY 1999. (State/EUR, S/NIS, DOD)

4. Complete internal adaptation of NATO by FY 1999. (State/EUR, DOD)

5. Initiate review of NATO's Strategic Concept to preserve NATO's key function and take account of adaptation and new mission FY 1998 and 1999. (State/EUR, DOD)

6. Implement NATO/Russia cooperation in the Permanent Joint Council in accordance with the NATO-Russia Founding Act. FY 1998. (State/EUR, S/NIS, DOD)

7. Foster an effective, visible role for the OSCE. FY 1998 and 1999. (State/EUR)

8. Stimulate visible progress in the process of EU expansion by FY 1999. (State/EUR)

9. Enhance cooperation with the EU and Council of Europe toward developing a robust civil society in Central and Southeastern Europe at the grass-roots level, including increased efforts to reduce border disputes and other sources of regional tension via the Strategic Action Plan for Southeast Europe, including SECI. FY 1998 and 1999 (State/EUR)

10. Prepare SEED countries for graduation by advancing economic and democratic reforms. FY 1998 and 1999. (State/EUR)

11. Begin planning for a successful NATO summit in Washington in 1999. FY 1998 and 1999. (State, NSC and DOD)

12. Advance SECI with improved border crossing/customs arrangements, drawing on IBRD financing where applicable. FY 1998 and 1999. (State/EUR, Treasury)

ASSUMPTIONS:

- Senate and Allies' ratification of NATO enlargement.
- Political stability in prospective new members.
- Continuance of democratic, reformist government in Moscow.

INDICATORS:

- Ratification of new members.
- Serious Russian participation in Permanent Joint Council and other Founding Act provisions.
- Implementation of new NATO command structure.
- Maintenance of adequate defense spending levels by current Allies and new members.
- Increased interoperability of Partners with NATO, as measured by acquisition of NATO-compatible equipment and adoption of NATO procedures, doctrine and standards.
- Increased quality and complexity of PFP exercises.
- Successful OSCE missions in Albania, Bosnia, and elsewhere
- Opening of EU accession talks with several Central European or Baltic states.

- Increased dialogue on civil society and democratization issues with the Council of Europe's specialized fora.
- Functioning SECI programs.
- Further SEED graduates.
- Steady progress in economic reform and democratization in SEED recipients.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Establish a durable peace and reduce ethnic tensions in the former Yugoslavia, Albania, and the Balkan Region.

STRATEGY:

Promote full implementation of the Dayton Accords, with reinforced efforts in public security, arms reduction compliance, freedom of movement, return of refugees, war crimes cooperation, democratization, and commerce. Encourage successful functioning of Federation and national institutions. Rebuild damaged infrastructure. Back these efforts through SEED and PKO funding and through financial support of the EU and IFIs. Promote a political solution and demand protection of political and human rights in Serbia's Kosovo province. Work via the OSCE and directly with Albanian parties to restore democratic institutions and public order, and rebuild the Albanian economy. Provide humanitarian assistance. Promote regional cooperation, including SECI, SBOM, and Southeast Europe Action Plan.

OBJECTIVE(S):

1. Substantially complete implementation of Dayton Accords. FY 1998 and 1999. (State/EUR, S/SR, DOD)

2. Gain agreement on follow-on force to SFOR (State/EUR, S/SR, DOD)

3. Consolidate peaceful reintegration of Eastern Slavonia into Croatia in FY 1998. (State/EUR)

4. Advance dialogue between the Serbian authorities and Kosovar Albanian leadership on education and other issues. FY 1998 and 1999. (State/EUR).

5. Achieve increased respect for media freedom and for the rights of the ethnic Serb minority in Croatia. FY 1998. (State/EUR, DRL)

6. Achieve increased respect for media freedom and strengthen groups working to promote democracy and respect for human rights in Serbia and Montenegro. FY 1998. (State/EUR, DRL)

7. Enhanced support for Dayton implementation by Zagreb and Belgrade. FY 1998. (State/EUR, S/SR)

8. Advance democratic institutions and public order in Albania. FY 1998. (State/EUR)

ASSUMPTIONS:

- Agreement with allies and Congress on need for follow-on force to SFOR.
- Possible instability accompanying transition to new governing leadership in the region.
- No resumption of military hostilities.

INDICATORS:

- Increased number of refugee returns, particularly to minority areas.
- Increased number of indicted war criminals turned over to ICTY.
- Rise in inter-entity traffic and commerce.
- Successful democratic elections and installation of elected officials.
- Functioning national institutions.
- Respect for political pluralism, media freedom, and minority rights in Croatia, Bosnia and Serbia
- Normalization of relations between Belgrade and the Bosnian government; improved cooperation by Belgrade and Zagreb with the Hague Tribunal
- Restoration of the Albanian government's authority throughout the country, implementation of responsible economic policies, and respect for human rights and political pluralism.
- A functioning SECI program and Southeast Europe Action Plan.
- Successful implementation of follow-on force to SFOR.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Improve Greek-Turkish relations, advance a settlement on Cyprus, and strengthen Turkey's place in the West.

STRATEGY:

Encourage Greek-Turkish dialogue. Promote progress toward a comprehensive Cyprus settlement acceptable to both sides. Urge the European Union to enhance ties and keep the door open to eventual Turkish membership. Intensify our security and economic relationship with Greece. Deepen our cooperation with Turkey on energy issues, trade and investment, and military and security questions. Enhance our dialogue on Turkish human rights.

OBJECTIVE(S):

1. Greek-Turkish agreement to resolve outstanding Aegean disputes. FY 1998. (State/EUR)

2. Achieve a resumption of UN-brokered talks to facilitate a Cyprus settlement. FY 1998. (State/EUR)

3. Try to get Turkish-Cypriot participation in a Cypriot delegation to negotiate EU accession. FY 1998. (State/EUR)

4. Avert acquisition of destabilizing weapons by the Government of Cyprus. FY 1998. (State/EUR, S/NIS, DOD)

5. Foster concrete steps in EU-Turkish political/economic relations, including trying to get Turkish participation in an European conference in March and a better EU Summit statement at the Cardiff Summit. FY 1998-1999. (State/EUR)

ASSUMPTIONS:

- Maintenance of a civilian-controlled, secular-oriented government in Turkey.
- Opening of EU accession negotiations with Cyprus in FY 1998.
- Both Greece and Turkey will face significant security threats (Greece from instability in the Balkans; Turkey from Iraq, Iran, and Syria).
- Tensions between Greece and Turkey in the Aegean will remain high.

INDICATORS:

- Reference of some Aegean issues to the International Court of Justice or some other consensual body.
- Government of Cyprus cancellation of SAM purchase.
- Start of Cyprus negotiations under UN auspices.
- EU-Cyprus accession talks with a Cypriot delegation which includes Turkish-Cypriot participation.
- Unblocking of EU assistance for Turkey.
- Success in establishing Baku-Ceyhan pipeline exercises.
- Release of journalists, parliamentarians and others imprisoned for exercising freedom of expression in Turkey.
- Implementation of 1995 human rights related constitutional amendments in Turkey.
- Successful establishment of joint economic commission between U.S. and Greece.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Promote a political settlement in Northern Ireland.

STRATEGY:

Diplomacy with the Irish and British governments. Support the multi-party talks. Urge continuation of an unequivocal and lasting cease-fire. Provide economic assistance via the International Fund for Ireland, the Commerce-led effort to promote private investment.

OBJECTIVE(S):

1. Continuation of a durable cease-fire. FY 1998 and 1999. (State/EUR)

2. Foster progress in multi-party talks. FY 1998 and 1999. (State/EUR)

3. Stimulate political/economic revitalization of Northern Ireland and Border Counties. FY 1998 and FY 1999. (USAID, Commerce, State/EUR, EB)

ASSUMPTIONS:

- Continued strong interest and frequent, direct involvement of White House, Congress, and Irish-American community.

INDICATORS:

- Continuation of cease-fire.
- Productive all-party talks including Sinn Fein, in light of cease-fire.
- Improvement in economic activity and increased U.S. private investment in Northern Ireland and the border counties.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: The U.S. and its Allies will not be threatened by weapons of mass destruction or destabilizing conventional arms races.

OPERATIONAL GOAL: Negotiate adaptation together with continued implementation of key conventional arms control and related agreements, including the CFE Treaty and the Vienna Document, and Articles II and IV of Annex IB of the Dayton Agreement; development of new arms control/security discussions for the Balkan Region under Article V, Annex IB of the Dayton Agreement; continued security discussions in the OSCE's Forum for Security Cooperation, and entry into force of the Open Skies Treaty. Reduce Greco-Turkish tensions that could lead to conflict.

STRATEGY:

The CFE Treaty is the cornerstone of military stability in Europe; continued adherence to its equipment limits, which apply to all the members of NATO and the former Warsaw Pact (or their successors) is critical for the security of the U.S. and its NATO Allies. U.S. should take the lead in developing a NATO strategy and negotiating adaptation of the CFE Treaty -- and other conventional arms control agreements -- to new political realities and use this process to enhance our broader goals for building cooperation and integration in Europe. U.S. leadership will be critical in developing new ways to apply the methods of arms control to building stability in the Balkan region. Heighten Allies and European partners awareness of and support for non-proliferation goals in isolating rogue states. Make fuller use of NATO's Proliferation mechanisms (JGP, SGP and DGP and include non-proliferation and counter-proliferation goals in NATO's revised strategic concept. Cooperate with Europe to counter proliferation of Weapons of Mass Destruction in Iraq, Iran, Libya, North Korea, and elsewhere.

OBJECTIVE(S):

1. Facilitate NATO enlargement without undermining the structure of stability provided by conventional arms control agreements. FY 1998 and 1999. (State/EUR), S/NIS, DOD)

2. Address Russian concerns about NATO enlargement via CFE adaptation and enhancements of other European security agreements, including the Vienna Document. FY 1998 and 1999. (State/EUR, S/NIS, DOD)

3. Actively participate in developing Alliance position for and negotiation of adapted CFE Agreement. FY 1998 and 1999. (State/EUR, S/NIS, ACDA, DOD)

4. Use the conventional arms control process to address sub-regional security concerns of states outside the NATO-Russia dynamic and to build long-term stability in the Balkans. FY 1998 and 1999. (State/EUR, S/NIS, DOD)

5. Enhance NATO solidarity and NATO's lead role in building cooperative security arrangements in Europe via consultation on conventional arms control issues in the NATO's High Level Task Force on Arms Control, and cooperative implementation in various NATO fora. FY 1998 and 1999. (State/EUR, DOD)

6. In discussions with EU, highlight non-proliferation aspects of our concerns with rogue states including Iran, Iraq and Libya and the need for effective sanctions and exports controls FY 1998 and 1999. (State/EUR, PM, DOD)

7. As NATO reviews its strategic concept, ensure that the threats from rogue states who represent proliferation risks are dealt with both in terms of political action and counter-proliferation defense programs. FY 1999. (State/EUR, PM. DOD)

ASSUMPTIONS:

- All CFE states and Vienna Document participants (including the Balkan states) will continue in substantial compliance with their arms control obligations.
- There will be no significant increase in military tensions or equipment deployments as a result of NATO enlargement.
- There will be a continued desire among CFE Treaty states to gain certainty about their neighbors' military intentions and capabilities via arms control.
- There will be an increasing recognition that the potential use of weapons of mass destruction is one of the major continuing threats to the Alliance, but differences on how to deal with those threats.

INDICATORS:

- Overall decrease in Europe in amount of conventional military equipment in key categories.
- Full implementation of existing Treaty provisions.
- Broad participation in discussions of CFE adaptation at CFE Joint Consultative Group in Vienna.
- Continued implementation of Dayton obligations and broad participation/support for new regional stability talks.
- Recognition of non-proliferation in NATO's revised strategic concept.
- EU members work with us to tighten existing non-proliferation regimes.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: ECONOMIC PROSPERITY

STRATEGIC GOAL: Open foreign markets to free the flow of goods, services, and capital.

OPERATIONAL GOAL: Secure European and Canadian support for further multilateral trade and investment liberalization and for measures to reduce barriers to bilateral trade and investment flows.

STRATEGY:

Working closely with Europe and Canada – our two most important trade and investment partners – is essential to opening markets worldwide and expanding trade. With industrial tariffs between the U.S., Europe and Canada already relatively low and falling, our efforts in this area will be increasingly directed toward expanding the coverage of multilateral rules to other countries and addressing non-tariff barriers such as differing regulatory standards and problems related to international bribery. The U.S. also needs to coordinate closely with the international financial institutions – such as the IMF and IBRD -- and regional banks -- such as the EIB and EBRD – to support the development of markets and institutions in Central and Eastern Europe and the New Independent States.

OBJECTIVE(S):

1. Obtain European and Canadian support for multilateral agreements in the WTO, OECD and other fora to liberalize trade and investment, with emphasis on the OECD Multilateral Agreement on Investment. Preparing for negotiations under the WTO built-in agenda and implementing the WTO financial services and telecommunications agreements. FY 1998 and 1999. (State/EUR, EB, USTR)

2. Coordinate with Europe and Canada to expand membership in rules-based trade organizations such as the WTO and OECD, with particular emphasis on Russia and the countries of Central and Eastern Europe and the New Independent States. FY 1998 and 1999. (State/EUR, S/NIS, EB)

3. Ensure European and Canadian support for efforts to combat bribery in international transactions. FY 1998 and 1999. (State/EUR, EB, Justice)

4. Explore with Europe and Canada possibilities for further multilateral trade liberalization, including acceleration of Uruguay Round tariff reductions, in sectors such as environmental goods and services, medical products, agriculture and cultural industries. FY 1998 and 1999. (State/EUR, EB, USTR)

5. Continue bilateral discussions with the EU to liberalize trade and reduce barriers with emphasis on such key areas as biotechnology, data privacy, and electronic commerce/Internet. FY 1998 and 1999. (State/EUR, EB, Commerce, USTR, USDA)

6. Develop further with the EU the concept of the New Transatlantic Marketplace, particularly through following up on recommendations made in the U.S.-EU Joint Study on reducing/eliminating trade and investment barriers and by the Transatlantic Business Dialogue (TABD). FY 1998 and 1999. (State/EUR, EB, Commerce)

7. Improve customs and immigration procedures along U.S.-Canadian border to streamline the legitimate movement of people and goods. FY 1998. (State/EUR, CA, INS, Customs)

8. Coordinate with the IFIs and regional banks to support market development in Central and Eastern Europe and the New Independent States. FY 1998 and 1999. (State/EUR, EB, S/NIS)

ASSUMPTIONS:

- Canada and the EU maintain outward-oriented, liberal economic policies.
- The EU is able to manage successfully the challenge of Economic and Monetary Union (EMU).
- The countries of Central and Eastern Europe and the New Independent States follow economic reform policies.

INDICATORS:

- Opening of a formal dialogue with Canada to ensure Canadian measures to protect its culture do not prejudice U.S. commercial interests.
- Russian accession to the WTO, and substantial progress toward Russian accession to the OECD, by end-1998.
- Accessions by some countries in Central and Eastern Europe to WTO and OECD.
- Conclusion of further sectorial agreements to lower/eliminate tariffs.
- Conclusion of the OECD Multilateral Agreement on Investment by the Spring 1998 OECD Ministerial.
- Implementation of the international convention to fight bribery in international transactions.
- Implementation of U.S.-EU Mutual Recognition Agreements to reduce regulatory costs on trade in 1998.

- Continuation of the Transatlantic Business Dialogue as a forum for addressing private sector concerns in trade and investment policy.
- Begin implementation of recommendations of U.S.-EU Joint Study on trade liberalization.
- Identification and elimination of new U.S.-EU non-tariff barriers.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: ECONOMIC PROSPERITY

STRATEGIC GOAL: Expand U.S. exports to $1.2 trillion by 2000.

OPERATIONAL GOAL: Expand U.S. exports to Europe and Canada.

STRATEGY:

Given the size of trade volumes, even a small percentage increase in exports to Europe and Canada will translate into a large increase in export dollars. Since the trading relationship between the U.S., the EU and Canada is already relatively mature, the scope for future export increases depends on finding innovative ways to increase the awareness of domestic firms of export opportunities and to develop close linkages between the Department and private sector business organizations. Investment, too, needs to be encouraged and protected given the key role it plays in promoting exports through intra-company trade.

OBJECTIVE(S):

1. Support USFCS activities to promote exports to, and increase domestic business awareness of export opportunities in, European and Canadian markets. FY 1998 and 1999. (State/EUR, EB, Commerce)

2. Ensure continued provision of Business Incentive Funds (BIF) to EUR posts without an FCS office. FY 1998 and 1999. (State/EUR, EB, Commerce)

3. Work closely with business organizations to strengthen export promotion activities, such as the TABD's Transatlantic Small Business Initiative (TASBI) and encourage/protect investments. FY 1998 and 1999. (State/EUR, EB, Commerce)

ASSUMPTIONS:

- No large external shocks.
- Stable currency markets.
- Continued economic growth in major industrial economies.

INDICATORS:

- Increased exports to Europe and Canada.
- Increased investment in Europe and Canada.
- Increased participation of small and medium enterprises in export activities.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: ECONOMIC PROSPERITY

STRATEGIC GOAL: Increase global economic growth.

OPERATIONAL GOAL: Encourage Europe and Canada to adopt macroeconomic, trade, investment, exchange rate, legal and regulatory policies designed to support sustained, non-inflationary economic growth. Secure European and Canadian support for encouraging similar policies in third countries, strengthening international financial institutions and facilitating the private international financial flows to transition and developing economies. Encourage Europe, Canada, international financial institutions – such as the IMF and IBRD -- and regional banks -- such as the EIB and EBRD -- to provide growth-oriented development and humanitarian assistance to key regions such as Central and Eastern Europe, the New Independent States and Africa. Encourage G-7/G-8 partners to promote sustainable development and effective participation by developing countries in a sound global economy.

STRATEGY:

Overseas macroeconomic conditions have an increasing impact on the ability of the U.S. to sustain stable, economic growth with low inflation and unemployment. As our economy becomes increasingly linked with those of Europe and Canada through trade and investment, we must devote more effort to encouraging our partners to adopt appropriate economic and financial policies and continue growth-oriented assistance programs in other regions.

OBJECTIVE(S):

1. Sound macroeconomic policies in Europe and Canada. FY 1998 and 1999. (State/EUR, EB)

2. Stable exchange rates against European and Canadian currencies. FY 1998 and 1999. (State/EUR, EB, Treasury)

3. Strong international financial institutions and regional banks. FY 1998 and 1999. (State/EUR, EB, Treasury)

4. Continued official and private sector capital flows to Central and Eastern Europe and the New Independent States. FY 1998 and 1999. (State/EUR, EB, Commerce, OPIC, TDA)

ASSUMPTIONS:

- The EU and Canada maintain outward-oriented, liberal economic policies.

- The EU is able to manage successfully the challenge of Economic and Monetary Union (EMU).
- The countries of Central and Eastern Europe continue to follow economic reform policies.

INDICATORS:

- No wide, fluctuations of the dollar against European or Canadian currencies.
- Sustained economic growth in Europe and Canada.
- Low inflation in Europe and Canada.
- Continued close involvement of IFIs -- such as the IMF, IBRD -- and regional banks -- such as the EBRD and EIB -- in Central and Eastern Europe and the New Independent States.
- Continued Canadian and EU official assistance to key regions, such as through the EU's Lome Convention.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: ECONOMIC PROSPERITY

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies.

OPERATIONAL GOAL: Assist the former communist countries of Central and Eastern Europe with their economic transition through the development of market economies. Work with the international financial institutions and other, mainly Western European donors, towards this goal. Building a self-sustaining market economy is part of the triad of transition we seek in these countries; consolidating democracy and improving the quality of life for their citizens being the other two.

STRATEGY:

The principal U.S. tool for the achievement of the economic goals outlined above is the funding provided by the Congress through the Support for East European Democracy Act. Starting in 1989, SEED has provided assistance to Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia, and Slovenia. This effort is a transitional one. Once a country demonstrates sustainable economic progress and democratic reforms, direct U.S. assistance will be phased out. The Czech Republic, Estonia, and Slovenia have made sufficient progress no longer to require direct bilateral assistance. Hungary and Latvia are expected to "graduate" from the program with the completion of Fiscal Year 1998 funding. The final year of funding for Poland, Lithuania and Slovakia is expected to be Fiscal Year 1999.

SEED helps these countries with innovative programs, technical assistance and training to facilitate reform and transition. The focus of most U.S. assistance is on the particular needs and problems of each country, although a significant portion of SEED assistance goes to regional programs, such as those delivered through the South Balkan Development Initiative or through the Southeastern Europe Cooperative Initiative. Efforts to facilitate regional trade within Southeast Europe, including improvement of customs arrangements, and border-crossing infrastructure, will contribute to this goal. SEED programs are coordinated internationally with other donors primarily through the G-24. In addition, there are special coordinating mechanisms for certain countries, such as Albania through the OSCE, or Bosnia, through the European Union and World Bank.

Most SEED assistance is delivered by the U.S. Agency for International Development, but other agencies, such as Treasury, USIA, Justice, Labor, manage significant programs that make use of their unique expertise. Embassy political and economic sections, as well as USAID missions, all contribute to this task. Efforts by other USG

agencies involved in trade are coordinated with overall U.S. goals, such as Export-Import Bank loan guarantee and insurance programs, and export promotion activities of the Department of Commerce and the U.S. Trade and Development Administration.

OBJECTIVES:

1. Development of a market economy and strong private sector. Includes adoption and implementation of sound macro-economic policies, progress on privatization, enterprise restructuring, banking reform, and competition policy. FY 1998 and 1999. (State/EUR/EB, Treasury and USAID).

2. Improvement of the basic quality of life in selected areas. Changes in unemployment, average income, poverty rates, income distribution data, infant mortality and life expectancy and education levels are important indicators of progress in these areas. FY 1998 and 1999 (State/EUR/EB, Treasury and USAID).

ASSUMPTIONS:

- Continued support from Congress for the SEED funding, including continuation of significant funding for Dayton implementation in FY 1999.
- Continued security and stability in the region.
- Political will in the countries of Central and Eastern European countries to make the economic transition to a market economy.

INDICATORS:

- Progress in the above two areas is monitored by USAID, in conjunction with the SEED Coordinator's Office. Indicators are used which measure progress towards economic reform and democratization, as well as economic sustainability, measured through macro-economic performance and social conditions. These indicators are drawn primarily from data supplied by the European Bank for Reconstruction and Development, Freedom House and the World Bank. These include: unemployment data, average income levels, poverty rates, income distribution data, infant mortality and life expectancy, and education levels.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: AMERICAN CITIZENS AND U.S. BORDERS

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad through the provision of consular services.

OPERATIONAL GOAL: Improved assistance to American citizens overseas in the event of political crises, national disasters and other emergencies.

STRATEGY:

While continually maintaining and testing current plans in developed EUR democracies, focus additional emergency planning resources on former communist countries that have limited infrastructure resources and the most volatile political systems. Actively coordinate planning with DOD and other USG agencies present in these countries and take advantage of special training opportunities they may provide. Invite appropriate host government officials, NGO's and resident American citizens to participate in emergency drills. Continually update Warden systems and publicize hotline numbers for American citizens, emphasizing the principle of "no double standard". Share lessons learned from recent evacuations and emergencies in the Balkans.

OBJECTIVES:

1. Train and equip American and FSN staff to provide improved management of critical emergencies and more effective delivery of emergency services to American citizens, based on up-to-date, comprehensive Emergency Action Plans and Warden systems. FY 1998-99. (State/ EUR, CA, FSI, DS; FAA, FEMA, DOD agencies at posts overseas).
2. Test and promote new technology for American citizen warden systems through use of interactive hotlines, e-mail and internet sites, which supports the "no double standard" policy. FY 1998-99. (State/EUR, CA, DS)
3. Promote enhanced cooperation and participation from other USG agencies, including DOD, in emergency planning through an active schedule of emergency drills and simulated disaster exercises. FY 1998-99. (State/EUR, CA, DOD)

ASSUMPTIONS:

- The number of American citizens resident in Balkan and Baltic countries will increase significantly in the next two years.
- Other USG agencies, such as DOJ, will also increase their official presence in these countries, and will be able to provide useful assets for emergency planning and warden systems.

- Funding for crisis management exercises and emergency evacuation equipment will continue at current rates, but will not increase significantly.

INDICATORS:

- Customer surveys measuring communications, preparation, and assistance to American citizens affected by consular emergencies.
- Number of host governments and NGOs which participate in USG emergency action planning.
- Percentage of American citizens who register for warden systems, based on total numbers of residents on F77 reports.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: AMERICAN CITIZENS AND U.S. BORDERS

STRATEGIC GOAL: Control how immigrants and non-immigrants enter and remain in the U.S.

OPERATIONAL GOAL: Reduce entry of criminal and other unqualified aliens from EUR and posts into the United States

STRATEGY:

Foreign organized criminal elements, including in Central and Eastern Europe, are targeting U.S. interests through illegal immigration, alien smuggling and commercial fraud. Alien smuggling from Asia is also increasing via Canada. These lucrative activities are growing rapidly, and pose an escalating threat to U.S. national security. Many new states in the Baltics and the Balkans do not have effective legal or police infrastructures to combat organized crime, and activities directed against the U.S. may have a lower priority than crimes within their national borders. To engage national self-interest in cooperative efforts to halt the entry of criminal and illegal aliens into the U.S., encourage governments in these countries to detect and counter fraudulent documents through participation in training programs sponsored by Consular Affairs, Diplomatic Security and the Department of Justice, and by introducing Machine Readable Passports and other document security features. Preventing the use of fraudulent documents will assist these countries in controlling organized crime domestically, while also reducing illegal immigration and fraud directed against the United States.

OBJECTIVES:

1. Increase bilateral U.S.-Canadian cooperation among law enforcement officials to more effectively combat illegal immigration and alien smuggling into North America. FY 1998 and 1999. (State/EUR, CA, DS. DOJ).
2. Develop responsive contacts among police, customs and immigration officials in Central and Eastern Europe through enhanced training which focuses on detection and interdiction of fraudulent documents used by organized crime. FY 1998-99.
3. (State /EUR, CA, DS, DOJ)
4. Promote use of Machine Readable Passports and other security features in official documents. FY 1998-99. (State /EUR, CA, DS, DOJ)
5. Encourage regional cooperation among policy and government officials, by including representatives of neighboring countries in training sessions. FY 1998-1999. (State/EUR, CA, DS, DOJ, DOD)

ASSUMPTIONS:

- Governments facing the threat of organized criminal activities will cooperate more readily with the U.S. in programs to combat illegal immigration if these programs bring them domestic benefits.
- The Government of Canada will cooperate with U.S. anti-smuggling efforts because Canada faces the same general problem of illegal immigration.

INDICATORS:

- Reduce the number of aliens being smuggled into the U.S. from Canada.
- Reduced number of illegal aliens from European countries entering the U.S. with fraudulent documents.
- Increase in the number of countries using Machine Readable Passports and other security features in official documents.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Minimize the impact of international crime on the U.S. and its citizens.

OPERATIONAL GOAL: Work with Europe and Canada to raise the profile of international law enforcement issues as an element of security policy and to improve our operational cooperation and law enforcement capabilities to better combat crime.

STRATEGY:

Working closely with Europe (bilaterally and through the European Union) and Canada, whose governments share our concern about combating crime, is essential to minimizing the impact of organized crime on U.S. citizens. We have excellent law enforcement cooperation at this time with European governments, the EU, and Canada. As transnational organized crime is increasingly coordinated across borders and regions, we must work with Europe and Canada on an organized, effective response. In addition to bilateral contacts, the chief mechanisms for expanding cooperation in this area are the UN, the G-7/G-8 (Lyon Group), and in the case of EU members, the U.S.-EU New Transatlantic Agenda (NTA).

OBJECTIVES:

1. Implement the G-8 Lyon Group's 40 recommendations to fight transnational organized crime. FY 1998. (State/EUR, INL, DOJ)

2. Improve law enforcement cooperation with the EU at the political and operational levels. FY 1998. (State/EUR, INL, DOJ)

3. Develop new U.S.-EU cooperative initiatives to combat organized crime, following on the recommendations of the EU's organized crime task force. FY 1998. (State/EUR, INL, DOJ)

4. Lay groundwork for a liaison relationship with EUROPOL, an EU criminal intelligence clearinghouse. FY 1998. (State/EUR, INL, DOJ)

5. Cooperate with the EU and Canada on combating high-tech and computer-related crimes. FY 1998. (State/EUR, INL, DOJ)

6. Cooperate with the EU on preventing trafficking in women. FY 1999. (State/EUR, INL, DOJ)

7. Expand cooperation with Canada on transborder crime and border enforcement, including efforts against smuggling and visa fraud. FY 1998 and 1999. (State/EUR, Treasury, Customs, DOJ)

8. Expand our cooperation with Canada against white collar crime, including telemarketing fraud schemes that cost U.S. citizens billions each year. FY 1998. (State/EUR, INL, DOJ)

ASSUMPTIONS:

- Continued European and Canadian high level attention to organized crime as both an international and national security concern.
- Strong G-7/G-8 leadership to maintain the momentum and focus of Lyon Group efforts across the broad range of law enforcement areas.
- Continued efforts by the EU for closer ties between American and European law enforcement institutions.
- EU energies may be predominantly focused on internal coordination at the expense of coordination with the U.S.
- Growing need to coordinate to combat new crime across Canadian border and using Internet.

INDICATORS:

- Operational successes resulting from implementation of the G-8/Lyon Group recommendations.
- Improvement in the battle against firearms trafficking, high-tech crimes, and falsification of travel documents.
- Cooperation between the U.S. and the EU's High Level Group on Organized Crime.
- Cooperation between the U.S. and EUROPOL.
- Consultation among U.S. and EU experts on mutual legal assistance issues such as asset confiscation and use of video testimony.
- U.S.-EU joint information campaign to prevent trafficking in women.
- Successful cracking down on telemarketing fraud based in Canada and cross-border smuggling.

EUR: **FY 1999 REGIONAL PROGRAM PLAN**

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Significantly reduce the entry of illegal drugs into the U.S.

OPERATIONAL GOAL: Secure European and Canadian support for expanding all aspects of multilateral and bilateral counternarcotics activities, of which law enforcement is one tool, and establishing cooperation in delivering assistance to major illicit drug producing and trafficking countries so that the latter can develop strong, effective drug control institutions.

STRATEGY:

Working closely with Europe and Canada, whose governments are also concerned about use and trafficking in drugs, is essential to combat use, production, and trafficking in illicit drugs worldwide. We have excellent bilateral law enforcement counternarcotics cooperation at this time with European governments and Canada, and good cooperation with some European governments in multilateral fora (UN and Dublin Group). But internal EU structures and the difficulty of arriving at internal EU consensus have sometimes hampered our cooperation with the EU as a whole. The chief mechanisms for expanding cooperation in this area the G-7/G-8, Dublin Group, the UN Drug Control Program (UNDCP), ad hoc efforts such as the informal multilateral chemical control initiative, and in the case of EU members, the U.S.-EU New Transatlantic Agenda (NTA).

OBJECTIVES:

1. Encourage continuity and a systematic approach to our dialogue on all aspects of counternarcotics issues. FY 1998 and 1999. (State/EUR, INL, DOJ, DEA)

2. Work closely with the EU as it evolves towards greater internal coordination of law enforcement activities. FY 1998 and 1999. (State/EUR, INL, DOJ, DEA)

3. Expand our counternarcotics cooperation with the EU in the Caribbean to the key area of concern to the U.S.--Latin America--as well as other areas such as Asia, Central Europe, and the NIS. FY 1998 and 1999. (State/EUR, INL, DOJ, DEA)

4. Implement the U.S.-EU Chemical Precursors Agreement, signed May 28, 1997. FY 1998. (State/EUR, INL, DOJ, DEA).

5. Obtain support of EU member states in launching an informal multilateral chemical precursor initiative so that suppliers in other continents will not be available to producers of illicit drugs. FY 1998 and 1999. (State/EUR, INL, DOJ, DEA)

6. Work to cooperate on the growing problem of synthetic drugs. FY 1998 and 1999. (State/EUR, INL, DOJ, DEA)

7. Strengthen drug interdiction cooperation with Canada. FY 1998. (State/EUR, INL, DEA, DOJ, Coast Guard)

ASSUMPTIONS:

- The EU member states and other countries in Europe and Canada maintain strong interest in bilateral cooperation with the U.S. on combating drug trafficking worldwide.
- The EU seeks to develop more effective internal coordination of counternarcotics activities.
- Drug producing countries continue to demand stronger, more effective drug control institutions.

INDICATORS:

- Reduction in the quantity of drugs entering the U.S.
- Increased cooperation with the EU as an institution, to complement existing bilateral patterns of cooperation between the U.S. and EU member states.
- Expansion of U.S.-EU counternarcotics activities to Latin America, Central Europe, and the NIS.
- Cooperation of EU member states in launching an informal multilateral chemical control initiative that was announced by the President at the 1996 UNGA.
- Increased interdiction operations, including seizures, with Canada.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the U.S. and its citizens.

OPERATIONAL GOAL: Enhance cooperation with our Canadian and our European partners to bolster global counterterrorism measures and increase coordination on steps to inhibit state sponsors of terrorism.

STRATEGY:

Work with Canada and our European partners in the Eight to implement the 25 global counterterrorism measures approved at the July 1996 Paris Ministerial. Under the framework of the New Transatlantic Agenda, broaden European support for these measures through implementation of the U.S.-EU Common Agenda on Terrorism. Through consultations with the EU and key European allies and Canada seek agreement on coordinated approaches toward state sponsors of terrorism. Continue cooperation with European members of multilateral nonproliferation fora to minimize potential terrorist WMD threats, and work with European governments and the Government of Canada to expand counterterrorism capabilities.

OBJECTIVE(S):

1. Coordinate closely with Canada and European members on the lead-up to the May Birmingham G-8 Summit. FY 1998. (State/EUR, S/CT, S/P, DOJ)

2. Ensure the fullest possible European/Canadian engagement in implementation of the 25 global counterterrorism measures endorsed by the July 1996 Paris ministerial, and work to identify new initiatives that enhance our ability to deter terrorist attacks. (State/S/CT, EUR, DOJ)

3. Implement the U.S.-EU Common Agenda on Terrorism including close coordination on the negotiation of a convention on the suppression of terrorist bombing, wider adherence to existing anti-terrorism conventions, aviation security, encryption technology, and domestic terrorism legislation. FY 1998. (State/S/CT, EUR, L, DOJ, DOT)

4. Through discussions in the U.S.-EU-Canada Working Group on Iran, U.S.-EU Common Foreign and Security Policy terrorism consultations, and other meetings with key European partners, promote closer coordination of policy vis-a-vis state sponsors of terrorism, with special focus on Iran. Jointly develop a framework for assessing and responding to Iranian actions. FY 1998. (State/NEA, EUR, S/CT)

5. Work with Canada and European members active in the Nuclear Suppliers Group, the Australia Group, the Missile Technology Control Regime, and the Wassenaar Agreement to prevent access of terrorist groups to weapons of mass destruction. FY 1998 and 1999. (State/S/CT, PM, L, INR, EUR)

6. Maintain P-3 solidarity on efforts to bring Libya into compliance with UNSC resolutions on the Pan Am 103 and UTA 722 bombings. FY 1998. (State/S/CT, EUR, IO, NEA)

7. Help expand counterterrorism capabilities and transatlantic cooperation through negotiation of extradition and mutual legal assistance treaties, the provision of anti-terrorist training, and bilateral counterterrorism consultations. FY 1998. (State/S/CT, DS, EUR, DOJ)

ASSUMPTIONS:

- Officials, citizens, and facilities will continue to be terrorist targets.
- Our European allies and Canada broadly share our concerns and commitment to combating global terrorism.
- Counterterrorism Experts of the Eight will continue to serve as a key forum for coordinating a global counterterrorism strategy.
- Proven incidents of state-sponsored terrorism, such as the Mykonos case in Germany, will increase European interest in coordinating more closely with us to address this problem, and may increase European willingness to adopt tougher political measures in response.
- Our EU partners and Canada will continue to resist adoption of economic measures or sanctions against state sponsors of terrorism beyond those multilateral sanction regimes already in effect, and ILSA will remain an irritant in our relations.
- We will continue to enjoy good cooperation with our European/Canadian allies in multilateral efforts to inhibit criminal access to WMD technologies.

INDICATORS:

- Follow-up on counterterrorism measures from the Denver Summit of the Eight.
- Successful completion of negotiations on a multilateral bombing convention.
- Progress toward universal adherence to multilateral conventions on terrorism.
- Reduction of terrorist attacks.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: DEMOCRACY

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Support the development of democratic political institutions, free market based economic institutions and a viable NGO sector with a closed-end program of assistance.

STRATEGY:

Utilize the funds provided under the Support for Eastern European Democracy Act (SEED) to provide transitional assistance, mostly technical, in some cases commodity, to help the countries of Central and Eastern Europe develop the political, legal, judicial, financial and commercial underpinnings of a civil society and western oriented economic and trading system. Coordinate with the EU toward the same ends. Seek EU funds for parallel efforts and aims. Use OSCE and its office of Democratic Institutions and Human Rights (ODIHR) to promote grass-roots democratic and rule of law reforms and support Council of Europe activities in this area.

OBJECTIVE(S):

1. In Bosnia, conduct free and fair elections under OSCE mission; establishment of freedom of movement for all citizens; ensure that every sizable community has access to independent radio or television reporting. FY 1998. (State/EUR, S/SR, DRL)

2. Establishment of a program in Serbia and Montenegro which expand independent media and democracy projects, aid tension reduction in Kosovo, and should politics permit, introduction of economic and political reforms. FY 1998. (State/EUR, DRL, USIA, AID)

3. Initiation of programs which capitalize on opportunities in Romania and Bulgaria arising from election of pro-reform governments. FY 1998 and 1999. (State/EUR, DRL, AID)

4. Through OSCE mission, maintain democratic reform, as well as create conditions for resumption of assistance programs in Albania. FY 1998. (State/EUR, DRL)

5. Maintain flexible but disciplined programs of phased close-out for all Northern Tier countries, taking into account the regional goals of the Northeast Europe Initiative. FY 1999. (State/EUR)

6. Full implementation of programs in all SEED countries which prepare for graduation by advancing economic and democratic reforms. FY 1998 and 1999. (State/EUR)

ASSUMPTIONS:

- Continued support from Congress for OSCE and funding for Dayton implementation.
- Funding at or near projected needs.
- Continued stability and security in the region in general, peaceful evolution of reforms in all the states of the former Yugoslavia and timely return of stability to Albania.

INDICATORS:

- Political indicators such as existence of independent judiciary, free and fair elections, political parties, independent media.
- Improvements to GDP, rates of inflation, privatization percentages, quality of life indicators.
- Maintenance of OSCE's priority in promotion of human rights and democratization.

EUR: FY 1998-1999 PROGRAM PLAN

NATIONAL INTEREST: HUMANITARIAN ASSISTANCE

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters.

OPERATIONAL GOAL: Consistent with the goals and aims of the Support for Eastern European Democracy Act (SEED), contribute to the economic and political reconstruction of war torn areas of Central Europe. Coordinate all humanitarian assistance to states of the former Yugoslavia. Engage the European Union to better coordinate our policies and mobilize resources to meet humanitarian emergencies in war-torn societies.

STRATEGY:

Utilize the funds provided under the Support for Eastern European Democracy Act (SEED) to provide assistance, mostly technical, in some cases commodity, to help the countries of Central and Eastern Europe develop the political, legal, judicial, financial and commercial underpinnings of a civil society and western oriented economic and trading system, including, where appropriate, assistance in rebuilding infrastructure, housing stock and other social capital. Use other disaster relief funds to implement refugee resettlement programs as well as to provide emergency food, shelter and medical care. Facilitate closer cooperation between AID and the European Commission through the New Transatlantic Agenda. Work together with EU partners to bring shared concerns to the attention of relevant UN bodies dealing with responses to such crises.

OBJECTIVE(S):

1. Provision of emergency food, clothing and shelter to vulnerable refugee and returnee populations in several areas of the former Yugoslavia. FY 1998. (State/EUR, AID)

2. Funding in FY97 and FY98 to implement the President's pledge of $600 million of assistance to Bosnian reconstruction. Continue substantial funding for Bosnian reconstruction and SEED-type programs in follow-on years. FY 1998-99. (State/EUR, S/SR, AID)

3. Promote conditions that will allow full resumption of assistance programs in Albania. FY 1998-99. (State/EUR, DRL)

4. Work to end the violence and promote regional stability and political reconciliation in Central Africa. FY 1998. (State/EUR, AF, PRM, AID)

5. Promote democracy and civil society through better coordination of U.S. and EC programs in countries such as Benin, Bolivia and Bangladesh. (State/EUR, PRM, AID)

ASSUMPTIONS:

- Continued support from the Administration and Congress.
- Step-by-step implementation of the Dayton Accords.
- Funding at or near projected needs.
- Continued stability and security in the region in general, peaceful evolution of reforms in all the states of the former Yugoslavia and timely return of stability to Albania.
- Strengthened political cooperation on Central Africa with key EU member States.
- Continued improvements in AID cooperation with European Commission.

INDICATORS:

- Establishment in Bosnia of institutions such as a central bank and single currency.
- Organization of police forces, commanding popular trust, in both Bosnian entities
- Gradual upturn in economic indicators such as GDP, privatization, employment.
- Cessation of harassment of private media; return of displaced persons to their homes.
- Success of U.S.-EU High Level Consultations on Assistance in Fall 1998.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: GLOBAL ISSUES

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation.

OPERATIONAL GOAL: Develop broader cooperation, and joint positions where possible, with Europe and Canada on key environmental issues and global environmental negotiations, including issues related to trade and environment.

STRATEGY:

- Build on U.S.-European and U.S.-Canadian cooperation to address environmental problems in North America and elsewhere in the world, particularly environmental issues in Central and Eastern Europe, the NIS, and Africa. Strengthen U.S.-EU dialogue on environmental issues through the high-level environmental bilaterals and dialogue with the EU Presidency and Troika.

- Focus EU attention on issues of reforming UN environmental agencies, climate change, sustainable forestry management, and water cooperation mechanisms for Central and Eastern Europe.

- Work to reach common positions for the post-Kyoto Climate Change Conference in Buenos Aires in November 1998 and organize a Transatlantic Chemicals Conference in 1998 in Italy.

- Strengthen regional cooperation on environmental problems, including water and land use, energy, urban degradation, and air quality.

- Establish regional environmental hubs in key locations in the region, with a focus on issues related to the Baltics, Black and Caspian Seas, and Central and Eastern Europe.

- Promote U.S. economic and trade objectives by continuing U.S.-EU, U.S.-Canadian, and other bilateral dialogue on issues related to trade and the environment to avoid potential conflicts, e.g. whaling and salmon.

- Utilize the Southeast European Cooperative Initiative (SECI) to promote environmental issues in the region.

OBJECTIVE(S):

1. Obtain EU support for a meaningful role for developing countries in the climate change agreement negotiated in Kyoto in December 1997. FY 1998 and 1999. (State/EUR, OES)

2. Focus European and Canadian efforts to ensure the sustainable management of the world's forests. Convince the EU -- particularly Germany -- and Canada that a forest convention is not the best vehicle to promote sustainable forest management. FY 1998. (State/EUR, OES)

3. Work with the EU and Central and Eastern European countries to ensure the safe production and movement of toxic chemicals and pesticides, including persistent organic pollutants. FY 1998. (State/EUR, OES)

4. Use international science and technology initiatives to promote U.S. economic and trade objectives. FY 1998. (State/EUR, OES)

5. Ensure the sustainable use of the world's fisheries and protect the marine environment from degradation caused by man-made activities, with special attention to driftnet fishing (Italy), salmon and whaling (Canada, Norway, Iceland). FY 1998. (State/EUR, OES, NAFO)

6. Promote the conservation and sustainable use of biodiversity, including forests, wetlands, coral reefs and other ecosystems. FY 1998. (State/EUR, OES)

7. Avoid potential trade conflicts by continuing U.S.-EU dialogue on eco-labelling. FY 1998. (State/EUR, OES, USTR)

8. Continue cooperation through the Budapest Regional Environment Center (REC) in the areas of water and land use, energy, urban degradation and air quality. Get four new RECs up and running in Ukraine, Russia, Moldova, and Georgia. FY 1998 and 1999. (State/EUR, OES)

9. Support the adoption of international environmental performance standards, particularly International Standards Organization (ISO) 14000 in Central and Eastern European countries, as a means to promote industry use of environmentally friendly technologies. FY 1998. (State/EUR, OES)

10. Reduce CFC trade from Russia and other NIS. FY 1998 and 1999. (State/EUR, S/NIS, OES)

11. Strengthen bilateral cooperation with Canada in transboundaries water and air pollution, making effective use of the International Joint Commission. FY 1998. (State/EUR, OES, EPA, Corps of Engineers, Bureau of Reclamation, FEMA).

12. Negotiate interim Pacific salmon fishing arrangements with Canada. FY 1998 and 1999. (State/EUR, OES, DOI).

ASSUMPTIONS:

- Continued cooperation with the EU through the NTA framework.
- EU willingness to engage the U.S. in discussing trade and environment.
- Funds are available to establish new Regional Environmental Hubs.
- Budapest Regional Environmental Center will obtain adequate core funding.
- Whaling continues to be a difficult issue with Norway, Canada, and Iceland.
- Driftnet fishing continues to be difficult issue with Italy.
- Other environmental issues will increase.
- Pacific salmon allocations continue to be a contentious issues between the U.S. and Canada.

INDICATORS:

- EU support of a meaningful role for developing countries in the climate change agreement negotiated in Kyoto in December 1997.
- Successful implementation of U.S. and EU commitments to phase out or reduce emissions of persistent organic substances (POPs), to develop a coordinated U.S.-EU strategy to phase out or reduce emissions of persistent organic substances (POPs) in Central and Eastern Europe, and consensus for joint action to combat desertification in Africa.
- Establishment of regional environmental hubs to cover Baltic, CEE, and Black Sea initiatives.
- Open four new Regional Environmental Centers in Ukraine, Russia, Moldova, and Georgia.
- Development of U.S.-EU-Nordic regional environmental strategies related to the Baltics and interagency cooperation and participation on environmental security issues in the Baltics.
- Reduce illegal CFC flown from Russia
- Bilateral agreements with Canada on salmon fishing, with Italy to fully implement the U.S.-Italian agreement on driftnet fishing, and with Norway to comply with whaling limits imposed by the International Whaling Convention (IWC).
- Conclusion and implementation of U.S.-EU S&T agreement.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: GLOBAL ISSUES

STRATEGIC GOAL: Stabilize world population growth by 2020

OPERATIONAL GOAL: Obtain European Cooperation to stabilize world population growth by 2020

STRATEGY:

Enhance U.S.-EU efforts to stabilize international population growth rates consistent with the goals and objectives of the 1994 International Conference on Population and Development Program of Action. Work to sustain EU support for international family planning programs and expand EU efforts to provide reproductive health services in the context of a comprehensive approach and enlarged U.S.-EU cooperative efforts through the NTA framework in the area of population assistance. Enhance the effectiveness of our respective multilateral contributions (e.g., UNFPA, WHO) to population stabilization efforts. With lesser developed countries in the region (e.g., Turkey, Albania, CIS), work to encourage a more comprehensive reproductive health approach in the design of policies and programs that harmonize national population growth rates and distribution with national economic and social development strategies.

OBJECTIVE(S):

1. Use the NTA framework to encourage senior- level EU focus on the U.S.-EU population agenda and their commitment. FY 1998 and FY 1999. (State/EUR, PRM)

2. Provide greater human resources and financial support to the U.S.-EU population agenda. FY 1998 and FY 1999. (State/EUR, PRM)

3. Cooperate with EU in the Mediterranean and Caribbean Regions on population issues by combining USAID project development with EU funds for population projects in the two regions. FY 1998 and FY 1999. (State/EUR, PRM)

4. Intensify discussions, via the NTA, to identify countries for U.S.-EU collaborative programs. FY 1998 and FY 1999. (State/EUR, PRM)

ASSUMPTIONS:

- Success in bridging the wide divergence of opinion and continuing sensitivity on population issues among EU member states.
- Progress in convincing the EU to focus their substantial resources on regional population-related programs rather than bilateral country specific collaborations.

- Continued high level political interest in including population issues among U.S.-EU Summit priorities.
- Existing international and regional support for population stabilization efforts is maintained.
- Participation of NGOs and civil society supported by national governments.

INDICATORS:

- Increased U.S.-EU cooperative population efforts at the country and/or regional level.
- More effective and systematic coordination of U.S. and EU positions related to multilateral population efforts.
- Improved national population strategic planning and resource allocation.
- Enhanced capacity for public, private, NGO and community-based organizations to design, implement, and evaluate sustainable population programs.

EUR: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: GLOBAL ISSUES

STRATEGIC GOAL: Reduce disease worldwide.

OPERATIONAL GOAL: Reaffirm the U.S. commitment to provide human and financial support to the development and implementation of an effective global early warning system and response network for communicable diseases.

STRATEGY:

Under the auspices of the NTA and in collaboration with the WHO, enhance the U.S. and EU's capabilities to detect and to respond to outbreaks of infectious diseases and utilize that capability to implement an effective global early warning and response system. Support similar efforts in the context of the Summit of the Eight.

OBJECTIVE(S):

1. Develop a prototype infectious disease detection network using the European SALMET (EU network on international occurrence of foodborne disease) as a model for data-sharing. FY 1998. (State/EUR, OES)

2. Increase current cooperation between the U.S. and EU through additional research workshops on infectious diseases, clinical trials, harmonization of case definitions, and cooperative efforts to combat antibiotic resistance. FY 1998. (State/EUR, OES)

3. Increase exchanges of personnel for epidemiological training in disease surveillance at the U.S. Center for Disease Control. FY 1998. (State/EUR, OES)

4. Expand the Task Force efforts to include the countries of Eastern Europe and Russia. FY 1998 and FY 1999. (State/EUR, S/NIS, OES)

5. Promote the cooperation and support of developing countries outside the NTA framework to voluntarily report. and enhance their capacity to recognize disease situations. FY 1998. (State/EUR, OES)

6. Enhance third world nations capacity to detect and control infectious diseases. FY 1998. (State/EUR, AF, EAP, SA, NEA, OES)

ASSUMPTIONS:

- Continued cooperation with the EU through the NTA framework.

- Ability of U.S. and EU to provide human and financial support to the effort.
- Encouraging human and financial support of third party countries.

INDICATORS:

- Increase in number of countries cooperating in efforts to detect, report and combat infectious diseases.
- Inclusion of Russia and Central European countries in planning and development of network.
- Completion of prototype network for food-borne disease and steps to include tracking of additional diseases by network.
- Holding of workshops and carrying out of personnel exchanges directed to combating threat of communicable diseases.

EUR: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: HUMAN RESOURCES

STRATEGIC GOAL: A skilled, motivated, diverse, flexible workforce that enables the U.S. Government to achieve its international affairs goals and respond to international crises.

OPERATIONAL GOAL: Restructured staffing resources throughout EUR domestic and overseas offices and missions which support high priority foreign policy goals and which respond effectively to crises situations.

STRATEGY:

Personnel assignments, training programs and staffing levels must be responsive to policy priorities which can change rapidly within post Cold-War Europe. Using the Overseas Staffing Model (OSM) Mission Program Plans (MPP) and financial planning tools, EUR will analyze short and long term staffing needs on a regular basis, and recruit and train qualified employees to fill positions. The EUR Bureau Executive Office will continue to support the new NIS bureau domestically and overseas. Short-term, acute staffing needs will be filled on a temporary basis, and American and FSN positions may be shifted to meet new priorities. EUR will establish a regional support and training center in Frankfurt to provide cost-effective training to FSN employees, with appropriate billing to ICASS accounts. On-going, structured training programs will permit FSN employees to take more active and responsible roles in post management, while new technologies are deployed to compensate for reduced staffing and increased responsibilities.

OBJECTIVES:

1. Bosnia: Structure domestic and overseas staffing to provide effective support for implementation of the Dayton Agreement Establish positions, adjusting organization and conditions of service as necessary. FY 1998-99. (State/EUR, S/S, S/SR, CA, PER, DS, G; DOD, USAID, USIA, Commerce, DOJ)
2. Regional Training Center: Establish a multifunctional training center in Frankfurt in FY 1999, using existing property assets, which provides on-going administrative, budget, general services and personnel training to FSN employees of ICASS serviced agencies at EUR and NIS posts. Add Consular, protocol political and economic training to the curriculum at a later date. FY 1999. (State/EUR, M, PER, DS, IM, FSI)

3. Administrative centers: Improve administration and oversight of small posts through a new management paradigm of regional experts based in Frankfurt to supervise NIS and Baltic posts, in London for Scandinavian and Baltic posts. FY 1998-99. (State/EUR, FMP, OPR, Post)

4. Bonn/Berlin: Finalize staffing and assignments for the year 2000 move from Bonn to Berlin. Shift all regional activities to Frankfurt. FY 1998-99. (State/EUR, FBO, DG, IM, post)
5. Functional organization: Organize EUR offices to reflect post Cold-War policy priorities, grouping smaller office units, and ending duplicate responsibilities. Overseas, combine Political/Economic sections and other organizational units when practical to make better use of secretarial support and to mitigate the effects of staffing gaps. FY 1998-99. (State/EUR, PER, OPR)
6. Special Representatives - Cyprus, Conventional Forces in Europe (CFE) and Pacific Salmon: Establish appropriate positions, secure personnel and support services to carry out White House initiatives in these areas. FY 1998. (State/EUR, PER, OPR, FMP)

ASSUMPTIONS:

- The severe shortage of Foreign Service administrative, general services, information management, secretarial, and budget personnel will continue, extending staffing gaps and further reducing the ability of down-sized posts to manage new policy initiatives or periodic crises.
- With increased staffing gaps, compensating for centrally funded permanent employees with bureau funded temporary employees will continue to erode EUR financial resources.
- Outstanding property issues in Germany will be resolved in sufficient time to permit an orderly transition from Bonn to new facilities in Berlin and Frankfurt.
- Trained FSNs will be capable of assuming increased responsibilities for post operations as American staffing declines.
- The German government will complete the move to the new capital of Berlin in 1999.

INDICATORS:

- Positions established to support implementation of Dayton Accords.
- Level of employee morale and effectiveness in difficult circumstances.
- Status of plans for the new Frankfurt Training Center, and renovation of new building space in sufficient time to recruit qualified training staff.
- Quality of financial, resource, and personnel planning and implementation in small EUR posts which receive senior management guidance from regional support centers in London and Frankfurt.
- Number of positions transferred, office and residential space secured, support services in place in accordance with the Germany 2000 plan.
- Number of EUR office directorates which consolidate operations, number of overseas posts combining pol/econ sections or other office operations.

EUR: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: INFORMATION RESOURCE MANAGEMENT

STRATEGIC GOAL: Effective and efficient information resources management and information systems that strengthen the ability of the U.S. to achieve its international affairs goals and respond to crises.

OPERATIONAL GOAL: High quality, timely information resources management that supports successful implementation of U.S. policy goals and programs in routine and emergency situations.

STRATEGY:

EUR will make carefully targeted investments in information management resources in order to comply with ALMA and year 2000 requirements, while updating obsolete IM inventories to acceptable standards. Overseas and domestic managers will be tasked to ensure that employees, both American and FSN, have sufficient training to take maximum advantage of new information technology. Acquisition planning and inventories will be continually updated to ensure that EUR competes successfully for priority funding through the Joint Planning Program.

OBJECTIVES:

1. Replace all EUR unclassified systems: Target is 41 posts with Year 2000 compliant systems in FY 98, and 33 systems in FY 99. FY 1998-99. (State/EUR, IM, CA)

2. Secure funding to replace CLAN systems at 23 EUR posts with year 2000 compliant systems. FY 1998-99 (State/EUR, IM, FMP)

3. Expand band width at 20 key posts to support increased Internet and telephone applications. FY 1998-99. (State/EUR, IM, FMP)

4. As appropriate, increase use of FSNs and professional associates capable of managing IM programs now staffed by direct hire personnel. FY 1998-99. (State/EUR, IM, FSI)

5. Complete IM planning for the new Chancery in Berlin, matching equipment, training and installation schedules to the Berlin 2000 plan. FY 1998-99. (State/EUR, IM, FBO)

ASSUMPTIONS:

- Current Wang unclassified systems; used for vital administrative operations, are not Year 2000 compliant and will be too expensive to modify.

- The Department will continue to move toward industry-standard, open architecture systems of PC -based LANs and away from existing minicomputer systems.
- The Department will develop PC-based software to replace current Personnel, Finance and other administrative applications.

INDICATORS:

- Number of posts still relying on Wang technology.
- Ratio of office users to installed and networked Y2K compliant PC's in EUR.
- Number of trained professional associates capable of handling regular IM duties.

EUR: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: INFRASTRUCTURE AND OPERATIONS

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL (a): Improved management of physical plant and property resources to support USG policy objectives.

STRATEGY:

The USG owns significant property assets in Europe, many acquired at the end of WWII. Some of these properties are worth millions of dollars, but may no longer meet program requirements, may be too large or too small for economic operation, or may require costly maintenance and reconstruction. Rationalizing post property inventories requires a comprehensive review of current property values and maintenance costs, measured against current policy priorities and the needs of tenant agencies at EUR missions. In concert with FBO, EUR will establish Bureau-wide priorities for property improvements and then determine if properties should be sold, exchanged, or upgraded to ensure that EUR missions are appropriate "platforms" for all USG agencies present at post.

OBJECTIVES:

1. Establish Bureau-wide priorities for real property acquisition, sale, management and maintenance, in consultation with FBO. FY 1998-99. (State/EUR, FBO)
2. Secure sufficient, timely funds from the sale or exchange of properties in Bonn to finance a significant portion of the cost of the new Chancery in Berlin, with FRG cooperation. FY 1998-99. (State/EUR, FBO, Embassy Bonn)
3. Sell or exchange aging, oversized or inadequate properties in EUR countries to acquire new physical assets which support increased USG engagement and new policy objectives in Europe. FY 1998-99. (State/EUR, FBO)
4. Acquire new property in the Balkans and Baltics which meets acceptable standards for employee/family safety and morale. FY 1998-99. (State/EUR, FBO)

ASSUMPTIONS:

- Funding for property acquisition will remain static.
- Other agencies will require increased use of USG property assets overseas.
- Excessive or ostentatious property will continue to attract public and congressional criticism.

INDICATORS:

- Construction of the new Berlin Chancery and remodeling of Ambassador's Residence begins on schedule.
- Decline in maintenance and rehabilitation expenses as more economic properties are acquired.
- Survey of employees and family members at the Balkan and Baltic posts on their satisfaction with working and housing conditions.

EUR: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: INFRASTRUCTURE AND OPERATIONS

STRATEGIC GOALS: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL (b): Department-wide ability to measure resources committed to policies and programs.

STRATEGY:

The State Department does not have adequate methodology to measure the resources--personnel and funding--committed to supporting policy goals and objectives. In order to develop such a methodology, EUR is developing a tool, linked to Mission Program Plans and Budgets, to determine precisely where resources are being spent: Resource and Budget Integration Tool (RABIT). Senior Department managers have indicated their intention of adopting RABIT for use Department-wide. The methodology is currently being tested at a variety of pilot posts, with the aim of instituting it on a worldwide basis in FY 98. When this tool is fully operational, post and bureau management will be able to assess precise program costs, and to shift resources when necessary to support higher priority programs. This information will be linked, in consistent format, to the Department's strategic planning.

OBJECTIVES:

1. Establish empirical matrix to link policy to resources through a Resource and Budget Integration Tool (RABIT). FY 1998-99. (State/EUR, other regional bureaus, FMP, M/P, S/RPP)
2. Complete testing and refinement of the Resource and Budget Integration Tool (RABIT) at pilot posts by the second quarter of FY 98. FY 1998. (State/EUR, other regional bureaus, FMP, S/RPP, M/P)
3. Introduce RABIT for worldwide use in the fourth quarter of FY 98. FY 1998. (State/EUR, other regional bureaus, FMP, M/P, S/RPP).

ASSUMPTIONS:

- The variety of posts testing the pilot program will provide sufficient and appropriate input for refining RABIT methodology.
- Senior Department managers will continue to support this initiative and to provide leadership, advice and funding for completing the project.
- Once implemented, RABIT will remain useful for several years as USG approaches to strategic planning continue along current lines, emphasizing GPRA.

INDICATORS:

- Pilot posts report that RABIT is both successful in plotting resources/policy linkages, and easy to use.
- FMP, S/RPP and M/P incorporate RABIT into Department strategic planning.

Albania Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	27,100	30,000	35,000
ESF	-	-	10,000
Peace Corps	548	-	-
MRA	1,000	-	-
FMF	100	1,700	2,000
IMET	666	600	600
Total, Albania	**$29,414**	**$42,300**	**$47,600**

U.S. Foreign Policy Objectives:

Developments in Albania can have a tremendous impact on a volatile region of Europe. The large, unassimilated Albanian diaspora in neighboring Kosovo, Macedonia, and Montenegro remains a potentially destabilizing influence. Consolidation of democracy, regional stability, and market economy are key U.S. interests in Albania, but the country's legacy of Stalinism presents a significant challenge to democratic and economic reforms and political polarization within the society is acute. The total collapse of central authority in early 1997 and the months of turmoil that followed threatened to reverse all of the political and economic achievements of the early 1990s. Our objective remains development of a democratic state integrated in its region and built on a rule of law, respect for human rights, and maturation of a market economy.

Strategy for FY 1999:

In the aftermath of great unrest in 1997, U.S. strategy focuses on helping Albanians rebuild basic civil order, reestablish democratically oriented governmental institutions that can foster political reconciliation, instill proper separation of powers, and provide economic structures that can withstand future financial disasters, such as the creation and collapse of massive illegal pyramid schemes. The U.S. has fashioned a program of targeted technical assistance to the new government to encourage improved professionalism in the judiciary and police and lock in democratic practices. The U.S. is also providing crucial assistance to develop a sound financial sector and to facilitate economic growth. Moreover, American example and prodding have convinced European and multinational donors to mobilize their own resources to help address the gaping needs and to coordinate closely among themselves to avoid duplication of effort.

Throughout, the U.S. and its partners have underscored that continued assistance is predicated on the Albanian Government's good faith efforts to adhere to advice, include all of Albanian society in the reform process, and adhere to international human rights

standards. Through FY 1997, the United States has committed over $200 million to assist Albania's economic and political transformation and to address humanitarian needs. This aid has also been key in forestalling a polio epidemic in 1996 and a humanitarian disaster in 1997, thus alleviating large refugee flows into neighboring countries and reducing instability.

Prior to the crisis the Albanian military was on course for establishing and maintaining a Western-style military under civilian control. For a number of years, Albania has been an active and enthusiastic participant in U.S. bilateral assistance programs and the PFP. Even during the turmoil, the military remained under firm civilian control, and the vast majority did not act against civilians. Nevertheless, most of the Albanian military, especially units with no experience in U.S. security assistance programs or with PFP, collapsed during the unrest. These units need to be rebuilt and re-equipped with basic provisions and training. Following the crisis in 1997, U.S. military aid was drastically reduced. Security assistance activities are cautiously being reinstated as the situation in Albania stabilizes. When appropriate, FMF will enable the Albanians to purchase basic equipment and training. The IMET program will continue to encourage professionalism within the Albanian armed forces, foster respect for human rights and the rule of law, and promote the understanding of civilian control of the military.

Albania will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to address Albania's lack of basic military equipment. Troops have no change of uniform, and lack undergarments and cold weather gear. Units lack minimal infrastructure, such as transportation and housing. Lacking patrol boats and fixed-wing aircraft, Albania is unable to effectively control its border and has no control over its coastal waters, contributing to serious problems with narcotics smuggling, organized crime, and environmental degradation of its fisheries.

Indicators:

- Domestic political reconciliation through inclusion in decision making processes;
- An inclusive drafting process for the constitution, with approval by referendum;
- Professionalization of the judicial sector with a firm separation of powers;
- A strategy to improve police professionalism and respect for human rights;
- More responsible and accountable local government;
- An independent media free from governmental pressure;
- Continued privatization of state-owned assets;
- Financial sector reform and the development of western financial structures;
- A flourishing small-medium sized business sector;
- Macroeconomic discipline;
- Moderation in foreign policy toward neighboring states;
- A strategy to solidify civilian control and reestablish military competence;
- Improved interoperability with NATO.

Bosnia and Herzegovina Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	217,500	215,000	225,000
IMET	500	600	600
Total, Bosnia and Herzegovina	**$218,000**	**$215,600**	**$225,600**

U.S. Foreign Policy Objectives:

Bosnia and Herzegovina is emerging from a devastating conflict that threatened to destabilize the rest of Central and Eastern Europe. The U.S. is playing the lead role in the Bosnian peace process, which is also the first test case for the emerging post-Cold War European security system. U.S. policy toward Bosnia aims at providing a stable security environment to facilitate the full implementation of the Dayton Accords, as well as supporting broad democratization, and restoring the country's infrastructure to promote economic growth.

The 1995 Dayton accords have been a success: fighting in Bosnia has stopped; arms control agreements have led to the destruction of more than 6,000 heavy weapons; police are being reformed and professionalized; civilian life is beginning anew; the Bosnian economy is growing; and democracy is taking hold. General elections were held in 1996, municipal elections in 1997, and new nation-wide elections are scheduled for September 1998. The media scene is becoming diversified, and freedom of movement between ethnic majority areas has made some progress. However, the peace process is not yet self-sustaining. The political leaders of all factions drag their heels on cooperation. Many war criminals remain at large, and the limited scale of ethnic minority return has been unsatisfactory.

The President has identified the implementation of the Dayton Agreement as in the national interest. His recent visit to Bosnia confirmed Bosnia as a top foreign policy priority for this administration.

Strategy for FY 1999:

A broad interagency effort has been mobilized to assist in the implementation of the Dayton Agreement.

Eight thousand five hundred U.S. troops have been deployed to Bosnia as part of the 30,000-member NATO-led Stabilization Force (SFOR) that is charged with deterring renewed hostilities and contributing to a secure environment for consolidation of the peace and further progress in the civilian implementation process. These troops have

been given robust rules of engagement to carry out their mission and defend themselves.

The United States will continue the transition from the current U.S.-led international Train and Equip Program for the Bosnian Federation to a more traditional military-to-military relationship. During the transition process, repair parts and other material will be needed to sustain the U.S. equipment provided thus far under the Train and Equip Program. With authorization from Congress and the Administration, the Department of Defense has drawn down some $90 million worth of equipment and services for provision to the Bosnian Federation.

IMET will complement the support effort and facilitate closer bilateral ties with the United States, thereby providing an opportunity to influence the evolution of military policy in the Bosnian Federation. Specific IMIET objectives are to foster professionalism among Bosnian military officers, encourage respect for human rights and the rule of law and develop a greater understanding of the principle of civilian control of the military.

Military stabilization is flanked by an economic and political reconstruction effort aimed at bringing to the people of Bosnia the benefits of peace over war. As physical reconstruction, financial revitalization, and democratic and economic reform are taking hold. U.S. assistance is moving away from humanitarian aid. In FY 1996, U.S. humanitarian assistance amounted to $399 million for all of former Yugoslavia (mostly for Bosnia), falling to $283 million in FY 1997 and projected to decline further.

From 1996 through 1998, the U.S. has pledged more than $600 million over three years to international reconstruction efforts to rebuild Bosnia's shattered infrastructure. This amount supports the Priority Reconstruction Project for Bosnia, to which nearly 60 donors made commitments. For FY 1999, the Administration is requesting $225 million of SEED funding for Bosnia, of which $25 million is for police monitoring and training, and $200 million is for economic reconstruction.

There has been substantial economic progress in Bosnia. It was the fastest growing economy in the world in 1997 – at 35 percent – with double digit growth expected to continue. Despite this success, the Administration has concluded that the U.S. and other donors will have to stay engaged in Bosnian reconstruction efforts beyond the three-year Emergency Reconstruction Plan. Bosnia is not close to having a self-sustaining economy, and the World Bank estimates that Bosnia will require large-scale external assistance until the early years of the next century just to reach its relatively low pre-war GDP-level. The SEED program also includes a number of measures designed to facilitate the transformation of the Bosnian economy.

Economic reconstruction is complemented by democratization. The U.S. anticipates contributing up to $25 million for police training and monitors in FY 1998 ($15 million SEED and up to $10 million INC), and approximately $11 million for elections and

human rights monitoring. Under the SEED program, the U.S. government is helping design and implement a wide range of democratization programs, including assistance for non-partisan and independent media. This is particularly important in the support of democratic elections -- general elections are scheduled for September 1998 -- and the effective functioning of Bosnia's new institutions. Support for law enforcement agencies is geared at improving the rule of law in Bosnia, which is indispensable for widespread minority return. Support for refugee return efforts rounds out democratization and human rights measures and is a top priority in 1998. The U.S. is giving substantial assistance to UNHCR, the ICRC, and other international agencies working on refugee return.

The Administration has identified the implementation of the Dayton Agreement in Bosnia as in the national interest and as a top foreign policy priority. President Clinton has initiated an international effort to train and equip Bosnian Federation forces so as to provide the Federation with an adequate defensive capability and to establish a military equilibrium when SFOR departs. Bosnia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to supplement the effort to provide Bosnia with an adequate defensive capability.

Indicators:

- Progress in the establishment of a military equilibrium in Bosnia.
- Improvements of Bosnian infrastructure.
- Economic growth and increased movement of capital, goods, and services within Bosnia as well as with outside trading partners.
- Further development of free market policies that support the growth of the private sector.
- Regularized operations of Bosnia's institutions, improved police performance, increased respect for judicial independence.
- Creation of effective public finance structures at the national, entity, and municipal levels open to public scrutiny, including effective tax and tariff collection, government budgeting, and inter-governmental revenue sharing.
- Diversification of the media scene
- Growth of independent political parties.
- Increased minority returns and traffic between ethnic majority areas.

Bulgaria Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	34,000	31,000	30,000
FMF	3,000	4,200	6,000
IMET	903	950	950
Peace Corps	1,355	1,515	1,523
Total, Bulgaria	**$39,258**	**$37,665**	**$38,473**

U.S. Foreign Policy Objectives:

Bulgaria occupies a key location on the troubled Balkan peninsula, bordering Serbia-Montenegro and the Former Yugoslav Republic of Macedonia, as well as our NATO allies Greece and Turkey. The Bulgarian government has demonstrated a commitment to regional stability which the United States has encouraged. The United States has a strong interest in assisting Bulgarian efforts to complete its processes of economic, political and military reform and to integrate more fully into Western institutions. U.S. foreign policy objectives include: the growth of a free-market economy; the development of a tradition of democracy, human rights and pluralism; as part of a broader effort to promote Bulgarian integration into multilateral institutions, promotion of civilian oversight, modernization, professionalization and interoperability of the Bulgarian military with U.S. and NATO forces; prevention of illicit transfers of arms and lethal technology; and the advancement of U.S. business interests, including reduction in the production of pirated CDs and other intellectual property.

Strategy for FY 1999:

Since the fall of communism in 1989, economic reform has progressed in fits and starts. In late 1996 and early 1997, long festering problems in the financial and state enterprise sector erupted into a full-blown crisis. In early elections, a reformist coalition was elected in April 1997. The new government has moved quickly to put the economy on a sound footing by instituting a currency board, exercising fiscal and monetary restraint, reorganizing a bloated bureaucracy, closing bankrupt banks and accelerating privatization. Our strategy to encourage a free market system includes using high level diplomatic contacts and SEED programs to support structural reforms, privatization (including the hiring of independent, international consultants to oversee the largest of the enterprise sales), enhanced banking supervision, and growth in the private sector through increased availability of financing for private firms.

Bulgaria has become a functioning parliamentary democracy with a freely elected government. Despite this significant progress, corruption and organized crime remain serious problems. Credible reports of police excesses also concern the United States.

Our strategy to foster democratic institutions and pluralism includes high-level diplomatic contacts to press our concerns, providing institutional support and SEED grants to Bulgarian NGOs to empower citizens and local governments, monitoring the situation of ethnic and religious minorities in Bulgaria, and providing training with SEED funds to increase the professionalism of the Bulgarian police force.

Bulgaria has been an active PFP partner, and in February 1997 declared its intention to join NATO. New legislation increased civilian control of the military and laid the groundwork for a smaller, streamlined military force. The government is creating a rapid reaction force dedicated to training for peacekeeping operations and interoperability with PFP partners and NATO. 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 replace the Warsaw Pact doctrine and force structure inherited from the Communist period, the FMF contributes to military reform and improved interoperability with NATO. IMET, by focusing on professionalization and fostering respect for civilian oversight of the military, strengthens democratic institutions in Bulgaria.

Our strategy to prevent the illicit transfers of arms and sensitive dual use items and technology includes high level diplomatic contacts to urge the government of Bulgaria to strengthen its export control regime, and technical advice. In 1998, we will begin a new program with the government of Bulgaria aimed at strengthening border controls to prevent proliferation of weapons of mass destruction.

While American trade and investment to date has been small, under the right political and economic conditions, Bulgaria could be a significant market for U.S. trade and investment. Our strategy includes advocacy of U.S. business interests, identification of opportunities and obstacles, and provision of information to the U.S. business community. We are pressing the government of Bulgaria to take strong measures to prevent the production and export of unlicensed CDs, CD-ROMs and other copyrighted works.

Bulgaria will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA for Bulgaria supports our foreign policy goal of encouraging Bulgaria's engagement with Western institutions, including the Partnership for Peace and NATO. It also has the effect, by increasing interoperability with other regional PFP members, of building intra-regional ties among the countries of the Balkans. Specifically, EDA enhances Bulgaria's efforts to create a professional peacekeeping force for international operations. By assisting in Bulgaria's attempts to modernize and reform the military, EDA also contributes to a strengthening of Bulgarian democracy.

Indicators:

- A more transparent, accountable and market-responsive private financial sector.

- An increased transfer of state-owned assets to the private sector.
- More accountable local government.
- Increase in police effectiveness and accountability.
- Promotion of U.S.-trained officers to senior military or defense ministry positions.
- Increased interoperability with NATO, as measured by adoption of NATO military doctrine and standards. Increase in U.S. exports to and investment in Bulgaria.
- Reduction in production of unlicensed CDs and CD-ROM's.

Croatia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	12,200	19,000	10,000
IMET	427	425	425
Total, Croatia	**$12,627**	**$19,425**	**$10,425**

U.S. Foreign Policy Objectives:

The U.S. has a clear and compelling interest in the encouraging Croatia, as a signatory to the Dayton Accords, to play a responsible role in the region. One of the most prosperous and industrialized regions of the former Yugoslavia, Croatia is working toward establishment of a democratic government and market-oriented economy amid the legacy of Yugoslav communism and the burdens of the aftermath of war in neighboring Bosnia-Herzegovina, including nearly 400,000 refugees. Croatia has conducted multi-party elections and has stabilized its currency and economy sufficiently to win International Monetary Fund (IMF) backing. Problems remain, however, in the adoption of democratic practices and respect for human rights, particularly with regard to the Serb minority. U.S. foreign policy objectives in Croatia include development of a market-oriented financial sector and legal system that support a free enterprise economy. We also seek to strengthen Croatia's democracy and pluralism, including adoption of Western standards of human rights and freedom of speech and association. At the same time, we are taking steps to encourage development of a professional Croatian defense establishment that enjoys close cooperation with the U.S. military and understands Western defense doctrine and practice.

Strategy for FY 1999:

To encourage the development of a market-oriented economy, the United States funds through the SEED program technical assistance programs to assist in creating a well-regulated banking system and open-market mechanisms to fund the government budget deficit. In addition, through ongoing technical assistance programs, we support efforts to adopt necessary legislation such as a securities and investment fund law, a bankruptcy law, and a commercial code. The United States negotiated and signed in 1996 a Bilateral Investment Treaty with Croatia, which codifies investor protection and further strengthens Croatia's commitment to honor the principles of a free economy.

U.S. SEED funding is also provided to strengthen Croatian democracy and foster continued development in public administration as well as in human rights and free speech. The United States provides training and technical assistance to strengthen political parties and upgrade the public administration skills of local government

authorities. U.S. training and journalism support programs assist in the development of an independent press. U.S. Government legal assistance projects in Croatia further the protection of human rights. We are also assisting efforts to rebuild war-ravaged Eastern Slavonia -- where the regional population includes a substantial percentage of Croatia's ethnic minority groups.

The current IMET program encourages Croatia to continue seeking closer integration with Western security structures, provides incentive for a deepened bilateral security relationship, and promotes stability in the region. Croatia's IMET program specifically focuses on developing professionalism and leadership skills among military officers and NCOs, encouraging effective defense resources management, fostering the understanding of human rights and the rule of law, and developing an appreciation among Croatian military officials of the proper role of the armed forces in a democracy.

Defense cooperation between the United States and Croatia consists of a small IMET program and U.S. Military Liaison Team to support the downsizing, modernization, professionalization and civilian control of Croatia's armed forces. A key aim of this initiative is to help reorient the Croatian armed forces towards a more defensively oriented Western style force structure and assist the Croatians to strengthen the institutional structures of civil-military relations.

Indicators:

- Progress on Dayton Agreement implementation.
- Accelerated returns of refugees and displaced persons in Croatia and throughout the region.
- Completion of the privatization process.
- Development of a transparent, well-regulated commercial banking system.
- Adoption of modern finance laws and uniform procedures for contracts.
- 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.
- Reliable and transparent mechanisms to protect human and minority rights.
- Expansion of independent media and creation of alternative sources of information.

Cyprus Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	15,000	15,000	15,000
Total, Cyprus	**$15,000**	**$15,000**	**$15,000**

U.S. Foreign Policy Objectives:

Cyprus' potential to develop into an important regional financial, commercial, and communications center is hampered by the unsettled Cyprus dispute, now decades old. The population exchange that ensued after the 1974 hostilities has left the Greek and Turkish Cypriot communities virtually separated. UN peacekeepers have been patrolling the heavily-militarized island since 1964. Cyprus continues to be a serious source of tensions between Greece and Turkey. An intercommunal settlement would enhance regional stability and help Cyprus benefit fully from its strategic location at the crossroads of Europe, the Middle East, and North Africa. With its advanced economy, Cyprus continues to be a promising market for U.S. products and offers a prime location for U.S. exports to the region and beyond. U.S. foreign policy objectives in Cyprus include:

- Assisting settlement efforts and enhancing prospects for an end to the island's division through bicommunal activities.

- Making the United States Cyprus' number one exporter and increasing exports through 2000.

Strategy for FY 1999:

In support of the UN Secretary General's good offices mission in Cyprus, the United States has been actively engaged in diplomatic efforts to advance a Cyprus settlement. We seek the establishment of a bizonal, bicommunal federation that will guarantee a secure future for both Cypriot communities. Our diplomatic efforts have been undertaken by President Clinton and other senior Administration officials in Washington and the field. Our embassies in the region engage on a daily basis with authorities and opinion leaders in Cyprus, Turkey and Greece.

Through program resources we seek to promote intercommunal interchange which will foster an appropriate climate for successful negotiations and will build a base for normalized cooperation under a future settlement. In planning and carrying out a wide range of bicommunal activities financed through ESF funds, Greeks and Turkish Cypriots can learn to work together productively to advance the economic and social

development of their island. We will use ESF for bicommunal activities in the fields of health, environment, forestry, water resource management, education, historic preservation and urban renewal.

To increase lines of communications between the two communities, we will use ESF funds to provide scholarships for Turkish and Greek Cypriot students and short-term technical training for target groups of community leaders. Extension of educational opportunities to promising young Cypriots can advance 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 bicommunal seminars, workshops, and lectures on the island on issues relevant to both communities.

Our efforts to increase U.S. exports to Cyprus include aggressive solicitation of business, expansion of computer services to Cypriot importers interested in American products, and the hosting of trade events.

Indicators:

- Genuine bicommunal cooperation in identifying, planning and implementing projects which benefit the entire island.
- Identification of projects which are relevant, make efficient use of resources, and have positive impact.
- Creation of a shared educational experience, value system and language among a select group of young Greek and Turkish Cypriots.
- Creation of opportunities for short and long-term interaction between the two communities.
- Increased U.S. exports to Cyprus.

Czech Republic Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	9,087	10,800	7,500
IMET	737	1,350	1,350
Peace Corps	429	0	0
Total, Czech Republic	**$10,253**	**$12,150**	**$8,850**

U.S. Foreign Policy Objectives:

The primary U.S. foreign policy objective is to help the Czech Republic prepare effectively for NATO membership. Other objectives are to encourage an economic environment, which will promote U.S. business and investment; to press for restitution of, or compensation for, U.S. citizen properties confiscated by the Nazis and/or by the Communists; to enhance our partnership with the Czechs against international crime/drugs/nuclear smuggling/WMD proliferation, and against the export of potentially destabilizing weapons and technologies; and to encourage the Czech Government to provide greater human rights protection for the Romani population.

Strategy for FY 1999:

Because of the great strides made in its political and economic transformation, the Czech Republic no longer receives U.S. assistance from the SEED program or Peace Corps.

In FY 1999, assuming ratification, the Czech Republic will take its place as a full-fledged NATO ally. As the above chart demonstrates, U.S. assistance will be devoted almost exclusively to Czech NATO accession efforts. During this period, we will want to identify and target available resources -- such as Warsaw Initiative funds, IVP and IMET programs -- to address NATO interoperability, English language training, NCO training, the defense budgeting process, C4I, and air defense modernization. To further assist, the Czech Republic will be eligible in FY 199 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. In FY 1999, we are also requesting $20 million in FMF loan subsidies to support the Central European Defense Loan program, which is designed to address deeper deficiencies through qualitative improvements in a country's defense infrastructure. We will offer FMF loans to creditworthy Central European states, and plan to make an initial loan offer to the Czech Republic to support its Regional Airspace Initiative (RAI) systems through acquisition of radars, aircraft communications and navigation systems, and airfield infrastructure improvements. In addition, the Czech Republic will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act.

Aside from this, to be a reliable ally the GOCR needs to focus on making its military an attractive and viable career option. As such, we will want to help the Czech Republic address all-important "quality of life" issues in its military, such as housing, benefits and personnel development. We will urge more active GOCR efforts to improve the image of the Czech military in society, as well as public understanding of the benefits and responsibilities of NATO membership. We will also urge greater Czech defense cooperation with Poland and Hungary, and a more active security dialogue with other prospective NATO members from the region.

Although not specifically tied to U.S. assistance, we will encourage the GOCR to pursue policies which regulate and ensure transparency in Czech capital markets. In this way U.S. and other foreign investors will be confident enough to provide the Czech Republic with much-needed capital and know-how. It was, in large part, the lack of such policies which caused the economic difficulties in the first half of 1997, and turned investors away from the country. Along these lines, we will want to see privatization of the remaining state-controlled companies, while ensuring access for U.S. companies to all bids. We will also want to monitor Czech laws and practices to minimize unfavorable impact on U.S. firms as the GOCR negotiates to join the EU.

The other objectives listed are also not specifically tied to U.S. assistance, but are nonetheless important. In particular, we will press the GOCR to allow U.S. citizens of Czech origin to petition successfully for return of Nazi- or Communist-era expropriated property, or receive fair compensation.

Indicators:

- The GOCR maintains defense-spending increases to match standard NATO ally outlays.
- Level of NATO interoperability increases.
- Greater Czech public support for NATO.
- U.S. investment in the Czech Republic rises.
- Czech-Americans receive restituted properties or fair compensation.
- The Czech Republic continues to adhere to export control regimes.
- Roma complaints against police and other official discrimination decrease.

Estonia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps (Baltics Program)	738	772	800
FMF	1,500	5,700	4,700
IMET	572	650	650
Total, Estonia	**$2,810**	**$7,122**	**$6,150**

U.S. Foreign Policy Objectives:

Ever since Estonia regained its independence in 1991, the prime U.S. objectives in Estonia have been to 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. We want to ensure 1) the reintegration of a democratic, tolerant, and prosperous Estonia into the West; 2) the success of the Regional Airspace Initiative, the Baltic Peacekeeping Battalion and other such regional programs, and NATO-compatible training for Estonian defense forces (which will open the door to Estonia's continued participation in other peacekeeping missions beyond SFOR and UNIFIL); and 3) consolidation of the successful transition to an open-market economy and of fair market access for U.S. business. We are also supporting Estonian efforts to enhance regional security by improving relations with Russia and by playing an active role in the Partnership for Peace, the OSCE, and other international institutions. These objectives were incorporated into the U.S.-Baltic Charter of Partnership signed by President Clinton and the three Baltic presidents on January 16, 1998.

Strategy for FY 1999:

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. Continued support through the SEED-funded law and democracy initiative, including training for judges, is needed to ensure independence and expertise for the Estonian judiciary.

Estonia's economy, and to a certain extent its political system, remain under pressure from organized crime groups. Conflict of interest among government officials is also a source of concern. The police remain ill-trained, underpaid, and overwhelmed. Continued SEED-funded training by U.S. law enforcement agencies such as Customs, DEA and the FBI (including through a legal attaché office in Tallinn) in-country and at the ILEA in Budapest will help reverse these negative trends and protect the U.S. against spillovers from money-laundering and trade in illicit materials.

As Estonia more clearly defines its national security strategy and prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, IMET has a significant multiplier effect by training trainers and giving more junior officers the leadership and administrative skills to take over from officers still operating on Soviet guidelines. Estonia's IMET program will focus on professional military education and the development of an indigenous English language training capability, as well as provide training in defense resources management, civil-military relations and human rights. Estonia will continue to be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in order to enhance NATO interoperability and to help Estonia carry out NAT-compatible peacekeeping operations.

U.S. supply of equipment is an essential complement to training provided by Nordic and UK officers. Replacement of worn-out equipment through additional funds for BALTBAT will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement in 1998 and beyond. Support to BALTBAT and other Baltic regional programs will be provided through bilateral security assistance, e.g., FMF-funded purchases, EDA transfers and IMET.

FMF will support cash-strapped Estonia's participation in the full range of PFP activities, keep Estonia focused on the practical, here-and-now steps toward NATO, and help Estonia integrate its airspace with NATO equipment and standards.

U.S. traders and investors see Estonia's free-trade regime and pragmatic approach to privatization as conducive to doing profitable business, but they continue to feel shut out of Estonian markets by apparent insider arrangements with Nordic competitors. This perception likely will increase as Estonia begins the EU accession process in 1998 and works to harmonize its trade regime with EU standards. Continued technical assistance from the programs of the American Bar Association (ABA/CEELI) and Department of Justice/Federal Trade Commission in the commercial law area are essential to help Estonia's government and parliament improve the trade and investment climate. A resulting increase in direct U.S. investment will enhance "sovereignty support".

Indicators:

- More thorough and efficient prosecution of organized crime and corruption by Estonian authorities.
- Increase in Estonian spending on defense as a percentage of annual budget.
- Advancement of more graduates of IMET programs to senior military or MOD positions.

- Growing Estonian participation and leadership in bilateral exercises and participation in regional PFP and peacekeeping exercises.
- Demonstration of interoperability with NATO in all PFP exercises.
- An increase in new, direct U.S. investment to a minimum of $100 million per year.

Former Yugoslav Republic of Macedonia (FYROM) Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	16,100	16,000	16,000
FMF	1,500	7,900	6,000
IMET	319	450	450
Peace Corps	313	404	439
Total, FYROM	**$18,232**	**$24,754**	**$22,889**

U.S. Foreign Policy Objectives:

Key U.S. interests in Southeastern Europe intersect in the Former Yugoslav Republic of Macedonia: securing stability, cohesion and alignment with Western institutions; promoting democracy and civil society; and stimulating the development of prosperous market economies. The FYROM has demonstrated its commitment to political and economic reform and to fuller integration into Euro-Atlantic institutions. Over the past six years it has contributed to peace in Southeastern Europe by hosting the 1,000 troops of the United Nations Preventive Deployment (UNPREDEP), which monitors conditions along the FYROM/Serbia border. Now down to a total troop strength of 750 personnel, about half of these troops are from the United States. In a tough neighborhood and in the face of threats to its security and shocks to its economy, the FYROM pushed through a series of political and economic reforms, and is now poised to cooperate with its neighbors as a sovereign and equal partner. The United States has a compelling interest in seeing that these reforms take firm root and in helping the FYROM to develop a fully functioning civil society, an economy that contributes to its own and the region's development, and a Western-oriented military that cooperates with its neighbors.

Strategy for FY 1999:

The Macedonian government has laid a solid foundation for progress on all fronts. U.S. programs have supported its stabilization programs and the government has stabilized the currency and brought inflation down to manageable levels (although unemployment remains at a high level). Privatization is well underway, with the private sector now accounting for over 60 percent of GDP and almost 70 percent of total official employment. Foreign companies are beginning to target the local market, but the level of foreign investment in the FYROM is still very low because of the perception of high political risk by foreign investors. SEED assistance in the coming period will be targeted at enhancing economic stabilization and creating the infrastructure necessary for a market economy, particularly by stimulating private investment.

Assisting Macedonian efforts to build a multi-ethnic civil society will help consolidate internal and regional stability. As a constitutional democracy with a constitution that guarantees fundamental civil rights, the government has worked to see that all the country's citizens enjoy equal rights. But ethnic tensions and prejudices persist, particularly in regard to the sizable ethnic Albanian minority. Difficulties faced by ethnic Albanians have caused some to turn to separatism, and this in turn has precipitated intolerance in the majority Macedonian population. The United States is actively engaged in encouraging the Macedonian government to expand opportunities for the ethnic Albanian minority in the context of building a fully functioning civil society. Through programs targeted at political party development, we will help the FYROM develop a tradition of respect for the will of the majority with protection of the rights of the minority.

The FYROM remains a linchpin of stability for Southeastern Europe. The country still faces serious challenges to its security that can only be resolved with the help of the international community. The United States has taken the lead in marshaling international resources to support the FYROM's territorial integrity in the face of unresolved border issues, a military imbalance between the FYROM and its neighbors, instability in Serbia/Montenegro including tensions in Kosovo, tensions among its own ethnically mixed population, and a sputtering economy. The United States will accelerate its support of the FYR of Macedonia's efforts to build a small but modern defense force capable of providing a credible defense of the country. Until Macedonian capabilities are built up there will continue to be a need for international safeguards against the spread of instability. With the end of the UNPREDEP mandate on August 31, 1998, we will work with key partners in the international community to ensure that a stable security environment is maintained.

In January 1997 DOD tasked EUCOM to assess the FYROM's immediate needs. The EUCOM report provides a blueprint for security assistance that will eventually result in a credible Macedonian defense force. FMF will enhance the operational and maintenance capability of the Macedonian armed forces and increase their interoperability with NATO through training and acquisition of NATO-compatible equipment. A significant part of the FMF requested for FY 1999 (about $5 million) will be dedicated to establishing an Air Sovereignty Operations Center, which will allow the FYROM to coordinate airspace operations with its neighbors using NATO standard equipment. This is considered a major confidence building measure. FYROM will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to help the Macedonian military acquire desperately needed vehicles, communications equipment, weaponry, medical and other supplies. IMET funds will continue to train Macedonians in English language, U.S. military practices, and military professionalism, and promote understanding of the concept of civilian control of the military. Also FYROM has volunteered to host the third annual South East Europe Defense Ministerial in late 1998 - a major regional security stabilization effort for the nations of the region.

When the Yugoslav Army pulled out in 1991, it virtually stripped FYROM of all military equipment. This was closely followed by a UN-imposed arms embargo in the region. FYROM's defense now consists of 10,000 troops equipped with small arms only. Russia has shown strong interest in developing closer military ties but The FYROM has made clear that it wants its future to be with the U.S. and our NATO allies.

Indicators:

- Transfer of loss-leading state owned companies to the private sector
- Increased liquidity available to private sector
- Increase in the number of viable small to medium sized private enterprises
- Expanded citizen participation in political decision making
- Increased minority participation in education and civic institutions
- Increased interoperability with NATO as measured by acquisition of NATO-compatible equipment and adoption of NATO doctrines and standards
- Institutionalized participation in PfP activities
- Exchange of military information with regional members of the Partnership for Peace
- Promotion of U.S. trained officers to senior command positions

Greece Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF Loan Subsidy	14,847	-	-
FMF Loan	[122, 500]	-	-
FMF Grant	-	14,420	-
IMET	28	25	25
Total, Greece	**$14,875**	**$14,445**	**$25**

U.S. Foreign Policy Objectives:

The U.S. seeks to strengthen Greece's ability to play a leading, positive role in the Balkans, as a partner both in maintaining security and in supporting democratization and economic development among Balkan states. The U.S. is deeply engaged in efforts to support our Greek and Turkish allies as they work to resolve long-standing disputes and create an atmosphere for heightened Alliance coordination and capability in the Eastern Mediterranean region. A U.S. initiative aimed at a Cyprus settlement is closely related to the effort to ensure Aegean stability.

We seek to strengthen Greece's ability to fulfill its NATO obligations via force modernization and enhanced interoperability with U.S. and other NATO forces, balancing these goals against the imperative to avoid contributing to tension between NATO allies in the Aegean. U.S. agencies work closely with Greek counterparts to combat terrorism and are constantly striving for more effective cooperation. The U.S. protects and promotes American business interests in Greece.

Strategy for FY 1999:

FY 1999 brings an end to U.S. Foreign Military Funding for Greece. The U.S. intends to continue to support the maintenance and refurbishing of U.S.-origin defense systems already in the Greek inventory. These goals will, in part, be supported by continued provision of Excess Defense Articles (EDA) to Greece. Greece will be eligible in FY 1999 to receive EDA under Section 516 of the Foreign Assistance Act. In addition, the bilateral relationship under the Mutual Defense Cooperation Agreement (MDCA) includes both a U.S. obligation to assist in the completion of Greece's defense modernization program, and an agreement for continued U.S. access to bases on Greek territory. FY 1999 IMET assistance will continue to provide professional military education to Greek military personnel.

We will continue high-level diplomatic consultations with the Government of Greece on a range of important regional and global issues. Prominent among these will be the ongoing effort to reduce Greco-Turkish bilateral tensions and to achieve a Cyprus

settlement. We will continue to coordinate with Greece on efforts to promote stability and economic development in southeastern Europe and seek concrete results on counterterrorism. In the economic/commercial area, the U.S. will seek to expand market access for U.S. goods and services, ensure U.S. firms receive equitable treatment, and encourage more aggressive Greek government efforts to protect intellectual property rights.

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. Strengthening Greece's ability to play a major, positive role in southeastern Europe -- 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, including peacekeeping, and improve its interoperability with other NATO forces. EDA will be used, to the extent possible, to support these objectives.

Indicators:

- Readiness of modern defense equipment;
- Advancement of IMET graduates to senior military or Ministry of Defense positions;
- Progress toward resolution of Greco-Turkish disputes;
- Greek involvement in efforts to promote a Cyprus settlement;
- Greek involvement in efforts to promote stability, democratization, and economic development in the region;
- Active cooperation in counterterrorism;
- Active enforcement of laws to protect intellectual property rights; and
- Further lowering of barriers to investment and trade.

Hungary Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	10,087	10,800	7,500
IMET	1,014	1,500	1,500
Peace Corps	393	-	-
SEED	15,000	7,000	-
INL	268	not earmarked	not earmarked
Total, Hungary	**$26,762**	**$19,300**	**$9,000**

U.S. Foreign Policy Objectives:

Hungary lies in the heart of Central Europe. It is of vital interest to the United States to assist Hungary and other regional states to complete their democratic and free market transitions, and thus help preclude potential assaults on European security that could arise from regional tensions and poverty. Since 1989, Hungary has made considerable progress in building democratic institutions and a market-oriented economy. Hungary was admitted to the OECD in 1996, and has attracted about $6 billion of U.S. direct investment, much of it into Hungary's aggressive privatization program that includes telecommunications, energy, banking and transportation. In 1995, Hungary played an active and constructive role as the OSCE Chairman-in-Office, and began hosting logistics bases for 1,500 - 4,000 U.S. military in support of the NATO Implementation Force for the Dayton Peace Accords. In 1997 at the Madrid NATO Summit, Hungary became one of three Central European countries invited to join the Alliance. Hungary is a signer of the Convention on Climate Change as an Annex I country and supports the principle of emissions trading and Joint Implementation as agreed to in Kyoto.

Key U.S. foreign policy objectives that are supported by the funding levels above include developing a stable, democratic, market-oriented Hungary that will help advance stability and prosperity throughout the region and will continue to provide significant opportunities to American firms for potentially profitable regional access. Another key objective is environmentally responsible development throughout the region, supported by the international Regional Environmental Center in Szentendre, Hungary. The USG also promotes a coordinated anti-drug strategy, and a police and border force compatible with Western democratic norms, upholding human rights and capable of detecting and interdicting WMD or terrorist-related smuggling, trained by the USG-Hungarian International Law Enforcement Academy (ILEA) in Budapest.

Strategy for FY 1999:

The USG seeks to promote Hungary's integration into Western institutions, through full membership in NATO. The USG will continue to expand defense cooperation between Hungary and the United States, in order to enhance NATO interoperability, advance the broad objectives of NATO's Partnership for Peace (PfP), help Hungary restructure its armed forces, promote professionalization of the military, and reinforce civilian control. Hungary will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA, IMET and FMF programs will help restructure the Hungarian armed forces as a more defensively-oriented, Western-style force capable of working side-by-side with the United States and NATO in such mutually-beneficial endeavors as Bosnian peacekeeping; and will establish channels of communication. U.S. assistance will train defense officials in defense planning, military doctrine, peacekeeping operations, and English as the language of peacekeeping and of NATO interoperability. Hungary will also have access to the Central European Defense Loan program.

We will continue to seek increased management efficiency of the ILEA. Projected funding will provide antidrug assistance, including law enforcement training, legislative advice, counternarcotics equipment, and demand reduction assistance to target the expansion of drug trafficking and money laundering operations in and through Hungary. In the environmental area, there are plans to provide resources to establish an environmental hub for Central Europe at Embassy Budapest.

Indicators:

- Increased interoperability with NATO, as measured by acquisition of NATO-compatible equipment; adoption of NATO command procedures, doctrine and standards; and ability to communicate in English.
- Promotion of U.S.-trained officers to senior military and defense ministry positions.
- Increased ability to participate in PfP, international peacekeeping, and international humanitarian operations, where English language is required.
- More effective border control and better police force adherence to human rights norms throughout the region.
- Hungarian adoption of antidrug legislation to implement the 1988 UN convention; and development of a strong, coordinated antidrug policy.
- A more economically sustainable and environmentally sound energy sector.

Ireland / Northern Ireland Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	19,600	19,600	19,600
Total, Ireland/Northern Ireland	**$19,600**	**$19,600**	**$19,600**

U.S. Foreign Policy Objectives:

The United States has a strong interest in promoting reconciliation and an end to the conflict in Northern Ireland through support for the International Fund for Ireland. The Northern Ireland conflict remains a major preoccupation for both the British and Irish governments and a source of instability in Western Europe. Deep ties of kinship, culture, history, and shared values also underpin the longstanding U.S. determination to help bring about a settlement of the Northern Ireland conflict.

Our interests also flow from our commitment to a peaceful, democratic and prosperous Europe and to respect for human rights worldwide.

Strategy for FY 1999:

The annual U.S. contribution to the International Fund for Ireland (IFI) helps foster economic regeneration, job opportunities, and cross-community cooperation in Northern Ireland and the border counties of Ireland. It is widely seen as a tangible expression of U.S. support for the peace process. U.S. participation in multinational efforts to promote economic development parallels our support for the multi-party peace talks which are continuing in Belfast.

The International Fund for Ireland was established by the British and Irish governments in 1986 to demonstrate support for the Anglo-Irish Agreement and to use economic development as a tool to foster peace. In addition to the United Kingdom and Ireland, major contributors include the European Union, Canada, Australia, and New Zealand, as well as the United States.

The Fund has promoted peace by creating thousands of jobs over the past decade and by improving the economic situation of Northern Ireland and the border counties of Ireland. The Fund has underwritten over 3,000 projects in the areas of urban development, education, tourism, community infrastructure, and assistance to small businesses. Fund projects have produced over 30,000 jobs for young adults who might otherwise have joined paramilitary groups. The Fund 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.

Our contribution to the IFI is designed to encourage reconciliation between nationalists and unionists. 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. 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.

Indicators:

- Decrease in unemployment figures in depressed areas of sectarian conflict.
- Improved economic opportunities for sectarian youths in both communities.
- Enhanced climate for trade and investment.

Latvia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	3,300	2,400	-
FMF	1,500	5,700	4,700
IMET	535	650	650
Peace Corps (Baltics Program)	739	773	800
Total, Latvia	**$6,074**	**$9,523**	**$6,150**

U.S. Foreign Policy Objectives:

Once Latvia regained its independence in 1991, the prime U.S. objectives in Latvia have been to help strengthen civil society, bolster democratic and market institutions, and encourage civilian-controlled, NATO-compatible defense forces. We want to ensure 1) the reintegration of a democratic, tolerant, and prosperous Latvia into the West; 2) the success of the Regional Airspace Initiative, the Baltic Peacekeeping Battalion and other such regional programs, NATO-compatible training for Latvian defense forces (which will open the door to Latvia's participation in other peacekeeping missions beyond SFOR); and 3) a successful transition to an open-market economy offering fair market access for U.S. business. We support Latvia's efforts to enhance regional security by improving relations with all neighboring countries by playing an active role in PFP, the OSCE, and other international institutions. These objectives were incorporated into the U.S.-Baltic Charter of Partnership signed by President Clinton and the three Baltic presidents on January 16, 1998.

Strategy for FY 1999:

Statistically, Latvia has fully recovered from a prolonged banking crisis, stagnant economic reform, and the 1995 electoral success of statist political parties. 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 even as SEED assistance is ended. Continued support through the law and democracy initiative, including training for judges, is needed to 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 promotes 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-run energy efficiency program is helping Latvia make steady progress away from over-reliance on Russia as the single source for energy. The FY 1999 program will draw from FY 1998 funding.

Organized criminal groups maintain an important role in Latvia's economy and politics. The police remain ill-trained, underpaid, and corrupt. Independent "security firms" (protection rackets) still compete with the government in guaranteeing public security. Continued SEED-funded training by U.S. law enforcement agencies such as Customs and the FBI on-site and at the ILEA in Budapest will help to continue reversing these negative trends and protect the U.S. against spillovers from money-laundering and trade in illicit materials.

As Latvia more clearly defines its national security strategy and prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, IMET has a significant multiplier effect by training trainers and giving more junior officers the leadership and administrative skills to take over from officers still operating on Soviet guidelines. Latvia's IMET program will focus on professional military education and the development of an indigenous English language training capability, as well as provide training in defense resources management, civil-military relations and human rights. Latvia will also continue to be eligible to receive EDA in FY 1999 on a grant basis under section 516 of the FAA in order to enhance NATO interoperability and to help Latvia carry out NATO-compatible peacekeeping operations.

U.S. supply of equipment is an essential complement to training provided by Nordic and UK officers. Replacement of worn-out equipment through additional funds for BALTBAT will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement in 1998 and beyond. Support to BALTBAT and other Baltic regional programs will be provided through bilateral security assistance, e.g., FMF-funded purchases, EDA transfers and IMET.

FMF will support cash-strapped Latvia's participation in the full range of PFP activities, keep Latvia focused on the practical, here-and-now steps toward NATO, and help Latvia integrate its airspace with NATO equipment and standards.

U.S. traders and investors continue to meet arbitrary and opaque laws and regulations in Latvia. Continued technical assistance from the programs of the American Bar Association (ABA/CEELI) and Department of Justice/Federal Trade Commission in the commercial law area should help overcome these barriers. A resulting increase in direct U.S. investment will enhance overall "sovereignty support".

Indicators:

- 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 30 percent of GDP in the parallel economy.

- A more efficient judiciary that more thoroughly prosecutes organized crime and corruption.
- Closer cooperation with U.S. law enforcement officials.
- Greater Latvian participation and leadership in bilateral exercises and participation in regional PFP and peacekeeping exercises.
- Significant increase in Latvian defense spending as a percentage of annual budget.
- Demonstration of interoperability with NATO in all PFP exercises.
- An increase in direct U.S. investment to a minimum of $40 million per year.

Function 150 Resources	Lithuania ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	7,200	4,600	2,200
FMF	1,500	5,700	4,700
IMET	523	650	650
Peace Corps (Baltics Program)	739	772	800
Total, Lithuania	**$9,962**	**$11,722**	**$8,350**

U.S. Foreign Policy Objectives:

Ever since Lithuania regained its independence in 1991, the prime U.S. objectives in Lithuania have been to strengthen civil society, bolster democratic and market institutions, and develop civilian-controlled, NATO-compatible defense forces. We want to ensure 1) the reintegration of a democratic, prosperous Lithuania into the West; 2) the success of the Regional Airspace Initiative, the Baltic Peacekeeping Battalion and other such regional programs, and NATO-compatible training for Lithuanian defense forces (which will open the door to Lithuania's participation in other peacekeeping missions beyond SFOR); and 3) a successful transition to an open-market economy offering fair market access for U.S. business. We also support Lithuanian enhancement of regional security through its improvement of relations with all neighboring countries and assumption of an active role in the Partnership for Peace, the OSCE, and other international institutions. These objectives were incorporated into the U.S.-Baltic Charter of Partnership signed by President Clinton and the three Baltic presidents on January 16, 1998.

Strategy for FY 1999:

Weakness in fiscal policy, energy pricing, the banking sector; and a statist approach to problems of local administration underscore the decision to continue bilateral SEED aid into FY99. Long-term U.S. Treasury advisors at the Finance Ministry and Central Bank play a key role in strengthening budget-making, treasury, tax administration, foreign-exchange reserve management, and banking supervision functions. Continued support through the SEED-funded law and democracy initiative, including a long-term advisor at the Ministry of Justice and training for judges, is needed to help put the judiciary on a solid, independent footing. The USAID local administration program promotes 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-run energy efficiency program is helping Lithuania become more energy independent.

The Lithuanian economy experiences some pressure from local and Russian-based organized crime groups. Government corruption and market inefficiency remain problems. The police are ill-trained, underpaid, and overwhelmed. However, cooperation with U.S. law enforcement agencies is excellent. Continued SEED-funded training by U.S. Customs, DEA, FBI in-country and at the ILEA in Budapest will help continue to reverse these negative trends and protect the U.S. against spillovers from money-laundering and trade in illicit materials.

As Lithuania more clearly defines its national security strategy and prioritizes resources for its own legitimate defense needs and for its contribution to the overall security of Europe, IMET has a significant multiplier effect by training trainers and giving more junior officers the leadership and administrative skills to take over from officers still operating on Soviet guidelines. Lithuania's IMET program will focus on professional military education and the development of an indigenous English language training capability, as well as provide training in defense resources management, civil-military relations and human rights. Lithuania will also continue to be eligible to receive EDA in FY 1999 on a grant basis under section 516 of the FAA, in order to enhance NATO interoperability and to help Lithuania carry out NATO-compatible peacekeeping operations.

U.S. supply of equipment is an essential complement to training provided by Nordic and UK officers. Replacement of worn-out equipment through additional funds for BALTBAT will ensure that the first battalion is qualified to participate fully in peacekeeping or peace enforcement in 1998 and beyond. Support to BALTBAT and other regional programs will be provided through bilateral security assistance, e.g., FMF-funded purchases, EDA transfers and IMET.

FMF will support cash-strapped Lithuania's participation in the full range of PFP activities, keep Lithuania focused on the practical, here-and-now steps toward NATO, and help Lithuania integrate its airspace with NATO equipment and standards.

U.S. traders and investors continue to meet arbitrary and opaque laws and regulations in Lithuania. Continued technical assistance from the programs of the American Bar Association (ABA/CEELI) and Department of Justice/Federal Trade Commission in the commercial law area are essential to help the Lithuanian government and parliament remove these barriers. A resulting increase in direct U.S. investment will enhance overall "sovereignty support".

Indicators:

- 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 percent of GDP in the parallel economy.
- Continued consolidation of commercial banks into a viable number of private, well-capitalized, adequately-supervised competitive institutions.
- More thorough prosecution of organized crime and corruption by Lithuanian authorities and continued close cooperation with U.S law enforcement officials.
- Establishment of policies and prices to support sound energy management.
- Strong Lithuanian leadership in the annual multinational "Baltic Challenge" exercise to be held in Lithuania in 1998.
- Continued strong Lithuanian participation in PFP and peacekeeping exercises.
- Demonstration of interoperability with NATO in all PFP exercises.
- An increase in new, direct U.S. investment to a minimum of $60 million per year.

Malta Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	104	100	135
Total, Malta	**$104**	**$100**	**$135**

U.S. Foreign Policy Objectives:

Strategically located in the Mediterranean in close proximity to Italy and Libya, Malta is an island with few natural resources and an economy largely dependent on foreign tourism, trade and services. With the withdrawal of Malta from the Partnership for Peace (PFP) program, IMET is the major vehicle for conducting a cooperative dialogue with Malta on security issues. U.S. foreign policy interests in Malta include ensuring Malta's pro-Western orientation and checking Libyan influence; promoting exports of U.S. goods and services; and using U.S. assistance to enhance Malta's ability to participate in regional and international security activities of importance to the United States, including counter-narcotics, counter-terrorism, the enforcement of UN sanctions on Libya and the interdiction of controlled goods to restricted countries.

Strategy for FY 1999:

We are working with Malta to establish a professional Maltese military capable of participation in areas of joint interest: maritime law enforcement, search and rescue, disaster preparedness, counter-terrorism, counter-narcotics and interdiction. IMET courses promote development of a more professional officer corps, particularly at the middle management level, and enhance interoperability between U.S. and Maltese armed forces. IMET training increases understanding of the U.S. and its foreign security policies by Maltese officers and encourages Malta's affiliation with Western-oriented security institutions. Regularly scheduled port calls by U.S. Navy and Coast Guard ships provide opportunities for joint training exercises and enhanced ties with senior Maltese officials.

Malta will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA for Malta will be used to support the country's efforts to modernize and enhance its interoperability with U.S. and NATO forces. Malta plays an important role in support of U.S. foreign policy objectives for regional missions involving interdiction and anti-terrorism, as well as UN-sponsored sanctions on Libya.

Indicators:

- Maltese participation in ship visits and joint training exercises.
- Maltese support and enforcement of UN sanctions on Libya.
- Improved armed forces' standards of operational readiness and preparation.
- Improved capabilities for counter-terrorism, counter-narcotics and interdiction of controlled goods.

Poland Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	40,100	35,000	20,000
INL	59	-	-
FMF	12,587	15,700	10,000
IMET	1,000	1,600	1,600
Peace Corps	2,603	2,591	2,637
Total, Poland	**$56,349**	**54,891**	**34,237**

U.S. Foreign Policy Objectives:

Occupying a key geopolitical location in Central Europe, Poland is a linchpin of U.S. efforts to stabilize transatlantic security through the enlargement of NATO and other Western institutions. Poland has become a close partner for the U.S. in the region and beyond, playing a leading role in the OSCE (currently as Chairman-in-office) and contributing to a broad range of multinational peacekeeping efforts. As the largest state in East-Central Europe and a pathfinder in the transition to free market democracy, Poland is also a positive model for political and economic reform throughout the region. At the same time, its location at a crossroads for international criminal activity gives Poland a key place in our efforts to stem illicit narcotics trafficking into Europe from the East. Finally, its growing economy and large population make it an important market for U.S. goods and investments. In sum, the United States has a strong interest in helping Poland consolidate its democratic institutions and develop a prosperous and environmentally responsible, free market economy that can contribute to European stability.

Strategy for FY 1999:

The Polish program has been the largest and among the most successful of the SEED country programs. Nonetheless, the process of transformation is only partly complete. SEED assistance is aimed at stimulating private sector development, enhancing the efficacy of judicial and law enforcement institutions, and aiding development of local government and an independent media, essential ingredients for the consolidation of democratic pluralism. The overriding strategy is to support an economy in transition in coping with critical problems of adjustment. Poland 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, offering a highly positive example for aspiring reformers throughout the region.

Expanded defense cooperation between Poland and the United States and Poland's ultimate membership in NATO will contribute to stability in Central Europe. Poland will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA, IMET and FMF programs support continued downsizing, modernization and professionalization of Poland's armed forces and reinforces civilian control, including the ongoing restructuring of the military chain of command which subordinates the military to the Minister of Defense and encourages parliamentary oversight. Our key aim is to help re-orient the Polish armed forces toward a more mobile Western-style force structure capable of working side-by-side with the U.S. and other Alliance members in NATO.

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. Polish volunteer troops have served side by side with other nations' units in Bosnia, as well as in the successful MNF in Haiti. In FY 1999, the United States will continue to train Polish defense officials in areas such as defense planning, civil-military relations, military doctrine, and peacekeeping. The FMF program support English-language and NCO training, command and control upgrades, purchase of search and rescue equipment, and logistics and infrastructure improvements, as well as other requests aimed at strengthening Poland's ability to participate in PFP and work alongside the U.S. and NATO. The IMET program, in addition to supporting English language and NCO training, will also provide professional military education and training in effective defense resources management and civil-military relations.

A signatory of the Climate Change Convention, Poland has been supportive of U.S. proposals on emissions trading and joint implementation as agreed at Kyoto. On a separate note, expanded antidrug and crime cooperation will assist Poland in countering the emerging drug and crime organizations that are stepping up efforts to smuggle illicit drugs through the region, open markets, launder funds, and produce illicit amphetamines. Specifically, the USG will provide assistance to support Poland's efforts to implement new counternarcotics legislation and to develop effective antidrug institutions.

Indicators:

- Privatization of state-owned assets, including financial sector and industrial enterprises, and growth of viable small and medium-sized companies.
- Stronger and more accountable local government.
- Continued transformation of Poland's judicial and law enforcement institutions and legal system based on democratic and free-market principles.
- Increased interoperability with NATO, as measured by adoption of NATO command procedures, doctrine, and standards, as well as acquisition of NATO compatible equipment.

Portugal Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	551	800	700
Total, Portugal	**$551**	**$800**	**$700**

U.S. Foreign Policy Objectives:

Portugal is a founding member of NATO and a member of the European Union. Portugal has been successfully engaged in an aggressive long-term privatization and modernization program designed to increase productivity and income levels, and ensure first round entry into the European Monetary Union. Portugal continues to maintain strong transatlantic ties and pursue close military cooperation with the United States. The 1995 Agreement on Cooperation and Defense provides U.S. forces continued access to the strategic Lajes Air Base in the Azores. The Lajes Base served as a staging point for the U.S. during Desert Storm and supports our operations in Bosnia. Portugal participates with the U.S. in peacekeeping missions in Bosnia and Angola, and works closely with the U.S. on UN Security Council issues.

Portugal's continued participation in international peacekeeping operations directly benefits U.S. security goals. The U.S. also wishes to maintain strong cooperation at the Lajes Air Base, and Portugal's support for U.S. positions within the EU.

Strategy for FY 1999:

The IMET program continues to be an essential component of the Portuguese military force modernization program. The modernization effort is intended to strengthen Portugal's ability to play an active role in collective defense organizations and international peacekeeping efforts, e.g., in Bosnia and Lusophone Africa. Our efforts are also directed toward enhancing Portugal's Atlanticist orientation by building ties with future military leaders and reinforcing the existing preference for U.S.-manufactured defense equipment. The IMET program bolsters this strategy by establishing close bilateral relationships between the U.S. and Portuguese militaries.

A new Lajes base agreement reached in 1995 allows U.S. forces broad access to this key military facility in the Azores. Such access contributed significantly to U.S. efforts during the Gulf war and the Somalia initiative. The U.S. is supportive of Portugal's force modernization effort, intended to strengthen its ability to play an active role in collective defense organizations and international peacekeeping efforts, e.g., in Bosnia and Lusophone Africa. Portugal will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will be used to support Portugal's force modernization efforts and enable Portugal to

participate in international peacekeeping. Our efforts are also directed to reinforcing Portugal's Atlanticist orientation by building ties to future military leaders and to reinforcing the existing preference for U.S.-manufactured defense equipment.

Indicators:

- Portuguese participation in international peacekeeping operations; and
- Continued Portuguese cooperation on key issues of European defense; and
- Continued excellent access to Portuguese civilian and military decision-makers; and
- Advancement of U.S.-trained officers to senior military or defense ministry positions; and
- Increased U.S. exports to Portugal.

Romania Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	6,500	8,900	9,000
IMET	922	1,025	1,025
INL	658	-	-
Peace Corps	1,306	1,375	1,514
SEED	32,900	35,000	36,000
Total, Romania	**$42,286**	**$46,300**	**$47,539**

U.S. Foreign Policy Objectives:

The United States has a national security interest in promoting Romania's political and economic reform, which will further Romania's candidacy for integration into key western structures, particularly NATO. A stable and democratic Romania, benefiting from a free market economy, has the potential to play a significant role in advancing U.S. strategic interests throughout the region and to offer attractive investment opportunities for U.S. companies. While the consolidation of democratic reform in Romania proceeds apace, progress on economic reform has been uneven. Failure to move ahead with structural reform will further weaken Romania's struggling economy, discouraging much-needed foreign investment and ultimately risking widespread social discontent with all its inherent instabilities. Although the criminal organizations which plague other countries in the region do not yet have a firm foothold in Romania, Romanian authorities fear this eventuality and are very receptive to U.S. efforts and advice. The U.S.-Romania Strategic Partnership, launched in October 1997, promotes specific, practical actions which will advance our interests in all of these areas.

Strategy for FY 1999:

Promoting successful economic reform is the keystone of our efforts in Romania. Without a flourishing free market economy, Romania will be unable to 1) qualify for coveted membership in NATO, the European Union (EU), and other Euro-Atlantic institutions; 2) attract sufficient foreign investment and the much-needed capital and new technologies it brings; 3) achieve the improved living standards demanded by the Romanian people; or, 4) discourage corruption and organized crime. Thus, we will focus the bulk of our SEED Act assistance on necessary structural economic reforms, such as privatization, development of Romanian capital markets, establishment of sustainable and democratic fiscal institutions, and encouragement of a more competitive and market-responsive private banking sector. A significant aspect of FY99 Peace Corps programs in Romania will be education in business fundamentals.

Consolidation of democratic reform in Romania is progressing steadily forward. Democracy-building programs under the SEED Act will aim to enhance Romanian civil society and local government by encouraging citizens' increased participation in decision-making and promoting decentralization and tolerance of minorities.

Romania's primary foreign policy goal is to join NATO. To this end, Romania will continue to be an active participant both in international peacekeeping efforts - building off successful contributions to IFOR, SFOR, and the forces in Albania and Angola - and in Partnership for Peace programs. In anticipation of the 1999 NATO Summit, where Romania hopes its candidacy for membership will be viewed favorably, the first half of FY 1999 likely will be marked by a flurry of activity as the Romanian government tries to meet the criteria for membership. We expect democratic reform and civilian control of the military to be well on track by FY 1999. Through IMET and FMF, we will instead focus on improving the Romanian military's interoperability with NATO forces, and, where possible, on providing support for Romanian efforts to promote regional cooperation. Romania's IMET program will continue to focus on professional military education, civil-military relations, peacekeeping, and military justice and the rule of law. Concerns regarding Romania's economic development have been discussed above.

Organized crime and corruption remain a threat to Romania's democratic development and to larger U.S. interests. NADR, SEED and INL program funds will go toward combating this threat through improvements in export controls and customs operations, provision of legislative and prosecutorial assistance, training for enforcement personnel, and anti-money laundering initiatives. Additional SEED-funded programs will address potentially destabilizing social issues such as children at risk and environmental hazards to the public health. Peace Corps is also exploring possibilities for working with indigenous environmental non-governmental organizations.

A major foreign policy goal is to enhance Romania's participation in PfP. The Romanian military has enthusiastically participated in all aspects of PfP, but it lacks many essential items, ranging from vehicles to office equipment. To assist, Romania will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. We have engaged the Romania government in cooperative efforts to enhance the it ability to enforce controls on transfers of arms and strategic materials. As the cooperation deepens, the needs of the government will become more apparent.

Indicators:

- Progress in meeting criteria for membership in Euro-Atlantic institutions such as NATO and the European Union.
- Level of GOR cooperation with neighboring countries in support of USG regional initiatives and policy priorities.
- Degree of privatization of state-owned enterprises, including banks.

- Amount of U.S. direct investment in Romania.
- Enactment of organic budget and intergovernmental finance law.
- Development of responsible, effective local governments with increased control over functions and revenues.
- Effectiveness of border controls in countering smuggling and other organized crime operations, as well as potential arms sales to countries of concern.

Serbia-Montenegro Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	3,200	12,000	15,000
Total, Serbia-Montenegro	**$3,200**	**$12,000**	**$15,000**

U.S. Foreign Policy Objectives:

The United States has five principal objectives in Serbia-Montenegro -- also known as "The Federal Republic of Yugoslavia" (FRY) -- including: 1) securing Belgrade's support in accelerating implementation of the Dayton Peace Accords in Bosnia and Herzegovina, 2) reducing tensions in Kosovo through implementation of the Kosovo education agreement and the opening of a dialogue between the Kosovar Albanian leadership and authorities in Belgrade, 3) pressing for improved cooperation with the International Criminal Tribunal for the Former Yugoslavia, including the extradition of indictees to the Hague, 4) promoting democratic reform in the "FRY" and the development of an independent media, and 5) a resolution of the issues related to political status and the distribution of state assets stemming from the dissolution of the former Yugoslavia.

Strategy for FY 1999:

Although UN sanctions against Belgrade were lifted in 1995 following the signing of the Dayton Peace Accords, the United States maintains an "Outer Wall of sanctions" against the "FRY" tied to progress on the issues outlined above. These include membership in the United Nations and other international organizations and access to international financial institutions such as the IMF and the World Bank. While most European countries have normalized relations with Belgrade and returned Ambassadors, the United States does not recognize the "FRY" and is represented in Belgrade by a Charge d'Affairs rather than an Ambassador.

There are indications that Outer Wall sanctions are having a significant impact on the "FRY" economy. The only assistance programs financed by the United States in the "FRY" are those related to democracy building and refugee relief. USG representatives, including Secretary Albright and Robert Gelbard, the Special Representative of the President and the Secretary of State for Dayton implementation, have made clear to "FRY" President Slobodan Milosevic that there will be no additional U.S. assistance or relief from the "Outer Wall" until he has taken real steps to improve Belgrade's record of cooperation in our areas of concern.

We are also working closely with the EU and Russia to coordinate the efforts of the international community and maximize our leverage in Belgrade. The Contact Group --

which has concentrated on accelerating implementation of the Dayton Accords -- is expanding the scope of its activities in support of a broad-based dialogue on Kosovo and implementation of the agreement on education signed by President Milosevic and Kosovar Albanian leader Dr. Rugova in 1995. In Kosovo, we will continue to support moderate political voices advocating a nonviolent approach to resolving the problems of the region.

To further efforts at democratic reform, the United States will invest more than USD 10 million in SEED funds in programs supporting independent media, professionalization of opposition political parties and the development of a civil society. Electronic media is particularly important in the "FRY." U.S. support for independent radio B-92 and Montenegro's Antenna M will continue, and we will look for additional ways to support the development of independent television broadcasters. The ANEM project, which is being organized by B-92 producer Veran Matic, is a particularly promising initiative.

The USG will direct a portion of the democracy assistance money to NGOs operating in Kosovo in support of tension-reducing measures as well as the development of independent media. We also work with government officials and NGOs to promote political and economic reform in Montenegro. Montenegro's track record on media freedom, transparency in the electoral process and the treatment of ethnic minorities is considerably better than Serbia's. The Montenegrin Presidential elections in October 1997 were relatively free and fair and the OSCE reported that the results reflected the "will of the electorate." This contrasted sharply with the December 1997 Serbian Presidential elections, which the OSCE characterized as "fundamentally flawed."

We will continue to work closely with the democratic opposition in Serbia, even though the leadership has been unable to capitalize on the momentum it earned during last winter's massive street demonstrations. The size and duration of the demonstrations, however, is evidence that the Serbian public is largely dissatisfied with the current political environment and would like to see fundamental changes. The USG also maintains close ties to student organizations and the independent labor movement. Their activities merit our support.

Indicators:

- ANEM independent television network begins broadcasting in Serbia with U.S. support.
- Progress on implementing tension-reducing measures in Kosovo, including progress toward dialogue.
- Improved effectiveness of democratic opposition in Serbia.
- Strengthening of independent media in the "FRY."
- Progress on political and economic reform in Montenegro.

Function 150 Resources	Slovakia ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
Peace Corps	1,395	1,409	1,404
SEED	15,000	8,000	2,000
FMF	6,000	3,200	2,300
IMET	621	600	600
Total, Slovakia	**23,016**	**13,209**	**6,304**

U.S. Foreign Policy Objectives:

The primary foreign policy objectives toward Slovakia are to anchor Slovakia to the West through integration into Transatlantic structures, institutionalization of a democratic society, and further development of a market-based economy. As a result, Slovakia should play a positive role in regional stability. We also seek implementation of responsible export control policies, especially regarding sales of weapons to rogue states, cooperation in fighting international crime, and an improved business climate for U.S. firms and investors.

Strategy for FY 1999:

We will encourage strengthened cooperation in areas of mutual interest and work with individuals and groups who support democratization and continued economic reform. We will not align ourselves with particular political parties, but rather take our stand on principle. In this election year, we will cooperate closely with other OSCE members, particularly like-minded EU states, to assure that Slovakia's electoral process is monitored effectively. Through our good offices, we will encourage good relations between Slovakia and its neighbors, giving special attention to relations with Hungary. If the GOS acts in ways that conflict with its international obligations or with generally accepted democratic principles, we will speak out, coordinating whenever possible with the EU.

Relations with the Slovak military continue to be a strong point in U.S.-Slovak relations. The Slovak Army is a professional force highly respected by the Slovak people. The Army has been an active and successful participant in Partnership for Peace (PfP). Our ongoing military assistance (e.g. IMET, FMF) will continue to prepare Slovakia for possible future NATO membership and enhanced participation in PfP and other NATO and UN operations. Specifically, the IMET program will continue to promote professionalism, respect for the rule of law and human rights, and understanding of the concept of civilian control of the military. Slovakia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516

of the Foreign Assistance Act. Transfer of grant EDA to Slovokia is consistent with the above U.S. foreign policy objectives.

We will use USG resources, primarily through SEED and USIS, to support democracy programs in Slovakia designed to strengthen the NGO sector, an independent media, and, especially in this election year, democratic institutions and practices. Our formal USAID presence will end in FY 1999, but we are examining ways to continue focused support for long-term development of a democratic, multiethnic society.

Our political engagement will be carried out through structured dialogue, conducted generally by visits to Slovakia by appropriate U.S. officials and formal policy planning talks. In addition, we will utilize exchange programs for representatives of the media, NGOs, and other key groups. We also will invite speakers on selected issues. This spring a NATO official will speak on implications of NATO membership and policy toward those states not in the first wave of enlargement.

We will use multilateral fora, especially OSCE, to make clear our concerns with GOS policies that violate democratic principles and to encourage positive change. OSCE mechanisms lend themselves to addressing problems between ethnic Slovaks and ethnic Hungarians within Slovakia. If possible, we will cooperate with the EU and its member states in this effort. Elections in 1998 will be a key event in Slovakia's continued development as a democratic state. We will monitor the entire electoral process and encourage active NGO involvement. We will also support OSCE election observers.

We have essentially finished what we can provide through our assistance program to support economic reform. The private sector now accounts for about 85 percent of GDP. Slovakia lacks an effective bankruptcy law and bank supervision should be strengthened. However, Slovakia's economic problems reflect conscious policy choices taken for domestic political reasons. Slovakia has the capacity to seek appropriate economic advice from internal and international sources if it so chooses. The Embassy's commercial operations will continue to seek opportunities for U.S. business, provide more information about the Slovak market to U.S. firms, and work on behalf of U.S. companies already active in Slovakia.

The Peace Corps will continue to be active at the grass-roots level. It will focus its volunteers in English language teaching, environmental projects, and NGO and small business development. We hope also to strengthen cooperation in law enforcement efforts against organized crime. We have offered to put more resources into this effort if it becomes clear that Slovak law enforcement and the Interior Ministry will utilize them effectively.

Indicators:

- The GOS addresses democracy concerns that kept Slovakia out of the first wave of new entrants to NATO and the EU.
- Slovakia becomes a member of OECD in FY 1999.
- Slovakia continues to adhere to export control regimes.
- Foreign investment in Slovakia increases.
- Slovakia conducts free and fair parliamentary and local elections in 1998.
- Slovakia increases training and case cooperation in fighting international organized crime.

Slovenia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	1,000	2,500	2,600
IMET	400	650	650
Total, Slovenia	**$1,400**	**$3,150**	**$3,250**

U.S. Foreign Policy Objectives:

Since gaining independence in 1991, Slovenia has advanced rapidly toward integration into the Euro-Atlantic community of nations. Invited to begin accession negotiations with the European Union in 1998, Slovenia is poised to achieve one of two primary foreign policy goals--membership in the EU--leaving admittance into NATO as a remaining, major policy priority. Its success in winning a non-permanent seat on the UN Security Council for 1998-99 is a further sign of Slovenia's growing salience and reputation as a responsible partner on the international stage. Since the breakup of the former Yugoslavia, Slovenia has instituted a stable, multi-party, democratic political system, characterized by regular elections, a free press, and an excellent human rights record. Economic reforms introduced shortly after independence have led to healthy growth of its market economy. Today, Slovenes enjoy the highest per capita income of all the transition economies of Central Europe. Slovenia's successful democratic evolution, economic transformation, peacefulness, and stability serve as an influential 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, and further develop its capacity to play a constructive, regional security role. Key objectives are:

- Full integration into the Euro-Atlantic community of nations, including NATO and the EU.

- Effective civilian oversight, modernization, professionalization, and interoperability with NATO of the Slovenian armed forces.

Strategy for FY 1999:

Since independence, Slovenia has eagerly pursued expansion of its excellent security relationship with the U.S. and NATO. It has been an active participant in the Partnership for Peace (PfP) and played a key role in facilitating the transit of NATO forces to Bosnia as part of the Dayton Peace Agreement. Slovenia has participated in several international peacekeeping operations in the region, notably SFOR, Operation Sunrise in Albania, and the UN Peacekeeping Force in Cyprus. U.S. support through the Warsaw Initiative and IMET programs has been instrumental in helping Slovenia

become active in PfP and expand its bilateral and multilateral defense cooperation with the U.S. and other allies. The enhancement of Slovenia's ability to contribute to PfP and other defense cooperation agreements advances the fundamental U.S. objective of ensuring stability in Southeastern Europe.

FMF and IMET program resources effectively support the modernization and professionalization of the Slovene military. FMF provides vital support in restructuring Slovenia's armed forces to ensure compatibility with NATO standards. These funds help finance essentials such as English language training, and the acquisition of NATO-compatible equipment for small unit infantry training. U.S. instruction under IMET has been indispensable in deepening the U.S.-Slovene security relationship. Slovenia's IMET program focuses on professional military education, defense resource management and strengthening the institutional structures of civilian oversight of the military. Thus, the IMET program plays a key role in reinforcing the proper role of the armed forces in a democratic society.

Slovenia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The provision of grant EDA would enhance Slovenia's ability to participate in PfP. As a nation that achieved independence only five years ago and was subject to the UN embargo against the Former Yugoslavia for much of those years, Slovenia military could make use of EDA to fulfill basic military requirements.

In FY 1999, the U.S. will pursue a further deepening of our broad defense cooperation with Slovenia, including training and exchange programs and exercises. IMET training at U.S. facilities in areas of defense planning and military doctrine, financed language instruction, and equipment acquisition will continue. In addition, Slovenia will also have access to the Central European Defense Loan (CEDL) Program. Overall, U.S. efforts are directed at strengthening Slovenia's ability to participate in PfP, its compatibility with NATO and ability to work alongside U.S. and NATO forces, and its international collaboration in regional security and peacekeeping operations.

Indicators:

- Deepening participation in the Partnership for Peace (PfP) and in international peacekeeping and humanitarian operations in the region;
- 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.

Turkey Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF Loan	[175,000]	-	-
FMF Loan Subsidy (BA)	25,130	-	-
FMF Grant	-	20,580	-
IMET	1,454	1,500	1,500
ESF	22,000	-	-
DA	4,000	4,000	4,000
INL	500	500	500
Total, Turkey	**$53,084**	**$26,580**	**$6,000**

U.S. Foreign Policy Objectives:

Turkey is vitally important to U.S. interests. Its position athwart the Bosphorus -- at the strategic nexus of Europe, the Middle East, the Caucasus and the Caspian -- makes it an essential player on a wide range of issues vital to U.S. security, political, and economic interests. In a region of generally weak economies and shaky democratic traditions, political instability, terrorism, and ethnic strife, Turkey is a democratic secular nation that draws its political models from Western Europe and the United States. Turkey has cooperated intensively with the U.S. as a NATO ally and is also vigorously seeking to deepen its political and economic ties with Europe.

The U.S. wants to provide the strongest possible basis to maintain and enhance our already strong cooperation. We seek to strengthen Turkey's ability to defend itself, bolster its democratic tradition through continued emphasis on human rights, support its efforts to strengthen its European roots, encourage its continued rapid economic growth, and increase U.S. trade and investment in Turkey. We encourage Turkey, as a regional power, to continue to contribute constructively to U.S. policies on regional and global issues.

Strategy for FY 1999:

Achievement of key U.S. goals will depend largely upon diplomatic and political activity to maximize Turkish-U.S. cooperation on the broad range of issues where we have overlapping interests. During Turkish Prime Minister Yilmaz's visit to the U.S. in late 1997, we agreed to pursue together, through increased consultations and development of joint action plans, a broad agenda focused on five such areas: energy, trade and investment, regional matters (e.g. Iraq, the Caucasus, Bosnia), our security relationship, and Cyprus. Diplomatic resources will also be our main tool for helping the Turkish government achieve its goals of refining its democratic institutions and ameliorating human rights shortcomings. We will also engage U.S. influence and

expertise in a strong effort to help the Turkish government improve the trade and investment climate for U.S. exporters and investors, meet its international obligations, offset the negative economic effects of Turkey's cooperation in implementing Iraq sanctions, and arrange non-controversial, stable energy supplies.

FY 1999 brings an end to U.S. Foreign Military Financing for Turkey. The U.S. intends to continue to support the maintenance and refurbishing of U.S.-origin defense systems already in the Turkish inventory. These goals will, in part, be supported by continued provision of Excess Defense Articles (EDA). Turkey will be eligible in FY 1999 to receive EDA under Section 516 of the Foreign Assistance Act. Turkey has embarked on a major effort to upgrade and modernize its armed forces to enable it to meet NATO obligations and to counter the increasing security threat posed by terrorism and weapons of mass destruction being pursued by neighboring countries. The U.S. intends to continue to support these efforts as well.

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 participation in international peacekeeping operations and assist with their military professionalization programs.

Economic Support Funds (ESF) have helped Turkey in the past to address the long term structural reforms necessary to sustain growth and ease Turkey's entry into the European customs union. While these problems are by no means fully overcome, the continuing growth of the Turkish economy enables us to phase out ESF this year. For FY 1999, limited development assistance is requested only for specific, targeted programs that can have high impact, mainly family planning.

U.S. counternarcotics assistance will enhance Turkey's investigation and interdiction efforts. The FY 1999 request of $500,000 will help to enhance Turkish government capabilities for narcotics interdiction, including detection at border crossings and communications and computer equipment; it will also support a pilot demand reduction program and an experimental licit poppy breeding project to help prevent growers' turning to illicit production.

Turkey is a NATO ally and its support and cooperation has been essential in responding to threats in the Eastern Mediterranean and Middle East, and in protecting NATO's southern flank. Turkey has also participated in peacekeeping and training in Bosnia. U.S. goals include strengthening of Turkey's ability to defend itself, and to play a positive role in alliance efforts and in our bilateral interests. Turkish armed forces are roughly 80 percent dependent on U.S.-origin equipment, and their procurement program has been curtailed in recent years out of economic necessity. EDA in almost all categories will support Turkey efforts to sustain their armed forces and carry out their essential security role in the region. Areas of greatest need are in

communications, coastal and border surveillance (anti-narcotics and anti-terrorism), and transport.

Indicators:

- Increased operational readiness of the Turkish military.
- GoT support for U.S. regional initiatives.
- Fewer reported incidents of terrorism by PKK.
- Progress on Turkish government's human rights agenda.
- Reduced complaints/incidents of human rights violations.
- Progress in dialogue with Greece and in resolving Aegean issues.
- Absence/limitation of flareups in the Aegean.
- Support for Cyprus settlement efforts.
- Turkish international credit ratings.
- Statistics on narcotics seizures.
- Legal actions against narcotics traffickers.
- Increased in U.S. exports to Turkey.
- Passage of laws improving business/investment climate.
- Enforcement of intellectual property rights.
- Completion of privatization in key sectors.

Partnership for Peace in Central Europe Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	52,600	79.900	67,000
Total, PFP	**$52,600**	**$79,900**	**$67,000**

U.S. Foreign Policy Objectives:

The Warsaw Initiative is a bilateral U.S. assistance program launched in 1996 to support partners participation in the Partnership for Peace (PFP) The PFP promotes stability and security throughout Europe. PFP comprises a broad program of activities designed to strengthen practical cooperation between NATO and twenty-seven PFP states mostly in Central Europe and the New Independent States (NIS). PFP is a major element in the development of a stronger, more unified Europe. PFP's principal purpose is to establish strong, enduring security ties between NATO and all its PFP Partners. In 1997, significant enhancements were made to PFP to make it even more effective, operational and credible for both Alliance members and Partners. PFP helps further our goals of securing peace throughout Europe, deterring aggression, preventing, defusing and managing crises, and supporting the establishment and consolidation of the new democracies in Central Europe and the NIS.

PFP has helped Poland, Hungary and the Czech Republic prepare for NATO membership. They have used PFP to enhance their interoperability with NATO, facilitate greater compatibility with and understanding of NATO practices and terminology, strengthen democratic control of the military, improve defense planning and budgeting processes, and increase the effectiveness of their cooperation with NATO in the Stabilization Force in Bosnia. U.S. support for PFP, through the Warsaw Initiative, has been essential to this process.

Strategy for FY 1999:

PFP helps to achieve the goal of a unified, secure Europe. PFP has helped to prepare countries for NATO membership and will continue to do so. At the same time, PFP will also serve to allow those countries that were not invited to begin accession negotiations at the Madrid Summit to continue their active cooperation with NATO and other Partners and, if desired, their preparations for possible future membership in NATO. In 1997, PFP was significantly enhanced to strengthen the relationship between Partners and NATO. In May, 1997, NATO launched a new Euro-Atlantic Partnership Council (EAPC) which provides the overarching political-military framework for PFP and is a new mechanism for increased consultation and practical cooperation between NATO and Partners. In the eight months of its existence, the EAPC has already become a principal component of our European security

architecture. 25 major NATO-PFP exercises are currently planned for FY99 with numerous additional "in the Spirit of PFP" exercises and activities.

PFP's extraordinary success has been most clearly demonstrated in the peacekeeping operation in Bosnia-Herzegovina (SFOR), in which 15 PFP Partners participate. Using skills and knowledge of NATO organization and procedures acquired through their participation in PFP, Partners have contributed significantly to SFOR's success. PFP Partners also assisted the Italian-led coalition in Albania, working to help restore order and stability. By developing the capacity of Partners to participate in such real-life operations, PFP reduces the demands on Allied forces and other resources. Each Partner is expected to contribute, in a manner commensurate with national interests and means, to the achievement of Partnership objectives. U.S. bilateral support for PFP programs will continue to increase Partners' capacity for joint efforts and burden-sharing. The bulk of U.S. bilateral support for PFP programs is provided through the Warsaw Initiative, divided between funding for Partner participation in PFP exercises, conferences, seminars, and other activities and a program comprised of Foreign Military Financing (FMF) to purchase equipment, services and training to improve interoperability with and understanding of NATO.

With the prospect of Poland, Hungary and the Czech Republic joining NATO in mid-FY99, it is essential that FY99 FMF grant support be sustained. The three invitees will continue to need assistance to bring their military capabilities and infrastructure up to NATO requirements. At the same time, the FY99 FMF will support those countries who aspire to membership but were not invited to join NATO in the first round to continue their active participation in PFP. It will fuel our new priorities on Northeastern and Southeastern Europe and provide additional funding to increase participation of the eight eligible NIS countries in PFP which in turn will strengthen their cooperation with NATO and further our goal of an undivided, secure and democratic Europe.

The FY99 program will also fund an Air Sovereignty Operations Center for the Regional Airspace Initiative in Bulgaria and the former Yugoslav Republic of Macedonia and provide continued support for the Baltic Peacekeeping Battalion. FY99 FMF will help the newly created Central Asian Peacekeeping Battalion (Centrasbat) gain crucial experience and equipment. Continued FMF funding will also help:

- Train Partners in NATO-standard processes and behavior, including defense planning and budgeting, civilian/democratic control of the military, military preparedness, how to structure and conduct a modern, democratic military, NCO training, and English language training;

- Prepare and equip national forces to participate in PFP exercises and NATO peace support, humanitarian, search and rescue and peacekeeping operations;

- Participate more actively in European security matters, including new operations or crisis management efforts; and

- To become active, engaged, and important partners with the United States and other NATO Allies on critical issues of Euro-Atlantic security.

Indicators:

- Successful completion of the NATO accession process by Poland, Hungary and the Czech Republic, and, if ratified by all 16 Allies, successful integration of the three into NATO;
- Increased interoperability of Partners with NATO, as measured by acquisition of NATO compatible equipment and adoption of NATO command procedures, doctrine, and standards; and
- Participation of Partners in PFP exercises and in joint missions such as international peacekeeping, peace support, search and rescue and humanitarian operations.

Central European Defense Loans Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF Loan Subsidy	18,240	20,000	20,000
FMF Loan Amount	[$180,000][1]	[$200,000]	[$167,000]
Total, CEDL	**18,240**	**20,000**	**20,000**

U.S. Foreign Policy Objectives:

Continued peace and stability in Europe are a vital interest of the United States. To ensure this peace in future years, we must successfully conclude the first round of NATO Enlargement and integrate the Czech Republic, Hungary, and Poland quickly into the Alliance. Not only is getting the first round right essential to maintaining the integrity of the Alliance, it will preserve the "Open Door" for future rounds of Enlargement. Through the Central European Defense Loan (CEDL) program, the United States can assist and guide CE military integration and modernization efforts and ensure that the countries entering NATO have the resources and capabilities necessary to be contributing members of the Alliance. The CEDL program is intended to remedy deeper infrastructure deficiencies (e.g., lack of airlift capability; incompatible radar, air defense, and Identify Friend or Foe (IFF) systems; reorientation of air defense systems, etc.), and to assist Poland, Hungary, the Czech Republic and other NATO candidates quickly to achieve NATO compatibility. This U.S. loan program supports equipment transfers, systems and infrastructure upgrades, and training programs that will enable CE militaries to achieve their goal of forging NATO-compatible forces able to contribute to the Alliance on all levels. The CEDL program will ease the integration of these countries and help prepare other qualified, creditworthy NATO candidates by providing FMF loans for acquisition of NATO-compatible equipment.

Strategy for FY 1999:

Since the end of the Cold War, CE militaries have undergone dramatic reductions and restructuring. Tight defense budgets during the transition period have combined with a simultaneous need for updated equipment and training to fulfill new missions. The result is a requirement for significant investment in military training and hardware to help these militaries develop NATO-compatible forces and become contributing members of the Alliance, capable of taking on NATO-led missions, such as in Bosnia.

[1]) Due to a variety of factors, the Governments of Poland and the Czech Republic were unable to sign loan agreements by the end of FY 1997. We intend to use available funds to offer comprehensive loan packages.

Through the CEDL program, the U.S. will help these countries fund selected, high priority projects in areas where NATO compatibility is deficient, such as radars, air defense, IFF, communications, and transportation. Assistance provided under this program will focus especially on enhancing defensive capabilities of CE militaries in order to ease their integration into NATO and assist the ongoing re-orientation of their defensive postures. CEDL loans can also be used to prepare the militaries in other NATO candidate countries and help them develop mobile, defensively oriented forces capable of close cooperation with the Alliance. CEDL loans will help complete the reorientation of CE militaries away from Warsaw Pact-era force structures to more adaptable and capable NATO-style structures. These countries may also use CEDL funding to expand training efforts to create Western-style NCO corps and help these countries move towards more professional militaries.

CE countries can use the CEDL program to enhance their defensive capabilities and NATO compatibility through acquisition of equipment and training such as: airfield navigational and safety aids; IFF systems; air defense equipment; airlift; ground transportation; radar upgrades; search and rescue equipment; and command, control, communications, computers and intelligence (C^4I) equipment. Funds can also be used to equip dedicated peacekeeping units, such as CE forces serving with SFOR in Bosnia, with NATO-compatible communications, transportation and logistics equipment.

The first year of the CEDL program was 1997. Due to a variety of factors the Governments of Poland and the Czech Republic were unable to sign a loan agreement before the end of FY97. We intend to use available funds, to offer comprehensive loan packages to the Czech Republic, Hungary, and Poland. In 1998, Congress approved increased grant assistance to the Baltic Republics in lieu of participation in the CEDL program.

Indicators:

- More rapid military integration of Poland, Czech Republic and Hungary into NATO;
- CE acquisition of significant NATO-compatible U.S. systems and equipment;
- Improved NATO interoperability in CE militaries;
- Greater CE participation 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 operations.

EUR Peacekeeping Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	20,100	26,500	30,000
Total, EUR Peacekeeping	**$20,100**	**$26,500**	**$30,000**

U.S. Foreign Policy Objectives:

The United States has a significant national security interest in furthering conflict prevention efforts in Europe and Eurasia. These efforts to identify and deal with sources of conflict at an early stage are aimed at preventing the onset of violent conflict or implementing effective, lower risk conflict resolution in those areas where violence has already occurred. The benefits to the United States of engaging in conflict prevention and resolution are increased flexibility and leverage to identify and respond to crisis situations in Europe and Eurasia, a region in which we have tremendous defense, commerce and energy equities. U.S. participation in these conflict prevention and resolution efforts also provides politically advantageous and tangible evidence of U.S. engagement in Europe as well as enhanced opportunities to produce broader burden-sharing.

In addition, the Peacekeeping account supports civilian implementation of peace efforts in Bosnia emerging from the Dayton Agreement. The successful 1997 Bosnian municipal elections and subsequent Republika Srpska Assembly elections were important electoral milestones demonstrating the consolidation of democratic practices in the Federation. But major electoral and non-electoral tasks remain: consolidation of joint Federation institutions and electoral bodies; reconstruction; and full compliance with Dayton arms control commitments. The peace process will continue to need substantial support to maintain its momentum.

Strategy for FY 1999:

Our FY99 strategy is predicated on continuing support for ongoing OSCE conflict prevention activities, particularly those in Bosnia-Herzegovina and Croatia which are key elements for further implementation of the Dayton Agreement. Additionally, we plan to continue supporting the Office of the High Representative which is also an integral portion of the civilian implementation of the Dayton Agreement. The majority of the 24 million OSCE portion of the peacekeeping funds will be used to finance the OSCE's extensive responsibilities in consolidating a Bosnian peace consistent with the implementation of the Dayton Agreement and eventual withdrawal of SFOR troops. This includes significant resource support for the OSCE Mission to Bosnia in its ongoing efforts to: support the transition of the Provisional Election Commission to a Permanent Election Commission; advocate and monitor respect for human rights in

Bosnia-Herzegovina; and assist in the consolidation of Federation democratic institutions and independent judiciary. Additionally, significant funds will be devoted to OSCE conflict prevention activity in Croatia, especially in Eastern Slavonia, where the OSCE assumed the UNTAES role of facilitating ethnic Serb reintegration into Croatia.

The remainder of OSCE PKO funds will be used to support the OSCE's preventive diplomacy missions in Albania, Belarus, Chechnya, Croatia, Estonia, the Former Yugoslav Republic of Macedonia (FYROM), Georgia, Latvia, Moldova, Tajikistan, and Ukraine; a possible peacekeeping force and civilian monitors associated with the resolution of the Nagorno-Karabakh conflict; and other OSCE preventive diplomacy, election monitoring, conflict prevention and peacekeeping missions decided on a consensus vote of the OSCE.

The proposed U.S. voluntary contribution is approximately nine percent of total OSCE peacekeeping activities for all missions except those whose annual budgets exceed approximately 20 million dollars. For these "large missions" we will voluntarily contribute 12.4 percent. In exceptional circumstances where additional contributions may further the above goals, U.S. contributions may exceed these politically-binding contribution levels. OSCE missions have succeeded in reducing tensions and avoiding open conflict in their areas of deployment, thereby providing justification of this investment of U.S. resources as a low-cost response to potentially dangerous conflicts.

Indicators:

- Successful OSCE missions to contain conflict and tensions throughout Europe and particularly in South Central Europe, Russia and the Newly Independent States;
- Safeguarded and consolidated peace in Bosnia consistent with SFOR's eventual withdrawal;
- Constructive engagement by the Office of the High Representative in Federation democratic institution-building.
- Continuing successful implementation of the Dayton Agreement;
- Successful OSCE coordination of the international response to the crisis in Albania.

EUR Regional Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
SEED	48,450	70,276	73,300
Total, EUR Regional	**$48,450**	**$70,276**	**$73,300**

U.S. Foreign Policy Objectives:

Seventy three million, three hundred thousand dollars of the $464.5 million Fiscal Year 1999 SEED request is to fund regional programs which promote economic restructuring, democratic transition, social stabilization, or special cross-cutting initiatives. For example, many anti-corruption and commercial law programs are implemented on a regional basis. As SEED funding diminishes, we are working to establish public-private partnerships to institutionalize and deepen democratic institutions and open, transparent economies. To accomplish this, we are proposing the establishment of a Trust for Civil Society in Central and East Europe, with capitalization of $12.5 million in SEED funds in FY 1999, to operate in 15 countries in Central and Eastern Europe. Special Initiatives include funding for the South Balkan Development Initiative and the health partnership program.

Holocaust Assets and Restitution Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF[2]	-	-	10,000
Total	-	-	**$10,000**

U.S. Foreign Policy Objectives:

The U.S. has an interest in seeing that the tragic legacy of the Holocaust and World War II is addressed in a constructive manner and that a measure of justice and redress is provided to survivors of the Holocaust.

Strategy for FY 1999:

Our goal is to encourage our allies to assist persecuted victims of the Holocaust.

Funds are requested to assist surviving victims of Nazi persecution by contributing to the Holocaust Victims Redress Fund through a "Special Persecutee Relief Fund Account" established in the Federal Reserve Bank of New York in December 1997. U.S. Tripartite Gold Commission partners Britain and France join the United States in proposing to TGC claimant states that the remaining gold in the TGC gold pool be contributed voluntarily into this fund, which will be used exclusively to help needy survivors of Holocaust persecution. A U.S. contribution of up to $25 million over three years would fully meet our leadership role in ensuring the expeditious distribution of remaining TGC gold, while providing incentive for others nations to contribute.

Indicators:

- Other contributors make commensurate contributions to the TGC fund.
- Redress to surviving victims of Holocaust persecution.

[2] Prior year ESF recoveries of $4 million were allocated to the Holocaust Victims Redress Fund in 1997.

LATIN AMERICA & CARIBBEAN

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Statement by Assistant Secretary Jeffrey Davidow
Bureau of Inter-American Affairs

The political, economic and social health of the countries in Latin America and the Caribbean will have an important impact on our national security in the next century. The hemisphere has undergone a historic transition to democracy and free markets. Of the 35 countries in the Western Hemisphere, only one remains non-democratic: Cuba. The region's government's are implementing substantial economic reforms and U.S. business opportunities are better than ever. Latin America is entering a new and fragile phase in its development: the institutionalization of democratic norms and the gradual integration of market-led, free-trading economies. However, much of the region's progress remains in danger of being rolled back if the process of institutionalization is not completed and fails to achieve broad public support.

The greatest challenge facing the region is the need to translate the enormous economic and political success of the last decade into real and lasting improvements in the daily lives of all of the hemisphere's citizens. This can only be accomplished by improving judicial systems, expanding economic opportunities for the poor, reducing corruption, alleviating poverty, improving schools and primary health care systems and, in general, creating more equitable societies. Strengthening civil society and the mechanisms of democratic governance will secure the region's progress and the public's support. U.S. policy works toward those objectives.

In addition to the challenges to democratic and economic institutionalization, transnational threats are also putting in jeopardy the region's continued development. Narcotics and arms trafficking, alien smuggling, money laundering, terrorism and environmental degradation are placing enormous pressures on governments. Without strong police and effective judicial systems, corruption and violence from the drug trade will undermine governments and civil societies. Without strong banking laws and financial institutions, money laundering will infiltrate legitimate monetary systems and distort national economies. Continued environmental degradation will destroy domestic agricultural capacity, further impoverish the poor, and create serious health concerns. No threat can be treated individually, for they are all inter-related. The entire governance system in the Western Hemisphere must be strengthened and democracy and free market reforms institutionalized to withstand the multitude of threats facing the region.

U.S. objectives and policies in the region are supported by scarce resources. U.S. policy seeks to 1) secure U.S. national security interests; 2) promote continued market-based economic reforms leading to increased growth, free trade and broadly-based development; 3) strengthen democracy and the rule of law to ensure that the values and principles that have guided our nation thrive throughout the hemisphere; 4) combat drug trafficking, migrant smuggling and environmental degradation to minimize the impact of these transnational threats; 5) encourage sustainable development programs to

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reduce poverty and improve living standards for all citizens of the region; 6) protect U.S. citizens and borders; 7) provide humanitarian assistance.

Economic Prosperity

The economic decline experienced by Latin America and the Caribbean in the 1980's has been replaced by growth averaging 3% per year during the 1990's. Inflation continues to fall, and the region is attracting record levels of foreign direct investment (almost $31 billion in 1996), a strong demonstration of private investor confidence. U.S. support for market-based reforms -- through reform-oriented bilateral assistance, multilateral aid, and policy dialogue -- has been a key ingredient in these achievements.

The U.S is urging a continuation and deepening of market reforms to consolidate the achievements to date and stimulate faster and more broadly-based growth. With continued reductions in trade barriers, modernization of government administration, fundamental reform of education and other institutional restructuring, the region's growth rate could ultimately double. This would have a real impact on deep-seated social problems and solidify public confidence in democracy and the market model. Over the past three decades, the region has made important developmental gains, especially in education and health. However, desperate poverty and wide income disparities persist and only high and sustained growth rates will change this. U.S. economic policy in Latin America and the Caribbean seeks to:

- Achieve Congressional passage of fast-track negotiating authority for the President and the Caribbean Trade Enhancement Act.
- Negotiate a free trade agreement with Chile in 1998 and begin negotiations to reach a Free Trade Area of the Americas by 2005.
- Advance and deepen economic reforms in the region.
- Reduce the level of poverty and increase standards of living in the Americas.
- Improve education opportunities and the delivery of primary care services.
- Increase microenterprise programs.

Democracy

U.S. efforts to promote democracy, human rights and the rule of law in the Western Hemisphere have yielded great success over the last two decades. However, much work remains. In some countries the possibility of returning to the days of populist leaders that could push back or halt political and economic reforms still remains. In Mexico, Colombia and the Caribbean, democratic governments are facing serious threats from drug cartels, including political violence, corruption and money laundering. In Haiti, the government is at a critical junction in its efforts to build a lasting democracy. The U.S. is working with the Haitian Government and the international community to improve law enforcement and the rule of law, enhance and extend sustainable development to all of Haiti's population, and increase the pace of

economic reforms. Throughout the region, countries are struggling to institutionalize democracy and strengthen civil society. U.S. democracy policy seeks to:

- Work with the international community to strengthen democratic institutions and advance the rule of law in Haiti.
- Guarantee sufficient international donor resources to ensure success of Guatemala peace accords.
- Enhance regional efforts to combat corruption, a corrosive force that dissolves trust between governments and citizens.
- Promote and strengthen the institutions and mechanisms that support democracy, civil society and the rule of law.
- Advance judicial reform, strengthen non-governmental organizations and regional institutions that protect human rights, broaden civic education efforts and build the capacity to carry out free, fair and transparent elections.

Law Enforcement

Illegal narcotics from Latin America and the Caribbean pose a significant threat to the United States. The narcotics trade undermines democratic governments, facilitates institutional corruption and weakens the social fabric of a nation. U.S. efforts seek to reduce coca and opium production in the region, strengthen counternarcotics legislation and expand maritime cooperation agreements. Over the course of the last year most governments in the region have improved cooperation with the U.S. on narcotics issues. In the case of Mexico, Presidents Clinton and Zedillo signed the U.S.-Mexico Alliance Against Drugs declaration which calls for closer binational cooperation, during the President's May 1992 visit to that country. The fight against the international narcotics trade in the hemisphere saw significant success in 1996. At the June OAS General Assembly, regional governments gave final approval to the "Anti-Drug Strategy for the Hemisphere", a Summit of the Americas initiative spearheaded by the U.S. and developed in the OAS's Inter-American Drug Abuse Control Commission (CICAD). Recently, the OAS took an important step in fighting the scourge of arms trafficking by concluded an inter-American convention against illegal firearms trafficking. We will also seek to greatly expand multilateral cooperation against narcotics trafficking, as outlined in the administration's report to Congress on September 16. U.S. international narcotics and law enforcement policy will seek to:

- Reduce the level of illegal drugs entering the U.S.
- Improve hemispheric money laundering controls.
- Enhance the effectiveness of police and alternative development programs.
- Secure passage of asset forfeiture laws.
- Increase greater regional cooperation with the U.S. on alien smuggling, trafficking in stolen cars and other transitional threats.
- Improve law enforcement capabilities for the Caribbean.

Global Issues

The Western Hemisphere possesses rich and unique environmental resources. U.S. foreign policy and the policies of governments in the region must seek to preserve and protect the fragile ecosystem. This Administration has recognized that environmental degradation and environmental scarcity exacerbate unstable and potentially volatile international situations. Haiti is a perfect example of the impact environmental degradation can have on a nation. This year, the Department of State opened one of six global "Environmental Hubs" in San Jose, Costa Rica. The environmental hub is serving to coordinate regional environmental policies and attract foreign donor lending to promote sound environmental policies and practices. The Bureau of Oceans, Environment and Science will fund an additional hub in the Amazon basin this year. U.S. policy will:

- Support and advance the environmental issues outlined in the Summit of the Americas action plan and the Santa Cruz Sustainable Development Summit.
- Continue inter-agency consultations within the framework of the U.S.-Brazil Common Agenda.
- Complete the Inter-American Biodiversity Network.
- Identify new environmental projects for North American Development Bank funding.

Protecting American Citizens and the U.S. Border

One of the primary responsibilities of the Department of State is the protection of American citizens overseas. Through sustained and aggressive diplomacy, the U.S. promotes the safety and well-being of American citizens living, working and traveling throughout the Western hemisphere. In addition, the U.S. stems the flow of illegal aliens into the U.S., combats alien smuggling, and uses public service announcements to educate potential migrants on the dangers of traveling to the U.S. illegally. In May, the President signed a declaration on migration with President Zedillo that will ease U.S.-Mexican immigration tensions and provide a mechanism to constructively deal with the issue of illegal migration. Responding to a congressional mandate (section 104 of the 1996 immigration law) the USG will reissue all Border Crossing Cards (BCC) with a biometric encoder. The Department will incur a start up cost of approximately $27.6 million, primarily for personnel. However, the BCC should become self-sustaining through fees. The U.S. will continue to pressure the Castro regime to adhere to the 1994 and 1995 Migration Accords that call for the safe and orderly repatriation of Cubans attempting to make the dangerous trip to the United States. The U.S. will seek to:

- Reduce the number of illegal migrants entering the U.S.
- Improve regional cooperation in providing services to American citizens in need of assistance.
- Increase prisoner exchanges.

National Security

Latin America and the Caribbean is one of the most peaceful and demilitarized regions of the world; on average military spending is equivalent to only 1.5% of GDP. Working bilaterally and through international fora, the U.S. has been successful in securing regional cooperation in the fight against terrorism and international crime and in strengthening international arms control and nonproliferation regimes. We are also working with our allies in the region to resolve the border conflict between Peru and Ecuador, pressure the Castro regime to change peacefully and adhere to international law, and create a stable democratic environment in Haiti. Our efforts throughout the hemisphere seek to resolve disputes, ease historic rivalries, build regional cooperation on defense and security matters, and work with the region's militaries to develop sound military strategies and doctrines. U.S. policy will:

- Aggressively promote a wide range of confidence and security building measures, including the establishment of a hemispheric legal framework for advanced notification of major arms acquisitions.
- Develop a mechanism to ensure defense modernization plans are rational, transparent and meet the new threats of the day.
- Work with the OAS, eliminate the scourge of landmines left after the 1980s Central America conflicts.
- Resolve regional tensions and settle border disputes (in particular Peru/Ecuador).
- Improve the professionalism of the region's militaries.

Humanitarian Assistance

Small U.S. investments in crisis prevention and mitigation may reduce the need for more substantial investments in crisis resolution where U.S. interests are directly at risk. However, even where U.S. interests may not be directly affected, the United States has a long-standing tradition of providing humanitarian assistance in response to the urgent need of the victims of natural and man-made disasters and complex emergencies. U.S. humanitarian assistance policy seeks to:

- Identify potential impacts of disasters and populations at risk.
- Strengthen institutions that conduct preventive diplomacy, conflict resolution, early warning, disaster preparedness, and relief.
- Coordinate information and responses with other donor governments, regional and international organizations, and private sector groups.
- Enhance short-term food security.

International Affairs Budget by Account and Budget Function

Region: ARA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$976,246**	**$1,033,905**	**$1,138,497**
Contribution to Enterprise for the Americas Multilateral Investment Fund	27,500	30,000	50,000
Contribution to the Inter-American Development Bank	35,611	46,446	46,763
Development Assistance Program	273,888	293,500	297,478
Economic Support Fund	102,200	116,000	188,000
Export- Import Bank loans program account	142,744	130,994	155,349
Foreign Military Financing	2,000	3,000	3,000
Inter-American Foundation	20,000	22,000	22,000
International Military Education and Training	9,052	10,250	10,250
International Narcotics and Law Enforcement	161,150	181,700	221,200
International Organizations and Programs	9,000	9,000	9,000
Migration and Refugee Assistance	11,400	11,300	12,300
Non-proliferation, anti-terrorism, demining, and related programs	5,678	1,995	5,403
North American Development Bank	56,000	56,500	..
Operating Expenses of the Agency for International Development	44,073	43,011	42,462
Peace Corps	52,607	54,809	54,773
Peacekeeping Operations	15,728	15,500	11,000
Trade and Development Agency	7,615	7,900	9,519
Other Function 150	**$483,353**	**$478,861**	**$477,282**
Contributions for International Peacekeeping Activities	17,790	7,000	4,000
Contributions to International Organizations	112,611	122,110	120,966
Diplomatic and Consular Programs	175,063	154,117	162,115
Educational and Cultural Exchange Programs	21,219	21,707	21,018
International Information Programs	40,926	47,674	48,258
P.L. 480	115,744	126,253	120,925
ARA Total:	**$1,459,599**	**$1,512,766**	**$1,615,779**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: ARA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$56,974**	**$49,209**	**$42,136**
Foreign Military Financing	2,000	3,000	3,000
Contributions for International Peacekeeping Activities	17,790	7,000	4,000
Diplomatic and Consular Programs	12,194	13,226	13,671
Educational and Cultural Exchange Programs	210	233	215
International Military Education and Training	9,052	10,250	10,250
Peacekeeping Operations	15,728	15,500	11,000
Open Markets	**$20,053**	**$22,206**	**$22,598**
Diplomatic and Consular Programs	8,290	8,565	8,966
International Information Programs	10,331	12,053	12,168
Educational and Cultural Exchange Programs	1,432	1,588	1,464
Expand U.S. Exports	**$162,251**	**$150,492**	**$177,475**
Diplomatic and Consular Programs	11,892	11,598	12,607
Trade and Development Agency	7,615	7,900	9,519
Export- Import Bank loans program account	142,744	130,994	155,349
Increase Global Economic Growth	**$68,423**	**$81,397**	**$101,944**
Contribution to Enterprise for the Americas Multilateral Investment Fund	27,500	30,000	50,000
Diplomatic and Consular Programs	5,312	4,951	5,181
Contribution to the Inter-American Development Bank	35,611	46,446	46,763
Promote Growth in Developing & Transitional Economy	**$184,545**	**$195,592**	**$240,257**
Contributions to International Organizations	15,335	16,511	15,043
Development Assistance Program	72,512	78,400	90,605
Economic Support Fund	38,805	42,360	76,450
Inter-American Foundation	20,000	22,000	22,000
International Organizations and Programs	6,500	6,500	6,500
P.L. 480	11,385	10,000	10,000
Peace Corps	20,008	19,821	19,659
Enhance Security/Safety of Americans Abroad	**$15,776**	**$14,100**	**$14,821**
Diplomatic and Consular Programs	15,776	14,100	14,821
Control the Flow of Immigrants and non-immigrants	**$19,586**	**$11,042**	**$11,604**
Diplomatic and Consular Programs	19,586	11,042	11,604
Minimize the Impact of International Crime	**$17,071**	**$15,270**	**$17,423**
Economic Support Fund	7,500	10,000	10,000
Diplomatic and Consular Programs	3,571	3,270	3,423
International Narcotics and Law Enforcement	6,000	2,000	4,000
Reduce Levels of Entry of Illegal Drugs	**$168,262**	**$193,902**	**$231,727**
Diplomatic and Consular Programs	3,339	3,031	3,171
Educational and Cultural Exchange Programs	357	396	365
International Narcotics and Law Enforcement	155,150	179,700	217,200
International Information Programs	9,416	10,775	10,991
Reduce International Terrorist Attacks in the U.S.	**$8,809**	**$5,037**	**$8,583**
Diplomatic and Consular Programs	3,131	3,042	3,180
Non-proliferation, anti-terrorism, demining, and related programs	5,678	1,995	5,403
Increase Adherence to Democratic Principles	**$137,083**	**$161,547**	**$184,368**
Economic Support Fund	39,283	40,425	65,550

International Affairs Budget by Bureau by Strategic Goal by Account

Region: ARA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
International Information Programs	14,588	17,072	17,273
Development Assistance Program	23,274	39,992	37,273
Diplomatic and Consular Programs	4,349	4,212	4,405
Educational and Cultural Exchange Programs	1,342	1,488	1,372
Contributions to International Organizations	51,747	55,858	55,995
International Organizations and Programs	2,500	2,500	2,500
Humanitarian Response	**$120,650**	**$132,444**	**$128,345**
P.L. 480	104,359	116,253	110,925
Diplomatic and Consular Programs	4,891	4,891	5,120
Migration and Refugee Assistance	11,400	11,300	12,300
Secure a Sustainable Global Environment	**$108,849**	**$128,325**	**$77,322**
Economic Support Fund	5,510	5,750	10,500
Peace Corps	5,627	5,575	5,529
Educational and Cultural Exchange Programs	215	239	220
Diplomatic and Consular Programs	3,261	3,241	3,391
Development Assistance Program	38,236	57,020	57,682
North American Development Bank	56,000	56,500	
Early Stabilization of World Population	**$75,194**	**$64,253**	**$71,447**
Development Assistance Program	70,000	57,038	60,101
Diplomatic and Consular Programs	1,394	1,290	1,346
Economic Support Fund	3,800	5,925	10,000
Protect Human Health & Reduce Spread of Diseases	**$129,614**	**$129,080**	**$124,002**
Contributions to International Organizations	45,529	49,741	49,928
Development Assistance Program	69,866	61,050	51,817
Diplomatic and Consular Programs	1,290	1,174	1,228
Economic Support Fund	7,302	11,540	15,500
Peace Corps	5,627	5,575	5,529
Diplomatic Activities	**$988**	**$950**	**$995**
Diplomatic and Consular Programs	988	950	995
Public Diplomacy	**$24,254**	**$25,537**	**$25,208**
International Information Programs	6,591	7,774	7,826
Educational and Cultural Exchange Programs	17,663	17,763	17,382
Diplomatic Readiness	**$141,217**	**$132,383**	**$135,524**
Operating Expenses of the Agency for International Development	44,073	43,011	42,462
Diplomatic and Consular Programs	75,799	65,534	69,006
Peace Corps	21,345	23,838	24,056
ARA Total:	**$1,459,599**	**$1,512,766**	**$1,615,779**

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Ensure that local and regional instabilities do not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Increase and improve U.S.-Latin American military relations, as well as improve relations between civil society and armed forces to promote regional stability, regional integration and consolidation of democracy.

STRATEGY:

The primary U.S. national security interest in Latin America and the Caribbean is to build a vibrant community of democratic nations committed to free markets and peace. The U.S. will bring to bear its diplomatic resources to build mutual confidence, security and transparency throughout the region, and to support the development of appropriate civil/military relationships through bilateral and multilateral dialogue, and information exchange. As a Guarantor of the 1942 Rio Protocol, continue to assist Ecuador and Peru in their substantive border discussions.

OBJECTIVES:

1) Continued progress toward a resolution of the border conflict between Peru and Ecuador. (State, DOD)

2) Implement appropriate, multilateral confidence- and security-building measures as agreed in the OAS Declaration of Santiago. (State, DOD)

3) Strengthen dialogue on the role of the military in a democratic society through the Defense Ministerial of the Americas, the OAS Committee on Hemispheric Security, and other appropriate fora. (State, DOD)

ASSUMPTIONS:

- Decreased spending on defense will continue to be the trend in the hemisphere.
- Continued respect for regional agreements such as the Rio Protocol of 1942, which permitted the Guarantor countries to influence Peru and Ecuador in agreeing to negotiate their border dispute.

INDICATORS:

- Exchange of information and official visits between Peruvians and Ecuadorans.
- Status of the Peru/Ecuador border dispute.

- Implementation of confidence and security building measures.
- Level of understanding by regional militaries of their proper role in a democracy
- Negotiations on and peaceful resolutions of border disputes.
- Cooperation between militaries of different countries in the hemisphere.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: The U.S. and its allies will not be threatened by weapons of mass destruction or destabilizing conventional arms.

OPERATIONAL GOAL: Secure the cooperation of Latin American and Caribbean countries in collecting, analyzing, and disseminating intelligence on terrorist organizations and criminal enterprises seeking to acquire WMD; obtain their support in international fora for international norms and regimes to strengthen arms control and nonproliferation.

STRATEGY:

Make appropriate use of multilateral arms control fora such as the UN First Committee and Conference on Disarmament, gain support from Latin American and Caribbean countries for international norms and regimes that strengthen arms control and nonproliferation; sanction violators. Priorities include enforcement of the Comprehensive Test Ban Treaty and the Chemical Weapons Convention, U.S. export controls and other laws and international agreements to control trade in conventional arms and military technology. Achieve a ban on anti-personnel landmines consistent with U.S. national security interests and those of Latin American and Caribbean countries. Continue to work with the OAS in demining activities including increased funding from IFIs and other donors. Continue policy of restraint vis-a-vis high-tech weapons' transfers. Get approval for legal framework in OAS for advanced notification of conventional arms systems on the UN Register.

OBJECTIVES:

1) Implement a U.S. conventional arms transfer policy to Latin America and the Caribbean that strengthens regional stability and supports U.S. objectives. (State, DOD, Commerce) Obtain signing and ratification of treaties, such as CTBT, by Latin American and Caribbean countries. (State, ACDA)

2) Establish regional support for rational and transparent defense modernization. (State, DOD)

3) Obtain Latin American and Caribbean support for U.S. positions in international fora on WMD issues. (State, ACDA)

ASSUMPTIONS:

- The cooperation of Latin American and Caribbean countries in international fora will be crucial in achieving adoption of conventions and international norms.

- Countries will continue to show restraint in acquiring and developing WMD.
- U.S. arms sales will continue to be guided by a policy of restraint.

INDICATORS:

- Status of a regional framework to guide defense modernization.
- Status of treaties as described above.
- Assistance from Latin American and Caribbean countries in lobbying for U.S. positions in international fora.

ARA: FY 1998-1999 PERFORMANCE PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Open foreign markets to free the flow of goods, services, and capital.

OPERATIONAL GOAL: Meet the US commitment to complete negotiations for the Free Trade Area of the Americas (FTAA) by the year 2005, seek additional trade agreements in the hemisphere while expanding and strengthening those already existing, and obtain the broadest possible fast track authority for the President to negotiate the FTAA.

STRATEGY:

The Administration will seek from Congress the broadest possible fast-track authority for the President. U.S. efforts will focus initially on a US/Chile Free Trade Agreement and will be able to exercise its natural leadership role to structure the FTAA negotiations through the Summit of the Americas working groups; and, working with the Central American ministers of trade under the auspices of a new Regional Trade and Investment Council, assisting Central American and Caribbean countries with technical competitiveness training, science and technology agreements, international public and private sector cooperation, and business opportunities. Promotion will complement the FTAA activities. Senior-level State Department public affairs outreach efforts will help educate the American public on the benefits of free trade.

OBJECTIVES:

1) Congressional passage of broad fast-track legislation enabling the President to negotiate a US/Chile Free Trade Agreement and to begin negotiations to complete a Free Trade Area of the Americas (FTAA) by 2005. (State, USTR, Commerce)

2) Complete the strategy for creating the FTAA through working groups created at Summit of the Americas trade ministerial meetings. (State, USTR, Commerce)

3.) Latin American and Caribbean countries lower tariffs and non-tariff barriers to U.S. goods and services. (State, USTR, Commerce)

4) Improve exchange of information on trade-related issues and lay the groundwork for agreements with additional regional countries. (State, USTR, Commerce)

5) Improve public understanding of NAFTA's successes and the benefits to be derived from the FTAA.

6) Support efforts at policy reform in such areas as foreign investment, energy, banking, broadcasting and telecommunications.

7) Resolve contentious implementation issues. (State, USIS, USTR, Commerce)

8) Prepare the small economies of the hemisphere for inclusion into FTAA (State, USAID, USTR, Commerce)

ASSUMPTIONS:

- Continued support from the President, Speaker Gingrich, and Senate Majority Leader Lott for fast track authority.
- Continued cooperation on Miami Summit initiatives.
- Continued hemispheric consensus supporting free trade.
- Continued economic recovery and growth in Mexico and other countries affected by the Mexican peso crisis.

INDICATORS:

- Status of Congressional fast-track legislation.
- Status of FTAA negotiations.
- Level of foreign tariffs and non-tariff barriers on U.S. goods and services.
- Number of trade agreements.
- U.S. public awareness of free trade.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Expand U.S. exports to $1.2 trillion by 2000.

OPERATIONAL GOAL: Expand traditional markets for U.S. goods and services in Latin America and the Caribbean to $145 billion by the year 2000.

STRATEGY:

Focus U.S. Government advocacy, finance and other export promotion efforts on fast-growing, emerging markets such as Mexico, Brazil, Chile and Argentina. Maintain export promotion efforts in non-traditional and other markets in the hemisphere as opportunities arise. Working with the Department of Commerce and the Trade Development Agency (TDA), increase domestic awareness of trade opportunities by reaching out to small and medium-sized firms and matching them up with potential importers/consumers. Support American foreign direct investment as a means of increasing U.S. exports. Support WTO initiatives designed to open markets, e.g., the new financial services initiative.

OBJECTIVES:

1) Increase U.S. share of major Latin American markets including Mexico, Brazil, Chile and Argentina. (USTR, State, Commerce)

2) Increase the number of U.S. companies exporting to the region. (USTR, State, Commerce)

3) Increase U.S. investment in countries liberalizing their economies and privatizing parastatals. (State, USTR, Commerce)

ASSUMPTIONS:

- Annual economic growth will remain at approximately four percent.
- Mexico will continue to be our third largest trade partner, and trade disputes will continue to be resolved or addressed satisfactorily through NAFTA mechanisms.
- Government support and advocacy for U.S. business will remain essential to export success.
- Productivity will remain close to its current level.

INDICATORS:

- Level of U.S. exports of goods and services.
- Level of U.S. investment.
- Outreach and information to U.S. businesses on investing in the region.

ARA: FY 1998-1999 PERFORMANCE PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Increase global economic growth.

OPERATIONAL GOAL: Encourage Latin American and Caribbean countries to adopt macroeconomic, trade, investment, exchange rate, legal and regulatory policies designed to support free market economic growth.

STRATEGY:

In coordination with the IMF, encourage Latin American and Caribbean countries to adopt sound economic policies. Increase the number of signatories to the Bilateral Investment Treaties and Intellectual Property Rights Agreements. Work closely with the IDB on sustainable development initiatives outlined in the Summit of the Americas. Pay arrears to the World Bank and IDB to maintain U.S. leadership and influence. Facilitate private international financial flows, especially to transition and developing economies and develop better advance warning mechanisms to avoid financial crises in emerging markets.

OBJECTIVES:

1) Persuade countries to privatize inefficient parastatals to increase efficiency and competition. (State)

2) Work with countries to streamline bloated public sectors to reduce government spending. (State)

3) Increase protection of U.S. investment and intellectual property rights. (USTR, Commerce, State)

4) Press for compensation of American citizens for confiscated properties. (State, Treasury)

ASSUMPTIONS:

- There will not be any severe economic shocks, such as the energy crisis of the 1970's, or another crisis similar to the Mexican peso crisis, that might slow global economic growth dramatically .

INDICATORS:

- Economic growth rates.
- Level of private debt and higher capital inflows to key transitional and developing countries.
- Stable macroeconomic indicators.
- Privatization of parastatals.

ARA: FY 1998-1999 PERFORMANCE PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies.

OPERATIONAL GOAL: Combat poverty by strengthening the region's economies, expanding economic access and opportunity for the poor, and improving educational opportunities.

STRATEGY:

Strengthen markets by establishing an enabling environment, comprising policies, institutions, regulations and attitudes conducive to dynamic and equitable economic growth. Encourage investment in basic health and education to reduce income inequality and mitigate the effects of gender discrimination. Provide bilateral assistance for poverty alleviation. Channel assistance to the poor through international PVOs and NGOs, where this is most effective. Contribute to multilateral development bank lending programs that provide concessional financing to the poorest countries. Support Haiti in taking positive actions to improve food security and address basic population survival issues. Promote Haiti's transition to a market-based economy and contribute to environmentally sustainable economic growth in less-developed countries through USAID development assistance projects.

OBJECTIVES:

1) Improve economic efficiency, promote competitiveness, and increase investment in both human and physical capital by working with Latin American and Caribbean governments. (State, USAID)

2) Work with Latin American and Caribbean governments to remove barriers to credit, technology, land and markets for the poor, including women who are disproportionately represented among the poor in some countries. (USAID, State)

3) Encourage governments to expand access to basic education for girls and other disadvantaged groups. (USAID, State)

4) Reform labor laws to reduce cost of formal sector employment and improve labor management relations. (USAID)

5) Improve regulation, increase competition, and provide better access to financial system for all citizens. (USAID)

6) Through the Summit process and, where possible, assistance programs, foster worker and vocational training programs for all workers with an emphasis on adult training programs and programs to retrain workers displaced by economic and technological factors. (USAID, State)

7) Through AID microenterprise projects, create jobs in the informal sector for people without access to credit by encouraging countries to modernize property registries and take other measures that aid the poor in giving commercial value to their assets. (USAID)

8) Persuade countries to develop strategies for sustainable development of natural resources. (USAID, State)

9) When requirements of section 295 and section 206 of the Libertad Act have been met, provide assistance to the government of Cuba. (USAID, State)

ASSUMPTIONS:

- Developing countries create domestic conditions conducive to economic growth.
- Enhanced global economic conditions will facilitate growth in the countries of the region.
- NGO, PVO and multilateral development institutions will play an increasingly important role in combating poverty, but U.S. government contributions will remain essential.
- Macro-economic growth is indispensable to alleviate poverty.

INDICATORS:

- Investments by Latin American governments in human and physical capital.
- Educational opportunities for the poor.
- Poverty head count.
- Passage of labor laws.
- Infant/child/adult mortality rates.
- Literacy rates.
- Per capita GDP.
- Level of economic activity by microenterprises and small businesses.
- Adult and technical skills training.
- A transition to democracy in Cuba, as defined under the provisions 205 and 206 of the 1996 Libertad Act.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens And Safeguard U.S. Borders

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad through the provision of consular services.

OPERATIONAL GOAL: Ensure that American citizens overseas receive assistance and protection, through the Embassy and through local services as appropriate.

STRATEGY:

Meet rising passport demand and maintain integrity of the system through enhanced use of technology, financed through fee-for-service. Facilitate public access to information on passports, citizen services, consular information sheets, and announcements and warnings concerning foreign travel. Maintain the U.S. Government's crisis management capability, including after-hours emergency citizen services for the public in the United States and at diplomatic and consular posts abroad. Work closely with other governments to ensure consular protection for U.S. citizens in their countries. Work closely and creatively with Americans living abroad to develop effective communications, especially in locations where diplomatic or consular posts have closed.

OBJECTIVES:

1) Increase posts' ability to inform and protect U.S. citizens during natural disasters and deteriorating security conditions. (State)

2) Increase prisoner exchanges and seek Senate ratification of the OAS Prisoner Exchange Treaty. (State, DOJ)

3) Facilitate legal, safe and orderly entry of foreigners into the U.S.

4) Increase communication with the American public through general information on travel to Latin America and the Caribbean, such as travel advisories and handouts for embassy and consulate reception areas. (State, USIS)

5) Increase the integrity of the U.S. passport and the passport issuance process through enhanced training of consular personnel.

ASSUMPTIONS:

- Passport demand will grow by 7-9% annually between 1997 and 2000.
- The American public will continue to demand a high level of service from U.S. passport agencies and diplomatic and consular posts.

- International crises and incidents will often involve Americans overseas.
- Americans occasionally will be singled out as targets because of their nationality.

INDICATORS:

- Efficiency and accuracy of passport issuance, and name check systems.
- Availability and levels of use of consular information systems.
- Implementation of the Congressionally mandated Border Crossing Card.
- Assessment of comments made by citizens regarding quality of service.
- Agreements with foreign governments and others that enhance service, emergency response, and protection of American citizens.
- Post-crisis reviews of USG agencies' performance.
- Prisoner exchanges and Senate ratification of the OAS Exchange Treaty.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens And Safeguard U.S. Borders

STRATEGIC GOAL: Control how immigrants and non-immigrants enter and remain in the U.S.

OPERATIONAL GOAL: Ensure legal, safe and orderly migration.

STRATEGY:

Work with Mexico, the Central American countries, The Bahamas, Haiti and Cuba to stem the flow of illegal aliens migrating to the United States. Continue to participate in regional immigration conferences held by the International Organization on Migration (IOM) to develop effective strategies to cope with illegal migration. Encourage governments to modify and improve their legislation regarding punishment of alien smugglers, to include aliens being smuggled onward to the United States. Use public service announcements to educate potential migrants of the dangers of traveling to the U.S. illegally.

OBJECTIVES:

1) Improve legislation regarding alien smuggling throughout Central America, and cooperation between the U.S. and Latin American countries as evidenced in the Cardenas case. (State)

2) Improve communications with Central Americans on the deportation of criminal aliens from the U.S. (State, INS, DOJ)

3) Disrupt alien smuggling rings. (DOJ, INS, State)

ASSUMPTIONS:

- Continued cooperation from the Castro regime per the 1994 and 1995 Migration Accords. (While there is no indication to the contrary at this time, Castro will continue to use the threat of uncontrolled migration as a way to pressure the U.S.)
- Continued interest on the part of Central American governments to assist in intercepting illegal aliens transiting their countries

INDICATORS:

- Illegal aliens intercepted at US ports of entry.
- Illegal aliens arrested within the US and being held in detention centers.
- Illegal aliens who are intercepted at sea or who illegally enter the Guantanamo Naval Base in Cuba.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Minimize the impact of international crime on the U.S. and its citizens.

OPERATIONAL GOAL: Promote conduct of law enforcement institutions based on democratic principles and internationally recognized principles of human rights. Enhanced cooperation between the U.S. and Latin American governments on international crime issues.

STRATEGY:

The U.S. will assist Latin American and Caribbean countries to develop strong legal, judicial and law enforcement institutions. Strengthen existing agreements with Latin American and Caribbean countries on cooperation in combating money laundering and other financial crimes, alien smuggling, drug trafficking, trafficking in stolen vehicles and other forms of transnational crime. Through USAID, DOJ and INL programs, strengthen the criminal process in countries throughout the region, working with police, prosecutors, courts and other interested parties. Host a meeting of Central American law enforcement ministers. Encourage and assist in the establishment of witness security programs. Seek additional cooperation from regional governments regarding alien smuggling, stolen cars and aircraft, and extradition of criminals. Follow-up on agreements and declarations that resulted from the President's trip. Increase the exchange of intelligence on international crime with countries that experience high incidences of crime and have shown interest in cooperation, notably the Central American countries.

OBJECTIVES:

1) Improve the ability and coordination of police, prosecutors and judges to process criminal cases. (State, DOJ, AID)

2) Expand the number of extradition treaties. (State, DOJ)

3) Establish new legal attaché offices in Brazil in FY 1998 and Peru in FY 1999, with FY 1998 staff increases in Colombia and Mexico, and an FY 1999 increase in Chile.

4) Provide technical assistance to agreements on combating trafficking in stolen cars. Increase the number of such agreements. (State, DOJ)

5) Strengthen existing and reach new maritime agreements, especially with countries in the Caribbean. (State, DOJ, DEA)

6) Reduce the flow of illegal aliens through Latin America and the Caribbean into the U.S. (State, INS, USCG)

7) Conclude mutual legal assistance treaties.

ASSUMPTIONS:

- The need for greater growth to create more jobs and income disparities will result in a continuing increase in domestic and international crime.
- The current atmosphere of hemispheric cooperation will continue to be helpful in getting neighboring countries to work together on these common problems.
- The easing of travel restrictions in the hemisphere will require greater resources to prevent the possibility of an increase in international illegal activity.

INDICATORS:

- Cooperation between countries in the hemisphere resulting in arrests of drug traffickers, alien smugglers, and other criminals working internationally.
- Number of criminal cases that reach decision on the merits in courts.
- Number and size of legal attaché offices.

ARA: FY 1998 - 1999 PERFORMANCE PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Significantly reduce the entry of illegal drugs into the U.S.

OPERATIONAL GOAL: Enhance drug producing and transit countries' resolve and capabilities to reduce drug cultivation, production, trafficking and money laundering.

STRATEGY:

Strengthen political commitment of host governments to counternarcotics efforts. Support the reduction of coca in the region through eradication programs and alternative development assistance. Work with cooperating governments to dismantle trafficking organizations and strengthen governmental institutions and legal systems. Expand cooperation with the Government of Mexico under the recently signed counternarcotics agreements and through provision of technical assistance and equipment. Improve regional counternarcotics cooperation through comprehensive maritime agreements and money laundering controls.

OBJECTIVES:

1) Decrease coca and opium poppy cultivation in the region. (State, DEA)

2) Enact and improve counternarcotics legislation in the region providing for asset forfeiture and severe punishment for drug traffickers and money launderers. (State, DEA)

3) Improve the capacity of cooperating governments to eliminate drug cultivation and production. (State, DEA)

4) Improve regional and multilateral cooperation on all aspects of the narcotics trade, including extradition. (State, DOJ, DOD, DEA)

5) Implement end-use monitoring plans to ensure that U.S.-supplied equipment used in counternarcotics activities is being properly used. (State, DEA)

6) Expand maritime cooperation agreements. (State, DOJ)

7) Assist source countries provide environmentally sound, economically sustainable alternatives to illegal drug production.

ASSUMPTIONS:

- Poverty and lack of effective government control will continue to hinder efforts to halt cultivation and distribution of narcotics.

INDICATORS:

- Implementation of national drug control policies and counternarcotics efforts.
- Commitment of resources by drug producing and transit countries to combating narcotics trafficking.
- Level of coca cultivation.
- Arrest and prosecution of major drug trafficking and corrupt officials.
- Length and number of prison sentences for narcotics traffickers.
- Use of asset forfeiture laws.
- Number of extraditions to the U.S.
- Signing of additional maritime cooperation agreements.
- Number of maritime interdictions.

ARA: FY 1998-1999 PERFORMANCE PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the United States and its citizens.

OPERATIONAL GOAL: Work with governments to increase their counterterrorism capabilities and their level of cooperation with U.S. authorities. Sustain bilateral and multilateral political and economic pressure on state sponsors of terrorism.

STRATEGY:

Work with Latin American and Caribbean governments, bilaterally and within the Summit process through the OAS, to deter, warn against, respond promptly to, and defeat all terrorist threats or attacks on U.S. interests and U.S. government installations. Defend against threats or the actual use of weapons of mass destruction by terrorists. Maintain the U.S. policy of no concessions to terrorists, emphasizing that no ransoms should be paid. Investigate and prosecute terrorist suspects; work with Latin American and Caribbean governments to share intelligence, facilitate investigations, and extradite terrorists; strengthen host country and international law, and combat terrorist funding. Intensify intelligence collection and analysis; provide training to Latin American and Caribbean governments in counterterrorism, communications security, and aviation security. Urge nations to implement the Plan of Action of the 1996 OAS Lima Conference on Terrorism.

OBJECTIVES:

1) Improve intelligence on terrorist groups such as National Liberation Army (of Colombia) (ELN), Revolutionary Armed Forces of Colombia (FARC), Shining Path (SL), Tupac Amaru Revolutionary Movement (MRTA), Manuel Rodriguez Patriotic Front Dissidents (FPMR/D), and various Middle Eastern terrorist groups. (State, DOD).

2) Professionalize Latin American and Caribbean counterterrorism capabilities through the State Department's Anti-Terrorist Training Assistance (ATA) program of police, FBI, DOJ and ICITAP training of police and prosecutors, and programs such as witness relocation and protection. (State, DOJ, FBI)

3) Strengthen regional governments' legislation to facilitate extradition of terrorists. (State, DOJ)

4) Continue pressing for multilateral anti-terrorist cooperation bilaterally and at the OAS, focusing on the practical measures agreed upon at the 1996 OAS Lima

Conference to prevent, combat and eliminate terrorism with special emphasis on the ten international conventions on terrorism. (State, DOJ, INS)

ASSUMPTIONS:

- Terrorist organizations such as National Liberation Army (of Colombia) (ELN), Revolutionary Armed Forces of Colombia (FARC), Shining Path (SL), Tupac Amaru Revolutionary Movement (MRTA), Manuel Rodriguez Patriotic Front Dissidents (FPMR/D), and various Middle Eastern terrorist groups will continue to pose a threat to U.S. citizens, installations and host country governments.
- The atmosphere of cooperation among countries in the hemisphere will allow the continuation of an exchange of intelligence on a bilateral basis on terrorists and their groups.

INDICATORS:

- Terrorist incidents against U.S. interests and citizens.
- The arrest, extradition and prosecution of terrorists.
- Adherence to the ten international conventions on terrorism.

ARA: FY 1999 REGIONAL PERFORMANCE PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Improve respect for human rights and strengthen democratic institutions in Latin America and the Caribbean. Promote a peaceful transition to democracy in Cuba. Promote judicial and democratic reforms and continue support for strengthening civil society.

STRATEGY:

Promote implementation of the Inter-American Convention Against Corruption and its adoption by additional countries Assist Paraguay, Colombia, Guyana and Jamaica with upcoming elections, providing technical assistance and monitors, and encourage U.S. NGOs and other donors to contribute funding and personnel to observe voting. Through ICITAP, strengthen and professionalize investigative police in the hemisphere. Promote the independence of judges and improvements in prison conditions. Promote respect for the rights of workers, indigenous people, women and children, and participation of women and minorities in the democratic political process. Press governments to respect land rights of indigenous people, freedom of religion, and remain alert for any signs of religious persecution. Focus the utilization of E-IMET on human rights issues. Host a Central American regional Ministers of Labor meeting to advance workers' rights. Promote respect for fundamental human rights in Cuba by maintaining pressure on the Cuban government, through the U.S. embargo and working with our allies, while reaching out to the Cuban people through humanitarian assistance, increased people-to-people exchanges, increased contacts between U.S. and Cuban non-governmental organizations, and improved information flows. Continue multilateral efforts with the Europeans and Latins to find ways to support our mutual goal of promoting a peaceful transition to democracy in Cuba.

OBJECTIVES:

1) Continued implementation of the Guatemala Peace Accords, including the reintegration of ex-combatants into civil society and a decrease in human rights violations. (State, USAID)

2) Facilitate peaceful elections in Paraguay, Colombia, El Salvador, Jamaica, Guyana and Panama. (State, USAID)

3) Strengthen Haiti's judicial system and professionalize its police. (State, DOJ, USAID)

4) Assist Haiti in building credible, lasting democratic institutions, and in implementing market-based economic reforms.

5) Bilaterally and through the Summit of the Americas process, increase the participation of civil society in public life. (State, USAID, DOJ)

6) Strengthen Cuban civil society through continued support for the Cuban people's efforts to improve information flows and increase contacts between independent groups and individuals. (State)

7) The Government of Colombia allows the United Nations High Commissioner on Human Rights office, the first such office outside Geneva, to function freely and independently in monitoring and reporting on human rights in Colombia. (State)

8) Establish open, responsive and cooperative relationships between regional governments and human rights NGOs. (State, USAID)

9) Increase political participation, especially of women and minorities. (State, USAID)

ASSUMPTIONS:

- The international community will continue to play an important role in strengthening democracy in the hemisphere.
- The hemisphere, with the exception of the Castro government, will continue to favor democracy.

INDICATORS:

- Level of human rights violations, i.e. reported incidences of torture, extrajudicial killings, arbitrary detentions, and prolonged detention without sentencing.
- Reintegration of remaining guerrillas into their respective civil societies.
- Level of violence during elections.
- Evaluation of elections by UN, OAS and NGO election observers.
- Resolution of high-visibility criminal cases through transparent legal processes.
- Statistics on women's voter turnout and voter registration, percentage of women candidates in elections, political advocacy activities of women's NGOs.
- Status of legislation and increasing allotment of regional governmental resources to combat violence against women and children.
- Treatment of workers in the region, and the formation and status of labor unions.
- Citizen participation in civil society.
- Human rights situation in Cuba.
- Respect for land rights of indigenous people, as evidenced by improvements in procedures for titling land, resources dedicated to demarcation of indigenous land, and resolution of disputes over indigenous land.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Strengthen regional institutions to support democracy in the hemisphere.

STRATEGY:

Support the efforts of the OAS Unit for Democracy (DPU), including strengthening of democratic institutions, monitoring of elections, and the conflict resolution program based in Guatemala. Coordinate with the OAS to implement the goals of the Miami Summit of the Americas. Support Secretary General Gaviria's efforts to streamline the OAS. Work closely with the IDB, coordinating USG assistance activities to avoid duplication and obtain a maximum benefit by planning projects that are complementary or which create a cumulative effect.

OBJECTIVES:

1) Ratification of the Convention on Corruption by all signatory countries. (State)

2) Agreement on a hemispheric convention on illegal firearms. (State)

3) Ratification of the Washington protocol by one additional OAS signatory country, thereby putting protocol into effect. (State)

4) Payment of U.S. arrears to the OAS. (State)

5) Continued OAS human rights mission in Haiti, the establishment of a scaled-down OAS technical mission in Nicaragua to replace OAS/CIAV, and new efforts in helping to reintegrate ex-combatants in Guatemala. (State, USAID)

6) Through the Summit process, continued Inter-American organizations' commitment to Summit implementation. (State)

7) Bilaterally and through the Summit of the Americas process, continue and expand training on democracy, rule of law, and respect for human rights. (State, USAID, DOJ)

8) Enhanced OAS demining efforts and increased funding from other donors. (State)

9) Reduction in case backlogs of the Inter-American Commission for Human Rights. (State)

10) Broaden the donor base for the new Inter-American Development Council (CIDI) by encouraging the participation not only of the Interamerican Development Bank (IDB) and other IFI's, but also other OAS members under the new partnership concept. (State, USAID)

11) Expand the IDB's good governance programs through lending and technical assistance. (USAID, State)

12) Coordinate U.S. and OAS efforts to combat corruption and money laundering. (State, DEA, DOJ)

13) Identify potential areas of cooperation with the IDB in addressing violence against women, street children, and youth. (USAID, State)

ASSUMPTIONS:

- Member countries continue to show political will to address corruption
- The U.S. pays its arrears to the OAS.
- Momentum is sustained among participant countries to push implementation of the Plans of Action of the 1994 Miami Summit, the 1998 Santiago Summit and future summits.
- The Hemisphere continues to support summit meetings of heads of state and government at 3-4 year intervals.

INDICATORS:

- Ratification of the Convention on Corruption by signatory countries.
- Agreement on a hemispheric convention on illegal firearms.
- Ratification of the Washington protocol by OAS signatory countries.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Humanitarian Response

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters.

OPERATIONAL GOAL: Prevent and alleviate the human costs of conflicts and natural disasters in Latin America and the Caribbean.

STRATEGY:

Maintain a U.S. emergency response assessment capability to ensure protection and relief for refugees and victims of natural disasters. Ensure that international organizations have adequate emergency response capabilities and strengthen partnerships with NGOs and PVOs to build their capacities to address humanitarian crises. Urge the multilateral development banks to increase the effectiveness of concessional lending to the poorest countries. Preposition food stocks and develop food security in areas of chronic shortage, such as Haiti. Reduce the impact of natural disasters such as earthquakes, hurricanes, mudslides and droughts. While private humanitarian assistance to Cuba is allowed under existing regulations, U.S. government assistance cannot be provided until the provisions of sections 205 and 206 of the 1996 Libertad Act have been met.

OBJECTIVES:

1) Decrease the need for US disaster assistance through increased host government disaster management capacity. (USAID, State)

2) Minimize the economic impact of hurricanes in the Caribbean. (USAID, State)

3) Improve food security through targeted assistance to vulnerable populations. (USAID)

4) Improve coordination and efficiency of humanitarian assistance in the UN system. (USAID, State)

5) Enhance humanitarian assistance and disaster relief coordination in conjunction with development cooperation. (USAID, State)

6) Expand the use of preventive diplomacy in State Department operations. (State)

7) Reduce the number of landmines in the region through OAS demining efforts. (USOAS)

ASSUMPTIONS:

- U.S. leadership in response to crises will leverage the international participation and support of other donors.
- Preventive diplomacy can avoid conflict and avert humanitarian crises.
- The extent of the conflict, and the degree to which the environment is permissive or conflictive, will determine the nature of international response.
- In some cases peacekeeping operations will be necessary to stabilize a situation and permit the delivery of relief supplies.

INDICATORS:

- Conflicts and humanitarian crises averted.
- Humanitarian emergencies alleviated.
- Assessments of international organization and NGO/PVO humanitarian crisis response management.
- Refugee populations reduced through local integration, repatriation, and resettlement.
- Evaluations of transition assistance efforts.
- Number of landmines in the region.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues -- Environment

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation.

OPERATIONAL GOAL: Increase sustainable development practices, pollution prevention, protection of biodiversity, and conservation of natural resources to ensure that countries in the Western hemisphere have cleaner air, water, and viable land and marine resources for commercial and ecological uses.

STRATEGY:

Support and implement action items and follow-up to the Miami Summit of the Americas and the Sustainable Development Summit in Santa Cruz. Continue consultations within the framework of the U.S.-Brazil Common Agenda on the Environment. Continue to incorporate environmental issues into foreign policy. Promote regional cooperation on transboundary environmental problems. Achieve environmental objectives through the U.S-Japan Common Agenda and other extra-regional resources. Develop regional responses to environmental threats.

OBJECTIVES:

1) Complete input to OAS Secretary General Gaviria's report on Santa Cruz Summit follow-up and implementation for presentation at the Santiago Summit in March 1998. Develop with the OAS an appropriate and effective role for the Committee on Sustainable Development. Influence the use of the U.S. voluntary contribution to the sectoral account on Sustainable Development in support of high-priority projects. (State/ARA, USOAS)

2) Increase use of environmentally sustainable production and management practices in the region. Promote exports of U.S. environmental and environment-friendly technology. (State, AID)

3) Enhance and strengthen U.S. involvement and support for the Brazil Rainforest Pilot Project and strengthen bilateral dialogue through the U.S.-Brazil Common Agenda. (State/ARA, OES, USAID)

4) Improve implementation of the Border Environmental Coordination Commission (BECC) and North American Development Bank (NADB) agreements to focus funding on critical border environmental needs. (State/ARA, OES, Treasury, EPA)

5) Increase emphasis on regional and bilateral reporting and coordination on environmental issues. (State/ARA, OES)

6) Promote joint implementation projects in ARA countries. (State/ARA, OES, USAID)

7) Obtain Japanese commitment to jointly fund a regional environment program in the Caribbean for research and resource management of coral reefs, fisheries, and other commercially and ecologically important marine issues (under the U.S.-Japan Common Agendas). (USAID, G, ARA)

8) Complete Inter-American Biodiversity Network (Summit of the Americas). (State/ARA, DoE)

9) Begin the activities of the environmental hub officer in San Jose, Costa Rica. (State)

ASSUMPTIONS:

- Continued cooperation in the region on Miami and Santa Cruz Summit initiatives.
- USAID funding of Brazil Pilot Project - $10 million.
- OES funding (out years inclusive) of 1 Hub position in Costa Rica and adequate travel funds for the officer to operate in the region effectively.
- Continued funding for Joint Implementation Projects.
- Japanese financial commitment to environmental projects.
- Coordination of Santa Cruz Summit follow-up by the OAS.

INDICATORS:

- Submission of OAS report on Santa Cruz Summit follow-up.
- Funding for the Centers for Scientific Excellence in Brazil's Pilot Program.
- Number of countries participating in Joint implementation projects to 8.
- Commencement of Environmental Hub operations in San Jose, Costa Rica.
- Establishment of the marine research center.
- Inclusion of all Central American countries in the Inter-American Biodiversity Network.
- Identification of new projects for NAD Bank funding.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Stabilize world population growth by 2020.

OPERATIONAL GOAL: Foster coordination of USG efforts with those of other donors and national governments to stabilize population growth rates, consistent with the goals and objectives of the 1996 Latin American and Caribbean Regional Plan of Action on Population and Development adopted by the UN Economic Commission for Latin America and the Caribbean (ECLAC).

STRATEGY:

Encourage an understanding among national governments of population issues and the need to adopt sustainable population policies; harmonize national population growth rates and distribution with national economic and social development strategies; stimulate political, technical and financial support for national efforts.

OBJECTIVES:

1) Improve voluntary family planning and reproductive health services through the promotion of a participatory policy process and the development and implementation of national population policies that are effective in responding to client needs. (State/PRM, USAID)

2) Promote gender equality and empowerment of women. (State, USAID)

3) Increase access of girls to primary and secondary education.

4) Apply universally recognized human rights standards to all aspects of national population programs. (State, USAID)

5) Encourage participation of NGOs and civil society supported by national governments.

ASSUMPTIONS:

- Existing international and regional support for population stabilization efforts are maintained.
- Complementary population stabilization activities (e.g., enhanced girls education, microcredit programs for women) are concurrent national government priorities.
- Adequate mobilization of resources from all sources at the national and international level.

INDICATORS:

- Birth rates.
- Democratized national population policy development and implementation process.
- National population strategic planning and resource allocation.
- Capacity for public, private, NGO and community-based organizations to design, implement, and evaluate sustainable population programs.
- Level of demand for, access to, and quality of family planning and other reproductive health information and services.
- Education opportunities for girls and women.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Reduce disease worldwide.

OPERATIONAL GOAL: Foster coordination between the U.S. and other donors and national governments to combat endemic and communicable diseases throughout the hemisphere as agreed by hemispheric heads of state at the 1994 Miami Summit of the Americas.

STRATEGY:

USAID programs will continue to stress prevention of the primary causes of illness and death, especially among infants and children and women of childbearing age. These programs focus on child survival and reproductive health including STD/HIV prevention. In non-USAID presence countries, coordination of USG efforts will be more involved with HHS, especially the Office of Refugee and International Health and the Centers for Disease Control and Prevention (CDC), with an emphasis on health and disease problems relevant to the U.S.

OBJECTIVES:

1) Prevent disease through improved health behaviors and vaccination coverage.

2) Reduce the prevalence and transmission of HIV/AIDS.

3) Increase public and government awareness of HIV/AIDS.

4) Control epidemics.

5) Improve equity of access to basic packages of health care through improved health care systems and sustainability (per Miami Summit Initiative #17).

6) Improve public education on health care issues.

7) Expand environmental health programs to strengthen local capacity to combat emerging and reemerging diseases.

8) Improve case detection and treatment through use of integrated case management approaches.

9) Support NGO/PVO capacity to improve health delivery systems.

ASSUMPTIONS:

- NGOs, PVOs and multilateral development institutions will play increasingly important roles in disease prevention and control, but U.S. government contributions will remain essential in most USAID presence countries.

- Absent U.S. leadership, global disease surveillance and response capacity will not effectively expand.

INDICATORS:

- HIV/AIDS transmission rates.
- Infant mortality rates.
- Under 5 childhood mortality rates.
- Crude death rates.
- For epidemics: attack rates, case fatality rates.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Human Resources

OPERATIONAL GOAL: Establish, coordinate and maintain overall Bureau staffing to meet ongoing and projected requirements for the most effective implementation of Department and Bureau interests and objectives in the ARA region.

STRATEGY:

Identify Bureau's regional staffing needs based on prioritized program objectives in line with the Secretary's foreign policy objectives. These needs include sustaining current day-to-day operations and addressing outyear needs for special skills requiring operational, technical or language training investments. The Department's Overseas Staffing Model will serve as the bureau's strategic baseline model.

OBJECTIVES:

1. Define Bureau staffing requirements to reflect necessary skills to effectively deal with all areas related to Bureau objectives (i.e. technical skills, language proficiencies, specialized capabilities.)

2. Anticipate and identify regional crisis management resources under varying crisis scenarios that have neither been programmed or planned.

3. Analyze and evaluate all Foreign Service American and Foreign National training requirements to comply with inspector general recommendations or other needs and that effects the best possible match of personnel to onward assignment.

4. Work with M,PER,FSI and other to maximize Department's recruitment and intensify targeted professional development activities to alleviate short-term and long-term personnel shortages in areas of critical need.

5. Identify and convert to Family Member Hire those positions which do not require full-time Foreign Service assets. Provide adequate training to selected employees.

ASSUMPTIONS:

- Staffing intake will not keep pace with attrition, while requirements for specialized skills with continue to expand. The Department will be unable to meet human resource requirements, especially on a short-notice basis.

- Moving all personnel to a summer assignment cycle increases staffing gaps and reduce availability for job related training during the transfer period as posts will be unable to sustain operations for prolonged vacancy periods.
- Requirements for specialized training will expand (i.e. language, technical skills, administrative management) as more and more responsibility devolves to the individuals at a post, but the Department will be unable to meet the training demands over a summer cycle period.
- Conditions at many posts in the region (i.e. security, dependent education facilities) will continue to decline, further exacerbating recruitment difficulties and related staffing success.
- Alternative staffing resources will have to be identified and actively pursued to meet overseas staffing requirements. Coordinated management of such resources will require additional support from the Bureau to provide effective and timely position reclassification and candidate identification for civil service excursion tours, Rockefeller hiring, etc.
- ICASS resource decisions at post will not have an immediate impact on State personnel staffing through FY-98.
- ICASS underlines need for effective training for American and FSN administrative personnel.

INDICATORS:

- Training needs are met for designated positions (i.e. language, information technology, administration).
- Requests for special personnel activities (i.e. volunteer cables) declines.
- Overall requests for TDY assistance decline, and Bureau is able to meet unexpected TDY requests effectively .
- Number of vacant positions declines.
- Length of time a position remains vacant declines.
- Amount of funds expended on WAE and other short-term employment to meet staffing gaps declines.
- Overall satisfaction with effectiveness of job performance and services provided is achieved.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Infrastructure and Operations

OPERATIONAL GOAL: Evaluate, maintain and project infrastructure requirements to facilitate communications, ensure personal and physical security and meet crisis requirements; and enhance and monitor operating capacities to provide optimal operational readiness in support of Bureau and Department interests and objectives throughout the ARA region.

STRATEGY:

Implement a comprehensive management strategy for property asset management, logistical re-engineering, and information management systems and security management, which reduce cost inefficiencies and that enhance ARA's overseas operational effectiveness.

OBJECTIVES:

1) **Management Systems: ICASS/Administrative Cost Sharing**: Coordinate fully integrated post-level participation by all appropriate agencies for full ICASS implementation in FY-98, and work with posts to ensure that quality customer service is provided by the most appropriate service provider.

2) **Property:** optimize space utilization at posts and provide effective cost-management of real property assets, especially in Rio de Janeiro, Port-au-Prince, San Salvador, Montevideo, and Mexico (in response to Border Crossing Card Initiative) .

3) **Logistics:** Monitor and evaluate the bureau's participation in the Department's world-wide logistics management process reengineering through direct participation in the pilot project at the Florida Regional Center (i.e. provide support for improved and streamlined processes for procurement, contracting, storage and shipping for seven regional posts.)

4) **Security:** Expand and enhance security networks at posts (i.e. E & E radio networks), through the Joint Planning Process (JPP) to assure adequate residence security coverage to domestic and vehicle level at posts with security threat concerns.

5) **Consular Management and Budget Accounting systems**: Monitor and review developing programs to ensure that Bureau and Department financial and human

resources are allocated in the most prudent and cost-effective manner to meet changing and developing requirements.

ASSUMPTIONS:

- Modifications to staffing will require reconfiguration within the workspace to improve and streamline workflow while reducing space required. Realignment of other agencies to maximize space utilization and reduce property expenses will require ongoing review and negotiation.

- Property systems reliant on computer technology will have to be evaluated by IM, FBO and DS in light of year 2000 considerations to ensure functionality of such systems (i.e. telephone switchboards) beyond the year 2000. Related replacement/upgrade costs will have to be negotiated.

- Overseas operating expenses will continue to fluctuate as the dollar/local currency ratio floats. "Fixed" costs will be affected as exchange rates vary, and may impact significantly on post budget projections versus actual budget requirements.

- Logistic costs related to shipments will vary based on geographic location and shipping issues specific to particular regions. Programs such as PUSH will accelerate and simplify logistical operations for participating posts, but may limit overall procurement possibilities.

- Reliance on local infrastructural elements (i.e. telephone systems) will remain problematical. The need for back-up systems such as E & E radios will continue or expand as conditions at posts evolve.

- ICASS principles will serve as primary management tools for posts in the identification of the best qualified and most applicable service provider.

- Posts will continue to experience infrastructure deficits in 3100 items (i.e. furniture and equipment.)

- Consular services will continue to expand as economic and leisure interest in the United States expands throughout the region. Related expansion in support and space requirements will augment overall operational costs.

INDICATORS:

- Physical plant space utilization is optimized and costs for "annex" operations are reduced. Rehabilitation/renovation completed in Port-au-Prince; facility for new COB in Rio de Janeiro; study of space needs undertaken in Montevideo; consular

renovations underway or completed in Guatemala, Santo Domingo, Rio, Sao Paulo, Brasilia and elsewhere.

- Success of the Logistics Pilot program will result in timely and cost-effective receipt of goods by posts. Pilot program's successes will be expanded to other posts.
- Backup security systems (i.e. E & E radios) will be provided and/or enhanced for those posts deemed security risks.
- Full potential of ICASS is realized, leading to more efficient administrative operations, lower costs, and enhanced customer satisfaction.
- Sufficient furniture and equipment will be purchased to meet critical post needs.

ARA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Information

OPERATIONAL GOAL: Develop and maintain a comprehensive Information Technology (IT) strategy within the parameters of the Information Management Strategic and Tactical Guidelines to facilitate all levels of information communication domestically and internationally, enabling the Department to process information for effective support of U.S. government interests in the ARA region.

STRATEGY:

Analyze and identify the bureau's prioritized information management needs, both domestically and at overseas posts, to facilitate improved productivity and efficiencies.

OBJECTIVES:

1) Identify specific IT requirements domestically and for all posts, working within the parameters of the IM Guidelines, that enhance posts' information communications capabilities.

2) Outside the scope of specific IM technological deployment plans (i.e. ALMA and Year 2000), identify and prioritize further post-specific information communications requirements (i.e. telephone and radio systems and classified processing systems) for presentation to the IRM Program Board through the Joint Planning Process, or other mechanism.

3) Enhance skills of IM personnel through training, managing human resources to facilitate participation in Department training programs.

ASSUMPTIONS:

- Fiscal resources for all programs will be limited. Prioritization of information requirements for funding will require coordination within the Bureau and with all overseas locations.
- Skill levels in support of Department Information initiatives will vary dramatically. Rapid deployment timetables (i.e. ALMA) will increase the need for additional training in all areas of information technology.
- Existing telephone and E & E radio technology is aging rapidly and requires replacement. Contract vehicles for telephone systems require full system replacements, augmenting all costs. Projects for presentation for central funding will have to be fully developed in coordination with post and Bureau assessed needs.

- Information technology will continue to evolve, rendering equipment procured in the short term obsolete in shorter and shorter periods of time. Lifecycle replacement plans will have to be maintained and prioritized to optimize funding available.
- Department implementation strategies will have to be reviewed regularly, in light of technology and personnel changes. Bureau personnel resources will be required to assist in coordinating and developing modification strategies.
- Personnel resources to implement Department and Bureau information projects will not expand to keep pace with project plans. Additional resources will be required, increasing project costs.
- Domestic and overseas information support staffing will not increase apace with technological implementations. Personnel will be required to do more with fewer people, requiring support prioritization.
- An appropriate level of bandwidth will be available for all posts for implementation of IM and CA initiatives.

INDICATORS:

- Installation of equipment and migration of software to Year 2000 compliance is completed in conjunction with the ALMA installation timetable (i.e. 22 posts in FY-98 and 3 posts in FY-99. Actual numbers of PCs for replacement and upgrades will be dependent upon ALMA post survey results; surveys to be completed in accordance with ALMA survey timetable).
- Systems reliant on computer related technology will be certified as Year 2000 compliant, or will be modified to meet such compliance.
- Information processing requirements between the Department and overseas locations is effective and comprehensive (i.e. classified electronic mail installation is completed at required posts, old telephone systems are replaced in accordance with the JPP process or are upgraded to provide current services.)
- All computer equipment fielded, both as part of ALMA deployments and other systems (i.e. CLAN) are upgraded or replaced to reflect Department configurations and security standards.
- Information technology support personnel training meets individual post requirements by supplementing transfer cycle training with alternative training (i.e. during R&R, certified self-study modules, local certification.)
- End user training in post-specific applications is incorporated into transfer cycle training to the greatest extent possible.
- Requests for central funding reflect overall Bureau Information priorities as they evolve and/or change through updated project presentations to the JPP Workshop.

Argentina Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	603	600	600
Total, Argentina	**$603**	**$600**	**$600**

U.S. Foreign Policy Objectives:

Argentina is one of Latin America's largest and most developed countries. Under President Menem, the government of Argentina has privatized major industries and opened the economy to foreign trade and investment. U.S.-Argentine relations, once distant, have become close in recent years. Argentina has strongly supported U.S. positions at the UN and other international fora. It participates in efforts to improve human rights practices and achieve democratic rule in Cuba, and joins with the U.S. in international disarmament efforts from nuclear supply to control of missile technology. In recognition of Argentina's contribution to international security, especially through its participation in peacekeeping, the U.S. designated Argentina a Major Non-NATO Ally. The U.S. is seeking to establish an open skies civil aviation agreement with Argentina, as well as agreement on bilateral commercial satellite television. On the environment, the U.S. worked closely with the government of Argentina during the global climate change conference in Kyoto, Japan and will work closely on the follow-up conference to be held in Buenos Aires this year. U.S. objectives include:

- Consolidating Argentina's on-going progress toward a stable democratic order and open economy.
- Assuring high levels of U.S. exports, a secure environment for U.S. investment and improved protection for intellectual property rights holders.
- Strengthening U.S.-Argentine security ties.
- Encouraging continued Argentine participation in international peacekeeping and in regional confidence-building activities.
- Supporting a strong Argentine anti-terrorism and law enforcement capability.
- Foster Argentine leadership as they prepare to host the Fourth Conference of Parties on climate change.

Strategy for FY 1999:

The U.S. seeks to build on the great political and economic progress that the Argentine government and people have made and on our already close bilateral relationship, which was highlighted by the President's visit in October, 1997. Argentina continues to make progress in consolidating democratic institutions that support a free market and open society. Our strategy to promote the consolidation of those trends -- which is

essential to achieving all of our objectives -- calls for steady and broad engagement with Argentine leaders and civil society. Argentine leadership to promote market-based solutions for greenhouse gas emissions reductions will increase the likelihood for a productive outcome of the next round of climate change negotiations.

Participation in International Military Education and Training (IMET) courses improves the capabilities of Argentina's armed forces as they seek to modernize at a time of great budget stringency. These courses also provide increased inter-operability with U.S. and NATO forces, which is increasingly important as Argentina expands its worldwide peacekeeping activities. IMET also plays a key role in the development of civilian defense experts who can administer effectively the defense establishment. Argentina is the second largest recipient of IMET funding in South America, behind Colombia. U.S. anti-terrorism and anti-crime assistance is strengthening the Argentine state's ability to confront transnational threats to Argentine society and regional peace and security. Through training programs and visits by U.S. counter-terrorism and anti-crime specialists the U.S. is improving the capacity of Argentine government.

Argentina will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the country's efforts to modernize and enhance its interoperability with U.S. and NATO forces. Argentina plays a key role in international peacekeeping operations in support of U.S. foreign policy objectives. Argentina has provided peacekeepers to the Middle East, Eastern Slavonia, Cyprus, Haiti and elsewhere.

Indicators:

- Level of free-market liberalization.
- Status of intellectual property rights legislation.
- Status of liberalization of trade barriers.
- Level of cooperation and leadership on climate change.
- Establishment of an open skies civil aviation agreement and a bilateral commercial satellite television agreement.
- Participation in worldwide peacekeeping missions, regional military exercises and confidence-building measures.
- Defense resource management capability and degree of oversight authority by civilian authorities.
- Police and judicial performance in the face of terrorism, narcotics, and law enforcement threats.

The Bahamas Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	107	100	100
INL	800	500	1,000
Total, The Bahamas	**$907**	**$600**	**$1,100**

U.S. Foreign Policy Objectives:

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 The Bahamas has become a major transit point for illicit narcotics entering the United States and continues to cope with a growing problem of migrant and alien smuggling issues. 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. foreign policy objectives in The Bahamas include:

- Decreasing the amount of cocaine and other illicit drugs transiting through Bahamian territory.
- Enhancing the effectiveness of the Bahamian judicial system.
- Promoting the professionalism of the Royal Bahamas Defense Force (RBDF) and improving its inter-operability with U.S. and allied forces.
- Continuing cooperation on migrant and alien smuggling issues.
- Strengthening the capacity of the Bahamian government to combat money laundering.

Strategy for FY 1999:

U.S. policy seeks to support the Bahamian government's efforts to combat the negative impact the drug trade has on its institutions and society, improve its judicial system, professionalize its military and police forces, and increase multilateral peacekeeping operations. Through Operation Bahamas and Turks & Caicos (OPBAT), an effective combined counternarcotics enforcement effort, we enjoy unparalleled bilateral cooperation which 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.

Since the Bahamian government lacks the resources to simultaneously train and maintain its small defense force, the IMET program 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. Under the Caribbean Regional fund, The Bahamas will receive FMF to enhance the capability of the their Coast Guard to conduct search and rescue, disaster relief and law enforcement activities. FMF funding provides valuable support to a region that is becoming increasingly under greater threat from transnational crime. FMF provides Navy and Coast Guard support, fixed and rotary wing aircraft spares, communication upgrades, radios, tools, uniforms and other essential items.

The Bahamas will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Amount of illegal narcotics seized.
- Number of successful prosecutions of narco-traffickers and alien smugglers.
- Prosecutorial and judicial effectiveness.
- Number of migrants intercepted and repatriated.
- Level of professionalism of the RBDF and inter-operability with other regional security forces.

Belize Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	208	250	250
Peace Corps	976	989	979
Total, Belize	**$1,184**	**$1,239**	**$1,229**

U.S. Foreign Policy Objectives:

Belize gained its independence from Great Britain in 1981 and has since continued its tradition of parliamentary democracy with elections due sometime in 1998. Its common borders with Mexico and Guatemala, long coastline, numerous cays and sparse population have made Belize a target of opportunity for international criminals and narco-traffickers. It is in the interest of the United States to help Belize defend itself against these threats. The Belize Defense Force (BDF) is a small, inadequately trained and equipped force, which looks to the United States for support. United States foreign policy objectives include:

- A resolution of the Belize-Guatemala border dispute.
- Belize's pursuit of an end to its border dispute with Guatemala.
- Belize's development and implementation of counternarcotics strategies to curb
- the flow of illicit drugs through the country.
- Improving Belize's cooperation on law enforcement issues.
- Improving Belize's commitment to democratic institutions and sustainable environmental and developmental policies.

Strategy for FY 1999:

To reach these objectives the United States will carefully allocate available resources to: encourage GOB support for United States policy objectives in the region; conclude new extradition and Mutual Legal Assistance Treaties to enhance GOB support for law enforcement efforts; promote trade and investment with Belize; and, support a more capable and professional Belize Defense Force (BDF). In reaching United States goals the following types of funding are appropriate to implement the strategy:

The BDF, albeit small, is a model in the region of a military functioning smoothly under civilian control. FMF funds under the Caribbean Regional Fund are needed to augment the limited resources the GOB is able to allocate to the BDF for basic supplies and equipment. The senior levels of the BDF have received adequate training, but the lower ranks are in need of training support. With the departure of the British forces and their assistance the need for IMET funds is more important than ever. The IMET

program will provide professional military education for officers and NCOs, as well as training in the areas of peacekeeping, search and rescue, and maritime law enforcement.

Belize remains on the majors list as a transshipment country for illicit drugs. As efforts to the east and west are successful, the traffickers are forced to follow routes which at times take them through Belizean territory. The resource demands of combating the narco-traffickers are beyond the limited means of the GOB. We will use INL Latin America regional funds (see INL regional paper) to work with both the police and judiciary to assist Belize in the development and implementation of a coordinated counter-narcotics strategy.

Belize will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Status of extradition and MLAT treaties.
- Level of efforts to eliminate corruption within the police and military forces.
- Improvement in the criminal justice system, especially in the ability to successfully prosecute drug traffickers.
- Participation in regional military initiatives.
- Passage of sound environmental legislation.
- BDF and police participation with the US Coast Guard in law enforcement operations.

Bolivia Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	28,106	35,625	33,880
PL - 480	20,528	24,070	23,910
IMET	509	550	550
INL	45,500	12,000	45,000
Peace Corps	2,408	2,414	2,156
Total, Bolivia	**$96,551**	**$74,659**	**$105,496**

U.S. Foreign Policy Objectives:

The United States has an overriding interest in eliminating Bolivian narcotics production and trafficking. As the world's second largest producer of refined cocaine Bolivia is a major source of the cocaine smuggled into this country. Sustainable development and broad economic growth are essential to provide viable economic alternatives to narcotics production. The Bolivian economy has opened to foreign investment in recent years and we are advocating fair and equal access to the Bolivian market for American companies. The United States objectives include:

- Strengthen democratic institutions and reform the judicial system.
- Increase the professionalism of the Bolivian military and strengthen civilian control.
- Combat high infant, child and maternal mortality rates through innovative family health programs and food assistance.
- Help Bolivia develop sound environmental regulations and building local capabilities to bring increased areas of forests under responsible environmental management.

Strategy for FY 1999:

Our strategy for curbing illicit narcotics production and trafficking depends upon the development of strong, cohesive, accountable and more responsive institutions of government in Bolivia. President Hugo Banzer's coalition government, inaugurated in August 1997, has pledged to remove Bolivia from the narcotrafficking circuit by the end of its term in 2002. The Banzer government kicked off a major coca eradication campaign in the final three months of 1997 that met the 7,000 gross hectare eradication goal for the year. The Narcotics Law Enforcement program for FY 1999 is designed to enhance the Banzer government's ability to direct and finance counternarcotics efforts. Projects continue to strengthen the civilian police units which conduct counter-drug law enforcement operations and the military units which support them. A primary objective of these law enforcement operations is to disrupt the transport and sale of

illegal coca leaf, cocaine base and precursor chemicals. U.S. assistance supports the Bolivian illicit coca eradication agency; improvements in ground, air, and riverine law enforcement counternarcotics operations; chemical control efforts; investigations and prosecutions of major drug traffickers; and improved counternarcotics intelligence gathering and dissemination.

Our strategy for promoting sustainable development and broad economic growth builds upon the success already realized in the development of viable, licit, income-earning alternatives for coca farmers. Demand for alternative development crops is significant and growing. The export market for bananas, pineapples, hearts of palm and black pepper has grown rapidly and is stimulating private investment. Our strategy includes projects to develop alternative sources of income and employment, expand financial services to micro-entrepreneurs, promote Bolivian exports, protect the environment and natural resources, and support macro-economic balance-of-payments assistance to the Bolivian Government. In FY 1999, the program will continue to promote broad-based economic growth led by the private sector by creating an attractive climate for foreign trade and investment. To improve family health, U.S. assistance targets Bolivian women and children and supports Bolivian efforts to lower fertility and space births. In support of the Improved Health Strategic Objective, PL - 480 II, the maternal and child health program, provides supplementary feeding, oral rehydration therapy, nutrition education and other services.

Our strategy for helping Bolivia reform its judicial system 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 Bolivian government took the significant step of introducing legislation for a new Code of Criminal Procedures, the Constitutional Court and the Judicial Council. In 1999, the program will provide the training and technical expertise to bring to life the functioning judicial components established by the above legislation. Our strategy for the Bolivian military is to expose its personnel to well-organized, professional operations and training, to instill greater respect for human rights and to reinforce 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. Bolivia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to assist Bolivia primarily in its counternarcotics program.

Indicators:

- Gross and net coca eradication figures.
- Number of interdictions and seizures of cocaine and precursor materials.

- Number of arrests and prosecutions of major drug traffickers.
- Amount of hectarage planted with alternative crops.
- Health statistics of the Bolivian people.
- Level of degradation of forest and water resources and biodiversity.
- Level of civil-military relations and respect for human rights and democratic values.

Brazil Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	12,610	10,878	10,617
IMET	222	225	225
INL	700	500	1,200
Total, Brazil	**$13,532**	**$11,603**	**$12,042**

U.S. Foreign Policy Objectives:

As Latin America's largest nation, the world's fifth most populous country, and the tenth largest economy, Brazil is a major power in the hemisphere and of significant importance to the United States. Most of our hemispheric objectives can be accomplished without consequential engagement with Brazil. On regional diplomatic and security issues Brazil has recently taken a more active role in international crisis management such as its actions during last year's Paraguay crisis, and the Brazilian Army's assumption of the helicopter support mission on the Peru-Ecuador border. On hemispheric and summit issues such as free trade and education, Brazil is a key voice whose support and participation are critical. As the hemisphere's largest economy after the U.S., Brazil represents a market with great potential for U.S. goods and services. The U.S. is the largest foreign investor in Brazil, and upcoming privatizations are of great interest to U.S. companies. Growth in U.S. exports, however, is contingent on the continuation of the relatively recent trend in Brazil of economic stability and market opening. Additionally, Brazilian cooperation remains pivotal to our environmental and counternarcotics policies in the hemisphere. Finally, Brazil is an increasingly important player on issues of global concern such as climate change, environment, nuclear non-proliferation and U.N. reform. Specific U.S. objectives in Brazil include:

- Enlarging the market for U.S. goods and services, while collaborating on development of FTAA.
- Cooperating on key hemispheric security issues, including Peru-Ecuador, Paraguay, and terrorism.
- Encouraging and supporting the establishment of a civilian Minister of Defense.
- Enhancing cooperation on global issues such as nuclear proliferation and U.N. reform.
- Fighting narcotics trafficking.
- Conservation and sustainable use of the Amazon rain forest.
- Establish a clean development mechanism under the climate change protocol.
- Expanding U.S./Brazilian cooperation on shared foreign policy issues such as international peacekeeping operations.

Strategy for FY 1999:

Our overall strategy for Brazil is to continue to build on the good will established during President Clinton's October 1997 visit in order to strengthen a growing partnership on a wide range of issues. We will intensify diplomatic engagement, even on issues of disagreement, such as climate change and the pace of development of the FTAA, and continue our active dialogue with Brazil on all issues of mutual concern.

On security issues, the Brazilian military has demonstrated an increased willingness to conduct joint exercises with U.S. forces, and wants to increase their participation in international peacekeeping operations. (Brazil recently had the seventh largest national contingent involved in peacekeeping worldwide). Participation of Brazilian personnel in IMET provides otherwise unavailable leadership training and professional military education to the Armed Forces. It also has improved the military's inter-operability in such missions as the Brazilian-led Military Observer Mission in Ecuador and Peru (MOMEP). Moreover, returning IMET graduates have multiplied the program's value by developing new training courses for their colleagues. U.S. trained officers familiar with U.S. equipment and training will also be helpful in securing contracts for U.S. suppliers in the large Brazilian Armed Forces. For example, a recent Brazilian purchase of helicopters, support and training for MOMEP may be attributed to the two militaries' interoperability exercises. Also, the Brazilian naval forces are training with US forces, thus enabling continued Brazilian support in coalition operations

In counternarcotics, Brazil is a growing transshipment route for cocaine moving to Europe and the U.S. from Andean producers. Brazil has expressed a strong desire to enhance cooperation with us, as long as our efforts are truly collaborative, addressing the counter-narcotics concerns of both nations. Most U.S. counternarcotics (INC) funding provides equipment and training for the Brazilian Federal Police to enhance its interdiction and investigative capability.

On the environmental front, U.S. efforts will focus on the protection and sustainable use of natural resources in Brazil's critical regions for biodiversity, through a contribution to the G-7 pilot project for the Amazon, and effective measures to address the reduction of greenhouse gas emissions, including alternative energy sources and collaboration to design and obtain global support for a clean development mechanism to be negotiated in Buenos Aires in 1998. Finally, limited U.S. assistance in the health area will focus on family planning and AIDS prevention.

Brazil will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA for Brazil would be used to support the military's interoperability with other forces, and in deployment to Angola to assist in U.N. demining/peacekeeping efforts. EDA will also be used to assist Brazil in interdicting increasing narcotics shipments through its borders.

Indicators:

- Status of liberalization of trade barriers.
- Level of U.S. exports.
- Level of democratic reform.
- Rate of destruction of Amazon rainforest and degree of cooperation on climate.
- Control over drug transshipment in Amazon Basin.
- Involvement in regional security issues.
- Level of Brazilian support for U.S. positions in international fora.
- Success of family planning and AIDS education.
- Brazilian involvement in the Military Observer Mission for Ecuador and Peru.

Chile Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	395	450	450
Peace Corps	1,131	696	-
Total, Chile	**$1,526**	**$1,146**	**$450**

U.S. Foreign Policy Objectives:

Chile is a vital economic and diplomatic partner of the United States in Latin America. It's vibrant market economy, commitment to free trade, and strong democratic values 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 Chile's social and education sectors, attracted foreign direct investment, promoted Chilean exports, and encouraged aggressive modernization plans of the military. Evidence of the excellent partnership the U.S. enjoys with Chile was displayed during the February 1997 state visit to Washington by President Frei, as well as by President Clinton's strong support for renewal by Congress of his Fast Track authority to negotiate trade agreements (including one with Chile). President Clinton's participation in the April 1998 Summit of the Americas in Santiago, Chile, to be accompanied by a separate state visit to Chile, will be further proof of how highly the U.S. government values its ties with Chile.

President Frei has been a particularly ardent supporter of human rights and democracy. His administration, in office until March 11, 2000, is committed to persevering with political reforms in Chile in order to provide elected civilian leaders more authority over the armed forces. The March 1998 retirement of Army Commander Pinochet will mark an important milestone in this effort. Such democratization fulfills broader hemispheric and global U.S. goals of promoting democracy and peace. Key elements of U.S. policy toward Chile include:

- Negotiate a comprehensive bilateral trade agreement with Chile.
- Obtain greater access to Chilean market for U.S. goods and services.
- Strengthened civilian expertise in security issues and defense establishment management.
- Expand U.S. - Chilean cooperation on shared foreign policy interests, especially on peacekeeping operations.
- Improve military-to-military relations.

Strategy for FY 1999:

The U.S. will continue its broad and intense efforts to strengthen the economic and political ties between our two countries. In the area of trade and investment, the U.S. Embassy team in Santiago, with the full support of a broad array of U.S. government agencies, including the Departments of Commerce and Agriculture and USTR, will continue to promote and advance a favorable climate for U.S. investors and exporters. Chile's well-established free market reforms provide the basis for pursuing expanded markets for U.S. goods and services. Our strategy will focus on advocacy efforts and assistance to U.S. firms.

A crucial means for strengthening civilian control of the Chilean military involves expanding civilian participation and expertise in defense management issues. Our strategy supports this development by using the Expanded IMET program to complement existing Chilean consolidation efforts by training civilian Ministry of Defense officials. GOC interest in participating in peacekeeping operations is rising; our strategy focuses on modernizing the attitudes, strategies, and tactics of Chile's armed forces. IMET training and familiarization with U.S. peacekeeping operations provide excellent exposure to Chilean military officers in standard operating procedures of U.S. forces, thereby enhancing the Chilean military's desire (and practical ability) to participate in regional military operations.

Engagement with the military is also at the core of our strategy for improved military-to-military ties and is supplemented by a regular program of high-level visits. Our links include regular Defense Consultative Committee (DCC) military-to-military and joint staff political-military (Pol-Mil) talks. Also, the Chilean naval forces are training with US forces, thus enabling continued Chilean support in coalition operations. Chile possesses one of most technically competent and advanced militaries in Latin America. Chile will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA for Chile would be used to continue the level of interoperability between our militaries and to support Chilean efforts to participate in regional military operations.

Indicators:

- Negotiation of a free trade agreement.
- Level of U.S. exports.
- Institutionalization of democracy in Chile, including military acceptance of, and respect for, civilian control.
- Operational compatibility with U.S. and allied forces in peacekeeping operations.
- Civilian involvement in defense management.

Colombia Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	50	20	-
IMET	-	900	800
INL	33,450	66,000[1]	45,000
Total, Colombia	**$33,500**	**$66,920**	**$45,800**

U.S. Foreign Policy Objectives:

Colombia is a multi-party, constitutional democracy in which the Conservative and Liberal parties have long dominated the political scene. Colombia has a mixed private/public sector economy, with crude oil and coffee accounting for the country's principal legal exports. 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 a major source of cocaine entering the United States and a significant source of heroin. U.S. foreign policy objectives in Colombia include:

- Reducing the flow of cocaine, heroin and other drugs into the United States.
- Strengthening democratic institutions against the corrupting influence of narco-trafficking, and the destabilizing influence of insurgent activities.
- Promoting the protection of human rights.
- Ending the violence which affects US citizens and commercial interests in Colombia and threatens regional stability.
- Protecting American citizens.

Strategy for FY 1999:

U.S. counternarcotics assistance to Colombia aims to disrupt the cocaine, marijuana and heroin trafficking infrastructure by eradicating illegal crops and supporting and improving investigative, evidence-gathering, arrest, prosecution, and asset seizure measures. We also provide an Administration of Justice program to improve the efficiency of the overburdened Colombian judicial system. Our assistance counters the drug trafficking threat posed to Colombia's internal security, political system and economy, and provides a foundation for maintaining democratic governance. IMET funding will train civilians and senior, mid-level and junior officers in courses that emphasize democratic principles, human rights, professionalism and resource

[1] FY 1998 INL funding includes $36 million for Blackhawk helicopters per FY 1998 Foreign Operations Appropriations Act report language.

management. Two major guerrilla insurgencies, a growing and increasingly brutal paramilitary movement and extremely well funded and subversive drug cartels have placed severe strains upon the country.

The primary U.S. objectives in Colombia are to support the nation's efforts against the drug cartels and to strengthen the country's democratic institutions. Colombia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to disrupt and destroy the narcotics trafficking organizations in support of U.S. policy.

Indicators:

- Eradication of coca and opium poppy crops.
- Arrests and prosecutions of major drug traffickers.
- Number of narcotics related convictions.
- Level of interdictions and seizures of cocaine and precursor materials.
- Adherence to democratic rule.
- Number of reported cases of human rights abuses by GOC security forces.
- Prosecution of human rights abuses by the Colombian government.
- Safety of American citizens.

Costa Rica Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	200	200	200
Peace Corps	1,083	663	293
Total, Costa Rica	**$1,283**	**$863**	**$493**

U.S. Foreign Policy Objectives:

Costa Rica's tradition of stable, democratic government continues. February 1 elections will likely result in a smooth transition of power on May 8, 1998. We do not expect any major changes in Costa Rican policy. The constitution of 1949 abolished the military in favor of a small police force. Costa Rica's stable and progressive economy depends in large part on tourism and the export of bananas, coffee, and other agricultural products. Costa Rica has 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. Costa Rica has assumed a leading role in global discussions on environmental issues, and the USG responded by establishing an environmental hub for Central America and the Caribbean at our embassy in San José. While Costa Rica has an admirable record of democratic progress, recent incidents involving attacks on American property owners serve as reminders that much work needs to be done in strengthening the rule of law in Costa Rica. U.S. objectives in Costa Rica include:

- Strengthening governmental and financial systems to withstand illegal activities.
- Improving respect for security and property rights of American citizens.
- Combating drug smuggling, vehicle thefts, money laundering and smuggling of endangered species.
- Promoting sound environment policies and encouraging further Costa Rican leadership in regional approaches to environmental issues.

Strategy for FY 1999:

The Figueres administration, with U.S. support, has undertaken to professionalize the police and insulate them from political influence and constant turnover. U.S. efforts to professionalize Costa Rica's security forces will enhance their ability to fight serious regional crime problems such as alien and narcotics smuggling and trafficking in endangered species. FY 1999 IMET funds will be used by the Ministry of Public Security, and will focus on professional development, civil-military relations, resource management, computer systems and maintenance of aircraft, boats and motors. Costa Rica will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under

Section 516 of the Foreign Assistance Act. EDA would be used in border protection and to assist efforts against drug trafficking and alien smuggling.

Indicators:

- Level of violent crime.
- Protection of U.S. citizen property owners.
- Resolution of land dispute cases involving American Citizens.
- Effective enforcement of regulations to protect the environment and regional leadership to promote Transboundary solutions to regional environmental problems.
- Seizures of cocaine and heroin transiting Costa Rica to the United States.
- Number of investigations resulting in the dismantling of drug distribution networks.
- Number of convictions and longer prison sentences for drug traffickers.

Cuba Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	1,500	2,000	3,000
Total	**$1,500**	**$2,000**	**$3,000**

U.S. Foreign Policy Objectives:

Based on a Presidential determination announced in early FY 1996, and under the authority of the Cuba Democracy Act of 1992, the U.S. began providing assistance to U.S. NGOs to provide support for individuals and independent groups in Cuba to promote a peaceful democratic transition. The Cuba Liberty and Democratic Solidarity Act of 1996 reconfirmed this authority and directed the Administration to undertake planning for a democratic transition in Cuba.

Strategy for FY 1999

The FY 1999 program complements privately funded activities to disseminate information to the Cuban people, support the development of civil society, and assist human rights groups and victims of repression.

Indicators:

- Increased attention to human rights abuses.
- Dissemination of information on democracy and human rights to the Cuban people.
- Greater initiative and freedom of action and thought by civil society in Cuba.

Dominican Republic Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	11,028	10,762	8,824
ESF	-	2,500	2,300
PL - 480	392	-	-
IMET	622	500	500
Peace Corps	2,694	2,648	2,751
Total, Dominican Republic	**$14,736**	**$16,410**	**$14,375**

U.S. Foreign Policy Objectives:

The Dominican Republic is a multi-party constitutional democracy that has a popularly-elected president and a bicameral Congress. Following the flawed 1994 elections, the country underwent a politically traumatic two-year period which resulted in constitutional changes and new elections. National and international observers agreed that the 1996 elections were free and fair. The United States seeks to integrate the Dominican Republic fully into the growing community of democratic nations in the hemisphere, and enhance our bilateral relationship. These objectives will be achieved through diplomatic engagement, supported by USAID development assistance programs aimed at strengthening the country's democratic institutions through local NGO's, and by IMET funding. U.S. foreign policy objectives in the Dominican Republic include:

- Enhancing American investment opportunities.
- Promoting economic prosperity, open trade and sustainable development.
- Strengthening the nation's democratic institutions.
- Combating narcotics trafficking.
- Reducing environmental degradation and promoting environmentally sustainable economic activities.
- Stemming the flow of illegal immigrants.

Strategy for FY 1999:

Following the historic elections of 1996 and peaceful transfer of power, the focus of U.S. interests has turned towards developmental and trade issues. A key to sustained democratic development in the Dominican Republic lies in addressing the issues of official corruption and narcotics trafficking, and supporting the new administration's economic and judicial reform efforts. The Government of the Dominican Republic continues to implement activities to enhance the independence, professionalism and efficiency of the judiciary and related institutions. Following the election, a presidential technical team on judicial reform developed a serious and practical action

agenda for the new administration to expedite the establishing of programs in the judicial sector. ESF resources, through the Inter-American Affairs Regional Democracy Fund, will support on-going activities to enhance professionalism of the judicial system.

Development Assistance to the Dominican Republic seeks to build strong, supportive relations with the new, reform-oriented government to facilitate key political, economic and social reforms, while using our experiences with NGOs to foster efficient linkages between them and the State. Principal activities include reform of the justice sector, civic education and support for popular participation in the democratic processes, technical assistance for economic policy analysis, HIV/AIDS prevention, health sector reform, pilot testing of commercially viable alternative energy needs, and natural resource conservation. A professional Dominican military which understands and respects its proper role in a democratic society is a fundamental element in this process.

Continued IMET funding is instrumental in developing the Dominican military's professionalism by exposing military students to U.S. respect for human rights, democratic values, and the belief in the rule of law. A disciplined military, clearly subordinate to civilian authorities, will enhance the political stability necessary for fuller democracy in the Dominican Republic. The Dominican Republic has recently emerged as a key partner in the region, increasing cooperation with the U.S. on migration and counternarcotics. Defense funding is inadequate and equipment modernization is needed. Under the Caribbean Regional Fund, FMF will be used for Navy and Coast Guard support and for providing spare equipment. The Dominican Republic will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the Dominican Republic's coast guard, counternarcotics efforts, and safeguard the border with Haiti.

Through targeted USAID programs, the United States will continue to seek increased use of effective primary health care services by underserved populations. USAID intends to market its successful record of NGO-assisted, community-managed water and sanitation projects as a model to mobilize private sector, other donor and government funding. The United States is working with the World Bank and other international donors and the private sector to support solar power for community potable water and domestic lighting systems; solar cooking, heating and drying ventures; pilot conservation projects in critical watersheds; and, wind energy and mini-hydro pilot demonstrations for community electrification.

Indicators:

- Status of foreign investment and free market reforms.
- Citizen participation in democratic governance.
- Level of military professionalism.

- Military judicial action against any member who may promote unconstitutional or illegal actions by the military.
- GODR commitment to environmentally sustainable economic activity, effective enforcement of regulations to protect the environment, and availability and use of environmentally sound energy sources.
- Level of reforestation and soil conservation.
- Level of access to primary health care and education.
- Level of judicial sector reform and administration of justice.
- Number of illegal migrants.

Eastern Caribbean Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	420	450	450
Peace Corps	2,236	2,206	2,227
Total, Eastern Caribbean	**$2,656**	**$2,656**	**$2,677**

U.S. Foreign Policy Objectives

U.S. policy in the eastern Caribbean seeks to work in partnership with the region to promote economic prosperity and political stability, and stem the flow of narcotics through the region to the United States while combating the problem of drug use in the islands. To this end, the United States has worked to strengthen the Regional Security System (RSS). The tiny nations of the eastern Caribbean formed the RSS in 1983 to establish a system of collective security. The RSS is composed of all seven eastern Caribbean countries -- Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

The RSS serves as a regional stabilizing force, and helps protect its seven democratic nations from political and economic instability caused by illicit narcotics trafficking. U.S. objectives include:

- Combating the flow of illicit drugs transiting through the region.
- Enhancing the capability of law enforcement and RSS forces to deal with narcotics and money-laundering activities.
- Promoting prosperity, open trade and sustainable development.

To this end, the U.S. and RSS nations (along with other countries in the Caribbean) participate in productive annual joint exercises designed to provide training and inter-operability, while deterring drug traffickers.

Strategy for FY 1999:

The strategy to encourage regional stability and prosperity consists of several parts. The U.S. and European nations are cooperating closely in the fight against narcotics trafficking, including supporting the judicial processes in the islands which face an upsurge in drug-related cases. There is also close cooperation in the implementation of the 1996 Barbados Declaration, which sets Caribbean and donor goals in the fight against drug trafficking. Over the past few years, the U.S. has concluded maritime law enforcement agreements, and Mutual Legal Assistance and Extradition treaties, with

almost all of the nations of the eastern Caribbean. These agreements provide further support for efforts against drug trafficking and other forms of international crime.

To consolidate gains made over the past decade with regard to RSS competence, inter-operability and usefulness for the region, U.S. support will focus on maintaining and improving RSS equipment, capabilities and training. With this support, the RSS can continue to play a key role in supporting U.S. policy in the sub-region and with proper training, can provide effective interdiction of illegal drugs and immigrants. The willingness of the RSS to provide troops to their neighbors reduces the need for unilateral U.S. intervention to restore stability at a government's request.

Past funding of IMET programs for eastern Caribbean militaries and coast guards has contributed significantly to their professionalism. Although all RSS countries are functioning democracies, IMET funding reinforces and strengthens this professionalism. FY 1999 IMET funding will be used to train RSS military personnel in counter-narcotics, disaster relief, resource management and peacekeeping.

FMF funds are vital in the seven tiny nations of the Eastern Caribbean, whose small defense budgets make them almost completely reliant on FMF to fund basic Coast Guard operations -- fuel, parts, consumables, and station support. The region is arguably the hemispheric standard for regional cooperation in security and is extremely important to the U.S. in combating transnational threats. FMF also funds the three-person USCG technical assistance field team (TAFT), which provides material, logistics, and engineering support to all RSS countries.

All seven nations of the Eastern Caribbean will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support the countries' role as stabilizing forces in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Seizure of illicit narcotics.
- Security of the Eastern Caribbean against narco-traffickers.
- Disruption of arms, illegal alien and narcotics smuggling rings.
- Protection of American citizens
- Investment climate for U.S. investors.
- RSS response capability.
- Apolitical performance of military duties.
- Increased economic diversification.

Ecuador Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	11,882	8,800	12,305
ESF	300	1,000	1,200
IMET	425	500	500
INL	600	500	1,500
Peace Corps	2,611	2,621	2,574
Total, Ecuador	**$15,818**	**$13,421**	**18,079**

U.S. Foreign Policy Objectives:

The U.S. has a number of significant interests in Ecuador. The Ecuadorian economy is based on private enterprise, although there continues to be heavy government involvement in key sectors such as petroleum, utilities, and aviation. The Ecuadorian military enjoys substantial autonomy, reinforced by guaranteed access to revenues from the nation's petroleum exports. Ecuador's commitment to free trade is demonstrated by the trade agreements it has signed with Bolivia, Chile, Colombia, Peru, Venezuela, as well as its membership in the World Trade Organization. Ecuador needs to do more to improve the climate for foreign investment and to protect intellectual property rights.

Official corruption remains a problem. Last year Abdala Bucaram was ousted by the Ecuadorian Congress on the grounds of mental incompetence. Interim President Fabian Alarcon took office for an abbreviated term set to expire on August 10, 1998. His tenure was ratified in May 1997 by a popular referendum. The referendum also approved an overhaul of Ecuador's Supreme Court, which was accomplished in late 1997. Judicial reform at lower levels remains pending. A National Assembly was elected in November 1997 to consider constitutional reforms.

Ecuador faces the challenge of alleviating the pervasive poverty which affects approximately four million people. Ecuador's growing environmental degradation has attracted international attention and points to the need for a coherent strategy to deal effectively with this problem. The El Nino weather phenomenon has caused floods, crop and property damage, and loss of life. U.S. objectives in Ecuador include:

- The consolidation of democratic institutions and practices and respect for human rights.
- Free and fair elections and transfer of power in August 1998
- Increasing investment and export opportunities for US companies.
- Increasing GOE cooperation against international crime, particularly narcotics trafficking and alien smuggling.

- Resolution of the Ecuador/Peru border conflict.
- Sound environmental policies and productive sustainable use of natural resources.

Strategy for FY 1999:

With elections in FY 1998 and a change of government in August 1998, ESF resources through the Inter-American Regional Democracy Fund will address corruption and support for selected reforms in the electoral and justice systems.

Development Assistance will focus on an integrated approach to help Ecuador achieve sustainable development. U.S.-supported activities encourage broad-based economic growth, including a major emphasis on social and democratic policy reforms, microenterprise development and productive activities for low-income groups. Activities with NGOs focus on basic health, environmental protection and sustainable economic growth through greater economic opportunities for the poor. U.S. efforts to promote environmental protection balance policy and field objectives - improving natural resource management, conserving biodiversity and municipal environmental management.

International Narcotics Law Enforcement projects through the Latin America Regional Fund 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 counter-narcotics laws and procedure.

In order for Ecuador to effectively and efficiently combat the drug trade, protections against human rights abuses, corruption, and respect for civilian authority must be in place. The U.S. IMET program in Ecuador focuses on professionalizing the military, fostering respect for the rule of law and human rights, and developing an understanding of civilian control of the military. Ecuador will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to enhance Ecuador's counternarcotics capabilities by providing the military with the resources to counter the production and shipment of illicit narcotics.

Indicators:

- Openness and fairness of 1998 elections and transfer of power.
- Continued military support for the democratic constitutional process.
- Institutional capacity to interdict illegal drugs and precursor chemicals, prosecute traffickers, seize drug assets and reduce money laundering.
- Status of liberalization of trade and investment barriers.
- Level of defense resource management skills and civilian control over the military.

- Assignment of U.S.-trained IMET graduates to leadership and command positions, and greater respect for human rights.
- Participation at the police counternarcotics training center and other locations.
- Number of narcotics seizures.
- Establishment of community-based drug abuse prevention programs.
- Level of effective protection of the environment and degree of sustainability of economic attitudes.

El Salvador Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	25,913	34,116	31,328
ESF	5,000	1,000	2,000
IMET	455	500	500
Peace Corps	1,131	1,186	1,237
Total, El Salvador	**$32,499**	**$36,802**	**$35,065**

U.S. Foreign Policy Objectives:

Our principal interest in El Salvador is the continued consolidation of peace in a post-war democratic society. Since 1992 El Salvador has transformed itself from a nation wracked by a 12-year civil war and dependent on international aid to a constitutional democracy, dedicated to free-market principles, the protection of civil and human rights, and sustainable economic development policies. At peace, El Salvador is a solid U.S. trading partner and provides many opportunities for U.S. business.

The free and transparent legislative and municipal elections held in March 1997 marked a symbolic end to a five-year phase of Peace Accord implementation by the government and people of El Salvador. During this period, substantial bilateral U.S. and international donor assistance was required to assist El Salvador in modernizing its government, purging and overhauling its security forces and strengthening its democratic institutions. Although U.S. assistance has declined significantly over the last four years, it still plays a vital and necessary role in furthering U.S. interests in El Salvador. The benefits of five years of strong economic growth have not yet reached the vast majority of El Salvador's citizens. Chronic poverty, especially in rural areas, threatens the country's development and ultimately its civic governance. Similarly, environmental degradation, including alarming levels of deforestation, and water and air contamination, jeopardize the sustainability of El Salvador's development efforts. A stronger economy will act as a deterrent to illegal immigration to the United States. Limited military assistance is still required to assist a recently professionalized armed forces to develop new missions and expertise that will contribute to the country's stability and prosperity. A stronger economy will act as a deterrent to illegal immigration to the United States. U.S. goals in El Salvador include:

- Strengthening democratic institutions and alleviating rural poverty.
- Expanding access to health care and educational opportunities for rural families living in poverty.
- Continuing to refine appropriate military roles and missions in the context of the armed forces' acceptance of democratically-elected, civilian leadership.

- Increasing military role in maritime law enforcement, and anti-alien smuggling efforts, as well as participation in joint U.S.-sponsored regional exercises.
- Increasing effectiveness of the Anti-Narcotics Division (DAN) of the National Civilian Police (DAN).
- Government policies and programs to address critical environmental problems, such as: deforestation, protection of freshwater resources, fisheries management and unsustainable land use.

Strategy for FY 1999:

Development Assistance to El Salvador seeks to encourage broad based economic growth by expanding access and opportunity to the poor and better educating rural residents; developing more inclusive and effective democratic processes through increased citizen and participation in democratic processes; expanding the coverage of health services, especially for women and children; expanding access to financial and technical services; and enhancing rural infrastructure and improved use of land. ESF assistance through the Inter-American Affairs Regional Democracy Fund will strengthen the consolidation of democracy in El Salvador and promote both grass-roots and governmental efforts to improve environmental protection and sustainable development.

Our strategy for fostering military respect for elected civilian leadership will be supported by IMET programs designed to educate senior civilian and military leaders on defense policy-making and civil-military cooperation issues. Programs will demonstrate the efficacy and wisdom of civilian oversight of military institutions in democracies. The IMET and E-IMET programs will also focus on professional military education and effective defense resource management for a drastically downsized Salvadoran military (62,000 to 17,000 since the end of the war), while instilling at every level of instruction the paramount need to respect human rights.

IMET funding will also provide assistance to the ESAF in its continuing transition from a counter-insurgency force to one focused on territorial defense, disaster relief, and transnational law enforcement. As part of our strategy to increase the professionalism the ESAF, we will continue to include Salvadoran military units and personnel in regional exercises designed to increase confidence building measures and promote effective communication among Central America's militaries which have recently entered into a formal process to explore regional military integration. El Salvador will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to enhance El Salvador's ability to control its coastline and coordinate maritime law enforcement activities. It would also enhance the Salvadoran military's interoperability with the U.S. and facilitate further participation in U.S. sponsored regional exercises.

Indicators:

- Continuation of the program to complete the transition from war to peace.
- Acceptance by the military of civilian control over selection of the Minister of Defense and other top-level military posts.
- Placement of IMET graduates in key billets.
- Transparency and accountability of the military procurement process and overall budget management.
- Access of citizens to enhanced legal and judicial protection.
- Availability of potable water.
- Level of enforcement of fisheries management.
- Level of sustainable land use practices.
- Levels of illegal migration to the U.S.

Guatemala Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	18,589	23,338	23,885
ESF	20,000	25,000	25,000
PL - 480	11,827	11,789	10,505
IMET	205	225	225
INL	2,000	3,000	4,000
Peace Corps	3,077	3,587	3,794
Total, Guatemala	**$55,698**	**$66,939**	**$67,409**

U.S. Foreign Policy Objectives:

One year after Guatemala signed the historic peace accords ending 36 years of internal strife, President Arzu and the Government of Guatemala (GOG) are working to implement the many facets of those accords. Profound changes are on tap for all levels of society, as the process addresses the inequalities which were the root cause of the armed struggle. With 36 percent of the total population of Central America and a similar percentage of regional economic production, a strong and stable Guatemala will promote the investment needed to sustain socio-economic improvements while opening new markets for U.S. exports and investments. A stronger economy will act as a deterrent to illegal immigration to the United States. U.S. interests in Guatemala include: promoting a lasting peace, strengthening democratic institutions, improving respect for human rights and the rule of law, encouraging the long term socio-economic development necessary to address the needs of Guatemala's largely indigenous population, increasing the conservation and sustainable use of natural resources, and enhancing the GOG's ability to cooperate on counternarcotics matters. Specific U.S. objectives include:

- Successful implementation of the Peace Accords.
- Conclusion of an IMF agreement, to allow disbursal of other donor funding to support the Peace Accords.
- Military compliance with the implementation of the peace accords respect for internationally recognized human rights standards.
- Stemming the flow of illegal narcotics through Guatemala.
- Halting opium poppy production.
- Enhancing the effectiveness of the narcotics law enforcement agency and improving the judiciary's capability to deal with offenders.
- Promoting national and cross border efforts to achieve sustainable resource management.

Strategy for FY 1999:

Guatemala has begun to travel the long road of development, filling the gaps created during 36 years of conflict. Sufficient funding is necessary to ensure the successful implementation of the Peace Accords and the extension of the benefits of peace throughout the country.

While Guatemala is the largest Central American country in terms of population (10 million) and economic activity (1997 GDP of $18 billion), its largely rural, Mayan population lives in some of the most difficult conditions found in the Central American region. Distribution of land, income and other wealth is highly skewed toward a small share of Guatemala's Spanish speaking population. An estimated 75 percent of Guatemalans live in poverty, and the roughly 5 million Mayans are isolated socially, economically, and politically due to geographic and language barriers.

Development Assistance to Guatemala has been continually refined to focus on four principal areas: democratic development, improved health for women and children, poverty reduction, and sustainable natural resource management. Geographically, US programs are targeted on the departments most affected by the civil conflict and highest levels of poverty. The proposed mix of $24 million Development Assistance, $12 million P.L. 480 Title II and $25 million of Economic Support Funds in FY 1999 will enable the United States to pursue its highest priority objectives and help address the root causes of Guatemala's long-standing armed conflict, among them, persistent and widespread poverty.

US democracy activities are designed to capitalize on the positive environment for change produced by the signing of the Peace Accords and are linked closely to US Special Objective for Peace, especially in the area of modernization of the State. Some of the peace funded activities that will be closely coordinated with the regular democracy program are the decentralization of justice services to ex-conflictive zones and technical assistance for specific legislative and constitutional reforms implied by the Peace Accords. US assistance also seeks to conserve national biological resources of international importance by providing sustainable income alternatives to marginalized populations and improving the management and protection of these natural resources.

INL funds seek to enhance Guatemala's drug control strategy, including interdiction and eradication; encourage the passage of legislation adopting international counter-narcotics standards; and promote public awareness of the dangers of drug consumption.

Guatemala benefited from the Expanded-IMET program during 1997, utilizing training opportunities to strengthen and promote civil-military relations. It is exactly this type of training which will help the Guatemalan military improve its human rights record and fully accept the role of the civilian authority in military matters. Guatemala will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516

of the Foreign Assistance Act. EDA would be used to assist Guatemala in supporting the peace process.

Indicators:

- Status of restructuring of the Guatemalan military as outlined in the Peace Accords.
- Passage of legislative measures which restructure the Guatemalan government as outlined in the Peace Accords.
- Conclusion of agreement with IMF and other donor disbursal of aid for Peace Accords implementation.
- Prosecution of criminal and narcotics trafficking cases.
- Cooperation on anti-narcotics programs, especially as related to opium poppy production and transhipment of drugs.
- Drug awareness and demand reduction education for professionals and the general public alike.
- Effectiveness in conserving environmentally sensitive areas and in promoting environmentally sustainable economic activities.
- Levels of illegal migration to the United States.

Guyana Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	2,786	2,800	2,300
IMET	178	175	175
Peace Corps	678	784	795
Total, Guyana	**$3,642**	**$3,759**	**$3,270**

U.S. Foreign Policy Objectives:

The 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. After more than 25 years of authoritarian rule, democratic elections took place in 1992 and again in 1997. One of the hemisphere's poorest countries, Guyana's economy is based on sugar and rice exports, gold mining, and timber production. The Guyanese Defense Force (GDF) contributed personnel to the CARICOM battalion to restore democracy to Haiti and could be called upon for other regional peacekeeping operations. They face threats to their border integrity from narcotics traffickers and other international criminals. U.S. foreign policy objectives in Guyana include:

- Consolidating the Guyana's transition from a state-controlled to a free-market economy.
- Strengthening democratic institutions.
- Enhancing the capability of law and defense forces to counter narcotics transshipment and activities.
- Broad-based economic growth.
- Expanding economic opportunities for the urban and rural poor.

Strategy for FY 1999:

In support of our strategy to help Guyana transform its economy, the USG has provided advisors to the Ministry of Trade and scheduled meetings with the GOG to present private sector policy positions. USAID development assistance seeks to expand economic opportunities for the urban and rural poor, implement agriculture sector reforms, and restore basic agriculture infrastructure.

The Guyanese military forces are small and require training. Through IMET funding, the U.S. supports the professional development of the Guyana Defense Force by expanding the military-to-military relationship. IMET training is needed to help the GDF function as an apolitical and professional entity, address drug interdiction needs

and maintain the integrity of Guyana's borders. The GDF is badly underfunded and faces severe budgetary constraints. Under the Caribbean Regional Fund, FMF will assist Guyana in operating and maintaining its military equipment. Guyana will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. EDA for Guyana would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Level of free market reform.
- Strength of democratic institutions.
- GOG support for sustainable development and strengthened democratic institutions and processes.
- Level of the GDF's understanding of its role in relation to a civilian government.
- GDF performance of its duties in an apolitical fashion, respecting human rights Level of professionalism of GDF.
- Level of inter-operability with the U.S. and CARICOM forces.

Haiti Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	15,612	-	-
ESF	56,888	70,000	140,000
PL - 480	22,535	30,213	30,000
IMET	275	300	300
PKO	15,728	15,500	11,000
Peace Corps	914	1,104	1,234
Total, Haiti	**$111,952**	**$117,117**	**$182,534**

U.S. Foreign Policy Objectives:

The United States has clear, long-standing interests in Haitian democracy, stability and economic development that warranted our intervention in 1994 and require our continued active engagement in Haiti. Haiti's elected leaders need to make further progress toward development of a stable, democratic and prospering society, but we must acknowledge that much has been achieved: multiparty democratic institutions are in place; Haitians are working to resolve a political crisis through negotiation rather than violence; structural economic reform legislation has been enacted and the first of several planned privatizations of state-owned enterprises has occurred; Haiti's first civilian police force has been trained fielded; the Haitians have demonstrated a will to join us in efforts to combat narco-trafficking by seizing over 6000 pounds of cocaine over the past two years and entering into a bilateral maritime counternarcotics agreement; and while 67,140 Haitian migrants were interdicted at sea during the three years of de facto rule, 3,798 migrants were picked up in three years of democratic government (including only 288 migrants in FY 1997), a marked reduction in illegal migration that reflects significant savings of lives and resources for both Haiti and the United States.

The institutional basis for sustainable democracy in Haiti has been laid, but we cannot expect democracy to thrive unless the Haitian people realize some relief from the deepest poverty in our hemisphere. Our FY 99 budget request reflects a substantial increase in assistance to Haiti that will allow us to make more demonstrable inroads against unemployment, hunger and rural poverty. With this assistance, we will be able to significantly expand successful agricultural production projects, increase microenterprise projects, maximize our impact on education and health sectors, and provide support to local authorities who are anxious to take on public works and developmental activities that have for too long exceeded the capacity of the central Haitian government to implement. Moreover, programs to develop the rural sector and secondary cities will help alleviate migration to the slums of Port-au-Prince or U.S. destinations. Our assistance will facilitate our ability to improve rural Haitian lives

even as we maintain linkage between the balance of our assistance and important economic reform measures the Government of Haiti must continue to implement. Specific U.S. assistance objectives include:

- Developing democratic institutions such as an independent judiciary and an apolitical, civilian police force that includes a coast guard and a counternarcotics unit.
- Reducing the use of Haitian territory for narcotrafficking activities.
- Supporting policies that facilitate increased private sector investment and increase employment and income.
- Promoting healthier, smaller, and better-educated families.
- Improving agricultural productivity and environmental management.

Strategy for FY 1999:

We will continue to help Haiti consolidate democratic gains and develop democratic institutions. We seek to play a useful role in the resolution of Haiti's political impasse. We have urged all parties to act in the national interest and to settle their differences promptly so Haiti can move forward. We must continue our efforts to help Haiti strengthen and reform its judicial system through our Administration of Justice program.

We will also maintain significant support for macroeconomic policy reform, including public administration reform and the privatization of state-owned enterprises. We must work with the Haitian government to maintain momentum generated by the privatization of the flour mill and cement plant so that inefficient state-owned enterprises such as the electric utility and telephone company can be opened to private investment. Haiti benefits from generous external donor support, with existing commitments for the 1995-1999 period exceeding USD 2 billion.

USG policy in Haiti recognizes the linkages between population growth and environmental degradation, and the resulting negative consequences for economic development. Following a strategy of leveraging limited USG resources, we intend to maintain our leadership role in developing appropriate pilot programs which can be replicated by other donors.

It is essential to continue the professional development of the Haitian National Police (HNP), Haiti's first apolitical police force. We intend to place particular emphasis on development of the HNP counternarcotics unit and the Haitian Coast Guard. FMF available to Haiti under the Caribbean Regional fund will assist Haiti's Coast Guard. ICITAP funding will focus on consolidating gains made by the HNP through developing long term strategic plans for recruitment, selection, and retention of management and supervisory-level HNP officers.

IMET funding of $300,000 is needed to continue technical training and professional military education and maritime law enforcement or a professional coast guard, a particularly important component of effective Haitian counternarcotics efforts. In 1997 the fledgling Haitian Cost Guard cooperated with the U.S. Coast Guard to seize two metric tons of cocaine. Continuation of an IMET program is important to sustain efforts to support security and stability in Haiti. Haiti will be eligible to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to assist the country's efforts to develop a modern and capable Coast Guard which will involve itself in counternarcotics efforts, coastal and external surveillance, and migration control.

INL funding for Haiti (through the INL regional fund) is designed to achieve two key U.S. policy goals: combating narco-trafficking and equipping the Haitian National Police so that it can perform its role as a professional and apolitical law enforcement entity that provides a secure and stable environment. Haiti is listed in the 1997 INCSR as a major drug transit country and was fully certified by the President in 1997. INL funds would complement the IMET and ICITAP country activities planned for FY 1999.

Indicators:

- Peaceful resolution of the political impasse.
- Successful completion of scheduled parliamentary elections.
- Formation of a permanent electoral council.
- GOH privatizes at least two more parastatals and opens the energy and telecommunications sectors to private sector participation.
- Parliament takes necessary action to unblock international assistance flows.
- GOH operates within the policy parameters of its IMF program.
- Increases in the use or primary and reproductive health services.
- Stable or falling malnutrition levels.
- GOH forms technical assistance teams which assist farmers to practice sustainable hillside agricultural practices.
- HNP maintains security and stability in a manner consistent with the Haitian Constitution and human rights principles.
- HNP Special Investigative Unit makes demonstrable progress toward solution of politically-motivated crimes.
- HNP makes additional narcotics seizures.
- Levels of illegal migration to the U.S.

Honduras Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	21,651	17,685	21,585
PL - 480	3,722	5,097	4,403
IMET	425	500	500
Peace Corps	2,765	2,771	2,825
Total, Honduras	**$28,563**	**$26,053**	**$29,313**

U.S. Foreign Policy Objectives:

U.S. interests in Honduras are numerous. For many years, the Honduran military had an excessively heavy influence in many areas of national life. The outgoing administration of Carlos Roberto Reina made significant progress in bringing the Honduran military more completely under civilian control; the incoming administration of Carlos Flores Facusse is expected to continue this progress. The United States strongly supports the Honduran government's efforts to strengthen democracy, fight corruption and further institutionalize civilian control over the military. Because of its geographic location, Honduras has the potential to serve as a transshipment point for illegal narcotics destined for the United States; the U.S. has an interest in helping the Hondurans fight international narcotics trafficking. U.S. objectives in Honduras include:

- Strengthening democracy, including respect for the rule of law and human rights.
- Effective civilian control of the military.
- A more prosperous and open economy.
- Resolution of cases involving AMCITS held without trial.
- Concluding a maritime counternarcotics agreement and a stolen car treaty.
- Increasing awareness of and commitment to resolving environmental problems.

Strategy for FY 1999:

Development Assistance will seek progress most importantly on the economy, and also on democracy, population and the environment. Economic goals are focused on policy reform, improved market access and competitiveness by the poor, increased educational attainment, and improved pine forest management. Democracy efforts seek to strengthen the rule of law and respect for human rights and developing a more responsive and effective municipal government. Population and health efforts are centered on achieving sustainable improvements in family health with emphasis upon reducing fertility, infant and maternal mortality, malnutrition and the spread of HIV/AIDS by improving the delivery and increasing the use of health care services.

Environment goals include strengthening legal incentives and improving sustainable management of natural resources.

The U.S. will achieve its objectives in Honduras through a multi-track approach. IMET funds will be used to further instill within the military recognition of its proper role in a functioning democracy and promote a viable and appropriately sized military subordinate to civilian authority and respectful of human rights. Funds will support continuation of expanded IMET initiatives in the areas of civil-military cooperation in defense resource management, counternarcotics, international peacekeeping, disaster relief and civil affairs training while sustaining professional military education at the mid-grade officer level. USAID development assistance supports programs that are aimed at increasing income for the very poor, improving family health, protecting the environment, and facilitating court reform.

During 1997, Honduran police forces were transferred from military to civilian control; during 1998, Honduras will finalize this process and will work to strengthen the newly civilianized police force. Honduras will also receive funds from the International Criminal Investigative Training Assistance Program (ICITAP) to train personnel in the Public Ministry's Criminal Investigation Division (DIC) and the newly civilianized police force. INL Regional Cooperation Funds will allow us to continue assisting Honduras in its efforts to combat the growing problem of drug trafficking by continuing our support of the Honduran Government's Public Ministry and the new anti-narcotics unit within the Ministry. We will also continue to support a Joint Information Coordination Center, a canine program and a demand reduction effort.

Honduras has become a transhipment point for illegal narcotics entering the U.S, because of Honduras' proximity to the United States. Honduras will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA for Honduras would be used to provide the military with the essential resources required to interdict drug shipments.

Indicators:

- Level of institutionalization of democratic reforms.
- Level of free market reforms.
- Military's ability to manage resources.
- Resolution of cases involving AMCITS held without trial.
- Status of a maritime counternarcotics agreement and a stolen car treaty.
- Prosecutions of military officers accused of involvement in illicit activity.
- Military responsiveness to civilian judicial authority.

- Assignment of U.S. IMET graduates to command positions.
- Level of information sharing on counternarcotics operations.
- Number of drug seizures and arrests.
- Number of prosecutions of those arrested for drug offenses.
- Cooperation on extradition cases.

Jamaica Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	11,248	11,040	10,096
IMET	487	500	500
INL	650	600	800
Peace Corps	1,935	1,980	2,015
Total, Jamaica	**$14,320**	**$14,120**	**$13,411**

U.S. Foreign Policy Objectives:

Although Jamaica's reform program has created a more open economy, years of stagnant growth and reduced social expenditures have led to increased poverty and income inequality. This has generated new political and economic pressures on Jamaica's institutions and society. Continued U.S. foreign assistance will help ensure a stable political environment while enhancing broad-based sustained economic development. USAID will continue to concentrate its approach on three areas: the use of information technology as a major development tool; increased collaboration with partners including other donors; and community-based development solutions. U.S. foreign policy objectives in Jamaica include:

- Improving the ability of the Government of Jamaica (GOJ) to conduct a full range of counternarcotics operations.
- Increasing the number of successful prosecutions of Jamaican narcotics traffickers, and of extraditions for prosecution in the U.S.
- Reducing the illegal import from the U.S. of firearms into Jamaica.
- Promoting the professionalism of the Jamaican Defense Force (JDF), furthering its inter-operability with US and allied forces and its ability to maintain leased counternarcotics helicopters.
- Increasing protection of key natural resources in environmentally and economically significant areas.
- Improving the situation of Jamaican youth at risk.

Strategy for FY 1999:

U.S. policy seeks to support the Jamaican government's efforts to combat the drug trade, increase the professionalism of its military and police, and increase participation in multilateral peacekeeping operations, in addition to development goals.

The JCF Narcotics Unit is the major Jamaican counter-drug law enforcement agency. The USG provides extensive training and equipment to the JCF Narcotics Unit, the

Contraband Enforcement Team, and the Port Security Corps. The USG supports GOJ efforts to first adopt comprehensive narcotics control legislation and then to prosecute drug violators. The USG supports demand reduction efforts by private organizations as well as efforts to increase public awareness of the effects of drug trafficking in Jamaica.

Development Assistance will support increased participation in economic growth and better governance through microenterprise and targeted support for small businesses with competitive growth potential, and technical support to the Government of Jamaica toward a more supportive governance for the private sector. Environmental priorities will be addressed through implementation of an integrated "ridge-to-reef" resource management program focusing on areas that are economically and environmentally important and sustainable management of natural resources. Education and health priorities include improving literacy/numeracy of at-risk Jamaican youth, decreasing teenage pregnancy and improving the social and job skills of Jamaican adolescents and decreasing HIV/AIDS transmission rates.

The IMET program will enhance professional and logistics management skills. Furthermore, technical maintenance skills will be enhanced allowing technicians to keep old equipment functional. IMET will also enhance JDF ability to participate in operations promoting regional stability.

The Caribbean Regional Fund will provide vital support to help sustain modest equipment maintenance and troop support programs, including sustainment of the Jamaica Defense Force's air wing maintenance program for 13 rotary and fixed wing aircraft. FMF also funds spare parts for vehicles and troop support. Jamaica will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Amount of illegal narcotics seized
- Amount of marijuana production sites located and destroyed.
- Number of successful prosecutions of traffickers.
- Investment climate for U.S. business.
- Level of drug abuse and drug trafficking.
- Crime rate.
- Level of military technical expertise, maintenance management and inter-operability.
- US/Jamaican collaboration in regional and international peacekeeping activities.
- Protection of key natural resources.

Mexico Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	15,218	9,377	7,332
ESF	700	1,000	1,500
IMET	1,008	1,000	1,000
INL	5,000	5,000	8,000
NADBANK	56,000	56,500	-
Total, Mexico	**$77,926**	**$72,877**	**$17,832**

U.S. Foreign Policy Objectives:

The U.S. has a huge stake in a politically stable, economically sound Mexico. We share a 2000-kilometer border and vital interests in trade, combating crime and narcotics trafficking, international financial stability, managing migration, and expanding environmental cooperation. Over the past decade, cooperation between our two nations has deepened significantly on a range of economic, commercial, social and political issues. This stronger bilateral relationship has also opened possibilities for enhanced security cooperation. We will use various USG resource bases, including foreign operations assistance, to advance our diverse objectives:

- Foster open and mutually beneficial trading and investment relations through NAFTA.
- Improve and deepen narcotics control cooperation.
- Strengthen government institutions and promote the rule of law.
- Promote increased environmental protection, particularly along the border.
- Develop a cooperative, open security relationship.
- Sustain Mexico's success in reducing the rate of population growth.

Strategy for FY 1999:

The continued successful operation of the North American Free Trade Agreement (NAFTA) will not require foreign operations assistance. The health and dynamism of U.S.-Mexican trade clearly rests primarily in the hands of the respective private sectors. A key mission of USG elements in Mexico is the continued close monitoring of Mexican financial and macroeconomic performance to ensure adequate warning of any future economic crisis. Related to this mission is the need to ensure continued Mexican commitment to the tenets of macroeconomic stabilization and liberalization, with attendant positive effects on U.S. direct investment and trade interests in Mexico.

FY 1999 IMET funding for Mexico will provide professional and military training in areas of mutual concern, including strengthening military command, professionalizing the Mexican military, increasing technical capabilities, teaching English language and resource management skills, and providing instruction in the protection of human rights. Education and training provided by the U.S. will foster a greater sense of common purpose and interests with the U.S. among Mexican trainees. This training and education should also promote a greater willingness to cooperate with U.S. counterparts and establish more common operational assumptions and procedures. An important element of strategy will be to encourage U.S.-Mexico high-level civilian defense and military-to-military contacts, as well as greater Mexican defense cooperation within the hemisphere.

FY 1999 narcotics assistance funding will support a Mexican counternarcotics program that has been given priority attention by President Zedillo. U.S. assistance will provide training and material support for the Mexican aviation program, including the fleet of U.S.-leased helicopters, which is critical for eradication and interdiction efforts. Direct material support to Mexican eradication programs will be another element in expanded cooperation on narcotics control. Narcotics assistance funds also will support an administration of justice program, in cooperation with other USG agencies. Mexico will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to continue to assist Mexico's counternarcotics capabilities.

In FY 1999 we will continue to support the challenging mission of the Border Environment Cooperation Commission (BECC) to identify, develop and certify border projects aimed at improving environmental quality, using a binational, grassroots-based and transparent approach that seeks to maximize local involvement and participation in these efforts. In partnership with the BECC, the North American Development Bank (NADBank) is expected to increase funding of BECC-certified projects.

The U.S. continues to seek democratic reforms in Mexico. We will continue to support Mexican NGO programs that combat pre-election fraud and coercion; and seek the guarantee of free and fair elections. Justice reforms also remain an important objective through an exchange program which brings together senior Mexican and U.S. judges to consider issues of mutual concern; technical assistance to improve court management and reduce caseload backlogs; and NGO activities to increase protection of victims' rights of low-income people. We are supporting an important participatory reform program involving preparation of local level (largely municipal) officials to manage resources and stimulate community self-determination under the Mexican government's plan to decentralize governance. Finally, Congressional reform is an important objective that we are pursuing by strengthening selected Committee staffs to improve independent Congressional budget oversight and legislative skills.

Development Assistance will fund efforts to strengthen Mexico's political institutions and promote the rule of law, and to support Mexico's successful multi-decade effort to

reduce the rate of population growth to a rate sustainable within the country's economic and environmental constraints.

Indicators:

- Implementation of NAFTA.
- Level of U.S. exports.
- Narcotics eradicated under Mexican program (hectares).
- Mexican drug seizures (kilograms).
- Effective enforcement of regulations aimed at protecting the environment.
- Protection of workers' rights.
- Rule of law activities conducted.
- High-level defense meetings and military-to military contacts.
- Number and ranks of military members trained under IMET; types of courses completed.
- Operational ready rate for PGR and U.S.—leased counternarcotics air fleets.
- Fertility rates.
- Rate of HIV/AIDS transmission and number of new cases.
- Rates of emissions of greenhouse gases and deforestation, level of biological diversity, and sustained natural resource management.
- Levels of illegal migration to the U.S.

Nicaragua Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	15,648	23,595	22,540
ESF	7,112	1,000	1,500
PL - 480	2,875	1,103	2,362
IMET	57	200	200
Peace Corps	1,669	1,779	1,992
Total, Nicaragua	**$27,361**	**27,677**	**28,594**

U.S. Foreign Policy Objectives:

In 1997, for the first time, Nicaragua successfully transferred power from one democratically-elected government to another. The conflicts and the economic mismanagement of the 1980s still resonate strongly in Nicaragua. This impedes efforts to strengthen its relatively unseasoned democratic institutions, reinforce significant market reforms and extend the benefits of robust economic growth to the majority of the population still living in poverty. Crime continues to grow as has the use of Nicaraguan territory by drug and alien smuggling networks. The Nicaraguan government successfully disarmed and demobilized the last of the re-armed groups operating in the country's traditionally conflictive northern regions. Nevertheless, smaller armed bandit groups continue to operate in some remote areas and effective security and law enforcement are impeded by scarce resources, lack of training and a weak judiciary. United States foreign policy interests in Nicaragua include:

- Deepening democratic rule.
- Restoring American citizen property claims
- Building cooperation with counternarcotics forces and increasing drug interdiction.
- Improving the commercial climate for U.S. businesses.
- Promoting human rights by encouraging the investigation and punishment of violations and strengthening domestic human rights groups including the independent human rights ombudsman.
- Promoting civilian control over a professional, apolitical military.

Strategy for FY 1999:

ESF through the Inter-American Affairs Regional Fund for Democracy will support democratic initiatives, including assistance to human rights monitoring activities and civil society.

Due to the extremely impoverished conditions in Nicaragua, USAID will continue to target programs aimed at stimulating sustainable growth in employment and income and fostering better educated, healthier and smaller families. Development Assistance programs seek to expand political participation, compromise and transparency by advancing judicial reform, strengthening democratic institutions, improving local government services, and expanding the role of civil society. It also seeks to improve technology and marketing services to organizations serving small farmers, to provide credit and business training to micro and small entrepreneurs, and to manage natural resources effectively. Health and education strategies focus on providing better primary and preventive health care, improving the nutrition of young children and health practices among mothers, improving the knowledge and health of reproductive health techniques; and reforming primary grade curriculum, improving teaching, stimulating parental and community participation in schools and decentralizing administration.

Nicaragua's human rights situation has dramatically improved during the past three years although some problems persist. A GON campaign to disarm and reinsert into civilian life the last of the rearmed former combatants was completed December 19. We will encourage the investigation and punishment of human rights violations and to strengthen domestic human rights organizations. The OAS Technical Cooperation Mission (OAS/TCM) is the successor organization to the OAS International Support and Verification Commission (OAS/CIAV), which completed its mission in July. OAS/TCM is present in 12 of Nicaragua's most conflictive rural municipalities and focuses on local government development, social work, civic education and continued training of grass-roots "peace and human rights commissions." USAID is providing assistance to OAS/TCM during the next three years. The naming of a human rights ombudsman has been delayed in the National Assembly but is a top priority for early 1998. The USG has already designated support for the new office once an ombudsman is appointed.

The civilian Ministry of Defense (MOD)--the only such entity in Central America--was created in January 1997. The MOD's exclusive focus in 1997 on demobilization of the remaining rearmed groups distracted the fledgling ministry from setting the nation's defense and security policy. With USG assistance, provided through E-IMET, the MOD plans to focus on strengthening its currently limited capacity to exercise civilian oversight control over the military. IMET training for MOD civilian personnel will also increase expertise in defense resource management and national security planning. On counternarcotics programs, the State Department's International Narcotics and Law Enforcement Bureau (INL) funding will target interdiction and demand reduction programs, particularly in the Atlantic coast areas that are seeing increased drug use. The new DEA office opened in October and is increasing cooperation, coordination and training with the Nicaraguan police. The Justice Department's International Criminal Investigative Training and Assistance Program (ICITAP) will provide training to improve the criminal investigative process and coordination for police, prosecutors and judges.

Nicaragua will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to assist Nicaragua in updating its military equipment and contribute to modernizing its forces.

Indicators:

- Level of democratic consolidation.
- Capacity of the civilian defense ministry.
- Level of oversight of military budgets by the National Assembly and the Comptroller General's office.
- Number of caseload backups within the Nicaraguan judicial system.
- Investigation and punishment of human rights abuses.
- Establishment of a national security strategy which incorporates civilian control and establishes effective mechanisms to combat illegal narcotics trafficking.
- Sustainable growth in employment and income.

Panama Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	2,741	2,932	4,850
IMET	-	-	100
Peace Corps	1.345	1.494	1.549
Total, Panama	**$4,086**	**$4,426**	**$6,499**

U.S. Foreign Policy Objectives:

The United States has a strong interest in the maintenance of a free and democratic government, coupled with an open economy to help bring prosperity and stability to Panama and the region. The United States also has strategic interests in the continued efficient and secure operations of the Panama Canal, including protection of the Canal watershed and productive use of the reverted properties in the Canal Area. A fair justice system, protection of intellectual property rights, and a variety of law enforcement issues, principally money laundering and narcotics trafficking, are also significant interests.

The transition plan for the Panama Canal is moving ahead smoothly. The Panama Canal Commission (PCC), a U.S. Government agency, currently operates the Canal. In accordance with a 1994 amendment to the Panamanian constitution, an independent Panamanian Canal Authority (PCA) will operate the Canal after 1999. The amendment protects the Canal organization from tactical political influence. President Perez Balladares named PCA board members in 1997. The Panamanians are deeply and substantially involved in operating the Canal. Currently, over 90 percent of employees are of Panamanian nationality including the Administrator and two of three section chiefs. Both governments are committed to a change of management with no interruption of service.

In September 1997 the U.S. Southern Command (SOUTHCOM) Headquarters completed the move of its headquarters from Quarry Heights, Panama to Miami. In preparation for complete departure by the end of 1999, the U.S. military has begun the process of returning property consisting of about 70,000 acres and about 5,600 buildings to the Government of Panama (GOP). Estimates of the value of reverting land and improvements range upward from ten billion dollars. The GOP must work to ensure that the sale or use of these properties can help to offset GDP and employment losses brought about by the closure of U.S. military bases. As recently as the mid-1990s, the bases contributed an estimated $450-500 million to Panama's economy. U.S. foreign policy objectives include:

- Smooth transfer of the Panama Canal.
- Develop institutional capacity and capabilities of public and private organizations.
- Political independence of the Panamanian justice system.
- Successful cooperation in anti-money laundering and counternarcotics efforts.
- Passage of a strong banking reform law to permit greater transparency of financial transactions.
- Standardization, inter-operability, and increased professionalism among the region's coastal and riverine forces.
- Prosecution of trafficker arrests and seizures of marijuana and coca leaves in the region.
- Facilitate finding productive uses for reverted properties.
- Promote improvements in the justice sector.
- Improve the sustainable environmental protection and management of the Panama Canal Watershed.

Strategy for FY 1999:

The U.S. will continue to provide assistance to improve the management and technical capabilities of key responsible GOP institutions, local governments, non-government organizations, and communities in the area, to better protect and conserve the natural resources of the Panama Canal Watershed (PCW). As a result of ongoing U.S. assistance, four of the five national parks established to help protect the Panama Canal

The watersheds have been demarcated, provided with essential infrastructure, communication and transportation equipment, and have developed management plans. The U.S. also supports a monitoring program to measure changes in forest cover, hydrology, bio-diversity and human settlements.

IMET for Panama is requested for the first time in order to maintain strong military-to-military cooperation among both countries. Panama will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to assist the Panamanian security forces to combat drug trafficking and modernize its defense capabilities.

Indicators:

- Amount of land reforested and forest cover in the PCW.
- Institutional capacity and capabilities of public and private organizations charged with management of the PCW transfer of the canal and conversion of reverted properties.

- Evidence of strengthened political independence of the Panamanian justice system.
- Adequate GDP funding for and cooperation in anti-money laundering and counternarcotics efforts.
- Passage of a strong banking reform law to permit greater transparency of financial transactions.

Paraguay Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	4,785	5,625	4,525
ESF	200	500	800
IMET	284	200	200
Peace Corps	3,126	3,159	3,271
Total, Paraguay	**$8,395**	**$9,484**	**$8,796**

U.S. Foreign Policy Objectives:

Nearly two years after the constitutional crisis of April 1996 that threatened to bring to an end the country's seven-year-old democracy, Paraguay's democratic institutions remain fragile. The country's transition from its first democratically elected civilian president to its second--generally one of the most difficult transitions--is due to take place following elections in May. General Lino Oviedo, who was forced into retirement after he staged the 1996 coup attempt, is the front-runner to succeed President Juan Carlos Wasmosy, who cannot run for re-election. Oviedo's candidacy has created political instability that has distracted from other pressing needs. Membership in the Southern Cone Common Market (MERCOSUR) has so far failed to provide sufficient incentive to investors and exports to boost the country's sluggish economy. U.S. objectives include:

- Supporting a stable, civilian government that will build solid democratic and economic institutions.
- Increased cooperation in combating narcotics trafficking, terrorism and other illegal activities.
- Protecting intellectual property rights.
- Enhancing transparency and modernization of the economy.

Strategy for FY 1999:

The U.S. strategy in Paraguay is to strengthen democratic and economic institutions, help increase the professionalism of the military, and fight drug trafficking, terrorism, intellectual property piracy, smuggling, and other illegal activities. The strategy includes technical assistance, high-level visits, and multi-agency teams to consult with the Government of Paraguay and provide expertise. ESF funds will be used to fund electoral assistance and legislative and local government strengthening, especially directed at helping ensure efficient and transparent national elections in May and the transition in August. Improved operation of the legislative branch will facilitate promulgation of reform laws, including those designed to address economic and

financial sector reform, intellectual property rights protection, and more effective counter-narcotics efforts.

IMET training will provide both civilians and military personnel with an understanding of how a professional military functions under civilian control and how an apolitical military supports democracy. Such training and exposure to U.S. armed forces will be particularly important in an election year where the military may perceive its interests as being threatened.

Paraguay is a major narcotics trafficking country, and INL funds will be used to provide technical assistance and training to Paraguay's Anti-Drug Secretariat. The United States expects to see improved enforcement efforts, government-wide coordination, and increased cooperation with Paraguay's neighbors.

Paraguay's military has expressed interest lately in modernizing its military, enhancing interoperability and contributing to peacekeeping missions. Paraguay will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to begin the process of updating the military's equipment and contribute to modernizing its forces.

Indicators:

- Strength of democratic institutions.
- Success of free and fair national elections in 1998.
- Efforts under a new Paraguayan administration to combat international crime.
- A professional military with leadership committed to supporting the democratic system and to regional and international cooperation such as peacekeeping activities.
- Passage of key legislation, increased enforcement activities, and cooperation in fighting drug trafficking and other illicit activities.

Peru Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DA	24,526	30,760	33,959
PL - 480	53,865	53,981	49,745
IMET	483	450	450
INL	25,750	31,000	50,000
Total, Peru	**$104,624**	**116,191**	**134,154**

U.S. Foreign Policy Objectives:

The Peruvian government's comprehensive economic reform program and resolute stands against narcotrafficking and terrorism have helped create conditions conducive to further economic and political development. However, weak democratic institutions, human rights abuses, widespread poverty, continued narcotrafficking, a lingering terrorist threat, and a border dispute with Ecuador are problems which must be addressed if Peru is to maintain economic growth and strengthen its democracy.

Peru remains the world's largest coca producer, although hectarage under cultivation has fallen sharply over the past two years. The US-supported air interdiction program and other law enforcement efforts have disrupted the air bridge used by drug traffickers to transport coca base to Colombia. This has led to a coca base glut and coca prices below production costs, resulting in steep declines (18% in 1996 and 27% in 1997) in coca cultivation. Interdiction efforts are complemented by a community-based alternative development program which provides licit economic opportunities to farmers abandoning coca growing. By the end of 1997, 237 communities were participating in U.S. supported alternative development projects. Funding restraints, however, have not allowed implementation of the alternative development program in all of Peru's coca growing areas. Overall U.S. objectives in Peru are:

- Strengthen democratic institutions, including the judiciary.
- Foster greater governmental respect for human rights.
- End the illicit cultivation of coca.
- Support Peruvianization of the anti-narcotics efforts.
- Assist professionalization of the police and armed services.
- Facilitate resolution of the border dispute with Ecuador.
- Protect U.S. investments and other business interests.
- Support continued economic reform and poverty alleviation.

Strategy for FY 1999:

International Narcotics Control funded programs support Peruvian government agencies engaged in counter-narcotics efforts. Effective drug interdiction -- especially air bridge denial -- and law enforcement are key to disrupting the cultivation, processing, wholesale purchase, and export of refined coca. INL support of interdiction and enforcement efforts includes the training and equipping of law enforcement air, ground, and riverine units and the development of intelligence and prosecutorial capabilities. Funds are also used to support Peruvian government demand reduction.

Development Assistance in Peru will strengthen democracy and respect for human rights, foster microenterprises, promote health and family planning, and protect the environment. Assistance is also provided to the Office of the Ombudsman for Human Rights and local NGOs. Local government development programs provide technical assistance to strengthen public administration. A Title II food program is targeted to the poor and children.

The IMET program is designed to enhance civilian control of the military. Courses for mid-level, junior and non-commissioned officers include professional military training, human rights education, and in light of the Peru-Ecuador border conflict, peacekeeping. Objectives are to ensure that participants gain an appreciation of the democratic process, to open new channels of communication with Peru's military, and to increase Peruvian military support for democracy.

Peru will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to assist the government's counterdrug efforts in all stages. The U.S. supported narcotics aircraft intercept program is one example of a successful program that has led to a dramatic decrease in coca leaf prices. EDA will also establish greater interoperability with Peru's military.

Indicators:

- Strength of democratic institutions.
- Protection of human rights and freedom of speech.
- Level of illicit coca cultivation and trafficking of cocaine and cocaine base.
- Strength of institutions that bolster democracy and human rights, prevent corruption, and provide a stable environment for economic development.
- Scope of chronic malnutrition and income levels of the poor.
- Professionalization of the police and armed services.

Suriname Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	149	100	100
Peace Corps	804	890	1,025
Total, Suriname	**$953**	**$990**	**$1,125**

U.S. Foreign Policy Objectives:

Since gaining independence from the Netherlands in 1975, Suriname's checkered past includes almost a decade of military rule. In the 1990's, democratically-elected governments have made some progress in building democratic institutions and redefining the role of the military under civilian rule to prevent a return to military government.

The former Venetiaan-led government coalition was replaced in September 1996 by a coalition government led by newly-elected President Jules Wijdenbosch. In its efforts to expand relations with other countries and reduce its dependence on the Netherlands, the Wijdenbosch government is seeking cooperation and support from a variety of countries, including the U.S. The Wijdenbosch government has actively sought U.S. assistance to promote economic diversity, stability and development. U.S. objectives in Suriname include:

- Strengthening democratic institutions and civilian government.
- Building a corps of professional U.S.-trained military instilled with respect for human rights and rule of law.
- Improving Suriname's ability to secure its borders, combat drug trafficking and protect the environment.

Strategy for FY 1999:

Our strategy focuses on consistent efforts to persuade the Government of Suriname (GOS) that a strong, responsible and democratic civilian government will promote economic prosperity and win Suriname international respect. We will continue to encourage the government to legislate and implement policies which firmly establish civil rule of law, protect human rights, promote economic opportunity, combat drug trafficking and related crimes, and protect the environment. We will encourage Suriname interaction with U.S. government agencies such as the DEA, the U.S. Forest Service, the U.S. Geological Survey, as well as the U.S. private sector, international institutions and non-governmental organizations to achieve these ends. We will also continue to encourage the Government of Suriname to use its military to defend

democratic institutions and inhibit illegal activities, like drug trafficking and unauthorized or destructive exploitation of natural resources, particularly forest resources, which threaten national security and the environment.

Through the IMET program, the U.S. will help Suriname build an apolitical and professional military by educating junior officers to respect democratic principles, rule of law and human rights. Program funds will be focused on training which instills appropriate military values and nation building skills. Infighting amongst the parties of the governing coalition and lack of consensus support in the coalition for Government policies may hinder progress towards our objectives.

Suriname will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Pace of democratic reform.
- Number of U.S.-trained officers and officials promoted to policy-making and higher leadership positions.
- Military successes in counter-drug, anti-smuggling and environmental protection operations.
- Professionalization of a military with a healthy respect for civil society, rule of law and human rights.
- Enforcement of regulations to protect the environment and a reduction in the level of sustainable forestry use.

Trinidad and Tobago Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	95	125	125
Total, Trinidad and Tobago	**$95**	**$125**	**$125**

U.S. Foreign Policy Objectives:

The U.S. and Trinidad and Tobago enjoy excellent bilateral relations. Free and fair elections have been held in Trinidad and Tobago at regular intervals since its independence from the U.K. in 1962. Trinidad and Tobago's close proximity to South American drug producing countries makes it an ideal location for the transshipment of drugs to the U.S. Drugs are smuggled in and out of the islands by both air and sea. U.S. investment in Trinidad and Tobago is expected to total approximately $3 billion for the period 1996-1998.

The Trinidad and Tobago Defense Force (TTDF), the largest of the English-speaking Caribbean, closely coordinates its activities with the U.S. The TTDF in 1990 successfully repulsed a coup attempt by the radical Jamaat Al Muslimeen Islamic sect. Trinidad and Tobago shipriders regularly embark on U.S. vessels to conduct joint maritime counter-narcotics patrols in Trinidad and Tobago strongly supported the restoration of democracy in Haiti by providing a substantial contribution of troops for the CARICOM Battalion in Haiti.

A limited TTDF budget, however, makes it difficult for the TTDF to participate fully in joint exercises with the U.S. U.S. objectives are:

- Supporting a cadre of professional military leaders who support democratic principles.
- Enhancing the inter-operability and understanding of U.S. tactics and logistics.
- Promoting open trade and investment, and sustainable development.

Strategy for FY 1999:

The USG counternarcotics effort has focused on assisting the TTDF perform drug interdiction and demand reduction exercises, and in one case helping the GOTT in a complex murder trial involving a major Trinidadian trafficker. Further, the U.S. and Trinidad and Tobago have signed extradition and mutual legal assistance treaties, and a maritime counternarcotics agreement. In support of investment opportunities for U.S. investors, the USG negotiated a bilateral investment treaty and an IPR agreement , although the remaining legislation to comply with the IPR agreement is still pending.

The Embassy has worked to assist U.S. businesses with investment prospects in Trinidad and Tobago. The GOTT has developed framework legislation covering environmental protection which now needs implementing regulations.

U.S. strategy for ensuring access and inter-operability with the TTDF rests on continued training of the TTDF leadership and joint operations. The U.S. will focus on ensuring cooperation in contingency situations for basing, fueling, repair, material storage, transshipment both at sea and through airport facilities, and full cooperation and coordination with U.S. elements in operations to counter international crime, including terrorism, narco-trafficking and alien smuggling. IMET funding will provide education and training of the TTDF in leadership, resource management, and decision making in order to improve the TTDF's capability to mount drug interdiction and eradication programs. FMF support to Trinidad and Tobago will increase the maintenance and modernization of the Trinidad and Tobago Defense Force maritime fleet, providing the capability to participate in extended and real time security and law enforcement missions.

Trinidad and Tobago will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to support CARICOM's role as a stabilizing force in the Caribbean through active involvement in peacekeeping operations, search and rescue missions, disaster relief and counternarcotics operations.

Indicators:

- Level of U.S. exports.
- Level of professionalism of TTDF senior staff.
- Level of cooperation between the USG and GOTT in counternarcotics programs.
- Enhanced capabilities of the TTDF in such areas as disaster assistance, search and rescue.
- Level of effective environmental protection.

Uruguay Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	332	300	300
Peace Corps	679	-	-
Total, Uruguay	**$1,011**	**$300**	**$300**

U.S. Foreign Policy Objectives:

Uruguay is one of the region's most solid democracies and Uruguayans enjoy one of the highest standards of living in the region. Reform aimed at lessening the substantial weight of the state in the economy has proceeded slowly but steadily. Uruguay staunchly advocates free trade, both as a member of the Southern Cone Common Market (MERCOSUR) and through the regional Summit of the Americas process to create a free trade area of the Americas. U.S. objectives in Uruguay include:

- Seeking adoption of economic reforms and ensuring adequate protection of intellectual property rights.
- Expanding U.S. investments.
- Assisting Uruguay to implement effective counter-narcotics, counter-terrorism, and arms control efforts.
- Helping enhance professionalism of Uruguay's armed forces, and continue its participation in international peacekeeping.

Strategy for FY 1999:

We will seek more open trade and greater economic reform in Uruguay both through MERCOSUR and bilaterally. U.S. agencies will work to enhance Uruguay's ability to fight drug trafficking and terrorism through participation in exchange and other programs. We will also encourage Uruguay to take greater action against money laundering. U.S. programs seek to increase the professionalism of Uruguay's armed forces and facilitate military cooperation with Uruguay and the rest of the Southern Cone.

The IMET program in Uruguay is designed to support long-standing U.S. goals of maintaining civilian rule and reinforcing democratic values in the military, while also helping to provide the armed forces with greater expertise in international peacekeeping and support for disaster relief. The proposed program for FY 1999 includes a mix of expanded IMET, professional military education, and technical training.

Uruguay has become a regional leader in peacekeeping operations and an important role model for other Latin American countries. Uruguay will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would contribute to modernizing the Uruguayan military, enhance interoperability and support increased participation in peacekeeping missions.

Indicators:

- Cooperation on regional issues such as counter-narcotics, counter-terrorism, and arms control and regional economic integration.
- Level of U.S. exports.
- Involvement in worldwide peacekeeping missions.
- Participation in regional military exercises.
- Status of legislation regarding money laundering and intellectual property rights protection.
- Placement of IMET-trained personnel in key military and civilian leadership positions.

Venezuela Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	388	400	400
INC	600	600	700
Total, Venezuela	**$988**	**$1,000**	**$1,100**

U.S. Foreign Policy Objectives:

Venezuela has a long democratic tradition and its military leaders are committed to constitutional, democratic government. U.S. policy objectives include preserving constitutional democracy, particularly as the government continues its program of economic reform and market liberalization. U.S. policy objectives also include maintaining access to Venezuela's oil reserves, the largest in South America, and protecting U.S. exports and investment. We also seek closer counter-narcotics cooperation, secure frontiers for Venezuela and its neighbors, and successful institutional transition to the new judicial system.

Strategy for FY 1999:

The U.S. will pursue a multi-track approach to securing U.S. objectives in Venezuela. First, through IMET-funded training, we will seek to further professionalize the Venezuelan military to better meet challenges along the Colombian border and in the counter-drug effort. In addition to IMET-funded programs, we will provide deployments for training and mobile training teams. All training will foster respect for human rights, the non-political role of the military in the democratic process, and promote a more coordinated role for the military in the execution of Venezuela's national drug control plan.

Second, we will improve Venezuela's institutional ability to detect and interdict drug and precursor chemical shipments and to improve Venezuela's ability to detect and eradicate poppy cultivation. This project will be accomplished through the Narcotics Law Enforcement Project which provides training and equipment to improve Venezuela's drug information-sharing capabilities and support increased interdiction. The National Guard (GN) and Judicial Technical Police (PTJ) will receive detection and interdiction training, computers, and radios.

Third, we will work to support effective implementation of Venezuelan anti-money laundering activities by supporting a centralized Financial Intelligence Unit in the National Anti-drug Commission (CNA) and assisting financial crimes investigation units in the GN and PTJ.

Additionally, we will support Venezuela's efforts to implement the new criminal procedures code. This reform will replace Venezuela's current inquisitorial system with an adversarial system. While the new system introduces juries in some cases and improves the overall transparency of the administration of justice, it will also require improved case management skills, investigative procedures, and courtroom skills. By working with the public prosecutor's office and other sections of the judiciary, we will assist in this monumental transition by providing training and equipment. Supporting the transition to the new system is important because restoring public confidence in the administration of justice is critical to consolidating the rule of law and instilling faith in the democratic system in Venezuela.

We will also continue to support efforts to provide Venezuelan law enforcement officials the legal and technical means to combat organized crime. The 1997 passage of the Casino Law was a major step forward in enhancing law enforcement capabilities to combat money laundering. We will support in 1998 passage of the Anti-Organized Crime Bill which will provide RICO-like capabilities to fight organized crime.

Support for Venezuela's privatization policies and its successful "Apertura (Opening)" in the petroleum sector is another key component of our country strategy. As a result of Venezuelan economic policies, Venezuela's oil, telecommunications and steel industries are open to significant foreign, including American, investment.

Venezuela will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would assist the Venezuelan military to improve its drug interdiction efforts along its vast internal river network, support its model crop eradication program, safeguard its border with Colombia against drug cartels and guerrillas, as well as modernize its equipment.

Indicators:

- Political stability
- Full support by military for decisions of the civilian government
- Number of joint and civil-military operations
- Control of Venezuelan territory along the Colombian border
- Interdiction of illicit drugs transiting Venezuelan territory
- Establishment of a centralized Financial Intelligence Unit in CAN
- Operation of Joint Intelligence Coordinated Center (JICC)
- Implementation of the new criminal procedures code
- Climate for U.S. investments and level of U.S. exports

Administration of Justice Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	7,500	10,000	10,000
Total	**$7,500**	**$10,000**	**$10,000**

U.S. Foreign Policy Objectives:

The International Criminal Investigative Training Assistance Program of the U.S. Department of Justice (ICITAP) supports the development of civilian police institutions and improvements to the criminal investigative capacity of police, prosecutors and courts in a growing number of developing democracies throughout the world. Priority is given through this program to countries in transition to democracy, where unique opportunities exist for major restructuring and refocusing of police and investigative resources toward establishment of a rule of law. The wholesale restructuring of police institutions begun in Panama and El Salvador in 1990 and 1992, respectively, are nearing completion. Assistance in these countries will thus taper down toward activities aimed at filling critical gaps, while other countries, notably Guatemala and Honduras, become the sites of broad efforts to create new police forces. At this time, we anticipate a continuing need in Panama and El Salvador to focus on integrating the investigative and prosecutive functions to ensure effective presentation of criminal cases in court. This remains a critical failing throughout Latin America, which requires not only additional technical assistance but clear political leadership at the national level to resolve. While ICITAP is conducting similar activities in Haiti, those activities are funded with bilateral funds, and not this regional account.

Strategy for FY 1999

Central America:

In El Salvador, with the entry into force of a new Criminal Procedure Code expected in 1998, there will still be significant work to be done in 1999 to refine procedures and expand the knowledge base of all investigators. Once police and prosecutors become comfortable with the new investigative procedures manual, attention will shift to expanding in-service training for the PNC Criminal Investigations Division nationwide. Assistance to the National Civilian Police (PNC) will continue at a reduced level in general management and administration, ensuring that the systems developed to date are effectively implemented. As of January 1996, over 10,000 recruits to the PNC have been trained at the National Public Security Academy (ANSP). Both organizations were formed in 1992 as a result of the Peace Accords. The ANSP now has a Salvadoran staff of 289, and ICITAP is providing only 11 full-time instructors (down from 20). A strategic plan to make the Academy fully self-sustaining is under

development. The PNC has established the full complement of organizational components needed for a civilian police force, including specialized units as diverse as traffic and environmental protection and administrative and logistical systems. The PNC Criminal Investigative Division is working to improve its operational relationship with prosecutors in the Public Ministry and to develop a joint investigative procedures manual, looking toward enactment of a new Code of Criminal Procedure that will place prosecutors in charge of investigations.

In Guatemala, ICITAP is working with Spain and other donors to help the government meet its objective of deploying a new 20,000 member National Civilian Police by the year 2000. ICITAP is concentrating on reorganization, training and development of policies and procedures for the PNC, recruitment and training of officers, and specialized training in the areas of criminal investigation, police ethics and human rights. While Spain provides basic recruit training, ICITAP will be assisting the new PNC academy with curriculum development and management.

The legal framework for a new civilian police in Honduras is now expected to be enacted in 1998. Whether or not it incorporates the Criminal Investigative Division of the Public Ministry into the new police ministry, as is being proposed, implementation of the law will require significant restructuring of the current police organization and its supporting training institutions. ICITAP is working with the police transition commission to identify the areas in which its assistance will be requested in the future. Whatever the future of the DIC, ICITAP will continue to support its technical integration with prosecutors and the new civilian police. Recruitment and selection procedures have been established for the new Directorate of Criminal Investigations (DIC), created in 1995 as part of the Public Ministry. The foundation for a Public Ministry academy has been laid with the presentation of courses in criminal investigation for investigators and future local instructors. New forensic units have been developed in the areas of firearms identification, questioned documents and crime photography. A policies and procedures manual and legal guide have been prepared for the DIC.

ICITAP will begin in FY 1998 a modest program of assistance to Nicaragua aimed primarily at facilitating a common approach by police, prosecutors and judges to improving the criminal investigative process. It will also assist the Civil Inspection Unit of the Ministry of Government, and other similar organizations, to institute uniform policies for disciplinary matters involving the police. The program will be extended in 1999 based on experience to date.

The Panamanian National Police (PNP) now has over 12,000 officers, all of whom have received training at the new Police Academy. Recruit training is now largely self-sufficient. The Technical Judicial Police (PTJ), part of the Public Ministry, also has an established training program with Panamanian and international instructors. A functional forensic laboratory covering all basic areas is in operation. The PTJ has opened a Criminal Complaint Receiving Center, providing a centralized location for

members of the public not only to file complaints but receive assistance in accessing the legal system. A prisoner classification system is under development to enable Panamanian authorities to separate violent from non-violent offenders in the prison system.

Bolivia:

Like other countries in the region, Bolivia is moving to adopt a new criminal procedure code under which prosecutors will present cases in public trials. In FY 1999, ICITAP will assist in the development of a series of courses aimed at familiarizing police, prosecutors and judges with the new system. An entirely new investigative division, the Technical Judicial Police (PTJ) has been created within the Bolivia National Police (BNP), to handle criminal investigations nationwide. The PTJ has established investigative offices in all nine Bolivian departments, complete with operational regulations and trained personnel. The head of the PTJ and the Attorney General have formally adopted procedures for coordination of their respective functions, which are now being implemented at the departmental level. The first departmental inter-agency agreement has been signed in El Beni. The BNP National Training Directorate has been revamped and general police curricula revised; attendees can now receive university credits for their training.

Dominican Republic:

In coordination with assistance being provided by USAID to improve the professionalism of the judiciary and operation of the criminal justice system, ICITAP will provide assistance in revamping general police training curricula and improving technical aspects of criminal investigation by police, prosecutors and judges.

Indicators:

- Creation of new investigative units within police forces or prosecutor's office
- Improved forensic support;
- Adoption of investigative procedures manual for use by police, prosecutors and courts;
- Implementation of hiring standards and training programs for recruits appropriate to long-term development of professional civilian police forces;
- Establishment of self-sustaining training programs in specialized areas such as criminal investigation and for supervisory and executive-level personnel; and
- Adoption of organizational policies and procedures for police forces as a whole appropriate to civilian police.

Inter-American Regional Democracy Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF[2]	17,812	11,000	13,000
Total	**$17,812**	**$11,000**	**$13,000**

U.S. Foreign Policy Objectives:

Little progress toward development can be sustained where the political system represses the talents and efforts of its people. It is primarily a government's responsibility to involve its citizens in the development decisions that affect their lives. Governments also have the responsibility to ensure accountability and transparency of their actions if resources are to benefit all citizens. 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.

U.S. programs supporting the strengthening of democracy in the region are fundamental to the success of all our other efforts. From underwriting elections in Haiti, to helping The Dominican Republic and Peru develop more responsive judicial systems, to advancing the peace process in Guatemala, El Salvador, and Nicaragua, we continue to be a key player pushing for consolidation of the recent transitions to democratic rule throughout this hemisphere.

Strategy for FY 1999

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 comprehensive overhaul governmental institutions. A wide variety of programs in the region will be supported to promote and strengthen democratic institutions, local governments, labor, and grassroots organizations. Programs will also support human rights training for NGOs, elected and appointed officials throughout the hemisphere. Assistance will be provided to assist countries in making the transition to peace.

[2] Individual country ESF figures that comprise this account are included in the preceding country pages. Included in these totals are: The Windward Islands (FY 1997 -- 0; FY 1998 --$2 million; and FY 1999 --$.7 million) and LAC Regional Democracy (FY 1997 -- $3 million).

Dominican Republic: $2.3 million

ESF resources will be used for activities supporting Strengthening the Rule of Law and Respect for Human Rights, which are fully consistent with the country team's law enforcement priorities. In 1999, USAID/DR's Strengthening Rule of Law (SROL) program will have completed a number of pilot activities and begun to consolidate and expand them nation-wide. For example, USAID will work with ICITAP to improve criminal justice coordination among police, prosecutors, public defenders and judges. Access to justice will continue to improve as public defender services are fully integrated into the judiciary and public defender advocates are increased nationally. Finally, good governance and accountability programs with the Supreme Court, Public Ministry and the Comptroller General will continue to combat corruption within these and other government organizations through the expansion of Inspector General of Tribunal offices and public Ministry anti-corruption units.

Indicators:

- Strength of civil society and public involvement in the democratic process.
- Level of reform of the justice system;
- Level of transparency, accountability and corruption of the governance system;

Caribbean Regional: $700,000

FY 1999 funding for the Windward Island Diversification Project will be required to complete on-going scholarship training programs in the U.S. Funding will also be used for trade liberalization programs and assistance to the islands of Grenada, St. Vincent, St. Lucia and Dominica for FTAA membership.

Indicators:

- Establishment of scholarship training programs;
- Diversification and openness of economic systems.

Nicaragua: $1.5 million

ESF resources will strengthen the administration of justice through technical assistance, training and developing improved criminal and civil codes, fostering a better human rights situation through supporting the Human Rights Ombudsman Office and the community peace commissions, and opening more access and participation for citizens through civil society efforts.

Indicators:

- Strength of civil society and non-governmental organizations;

- Level of judicial professionalization and government accountability;

El Salvador: $2.0 million

ESF resources will promote more effective legal/judicial protection for all citizens. Emphasis will be placed on municipal development, citizen pressure for rule of law and due process, citizen access to the legal system, a more effective police force, a more responsive judicial system that meets the highest ethical standards, and increased timeliness in the administration of justice.

Indicators:

- Level of opportunity for better informed electoral decisions;
- Access to enhanced legal/judicial protection;
- Participation in strengthened local government;
- Management of financial resources. .

Mexico: $1.5 million

Resources will respond to promising openings in the continuing evolution of Mexico's democracy. ESF will be focused on three key areas which Mexico has expressed interest in receiving U.S. collaboration: (a) strengthening the integrity and transparency of the justice system; (b) strengthening civil society and making local government more responsive to the needs of its citizens; and (c) financing electoral observation and technical assistance.

Indicators:

- Strength of non-governmental organizations;
- Level of judicial reform;
- Development and adoption of alternative dispute resolution mechanisms;
- Role of national associations in municipal governments.

Paraguay: $800,000

ESF resources are needed to continue support for improved civil-military relations and political party strengthening in the aftermath of last year's averted military coup. The country's nascent democracy remains fragile and its institutions are weak. Emphasis will be placed on fostering a better understanding of civil-military relations with respect to needed reforms in the legislature, justice system, and local government. ESF will also be used for training in new criminal code procedures and improving the criminal justice system.

Indicators:

- Achievement of more effective and transparent electoral systems;
- Participation of sub-national governments in the democratic process;
- and
- Level of access to strengthened judicial and legislative systems.

Ecuador: $1.2 million

A constitutional crisis earlier this year highlighted the very unstable state of Ecuador's democracy: corruption is rife, governmental institutions lack credibility, and the party system is not responsive to the electorate. With elections in FY 1998 and a change of government in August 1998, ESF resources will address corruption and support for selected reforms in the electoral and justice systems.

Indicators:

- Strength of civil society;
- Level of transparency and accountability among government agencies;
- Level of corruption.

Caribbean Regional Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	2,000	3,000	3,000
Total	**$2,000**	**$3,000**	**$3,000**

U.S. Foreign Policy Objectives:

Caribbean nations have traditionally been strong allies of the United States. Long-term U.S. objectives in the region include the maintenance of regional stability, as the Caribbean constitutes America's "third border." Other major objectives are stemming the narcotics flow through the region, halting drug production and use and improving local capabilities in areas such as disaster relief and migrant interdiction and processing. U.S. interests are served by continuing access to Caribbean nations for basing, fueling, repair, storage, and transshipment both at sea and through airports. The U.S. also seeks the full cooperation and coordination of host governments in operations to counter international crime, including terrorism, narcotrafficking, arms trafficking, money laundering, illegal migrants and smuggling.

The region conducts a large percentage of its trade with the United States and depends on a special trade status through the Caribbean Basin Initiative for economic stability. The banana industry, a major employer, may be adversely affected by the outcome of a World Trade Organization suit brought by Latin American growers and the U.S. against the EU regime that favors the Caribbean. From 1994 to 1996, the region provided support for U.S. efforts to restore the legitimate regime in Haiti, by contributing forces via a CARICOM (Caribbean Community) battalion to the U.S.- led Multinational Force (MNF), and then to the UN Mission in Haiti. CARICOM participants included The Bahamas, Belize, Guyana, Jamaica, Trinidad and Tobago, Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, Suriname and St. Vincent. The Dominican Republic supported the U.S./UN mission in Haiti by assisting in regional migrant operations.

Strategy for FY 1999:

To enhance the region's capabilities in areas outlined above, U.S. strategy is designed first to maintain regional stability by increasing the participation. Caribbean regional troops in U.S.-supported regional military operations and exercises.

Second, we seek to sustain and upgrade local militaries' natural disaster response capability. Among the problems that affect the region are recurring tropical storms, hurricanes and volcanic activity. Local militaries provided critical support during the

1996 and 1997 hurricane season, assisting in humanitarian relief efforts and in the 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 1999 funds will help ensure that Caribbean military forces can execute this vital function in the event of a natural disaster.

Third, FY 1999 will ensure a high level of cooperation and interoperability between U.S. and Caribbean forces, for drug interdiction. The Caribbean region has been beset by the scourge of narcotics trafficking. Caribbean military forces cooperate with U.S. law enforcement operations designed to combat this criminal activity.

EDA for the Caribbean nations will be used to support a regional contingency force in the Caribbean to conduct peacekeeping, counternarcotics, humanitarian relief and search and rescue missions.

Indicators:

- Number of seizures of narcotics.
- Regional capacity to coordinate and contribute forces to joint military exercises.
- Interoperability with U.S. and other international peacekeeping forces.
- Capability to respond to regional natural disasters, search and rescue operations, disaster relief, and migrant interdiction operations.

International Narcotics and Law Enforcement Latin America Regional Cooperation Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
INL	5,100	4,000	9,000
Total	**$5,100**	**$4,000**	**$9,000**

U.S. Foreign Policy 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 have developed new methods of transportation through major transit points. These areas are of increasing importance for the transshipment of cocaine, and to a lesser extent, production of opium and marijuana. Governments in most of these countries lack resources, strong law enforcement and judicial institutions, and adequately trained personnel. Many of the countries covered in this account are known or emerging money laundering centers. U.S. objectives are 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 assets.
- Develop bilateral and multilateral mutual legal assistance cooperation.
- Strengthen host nation police/drug branch capabilities to interdict shipments of drugs and precursor materials, and control money laundering.
- Expand maritime enforcement capabilities throughout the region by entering into cooperation agreements supported by training, materiel and combined operations.
- Eradicate illegal drug cultivation by providing commodities and technical support; and
- Develop government and non-government organizations' institutional and resource bases to control the growth of drug abuse in the region.

Strategy for FY 1999:

Latin America Regional funds support programs in countries where the drug threat warrants increased assistance due to increasing exploitation by traffickers and money--launderers to finance and transship their illegal products. Regional assistance is used to improve 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, equipment and supplies will be provided 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.

In FY 1999, the program will seek to strengthen these countries' abilities to more effectively address the ever changing conduct of drug producers and traffickers. Additional funds are required to improve law enforcement cooperation and support for enhanced interdiction capabilities. Regional narcotics affairs offices in Miami, Panama and Guatemala will help manage multi-country programs in their areas of responsibility. As a follow-up to the Presidential summits in San Jose and Barbados in May 1997, increased funding will support interdiction efforts throughout Central America and the Caribbean to include training, support and maintenance of equipment. C-26 aviation and maritime patrol vessel support in the form of spare parts, fuel and operational support will be provided in Barbados and maritime vessel support in Trinidad and Tobago.

Caribbean:

In response to increased drug trafficking, especially maritime trafficking, and money laundering in the Caribbean, an enhanced effort is needed to strengthen countries' law enforcement and judicial institutions by providing increasingly sophisticated training and equipment. By such mechanisms as maritime cooperation agreements and combined operations, the program seeks to encourage more vigorous regional counterdrug cooperation. Increased training, support and maintenance of equipment, as a follow-up to the Barbados Summit initiatives, will improve law enforcement cooperation. We will sustain our support for the Regional Security System of the small, independent states of the Eastern Caribbean, to continue its development as a viable and operational counterdrug partner.

The Latin America Regional program supports Caribbean counternarcotics programs in the Greater and Lesser Antilles, the Guianas and other countries. The Department of State and U.S. law enforcement agencies actively encourage and support many Caribbean nations that cooperate in joint drug interdiction operations. The program will expand countries' drug investigative capabilities by providing existing JICCs with upgraded equipment and advanced training. New JICCs will be established where appropriate. Judicial systems will be strengthened via provision of training and court automation equipment. We 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, Nicaragua, Panama and Honduras disrupt trafficking and strengthen indigenous law enforcement

infrastructures will continue in FY 1999. In addition to ongoing training, law enforcement assistance programs include equipment, maintenance, and repair of vehicles, radio networks and other equipment. Increased interdiction efforts and increased law enforcement cooperation, as a follow-up to the San Jose Summit initiatives, will be required during FY 1999. Port security assistance will be provided to countries which actively export or transship products through port facilities. We also propose to provide training, equipment, and supplies to countries experiencing significant maritime transit. Judicial reform programs will provide training to bring judges and prosecutors up to date on narcotics law. In Panama, our counternarcotics program includes a significant level of support for the establishment of money laundering controls, including detection, investigation and prosecution of financial crimes. The budgets for Guatemala and Mexico appear as separate requests.

South America:

Drug trafficking in the Southern Cone countries of South America is increasing alarmingly. Paraguay, Chile, Uruguay and Argentina are used as transit points for cocaine originating in Bolivia. Arrests of local narcotics traffickers have revealed relationships with Colombian trafficking organizations. The FY 1999 plan includes 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 enforcing new counternarcotics laws and money laundering legislation. 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.

Indicators:

- Adoption of effective anti-drug and money laundering statutes and anti- corruption measures;
- Decrease in illegal drug production and increased capabilities of regional counterdrug law enforcement agencies, as demonstrated by larger quantities of drugs interdicted or drug trafficking deterred and traffickers arrested;
- Increased prosecutions of major drug traffickers and money launderers, including forfeiture of the proceeds of crime, and disruption of trafficker networks; and
- Level of drug abuse and intolerance of drug trafficking in the region.

Latin America and Caribbean Regional Development Assistance Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	40,753	52,622	38,052
Total	**$40,753**	**$52,622**	**$38,052**[3]

U.S. Foreign Policy Objectives

Despite healthy growth, the Western Hemisphere has the widest disparities in income in the developing world. The structural reforms begun in the 1980s have the potential to help lower the incidence of poverty and income inequities. Many of these reforms seek to replace privileged access with equality of opportunity. Structural reform is a difficult process, however, and staying the course is politically painful. Open and competitive private markets stimulate economic activity and accelerate growth, providing increased incomes and employment. Basic education provides people with the skills to participate in the market economy.

Democracy has become the common guiding principle of economic growth and social development in the Western Hemisphere. Elected governments began to replace authoritarian ones in the late 1970s. Nonetheless, these new democracies are incomplete and fragile. The transition to democracy in Latin America and the Caribbean is central to developing regional political stability, decreasing illegal immigration to the United States, increasing trade, improving human rights and creating conditions which are favorable to positive economic growth.

Awareness is growing throughout the Western Hemisphere that environmental degradation, economic decline, and social and political instability are closely linked. Addressing environmental issues requires dealing with factors that affect public welfare and human rights, as well as the physical resources on which life depends. Sound environmental and natural resource management is no longer perceived as a luxury, but as an integral part of growth -- a principle that must be followed if the benefits of development are to be realized and human welfare maintained and enhanced.

The Summit and USAID's LAC Regional program support and reinforce key U.S. national interests in the LAC region, such as promoting broad-based economic growth, increased to adherence to democratic practices and respect for human rights, securing a sustainable global environment, stabilizing world population growth, and protecting human health, including control of infectious diseases.

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[3] Excludes Presidential Initiatives for the Summit of the Americas of $20 million in FY 1999 DA, which is displayed separately below. Summit of the Americas initiative is included in USAID budget under Latin America and Caribbean Regional Development Assistance.

Strategy for FY 1999:

Human Capacity Built Through Education and Training

In the area of education, more attention will be given to providing local communities with greater control and responsibility for the education of their children. Support for civic organizations that can advocate for policy reforms, such as quality, equity, and governance and finance, will be the primary vehicle for the implementation of regional activities.

Indicators:

- Number of countries progressing towards implementation of key education reform policies at the national or local level.
- Education reform monitoring system established and operating efficiently in selected LAC countries.
- Increased education budgets allocated to primary education in selected LAC countries.

Promoting Broad-Based Economic Growth:

In microenterprise, the LAC Regional program will formalize a technical cooperation program with the IDB that will improve the capacity of NGOs engaged in microfinance to mobilize capital and expand their programs to underserved areas. The Regional program will also work with the IDB and the World Bank to ensure that their land titling programs incorporate the special needs of poor and indigenous communities providing both groups with secure title to their land and the incentive to make productive investments in these properties. Work will also be done with other U.S. agencies, such as the U.S. Trade Representative and the Department of Commerce, to enable smaller economies to comply with World Trade Organization obligations and expand trade with their neighbors in the hemisphere.

Indicators:

- Number of subregions with at least one-third of the countries advancing toward resolving identified economic equity issues.
- Number of subregions with at least one-third of the countries advancing toward resolving identified trade-related environmental issues.

Advancing Democracy:

In democracy, the LAC Regional program will continue to work on Summit planning and help develop and implement programs derived from its Principles and Plan of Action. Chief among them will be a new justice activity to support a Summit initiative

to strengthen professionalism of judges throughout the hemisphere, with increased emphasis on the networking of educational and training institutions. The Regional program will also seek to strengthen institutions and networks that provide training and assistance to new local officials, particularly in areas of high priority such as accountability and transparency, public security, sectoral service provision, and effective governance.

Indicators:

- Number of strengthened national and regional electoral bodies.
- Number of countries adopting integrated financial management systems.
- Number of multilateral donor-supported accountability projects.
- Public confidence level in media in targeted LAC countries.
- Number of LAC NGOs participating in regional network.

Encouraging Sound Environmental Management:

In the environment, the Parks in Peril program will emphasize improved park management, NGO strengthening and self sufficiency, compatible economic development activities, and targeted policy interventions to improve conservation. Four additional sites, covering almost five million acres, will graduate from USAID assistance, and eight new sites will be included in the program. The LAC Regional program will also be seeking opportunities to introduce energy efficiency and renewable energy technologies in the region.

Indicators:

- Number of independently functioning parks and reserves
- Area covered under Parks in Peril program
- Number of effective local NGOs.
- Amount of host country funds leveraged.
- Introduction of environmentally sound energy technologies.

Protecting Human Health

In population and health, increased attention will be given to countries with the lowest vaccination coverage rates to bring their levels up to 90 percent and 95 percent for the measles vaccine, to move closer to eliminating this child-killer from the hemisphere. In conjunction with the Pan American Health Organization (PAHO), data collection instruments to measure health reform and its effects on equity of access will be defined and monitoring initiated.

Indicators:

- Vaccination: Target country coverage of each antigen under the Expanded Program on Immunizations.
- Health Reform: Whether target countries have an entity responsible for reform, with access to analytical skills, an enabling policy environment, and with authority to direct human and financial resources to implement reforms.

Presidential Initiatives in Support of the Summit of the Americas Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	-	-	20,000
Total	-	-	**$20,000**

U.S. Foreign Policy Objectives

In April of 1998, President Clinton will join the other democratically elected heads of state in Santiago for a second Hemispheric Summit. A key theme of this summit will be the eradication of poverty in the hemisphere which currently prevents 40 percent of the region's population from enjoying even a minimally adequate standard of living.

Strategy for FY 1999:

The US initiative will address three key priorities of the summit: weaknesses in basic education, access to financial systems by the poor, and obstacles to regional trade expansion.

Increase The Coverage and Improve the Quality Of Basic Education ($5 million):

The most important additional reform needed in the region is improved basic education. Although overall enrollment in basic education in the region is now quite high, quality in many areas remains low, and many poor students, especially indigenous and female students, do not complete primary school. Needed reforms include improved teacher training, minimum budget allocations for textbooks and supplies, and curriculum reform. The regional component of this activity will strengthen regional networks in the region to promote a sharing of experience in basic education reform. This will allow limited U.S. grant resources to not only leverage much larger lending by the IDB but also insure that IDB lending is better focused and targeted.

The Miami Summit of the Americas called for universal access to education and a 100 percent primary completion rate by 2010. Currently, fewer than 40 percent of children currently complete primary school in Central America. South American countries with large indigenous populations also have poor primary completion rates, as do Haiti and the Dominican Republic. High repetition produces overage students whose loss of productive work on farms or in informal family businesses eventually becomes an intolerable cost to the poorest families.

Indicators:

- Curriculum reform
- Level of improved teacher training, standards and testing.
- Level of funding for textbooks and supplies.
- Accountability and increased parental involvement in schooling.

Improve Regulation, Increase Competition. and Provide Better Access to Financial System for All Citizens—Microfinance ($6 million):

Microenterprise is a key tool to achieve the Summit goal of reducing poverty in the region by one-half. NGOs, commercial banks and credit unions have been shown to be effective instruments for assuring the access of even the very poor to financial services. Sixty percent of the resources will be used to directly fund microfinance loans. Better regulation of financial systems can also prevent financial crises of the kind currently being experienced in El Salvador and Jamaica.

Indicators:

- Strengthened microfinance institutions
- Level of access to the Inter-American Development Bank's Multilateral Investment Fund
- Ability of regulators to assure that financial institutions follow prudent banking practices

Promote Regional Trade and Investment and Improve the Capacity of Countries to Meet Their Obligations Under the Free Trade Area of the Americas:

The countries of the hemisphere are committed to implementing a Free Trade Area of the Americas by 2005. Especially for the smaller countries of Central America and the Caribbean, participation in multilateral trade agreement requires them to meet complex commitments in such areas as rules of origin and sanitary and phytosanitary rules. Deteriorating infrastructure resulting from lack of maintenance during a decade of conflict, hinders competitiveness. Governments will be assisted to put into place appropriate legal and regulatory frameworks to enable private investors to provide infrastructure so that governments can use their scarce resources to address human capital needs. Countries must improve both policies and implementation to achieve greater access to new markets, and to enhance their competitiveness once expanded access is attained. Small amounts of US grant resources will leverage large amounts of additional flows from the IDB, especially its Multilateral Investment Fund, the World Bank, and the private sector.

Indicators:

- Enforcement of child labor, wage and hour, and similar areas of worker rights.
- International environmental and product safety requirements, as well as consumer preferences for environmentally appropriate products.
- Strength of partnerships between the public and private sectors, and civil society.
- Maximization of the benefits from trade.
- Establishment and implementation of enabling legislation to allow foreign and domestic private sector involvement in the areas of transportation, telecommunications, and energy.
- Expanded private sector infrastructure investment.

Central America Regional Development Assistance Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	10,744	13,525	11,400
Total	**$10,744**	**$13,525**	**$11,400**

U.S. Foreign Policy Objectives:

Opening markets, expanding hemispheric economic integration and promoting sustainable development, have been enunciated as key areas promoting U.S. national interests in Central America. In 1995, Central American imports from the U.S. grew by 12% reaching $7.4 billion, and are estimated to have increased another 5-6% in 1996. With continued growth and political stability, this region presents considerable untapped opportunities for U.S. business. At the December 1994 Summit of the Americas, the Presidents of the Central American countries and the United States signed an agreement (CONCAUSA) to increase trade and to make the Central American region a model of sustainable development. The US regional program provides the operational support for these Presidential commitments.

With over 30 million inhabitants in 1993, the population of Central America is increasing at an annual rate of 2.43% and will reach 38 million by the year 2000. However, approximately half of all Central Americans live in rural areas and some 42% live below the poverty line. Socio-economic conditions for the majority are worse now than they were 10 years ago, as reflected in the 1994 United Nations human development index which ranks Belize, Nicaragua, Guatemala, El Salvador and Honduras in the lowest third of all countries worldwide. Additionally, the countries of Central America are not prepared to face the cross-border spread of HIV/AIDS.

Strategy for FY 1999:

To effectively combat poverty and promote sustainable development in Central America, higher sustained economic growth rates are required. This growth must be achieved without degradation of the natural resource base. Central American commitment to action embodied in the CONCAUSA Agreement is particularly focused on areas of environmental protection and natural resources management.

Encouraging Broad-based Economic Growth:

Central America continues accelerating its integration into hemispheric markets. The Central American countries also remain strong supporters and active participants of the Summit of the Americas process initiated in December 1994 in Miami when the heads of the Hemisphere's 34 democracies signed a commitment to complete negotiations of

the Free Trade Area of the Americas (FTAA) by 2005. It is notable that three of the eleven FTAA hemispheric working groups are chaired by Central American countries [Costa Rica - investment, El Salvador - market access, and Honduras - Intellectual Property Rights (IPR)].

The Central American countries have made progress in recent years in accelerating the region's own economic integration which is consistent with World Trade Organization (WTO) standards. All Central American governments have acceded to the WTO, with the exception of Panama, which is currently negotiating accession requirements. Most countries in the region are continuing their negotiations with the U.S. Government on bilateral investment treaties (BITs) and bilateral intellectual property rights agreements (BIPRAs). Further reductions in external tariff rates are being implemented by most countries, although the pace should be accelerated. Central America has also advanced on its own process of subregional economic integration, abandoning its old model based on import substitution and high rates of external protection to pursue a more outward orientation consistent with WTO commitments.

The US has supported the revitalization, depoliticization and professionalization of the Permanent Secretariat for Central American Economic Integration (SIECA) enabling it to advance the regional trade agenda. With USAID/G-CAP support, SIECA has drafted model regional agreements on rules of origin, unfair trading practices and dispute settlement procedures, and is now facilitating efforts of the Central American governments to finalize these agreements, build regional support for them and get them ratified. Once in effect, these measures will contribute to greater economic integration and efficiency within the region and enhance Central America's preparedness to enter into hemispheric free trade agreements.

Indicators:

- Trade openness: total merchandise trade as a percentage of GDP
- Readiness to enter hemispheric free trade agreements (Based on numeric composite index of 1 to 5)

Protecting the Environment:

USAID's regional environmental program for Central America promotes effective regional stewardship of the key natural resources through the establishment of "biological corridors" throughout the isthmus. Recent achievements in this area include the establishment and progress towards effective management of major national protected areas in the region, the development of protected areas legislation, the adoption of appropriate natural resources management practices by target populations, and improved financial sustainability of environmental institutions. A new initiative designed to support the CONCAUSA Agreement commenced in FY 1996 to develop and consolidate a Central American system of cross-border parks and protected areas, and to promote a strengthened regulatory and enforcement framework for

environmental protection. USAID also suggests the Central American Commission for Environmental Development (CCAD), a regional treaty organization supported by all seven Central American countries to specifically address environmental and natural resource management issues. The political momentum generated by CONCAUSA and CCAD, and the influence of NAFTA in the area of harmonization of environmental legislation are among the positive factors influencing performance.

Indicators:

- Regional policy frameworks endorsed by CCAD
- Cumulative number of agreements ratified by all seven Central American countries.
- Number if assisted transboundary sites where local threats to key natural resources and the environment have been reduced.

Protecting Human Health:

The development of Central America is threatened by the HIV/AIDS epidemic. The areas most likely to be affected by HIV/AIDS include work productivity, medical care costs and the size of the labor force. In order to maintain stability in Central America, HIV/AIDS prevention activities are being implemented through a strategy that considers sub-regional commonalities and cross-border transmission.

The purpose of this seven year program is to strengthen the capabilities of local Central American organizations to deliver services and information about the prevention of HIV/AIDS to target groups. USAID supports activities on three different levels. On the broadest level, the activities are designed to improve the policy environment for the promotion of HIV/AIDS programs. On an intermediate level, USAID supports improved institutional capacity of NGOs and local universities to deliver HIV prevention programs and/or conduct research. Finally, the activities will promote individual behavioral changes which are required to prevent the spread of HIV/AIDS.

Indicators:

- Level of support for HIV/AIDS prevention programs.
- Level of capacity of local NGOs to respond with systematic approaches to HIV/AIDS project design, audience assessment, and monitoring and evaluation.
- Number of condoms sold under the projects' brand name.

Panama Canal Area Military School Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	520	550	550
Total	**$520**	**$550**	**$550**

U.S. Foreign Policy Objectives:

The United States has a strong interest in maintaining the U.S. Navy Small Craft Instruction and Technical Training School (NAVSCIATTS) located in Panama used to train navies and coast guards from Latin American countries. 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 training play a pivotal role in building security partnerships with the U.S. and other governments throughout the region

Strategies for FY 1999:

The U.S. will continue to build upon the success of the NAVSCIATTS program through continued IMET funding to enhance U.S.—Latin American and regional collaboration in riverine and coastal naval cooperation.

Indicators:

- Standardization, inter-operability, and increased professionalism among the region's coastal and riverine forces
- Number of trafficker arrests and seizures of marijuana and coca leaves in the region.

NEAR EAST

Statement by Assistant Secretary Martin S. Indyk
Bureau of Near Eastern Affairs

I. Introduction and Summary

Few areas of the world combine such political and strategic importance with such chronic instability as the Middle East. The U.S. must not only be prepared to react to an almost constant series of crises, but must also undertake policies and programs to prevent and limit future conflicts and to help change a region scarred by decades of instability into one where diverse peoples work to live in peace.

II. Key Policy Issues

For decades, our national interests in the Middle East and North Africa have been clear, and our policies have enjoyed wide bipartisan support. Our most important and enduring objectives in the region are to:

- Help the parties achieve a comprehensive Arab-Israeli Peace.
- Maintain full and secure access to the energy resources of the Persian Gulf.
- Ensure regional stability and the security of all regional partners, including the U.S. commitment to Israel's security and qualitative edge.
- Contain the ability of Iran and Iraq to threaten the stability of our friends and allies in the Gulf.
- Counter the dangerous proliferation of weapons of mass destruction and their delivery systems.
- Reduce barriers to U.S. exports and investment and work to create free market conditions in the region conducive to economic growth.
- Protect Americans at home through our efforts to fight international crime, narcotics trafficking, and terrorism.
- Protect Americans traveling in the region, through the provision of quality and responsive consular services.
- Encourage movement toward democratic political processes, respect for the rule of law, greater respect for human rights, improved opportunities for women, and expansion of civil society institutions.
- Maintain our ability to respond to humanitarian crises and protect and provide relief for refugees in the Middle East and North Africa.
- Work with governments of the Middle East and North Africa to raise the standard of living, address the social and economic conditions in which extremism thrives, solve the problems of environmental degradation and water quality, and reduce population pressures.

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- Ensure that our missions in the region have the human and material resources and secure facilities in order to pursue our objectives in an efficient manner.

Our interests in the Middle East peace process and in the broader region are closely intertwined. The peace process profoundly influences the stability of the entire area. Progress in the peace process strengthens friendly governments in Egypt, Jordan, and elsewhere, notably the Gulf Cooperation Council (GCC) states, in part by removing a rallying point for extremism and increasing the prospects for political, economic, and commercial development. Progress in the peace process thus helps us safeguard the free flow of oil and our other vital objectives in the Gulf region. And playing a key role in an important international initiative such as the peace process enhances our prestige, and thus our effectiveness in pursuing other interests throughout the region and beyond.

The Middle East Peace Process

Starting at the Madrid Conference in 1991, we have worked actively with the Arabs and the Israelis to create a mutually reinforcing structure of bilateral and multilateral negotiations that has demonstrated resiliency despite the inevitable ups and downs along the way. There is clearly much work still to do but the parties to the peace process have seen the promise of peace and have taken serious steps to make peace a reality. By the long-entrenched standards of the Middle East, this is a major achievement. Although we have been putting special energy into the Israeli-Palestinian talks, we recognize that a real peace must be comprehensive. That means peace among Israel, Syria, and Lebanon, as well as peace between the Israelis and Palestinians. We are working hard to help Israel and Syria devise a basis on which to resume their talks and want to see negotiations between Lebanon and Israel as soon as a favorable atmosphere develops.

Even as we seek to nurture new agreements, we are also working to cement support for the overall Arab-Israeli peace process by helping the existing accords produce the benefits the ordinary people of the region looked forward to when the agreements were signed. That is why we contribute heavily to aid to the Palestinians and work to foster regional economic development through bilateral and multilateral channels. An especially important part of our efforts to support economic development is the Middle East/North Africa Economic Summit process. The Middle East and North Africa region have lagged behind other regional trading blocs for too long in attracting outside investment, developing trade relationships within the region, and integrating their economies into the dynamic global market. The Economic Summits allow the states and communities of the region to showcase both the economic reforms they are undertaking and the investment opportunities resulting from these reforms. The MENABank -- a regional development bank with a unique private sector orientation that grew out of the economic summit process -- is an important element of our FY 1999 funding request. We have also used these summits to show American exporters

the opportunities in the region and to call on Middle Eastern governments to reform their economies in order to attract private investment.

Meanwhile, we are quietly helping preserve the atmosphere for regional negotiation by creating mechanisms to prevent future outbreaks of violence and establish confidence among the parties. The long-standing success of the Multinational Force and Observers (MFO), for example, preserves the peace treaty between Israel and Egypt and serves as a model confidence building measure and security arrangement in the context of the ongoing negotiations between Israel and its neighbors. And in the absence of formal peace agreements among Israel, Syria and Lebanon, the Israel-Lebanon Monitoring Group promotes stability in the volatile southern Lebanon region by helping to limit civilian casualties and by providing an important confidence building forum for all parties.

The Persian Gulf

The last four U.S. presidents have identified the Persian Gulf as a region vital to our national interests and to our economic prosperity at home. The U.S. now imports some fifty percent of its oil requirements, of which one-third comes from the Gulf and ten percent from Saudi Arabia alone. Recent terrorist bombings against our troops in Saudi Arabia and Saddam Hussein's active efforts to destabilize the region highlight the severity of the challenges we face in the area. To help ensure access to this region's oil resources, the U.S. undertakes intensive political and diplomatic engagement and security cooperation with the member states of the Gulf Cooperation Council. Military assistance to Egypt is also a key part of this strategy, as was demonstrated in Egypt's provision of over 40,000 troops in the Gulf War. Assistance to Jordan's military increases its defense capabilities and bolsters Jordan's confidence in resisting Iraqi pressures.

Ensuring Regional Stability

We remain committed to protecting our friends in the region directly and strengthening the ability of regional partners to withstand coercion and internal instability, to deter aggression, and should deterrence fail, to contribute to a common regional defense. Our commitment to Israel's security deserves special mention here. Every U.S. administration since Truman has worked to help safeguard Israel's security and well being, and that commitment remains unshakable. Through the provision of security assistance, close cooperation with Israel on security issues, and contributions to international peacekeeping efforts, we continue to ensure Israel's qualitative edge. These efforts, along with our efforts to encourage military-to-military relations between Israel and other states and our contributions to international peacekeeping efforts, reinforce Israel's confidence in its own security, thus promoting Arab-Israeli peace.

The modernization of friendly regional armed forces is a key element in our efforts to maintain stability in the region, accomplished through FMF and Excess Defense Article

grants and sales, IMET and other joint military training and cooperation. The forward presence and crisis response of U.S. forces also contributes decisively to enhancing regional security and requires regional cooperation for necessary movements and access.

Iraq

Over the past several years, arguably the most constant diplomatic and military challenge to US policy in the region has come from Iraq. There is absolutely no sign that Saddam Hussein has reconciled himself to living in peace with his neighbors or with his own people. U.S. policy toward Iraq is a combination of: activist diplomacy to foster international solidarity to get Iraq to meet its obligations and stop threatening international peace and security; military cooperation with the Coalition to enforce the no-fly zones that deter Iraqi aggression against its neighbors; our own military efforts, unilateral if necessary, to deter Baghdad; and full support for the UN Special Commission's mandate to rid Iraq of weapons of mass destruction. The Security Council intends to ensure that, whatever Baghdad's intentions, it will no longer have the capability to threaten its neighbors and indeed, its own people. The key instrument for this task is the UN Special Commission (UNSCOM) which is set up to inspect, monitor, and oversee the destruction of Iraq's WMD and missile program.

Iran

The U.S. has long-term, serious concerns regarding Iranian policies that violate international norms such as: Iran's support for terrorism, including groups using violence to disrupt the Middle East peace process; Iran's drive to develop or acquire WMD and missile technology; and Iran's efforts to destabilize regional governments. Recently, much attention has been focused on the new, more moderate tone of Iranian President Khatami and on his call for a dialogue between the people of Iran and the people of the United States. The United States is fully prepared to establish a dialogue with the Iranian government and is looking into the prospect of using people-to-people exchanges as a useful step. However, while our offer for a dialogue is not conditioned upon prior changes in Iranian actions, changes in US policy are. We are therefore carefully and continuously looking for change in Iranian actions and when we see changes, we will welcome them and will be prepared to respond. In the meantime, we must remain vigilant on such issues as Iran's acquisition of a long-range missile delivery capability, a capability that would pose a serious threat to U.S. forces and to regional stability. We will also maintain economic sanctions against Iran in order to show Iran that it cannot enjoy the benefits of international commerce with countries whose interests it threatens.

Trade and Investment

We are working to reduce barriers to U.S. exports of goods and services to, and U.S. investment in, the Middle East and North Africa. We are using our diplomatic

resources to urge full membership in the WTO and accelerated implementation of WTO undertakings. Through bilateral fora, such as the Gore-Mubarak Partnership for Economic Growth and Development, the U.S. will urge reduced barriers to U.S. exports and an enhanced environment for U.S. investments. NEA officers in Washington and at posts in the region work with host governments to ensure fair treatment and consideration of U.S. companies for commercial contracts, working to promote U.S. exports while reinforcing a message that reforms and liberalization of trade regimes are essential for attracting direct investment. We continue to press for the end of the Arab League boycott of Israel in all its aspects as a direct impediment to trade with and within the region.

The Broader Agenda

Beyond the Middle East's political and military disputes, this is a region that is beset by a broad variety of problems transcending national or even regional borders. U.S. activism is vital to stem the proliferation of weapons of mass destruction, fight international terrorism, encourage respect for the rule of law and movement toward more open, democratic political structures, and address the region's critical problems of overpopulation, decertification, water shortages, environmental deterioration, and refugees.

The U.S. is working hard to promote universal adherence to global nonproliferation regimes and work with other states to prevent the transfer of sensitive technologies and destabilizing arms sales to the region. In particular, we are working to prevent further development of Libya's chemical weapons program, to forestall Iran from obtaining weapons of mass destruction, and to achieve UN certification that Iraq is no longer in possession of -- or developing -- weapons of mass destruction or their delivery systems.

The U.S. seeks to maintain pressure on and isolate State sponsors of terrorism until they alter their behavior. We work to convince other governments to isolate state sponsors and seek 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 works to encourage governments in the region to address the social and economic conditions on which extremism thrives.

The U.S. has programs in place to address the problems of poverty, underdevelopment, and rapid population growth that the Middle East shares with many regions of the world. One current priority is Jordan. King Hussein has demonstrated strong leadership in peacemaking and reconciliation in the Middle East. At the same time, however, Jordan's economy remains vulnerable and its people remain unconvinced of the economic benefits of peace. In FY 1997 we launched a multiyear expanded assistance effort in Jordan that will address that country's two critical needs: employment generation and water resources, and will help build a stronger constituency in Jordan for the long-term development of peaceful relations with Israel.

We have increased the emphasis the U.S. places on human rights, democratization and rule of law. These are important elements of our dialogue with governments in the region, many of which are key allies that lack a history of political pluralism. In FY 1997, the State Department established a Middle East Regional Democracy Fund. This fund seeks opportunities for developing democratic institutions in the region, targeting core U.S. foreign policy objectives including movement toward democratic political processes, adoption of the rule of law, greater respect for human rights, and higher status for women.

Promoting conduct of law enforcement institutions based on democratic principles and internationally-recognized principles of human rights reinforces our broader regional goals which focus on national security and economic prosperity. We encourage governments of the region to pass laws that criminalize money-laundering. We promote bilateral law enforcement cooperation to counter the counterfeiting of U.S. currency and the powerful presence of organized criminal organizations. The U.S. also supports helping governments, such as Lebanon, establish a strong domestic police investigative capacity to address the growing problems of crime not associated with terrorism.

Countries in the Middle East and North Africa have a number of environmental concerns in common, the most pressing of which are in the water sector. For all countries in the region, water is an issue of national security. Increasing populations and expanding economies put ever increasing pressures on existing water supplies and threaten the quality of those supplies. The U.S. is working regionally to address issues in the areas of environmental management, decertification, maritime pollution, sewage and waste management, and hazardous wastes. The Middle East Environmental Hub, which was established at Embassy Amman in 1997, focuses on regional activities arising out of the MEPP Water and Environment Working Groups. Finally, the U.S. works with countries in the region through other multilateral fora dealing with issues of global concern such as climate change and toxic chemicals.

Diplomatic Readiness in the Middle East and North Africa

To pursue this diverse agenda, both in Washington and overseas, the Department of State must manage a complex, multilingual, multicultural organization, often under difficult and, occasionally, unfriendly, circumstances. To do this, we must cultivate a work force with the flexibility, motivation -- and language skills -- to staff our embassies and consulates abroad and in Washington. We require adequate facilities in which our people can operate in a dignified and secure environment, and efficient, dependable information systems. Systemic efficiencies must be developed to ensure that the maximum utility is attained from our scarce resources.

International Affairs Budget by Account and Budget Function

Region: NEA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$5,497,689**	**$5,539,000**	**$5,521,050**
Development Assistance Program	20,059	15,100	16,588
Economic Support Fund	2,127,700	2,153,330	2,143,000
Export- Import Bank loans program account	4,979	4,569	5,426
Foreign Military Financing	3,130,045	3,150,000	3,145,000
International Military Education and Training	5,230	5,675	5,650
International Narcotics and Law Enforcement	100	..	200
Migration and Refugee Assistance	175,236	174,400	168,200
Non-proliferation, anti-terrorism, demining, and related programs	6,720	8,874	8,766
Operating Expenses of the Agency for International Development	2,588	2,672	2,202
Peace Corps	5,522	6,103	6,720
Peacekeeping Operations	17,672	16,370	17,000
Trade and Development Agency	1,838	1,907	2,298
Other Function 150	**$195,773**	**$207,192**	**$195,355**
Contributions for International Peacekeeping Activities	36,017	72,000	55,000
Diplomatic and Consular Programs	95,897	90,985	96,260
Educational and Cultural Exchange Programs	19,728	19,556	19,884
International Information Programs	20,875	24,651	24,211
P.L. 480	23,256	..	..
NEA Total:	**$5,693,462**	**$5,746,192**	**$5,716,405**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: NEA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$4,417,336**	**$4,474,133**	**$4,453,023**
Educational and Cultural Exchange Programs	94	105	99
Contributions for International Peacekeeping Activities	36,017	72,000	55,000
Economic Support Fund	1,204,750	1,205,100	1,205,000
International Information Programs	6,778	7,983	7,834
Diplomatic and Consular Programs	16,750	16,900	17,440
Foreign Military Financing	3,130,045	3,150,000	3,145,000
International Military Education and Training	5,230	5,675	5,650
Peacekeeping Operations	17,672	16,370	17,000
Eliminate Threat of WMD	**$2,150**	**$2,150**	**$2,310**
Diplomatic and Consular Programs	2,150	2,150	2,310
Open Markets	**$6,119**	**$6,611**	**$6,833**
Diplomatic and Consular Programs	2,800	2,800	3,114
Educational and Cultural Exchange Programs	642	712	677
International Information Programs	2,677	3,099	3,042
Expand U.S. Exports	**$9,609**	**$9,332**	**$10,615**
Diplomatic and Consular Programs	2,792	2,856	2,891
Trade and Development Agency	1,838	1,907	2,298
Export- Import Bank loans program account	4,979	4,569	5,426
Increase Global Economic Growth	**$2,150**	**$2,170**	**$2,341**
Diplomatic and Consular Programs	2,150	2,170	2,341
Promote Growth in Developing & Transitional Economy	**$664,421**	**$683,087**	**$682,800**
Development Assistance Program	5,521	10,300	11,788
Economic Support Fund	656,800	670,580	668,600
Peace Corps	2,100	2,207	2,412
Enhance Security/Safety of Americans Abroad	**$5,276**	**$5,250**	**$5,550**
Diplomatic and Consular Programs	5,276	5,250	5,550
Control the Flow of Immigrants and non-immigrants	**$7,300**	**$6,753**	**$7,300**
Diplomatic and Consular Programs	7,300	6,753	7,300
Minimize the Impact of International Crime	**$624**	**$625**	**$839**
International Narcotics and Law Enforcement	100	..	200
Educational and Cultural Exchange Programs	160	178	169
International Information Programs	364	447	470
Reduce International Terrorist Attacks in the U.S.	**$7,915**	**$9,754**	**$9,729**
Diplomatic and Consular Programs	1,195	880	963
Non-proliferation, anti-terrorism, demining, and related programs	6,720	8,874	8,766
Increase Adherence to Democratic Principles	**$91,268**	**$51,183**	**$94,653**
Educational and Cultural Exchange Programs	602	668	634
Economic Support Fund	83,750	43,400	87,000
International Information Programs	5,373	5,715	5,419
Diplomatic and Consular Programs	1,543	1,400	1,600
Humanitarian Response	**$198,589**	**$174,497**	**$168,297**
Migration and Refugee Assistance	175,236	174,400	168,200
Diplomatic and Consular Programs	97	97	97
P.L. 480	23,256	..	..

International Affairs Budget by Bureau by Strategic Goal by Account

Region: NEA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Secure a Sustainable Global Environment	**$139,378**	**$189,367**	**$137,656**
Economic Support Fund	133,400	185,250	133,400
Diplomatic and Consular Programs	340	340	380
Educational and Cultural Exchange Programs	97	107	102
International Information Programs	450	549	596
Development Assistance Program	4,500	2,500	2,500
Peace Corps	591	621	678
Early Stabilization of World Population	**$55,144**	**$51,844**	**$51,894**
Economic Support Fund	49,000	49,000	49,000
Diplomatic and Consular Programs	544	544	594
Development Assistance Program	5,600	2,300	2,300
Protect Human Health & Reduce Spread of Diseases	**$5,259**	**$851**	**$928**
Peace Corps	591	621	678
Development Assistance Program	4,438	..	..
Diplomatic and Consular Programs	230	230	250
Diplomatic Activities	**$5,893**	**$7,199**	**$7,700**
Diplomatic and Consular Programs	5,893	7,199	7,700
Public Diplomacy	**$23,366**	**$24,644**	**$25,053**
Educational and Cultural Exchange Programs	18,133	17,786	18,203
International Information Programs	5,233	6,858	6,850
Diplomatic Readiness	**$51,665**	**$46,742**	**$48,884**
Peace Corps	2,240	2,654	2,952
Operating Expenses of the Agency for International Development	2,588	2,672	2,202
Diplomatic and Consular Programs	46,837	41,416	43,730
NEA Total:	**$5,693,462**	**$5,746,192**	**$5,716,405**

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Achieve a comprehensive Arab-Israeli Peace.

STRATEGY:

A primary goal of the Administration's policies and activities in the Near East is the achievement of a just, lasting, and comprehensive Arab-Israeli peace, including full implementation of existing agreements between Israel and its neighbors. The treaty between Israel and Jordan and the agreements between Israel and the Palestinians, and the long-standing peace between Israel and Egypt form the foundation of a comprehensive settlement of the Arab-Israeli conflict. The U.S. brings to bear its full range of resources to support the parties' efforts to implement fully the Israeli-Palestinian agreements, reach Israeli-Syrian and Israeli-Lebanese agreements, promote normalization of political and economic relations between Israel and the Arab world, and broaden the scope of activities and regional participation in the Multilateral track.

OBJECTIVES:

1. Continue active U.S. diplomatic efforts to help the Israelis and Palestinians to build trust, establish and maintain constructive working relationships, implement the provisions of the 1995 Interim Agreement, and move on to permanent status negotiations. (State/NEA, SMEC)

2. Continue active U.S. diplomatic efforts to help the Israelis and the Syrians and Lebanese to reach durable peace agreements. (State/NEA, SMEC)

3. Help Israel maintain its qualitative military edge and continue economic reform and broad-based economic growth through economic and military assistance. (State/NEA)

4. Reinforce Egypt's moderating influence in the region; help it play a critical role in the negotiation process; preserve Egypt's role as a key partner in the peace process and in regional security; encourage deeper relations between Egypt and Israel; and enhance Egypt's ability to operate as a coalition partner in regional military operations. (State/NEA, USAID, DoD)

5. Increase Arab-Israeli cooperation through support for technical cooperation and collaborative research, and funding for the Peace Process' five multilateral

working groups in the areas of water, environment, regional economic development, refugees, and arms control and regional security. (State/NEA, USAID)

6. Expand and deepen Israeli-Jordanian ties while enhancing Jordan's economic stability, promoting its economic development, and building its military capabilities. (State/NEA, USAID))

7. Promote open and responsive Palestinian self-rule through economic development and democratic institution-building in the West Bank and Gaza. Maintain high levels of coordination with other donors. (State/NEA, USAID

8. Maintain the momentum of the Middle East/North Africa Economic Summit process. (State/NEA, Commerce)

9. Begin operation of new regional institutions, such as the Middle East Development Bank, the Middle East/Mediterranean Travel and Tourism Association, and the Regional Business Council, which foster private/public partnership. (State/NEA, EB)

10. Eliminate finally all vestiges of the anachronistic Arab boycott of Israel. (State/NEA, Commerce)

11. Deepen normalization of relations between Israel and Morocco, Tunisia, Oman, Qatar, and Mauritania. Encourage other Arab states to move toward normal relations with Israel. (State/NEA)

12. Continue to use U.S. and foreign media and public speaking to reinforce U.S., regional, and Western support for our Arab-Israeli diplomatic efforts and to build understanding for our national interests in the Middle East and North Africa. (State/NEA, USIA)

ASSUMPTIONS:

- Commitment by the parties to achieve a comprehensive regional settlement.
- Congressional support for traditional levels of economic and security assistance to the region.

INDICATORS:

- Further implementation of the 1993 Declaration of Principles and the 1995 Israeli-Palestinian Interim Agreement and beginning of permanent status talks.

- Re-engagement of Israel and Syria in substantive negotiations.
- Well-attended 1998 MENA Summit.
- Additional moves by Arab states toward normalizing relations with Israel and no reversals by states that currently have relations.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Maintain full and secure access to the energy resources of the Persian Gulf.

STRATEGY:

The continued availability of Persian Gulf energy resources is an essential element in U.S. national strategic planning and is vital to the protection of U.S. prosperity at home. To help ensure this access, the U.S. will continue its active political and diplomatic engagement and security cooperation with the member states of the Gulf Cooperation Council -- Saudi Arabia, Kuwait, Oman, Bahrain, Qatar, and the United Arab Emirates -- and with the GCC Secretariat itself. The U.S. seeks increased U.S.-GCC defense cooperation and GCC participation in regional military exercises; improved defense capabilities of GCC states through the provision of equipment and training; and reduced U.S. response time to military emergencies through agreements and improvements to interoperability, integration of command and control, and enhancements to sea/airlift.

Military assistance to Egypt is also a key part of this strategy, supporting the development of a credible military force to take part in coalition operations. This was demonstrated in Egypt's provision of over 40,000 troops in the Gulf War. Military assistance to Egypt assists in providing security to the Suez Canal, which serves both as an important international oil route and as a critical route for U.S. warships transiting to the Gulf. Our close relationship with Egypt helps assure critical permission for the overflight of U.S. aircraft bound for the Gulf. Assistance to Jordan's military increases its capabilities and bolsters Jordan's confidence in resisting Iraqi pressures. Access to Jordanian airspace and air bases can provide additional options should it again be necessary to confront Iraqi aggression.

OBJECTIVES:

1. Increase U.S.-GCC defense cooperation through active U.S. diplomatic efforts with GCC member states in order to encourage stability in Gulf region and continued U.S. access to regional energy assets. (State/NEA)

2. Maintain forward military presence in the region to discourage actions by Iran, Iraq, or other hostile states designed to limit production or distribution of Gulf energy resources. (DoD, State/NEA)

3. Ensure continued free passage through international waterways, particularly the Suez Canal and the Strait of Hormuz. (DoD, State/NEA)

4. Maintain open access for U.S. ships transiting the Suez Canal, for overflights of Egyptian airspace, and to air and sea staging facilities. (State/NEA, DoD)

5. Support efforts by U.S. commercial firms to assist in the development of Gulf energy resources through infrastructure projects, exploration, upstream and downstream projects, and other efforts. (Commerce, State/NEA)

6. Use U.S. and foreign media and public speaking to maintain understanding for our vital national interests in the Persian Gulf region. (State/NEA, USIA)

ASSUMPTIONS:

- The United States will continue to rely on oil.
- U.S. security interests will require maintenance of U.S. military forces in the region, even after conclusion of activities, such as Operation Southern Watch, related to Iraq sanctions.
- No delays by nuclear-powered warships transiting the Suez Canal.

INDICATORS:

- Continued export of energy resources from the Gulf at levels which meet the needs of the U.S. and its allies at reasonably stable prices.
- Requests to Egypt for transits, overflights, or staging facilities handled routinely and expeditiously.
- Continue Egyptian willingness to participate in joint and multinational exercise and in the international peacekeeping operations.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Ensure regional stability and the security of all regional partners.

STRATEGY:

Iran and Iraq remain the greatest military threats to regional stability, and the United States pursues a strategy of strengthening the ability of regional partners to withstand coercion and internal instability, to deter aggression, and should deterrence fail, to contribute to a common regional defense. The modernization of friendly regional armed forces is a key element in this strategy, accomplished through FMF and Excess Defense Article grants and sales, IMET and other joint military training and cooperation. The second element of this strategy, the forward presence and crisis response of U.S. forces, contributes decisively to regional security and requires regional cooperation for necessary movements and access, to include the prepositioning of U.S. military equipment in the Gulf area. Every U.S. administration since Truman has worked to help safeguard Israel's security and well being, and that commitment remains unshakable. Through the provision of security assistance, close cooperation with Israel on security issues, and contributions to international peacekeeping efforts, we continue to ensure Israel's qualitative edge. These efforts, along with our efforts to encourage military-to-military relations between Israel and other states and our contributions to international peacekeeping efforts, reinforce Israel's confidence in its own security, thus promoting Arab-Israeli peace.

OBJECTIVES:

1. Maintain Israel's qualitative edge through FMF funding and follow-on support for major multi-year military procurement programs, cooperative development programs, military-to-military cooperation, and the provision of grant Excess Defense Articles (EDA). Contribute to Israel's sense of security and the peace process by supporting international peacekeeping efforts on Israel's borders, by assisting efforts to reduce military tensions, and by encouraging the development of military-to-military relations between Israel and other regional states. (State/NEA, DoD).

2. Increase friendly regional states' capabilities for self-defense and internal security through the continued modernization of their military forces and through encouragement of efforts for joint regional defense. Increase the interoperability of regional forces with U.S. forces. Foreign military

sales/grants, IMET, EDA, and joint training and exercises play a key role in this effort. (State/NEA, DoD).

3. Ensure regional governments' support for U.S. military activities, to include freedom of movement through critical waterways and airspace, access for U.S. forces, and prepositioning of U.S. equipment in the Gulf region. (State/NEA, DoD)

4. Support the modernization of Egyptian and Jordanian armed forces and recognize and support the key role of Egypt and Jordan in the peace process through FMF programs and other military cooperation. Assist the Egyptian Armed Forces in replacing aging Soviet equipment with up-to-date U.S. equipment, and the Jordanian Armed Forces in the acquisition of a squadron of F-16 aircraft. (State/NEA, DoD)

5. Raise the level of professionalism in friendly armed forces and support the ideals of democracy, human rights, and civilian control over the military through IMET programs in Egypt, Jordan, Bahrain, Oman, Algeria, Tunisia, Morocco, Lebanon and Yemen, and encouraging other friendly countries to send military students to the United States for professional military education. (State/NEA, DoD)

ASSUMPTIONS:

- Bipartisan and public support for Israel's security and well-being.
- Critical importance of U.S. military access in the region.

INDICATORS:

- Israeli sense of security as it moves forward on peace negotiations.
- Performance of Egyptian and Jordanian armed forces and ability to participate in coalition military and international peacekeeping operations.
- Interoperability of U.S. and regional forces.
- Rapid approval for passage of U.S. ships through the Suez Canal.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Contain regional conflicts and prevent the outbreak of hostilities through diplomatic efforts and support for international peacekeeping operations.

STRATEGY:

Peacekeeping operations prevent the outbreak of fighting in key areas of the Middle East and North Africa: The Multinational Force and Observers (MFO) is a critical component of the Israeli-Egyptian peace treaty, preserving the peace treaty between Israel and Egypt and serving as a model confidence building measure and security arrangement in the context of the ongoing negotiations between Israel and its neighbors. In the absence of formal peace agreements among Israel, Syria and Lebanon, the Israel-Lebanon Monitoring Group (ILMG) promotes stability in the volatile southern Lebanon region by helping to limit civilian casualties and by providing an important confidence building forum for all parties. Through various UN peacekeeping operations -- including UNTSO, UNIFIL, and UNDOF -- the U.S. seeks to prevent hostilities between Israel and its neighbors and maintain security along Israel's borders. The U.S. also supports UN Peacekeeping missions elsewhere 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.

OBJECTIVES:

1. Continue successful work of the MFO to preserve the peace between Egypt and Israel.

2. Continue to demonstrate that confidence building measures are viable alternatives to military occupation of strategic territory.

3. Continue operation of the ILMG in order to provide the parties with an alternative to military escalation.

4. Encourage the parties to continue to respect the cease-fire in the Western Sahara and work towards a lasting settlement.

ASSUMPTIONS:

- Israeli and Egyptian commitment to participate in the MFO.
- Israeli, Syrian, and Lebanese commitment to participating in the ILMG.

INDICATORS:

- Absence of hostilities between Israel and its neighbors.
- Egyptian and Israeli compliance with Treaty security arrangements.
- Continued cooperation and constructive interaction between Israeli and Egyptian officials.
- Israeli and Lebanese restraint in the use of force and increased protection of civilians in southern Lebanon and northern Israel.
- Cooperation and interaction between Israeli, Syrian, and Lebanese representatives to the Monitoring Group and successful coordination with the French.
- Absence of fighting in the Western Sahara.

NEA: FY 1999 PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Contain the ability of Iran, Iraq, and Libya to pose a threat to regional stability.

STRATEGY:

Iran, Iraq, and Libya continue to pose distinct threats to the region's security and stability and to energy sources in the Gulf region. These three rogue states support terrorist groups in the region and beyond, develop weapons of mass destruction, and work to undermine the peace process that the Palestinians themselves support. In the face of these threats, we seek to safeguard the security of the U.S., its friends and allies in the Gulf and throughout the region, including Israel, Jordan, and Egypt. The U.S. is working to achieve full Iraqi compliance with UN resolutions and to maintain support to coalition military operations enforcing UN Security Council resolutions against Iraq. We maintain UN sanctions on Iraq in order to end the Iraqi buildup of weapons of mass destruction and the Iraqi missile program through vigorous monitoring, inspection, and destruction efforts by the UN Special Commission. To counter the dangerous and irresponsible policies of Iran, the U.S. is working actively to gain multilateral support to restrict trade with and investment in Iran, both to demonstrate to the Iranian regime that its sponsorship of terrorism comes with a price and to deny the Iranians the means to develop further their weapons of mass destruction programs. Libya continues to harbor terrorists, including the suspects in the PanAm 103 bombing, is seeking to develop destabilizing weapons of mass destruction, and openly flouts international sanctions. An active, high-level dialogue with U.S. allies in Europe and Canada is a key component of U.S. efforts to reduce threats posed by Iran, Iraq, and Libya.

OBJECTIVES:

1. Pursue a strategy which maintains sanctions, facilitates UNSCOM's work and keeps other elements of pressure on Iraq. (State/NEA, IO)

2. As Iraq engages with the UN on UNSCR 986 (oil for food), ensure that sufficient controls are maintained and that the anti-Saddam coalition remains convinced of U.S. commitment to maintaining containment. (State/NEA, IO)

3. Ensure that Iran-specific legislation such as the Iran/Libya Sanctions Act and the President's 1995 Executive Order on Iran is implemented in a manner that maximizes the benefits to U.S. interests, limits any unnecessary detrimental

impact on relations with U.S. allies, and maximizes the impact on Iran. (State/NEA, EB, S/CT)

4. Continue active diplomatic efforts to coordinate the policies toward Iran, including the work of the U.S.-Canada-EU Working Group on Iran. (State/NEA)

5. Work with Iraqi Kurds, Turkey and the UK, to ensure that U.S. activities in northern Iraq -- including peace keeping efforts -- are focused to contribute most effectively to contain the ability of Baghdad, Tehran, and others that threaten regional stability. (State/NEA, S/CT)

6. Continue bilateral and multilateral efforts to maintain international support for the continuation of sanctions until Libya complies with the relevant UN Security Council resolutions. (State/NEA, EB)

7. Use U.S. and foreign media, public speaking, and Congressional consultation to secure a common regional and international approach to containing the three rogue states. (State/NEA, USIA)

ASSUMPTIONS:

- For the foreseeable future, the Government of Iran will remain opposed to the Middle East Peace Process, will continue its efforts to develop weapons of mass destruction, and will continue to view terrorism as a legitimate extension of political policies.
- Under Saddam Hussein, Baghdad will continue its efforts to undermine UN sanctions against Iraq, to preserve its WMD programs, and to reestablish its influence throughout Iraq and to rebuild the power of its military and security forces.
- The Libyan government will continue in the near term to refuse to surrender the PanAm 103 suspects, according to UN resolutions.

INDICATORS:

- Continued international consensus to maintain UN Security Council Resolutions 731, 748, and 883.
- Semi-annual renewal by the Security Council of UNSC sanction resolutions on Iraq.
- Implementation of the Iran/Libya Sanctions Act, including determinations by the Secretary.
- The continuation of the multilateral sanctions-enforcement activities of the Maritime Interception Force, including the diversion of sanctions-busting vessels to Arab Gulf ports.
- Periodic challenge inspections in Iraq by the UN Special Commission.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: National Security

STRATEGIC GOAL: Reduce the threat to the U.S. and its allies posed by the proliferation of weapons of mass destruction (WMD) and destabilizing conventional arms races in the Middle East and North Africa.

OPERATIONAL GOAL: Expand regional support for WMD nonproliferation regimes and raise awareness of conventional arms control and transparency as valid tools of security.

STRATEGY:

The U.S. promotes universal adherence to global nonproliferation regimes and works with other states to prevent the transfer of sensitive technologies and destabilizing arms sales to the region. In particular, we are working to prevent further development of Libya's chemical weapons program, to forestall Iran from obtaining weapons of mass destruction, and to achieve UN certification that Iraq is no longer in possession of -- or developing -- weapons of mass destruction or their delivery systems. The U.S. works to safeguard the security of U.S. friends and allies in the Gulf and throughout the region, including Israel, Jordan, and Egypt, and to encourage reduced regional demand for WMD and conventional weapons. U.S. efforts to secure a comprehensive Arab-Israeli peace settlement, including renewal of work in the multilateral Arms Control and Regional Security working group is key to this strategy. We are developing a constituency among regional diplomatic and military officials that would accept, in a context of greater regional stability, arms restraint and transparency measures as valid ways to enhance national and regional security.

OBJECTIVES:

1. Impede foreign assistance to WMD and ballistic missile programs in the region, particularly in Iran, Iraq, Libya and Syria.

2. Maintain and improve UNSCOM's effectiveness in discovering and eliminating Iraq's possession, procurement and development of WMD and missiles.

3. Expand regional adherence to and compliance with global nonproliferation and transparency regimes such as the NPT, CWC, BWC, MTCR, Wassenaar Arrangement, the UN Arms Register, etc. Obtain regional support to conclude other key negotiations, including for a fissile material cut-off and a ban on anti-personnel land mines.

4. Renew activity and make progress in the multilateral Arms Control and Regional Security working group.

5. Use bilateral training programs to educate Arab and Israeli officials about the merits of conventional arms control, transparency and military confidence-building. Encourage other non-regional governments from the ACRS working group to do the same.

ASSUMPTIONS:

- Progress in Arab-Israeli peace is a key to regional stability in the Middle East and to reducing the demand for conventional and non-conventional weapons.
- A significant number of regional parties possess WMD and ballistic missiles and will seek to strengthen these capabilities.
- Support by Russia and China for WMD and ballistic missile programs in the Middle East, particularly in Iran, will remain a source of major concern.
- Universal accession by regional parties to global nonproliferation regimes will be difficult before significant progress is made towards a comprehensive Arab-Israeli peace settlement.
- Significant transfers of U.S. arms to regional allies will continue, but regional economic, political and social constraints will eventually reduce defense expenditures.
- Building regional understanding of arms control, restraint and transparency measures will encourage reduced militarization and lesser demand for weapons in the region.
- Continued close consultation and information-sharing with our friends in the region, including Israel and Egypt, through bilateral channels such as the Joint Political-Military Group with Israel.

INDICATORS:

- More regional parties ratify the CWC and sign and ratify the CTBT.
- China and Russia withhold support for Iran's nuclear, chemical and ballistic missile programs.
- All regional parties in the ACRS working group and Lebanon participate in U.S.-offered arms control training. Follow-up training activities take place in the region.
- The ACRS working group resumes formal activity. Regional Security Centers are set up under its auspices and increased numbers of parties use the ACRS network regularly.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Open foreign markets to free flow of goods, services, and capital.

OPERATIONAL GOAL: Reduce barriers to U.S. exports of goods and services to, and U.S. investment in, the Middle East and North Africa.

STRATEGY:

The U.S. will continue to urge full membership in the WTO and accelerated implementation of WTO undertakings. (Nine NEA countries have already joined the WTO: Bahrain, Egypt, Israel, Kuwait, Mauritania, Morocco, Qatar, Tunisia and the UAE. Three more have requested membership: Algeria, Jordan and Saudi Arabia. Oman has requested observer status.) The U.S. has signed bilateral investment treaties with Egypt, Morocco and Tunisia, and has initialed an agreement with Jordan. In addition, the U.S. has established a number of bilateral fora to discuss economic issues with NEA countries, including the GCC Dialogue, the U.S.-Israel Joint Economic Development, the Joint Economic Committee (also with Israel), the U.S.-Jordan Bilateral Commission, and the Gore-Mubarak Partnership for Economic Growth and Development. The U.S. will continue to use these successful fora to urge reduced barriers to U.S. exports and an enhanced environment for U.S. investments. The Middle East North Africa Economic Summits allow the states and communities of the region to showcase both the economic reforms they are undertaking and the investment opportunities resulting from these reforms. We have use these summits to show American exporters the opportunities in the region and to call on Middle Eastern governments to reform their economies in order to attract private investment.

OBJECTIVES:

1. Employ bilateral economic fora, including the U.S.-GCC Economic Dialogue, the JEC, the JEDG, the Gore-Mubarak Partnership, and the U.S.-Jordan Bilateral Commission to encourage liberalization of trade and investment regimes. (State/NEA, Commerce)

2. In the context of their accessions to the World Trade Organization, encourage Saudi Arabia, Oman and Algeria to open further their markets to U.S. goods and services, building on the existing strong trade relations between our countries. Improve Intellectual Property Rights (IPR) protection in the region by encouraging WTO members to accelerate implementation of IPR and other WTO undertakings (State/NEA, USTR)

3. Through an educational effort, begin to lay the groundwork in the region for eventual subscription to the Multilateral Agreement on Investment (MAI). (State.NEA, EB)

4. Explore the possibility of Bilateral Investment Treaties (BITs) with Bahrain and possibly other NEA countries. (State/NEA, EB)

5. Encourage U.S. private sector participation in the upcoming MENA summit in Qatar and urge regional governments to lay the groundwork for a successful event by creating a hospitable environment for foreign investment. (State/NEA, Commerce)

ASSUMPTIONS:

- Interest throughout the region in expanding bilateral trade and investment with the U.S.
- Integration of Israel into the regional economy depends upon positive movement in the peace process.

INDICATORS:

- Progress toward WTO membership by Saudi Arabia, Oman and Jordan.
- Progress by WTO members in implementing WTO undertakings
- Reduced barriers to U.S. trade and investment.
- New IPR agreements.
- Use of the Economic Summits to showcase economic reforms in the region.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Expand U.S. exports to $1.2 trillion by 2000.

OPERATIONAL GOAL: Work together with U.S. export assistance agencies and governments of the Middle East and North Africa to facilitate increased U.S. exports to the region.

STRATEGY:

Officers in Washington and at posts in the Middle East and North Africa work with host governments to ensure fair treatment and consideration of U.S. companies for commercial contracts, working to promote U.S. exports while reinforcing a message that reforms and liberalization of trade regimes are essential for attracting direct investment. The U.S. continues to press for the end of the Arab League boycott of Israel in all its aspects as a direct impediment to trade with and within the region. The U.S. has a strong interest in promoting U.S. private sector interest in the Middle East as a contributing factor to the development of economic prosperity and as a fundamental underpinning of peace in the region.

OBJECTIVES:

1. Support the Middle East Economic Summit process through outreach efforts designed to generate strong U.S. private sector participation in the Summits; provide substantive guidance to development of the Summit program; ensure the continuation of the Summit process. (State/NEA, EB, Commerce)

2. Through the Trade Promotion Coordination Committee, ensure that U.S. companies competing for contracts in the region receive fair consideration for major contracts by host governments. (State/NEA, EB, Commerce)

3. conduct interagency commercial policy initiatives and missions in the region. (Commerce, State/NEA)

4. Ensure that U.S. businesses have adequate information available to them regarding both economic and political conditions in the region. (State/NEA, Commerce)

5. Continue to work with host governments and regional commercial entities to ensure the elimination of secondary and tertiary boycott-related requests made of U.S. entities. (State/NEA)

ASSUMPTIONS:

- Trade with Iran, Iraq, and Libya will continue to be embargoed in the near term.
- The application of secondary and tertiary boycott restrictions in the Gulf states in particular will continue to decline in accordance with their stated public policy.
- Firms consider the region sufficiently stable, secure and profitable to merit their interest.

INDICATORS:

- Level and number of U.S. private sector participants in the Middle East/North Africa Economic Summits.
- Percentage decline of secondary and tertiary boycott-related requests made of U.S. entities.
- Total percentage of U.S. exports to the region (which increased from 3.7 percent of total U.S. exports in 1995 to 3.9 percent in 1996).
- Successful advocacy efforts on behalf on U.S. commercial concerns seeking contracts in the region.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies.

OPERATIONAL GOAL: Work to create free market conditions in the countries of the Middle East and North Africa conducive to healthy economic growth, a key underpinning of the Arab-Israeli peace process and regional stability.

STRATEGY:

The U.S. seeks a foundation for regional peace and stability by supporting higher rates of economic growth through: (a) policies which strengthen markets; and (b) expansion of economic opportunities for the poor, including women. In pursuing this strategy, the U.S. will use established bilateral fora, including the U.S.-Israel Joint Economic Development Group, the Gore-Mubarak Partnership, the GCC Dialogue and the U.S.-Jordan Bilateral Commission. With Egypt, the U.S. will use the leverage associated with the $200 million in USAID funds annually available through the Sector Policy Reform Program, which ties disbursements to implementation of economic reform measures. In Egypt and elsewhere, project assistance will also, as appropriate, be tied to relevant sectoral reforms such as privatization, deregulation and the removal of price subsidies. Where possible, the U.S. will encourage economic reform by engaging the private sector, and using the prospect of increased foreign investment to augment the leverage associated with generous U.S. assistance. The U.S. will also encourage economic reform by working with multilateral institutions, including the World Bank , the IMF and such informal donor coordination mechanisms as the Ad Hoc Liaison Committee on Assistance to the Palestinians. We will work to begin operation of new regional institutions, such as the Middle East Development Bank, the Middle East/Mediterranean Travel and Tourism Association, and the Regional Business Council, which foster private/public partnership.

OBJECTIVES:

1. Remove constraints to private-sector led economic growth through policy reforms in the capital and financial services markets. (Egypt, Jordan, Lebanon, WB/G) (USAID, State/NEA)

2. Liberalize trade policies to promote exports and create jobs through tariff reduction, relaxed quantitative restrictions and streamlined customs procedures. (Egypt, Morocco, Jordan) (USAID, State/NEA)

3. Improve competition in local markets through regulatory reform and privatization of state-owned enterprises. (Egypt, Morocco) (USAID, State/NEA)

4. Increase access to financial services for small- and micro-entrepreneurs through economically sustainable institutions. (Egypt, Morocco, Jordan, WB/G, Lebanon) (USAID, State/NEA)

5. Sound macroeconomic policies, especially as regards inflation and government expenditures. (USAID, State/NEA)

6. Increased regional economic cooperation -- In particular regarding Israel's relations with Jordan, Egypt, the West Bank & Gaza, and other Arab countries. Progress in developing the Jordan Rift Valley through Israeli-Jordanian joint initiatives. (USAID, State/NEA)

ASSUMPTIONS:

- Continued assistance to the NEA region at established levels.
- The benefits of economic reform are sufficiently broad-based so that the people and the governments of the region value continued economic liberalization.
- Where the benefits of reform are not seen in the short-term, the governments of the region maintain the political will to push forward with reforms to establish the groundwork for sustained economic growth.
- Adequate progress is made in the Middle East Peace Process to encourage regional cooperation and enhance the investment climate.
- The governments of the region support policy objectives that balance the needs of the poor with the fiscal restraint needed to spur private-sector led economic growth.

INDICATORS:

- Private sector-led economic growth at a level sufficient to reduce unemployment rates.
- Stable macroeconomic indicators.
- Increase in private sector share of GDP.
- Private sector export growth, including exports of agricultural and non-traditional goods. Increase in intra-regional trade.
- Inauguration of Jordan Rift Valley projects.
- Reduction in effective rate of protection on imports to the region.

- Increase in formal credit extended to the private sector, including small- and microenterprises, as a percent of all credit extended.
- Increased operational sustainability of microfinance institutions.
- Increased FDI and portfolio investment.
- Increase in number of women obtaining small- and microenterprise credit as a percent of all small- and micro-finance borrowers.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies.

OPERATIONAL GOAL: Work with governments of the Middle East and North Africa to increase the standard of living and address the social and economic conditions in which extremism thrives.

STRATEGY:

The U.S. provides bilateral assistance -- ESF and Development Assistance funds, both administered by USAID -- to alleviate poverty through programs that encourage investment in reproductive health, basic education, and microenterprise finance, in order to reduce income inequality in Egypt, Jordan, Lebanon, Morocco, Yemen, and the West Bank and Gaza.

OBJECTIVES:

1. In Egypt, through policy reform and direct assistance, continue programs to decrease fertility rates, improve the health and education of women and children, and create jobs to improve the well-being of Egyptians

2. In Jordan, slow the rate of population growth and support economic opportunities for lower-income families.

3. In Lebanon, revitalize war-damaged and poverty-stricken rural communities' basic infrastructure, agriculture, and social services.

4. In Morocco, improve quality of life for poorer Moroccans through social and economic development programs in health/population, water resource management, girls education, low-income housing, and employment generation.

5. West Bank/Gaza: Improve living standards through private sector development and especially small business and microenterprise job creation and increased productivity.

6. In Yemen, decrease maternal mortality and population growth rates by developing sustainable health care centers in rural areas.

ASSUMPTIONS:

- Macro-economic growth will lead to poverty alleviation over the long-term.

- NGO, PVO, and multilateral development institutions will play increasingly important roles in combating poverty, but USG contributions will remain essential.

INDICATORS:

- Private sector growth leads to declining unemployment rates.
- Increased percentage of all credit goes to private sector small and microenterprises.
- Infant, child and maternal mortality rates decrease.
- Female literacy rates increase.
- Rural and urban slum communities revitalized.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: American Citizens and U.S. Borders

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad through the provision of consular services.

OPERATIONAL GOAL: Maintain a high level of consular services for American citizens living in and visiting the Middle East and North Africa.

STRATEGY:

State department personnel must continue to provide a high level of consular services to the growing number of American visitors and residents in the Middle East and North Africa. This means operating efficiently and effectively in the region's often difficult political and geographic conditions. Demand for passports, reports of birth, and notary services are increasing, necessitating the continued introduction of consular automation systems and information technology. There is continual need to provide prompt assistance and protection to Americans who encounter emergencies such as accidents, natural disasters, terrorist attacks, political unrest, crime, illness, and legal problems. Posts in the NEA region will maintain their crisis management capability and work closely with host governments to ensure consular protection for U.S. citizens in their countries.

OBJECTIVES:

1. Meet rising passport demand region-wide through enhanced use of technology, financed through fee-for-service. (State/CA, NEA)

2. Continue to press for resolution of specific child custody cases with regional governments.

3. Increase communication with the American citizens in the Middle East and North Africa, including through the timely issuance of consular information sheets and the provision of general information (on tax questions, passports, etc.) at embassies and consulates in the region.

ASSUMPTIONS:

- Passport demand will continue to grow by 7-9 percent annually.
- Travel by Americans to the Middle East and North Africa will increase and the American public will continue to demand a high level of service from diplomatic and consular posts.
- Political crises and other emergencies in the Middle East and North Africa will continue to involve Americans living in and visiting the region.

- Americans will sometimes be singled out as targets because of their nationality.
- Lifting the Lebanon passport restriction would translate into sharply increased demand for consular services at Embassy Beirut.

INDICATORS:

- Efficiency and accuracy of passport issuance and name-check systems.
- Availability and levels of use of consular information systems.
- Assessment of comments made by citizens regarding quality of service.
- Agreements with foreign governments and other that enhance service, emergency response, and protection of American citizens.
- Post-crisis review of USG agencies performance.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: American Citizens and U.S. Borders

STRATEGIC GOAL: Control how immigrants and non-immigrants enter and remain in the U.S.

OPERATIONAL GOAL: Facilitate travel by bone fide tourists, business people, and other visitors, as well as qualified immigrants, from the Middle East and North Africa to the U.S.

STRATEGY:

Consular officers at posts in the Middle East and North Africa must adjudicate applications for 440,000 non-immigrant visas and 39,000 immigrant visas annually, working to facilitate travel by bona fide visitors, business people and immigrants, while deterring illegal immigration and preventing the entry of terrorists and other criminals. In order to meet the growing demand for visa services, while guarding vigilantly against document fraud and other abuse, the State Department is making increasing use of consular automation systems, aggressively investigating cases of passport and visa fraud, and working with host governments on migration issues of mutual concern.

OBJECTIVES:

1. Improve cooperation with regional governments on the deportation of criminal aliens.

2. Improve efficiency of visa services, including through the installation of advanced consular automation systems at 14 NEA posts.

3. Encourage local governments to eliminate alien smuggling and document fraud and vigorously prosecute alien smugglers and fraudulent document vendors.

4. Increase anti-fraud training of consular personnel, airline employees, and local law enforcement officials.

ASSUMPTIONS:

- The U.S. will remain a desirable destination for immigrants and visitors from the Middle East and North Africa. Applications for non-immigrant visas will increase by 3-5 percent per year between 1997 and 2000.
- Political, social, and economic turbulence in the region will continue to generate migratory pressure.
- Many would-be immigrants unable to qualify under U.S. immigration laws will resort to illegal methods to enter the country.

- The Middle East and North Africa will continue to be both a source and a transit region for illegal aliens.

INDICATORS:

- Waiting times for visa services.
- Assessment of intercepted fraudulent documents.
- Prosecutions of fraud vendors and alien smugglers.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Minimize the impact of international crime on the U.S. and its citizens.

OPERATIONAL GOAL: Work with regional governments to increase their law enforcement capabilities and their level of cooperation with U.S. authorities.

STRATEGY:

Promoting conduct of law enforcement institutions based on democratic principles and internationally-recognized principles of human rights reinforces our broader regional goals which focus on national security and economic prosperity. The U.S. encourages the governments of Lebanon, Jordan and Israel to pass money laundering laws that, inter alia, criminalize laundering of all types of illegally-acquired assets, not just those connected to the drug trade. We also promote bilateral law enforcement cooperation to counter the counterfeiting of U.S. currency, a growing problem in these three countries as well as in Syria, and the powerful presence of organized criminal organizations, particularly those connected to Russian organized criminal elements. The U.S. also supports helping governments, such as Lebanon, establish a strong domestic police investigative capacity to address the growing problems of crime not associated with terrorism. Our strategy relies primarily on provision of U.S. technical and law enforcement assistance (as well as encouragement of multilateral support) to those governments open to bilateral cooperation and with whom we can legally collaborate.

OBJECTIVES:

1. Build up domestic capabilities to investigate criminal elements and administer justice (esp. Lebanon). (State/INL, NEA, Justice)

2. Heighten regional cooperation to combat money laundering, counterfeiting and activities of organized criminal enterprises (esp. Lebanon, Israel, Jordan and Syria). (State/NEA, INL, USSS, Justice)

3. Promote adherence to relevant international treaties and, where appropriate, passage of bilateral law enforcement-related treaties (such as MLATs and Extradition treaties). (State/NEA, INL, Justice)

ASSUMPTIONS:

- Transnational crime is undergoing a significant evolution, particularly with the growth of criminal organizations from Russia, Asia, and elsewhere.

- Governments of the region are committed to expand fledgling law enforcement cooperation with U.S. (and others).

INDICATORS:

- Lebanese and Israeli passage of money laundering legislation and its utilization to break major money laundering rings.
- Domestic law enforcement activity utilizing up-to-date investigative techniques and internationally-accepted human rights standards (Lebanon).
- Increased cooperation to advance extradition of major drug and other organized crime figures.
- Broad acceptance of U.S. training opportunities leading to sophisticated and comprehensive bilateral as well as regional cooperation.
- Communication between U.S. and regional law enforcement agencies.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Significantly reduce the entry of illegal drugs into the U.S.

OPERATIONAL GOAL: Sustain bilateral and multilateral pressure on states that tolerate narcotics production and trafficking and work with regional governments to increase their own counternarcotics capabilities and their cooperation with U.S. authorities.

STRATEGY:

The Near East is affected by drug production, particularly heroin, in the bordering areas of Afghanistan/Pakistan and some of the states of Central Asia. It is also affected by trafficking operations located in Turkey. Trafficking and refining operations remain a problem in Lebanon. The problem of trafficking and refining may increase as Lebanon gradually achieves re-integration into the world economy, with the attendant increase in business/tourist travel by air and sea. Thus, any strategy to reduce the impact of the Near East on the world narcotics problem must include Lebanon, and consider how to improve law enforcement capabilities. Training to improve the professional capacity of Lebanese counternarcotics and anti-money laundering operations is also clearly part of the solution. Training will also help develop police-police trust and cooperation, helping to increase the ability to make cases. The presence of Syrian troops in Lebanon makes Syrian cooperation with Lebanese officials a substantial element in the fight against drug trafficking are related corruption. Money laundering and Russian organized crime in Israel also demands attention. The U.S. is also working with Egypt to intercept narcotics shipments transiting that country. We are providing technical assistance to stem the cultivation and manufacture of narcotics substances in Egypt.

OBJECTIVES:

1. Make the issue of narcotics trafficking and refining in Lebanon an integral part of our continuing diplomatic dialogue with the Lebanese and Syrian Governments. Continue to encourage both governments to move against trafficking and refining. (State/NEA, INL)

2. Improve the capacity of law enforcement in Lebanon to investigate trafficking, money laundering and counterfeiting through training, technical assistance, and police-police contacts. (State/INL, NEA, Customs, DEA, and USSS)

3. Maintain a sustained diplomatic dialogue with Israel on organized crime and money laundering issues. Encourage criminalization of money laundering, separately from any other crime, such as narcotics offenses. (State/NEA, INL)

4. Work with Egypt to eradicate the cultivation and manufacture of illicit drugs and interdict shipments of illicit drugs transiting the country.

ASSUMPTIONS:

- Desultory progress in the peace process, but no final peace agreement; no generalized Arab/Israeli War.

INDICATORS:

- Effective drug enforcement actions in Lebanon, including drug seizures, break up of trafficking organizations, and extraditions.
- Passage of money laundering legislation in Israel and Lebanon and its effective utilization.
- Movement by the Government of Syria against elements within its military implicated in narcotics-related corruption.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the U.S. and its citizens.

OPERATIONAL GOAL: Sustain bilateral and multilateral political and economic pressure on state sponsors of terrorism.

STRATEGY:

The U.S. seeks to maintain pressure on and isolate State sponsors of terrorism until they alter their behavior. In addition, we work to convince other governments and, in some cases, international organizations, to isolate state sponsors, both politically and economically. 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 encouraging governments in the region to address the social and economic conditions on which extremism thrives.

OBJECTIVES:

1. Continue active bilateral and multilateral efforts to maintain effective UN sanctions on Libya until it surrenders the suspects in the Pan Am 103 bombing and complies fully with the UN Security Council resolutions. (State/NEA)

2. Demarche countries whose companies violate the UN Libya sanctions regime, urging them to investigate and halt illegal activity. (State/NEA)

3. Ensure that the Iran/Libya Sanctions Act is implemented in a manner that maximizes the benefits to U.S. interests, limits any unnecessary detrimental impact on relations with U.S. allies, and maximizes the impact on Iran and Libya. (State/NEA)

4. Work with European Allies and the EU -- including through the U.S.-Canada-EU Working Group on Iran -- to encourage a more pragmatic European response to Iranian terrorism, including the possibility of European sanctions. (State/NEA)

5. Convince other governments to apply sanctions on or reduce their political and economic interaction with state sponsors. (State/NEA)

6. Continue to urge Syria to restrain groups present in Syria and Lebanon from planning and facilitating terrorist acts in other countries. Raise U.S. concerns

regarding Syrian support for terrorism directly with the government of Syria and seek corrective action. (State/NEA)

ASSUMPTIONS:

- Libya will continue to offer deals to evade its obligations to comply with the resolutions and weaken the sanctions.
- Some UNSC members, the OAU, and Arab League will continue to oppose Libya sanctions and encourage non-support.
- U.S. interests in the Middle East, particularly U.S. military assets in the Persian Gulf, will remain high priority targets for terrorist attacks.
- Iran will remain the premier state sponsor of terrorism.
- Regional instability will cause regional players to continue to use terrorism as a tool of policy; national resistance groups will continue to see terrorism as a possible tactic.

INDICATORS:

- Continued UNSC rollover of UN Libya sanctions every 120 days since 1992.
- Significant impediments to Libyan procurement of military, aviation, and petroleum equipment (proscribed by the UN).
- Development of a coordinated U.S.-EU-Canada approach to deal with Iranian terrorism, including conditions for imposition and removal of economic sanctions.
- Expulsion of terrorist groups and their headquarters/offices/members from state sponsor nations, such as the closure of the Damascus offices of terrorist organizations such as the ASALA and PIJ.
- Reduction of financial support to terrorist group by state sponsor governments/intermediaries.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the U.S. and its citizens.

OPERATIONAL GOAL: Work with regional governments to increase their counterterrorism capabilities and their level of cooperation with U.S. authorities.

STRATEGY:

The U.S. seeks to convince other governments to consider terrorist acts as crimes and prosecute those responsible, to maintain a policy of no concessions to terrorists and to eliminate potential safehavens for terrorists. The U.S. uses universal adherence to international CT conventions – and their prosecute or extradite clauses – to increase the scope of existing extradition treaties and increase pressure on terrorist fugitives. U.S. authorities investigate, locate, and prosecute terrorist suspects, and identify and take actions against terrorist fundraising. We seek to increase bilateral diplomatic, law enforcement, intelligence, and military exchanges and cooperation against terrorism.

OBJECTIVES:

1. Conduct Anti-Terrorism Assistance (ATA) assessment trips to Kuwait, Bahrain, Qatar, Oman, UAE, and Yemen, Morocco, Tunisia, and Egypt. Convince regional governments to accept ATA programs where appropriate.

2. Increase regional governments' responsiveness to USG requests for extradition, rendition, and law enforcement and intelligence cooperation against terrorism.

3. Encourage regional governments to accede to and adopt implementing legislation for international CT conventions.

4. Secure regional government support for, accession to, and implementation of a new Convention on Terrorist Bombings.

5. Make regional governments aware of new terrorist threats -- electronic or "cyber" terrorism; chemical, biological, nuclear, or radiological weapons.

6. Enhance CT cooperation through the establishment of legal instruments like mutual legal assistance treaties.

7. Encourage the Lebanese government to take effective actions against known or suspected terrorists.

ASSUMPTIONS:

- Criminalization of terrorism will make prosecution, extradition, and rendition of terrorist fugitives easier and more effective.
- Greater bilateral cooperation -- diplomatic, intelligence, law enforcement, military -- is necessary to deter and prevent terrorist attacks and punish terrorists.
- International cooperation against terrorism -- especially in criminalizing terrorism -- will increase slowly.
- The danger of new types of terrorism -- against electronic infrastructure or with the use of chemical, biological, nuclear, or radiological weapons -- will increase.
- Terrorist groups like al-Jihad, HAMAS, PPIJ, an Hizballah will continue to oppose the peace process; some of these groups will seek the overthrow of governments.

INDICATORS:

- Increase in number of nations that accede to and implement CT conventions.
- Negotiation of new extradition or mutual legal assistance treaties with regional governments.
- Addition of new regional countries to the ATA program.
- Increased cooperation with U.S. extradition and rendition requests.
- Cooperation of regional governments with U.S. CT exercises and terrorism contingency planning.
- Decrease in terrorist incidents in Egypt.
- High level of competence and professionalism within Egyptian and Tunisian CT units, which have received U.S. training.
- FAA certification that Beirut International Airport is safe and secure.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Encourage movement toward democratic political processes, adoption of the rule of law, greater respect for human rights, improved opportunities for women, religious tolerance, and expansion of civil society institutions throughout the Middle East and North Africa.

STRATEGY:

Throughout the region, Democratization and political reform, adoption of the rule of law, greater respect for human rights and religious freedom, improved opportunities for women, and expansion of civil society institutions are important elements of our diplomatic dialogue with governments of the region. The U.S. also encourages and supports through IMET programs the development of professional, apolitical military forces untainted by human rights violations. The Middle East Regional Democracy Fund will expand and continue to seek opportunities for developing democratic institutions in countries currently receiving little or no economic assistance. The fund undertakes small, highly focused programs targeting movement toward democratic political processes, adoption of the rule of law, greater respect for human rights, improved status for women, and expansion of civil society institutions. Economic assistance to the Palestinians has as one its key elements a focus on human rights, institution-building, and rule of law, as exemplified by Palestinian elections in January 1996.

OBJECTIVES:

1. Press for democratic processes in the West Bank and Gaza in support of the peace process between Israel and its neighbors.

2. Explore electoral and other democracy-related assistance to Yemen, Jordan, Algeria, Oman, Lebanon, Tunisia, and Morocco through the Middle East Regional Democracy Fund.

3. Expand emphasis in USIS programs on rule of law and development of civil society. (USIS)

4. Launch a small grants assistance program to strengthen domestic NGOs in the Near East region. (State, USAID, USIA)

5. Form a Middle East Democracy Working Group to consider strategies for promoting democratic development throughout the region.

6. Ensure that the need for adherence to democratic practices and respect for human rights are prominent aspects of U.S. public/media message. (State/NEA, USIA)

7. Improve the law enforcement and justice capabilities of Lebanon (State, DOJ)

ASSUMPTIONS:

- Availability of increased foreign assistance resources for democracy programs.
- Continuation of assistance to the Palestinians at established levels.

INDICATORS:

- Evaluations of elections and other aspects of democratic transitions as measured by USG, NGO, and international assessments.
- Evaluations of human rights practices and actions to prevent or mitigate human rights abuses.
- Evaluations of the status of threatened populations, including religious and other minorities. Adherence to international obligations and standards as measured by conformity to human rights, labor, political, and other conventions.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Humanitarian Response

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters.

OPERATIONAL GOAL: Maintain our ability to ensure protection and relief for refugees, respond effectively to humanitarian crises, and support humanitarian demining programs throughout the Middle East and North Africa.

STRATEGY:

The U.S. supports the work of the UN Relief and Works Agency (UNRWA) to provide education, health, and social services to over 3.3 million Palestinian refugees in Jordan, Syria, Lebanon, the Gaza Strip and the West Bank. In FY 1997, the U.S. made a voluntary contribution of $70 million to UNRWA's regular program budget and $1.7 million to complement multilateral peace process efforts toward refugee job creation, vocational training, and human resource development. In Northern Iraq, approximately three million people remain dependent on United Nations and other relief programs to sustain themselves in a hostile environment. The U.S. provides assistance through the UN and the ICRC in order to improve health, water, sanitation services, and shelter, and resettle displaced persons in urban areas. Since 1996, the U.S. has co-chaired, along with France, the Israel-Lebanon Monitoring Group which seeks to reduce risks to civilian caught in the crossfire between Israel and armed groups in southern Lebanon. The U.S. supports resettlement in Israel from certain other countries, through a grant to the United Israel Appeal that provides transportation, en route care and maintenance, and temporary accommodation upon arrival in Israel. The U.S. funds humanitarian demining assistance for Jordan to supplement Jordanian and Israeli efforts to clear the land mines from their common border and enhance economic development in the Jordan river valley.

OBJECTIVES:

1. Continue to provide economic assistance to help prevent and relieve humanitarian suffering in northern Iraq that could lead to a destabilizing population migration to other countries in the region.

2. Assure continued humanitarian assistance to Palestinian refugees until a more durable solution to their plight is achieved.

3. Reduce the threat of violence against civilians in southern Lebanon and northern Israel through meetings of the Israel-Lebanon Monitoring Group.

4. Maintain support for the work of the UN High Commisioner for Refugees and the International Committee of the Red Cross throughout the region.

5. Maintain humanitarian demining effort in Jordan.

ASSUMPTIONS:

- Continued potential for conflict and displacement in northern Iraq.
- Absence in the near term of a comprehensive peace agreement that addresses the status of Palestinian refugees.
- Continued Israeli, Syrian, and Lebanese commitment to participating in the ILMG.

INDICATORS:

- Regional stability not adversely affected by the humanitarian needs of refugees and other civilians in the Near East region.
- Health and well-being of refugee population in northern Iraq and in UNRWA-administered Palestinian refugee camps.
- Status of demining efforts; ability of displaced persons to return to previously mined areas.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation.

OPERATIONAL GOAL: Work with the governments of the Middle East and North Africa to help them address the problems of environmental degradation and water quality and availability.

STRATEGY:

Countries in the Middle East and North Africa have a number of environmental concerns in common, the most pressing of which are in the water sector. Increasing populations and expanding economies put ever increasing pressures on existing water supplies and threaten the quality of those supplies. Regionally, USG efforts on water take place largely in the context of the Middle East Peace Process' Multilateral Working Group on Water Resources, which focuses on topics such as enhancing water data availability, water management practices including conservation, and enhancing water supply. Bilaterally, our assistance efforts on water focus on areas such as strengthening access to and making more effective use of existing water resources and promoting policy reforms to encourage decentralization and financial sustainability in the water sector. On other environmental issues, the USG works in a regional context through the MEPP Multilateral Working Group on the Environment, which addresses issues in the areas of environmental management, decertification, maritime pollution, sewage and waste management, and hazardous wastes. Bilaterally, the USG collaborates with a number of countries in the region on other environmental issues through bilateral S&T initiatives. The Middle East Environmental Hub, which was established at Embassy Amman in 1997, focuses on the regional activities arising out of the MEPP Water and Environment Working Groups. The USG also works with a number of countries in the region through other multilateral fora dealing with issues of global concern such as climate change (Egypt and Saudi Arabia) and toxic chemicals (Egypt, Jordan, and Israel).

OBJECTIVES:

1. Strengthen regional cooperation generally and Arab-Israeli cooperation specifically on the broad range of important environmental issues through continuation of ongoing activities and initiation of new activities in the Multilateral Working Groups on Water Resources and the Environment. (Lead agencies: State/NEA and OES work with AID, USGS, BUREC, EPA, USDA, USIA, NOAA, ACOE, and NIH.)

2. Remove constraints to more efficient use of water resources through policy reforms in water pricing and decentralization of water management authorities. (Lead agency: AID)

3. Continue diplomatic efforts working with the Israelis and the Palestinian Authority to implement water projects coming out of the September 1995 Interim Agreement. (Lead agencies: Embassy Tel Aviv, AID/Tel Aviv, and ConGen Jerusalem.)

4. Begin implementation of the action plan for the Middle East Environmental Hub established in 1997 in Amman. (Lead agencies State/OES and NEA work with relevant technical agencies.)

5. Promote sustainable management of the region's coastal and marine resources, including reduction of marine pollution and development of the Binational Red Sea Marine Peace Park. (Lead agencies: AID works with State and NOAA.)

6. Continued collaboration with countries in the region on global environmental issues such climate change and toxic chemicals. (Lead agencies: State/OES work with relevant technical agencies.)

ASSUMPTIONS:

- The political situation in the region improves sufficiently to allow the Multilateral Working Groups on Water Resources and the Environment to resume normal activity.
- Assistance levels for environmental programs remain at current (or higher) levels.
- Governments in the region will press ahead with environmental policy reforms that support more sustainable management of water and other natural resources.
- Funds are available for the Middle East Environmental hub programs.
- Governments in the region continue to participate in the fora on global issues such as climate change and toxic chemicals.

INDICATORS:

- Progress on and completion of current activities of the Water and Environment Working Groups and initiation of new activities.
- Continued implementation of water projects from Article 40 of the Interim Agreement.

- Water policy reforms (such as water tariff restructuring) implemented that encourage more sustainable use of water supplies.

- Middle East Environmental Hub participates fully in regional activities and works closely with other regional institutions.

- Progress on activities and projects arising out of bilateral S&T initiatives.

- Progress on activities arising out of multilateral fora on issues of global concern.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Stabilize world population growth by 2020.

OPERATIONAL GOAL: Undertake USG diplomatic and programmatic efforts (bilateral and multilateral), and coordinate with those of other donors and national governments, in order to stabilize population growth rates in the region consistent with the 1994 International Conference on Population and Development (ICPD) Program of Action.

STRATEGY:

The U.S. advocates sustainable population policies and programs conducive to voluntary and safe methods of family planning. The U.S. supports policies and programs that harmonize national population growth rates with development strategies that reduce population pressures on natural resources and reduce potential for social unrest. U.S. programs stimulate political, technical, and financial support for sustained national efforts.

OBJECTIVES:

1. Increase government and private sector support for voluntary family planning and reproductive health services consistent with client needs.

2. Increase use of modern contraceptive methods among all individuals of reproductive age, especially among rural and illiterate women (e.g., Egypt);

3. Assure adequate contraceptive commodities and related supplies.

4. Promote gender equality and empowerment of women.

5. Increase access of girls to primary and secondary education.

ASSUMPTIONS:

- Existing broad international support for population stabilization efforts is maintained.
- Successful national family planning efforts in critical countries such as Egypt are sustained; new efforts to reach underserved populations are supported by national governments.
- Current U.S. assistance for population and family planning programs in the region is maintained or strengthened.

- Complementary national population stabilization activities such as basic education (particularly for girls) and microcredit programs for women are concurrent national government priorities.

INDICATORS:

- National government funds for population and reproductive health increases, on average, by 15 percent by 2002.
- Percent of girls attending 6th and 9th year of schooling increases, on average, to within 10 percent that of boys by 2002.
- Contraceptive prevalence rate in countries--especially among rural and underserved populations--increases by at least 5 percent by 2002.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Protect human health and reduce the spread of infectious diseases worldwide.

OPERATIONAL GOAL: Work with the governments of the Middle East and North Africa to improve levels of public health in the region and address the unhealthy conditions that increase the incidence of disease and human suffering and retard development.

STRATEGY:

Poor sanitation and food handling practices, scarce water, intense sunlight, extreme heat, blowing dust, and a desert climate characterize much of the prevailing health risks in the Near East region. Coupled with growing problems of industrial air, water, and soil pollution, as well as inadequate garbage collection and human waste disposal, the standard of living is below that of developed countries. Accordingly, the diseases in the region share a relatively small number of crucial risk factors.

Foodborne and waterborne diseases are endemic. Dysentery and other diarrheal diseases are particularly common. Typhoid fever and hepatitis A, B, and C are endemic. Schistosomiasis is very prevalent in the Nile Delta area and occurs focally in other countries of the region. Arthropodborne diseases, such as Leishmaniasis, filariasis, and dengue, are also throughout the area. These diseases pose significant health threats and impediments to development.

OBJECTIVES:

1. Expand environmental health programs and strengthen public health infrastructure to reduce the risk of waterborne diseases.

2. Adoption and implementation of policies, strategies, and programs for increased sustainability, quality, efficiency, and equity of health services, with a focus on child and maternal health.

3. Support NGO/PVO capacity to improve health delivery systems.

4. Increase regional cooperation for prevention, surveillance and response to acute and chronic infectious diseases.

ASSUMPTIONS:

- Prevalence of Hepatitis C virus remains high in the region.
- Zoonotic diseases continue to pose a significant health threat.
- Water shortages will persist.
- The HIV/AIDS pandemic continues unabated.

INDICATORS:

- Improved understanding of the risk factors associated with Hepatitis C virus transmission.
- Move toward universal testing of the blood supply for HIV.
- Reduced burden of diarrheal diseases.
- Determination of factors involved in Kala Azar endemicity.
- Exchange visits of scientists.
- Novel methods to control insect borne diseases in the region.
- Reduced impact from infectious diseases by development projects.

NEA: FY 1999 PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: A skilled, motivated, diverse, flexible workforce that enables the U.S. Government to achieve its international affairs goals and respond to international crises.

OPERATIONAL GOAL 1: Administer personnel programs for Foreign Service, Civil Service and Locally Engaged Staff to ensure optimum staffing, and provide adequate training and fair compensation.

STRATEGY:

The bureau must pursue a variety of strategies in administering a diverse workforce operating under different employment systems. Workload and responsibilities are increasing across the board. Shortages in fiscal and human resources mean that keeping even the shrinking number of positions fully staffed is a constant challenge. Recruiting and keeping qualified, motivated people requires creativity, energy, patience and flexibility. The bureau must continue to develop productive working relationships with State colleagues in other offices and bureaus in common pursuit of better personnel practices.

OBJECTIVE(S):

1. Aggressively recruit motivated officers into the Bureau to maintain a sustainable cadre of Middle East - North Africa experts. (State: NEA, PER)

2. Build a cadre of excellent linguists in Arabic, Hebrew, and French, including Arabic/French. (State: NEA, PER, FSI)

3. Encourage cross-conal training to maximize the productivity of a decreasing resource. (State: NEA, PER)

4. Enhance the training of rover secretaries to include the consular course. (State: NEA, FSI, CA)

5. Adequately staff Embassy Beirut in the event that the Secretary lifts the travel ban to Lebanon. (State: NEA, PER, FMP, DS)

6. Develop contingency plan to staff currently closed posts with qualified personnel in the event they re-open. (State: NEA, PER)

7. Adequately staff and minimize gaps in all positions, Foreign Service, Civil Service and Foreign Service National, within the Bureau. (State: NEA, PER)

8. Develop and implement a training, cross-training for backup, and coverage policy for the Bureau's domestic secretary positions. (State: NEA, FSI, M/FLO)

    a. Office Support Professional Course for qualified secretaries.
    b. Reduce use of contractors.
    c. Proactive recruitment and hiring of Eligible Family Members for domestic positions.
    d. Training to use improved unclassified LAN capabilities to improve support to the bureau.
    e. Establish a domestic rover secretary position.

9. In administering the Civil Service employment program, pursue strategies to increase effectiveness, improve job satisfaction, and enhance position duties to both attract the best recruits and retain proven, experienced employees. (State: NEA, PER)

10. Participate in developing and implementing a universal, consistent, practicable policy for Eligible Family Member employment, including recruitment, training, security clearances, position classifications, compensation and other benefits. (State: NEA, other regional bureaus, PER, M/FLO, DS, CA, L)

11. Recruit, fairly and cost-effectively compensate, and retain quality Locally Engaged Staff overseas in accordance with host country law and local custom, and Federal and Department statutes and regulations. (State: NEA, PER, M/FLO, H, L)

    a. Work with PER/OE to successfully implement use of off-the-shelf data for Local Compensation Plans.
    b. Participate in ongoing discussions to clarify compensation, position classification and other issues associated with local hire of American citizens overseas.
    c. Develop budget strategies to accommodate rising personnel costs overseas.
    d. Proactive recruitment and hiring policy for Eligible Family Members overseas.
    e. At overseas posts, continue to develop expertise in local labor laws.

12. Prepare required reports accurately, and work with Allowances and Overseas Schools to ensure adequate benefits and schools at NEA posts. (State: NEA, A/ALS, A/OS)

ASSUMPTIONS:

- State Department budget will not increase over the next five years.
- Personnel costs will continue to rise.
- The Middle East will remain a major facet of U.S. foreign policy.
- Human resources will be inadequate to meet all foreign policy goals.

- The Secretary will lift the travel ban on Lebanon.
- There are not enough Foreign Service personnel in certain cones and specialties to adequately staff all Foreign Service positions in the coming five years.
- The Department will continue to use Civil Service employees, Eligible Family Members and local hire American citizens to fill vacant Foreign Service positions.
- Well-managed employment opportunities for Eligible Family Members are an important factor in assignment and morale of Foreign Service personnel and family members.
- Adequate allowances and schools are important factors in attracting qualified bidders to NEA posts.
- The Civil Service system provides little flexibility and is not reliable in filling vacant positions in a timely manner.

INDICATORS:

- Annual review of Language Designated (LDP) positions in NEA posts shows that they are appropriate for grade and position.
- Annual review of resource allocation within the Bureau and at overseas posts reflects best use of scarce human resources.
- 90 percent of assignments completed by February 1 of the assignment cycle.
- Rover secretaries trained as consular officers.
- GSO/CON rover position created in NEA/SA/EX.
- $15,000/year for in-country language training allocated and used.
- Program established to cross-train Arabists through early morning French when on domestic assignment.
- Coverage and backup policy is in place for domestic secretaries.
- Accurate allowances and overseas schools reports submitted on time.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Effective and efficient information resources management and information systems that strengthen the ability of the U.S. to achieve its international affairs goals and respond to crises.

OPERATIONAL GOAL 2: Provide efficient, dependable information systems to support and enhance the bureau's international affairs goals: adequate systems for the processing, storage and communication of information, dependable e-mail communications, an adequate automatic cable distribution system, and updated telephone, radio and telecommunications support.

STRATEGY:

Ever-expanding information management requirements combined with the compatibility deadline set by the year 2000 makes this goal a high priority, unrelenting resource drain for the bureau. All possible bureau funds must be allocated toward this goal but we cannot do it alone. The bureau must work closely with the IM bureau to insure their active, timely leadership on department-wide initiatives and to obtain the maximum funding possible from the IRM Program Board for our pressing needs.

OBJECTIVE(S):

1. Replace all domestic and overseas antiquated legacy computer systems with Windows NT Local Area Networks (LANs) according to the bureau five year plan, of which 1999 is the fifth year. (State: NEA, IM)

2. Use results of assessment of all NEA computer equipment to determine Year 2000 compliance and make necessary changes, corrections and replacements to bring all bureau equipment into compliance before 2000. (State: NEA, IM)

3. Work with the IM bureau to implement a worldwide MS Exchange e-mail network which meets our communication needs. (State: NEA, IM)

4. Work with the IM bureau to complete development and to implement a fully functioning classified LAN-based desktop telegram sending, delivery, and database system before the year 2000. (State: NEA, IM)

5. Continue the modernization program for overseas telephone systems and radio programs through obtaining adequate financial support from the IRM Program Board. (State: NEA, IM)

6. Encourage Department management to focus attention on the need for obtaining additional telecommunications bandwidth to enable current modernization efforts to move forward. (State: NEA, IM)

7. Provide additional personnel to manage increasingly complex computer systems and provide adequate formal training to overseas and domestic computer support staff and users to enable them to make use of the computer tools at their disposal. (State: NEA, PER, FSI, IM)

ASSUMPTIONS:

- Funding levels of the JPP/IRM process and IM technical support are available to purchase and install Windows NT classified LANs at all NEA posts by the end of FY 1999.
- JPP money is available for necessary telephone and radio modernization programs.
- NEA will identify funds through JPP or bureau funding to replace/correct all bureau/post equipment not 2000 compatible.
- MS Exchange with the necessary X.400 configuration will be installed worldwide by the end of FY 1998.
- Sufficient bandwidth for smooth global operations will be funded by central funds and supplied by DTS-PO.
- An electronic telegram distribution and retrieval system will be funded in FY 1997 and will be completed and ready for production status by the end of FY 1998.
- FSI and local sources will be able to supply adequate training for managers and users of the new generation of computer systems currently being developed and installed.

INDICATORS:

- Completion of the bureau five year computer plan by the end of FY 1999.
- Continued smooth operation of all information systems after 1/1/2000.
- Successful acquisition and installation of an approved ETD system.
- Successful testing of MS Exchange and commence installation domestically and abroad in FY 1998.
- The Department does not experience significant problems with communications and information management due to inadequate bandwidth.
- Assistance is provided to posts with communications problems within 24 hours.
- Bureau prepared effective submissions to IRM Program Board, resulting in bureau receiving fair share of funding for modernization of telephone and radio programs.
- Personnel have taken advantage of training opportunities available domestically and overseas thereby enhancing their abilities to make optimum use of systems.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 3: Provide functional and safe work and living environment for employees.

STRATEGY:

The bureau will coordinate the effort to determine residential and office space requirements. Because funds for capital projects are scarce, it will be necessary to extend the useful life of existing facilities by appropriate maintenance and rehabilitation. The importance and volatility of the Middle East - North Africa region demands an increasing emphasis on physical and technical security issues.

OBJECTIVES:

1. Extend the usefulness of existing facilities by ensuring adequate funding for routine maintenance and repair. (State: NEA, FBO/OPS)

    a. Negotiate with FBO/OPS a reasonable funding matrix delineating bureau and FBO responsibilities for routine maintenance and repair and building operating expenses.
    b. Identify short falls in funding of FBO accounts for 7901, 7902 and 7903.

2. Participate in planning and implementing major projects for replacement or expansion of facilities. (State: NEA, FBO/AP, FBO/OPS)

    a. Coordinate efforts to identify alternate facility for Embassy Doha.
    b. Coordinate efforts to meet the expansion needs of Embassy Beirut.
    c. Coordinate efforts to identify alternate facility for Consulate General Dubai.
    d. Complete facilities project at Consulate General Jeddah.
    e. Follow major infrastructure project for Consulate General Dhahran.
    f. Continue to monitor plans for moving Embassy from Tel Aviv to Jerusalem.
    g. Complete design and submit for FBO approval plans for reconfiguration of space in Embassy Muscat.
    h. Request funding for renovation/rehabilitation of Embassy Rabat EOB.
    i. Complete final construction projects at Embassy Kuwait NOB, including staff townhouse project.

3. Make safety and health standards available to employees and make training available to the appropriate personnel in safety and health standards. (State: NEA, FBO/OPS/SAF, FBO/OPS/FIRE, DS, M/MED)

    a. Work with the appropriate domestic offices and overseas posts to adopt measures to combat the recurrence of tragedies of the recent past through the provision of training and enforcement of pesticide safeguards.
    b. Coordinate installation of security enhancements to ensure life safety measures are in place, i.e. emergency escape grills where necessary.

4. Achieve cohesive integration of space management requirements brought about by the consolidation/reorganization of foreign affairs agencies and NSDD-38 requests for increases or decreases of personnel. (State: NEA, ACDA, USAID, USIA)

5. Assist posts in their compliance with interagency security standards by coordinating efforts to direct funding for this purpose. (State: NEA, DS, FBO; all other agencies)

6. As single real property manager, coordinate the efforts of all concerned to ensure the acquisition of housing that is cost-effective, secure, structurally sound, and meets housing standards. In addition, ensure housing assignments are made in as transparent a fashion as possible, thus being a positive aspect of post morale. (State: NEA, FSI; all other agencies)

    a. Make sure all posts are in the correct housing category, reflecting the security, cultural, and health environment of each post.
    b. Ensure all post housing profiles correctly reflect current and projected personnel demographics.
    c. Work domestically and overseas to ensure that all agencies are cognizant of and adhere to housing standards as set forth by the Washington Interagency Housing Board.
    d. Provide training to GSOs and Administrative Officers on post housing programs.

ASSUMPTIONS:

- Funds for capital building projects will continue to come exclusively from proceeds of sale of real property.
- Consolidation/reorganization will impact on space utilization both domestically and overseas.
- Budgets will not increase even though demands for funding routine maintenance and repair of aging facilities will increase.
- Transparency, simplicity and clear justification in procedures and reports will be vital elements in full implementation of ICASS.

- Adequate, equitably assigned housing overseas is vital to effective post performance and morale.
- Middle East - North Africa will remain an important facet of U. S. foreign policy.

INDICATORS:

- Preparation of Post Annual Inspection Surveys (AIS) accurately reflects condition of government owned and long term leased facilities.
- Posts' responses to FBO Field Budget Call for Special M & R Projects and Minor Improvements accurately reflect needs of the post as reported by the AIS, Fire and Life Safety inspection report and the Global Conditions Survey report.
- FBO schedule of capital projects for next five years reflects bureau priorities and clearance.
- Bureau clears funding matrix for routine maintenance and repair and building operating expenses.
- COM responses to NSDD-38 requests includes thoughtful consideration of all issues including space management.
- Posts' compliance with security, safety and health standards as indicated by security oversight inspection reports and SHEM inspection reports.
- Maintain accurate, approved Post Housing Profile and up-to-date Handbook.
  Post IAHB meeting minutes reflect equitable, transparent assignment process.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Infrastructure and Operations. Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 4: Manage the acquisition, storage, control and accountability of non-expendable and expendable property.

STRATEGY:

Given the importance of the Middle East and North Africa in U.S. foreign policy, it is essential that we have the foundation necessary to support all elements of the U.S. government pursuing policy goals in the region. Increasing economic, military and law enforcement issues have led to an expanded U.S. presence, including several agencies new to the region. To ensure adequate levels of service and material support and maintain good internal controls in a time of diminishing resources, human and fiscal, we need to work smarter with better tools. By utilizing the talents of our personnel, domestic and overseas, we can accomplish this at minimal cost.

OBJECTIVE(S):

1. Develop standardized databases for procurement actions for non-expendable and expendable property and maintenance records for non-expendables. (State: NEA, IM, A/LR, A/OPE, A/OPR)

   a. Canvas posts in the region for post-created databases.
   b. Review submissions for best practices and create single standard databases for discrete procedures.

2. Review acquisition procedures in the region for best practices that ensure the most cost-effective expenditure of dwindling resources which meet statutory and regulatory procurement requirements. (State: NEA)

3. Plan region-wide implementation of post-specific standardized procurement program for appliances and vehicles with the view of decreasing costs for maintenance and spare parts. (State: NEA, A/LR, A/OPE)

4. Continue to improve maintenance and refinishing programs to extend the useful life of motor vehicles and non-expendable property. (State: NEA)

5. Review warehouse facilities in the region to ensure adequacy of space, function, security and internal controls. (State: NEA, A/FBO, A/OPR/SL)

6. If consistent with reorganization plan, integrate USIS program property accountability system into NEPA. (State: NEA, USIS, A/OPR)

ASSUMPTIONS:

- Consolidation and reorganization will impact acquisitions, storage and control, and accountability procedures.
- Budgets will not increase even though prices of non-expendable and expendable items will continue to rise.
- Interest in the economic, military and law enforcement issues of the region will continue to increase, bringing more NSDD-38 requests from foreign affairs and non-foreign affairs agencies alike.
- ICASS has a more fair and transparent method of determining administrative costs of supporting other agency positions.
- Vehicle replacement cycles will continue to lengthen due to shortage of appropriated funds.
- Replacement cycles on non-expendables (furniture and furnishings) will continue to lengthen due to shortage of discretionary 3100 funds.
- Proceeds of sale from both vehicles and furniture and furnishings will decrease due to increased age of items at time of sale.

INDICATORS:

- Standardized databases, cleared by appropriate offices, made available region-wide.
- Accurate annual inventories reflecting good management and internal controls.
- Accurate Worldwide Procurement database submissions (competition, contracting, mandatory sources) indicate posts have utilized most cost-effective expenditure of resources.
- Chief of Mission management certifications and the accompanying risk assessment exercise have identified any lapses in internal controls and these are rectified within the year.
- All required utilization and condition reports are submitted on time and accurately reflect ongoing efforts to increase the useful life of property.
- Accuracy of ICASS workload counts will improve as improved, standardized databases increase efficiency.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Infrastructure and Operations. Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 5: Optimal transportation of people and things to enhance performance and operations.

STRATEGY:

Participate in developing, reviewing and implementing federal and host country policies to ensure people and things are transported optimally to enhance performance and operations; work with host country governments to facilitate movement of official goods and travelers; support official visitors pursuing U.S. government policy objectives.

OBJECTIVE(S):

1. Continue to provide full support to official visitors to the region. (State: NEA, H, S/S-EX)

    a. Ensure adherence to region-wide country clearance criteria.
    b. Establish mechanisms to capture full cost of support in accordance with ICASS methodology.
    c. Develop bureau guidance on support standards for official visits.
    d. Ensure funding and resources are in place to support official visits.

2. Work towards development of interagency policies for authorized and reimbursable use of government owned vehicles. (State: NEA; all other agencies represented)

3. Participate in discussions to make home-to-office charges more consistent and equitable. (State: NEA; all other agencies represented)

4. Assist where appropriate in reducing the burden of certain reporting requirements. (State: NEA, M, H)

5. Work with host governments in the region to resolve issues of interpretation and implementation of those portions of the Vienna Convention provisions dealing with movement of goods and services with the purpose of establishing full reciprocity. (State: NEA, OFM)

a. Duty-free entry of goods for diplomatic and administrative and technical personnel, including clarification of host country regulations pertaining to diplomatic missions.
b. Clarification of what constitutes diplomatic pouch material and negotiations leading to a mutually acceptable definition.
c. Continue efforts to resolve issues surrounding tax exemption for missions and personnel.

6. Work towards development of interagency policies for official air travel to include consistent compliance with Fly America, codeshare routing, use of contract fares and business class accommodation. (State: NEA; all other agencies represented)

7. Participate in discussions with various regulatory elements to rationalize and standardize interpretation and implementation of the Fly America act. (State: NEA, A/OPR, H, M, other regional bureaus; GAO, all other agencies represented)

8. Ensure all necessary resources, human, financial and material, are available to support the U.S. sponsored Middle East - North Africa Economic (MENA) Summit. (State: NEA, IM, DS, FBO; USIS, Commerce, Energy)

ASSUMPTIONS:

- Consolidation will impact on the development of logistics reengineering.
- Consolidation and reorganization will impact on development and implementation of departmental policies on transportation.
- Transparency, simplicity and clear justification in procedures and reports will be vital elements in full implementation of ICASS.
- Resources, fiscal and human, will remain static or decrease.
- The Middle East and North Africa will remain important to U.S. foreign policy.
- The peace process, economic, military and law enforcement issues will continue to bring numerous official visitors to the region.
- The MENA summit should take place as scheduled in November 1998.
- Statutory and regulatory constraints, foreign and U.S., will not be reduced in the near future.

INDICATORS:

- The MENA summit is a successful peace process related event.
- Country clearance criteria, invitational travel and business class travel policies are adhered to.

- NEA prototype of handbook for official visits for posts' use forms basis of development of post-specific handbooks.
- Progress is apparent in development of interagency motor vehicle policies.
- Progress is apparent in development of interagency policies for official air travel.
- OFM reports on reciprocity issues reflect bureau discussions with host country governments and diplomatic missions.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 6: Support security programs protecting people, information and facilities.

STRATEGY:

Security is a paramount concern for the NEA bureau. In the wake of the Al-Khobar and OPM/SANG bombings in Saudi Arabia, well-founded reports of threats against U.S. interests in the Arabian Peninsula continue to surface. This region has priority in the process of identifying and implementing physical security upgrades funded by the counter-terrorism supplement voted by Congress. The high profile participation of the United States in the troubled peace process makes U.S. facilities and personnel potential targets for those opposed to the process. Security concerns in Jerusalem and Tel Aviv vary in their intensity depending on political circumstances, and bear watching. Political unrest and terrorist activity associated with Islamic fundamentalism create areas of general hazard, particularly in Algiers. U.S. employees in Algiers and Beirut live and work in virtual fortress conditions; movement within Beirut is possible only under heavy guard. Commercial air travel to Algiers and Beirut is not possible due to severe security problems at the airports. The bureau bears a heavy financial burden of operating charter flights between Madrid and Algiers, and reimbursing the Department of Defense for operation of the Beirut Air Bridge out of Cyprus.

OBJECTIVE(S):

1. Bureau domestic and overseas personnel continue to participate in the NEA Security Supplemental Coordinating Group to identify, prioritize and implement physical security upgrades funded wholly or partially by the counter-terrorism supplemental. (State: NEA, FBO/CSM, FBO/OPS/AM, DS)

    a. Upon receipt of Riyadh windows blast study recommendations, obtain funding for blast resistance upgrade project.
    b. Monitor implementation and ensure expeditious completion of Jeddah consular/USIS annex.
    c. Upon receipt of Cairo blast-resistant windows study recommendations, obtain funding for upgrade project.

2. Continue to work with host country governments to improve setback for U.S. facilities, and maintain setback gained through host country cooperation in closing roads and placing barriers on public land. (State: NEA, DS)

3. Plan and prepare to implement enhancements to physical security and new security procedures for expanded Embassy Beirut office and residential facilities in anticipation of the Secretary lifting the travel ban to Lebanon. (State: NEA, FBO/CSM, FBO/OPS/AM, DS, CA)

4. Continue to participate in working groups discussing proposed alternatives to "Lock and Leave" policy. (State: NEA, all other bureaus, DS, FMP, FBO, M/P; all other agencies as appropriate)

5. Work with FSI to schedule and carry out Crisis Management Exercises regularly, giving priority to the posts with the highest threats. (State: NEA, FSI, DS)

6. Work with Department of Defense to keep U.S. personnel in the region informed who is responsible for their security under the post-specific Memorandums of Understanding on force protection. (State: NEA, DS, M/P; DOD)

7. Ensure overseas posts have proactive Emergency Action Committees. (State: NEA, DS; all other agencies)

    a. Encourage posts to schedule and hold regular, fully attended Emergency Action Committee (EAC) meetings and convene additional fully attended EAC meetings as circumstances warrant.
    b. Encourage posts to review and update Emergency Action Plans in accordance with the schedule, and as circumstances warrant, ensuring there is no confusion over the no double standard rule and tripwires.
    c. Encourage posts schedule and hold appropriate drills, including but not limited to: destruction drills, bomb drills, fire drills.

12. Real property managers will work with Regional Security Officers overseas to ensure that all prospective real property acquisitions are inspected for compliance with security standards, that recommended security upgrades for all newly acquired properties are installed, and that all office and residential properties are periodically reviewed for compliance with security standards. (State: NEA, DS, FBO)

13. Ensure that official travelers to and from Algiers and Beirut travel by approved secure method; submit timely bills for reimbursement to other U.S. agencies and other diplomatic missions whose travelers make use of the BAB and the charter flights (State: NEA, EUR, DS, FMP)

14. Continue to provide support to the Marine Security Guard program in accordance with most recent MOU, including the new funding mechanism. (State: NEA, DS, FMP; DOD)

15. Work with appropriate offices to ensure posts overseas have functioning secure communications equipment: operational STU-IIIs and secure faxes. (State: NEA, DS, IM)

16. Work with appropriate offices to ensure resources are available for Local Guard Programs overseas. (State: NEA, DS, FMP)

ASSUMPTIONS:

- Although some U.S. installations are more often the target of specific terrorist threats, any U.S. installation in the region could be the target of a threat.
- There are U.S. installations and personnel located in places rendered hazardous by general political unrest.
- The Middle East and North Africa will remain important to U.S. foreign policy.
- The $14.3 million security supplemental funds allotted to FBO in FY-97 are no-year funds and will be used through FY-98, with priority given to the Arabian Peninsula posts.
- The security situation in Algiers will continue to necessitate the use of charter flights.
- The Beirut Air Bridge will be necessary.
- The Department of Defense will continue to seek higher reimbursement for the BAB operating expenses.

INDICATORS:

- High priority security upgrade projects are successfully implemented.
- The bureau, FBO and DS cooperate in determining priority for security upgrades funded by the security supplemental.
- All posts have up-to-date Emergency Action Plans.
- The bureau collects full reimbursement for non-State travelers on the Algiers charter flights.
- The BAB costs remain at an affordable level for the bureau, or the bureau receives additional funding to meet increased cost.
- Additional staff in Beirut have a secure workplace and residences and expanded consular services are securely operated after the travel ban is lifted.
- Posts receive host country cooperation in getting and maintaining setback that meets standards for U.S. facilities.
- EAC meeting minutes at each posts reflect regular meetings and full attendance.
- Responsibility for security under the MOUs for force protection is understood and implemented.
- Currently occupied offices and residences have been inspected by appropriate offices and meet security standards.
- Crisis Management Exercise is successfully held.

- The bureau has active and informed participation in working groups discussing "Lock and Leave".
- MSG semi-annual inspections reflect good support and State compliance with the MOU.
- Overseas posts are not hampered by lack of appropriate secure communications equipment.
- Local Guard Programs are funded at levels that provide a safe and secure working environment.

NEA: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Diplomatic Readiness.

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 7: Effectively use Department financial planning and financial accountability systems to obtain and manage adequate resources for the support of domestic and overseas operations and internal control mechanisms.

STRATEGY:

The Bureau will stay actively involved in ICASS implementation to insure the ICASS accounting and budgeting system is fully operational at our posts. This will ensure posts request adequate funds to maintain the Department's Administrative platform overseas and that all agencies pay their fair share based on services used. Additionally the Bureau will continue its effort to obtain additional Program funding maximizing the flexibility afforded by Department's Financial Planning system. As resources become increasingly scarce, the Bureau will increase its efforts to inform posts about the latest systems available to improve internal controls.

OBJECTIVE(S):

1. In cooperation with the other regional bureaus, continue to actively participate in formulation of ICASS policy at the Washington level. (State: NEA, all other regional bureaus, FMP, A/ICASS; all other agencies)

2. Work with posts' financial office, ICASS councils and the Washington-based ICASS service center to ensure posts have all the information, feedback and guidance necessary to prepare meaningful ICASS submissions. (State: NEA, A/ICASS, FMP, ICASS councils)

3. Encourage post ICASS councils to provide ICASS software training, either in Washington or overseas, for senior FSNs in our Bureau. (State: NEA, FSI, A/ICASS, ICASS councils)

4. Working with the other Regional Bureaus, continue to lobby and justify to FMP the need for additional funds for FSN salaries and benefits and infrastructure improvements. (State: NEA, regional bureaus, FMP, PER/OE; other agencies)

5. Expand our Regional Budget operation to insure all posts without a Budget Officer receive, at the minimum, quarterly visits. (State: NEA)

6. Work with the appropriate offices to ensure recruitment of qualified financial management officers and seek qualified bidders for finance positions at bureau's posts. (State: NEA, PER, FMP)

7. Continue to work with posts to ensure good internal control measures are in place. (State: NEA)

ASSUMPTIONS:

- Department of State funding will not increase appreciably.
- ICASS is not an experiment. It is here to stay and its purpose is to make the cost of administrative support more transparent.
- Financial systems in general will continue to be modified and become more automated.
- As resources decline, additional emphasis will be placed on internal control of financial assets.
- There will continue to be a worldwide shortage of financial personnel.

INDICATORS:

- Inspection Reports favorably reflect use of good internal controls.
- Posts submit properly prepared ICASS Budget submissions.
- Well-justified need for additional funds for FSN compensation packages accepted by FMP
- ICASS training and guidance have made budgeting more transparent at posts.
- As posts become more adept at managing ICASS, questions will be well-formed and will move the process of refining policy forward.

Algeria Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	61	125	125
Total, Algeria	**$61**	**$125**	**$125**

U.S. Foreign Policy Objectives:

Algeria is the world's tenth largest country, has the second largest military force in Africa, and is a major foreign policy concern to NATO allies in Europe. After five years of profound crisis, Algeria has undertaken some steps to redress some of the political, economic, and social problems underlying the current conflict between armed insurgents and the Algerian military. Algeria held multiparty presidential elections in 1995 and follow-on legislative and municipal elections in 1997. U.S. business interests have substantial investments in Algeria's important oil and gas sector, and Algeria is a major market for American grain exports. The U.S. has a clear interest in increasing stability by promoting pluralism and combating terrorism in Algeria, and in promoting regional peace and security by encouraging Algeria's support of the Middle East peace process.

Strategy for FY 1999:

First, to help train a professional Algerian military which respects human rights and understands and respects the principle of civilian control. The IMET program in Algeria gives the U.S. a measure of influence to encourage reform within an Algerian military establishment gradually moving along a path toward greater pluralism. 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.

Secondly, to promote democratization and the rule of law in Algeria. Through continued diplomatic contacts with both the Government and opposition elements, the U.S. works to encourage a political solution to the civil conflict in Algeria by promoting pluralism and the rule of law.

And finally, to continue to encourage Algeria's participation in the Middle East peace process. Algeria participates in all five working groups of the multilateral peace process. Through continued diplomatic engagement, the United States will encourage the Algerian government to increase its multilateral involvement in the peace process and contacts with Israel.

Indicators:

- Fewer reports of human rights violations by the GOA.
- Scaling down of Algeria's civil conflict.
- Steps towards democratization such as reinforcing the role of embryonic democratic institutions.

Function 150 Resources	Bahrain ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	149	250	225
Total, Bahrain	**$149**	**$250**	**$225**

U.S. Foreign Policy Objectives:

The United States has a demonstrable and enduring national security interest in maintaining its access to Bahraini military facilities in order to preserve the stability of the Persian Gulf. Elected to the United Nations Security Council in 1997, Bahrain will be a vital supporter of our diplomatic efforts to uphold the Iraq sanctions regime and to ensure the containment of Iran. We will also look to Manama to increase its participation in the Middle East Peace Process. The GOB's commitment to addressing the underlying political and economic causes of continuing domestic unrest also remains a key USG goal.

Strategy for FY 1999:

Build on the long-standing foundation of bilateral security cooperation.

Bahrain's support on the Security Council will be instrumental in advancing the full range of USG foreign policy interests. The judicious expansion of IMET, the continuation of Excess Defense Article (EDA) transfers in FY 1999 under Section 516 of the Foreign Assistance Act and the approval of selected commercial arms sales will enable the Bahrain Defense Forces (BDF) to assume greater responsibility for the defense of the region in cooperation with U.S. forces and in concert with Bahrain's partners in the Gulf Cooperation Council. Continued mil-mil contacts with the BDF will recognize Bahrain's invaluable support for U.S. regional force deployments, enhance interoperability with U.S. forces and encourage the development of a professional military committed to the principle of civilian control.

Bahrain will be eligible in FY 1999 to receive grant EDA under Section 516 of the Foreign Assistace Act. The provision of grant EDA helps modernize and increase the capabilities of the Bahraini Defense Forces. A range of military equipment can enhance Bahrain's self defense and increase its capability to operate as a coalition partner in confronting regional threats such as Iran and Iraq. Provision of grant EDA also recognizes and supports Bahrain's significant contributions in providing assistance to the United States Fifth Fleet Headquarters in Manama and the hosting of the Airpower Expeditionary Force to deter and confront Iraqi aggression.

Indicators:

- Active GOB support for the full enforcement of all Security Council Resolutions pertaining to Iraq;
- Improved interoperability between U.S. and Bahraini forces;
- Increased Bahraini participation in regional military exercises; and
- Expanded GOB engagement in the Middle East peace process.

Egypt Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FMF	1,300,000	1,300,000	1,300,000
ESF	804,223	815,000	815,000
PL-480	2,650		
IMET	1,000	1,000	1,000
Total, Egypt	**$2,107,873**	**$2,116,000**	**$2,116,000**

U.S. Foreign Policy Objectives:

Egypt is the most prominent player in the Arab world and a key U.S. ally in the Middle East. A strong relationship with Egypt affords us political and security benefits that no single other Arab state can provide. The U.S.-Egyptian relationship is one of shared regional and international interests, including the pursuit of Arab-Israeli peace, regional development, international stability and peacekeeping, and the stemming of terrorism. As our principal Middle East coalition partner, Egypt provided the largest Arab expeditionary contribution (2+ divisions) to Operations Desert Shield/Storm, hosts a number of joint annual military exercises, and has contributed to international peacekeeping efforts including those in Rwanda, Somalia and, currently, in Bosnia. Located astride one of our most direct lines of communication to the Persian Gulf, Egypt routinely expedites USAF overflights via its airspace and US naval vessels and battle groups transit via the Suez Canal. Our military aircraft and vessels also regularly utilize Egyptian airfields and port facilities for enroute support and maintenance. Equally important, Egypt provides invaluable friendly geostrategic depth immediately to the rear of our armed forces facing potentially hostile Iran and Iraq in the Gulf.

The U.S. seeks to promote regional peace and security through Egypt's continued participation and leadership in the Middle East peace process. Given this key role, the U.S. has a strong interest in maintaining its long-established security relationship and in supporting Egypt's critical role as a moderating influence in the region and as a contributor to peacekeeping operations. On the economic front, we have a highest-level interest in advancing the Gore-Mubarak initiative and the economic reform program of the Mubarak government.

Strategy for FY 1999:

1. **Help modernize the Egyptian armed forces.**

FMF programs help ensure that Egypt has sufficient confidence in its national security to take risks in support of the peace process, assist us in containing well armed regional rogue states, and resist terrorist coercion. 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. The FMF request will allow the Egyptian government to continue major modernization programs, i.e., armor modernization, F-16 and Apache programs, Hawk modernization, and frigate acquisition, upgrade secondary systems, and increase its concentration on interoperability. FMF funding is essential to the growing sustainability requirements of these US-supplied weapons systems. 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 at the forefront of the Peace Process. Egypt is the only friendly Arab state capable of making a strategically meaningful military contribution to any future regional coalition combat operation.

By 1999, the following programs should be completed: Production run of 555 M1A1 tanks and the support for the 122MM self-propelled Howitzer artillery program. Upgrade of HAWK air defense systems will be completed during 1999. Purchase of the two leased KNOX-class frigates completes the KNOX infrastructure improvements. An additional two Perry frigates are being transferred in 1998 with a multiyear infrastructure construction program beginning in the same year. Basic infrastructure for F-16 aircraft acquired through the Peace Vector I through IV programs is completed and being augmented through implementation of a depot maintenance capability, F-16 Block 40 capabilities upgrade, and the additional purchase of 21 F-16s through the Peace Vector V program.

Egypt will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. This assistance supplements FMF and supports key U.S. foreign policy objectives in Egypt, including bolstering the peace process and regional stability. These articles assist in the preparation of a credible force for coalition operations against regional threats such as Iran and Iraq as well as forces for international peacekeeping. They also support the extensive Joint U.S.-Egyptian military training program, the provision of security for the Suez Canal, and Egypt's efforts to remove the millions of landmines that are left from as long ago as the Second World War.

2. **Continue U.S. training for Egyptian military officers.**

Participation in extensive military-to-military exercises, such as Bright Star, and the training courses provided by IMET enhance professionalism in the Egyptian military and improve coalition interoperability with U.S. armed forces. IMET training also 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. **Bolster Egyptian economic reform and a strong U.S.-Egyptian Partnership for Economic Growth and Development.**

ESF-funded programs target infrastructure development and policy reforms essential to basic economic growth. We work closely with the Egyptian government to encourage policy reforms which promote macroeconomic growth and support structural change in the agricultural, trade, environmental, and financial sectors. Under the auspices of the U.S.-Egypt Partnership for Economic Growth and Development led by President Mubarak and Vice President Gore, we have successfully encouraged privatization of public sector enterprises and promoted private sector investment and trade in a market-oriented framework. We continue to work closely with Egypt to expand these reforms. Reform-generated economic growth will contribute to internal stability essential to Egypt's important role in the Middle East peace process, regional stability, and opposition to extremism. ESF-funded programs are heavily involved in infrastructure development, including water, sewers, electricity and telephones. 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.

4. Continue to encourage Egyptian support for the Middle East peace process.

As the first Arab country to sign a peace treaty with Israel, and as the "first among equals" in the Arab world, Egypt plays a critical role in the Middle East peace process. The U.S. will continue to engage the Egyptian government in all aspects of the peace negotiations and regional cooperation efforts at the highest possible levels. USIS will support the peace process through information and exchange programs.

5. Enhance U.S.-Egyptian cooperation against terrorism.

The Egyptian government has amply demonstrated its opposition to terrorism, for example, in hosting the 1996 Summit of Peacemakers and in many public remarks condemning terrorist acts. The establishment of the Legal Attaché office in the U.S. Embassy in Cairo and the recent conclusion of a Mutual Legal Assistance Treaty serve to enhance joint anti-crime and anti-terrorism efforts.

6. Increase Egypt's integration into the regional economy.

Egypt hosted the 1996 Middle East-North Africa Economic Conference, which sought to promote greater regional economic integration and increased private sector investment in the region. Participation in multilateral institutions such as the Middle East Development Bank and the Middle East and Mediterranean Travel and Tourism Association will help to promote private sector interests and integrate Egypt into the regional economy as its own economy continues to develop.

Indicators:

- Increase in real GDP growth rate from 2.9 percent in 1997 to 5 percent by 2000;
- Private sector share of GDP up from 61.7 percent to 63 percent by 2000.
- Primary school enrollment of girls up to 47 percent by 2000.

- Reduce total fertility rate from 3.9 percent to 3.59 percent.
- Budget deficit has been cut to one percent of GDP;
- Foreign exchange reserves climbed while inflation fell to approximately 6 percent;
- Another 12 public sector companies were privatized;
- Tariff rates were cut during 1997, and the maximum tariff was reduced to 50 percent; tariffs on software were cut to five percent;
- Increased police enforcement against software piracy;
- Continued reduction in population growth and infant mortality rates;
- Continued creation of new jobs to meet the growing annual need;
- Enhanced capabilities and effectiveness in participating in coalition military and international peacekeeping operations; and
- Measures to enhance civil service reform.

Function 150 Resources	Israel ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	1,200,000	1,200,000	1,200,000
FMF	1,800,000	1,800,000	1,800,000
Counterterrorism	50,000	-	-
Total, Israel	**$3,050,000**	**$3,000,000**	**$3,000,000**

U.S. Foreign Policy Objectives:

The commitment to Israel's security has been a cornerstone of U.S. foreign policy since the creation of the State of Israel in 1948, and the U.S. remains firmly committed to supporting the Israelis in taking risks for peace in the region. With $3 billion in funding for FY 1999, the U.S. will reaffirm its unshakable commitment to Israel's security and well-being and our national interest in securing a just and comprehensive peace between Israel and all its Arab neighbors.

The historic accords which Israel has reached with Egypt and Jordan, and progress made in Israeli-Palestinian negotiations, represent significant progress toward regional peace and security. Israel has taken significant risks for peace, risks which the United States is committed to recognize and reduce to a minimum. Progress toward peace and increasing Israeli Defense Force capabilities 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. The United States also shares with Israel concerns related to the security of the eastern Mediterranean.

Economic growth in Israel has averaged six percent through most of the 1990's, as the economy has become increasingly sophisticated and technologically advanced. However, real GDP growth slowed to 4.4 percent in 1996 and an estimated 2.0 percent in 1997. Israel still faces economic challenges associated with absorbing over 840,000 immigrants since 1989, which alone raised the domestic population by roughly 16 percent. Increased domestic demand associated with high immigration has contributed to a widening trade deficit, which reached $9 billion in 1996, but decreased to $6.6 billion in 1997. 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 substantial expenditures associated with the implementation of peace agreements with the Palestinians and Jordan have exacerbated Israel's domestic budget deficit.

Strategy for FY 1999:

1. Help train and equip a professional and technologically-advanced Israeli military.

The U.S. is committed to maintaining Israel's qualitative edge. Toward this end, FMF will allow Israel to continue funding for major multi-year procurement and follow-on support programs such as new F-151 fighter aircraft purchases, combat systems for the SAAR-5 corvettes, F-15 A/B avionics upgrades, AIM-120 missile, MLRS, and support for Israel's Apache and Blackhawk helicopter squadrons. Other objectives include long-term initiatives, such as the "Arrow" Anti-tactical Ballistic Missile (ATBM) program and other missile defense programs.

Israel will be eligible to receive grant Excess Defense Articles (EDA) in FY 1999 under Section 516 of the Foreign Assistance Act. As a designated Major Non-NATO Ally, Israel receives priority on the grant transfer of a broad range of excess defense equipment. In addition to supporting the peace process and regional stability, the provision of EDA supports the wide variety of joint activities and programs that mark the close U.S.-Israeli military-to-military relationship, including joint efforts to combat terrorism.

2. Assist a stable, growing Israeli economy.

ESF provides Israel the funds it needs to promote economic reforms and encourage economic growth. ESF also ensures steady progress to reduce the fiscal deficit, lower trade barriers, and institute policies designed to decrease the budget deficit as a percentage of GDP. USIS programs work to promote the bilateral and multilateral benefits of developing a more liberal Israeli environment for American investment and business, stressing the benefits of a closer partnership with the U.S.

3. Continue to pursue progress in the Middle East peace process.

The Multilateral Working Groups address crucial projects of water, the environment, refugees, regional economic development, and arms control and regional security. International donors have pledged over $2.9 billion in economic assistance to the Palestinians, including $500 million over five years by the United States. Seven Arab countries have established economic, commercial or political relations with Israel. Continued effort by the U.S. is required to ensure progress on the bilateral tracks of the negotiations. All the parties in the region continue to look to the U.S. as an honest broker and the primary mediator in the bilateral peace negotiations.

Indicators:

- Economic growth of 3.0 percent;
- Unemployment rate below eight percent;
- Reduction of budget deficit to 2.4 percent of GDP;
- Continued progress on the bilateral and multilateral peace negotiations;
- Maintain U.S. position as the largest single exporter to Israel.

Jordan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	4,500	-	-
ESF[1]	112,200	150,000	150,000
Peace Corps	1,062	1,214	1,470
PL-480	2,626		
FMF	30,045	50,000	45,000
IMET	1,655	1,600	1,600
Total, Jordan	**$152,088**	**$202,814**	**$198,070**

U.S. Foreign Policy Objectives:

Jordan's constitutional monarchy continues to play an essential, positive role in the Middle East Peace Process. Its importance reflects its strategic position, both political and geographic. Following King Hussein's courageous decision to sign a peace treaty with Israel in 1994, the government continues to support the MEPP, despite the difficult environment over the last year. U.S. assistance to Jordan supports this stable and moderate government. This assistance is directed at the peace process and improving the Jordanian economy to help the population realize the benefits of peace. The U.S. also appreciates 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.

Military assistance is aimed at equipping and training a more modern Jordanian armed forces able to secure its borders.

Strategy for FY 1999:

Our basic strategy for the coming year is to encourage Jordan's continued participation in the Middle East peace process, promote its cooperation with Israel, and reinforce its orientation away from Iraq. At the same time we want to address the three basic concerns which we believe are central to Jordan's future development: water scarcity, a too-rapidly increasing population, and structural problems in the economy which inhibit growth and job creation.

The signing of the 1994 peace treaty with Israel and the opening of international borders have paved the way for collaboration in trade, tourism, and other activities in a

[1] ESF includes funds made available through the Middle East Peace and Stability Fund as well as regular appropriations. Increased funding for Jordan will be provided from within the overall Middle East ESF funding level of $2.143 billion

number of fields. Water management agreements have been reached; integrated approaches to the Rift Valley are being developed; and issues relating to the environment, agriculture, health, and energy resources are being discussed. Greater cooperation with Israel has begun with the signing of the first Qualifying Industrial Zone (QIZ) agreement between Israel and Jordan. Flights between Jordan and Israel are flown daily; the pilot project for Israel-bound flights at Jordan's Aqaba Airport began in November 1997. The State Department and USAID are working closely with the U.S. National Oceanic and Atmospheric Administration on the development of a joint Jordanian/Israeli Marine Park in the Gulf of Aqaba. These agencies are also assisting the Government of Jordan to develop environmental standards and a Jordanian national park policy. An additional priority is the further encouragement of Jordanian-Israeli-Palestinian trade.

Jordan participates extensively in multilateral peace negotiations as was demonstrated by its high-level attendance at the MENA economic conference in Doha. It hosts the Secretariat of the multilateral Regional Economic Development Working Group (REDWG) and the principal Regional Security Center of the Arms Control and Regional Security (ACRS) Network. It has also joined the Regional Business Council and the Middle East-Mediterranean Travel and Tourism Association.

The U.S. Government is committed to assist Jordan. This commitment was underlined by President Clinton in June 1997 with the establishment of the Middle East Peace and Stability Fund. U.S. assistance focuses on three major programs: management and use of water resources; promoting economic reform toward a more efficient, market-based economy; and promoting health care. ESF funds U.S. programs aimed at eliminating threats to Jordan's economic growth including a major financing gap resulting from inadequate foreign exchange earnings and an increasingly serious water shortage.

The U.S. has assisted 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 development. U.S. programs will continue to encourage Jordan's economic liberalization process, including the provision of technical assistance to support areas such as customs reform and investment promotion. These efforts bore fruit in 1997 with the adoption of new laws on companies and securities and the elimination of remaining foreign exchange restrictions. The U.S. will continue to promote greater protection of intellectual property rights and Jordanian accession to the World Trade Organization. The strategy also emphasizes private sector development.

Water shortages are a problem that threatens to become a national catastrophe within the next decade. A significant portion of the USAID program is directed toward water conservation and improved water resources management. USAID is supporting Jordan's 14-year, $5 billion priority water investment plan and is heavily engaged in improving wastewater management.

The Peace Corps began operations in 1997 and will continue to work in rural areas on income generation, particularly among women, and on ecotourism.

During 1996 Jordan was accorded status as a major non-NATO ally. We will encourage the Jordanians to establish realistic plans for their future military structure. U.S. military assistance enhances Jordan's important role in contributing to the peace and security of the region. It also supports Jordan as it pursues new areas of strategic and economic cooperation with Israel and enforces UN sanctions against Iraq. Jordan's FMF allocation supports a squadron of F-16's, the first of which were delivered in December 1997. This assistance assures strong U.S. military influence and access. Furthermore, it promotes JAF interoperability with U.S. forces in military missions and international peacekeeping operations. The U.S. will also seek to meet JAF ground forces sustainability and upgrade requirements through any additional resources that become available.

Jordan will be eligible in FY 1999 for Excess Defense Articles under Section 516 of the Foreign Assistance Act. The provision of grant EDA to Jordan supports the courageous stand that Jordan has taken in its peace with Israel, a commitment to peaceful resolution of the region's problems, and an increasingly close alignment with the United States. It reflects the U.S. commitment to enhance the capabilities of the Jordanian Armed Forces for self-defense, particularly against neighboring Iraq, to contribute to coalition efforts against regional threats, including terrorism; and to assist in border security and demining. The provision of excess defense articles also recognizes and supports Jordanian assistance in the temporary stationing of the U.S. Airpower Expeditionary Force in Jordan to deter and confront Iraqi aggression.

IMET funding for Jordan will continue to promote a well-established, Western orientation within the Jordanian officer corps and facilitate interoperability in doctrine, tactics and training. IMET also supports Jordan's new emphasis on light infantry and special operations skills, as well as its increasing need for logistics and maintenance expertise to sustain aging equipment. Jordan has embraced the E-IMET program, exceeding its E-IMET quota in recent years.

Indicators:

- Continued high-level involvement in the Middle East peace process, including the multilateral negotiations and regional institutions.
- Continued enforcement of UN sanctions against Iraq;
- Enhanced military capabilities.
- System of new water policies and management systems in place by 2000.

- One spring and seven wells providing 187 mcm of drinking water rehabilitated in 1999.
- Increased foreign investment and export-import activity and earnings.
- Increased stability of the foreign exchange regime.
- Enhanced capabilities to protect the Kingdom, support the peace treaty with Israel, and participate in international peacekeeping operations.

Lebanon Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	12,000	12,000	12,000
IMET	547	550	550
Total, Lebanon	**$12,547**	**$12,550**	**$12,550**

U.S. Foreign Policy Objectives:

The U.S. maintains close ties with Lebanon to help preserve its independence, sovereignty, and territorial integrity and to further national reconciliation. The U.S. believes that a peaceful, prosperous and stable Lebanon can make an important contribution to regional stability and toward forging a comprehensive peace in the Middle East. For this reason, the U.S. has publicly committed to supporting Lebanon's reconstruction and national reconciliation following 17 years of civil war. Progress in the restoration of civil society was recognized in 1997 by the lifting of the prohibition of the U.S. passport for travel to Lebanon at the end of July.

Strategy for FY 1999:

The U.S. will continue to encourage Lebanese engagement in the peace process while recognizing that the Lebanese and Syrian tracks will necessarily move together, and only when there is progress on the Palestinian track. We will help stabilize the Lebanese government to enable to re-establish control throughout the country and provide basic public services. A major element of this is to provide training support and other assistance to professionalize the Lebanese Armed Forces, bolstering its respect for human rights and civilian leadership. It is also important to help develop strong political and social institutions to strengthen the process of democratization and to reinforce law enforcement capabilities.

The U.S. engages the Lebanese government at the highest levels to secure continued progress in peace negotiations between Lebanon and Israel. Secretary Albright and Assistant Secretary Indyk both met with the Lebanese leadership in Beirut in support of the peace process. The "Israel-Lebanon Monitoring Group" (ILMG), with full U.S., French, Israeli, Syrian, and Lebanese participation, has been functioning smoothly, providing an important confidence-building measure, and helping to avoid escalation of conflict along the Israeli-Lebanese border.

Instability in Lebanon has proven consistently detrimental to the prospects for a comprehensive peace in the region. ESF funds programs across Lebanon's broad ethnic, religious, and political respect. 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 supplanting 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's capabilities and authority.

ESF also supports American-system universities in Lebanon, specifically the American University of 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.

Training for Lebanese military officers complements our efforts to provide the Lebanese Armed Forces (LAF) the support it needs to assert central government authority and to maintain 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 LAF personnel 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 maintain internal security and to deploy in areas previously outside government control. It has also continued to demonstrate respect for civilian control. Continuing support will help ensure the LAF's capability to deploy into occupied regions such as southern Lebanon as part of a regional peace.

Lebanon will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. The provision of grant EDA to Lebanon aids in restoring the capabilities of the Lebanese Armed Forces, which were destroyed during the civil war. The program is designed to provide a variety of military equipment to build a credible force that will contribute to internal security and eventually allow the restoration of Lebanese sovereignty over the entire territory of Lebanon. In so doing, it contributes significantly to regional security, stability, and the objective of securing a just and comprehensive peace with Israel. Additionally, the establishment of governmental control over all the areas of Lebanon will deny terrorists the free use of operational and training bases, address narcotics production, and allow the eventual demining of significant areas in south Lebanon. In this regard, the US will also pursue establishment of a demining program with the LAF.

Continued support for Lebanese government institution-building promotes U.S. goals of regional stability, democratic development, and political pluralism while helping to bolster Lebanese law enforcement capabilities. ESF-funded USAID and USIS programs encourage greater political pluralism by helping to advance the status of women, judicial independence and human rights.

Counternarcotics and counterfeiting interdiction training provided by the U.S. law enforcement agencies would strengthen the capabilities of Lebanese law enforcement agencies on issues of

crucial importance to U.S. economic and physical security. Law enforcement assistance further supports broader Lebanese government efforts to end the use of its territory for money laundering, counterfeiting, and drug trafficking. A small International Criminal Investigative Training and Assistance Program (ICITAP), implemented by the Department of Justice, became operational in 1997. After an initial assessment period, the ICITAP consultants commenced training. We hope to continue and expand this program

Indicators:

- Increased effectiveness of Lebanese Armed Forces and police in projecting government authority and interdicting counterfeiting and narco-trafficking.
- Improved human rights performance.
- A Lebanese government commitment to reduce terrorist incidents launched from Lebanese territory and to the protection of civilians living in conflicted areas in south Lebanon.
- 220 Target communities revitalized by 2000
- Improvements to water, electricity, telecommunications, and other infrastructure.
- Increased effectiveness and credibility of the Lebanese government and other institutions.
- Continued progress in reconstruction and national reconciliation.
- Continued Lebanese government commitment to the Lebanon-Israel peace negotiations and a comprehensive regional peace.

Morocco Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	15,200	10,300	11,781
Peace Corps	2,219	2,234	2,299
PL-480	4,047		
IMET	812	900	900
Total, Morocco	**$22,278**	**$13,434**	**$14,980**

U.S. Foreign Policy Objectives:

Morocco is a stable constitutional monarchy that maintains close ties to the U.S. and other Western countries and serves as a moderating influence in its relations with other Islamic, Arab, and African countries. 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 dispatching troops to Somalia and Bosnia as well as the multinational forces in Saudi Arabia during the Gulf War. Morocco has also played a significant role in supporting and advancing the Middle East peace process. Moreover, Morocco's demonstrated readiness to uphold commitments to the U.S. under the 1982 Base Access and Transit Agreement underscores Morocco's importance as a reliable partner in the region.

The U.S. has a strong interest in ensuring continued Moroccan support for the Middle East peace process and international peacekeeping. Our high level of military cooperation and access to Moroccan military facilities, promotes regional stability, and assists the development of professional, apolitical military forces. The U.S. continues to support efforts to resolve the Western Sahara conflict, a major element in the maintenance of regional stability. In addition, the USAID-funded programs are working to expand economic opportunities through microenterprise and small/medium business development and microenterprise finance; increase bilateral trade and investment; to assist the Moroccan government to improve water resources management; and to provide basic health services and housing to the population.

Strategy for FY 1999:

1. Encourage Morocco to continue playing a constructive role in the Middle East peace process.

Morocco's leadership in promoting trade ties with Israel and between Israel and its neighbors continues to facilitate regional economic integration. Casablanca hosted the first Middle East-North African Economic Summit in 1994, an event which marked the

first time that Arab and Israeli business people gathered together to network and develop business projects. Morocco also hosts the MENA Executive Secretariat, whose goal is to advance the public-private partnership, promote contacts, share data, and foster private sector investment in the region.

2. Maintain close relations and interoperability between the U.S. and Moroccan forces.

Morocco will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Morocco and the United States have enjoyed close military-to-military relations for decades. The provision of a variety of military equipment as grant EDA continues to supplement Morocco's meager resources to develop and modernize its military. This program helps develop Morocco's capabilities to provide forces for regional coalition defense, such as during the Gulf War, for self-defense, and the provision of forces for international peacekeeping. It also supports U.S.-Moroccan joint military training exercises. The U.S. and Morocco also hold joint military exercises and meet at regular Joint Military Commissions.

IMET programs play an important role in U.S. assistance to Morocco. As IMET graduates move onto more senior military positions, they should display continued support for U.S. initiatives, greater sensitivity to issues of resource management, and more respect for human rights. These programs help develop Morocco's capabilities to provide forces for regional coalition defense, such as during the Gulf War, for self-defense, and the provision of forces for international peacekeeping. They also support U.S.-Moroccan joint military training exercise.

3. Improve Morocco's trade and investment climate.

The United States will encourage accelerated Moroccan economic policy reforms and participation in new regional institutions; Morocco is already a member of the Middle East-Mediterranean Travel and Tourism Association (MEMTTA). High level trade missions and cooperation with Moroccan and American private sector organizations will improve the trade and investment climate while also promoting U.S. exports.

Indicators:

- An economic atmosphere more conducive to foreign investment, including increased economic liberalization and continued privatization of state-owned enterprises.
- Deepening of relations between Morocco and Israel and an enhanced Moroccan role in the Middle East Peace process when regional circumstances improve.

- Continued absence of overt hostilities in the Western Sahara and movement toward a peaceful settlement.
- Enhanced peacekeeping capabilities, including greater interoperability of U.S. and Moroccan forces by increasing knowledge of and appreciation of U.S. military doctrine and procedure and providing more Moroccan officers with English language skills.

Oman Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	117	225	225
Total, Oman	**$117**	**$225**	**$225**

U.S. Foreign Policy Objectives:

Oman's location, guarding the southern approaches to the Strait of Hormuz across from Iran, makes it an essential partner in regional strategic planning and preserving freedom of navigation to and from the Gulf. Since signing a bilateral security cooperation agreement with the U.S. in 1980, Oman has steadfastly supported U.S. efforts to promote regional security and stability, including the provision of key base access and prepositioning rights. Oman has also been a key supporter of the Middle East peace process and of normalization with Israel. More recently, Oman initiated economic and democratic reform programs. The U.S. has nurtured the bilateral relationship through provision of important military equipment through grant Excess Defense Articles (EDA). This equipment has strengthened the ability of the Sultan's Armed Forces (SAF) to defend Oman and support regional and coalition defense against the twin threats of Iran and Iraq. EDA has assisted the Royal Navy of Oman to interdict narcotics trafficking, smuggling, and terrorism. Oman will be eligible in FY 1999 to receive grant EDA under Section 516 of the Foreign Assistance Act.

Strategy for FY 1999:

1. **Provide training to develop a professional Omani military which understands U.S. security objectives and cooperates closely with the U.S. military.**

The Sultanate has undertaken an ambitious Omanization program for its armed forces. IMET both supports this process and improves cooperation and enhances interoperability with U.S. forces in the event of joint operations in the region. Since many officers in the defense forces of the Gulf Cooperation Council States receive training in the U.S., IMET promotes improved GCC military coordination. It also strengthens the professional nature of the military and its commitment to democratic reform. Furthermore, continued association with U.S. military equipment improves the potential for future U.S. exports to Oman.

2. Continue to engage the Omani government on key bilateral issues -- regional stability, the peace process, democratization, and economic reform.

The U.S. will continue diplomatic dialogue with the government of Oman on a range of regional and bilateral issues. The U.S. welcomes Oman's cooperation in deterring potential Iraqi and Iranian aggression and its farsighted positions supporting the Middle East peace process and normalization with Israel. The U.S. applauds Oman's democratic and economic reform efforts and hopes to provide ESF funds to encourage further democratization progress.

Indicators:

- Improve interoperability between U.S. and Omani military forces;
- Sustain Omani support for U.S. regional initiatives including dual containment and the Middle East peace process; and
- Oman's democratic and economic reform programs continue.

Tunisia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL-480	2,798		
IMET	837	900	900
Total, Tunisia	**$3,635**	**$900**	**$900**

U.S. Foreign Policy Objectives:

Independent 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 a higher standard of living for the average Tunisian and the creation of a stable middle class. Situated between an unpredictable Libya and a violence-plagued, politically-uncertain Algeria, Tunisia shares with the U.S. many of the same political-military concerns and interests in the region. Tunisia has long been a supporter of the Middle East peace process; it has hosted three working group meetings of the Multilateral Peace Process since 1993, and it serves as the seat of the Middle East-Mediterranean Travel and Tourism Association (MEMTTA), a regional institution created by the multilateral peace negotiations. Relations with Israel should be further developed; Tunisia exchanged interests sections with Israel in April and May 1996.

Strategy for FY 1999:

1. A Tunisian military capable of operating and maintaining U.S.-origin equipment to enhance interoperability with U.S. forces and participation in international peacekeeping operations.

In spite of historical ties to France, the bulk of Tunisia's military equipment is of U.S.-origin and is considered to be of high quality. In a given year there are approximately 16 joint U.S.-Tunisian military exercises involving all three service branches. An active military exercise program should be maintained; combined exercises between the U.S. and Tunisia have become more complex as Tunisian expertise has increased, and this trend should be continued. The Tunisian military has participated in a number of international peacekeeping operations and should be encouraged to continue to do so. There is recognition by the U.S. military that, despite their small size, the Tunisian armed forces are among the best trained and most professional in the Arab and African regions.

Tunisia has relied for a number of years on a limited amount of U.S. assistance in building the capabilities of its armed forces. IMET funding enables members of the Tunisian officer corps to gain continuing expertise in U.S. military doctrine and

defense resource management and to apply that expertise to the Tunisian armed forces. In FY 1999 Tunisia will be eligible to receive grant Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Grant EDA strengthens Tunisia's capabilities to defend itself against the threats of its much stronger neighbors. These articles also support joint U.S.-Tunisian military exercises, international peacekeeping operations, and some items are used in road building and other similar projects to further develop Tunisia's civil infrastructure. The Tunisian armed forces have done an exceptional job of utilizing and maintaining EDA.

2. A 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 share and teach U.S. traditions of democracy, respect for human rights, and civilian control of the professional military.

3. Greater political pluralism and exchange of ideas.

The number of USIS-sponsored speakers visiting Tunisia has increased in recent years, as has the number of Tunisians nominated to travel and study in the United States. These exchanges have exposed Tunisians, both official and non-governmental, to U.S. views on human rights, the role of an independent judiciary, the operations of opposition political parties, freedom of the press, and other fundamental institutions and concepts which form the basis of civil society.

Indicators:

- Improved interoperability of Tunisian and U.S. military forces.
- Continued Tunisian involvement in the Middle East peace process.
- Maintenance of Tunisian support for UN sanctions against Libya, Iran and Iraq.
- Enhanced contributions to international peacekeeping operations.
- Improved political freedoms for opposition parties, NGOs, and other civic organizations.

West Bank and Gaza Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF[1]	75,000	85,000	100,000
Total, West Bank and Gaza	**$75,000**	**$85,000**	**$100,000**

U.S. Foreign Policy Objectives:

The central objective of U.S. assistance to the West Bank and Gaza (WB/G) is to strengthen the Palestinians' commitment to the peace process by helping them realize the tangible benefits of peace. Our assistance efforts reflect the overall U.S. commitment to supporting the peace process as the Israelis and Palestinians move forward while implementing the Interim Agreement of September 1995. A stable economy in the WB/G is vital to the viability of new political structures, including the democratically-elected Palestinian Council. The need for economic assistance is clear: per capita income in the WB/G is estimated to have declined by about one-third since 1992, and unemployment hovers around 30 percent. The Palestinian people need extensive economic support to help translate the peace agreements into real and lasting changes on the ground. Without this assistance and a U.S. capacity to provide leadership in the international donor community, progress in promoting regional peace may be jeopardized.

Strategy for FY 1999:

1. Facilitate sustainable, visible improvements in the lives of Palestinians while assisting with 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 accords. In the longer term, economic stability is a vital guarantee for the viability of the new Palestinian entity in the West Bank and Gaza Strip. 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 improving access to scarce water resources, expanding economic opportunity, and facilitating responsive and accountable governance. The U.S. will also work through international donor assistance structures to continue the international effort to provide economic assistance to the Palestinians; donors have provided about $1.8 of the $3.6 billion in economic assistance pledged to date.

[1] Increased ESF funding for West Bank/Gaza will be provided from within the overall Middle East ESF funding level of $2.143 billion.

2. Help develop 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 for the development of effective, independent, and transparent administrative structures and democratic policy-making institutions, and assisting the establishment and functioning of efficient management and operation of municipal institutions. USIS will continue a series of intensive exchanges to assist the Palestinian Authority in building institutions in two key sectors -- judicial and legislative.

3. Encourage continued progress in the Middle East peace process.

The U.S. will continue to engage the Palestinian Authority at the highest levels to maintain progress in the Middle East peace process. Continued implementation of the Interim Agreement and stringent counterterrorism measures are of the highest priority. USIS will use an aggressive plan of information outreach and people-to-people exchanges to demonstrate the viability and benefits of the peace process.

Indicators:

- Further progress in Israeli-Palestinian negotiations, including the beginning of accelerated permanent status talks;
- Annual increase in employment level of 8 percent in 1999;
- 5 percent increase in exports by assisted firms;
- Increase in the rate of domestic water consumption; and,
- Improvement in the Palestinian public's perception of the government's allocation and management of public resources.

Yemen Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PL-480	3,731		
IMET	52	125	125
Total, Yemen	**$3,783**	**$125**	**$125**

U.S. Foreign Policy Objectives:

Yemen, with half the indigenous population of the Arabian Peninsula, lies adjacent to one of the world's most important shipping lanes at the mouth of the Red Sea. Yemen has made great strides in democratization, holding substantially free and fair parliamentary elections in 1993 and 1997. It has implemented an exemplary economic reform program with the support of the IMF, World Bank, and major bilateral donors and is taking actions to reduce use of Yemen as a safehaven by terrorists. Yemen has also taken responsible actions to reduce tensions by seeking negotiated and/or arbitrated settlement of undemarcated borders with Oman, Eritrea, and Saudi Arabia. Consequently, the U.S. relationship with Yemen has improved markedly, exemplified by the provision of anti-terrorism training and a humanitarian demining program. The U.S. supported the 1997 parliamentary elections and plans to continue assistance to Yemen's fledgling democratic development. Budget considerations forced the closure of the USAID mission in September 1996 and residual programs are scheduled to end in September 1998.

Strategy for FY 1999:

1. Encourage a stable and cooperative bilateral military relationship and Yemeni understanding of U.S. security perspectives in the region.

IMET for Yemen supports U.S. objectives related to the establishment and maintenance of a national Yemeni military supportive of democratic and economic transition and committed to a durable pattern of cooperation with the U.S. The FY 1997, 1998, and 1999 IMET programs will focus on English language instructor and officer training. We also hope to send U.S. instructors to Yemeni military colleges to help strengthen Yemen's democratic institutions and foster democratic pluralism, rule of law, and all aspects of human rights. Yemen will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. EDA would be provided to the Yemeni Armed Forces to help meet basic military needs and support for U.S.-origin equipment, enhancing the Yemeni military as a national integrative force supporting internal stability and democracy.

2. Continue to engage the Yemeni government on key bilateral issues -- regional stability, counterterrorism, democratization, economic reform, and human rights.

The U.S. will continue diplomatic dialogue with the government of Yemen on a range of bilateral concerns. The U.S. welcomes Yemen's positive positions on many issues and particularly praises Yemen's parliamentary elections in 1997 and successful economic reform program. The USG will continue to raise concerns over human rights violations and will encourage fora for discussions about human rights and democratization.

Indicators:

- Increase number of English-language qualified officers in the Yemeni military;
- Enhance Yemen's professional military as a national integrative force; and
- Yemen's democratic and economic reform programs continue.

Bank for the Economic Cooperation and Development in the Middle East and North Africa (MENABANK) Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF[1]	-	-	$52,500
Total	**-**	**-**	**52,500**

U.S. Foreign Policy Objectives:

The Bank for Economic Cooperation and Development in the Middle East and North Africa (MENABANK) is the result of a historic joint proposal by Egypt, Israel, Jordan, and the PLO and is a key element of the effort to strengthen the economic foundation essential to a lasting peace in the Middle East. Based on the President's pledge of support, the U.S. has led the process to bring the MENABANK to fruition. The Bank has been designed to address clearly identified economic needs in the region in ways that cannot currently be met by existing bilateral or multilateral programs. It will leverage resources for investment and development, emphasizing co-financing with the private sector as well as existing financial institutions. The Bank will be small; its total capital will be $5 billion, of which $1.25 billion will be paid-in. The U.S. share will be 21 percent ($262.5 million paid in five annual installments.) Membership will be open only to parties that subscribe to core principles: support for the peace process and commitment to removing barriers to regional commerce, including the boycott of Israel. Each borrower must also be proceeding steadily toward a market-oriented economy that promotes private initiative. Under U.S. leadership, a strong cadre of professionals from Israel, Egypt, Jordan, Canada, Netherlands, Japan and Italy have created a MENABANK transition team which is up and running in Cairo. This multinational team has devised a draft set of financial and operating policies for the bank, and has begun to develop a project portfolio that will enable the institution to be launched quickly as soon as sufficient shareholder support is secured.

Strategy for FY 1999:

1. Promote private sector growth and entrepreneurship.

The region possesses vast human resources and entrepreneurial spirit yet considerable risks and obstacles continue to impede full realization of potential. The MENABANK will help overcome impediments by being an innovative financing institution that will act more like a merchant bank than a traditional development bank. In its operations, the Bank will offer a broad range of financial instruments: direct loans, equity, support

[1] ESF funding for MENABANK will be provided from within the overall Middle East ESF funding level of $2.143 billion.

for small and medium enterprises through intermediaries, guarantees, and technical assistance. There will be no concessional window (although the MENABANK will be able to administer voluntarily contributed trust funds that could offer concessional rates). Unlike in most operations of existing institutions, a sovereign guarantee will not necessarily be required.

2. Support regional development projects, particularly transborder infrastructure.

The history of political conflict in the region has left a legacy of economic fragmentation. While pursuing integration into the global economy, the region must also establish regional linkages. Improved regional systems for water, electricity, transport and telecommunications are vital underpinnings of a healthy regional economy – and of a vibrant private sector that is essential for sustainable development. The MENABANK will seek innovative ways to promote projects of regional benefit, especially through private participation whenever possible.

3. Enhance regional economic policy dialogue and coordination through a regional forum.

The Bank's regional economic policy dialogue forum is a feature unique to development banks that addresses the legacy of economic and political fragmentation in the Middle East and North Africa. Successful regional economic development requires greater regional cooperation and consistency in a broad range of areas. The Forum will be under the guidance and control of regional parties. It will not have a voice in financial decisions of the MENABANK but by providing a venue for addressing policy obstacles to project implementation, its activities will be directly related to the success of Bank operations. For example, Forum activities such as policy harmonization could make transborder electricity projects sustainable and bankable. Successful Bank operations would in turn demonstrate the tangible rewards of cooperation and encourage additional progress. As more reform and cooperation flows from this synergy, private investment flows should increase, particularly the return of hundreds of millions of dollars of flight capital.

Indicators:

- Increased private sector investment
- Return of flight capital
- Expanded regional infrastructure
- Acceleration of privatization of state owned enterprises
- Enhanced regional economic policy harmonization
- Expansion of regional projects

Israel-Lebanon Monitoring Group Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	738	870	1,000
Total	**$738**	**$870**	**$1,000**

U.S. Foreign Policy Objectives:

After two weeks of major hostilities between Israel and armed groups in southern Lebanon, the United States--in consultation with Syria--brokered the April 26, 1996, Understanding to end the crisis and prevent a renewed escalation of violence. The Understanding established a Monitoring Group comprising the United States, France, Syria, Lebanon, and Israel to monitor the Understanding's prohibition against armed groups carrying out attacks into northern Israel and its prohibition against all parties' targeting civilians or using civilian populated areas for launching attacks. In the absence of formal peace agreements among Israel, Syria and Lebanon, the Monitoring Group promotes stability in the volatile southern Lebanon region by helping to limit civilian casualties and by providing an important confidence building forum for all parties.

Strategy for FY 1999:

Provide the parties with a viable alternative to military escalation.

After decades of intermittent hostilities in southern Lebanon and along the Israeli-Lebanese border, the ILMG is the first face-to-face setting in which all parties to the conflict can quickly address specific grievances instead of resorting to military escalation. The group's ability to convene rapidly after an alleged violation of the Understanding and its success in issuing unanimous recommendations to enhance compliance with the Understanding have earned it credibility and support in the region.

Indicators:

- Israeli and Lebanese restraint in the use of force.
- Increased protection of civilians.
- Cooperation and interaction between Israeli, Syrian, and Lebanese representatives to the Monitoring Group.

Middle East Multilateral Working Groups Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	3,250	5,000	5,000
Total	**$3,250**	**$5,000**	**$5,000**

U.S. Foreign Policy Objectives:

The multilateral negotiations in the Middle East peace process grew out of the 1991 Madrid Peace Conference as a complement to the bilateral talks. In January 1992, 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 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 U.S. 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.

Strategy for FY 1999:

1. Encourage 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. Promote regional peace, stability, and economic development.

Each multilateral group has undertaken an active program of workshops, feasibility studies, and concrete projects involving a number of regional parties. Several of these projects are resulting in the creation of regional institutions in which Arabs and Israelis participate cooperatively. Projects supported by the U.S. in FY 1995 and FY 1996 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. In FY 1997, the U.S. is supporting follow-on activities related to these projects, as well as new initiatives, including financial support for training courses in arms control for regional parties; an effort to strengthen the Executive Secretariat which supports the annual Middle East North Africa economic summit process; and regional training in telecommunications spectrum management.

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 moves in recent years by Morocco, Mauritania, Oman, Qatar and Tunisia 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. In addition, MENA Economic Summits/Conferences have been held in Morocco, Jordan, Egypt and Qatar.

Indicators:

- Continued expansion of normalization of relations with Israel.
- Institution of Asia and Europe divisions of the Middle East-Mediterranean Travel and Tourism Association (MEMTTA).
- Expanded participation in the Peacenet Internet connections.
- Expanded activity at the Middle East Desalination Research Center, including private sector participation.
- Development of a Middle East Regional Environment Center.
- Establishment in Cairo of the Middle East Development Bank.

Middle East Regional Cooperation Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	7,000	7,000	7,000
Total	**$7,000**	**$7,000**	**$7,000**

U.S. Foreign Policy Objectives:

A key aspect of the Middle East peace process is for Israelis and Arabs to work 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, promotes mutually beneficial technical cooperation between experts in Israel and its Arab neighbors. Initially Arab participation was limited to Egypt for many years. Since 1993, participation has expanded to include, in addition to Egypt, Jordan, the Palestinians, Morocco, and Lebanon. MERC-supported projects promote and strengthen Israeli-Arab ties by demonstrating that peaceful cooperation can yield tangible benefits for those involved. Over the past two years, the number of project proposals submitted to the MERC program has been increasing, indicating that Israeli and Arab partners recognize the benefits. The program is managed by USAID's Bureau for Global Programs.

Strategy for FY 1999:

1. Encourage technical cooperation between Israeli and Arab experts.

The MERC Program supports Israeli-Arab experts on cooperative projects in a wide range of technical areas, including agriculture, health, water resources, marine studies, 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 through to the implementation of a funded project. By encouraging broader participation in the program, the U.S. intends to maintain, and increase where possible, the numbers of Israelis and Arabs participating collaboratively in MERC projects.

2. Implementation of regionally important technical projects.

Under the peace process ongoing discussions between Israeli and Arab officials have led to numerous ideas and proposals for cooperative projects in a range of technical areas. Some of the projects are being proposed by officials from the region; other projects are proposed by NGO's and universities. In FY 1995, in an effort to respond directly to the U.S. foreign

policy objective of supporting MEPP, the MERC Program began to look at how it might support and complement the peace process by funding relevant proposals. In FY 1999, 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, environmental management, and dryland agriculture.

Indicators:

- Expanded cooperation between Israeli and Arab technical experts.
- Increased number of projects that support and complement the peace process.
- Streamlined procedures for solicitation and review of projects to ensure timely responsiveness.

Middle East Regional Democracy Fund Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	750	5,000	5,000
Total	**$750**	**$5,000**	**$5,000**

U.S. Foreign Policy Objectives

Throughout the Middle East and North Africa, the U.S. is encouraging movement toward political pluralism, adoption of the rule of law, greater respect for human rights, improved opportunities for women, and expansion of civil society institutions. These building blocks of democratic society are closely linked with the fundamental U.S. interests of political stability, economic development, expanded trade and investment opportunities, and international cooperation.

Strategy for FY 1999:

Democratization, human rights, and political reform are important elements of our dialogue with governments of the region. In order to expand on this dialogue to promote political reform, adherence to international norms for human rights, and respect for the rule of law, funds are being requested in FY 1999 to continue the Middle East Regional Democracy Fund. This fund seeks opportunities for developing democratic institutions in countries receiving little or no peace process-related economic assistance. These will be small, highly focused programs targeting core U.S. foreign policy objectives including 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. The Middle East Regional Democracy Fund will support programs managed by local and U.S. non-governmental organizations.

Indicators:

- Credible, transparent, free and fair multi-party elections with fewer instances of electoral fraud and higher voter turnout.
- 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.
- 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 able to make fair (if at times unpopular) decisions.
- A freer and more open press.

- 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, reflecting higher political participation and a more diverse civil society.
- Increased participation of women in political institutions.

Multinational Force and Observers Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
PKO	15,434	15,500	16,000
Total	**$15,434**	**$15,500**	**$16,000**

U.S. Foreign Policy Objectives:

The Egyptian-Israeli Peace Treaty and its security arrangements monitored by the MFO are cornerstones of the Middle East peace process. The MFO is a critical component of the Israeli-Egyptian peace treaty. It serves as a model confidence building measure and security arrangement in the context of the ongoing peace negotiations between Israel and its neighbors. Attaining a comprehensive peace between Israel and all of its neighbors is essential to protecting U.S. security interests in the Middle East and is a goal toward which we must sustain our vigorous diplomacy and support.

Strategy for FY 1999:

1. Preserve the peace between Egypt and Israel.

The MFO is an important part of the peace between Egypt and Israel. In addition to 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 U.S. is committed to support the MFO's mission until the Parties to the agreement which created the MFO mutually agree 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 between Egyptian and Israeli officials in the treaty's liaison system.

2. Demonstrate 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 elsewhere and confidence building measures elsewhere. Furthermore, it allows Israel to concentrate on peace negotiations with neighbors on its other boarders secure in the knowledge that its border with Egypt is monitored effectively.

Indicators:

- Egyptian Israeli compliance with Treaty security arrangements.
- Cooperation and interaction between Israeli and Egyptian officials.

RUSSIA & THE NEW INDEPENDENT STATES

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Assistant Secretary's Overview[1]
Russia and the New Independent States

I. Introduction and Overview

American policy toward the New Independent States is motivated by the memory that for nearly fifty years after the end of World War II the principal threat to the security of the United States came from the Soviet Union. Six years ago, twelve new states became independent. Since then, they have been engaged in an historic struggle to transform their societies from centrally-planned Communist authoritarian regimes hostile toward the United States and the West into more democratic forms of government, cooperating as partners with the United States and Western allies and building market-oriented economies. Our strategy is to use all the diplomatic and assistance tools available to ensure that this transformation is successful. We are advancing freedom and democracy and promoting economic opportunity for these peoples and for American business, so that no such threat ever again arises from this region.

Over the past six years, the United States has worked with other donors to engage actively in the NIS. We quickly established diplomatic missions. We instituted intensive government contacts and assistance programs to advance economic and political reform and to promote regional stability. Key among these have been Joint Commissions with Russia, Ukraine, Kazakstan and, most recently, Uzbekistan. We successfully realized the denuclearization of Ukraine, Kazakstan and Belarus. We now confront a range of proliferation issues, most importantly concerning Iran, with Russia, Ukraine and various other states. Weak cash-strapped states that inherited weapons of mass destruction and large parts of the Soviet Union's military-industrial complex will continue to pose proliferation challenges. We will need to pursue creative solutions, including, when necessary, tools such as buyouts, to address specific problems.

U.S. engagement has helped to contain and to move toward resolution a number of ethnic conflicts in the NIS, especially in the Caucasus. As conflicts move toward resolution we will need to devote resources to reconstruction to solidify the gains. We have seen substantial, but mixed progress toward political and especially economic reform in most of the NIS, including the creation of important new trade and investment opportunities for U.S. business. We are working to help develop the energy resources of the Caspian Basin. We have forged close political and economic links with most of these countries that should ensure that they contribute to a stable, peaceful world.

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[1] This is a joint statement by the Ambassador-at-Large and Special Adviser to the Secretary for the Newly Independent States (S/NIS) Stephen Sestanovich and the Ambassador-at-Large and Special Adviser to the President and Secretary of State on Assistance to the New Independent States (S/NISC) Richard L. Morningstar.

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Central elements of U.S. policies toward the region remain: political support for NIS countries' independence, sovereignty and territorial integrity; advice and guidance in the process of nation building; and especially tangible economic and technical aid for these states' transition toward market democracy and integration into Western institutions. During the last five years, the United States has provided over $9 billion in grant assistance for NIS programs. We have seen substantial positive results from this assistance toward the democratization, institution-building, rule of law, privatization, and development of sound tax laws and favorable investment climates.

The accomplishments, achieved by many U.S. government agencies working together under the direction of the Department of State, have been a bargain for the American taxpayer. Economic and political stability in the NIS contributes directly to the security and prosperity of the United States, and is being strengthened by a relatively modest assistance budget carefully targeted toward building grassroots support behind economic and political reforms in each of the twelve states.

Despite the success of these programs, considerable work remains, especially with regard to nonproliferation, crime, corruption, the rule of law, private investment, entrepreneurship, and the decentralization of reform. To help ensure that the direct, Cold War threat to U.S. national security never recurs, we must maintain, and in some cases expand, carefully targeted U.S. aid to the NIS. Sustained Congressional support for these programs is critical.

In last year's budget, one of the President's top foreign policy priorities was to launch the Partnership for Freedom, a refocused program of assistance and cooperation with the NIS. This initiative, funded by Congress in FY 1998 at less than the request, has two major goals. First, to demonstrate that the U.S. is committed to a continued and leading role in fostering economic and political reform in this strategic region at a time when the most advanced regions in the reform process need to be elevated into models for the rest to follow. This requires a suspension of the steeply downward trend in our NIS assistance. And second, to refocus our engagement with these countries on cooperative, mutually-beneficial activities, phasing down technical assistance to central governments as appropriate and emphasizing - in particular at the grassroots and regional levels - investment, economic growth, and linkages between Americans and peoples of the NIS.

The ultimate goal of this approach is to build support for democratic and economic reform from the ground up, by promoting the development of a civil society and the emergence of a new entrepreneurial class. This is a generational process which requires patience on the part of Americans and the citizens of the countries of the NIS. The U.S. can help by offering the people of the NIS some of the tools necessary to make this transition, by providing access to capital and know-how to grow the economy and create jobs. So far the transition has been difficult and painful for many sectors of NIS societies, particularly with respect to health care and other basic social needs. This is why the Partnership for Freedom places great emphasis on programs that have a

direct impact on people, especially in such areas as maternal health and child immunization. By working at the grassroots, we will increase our credibility as a caring nation, and help build long-term, durable ties with the peoples of the NIS which will help us avoid conflict in the future and thus contribute to our own national security.

Through its assistance program, the U.S. has played a leading role internationally in supporting the democratic transformation of Russia and the NIS. U.S. leadership has helped to persuade other major donors, including the European Union, the European Bank for Reconstruction and Development, the Japanese Government, the World Bank, and private donors, to chip in sizable assistance programs for the NIS. For example the European Union has provided over US $3 billion in assistance to the NIS since 1992, while the multilateral development banks offered $13 billion in loans. The total from other donors and multilateral institutions through 1996 topped $36 billion. U.S. leadership is necessary to ensure these contributions continue.

In FY 1998, Partnership for Freedom activities are focused on trade and investment programs, business development, exchanges and partnerships, and related programs. This includes an initial response to President Yeltsin's request for U.S. help to train business managers through a Presidential Management Training Initiative, as well as the increased demand for capitalization of the enterprise funds to foster small and medium enterprises in the region.

In FY 1999, President Clinton is requesting funds to bolster Partnership for Freedom activities, particularly those aimed at the grassroots and regional level. Some of the additional funding will be used to expand the PFF's Presidential Management Training Initiative beyond Russia to the rest of the NIS, to meet the increased capitalization needs of the enterprise funds and to expand work in the health and environmental sectors. These activities are designed to give citizens of the NIS states some of the needed tools to overcome important obstacles in the transition to a market economy.

It is important to recognize that this assistance is as much in our national security interest as any dollar we spend as part of the defense budget. After having spent trillions of dollars to defend ourselves against Soviet inspired communism, we have been able to reduce U.S. defense spending by approximately $30 billion a year since 1989. Our request for the Freedom Support Act is less than $1 billion a year - roughly only 3 percent of the annual defense savings - a bargain for the American taxpayer.

We are systematically assessing what must be done in the NIS to meet the President's goals and objectives. We have recently completed our second annual review of our posts' Mission Program Plans, and have used that information to plan shifts in personnel among our posts to better respond to changing conditions and priorities.

Our diplomatic and economic activities are accomplished in the NIS by extremely lean overseas operations. The operating budgets for our missions in this region remain

dramatically tight. Except for Moscow and St. Petersburg, the NIS posts are all less than six years old and are case studies for what has been described in Congressional testimony as our "crippling infrastructure deficit." The problem is worse than in other parts of the world because these posts were born at the beginning of the current multi-year budget crises and have never been brought up to even minimal third-world standards. Low start-up costs, made possible by depressed economic conditions, and creative administrative efforts allowed these posts to open on a shoestring, and their infrastructure has not been adequately upgraded since. These problems are exacerbated as our new Embassies move beyond being frontier outposts and begin to serve the full range of growing U.S. interests in the NIS. This means greater demands on staff and facilities. At the same time local economies are improving and prices and wages are moving toward real world levels. This creates a double crunch of increased demand and higher costs that will present us with severe shortfalls unless we move now to address this problem.

In managing U.S. policy toward the NIS, we are reminded daily that every one of our posts is a player in implementing nearly all of the Department's strategic goals. The issues of post-Cold War security (nonproliferation, arms control, NATO expansion, and regional conflicts), free market development, democracy building, and environmental degradation are central priorities in the NIS. They impose huge program management responsibilities on each of our posts. With State staffing deliberately kept small, our posts must deal with immense pressure from other agencies, some with their own staff in the field demanding investment in infrastructure, others simply making demands from Washington that are not covered by ICASS.

II. Key Policy Issues in the NIS[2]

A. U.S. National Security

1. Weapons of Mass Destruction: We seek to limit and reduce threats from the Cold War nuclear arsenal and other weapons of mass destruction in the NIS, to ensure proper control of their components, and to prevent, minimize and slow down the spread of such weapons, weapons materials, technologies or expertise to other parts of the world, especially to international pariahs such as Iran and Libya. These objectives are our highest priorities and the full scope of U.S. assistance reflects this fact. Given the political, social and geographic realities of the region, the only effective means of achieving this security goal is to work closely with key NIS governments.

Since the end of 1991 we have cooperated with Russia to remove nuclear weapons from Ukraine, Kazakstan and Belarus to Russia; extend the Nuclear Non-Proliferation Treaty indefinitely, ratify the Chemical Weapons Convention and negotiate additional arms reductions under START and a Comprehensive Test Ban Treaty. Approximately $1.5 billion has been provided in assistance since 1992 to recipient countries under DOD

[2] The following issues are presented in priority order.

Cooperative Threat Reduction, or "Nunn-Lugar" program. This has facilitated the safe destruction and dismantling of nuclear weapons systems; accelerated START reductions; ensured the safe and secure transport of nuclear materials prior or their destruction; stored and safeguarded nuclear materials. We have extended this program to help initiate and accelerate Russian chemical weapons destruction and to undertake nonproliferation activities with Georgia, Moldova and Uzbekistan. The DOE work at facilities across the NIS places high priority on material protection control and accounting assistance.

We are engaged in intensive discussions at all levels with the Russian, Ukrainian and Kazakstani governments toward preventing the proliferation of nuclear, missile and other destabilizing arms and weapons technology. Since 1992, we have provided $185 million to furnish alternative, civilian employment opportunities for some 21,000 former-Soviet weapons scientists from Russia, Ukraine and other countries of the NIS to help prevent the proliferation of weapons expertise. For FY99 we have transferred the science center program from FSA to the NADR appropriation to institutionalize the centers as critical elements of our non-proliferation effort. The scope of the centers will be increased as well. We are also expanding assistance to enhance the export control systems and capabilities of select NIS governments to prevent, deter and detect potential proliferation of weapons. This program has also been included as a separate budget line item in the NADR account. Meanwhile, we are implementing the U.S.-Russia agreement to purchase highly enriched uranium. We are making extensive efforts to address the critical issue of Russian assistance to Iran's missile program. We have also worked to come up with creative solutions, that involve both buy-outs and other assistance programs.

2. Local and Regional Instabilities: Another top priority is to engage and in some cases to facilitate NIS participation in NATO's Partnership for Peace. Managing the Russian reaction to NATO enlargement and developing new relationships between NATO and, respectively, Russia and Ukraine have been key goals. In 1997, Presidential Determinations were signed making eight of the NIS eligible to receive FMF to facilitate their participation in the PfP. The NATO-Russian Founding Act and the NATO-Ukraine Distinctive Relationship were signal events in the emergence of a stable post-Cold War security system in Europe.

In FY 1997, Presidential Determinations were signed making eight of the NIS (Georgia, Kazakstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Ukraine and Uzbekistan) eligible to receive grant Foreign Military Financing (FMF) for the first time. FMF provides for acquisitions of U.S. defense articles, services and training to improve partners interoperability with the U.S. and NATO Allies. In FY 1999, FMF assistance will continue to be provided, along with International Military Education and Training (IMET) opportunities and DOD support for exercises, conferences and other PfP events, to facilitate the participation of these states in the Partnership for Peace. Our task is to work with Russia via the Founding Act to develop as full and as cooperative a NATO-Russian relationship as possible. We also want to develop to the

fullest extent, the NATO-Ukraine relationship and to encourage all of the new NIS partners to support the PfP goals.

Independence has allowed the peoples of the NIS to begin to enjoy the benefits of democratic self-rule and free development. It has also, however, brought forth a host of interstate differences. We have worked energetically for the normalization of Russia's relations with its neighbors. Significant developments include the withdrawal of Russian troops from the Baltics in 1994 and the signing of the Friendship Agreement between Russia and Ukraine in May 1997.

We are also actively pursuing resolution of regional conflicts. The United States joined Russia and France as co-chairs of the OSCE Minsk Group working for peace in Nagorno-Karabakh. Our effort to promote the development of oil and gas resources in the Caspian region in part is to support regional economic integration and stability as well as develop an alternative source of hydrocarbons. In this regard, the Administration continues to oppose Section 907 of the Freedom Support Act. By forbidding aid to the Government of Azerbaijan, the Section singles out one of the parties to the Nagorno-Karabagh conflict, reducing our ability to act as an honest broker. We are also supporting U.N. efforts to contain conflict and promote peace settlements in Georgian and Tajikistan. As diplomacy bears fruit, we must be prepared to assist in reconstruction efforts and help to secure the way for development of the petroleum resources of the region. Following the signing of a national reconciliation agreement in Tajikistan, the U.S. pledged $25 million to the reconstruction efforts there. As other conflicts move toward settlement we will seek funds for reconstruction there.

The development of normal relations among the NIS and with their neighbors continues to pose challenges. Russia's relationships with the Baltic states, particularly Estonia, remain uneasy. We persist in encouraging Russia and Estonia to sign an agreement to resolve their border differences. Virtually all the NIS fears the assertion of a Russian sphere of influence in regions of the former Soviet Union, and they look to the U.S. as a bulwark against such aspirations. Our policy of strong support for NIS independence, sovereignty and territorial integrity is intended to bolster peace, stability and prosperity throughout the region. In addition, we are encouraging states to develop new patterns of regional cooperation, such as the Central Asian Peacekeeping Battalion and a proposed Polish-Ukrainian Peacekeeping Battalion.

B. U.S. Economic Prosperity

1. **Opening Foreign Markets:** Partnership for Freedom activities are designed to remove impediments to U.S. and other foreign trade and investment by reforming tax codes, establishing property rights and shared registries, and ensuring repatriation of profits. These efforts are reinforced by increased U.S. aid activities designed to speed the accession of the NIS into the WTO.

2. **Expanding U.S. Exports**: U.S. business interests in the NIS have grown dramatically. U.S. direct investment in the NIS has roughly doubled every year. For example, U.S. direct investment in Russia alone increased from $94 million in 1992 to $1.3 billion in 1996. Our trade with the NIS has also doubled since 1992, from $2.5 billion that year to over $5 billion in 1997. The fast pace of growth in U.S. commercial activity reflects the great potential demand of these countries, but the amount of transactions is still relatively small given the size of the markets. PFF resources will support U.S. firms participating in NIS markets, both by providing access to trade credits and projects insurance, as well as business support programs such as the American Business Centers. The Trade and Development Agency and the EXIM Bank play important roles in helping firms in the region to upgrade their technology by purchasing products and services from U.S. business. The Overseas Private Investment Company, meanwhile, helps to protect U.S. investors active in the region by providing access to political risk insurance.

Caspian Basin energy resources command considerable attention as opportunities for U.S. firms. In order to further investment and development, we are encouraging Caspian Sea littoral states to adopt principles such as clear property rights. We are actively promoting multiple export pipelines for the Caspian and adjacent regions. Our major goals in this energy-rich area are to foster the development of regional resources, diversify world energy supplies and enhance Western energy security, and promote U.S. commercial interests. With our support, U.S. firms are actively involved in developing these resources.

3. **Increasing Global Economic Growth as well as Promoting Broad Based Growth in Transitional Economies**: Our support for market reform in the NIS is designed not just to underpin democracy and promote prosperity, but also to contribute to the development of the global economy. Substantial, but uneven progress toward market economies has been made in most of the NIS. Several of the states are achieving significant rates of growth and most appeared in 1997 to have at least halted over a half-decade of declining gross domestic product. NIS economies are still fragile, and the recent Asian financial problems may pose risks to the continued development of some NIS markets. While markets in the region, relative to the overall world economy, remain peripheral, a wealth of natural resources, technological sophistication and entrepreneurial spirit all present great potential for the expansion of business and consumer demand in the 21st Century.

U.S. policy, including our assistance programs - particularly the Partnership for Freedom and its investment-oriented initiatives, -- aims to ignite real growth in NIS economies and to support the integration of these states into global economic institutions such as the WTO and APEC, once the necessary standards are met. U.S. assistance programs include activities to promote privatization, establish and develop capital markets, restructure key sectors of the economy, such as energy and agriculture, and promote investment. The Partnership for Freedom initiative includes a special focus on trade and investment, particularly through small and medium business in the

region. This effort deserves a significant increase in FY 1999. A new Regional Investment Initiative in Russia, for example, is helping regional governments make the policy changes necessary to attract investment and promote economic growth. Three U.S.-backed enterprise funds operating in the NIS serve as catalysts for spreading economic prosperity by making direct investments in lending programs for NIS business. Peace Corps volunteers are at work in eight of the countries making important contributions to economic development at the grassroot level through business advisory centers and local community business associations. The Peace Corps is planning to add a ninth program in Georgia in FY 1999.

U.S. efforts to promote economic growth in the NIS are carried out in close coordination with donors, such as the World Bank, the European Bank for Reconstruction and Development, and others. For example, the U.S. has closely coordinated its work to promote investment in the region with the EBRD. Through its Russia Small Business Fund, the bank provided nearly 1,900 small loans and 14,000 micro loans to Russian businesses, with a total value of over $200 million. In several instances, the U.S. has contributed the technical assistance for such projects, allowing other donors to concentrate their resources on providing actual financing to businesses.

C. Law enforcement

1. Minimizing the Impact of International Crime on the United States and Its Citizens: The spread of Eurasian organized crime is of great concern. "Mafia" activities in Russia and much of the NIS seriously threaten the development of commercial business and banking. Emphasizing cooperative efforts and partnership between U.S. and NIS law enforcement agencies, we have established relationships to help U.S. agencies protect our citizens from crime in the NIS and the United States. A major emphasis of our assistance is geared toward strengthening law enforcement institutions in these countries to develop in-country capacity to combat crime, and we are requesting an increase in FSA for this purpose in FY 1999. We also have initiatives aimed at making local government practices more transparent to counter the endemic corruption that works against economic advancement and hinders U.S. investment. Our rule of law programs have provided extensive assistance to NIS governments as they draft criminal codes and support the establishment of independent judiciaries capable of fighting organized crime and corruption.

2. Significantly Reducing the Entry of Illegal Drugs into the United States: Bordering on Afghanistan and Iran, many of our posts in the transit countries of Central Asia and the Caucasus confront increased narcotics trafficking. The ongoing conflict in Afghanistan has exacerbated the problem of smuggling. Counter-narcotics and anti-crime cooperation is a NIS-wide goal, but one we have insufficient resources to implement. Our efforts to assist the NIS in strengthening their border controls will complement strategies to prevent illegal and dangerous arms trafficking as well as help reduce the flow of narcotics.

D. Democracy:

Increasing Foreign Government Adherence to Democratic Practices and Respect for Human Rights: Promoting democratic institutions in an area with a strong authoritarian legacy is one of our biggest and most important challenges throughout the NIS. We have seen significant advances in most of the NIS, but not everywhere. Recent presidential elections in Kyrgyzstan, Georgia, Moldova, and Russia were reasonably free and fair, but Armenia's 1996 presidential voting was seriously flawed. Despite early progress toward democracy and the rule of law, the Belarussian government reversed course in 1996, and there are no indications now that reform will resume anytime soon. Turkmenistan and Uzbekistan have not moved far from their authoritarian pasts. For this reason we are focusing our assistance on grassroots programs, exchanges and non-governmental organizations in these countries.

U.S. policy aims to help NIS leaders understand that their countries' long-term stability depends on the development of participatory democracy, respect for human rights and the rule of law. Our assistance programs emphasize these values through support for elections when they do take place, aid for non-governmental organizations seeking to hold government accountable, bolstering an independent judicial system that can enforce its judgments, and backing for efforts to promote citizen participation in civil society. Our assistance through the Partnership of Freedom promotes direct exchanges and partnerships between citizens of the U.S. and NIS to fashion lasting ties that will build democracy starting at the grassroots level. The Organization for Cooperation and Security in Europe (OSCE) is active in Georgia, Moldova, Ukraine and Tajikistan and has reached agreement to send a mission to Belarus. We have supported the establishment and strengthening of a regional OSCE office in Central Asia.

E. Humanitarian Response:

In a vast region that is marked by strife as well as natural disasters, we will direct humanitarian assistance resources and relief efforts as necessary. In Armenia and Georgia, we will continue to provide gradually declining amounts of wheat and fuel to enable these countries to deal with the poorest of their people as economic reform takes hold. Our food aid in Tajikistan has been important to that country's efforts to resolve its civil conflict. Our medical supplies and equipment, delivered through Operation Support Freedom, help NIS deal with health care problems as their own health-care delivery systems are restructured. Finally, we will direct assistance programs that enable NIS governments to provide humanitarian and social services to their citizens.

F. Global Issues

1. **Securing a Sustainable Global Environment:** At this stage in NIS development, our goal is to reduce the health risks to humans of environmental degradation. Many of the world's most notorious environmental clean-up sites are located in the NIS. Chornobyl is one of the more infamous ecological disasters, but there are hundreds

more. We are working closely with Ukraine, in a G-7 framework, toward shoring up the sarcophagus that entombs the highly radioactive materials still located on the sites of the 1986 nuclear disaster, to shut down the remaining operational reactor at Chornobyl, and to ensure the plant's operational safety in the interim. We are contributing resources to the international effort to phase out ozone-depleting chloroflourocarbons from the NIS, and we encourage Moscow to meet its commitments to do the same under the Montreal Protocol.

The rapid shrinkage of the overexploited Aral Sea has severe implications for regional water supply and public health. We are encouraging regional cooperation among the Central Asian states to solve urgent water-sharing and related energy issues. In recognition of these challenges, we have worked to establish a Regional Environmental hub at Embassy Tashkent in 1997. We plan to add a second hub to cover Black Sea and Caspian issues in 1998. We are also considering a environmental bond guarantee program which would promote investment in infrastructure projects in the areas of water, sewer, and other environmental and public health-related areas.

Market reforms can also have the dual impact of improving the environment by ending artificial pricing which led to gross over consumption, wasted energy resources and little incentive for proper maintenance of petroleum pipelines. For example, U.S. efforts to help reform district heating systems in the NIS have resulted in increased energy efficiency and lower heating costs, while presenting new opportunities for U.S. business to sell modern equipment. The participation by Western oil companies in oil and gas development in the NIS is also serving to introduce advanced technology, which will help in the industry's clean up.

USAID's Russia program is directing FY 1998 resources to address climate change through reforestation and fire management work in the Russian Far East. Conducted with the U.S. Forest Service the program targets replication grants to Russian groups to repeat USAID's forestry sector successes in the RFE; and works through energy regulatory activities making this key sector more efficient and transparent. Peace Corps volunteers across the region have made an important contribution to this goal by organizing environmental activities with thousands of students and community members participating in public awareness campaigns, clean-up projects, and tree-planting efforts.

2. **Protect Human Health and Reduce the Spread of Infectious Diseases:** The collapse of the Soviet Union left the health delivery system across the NIS with few resources to fight a rise in infectious diseases, childhood mortality, declining life expectancy rates and related problems. The FY 99 proposal includes increased funding to combat infectious diseases, improve maternal and child health and address the growing threat of HIV/AIDS. These programs are designed to have a direct and positive impact on the lives of the citizens of the NIS. In addition, we will continue work to improve health policy in the NIS. Peace Corps volunteers in the region are

contributing by developing curriculum and training to improve the quality of local medical workers and respond to the need for maternal and child health care.

3. **Stabilize World Population Growth**: Many of the NIS are plagued by high rates of abortion, caused by a lack of knowledge of and access to contraceptive practices. We intend to continue and expand work to combat the high rate of abortion in the NIS through programs designed to improve access to and knowledge of contraceptive practices.

G. Diplomatic Readiness

1. **Human resources**: American staff is very thin at most NIS posts. Typically a single officer covers a wide range of issues with no back-up. There is usually very little "surge" capacity to deal with emerging priority issues or support large numbers of visitors. With a heavy workload and long hours under difficult working conditions, posts cannot keep up with all requirements. All posts suffer from long staffing gaps. At substantial expense, we employ retired officers and send them to the NIS posts to fill the most critical gaps. An FSN cadre is developing, but it is a challenge to retain local employees who, once trained, are in demand from higher-paying organizations. We intend to work closely with our posts to ensure that salaries and benefits are competitive to attract new recruits and retain veterans.

2. **Information**: Due to the inability of the IM bureau to fund all overseas information technology upgrade requirements, we have spent scarce bureau funds to install CLAN systems in Embassies Baku, Kiev and Ashgabat. We intend to install or upgrade CLAN systems at our remaining posts by the year 2000.

3. **Infrastructure and Operations**: Aside from Moscow and St. Petersburg, the NIS posts were establish six years ago with inadequate funding; our people live and work in severely substandard and sometimes dangerous facilities. We need to improve living and working environments in order to promote morale and productivity. NIS posts have not been able to establish basic inventories of spare parts to support maintenance, motorpool, appliances, office equipment, or security. Original furnishings and equipment are nearing the end of their life cycles. Unfunded requirements range between $100,000 and $300,000 per post.

III. Conclusion

In 1993, President Clinton set a course for U.S. policy toward the NIS that would enable us to advance our most basic national interests and to serve our highest national ideals. From the creation of new security relationships through the Partnership for Peace and new NATO relationships with Russia and Ukraine, to the denuclearization of Ukraine, Kazakstan and Belarus and the sprouting of democratic seeds across twelve time zones, we have realized gains that have immeasurably improved the prospects for a secure and stable world. Far more work remains to be done in managing the critical

security, economic and environmental challenges remaining in the NIS. We need the financial resources to ensure that we continue to be able to do the job into the next century. This means adequately resourcing our diplomatic posts as we carefully target appropriate assistance funding. The President's new Partnership for Freedom, with its modest increase in assistance funds, deserves strong support. Sustained U.S. engagement will be needed over the next several years to further our national interests in firmly rooting economic and political reform in still difficult terrain.

International Affairs Budget by Account and Budget Function

Region: NIS

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$767,239**	**$929,451**	**$1,113,490**
Export- Import Bank loans program account	53,262	48,878	57,965
Foreign Military Financing	12,800	14,450	13,000
Freedom Support Act	621,550	770,798	925,000
International Military Education and Training	3,904	4,650	4,740
Migration and Refugee Assistance	35,797	26,400	29,000
Non-proliferation, anti-terrorism, demining, and related programs	..	8,000	24,000
Operating Expenses of the Agency for International Development	18,132	20,968	20,164
Peace Corps	12,194	26,484	29,118
Trade and Development Agency	9,600	8,823	10,503
Other Function 150	**$127,658**	**$99,026**	**$102,634**
Contributions for International Peacekeeping Activities	4,820	11,650	18,000
Diplomatic and Consular Programs	44,843	42,618	47,491
Educational and Cultural Exchange Programs	55,571	29,933	24,015
International Information Programs	12,947	14,825	13,128
P.L. 480	9,477	..	..
NIS Total:	**$894,897**	**$1,028,477**	**$1,216,124**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: NIS

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$29,040**	**$39,038**	**$43,944**
Foreign Military Financing	12,800	14,450	13,000
Contributions for International Peacekeeping Activities	4,820	11,650	18,000
Educational and Cultural Exchange Programs	348	292	251
International Information Programs	2,419	2,883	2,313
International Military Education and Training	3,904	4,650	4,740
Diplomatic and Consular Programs	4,749	5,113	5,640
Eliminate Threat of WMD	**$37,878**	**$31,752**	**$32,918**
Diplomatic and Consular Programs	8,378	6,452	6,918
Freedom Support Act	29,500	17,300	2,000
Non-proliferation, anti-terrorism, demining, and related programs	..	8,000	24,000
Open Markets	**$24,113**	**$36,723**	**$39,834**
Diplomatic and Consular Programs	683	1,144	1,486
Educational and Cultural Exchange Programs	12,975	3,624	1,711
Freedom Support Act	8,330	29,560	33,500
International Information Programs	2,125	2,395	3,137
Expand U.S. Exports	**$81,542**	**$86,096**	**$98,383**
Trade and Development Agency	9,600	8,823	10,503
Diplomatic and Consular Programs	490	435	915
Freedom Support Act	18,190	27,960	29,000
Export- Import Bank loans program account	53,262	48,878	57,965
Increase Global Economic Growth	**$242,362**	**$260,631**	**$302,013**
Freedom Support Act	241,960	260,234	301,500
Diplomatic and Consular Programs	402	397	513
Promote Growth in Developing & Transitional Economy	**$7,804**	**$9,578**	**$10,451**
Peace Corps	7,804	9,578	10,451
Enhance Security/Safety of Americans Abroad	**$723**	**$724**	**$724**
Diplomatic and Consular Programs	723	724	724
Control the Flow of Immigrants and non-immigrants	**$1,409**	**$1,376**	**$1,500**
Diplomatic and Consular Programs	1,409	1,376	1,500
Minimize the Impact of International Crime	**$13,504**	**$24,053**	**$32,363**
Freedom Support Act	12,000	22,770	31,000
Educational and Cultural Exchange Programs	592	497	427
Diplomatic and Consular Programs	912	786	936
Reduce International Terrorist Attacks in the U.S.	**$456**	**$436**	**$432**
Diplomatic and Consular Programs	456	436	432
Increase Adherence to Democratic Principles	**$131,804**	**$193,023**	**$287,966**
Freedom Support Act	113,150	183,054	280,700
Educational and Cultural Exchange Programs	12,826	3,499	1,603
International Information Programs	4,698	5,304	4,269
Diplomatic and Consular Programs	1,130	1,166	1,394
Humanitarian Response	**$132,183**	**$156,217**	**$146,807**
P.L. 480	9,477	..	..
Migration and Refugee Assistance	35,797	26,400	29,000
Freedom Support Act	86,000	128,980	116,800

International Affairs Budget by Bureau by Strategic Goal by Account

Region: NIS

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Diplomatic and Consular Programs	909	837	1,007
Secure a Sustainable Global Environment	**$80,663**	**$82,344**	**$86,917**
Diplomatic and Consular Programs	1,121	1,050	1,221
Educational and Cultural Exchange Programs	357	300	257
Freedom Support Act	76,990	78,300	82,500
Peace Corps	2,195	2,694	2,939
Early Stabilization of World Population	**$10,000**	**$10,000**	**$10,000**
Freedom Support Act	10,000	10,000	10,000
Protect Human Health & Reduce Spread of Diseases	**$26,821**	**$15,548**	**$41,153**
Peace Corps	2,195	2,694	2,939
Diplomatic and Consular Programs	226	214	214
Freedom Support Act	24,400	12,640	38,000
Public Diplomacy	**$32,178**	**$25,964**	**$23,175**
International Information Programs	3,705	4,243	3,409
Educational and Cultural Exchange Programs	28,473	21,721	19,766
Diplomatic Readiness	**$42,417**	**$54,974**	**$57,544**
Operating Expenses of the Agency for International Development	18,132	20,968	20,164
Freedom Support Act	1,030	..	..
Diplomatic and Consular Programs	23,255	22,488	24,591
Peace Corps	..	11,518	12,789
NIS Total:	**$894,897**	**$1,028,477**	**$1,216,124**

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: The United States and its allies will not be threatened by weapons of mass destruction (WMD) or destabilizing conventional arms races.

OPERATIONAL GOAL: To work with Russia and other NIS to prevent the proliferation of WMD and their technologies, and to pursue effective arms control that will reduce weapons stockpiles, build confidence and reduce the possibility of the accidental use of such weapons.

STRATEGY:

We will pursue a vigorous diplomacy with Russia, Ukraine, Kazakstan and other NIS to persuade them to take effective steps to end cooperation with Iran's WMD programs and, more broadly, prevent any cooperation that would contribute to the spread of WMD and their technologies. We will attempt to build on an existing web of international agreements aimed at preventing proliferation of weapons of mass destruction and associated technologies (MTCR, CTBT, Australia Group, CWC, BWC, Wassenaar Arrangement, etc.) to inhibit the transfer of dangerous technologies or weapons. This will require a concerted and continuing diplomatic effort to convince Russia and the other NIS that compliance with and effective enforcement of these agreements is in their own best interests and outweighs any possible short-term commercial gain. Our assistance programs will remain a critical component of efforts to help strengthen border controls, customs enforcement and other functions that will help the NIS avoid being used as conduits for smuggled weapons and technology transfer. The DOD Cooperative Threat Reduction Program and other assistance and cooperative programs to help Russia and other NIS destroy weapons and related infrastructure and equipment under existing and future arms control agreements remain critical, as well. Approval of the increased FY 99 request for CTR programs--$443 million, up from $382 million last year—will be very important to this effort. Assistance programs will also be used to help safeguard and control nuclear materials which could be used in WMD development and technology transfer.

OBJECTIVES:

1. Secure Russian ratification of START II, successfully negotiate START III and reach agreement on ABM/TMD demarcation in order to reduce the threat of general nuclear war.

2. Improve nuclear weapons safety in Russia and elsewhere by expanding the nuclear Materials Protection, Controls and Accountability (MCP&A) program.

3. Help prevent the proliferation of WMD, WMD technology, and advanced conventional weapons by securing the agreement of the NIS to curb such transfers and through cooperation and assistance on steps to prevent proliferation, including export control programs and stronger border controls. Cooperation between Russia and Iran is of particular concern and should receive high priority.

4. Enhance Russian compliance with nonproliferation and technical transfer agreements, thereby limiting transfer of WMD and WMD technology to potentially hostile parties.

5. Encourage Russia to ratify the CWC and to fully participate in its implementation, including full compliance with its destruction requirements, while providing necessary assistance to help Russia achieve this goal.

6. Secure Ukraine's adherence to the MTCR.

ASSUMPTIONS:

- While the United States cannot fully deny WMD technologies to hostile states/organizations, it can retard the rate at which advanced technologies appear in their arsenals or deter their use. Russia, Ukraine, Kazakstan and other governments generally share this goal.
- Economic pressures and differing perceptions of the threat of WMD proliferation make Russia reluctant to fully enforce many existing agreements. The same pressures make it difficult for Russian and other NIS leaders to argue against sales to pariah states.
- Russia and the U.S. will continue to recognize the importance of cooperation in this area, but a long history of mutual distrust and competing geo-political interests will make progress slow at times.
- CTR and other assistance funds remain available to support NIS arms control and arms reduction goals.

INDICATORS:

- Continued Russian compliance with START I and INF.
- Russian ratification of and compliance with START II and CWC.
- Progress on START III once START II is ratified.
- Russian and other NIS compliance with, and effective enforcement of, MTCR, CTBT and other agreements aimed a limiting the spread of WMD and related technologies.
- Russia agrees to expand the MPC&A program to additional sites.
- Russia ends WMD cooperation with Iran and other NIS companies prevent WMD and technology transfers to third countries.

- NIS countries cease arms, and arms technologies transfers to other countries, pariah states and adopt reasonable positions on such transfers generally.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: NATIONAL SECURITY

STRATEGIC GOAL: Ensure that local and regional instabilities will not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Develop institutions and mechanisms to mediate disputes and to provide assistance in addressing underlying conditions that could lead to instability.

STRATEGY:

Use diplomacy and U.S. assistance resources, where appropriate, to prevent and contain regional instability and to work toward appropriate long-term solutions, including in support of reconstruction as our diplomacy bears fruit. Among key assets are U.S. aid to promote economic stability, the development of democratic norms and democratic control of defense forces, human rights, and the fostering of civil societies characterized by the rule of law. When faced with instabilities, we will seek to reduce them or, at least, to prevent their escalation by supporting regional or other international mediation. While direct U.S. involvement should be considered only sparingly, if U.S. interests dictate, or if other mediation has failed, the United States should be prepared to use its prestige, authority, and resources to intervene appropriately.

OBJECTIVES:

1. Contain the conflict in Nagorno-Karabakh and achieve a long-term settlement through our role as OSCE Minsk group co-chair and our bilateral relationships with Azerbaijan and Armenia. If an initial agreement is reached, contribute to reconstruction efforts in cooperation with international financial institutions.

2. Support the UN peace process on Abkhazia toward maintaining the cease-fire and a lasting solution to the conflict.

3. Ensure the June 27 Moscow peace accord on Tajikistan signed by the government and the United Tajik Opposition has a chance to succeed, including by extending and expanding UNMOT's mandate to effectively monitor the disarmament and demobilization of UTO forces and their integration into the Tajik military.

4. Contain the conflict in Transdniester through emphasis on effective OSCE monitoring and mediation.

ASSUMPTIONS:

- Russia, both directly and especially through the Commonwealth of Independent States, will continue to be active throughout the former Soviet Union. Russia's policies and behavior will in some instances support the amelioration of regional instabilities, but in other instances may be a source of them.

INDICATORS:

- The conflicts in Nagorno-Karabakh and Abkhazia are contained and settled.
- Implementation of the Tajikistan peace accords proceeds on schedule.
- The Transdniester conflict is contained and moved toward a lasting settlement.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Democracy

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Develop and support stable civil, legal, economic, and political institutions that support democratic principles and practices and strengthen protection for human rights.

STRATEGY:

We will use U.S. diplomacy and our assistance programs to support democratic institutions, the rule of law, and a civil society in the NIS through long-term vehicles such as NGOs, independent media, and citizens' advocacy groups that will sustain themselves in the long run, independent of U.S. bilateral assistance. We will also seek to expand institutional partnerships and exchanges to support cooperative activities and grass-root ties between U.S. and NIS citizens, and to develop civil society by expanding cooperation on criminal justice reform and law enforcement programs that address crime and corruption.

OBJECTIVES:

1. Encourage the development of political parties, promote capacity-building efforts by parliaments and encourage open electoral processes.

2. Foster participatory civil society by creating an effective non-profit/non-governmental sector and developing partnerships among public institutions such as universities, bar associations, charities and advocacy groups.

3. Enhance the integrity of democratic institutions via training in order to confront and eliminate threats posed by financial fraud, money laundering, organized crime and narcotics, increase bank inspections; increase support for the International Law Enforcement Academy for training NIS law enforcement professionals; provide non-lethal material support such as forensics, computer and communications equipment; and increase training for judges and prosecutors.

4. Instill democratic values among NIS officials and leaders by doubling the number of NIS citizens coming to the U.S. on exchange visits.

5. Encourage cooperation with the OSCE and other international institutions that work to enhance respect for human rights and rule of law.

6. Strengthen the development of free and independent media within the NIS.

7. Develop and strengthen laws, legal/judicial institutions, and civic structures to promote and support the rule of law and the administration and enforcement of justice

8. Launch a pilot project to support management training in Russia in FY 98 and an expanded initiative throughout the NIS in FY 1999.

9. Find a solution to the local taxation of U.S. assistance in various NIS that is draining our assistance program.

ASSUMPTIONS:

- Democratic reform in the NIS is a long-term process that will take many generations to complete.
- Many in the NIS are worse off economically than they were before the collapse of the Soviet Union, leading some to question the continuing high costs of economic and political transition.
- Most NIS feature heavily centralized governments, typically dominated by an executive branch that is reluctant to share power with the legislative and judicial branches.
- Democratic reform will continue to be uneven among the NIS.

INDICATORS:

- Generally free, fair and regularly scheduled local and national elections.
- Increased citizen participation rates in political processes.
- Tangible progress in reducing corruption through improved law enforcement and the establishment of institutions founded on principles of transparency and accountability. Reports of corruption-related complaints by U.S. businesses decline, and complaints related to investment tenders and trade deals are reduced.
- Development of greater judicial independence and improved enforcement of court decisions.
- Improved performance of NIS parliaments, including the capacity to monitor executive-branch accountability on government spending.
- Fewer human-rights-related problems, particularly regarding freedom of expression/media and due process in criminal proceedings.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Open foreign markets to free the flow of goods, services and capital.

OPERATIONAL GOAL: Encourage the New Independent States to normalize and liberalize investment regimes, to enter the World Trade Organization on commercial terms as soon as possible, and to pursue only regional trade agreements that are voluntary, outward looking, and do not undermine national sovereignty.

STRATEGY:

The President's Partnership for Freedom initiative will promote the economic growth of the NIS by supporting the adoption of liberal investment regimes consistent both with WTO and OECD norms, as well as the swift and equitable resolution of individual investment disputes. We will also encourage the NIS to mount WTO accession efforts through diplomacy and by coordinating appropriate assistance efforts. We will urge the NIS to give priority to WTO entry prior to creation of regional trade agreements and discourage the raising of new trade barriers.

OBJECTIVES:

1. Encourage the NIS to improve the investment climate by establishing appropriate legal and economic conditions, dispute-resolution and investment-facilitation mechanisms, and by combating corruption.

2. Promote domestic and foreign investment through lending programs and activities designed to remove trade impediments.

3. Urge Russia to pass legislation related to production sharing agreements that will pave the way for U.S. investment in Russia's energy sector.

4. Work toward legislation graduating Russia, Ukraine, Armenia, Azerbaijan, Georgia and Moldova from Jackson-Vanik so that these countries may be granted unconditional MFN status upon accession to the WTO. Review the other NIS to determine whether they have fully complied with Jackson-Vanik. Work with the NIS to make progress on emigration issues that will increase prospects of Congressional support for graduation.

5. Seek ratification of already negotiated Bilateral Investment Treaties.

6. Urge the Government of Ukraine to modify its system of anonymous bank accounts to permit entry into force of bilateral tax treaty.

7. Use the WTO accession process to educate the Belarussian government on the requirements and advantages of multilateral trade liberalization and the drawbacks of customs unions.
8. Consult with NIS through mechanism of bilateral trade agreements to resolve trade disputes when they arise.

9. Work within the WTO accession process and bilaterally to bring all NIS IPR legislation into compliance with requirements under TRIPs and bilateral agreements.

ASSUMPTIONS:

- The NIS will continue economic reform, though progress will be uneven and in some cases may regress. Other major trading countries support U.S. goals in promoting NIS economic transformation.
- Assistance to the NIS will not be jeopardized by sanctions under Helms-Burton, ILSA or other relevant legislation.

INDICATORS

- Each of the NIS accedes to the WTO.
- Bilateral investment and double taxation treaties with the NIS come into force.
- The number of production sharing agreements in Russia and other countries increases, and U.S. firms win a large share of tender offers.
- Complaints and requests for dispute resolution assistance by U.S. firms in the NIS declines and foreign investment in the NIS doubles over the next five years.
- NIS countries move to graduation from and compliance with Jackson-Vanik.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Expand U.S. exports worldwide to $1.2 trillion by 2000.

OPERATIONAL GOAL: To double U.S. exports to the NIS from the 1996 level of $4.76 billion by promoting effective economic policies and through advocacy for U.S. exporters on major projects and trade disputes.

STRATEGY:

We will use effective advocacy on behalf of U.S. businesses in the NIS, utilization of such trade facilitating mechanisms as EXIM, OPIC, and TDA, and targeted use of Partnership for Freedom and other assistance to expand U.S. exports to the NIS. Related to this, the Partnership for Freedom initiative will support U.S. exports by encouraging NIS policies to open markets, boost growth, and thereby create potential opportunities for American businesses. Support for NIS participation in such global economic institutions as the WTO will buttress further movement toward open trading regimes. The United States will provide specific assistance to help Russian authorities take steps to remove legal and other impediments to increased trade and investment.

OBJECTIVES:

1. Adoption of market-oriented policies by the NIS to promote economic growth in recognition of the fact that the single most important determinant for the growth of U.S. exports will be other countries' economic growth and investment.

2. Accession by the NIS to the WTO on commercial terms as soon as they meet the necessary requirements in order to liberalize access to individual markets and provide specific WTO protections to U.S. exporters.

3. Promote rapid development of energy resources in the Caspian Basin and especially the involvement of U.S. energy companies and associated supply and service companies in that process.

4. Promote adoption of business-friendly tax reform and foreign investment legislation in the NIS as well as full currency convertibility.

5. Work within framework of bilateral trade agreements and joint commissions to ensure NIS markets remain open to key U.S. exports such as meat, poultry and aircraft.

6. Obtain repeal of Section 907 of the Freedom Support Act to permit OPIC and EXIM financing and insurance in Azerbaijan and to permit U.S. assistance to

Azerbaijan for political and other reforms that would facilitate U.S. investment and export promotion.

ASSUMPTIONS:

- U.S. policy on Iran will complicate Caspian Basin development, the outbound transportation of oil and gas production, and the participation of U.S. business therein.
- Progress on economic reform and especially on favorable investment regimes will be uneven.

INDICATORS:

- U.S. exports to each NIS should grow at least at a rate equal to the rate of growth of GDP in these countries.
- Repeal of Section 907 of the Freedom Support Act.
- Companies continue to reap a reasonable proportion of projects associated with the development of the Caspian Basin's energy resources and transportation routes.
- The NIS accede to the WTO.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Economic Prosperity

STRATEGIC GOAL: Increase global economic growth.

OPERATIONAL GOAL: Encourage the NIS to adopt reform programs that will lead to sustainable economic growth.

STRATEGY:

Through the President's Partnership for Freedom (PFF) initiative, participation in IFI support programs, and bilateral discussions with NIS leaders and economic policy makers, we will encourage the adoption of policies oriented toward growth, macroeconomic stabilization, structural reform, and the removal of legal and other impediments to increased trade and investment. In addition, the U.S. will promote investment through small to medium business development and lending programs, including investment activities carried out by U.S. Enterprise Funds and other PFF credit programs.

OBJECTIVES:

1. Working through our bilateral commissions with Russia, Ukraine, Kazakstan and Uzbekistan, we will encourage sound economic and social policies.

2. Press the NIS to adopt aggressive economic reform programs, leading to multi-year IMF programs, World Bank structural adjustment loans and other cooperation with international donors.

3. Support IMF and IRBD efforts to promote continued macroeconomic stability and further structural adjustment in the NIS. Work within these organizations to ensure their programs are consistent with U.S. goals.

4. Work with the governments of the Caspian Basin to develop the legal and commercial infrastructure to support the rapid development of energy resources.

5. Work with the governments of the Caucasus and Central Asia to develop the Eurasian transportation and communications network.

6. Work with NIS through various fora to improve the climate for foreign investment, including through adoption of a new market-oriented tax code. Support NIS measures to improve the investment climate by establishing dispute resolution and investment-facilitation mechanisms and by combating corruption.

7. Implement joint initiatives announced by Presidents Yeltsin and Clinton in Helsinki in March 1997 to stimulate economic growth in Russia, including the development of appropriate lending and investment programs.

8. Encourage regional cooperation.

ASSUMPTIONS:

- March 1998 parliamentary elections in Ukraine could result in an anti-reform majority, slowing implementation of reform programs.
- NIS states will continue to make progress on reform, but the record will be uneven.
- Russia will be able to push key elements of its reform program through the Duma.
- Policy on Iran may hamper U.S. company investment in the Caspian Basin and the development of transportation routes.
- Continued instability in the Caucasus could slow the development of a Eurasian corridor and undermine efforts to enhance regional cooperation.

INDICATORS:

- Agreement between Ukraine and the IMF on a three-year Extended Fund Facility and accompanying structural reforms. IMF programs in NIS states stay on track.
- Increase in domestic and foreign investment in NIS.
- Passage of business-friendly foreign investment law in NIS.
- Passage of tax reform legislation in Russia.
- Resolution of key investment disputes involving U.S. investors in the NIS, especially in Ukraine and Russia.
- Early completion of a Western oil route to transport initial volumes of oil from Azerbaijan to the Black Sea.
- Progress on an East-West main export pipeline.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens And Safeguard U.S. Borders

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad securely.

OPERATIONAL GOAL: Improve consular readiness at embassies and consulates in the NIS by instituting more effective visa procedures and continue to ensure the security of U.S. citizens.

STRATEGY:

We will seek to modernize consular operations throughout the NIS to ensure fast and efficient services and the optimum use of scarce human and financial resources. We will continue striving for improvements in our posts' ability to ensure consular protection for U.S. citizens and maximize host countries' abilities to respond to crises U.S. citizens may experience.

OBJECTIVES

1. Increase training of newly hired ACS/FSNs in order to strengthen customer service orientation and provide better services to visa applicants.

2. Improve consular management by hiring more staff and acquiring new technologies in order to reduce the workload and speed up the process.

3. Work with the NIS to regularize and simplify the visa issuance process.

4. Encourage visa reciprocity, emphasizing visa extensions and low fees.

5. Research adoption policies of the NIS and work with each to establish guidelines for their adoption procedures.

6. Secure freedom of internal travel for U.S. citizens within the NIS.

7. Ensure adequate communication with and protection of American citizens in the NIS.

8. Update, expand by coordinating with local radio stations, and test regularly the NIS warden systems.

9. Provide adequate guidance on safety and emergency procedures throughout the NIS by disseminating written publications, holding mandatory security awareness briefings, and creating consular contact databases.

ASSUMPTIONS:

- The American public will continue to demand a high level of service from U.S. passport agencies and diplomatic and consular posts in the NIS, therefore, producing more work for already understaffed posts. Due to limited local medical, legal, and practical information within most of the NIS, U.S. citizens tend to turn to the embassy for the most basic questions.
- American adoptions of children within the NIS will continue to increase.
- NIV demand will continue to grow due to economic and political change and the growth of business and other connections between the United States and the NIS.
- Different visa procedures in the NIS and the United States will continue to cause tension. High visa fees will persist as long as reciprocity is lacking.
- Lack of travel funding and staffing gaps will continue to hamper consular outreach to and protection of American citizens residing in the NIS.
- Crises and incidents within the NIS will often involve American citizens. The remoteness of many NIS countries and poor quality of internal communication and transportation networks will limit our options in times of crisis.

INDICATORS:

- Formal training for consular FSN's from NIS posts.
- Upgraded telephone and computer systems where necessary.
- Procurement of radio equipment to provide emergency communication capacity at crisis prone posts where such equipment does not exist.
- Installed or upgraded CLAN and unclassified LAN systems at posts where they do not exist.
- Agreements with NIS on visa reciprocity schedules and new visa issuance processes.
- Updated and expanded warden systems within many of the NIS.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Protect American Citizens And Safeguard U.S. Borders

STRATEGIC GOAL: Control how immigrants and foreign visitors enter and remain in the United States.

OPERATIONAL GOAL: Provide effective procedures for the lawful entry of NIS immigrants or travelers while enhancing the consular screening system in order to deter illegal NIS immigration and entry of NIS criminals into the United States.

STRATEGY:

Facilitate travel of eligible NIS nationals to the United States, and impede travel of ineligible NIS nationals by denying them visas. Coordinate border security efforts and establish database links to all agencies involved in immigration. Work with the NIS on migration issues of common concern. Increase the security features of U.S. passports and visas to combat fraud. Pursue through U.S. assistance economic development and democratization strategies that will, over time, change the socio-political factors that lead to illegal immigration from the NIS.

OBJECTIVES:

1. Improve coordination with FBO, FSI, and posts in the NIS to develop new techniques to streamline consular workload.

2. Develop a mechanism to handle illegal immigration of NIS nationals to the United States.

3. Improve exchange of information with NIS authorities to identify local organizations engaging in visa fraud. Develop profiles of fraud cases in order to better detect and prosecute those involved in fraudulent visa cases.

4. Provide adequate training to newly-hired FSNs or hire consular investigators who specialize in detecting visa fraud.

ASSUMPTIONS:

- The United States will remain a desirable destination for immigrants and visitors from the NIS, especially in light of economic conditions. Applicants for non-immigrant visas will increase.
- Sophisticated visa fraud and applications from persons engaged in organized crime will increase.

INDICATORS:

- Illegal immigration from the NIS is contained and reduced.
- Fraud profiles are developed and other actions are taken to curb visa fraud.
- Legitimate travel to the United States increases.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Minimize the impact of international crime on the United States and its citizens.

OPERATIONAL GOAL: Develop policies and programs to combat crime and corruption emanating from the NIS. Strengthen the legal infrastructure to lessen the impact of such activities on the development of democratic and market economic institutions in the NIS and on the security of the United States.

STRATEGY:

Sustain and expand high-level dialogue with senior NIS officials on law enforcement, legislative and rule of law issues. Assist in the development and expansion of partnerships between U.S. and NIS law enforcement and criminal justice agencies as a key component of educating NIS officials on the need to address international organized crime and assist in the development of effective country-specific strategies. Provide assistance and encourage support by other NIS donors to improve criminal justice institutions and other legal and judicial entities within the NIS. Expand law enforcement training to include state and municipal criminal justice agencies. Collaborate with the NIS intelligence community to ensure that data gathering related to international crime is comprehensive and readily accessible to relevant agencies.

OBJECTIVES:

1. Integrate high-level policy dialogue on law enforcement, legislative/regulatory, and rule of law issues into Summit discussions, our bilateral commissions, and governmental and parliamentary exchanges.

2. Develop a law enforcement strategy, including trafficking in women and children, domestic violence and counter-narcotics programs.

3. Increase the integrity of democratic institutions via training in financial fraud, money laundering, organized crime, anti-narcotics and bank inspections; increase support for the International Law Enforcement Academy (ILEA) for training NIS law enforcement professionals; provide support with forensics, computer and communication equipment; and increase training for judges, attorneys and prosecutors.

4. Initiate programs with Russia Ukraine to address corruption and transparency issues.

5. Negotiate Mutual Legal Assistance Treaties with the NIS and bring these treaties before the Senate for approval.

6. Ensure that anti-corruption/crime measures are pursued and achieved with respect to the rule of law and human rights.

7. Establish Russia as a full participating member of the Lyon Group on Transnational Organized Crime of the "Eight."

ASSUMPTIONS:

- Improving the criminal justice system and transparency in the NIS will contribute to their ability to control crime and corruption.
- Russia, Ukraine and the other NIS will continue to move in the direction of democratic and economic reform, including through the development of an adequate legislative and institutional base for combating crime and corruption.
- The NIS will continue to cooperate with U.S. law enforcement and diplomatic agencies to combat crime through various means including case work.
- Continued production of narcotics and increased turmoil in Afghanistan, combined with weak border controls, will exacerbate drug flows through the NIS.

INDICATORS:

- Mutual Legal Assistance Treaties are concluded with selected NIS and submitted to respective legislatures for approval.
- Case work between U.S. and NIS counterpart agencies increases and becomes more effective.
- The NIS pass legislation pertaining to crime and corruption (e.g., money laundering laws; criminal procedure codes, etc.) and improve enforcement mechanisms.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Law Enforcement

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the United States and its citizens.

OPERATIONAL GOAL: Develop policies and programs to reduce the potential for Russian, Ukrainian and other NIS assets to be used in support of terrorist activities. Encourage NIS to join the international community in cooperative efforts to combat terrorism.

STRATEGY:

Establish high-level dialogue with senior NIS government officials on terrorism issues. Continue to promote nonproliferation initiatives with the NIS. Promote casework between U.S. and NIS law enforcement counterpart agencies to prevent terrorism incidents and to bring terrorists to justice. Promote the integration of the NIS into multilateral law enforcement and security institutions. Encourage the NIS to establish an appropriate legal, legislative, and operational base to deal with terrorism.

OBJECTIVES:

1. Continue diplomatic efforts to persuade the NIS not to transfer nuclear, other WMD, and conventional military technologies to pariah states.

2. Use meetings with senior officials and the bilateral joint commissions, exchanges and U.S. assistance programs, to encourage NIS to adopt adequate legislation, legal and operational procedures, and enforcement mechanisms to deal with terrorist activities and incidents.

3. Work with the NIS to improve law enforcement coordination with U.S. and other Western countries on terrorist activities.

4. Coordinate with Russia and the other NIS in providing U.S. assistance in such areas as crisis management and hostage negotiations, as well as information sharing to combat terrorism.

5. Once a Mutual Legal Assistance Treaty is negotiated with Russia, consider a possible extradition treaty with Russia. Consider negotiating extradition treaties with other NIS.

6. Continue to monitor the moves by Russia to improve coordination in the fight against terrorism.

7. Work with Russia to modify its proposal for a Convention on the Suppression of Acts of Nuclear Terrorism in order to fill gaps in the international convention regime.

8. Establish Russia as a full, participating member of the Senior Experts Group on Counterterrorism of the "Eight."

ASSUMPTIONS:

- The NIS will continue to cooperate with U.S. law enforcement and diplomatic agencies to combat terrorism.
- The U.S. Congress will continue to fund law enforcement programs in the NIS.
- Pariah states will continue to look to NIS as a source for conventional and nuclear arms technology.

INDICATORS:

- Cooperation between U.S. and NIS counterpart law enforcement and intelligence organizations on combating terrorism increases and becomes more effective.
- NIS countries pass legislation and establish legal and operational procedures and enforcement mechanisms to deal with terrorism.
- An MLAT is negotiated with Russia.
- Russia joins the Senior Experts Group on Counterterrorism.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Humanitarian Assistance

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters. Improve the well-being of the world's poor.

OPERATIONAL GOAL: Alleviate humanitarian crises in the NIS.

STRATEGY:

Utilize U.S. and multilateral assistance resources to address humanitarian crises in the NIS now existing and as they arise. Coordinate and take proactive steps with the international community to deal with emerging problems.

OBJECTIVES:

1. Facilitate the delivery of humanitarian commodities to those in most need within the NIS. Continue Operation Provide Hope.

2. Maximize ratio of assistance delivered per USG dollar expended to demonstrate effective use of appropriated funds in an environment of ever-diminishing budgets.

3. Provide for target groups in most critical need while facilitating the transition from humanitarian aid to development and technical assistance.

4. Foster an environment and develop programs that may ultimately lead these countries away from dependence on U.S. humanitarian assistance and toward self-sufficiency.

ASSUMPTIONS:

- Regional disasters and conflicts will continue and cause hardships for populations in the NIS.
- Displaced persons will continue to need internationally-donated humanitarian assistance.
- PVOs will continue to support disadvantaged populations in the NIS, and will seek USG assistance to do so.

INDICATORS:

- Quantity of humanitarian assistance, as measured by the dollar value of commodities delivered.
- Effectiveness of deliveries, as measured by low transportation and administrative costs as a percentage of value of commodities delivered.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation.

OPERATIONAL GOAL: The NIS takes positive steps to protect their own and the global environment.

STRATEGY:

Utilize bilateral diplomacy, including through joint commissions when they exist, our assistance programs, and multilateral initiatives, to encourage the NIS to address environmental issues, particularly in the context of sustainable economic development policies. Utilize aid for nuclear reactor safety and support for public health to further advance these goals. Encourage NIS involvement in global environmental fora.

OBJECTIVES

1. Achieve Russian compliance by 2000 with the Montreal Protocol to end production of ozone-depleting substances.

2. Obtain Russian support for an effective system of emissions trading to reduce greenhouse gas production.

3. Support NIS implementation of safety upgrades to Soviet-designed nuclear power plants and closure of the most dangerous reactors to prevent a repeat of the Chornobyl tragedy or the occurrence of a similar disaster. Ensure full implementation of the G-7 Ukraine MOU on Chornobyl closure by the year 2000.

4. Work with the NIS to preserve ecosystems and prevent the loss of endangered species.

5. Expand environmental scientific research with the NIS to benefit our understanding of the world's ecosystems.

6. Launch environmental hub in Central Asia that will focus on water management and complement efforts to combat Aral Sea degradation.

7. Develop in cooperation with other international donors a regional environmental cooperative program for management of the Caspian Sea.

8. Examine alternative mechanisms to encourage investment in environmental infrastructure including waste water treatment plants and industrial pollution abatement projects.

ASSUMPTIONS:

- Environmental improvements in the NIS as a result of U.S. policy initiatives are part of our overall economic and national security policies.
- Environmental improvements are in the long-run interests of all NIS states.
- Soviet-designed nuclear reactors continue to pose safety threats.

INDICATORS:

- Russian compliance with the Montreal Protocol by 2000.
- Creation of a greenhouse gas emissions trading regime.
- Improved safety of Soviet-designed nuclear power plants and closure of the most dangerous ones.
- Improvements in NIS ecosystems.
- Greater scientific cooperation and exchanges between the U.S. and the NIS.
- Closure of Chornobyl on schedule.
- Adoption of environmentally sound water management arrangements and practices.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Stabilize world population growth by 2020.

OPERATIONAL GOAL: Slow population growth in the NIS.

STRATEGY:

Carry out population programs in support of women's reproductive health, family planning services that aim to reduce reliance on abortion, and development and management of sustainable contraceptive services in the NIS.

OBJECTIVES:

1. Ensure the provision of safe and accessible contraceptive methods, thereby reducing the demand for abortion, unintended pregnancies, neonatal mortality, and maternal mortality, and increasing the use of measures to reduce HIV transmission and mitigate the impact of the HIV/AIDS pandemic.

ASSUMPTION:

- Modern, safe and affordable contraceptives will remain in short supply in the NIS.

INDICATORS:

- Increased use of reliable methods other than abortion for fertility control.
- Reduced numbers of maternal deaths during pregnancy and childbirth.
- Appropriate health care available to women, infants and children.
- Increased understanding of methods to stop HIV/AIDS transmission.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

NATIONAL INTEREST: Global Issues

STRATEGIC GOAL: Reduce disease worldwide.

OPERATIONAL GOAL: Reduce disease and threats to human health and well-being in the NIS.

STRATEGY:

Utilize U.S. assistance programs to reduce infectious disease in the NIS, including through hospital partnerships, health finance reform activities, women's reproductive health programs, services to internally displaced persons, disease monitoring and surveillance, childhood immunizations and vaccine procurement, laboratory diagnostics, and tuberculosis and typhoid programs.

OBJECTIVES:

1. Improve infant and child health and reduce infant and child mortality.
2. Combat typhoid outbreaks in Tajikistan and Turkmenistan.
3. Expand access to Western levels of health service through hospital partnerships with U.S. institutions.
4. Support and encourage national immunization programs.
5. Investigate the health consequences of the Chornobyl nuclear disaster, particularly as it affects women's breast cancer, thyroid cancer, and children's diseases.

ASSUMPTIONS:

- The NIS will continue to lack adequate ability to provide for infectious disease surveillance and monitoring without international assistance.
- Assistance can have a beneficial effect in re-establishing national vaccination schedules and in reducing disease.

INDICATORS:

- National immunization schedules are established, funded and observed by the NIS.
- Increased awareness of the necessary responses to typhoid and tuberculosis.
- Completion of training provided through hospital partnerships, health finance reform, reproductive health, and infectious disease control programs.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: Human Resources

OPERATIONAL GOAL: Restructured staffing resources throughout NIS domestic and overseas offices and missions which support high priority foreign policy goals and which respond effectively to crises.

STRATEGY:

Personnel assignments, training programs and staffing levels must be responsive to policy priorities in post Cold-War Europe. Using the Overseas Staffing Model (OSM), Mission Program Plans (MPP) and financial planning tools, we will analyze short- and long- term staffing needs on a regular basis, and recruit and train qualified employees to fill positions. The EUR Bureau Executive Office will continue to support the new NIS bureau domestically and overseas. Short-term, acute staffing needs will be filled on a temporary basis, and American and FSN positions may be shifted to meet new priorities. We will establish a regional support and training center in Frankfurt to provide cost-effective training to FSN employees, with appropriate billing to ICASS accounts. On-going, structured training programs will permit FSN employees to take more active and responsible roles in post management, while new technologies are deployed to compensate for reduced staffing and increased responsibilities.

OBJECTIVES:

1. Staffing support: Provide temporary duty personnel to cover NIS post staffing gaps resulting from temporary absences of assigned personnel or the inability of the Department to fill Foreign Service positions.

2. Regional Support Center: Establish a multifunctional administrative support and training center in Frankfurt in FY 1999, using existing property assets. The center will improve administration and oversight of small posts in the NIS and will provide ongoing administrative, budget, general services and personnel training to FSN employees of ICASS serviced agencies at EUR and NIS posts. Consular, protocol, political and economic training will be added to the curriculum at a later date.

3. Functional organization: Complete restructuring of domestic NIS offices into a new geographic bureau, thereby increasing effectiveness and efficiency with which policies are managed and resources deployed throughout the NIS.

ASSUMPTIONS:

- The severe shortage of Foreign Service administrative, general services, information management, secretarial, and budget personnel will continue, extending staffing gaps and further reducing the ability of posts to manage new policy initiatives or periodic crises.
- With increased staffing gaps, compensating for centrally funded permanent employees with bureau funded temporary employees will continue to erode bureau financial resources.
- Trained FSNs will be capable of assuming increased responsibilities for post operations, permitting less reliance on off-shore administrative support for NIS posts.

INDICATORS:

- Number and duration of TDY staffing support provided to NIS posts.
- Establishment of regional support center in Frankfurt.
- Establishment of separate regional bureau for the NIS.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: Infrastructure and Operations

OPERATIONAL GOAL: Improved management of physical plant and property resources to support USG policy objectives.

STRATEGY:

We will continue to upgrade working and living facilities in the NIS until they are on a par with U.S. Government standards worldwide. In concert with FBO, we will establish bureau-wide priorities for property improvements and then determine if properties should be sold, exchanged, or upgraded to ensure that our missions are appropriate platforms for all USG agencies present at our posts overseas.

OBJECTIVES:

1. Establish bureau-wide priorities for real property acquisition, sale, management and maintenance, in consultation with FBO.

2. Acquire new property in the NIS which meets acceptable standards for employee/family safety and morale.

ASSUMPTIONS:

- Funding for property acquisition will remain static.
- Other agencies will require increased use of USG property assets overseas.
- The supply of Western-style office and residential properties in the NIS will increase as economies in those countries improve.

INDICATORS:

- Purchase and rental of better office and residential properties in the NIS.
- Decline in maintenance and rehabilitation expenses as more economic properties are acquired.
- Survey of employees and family members in the NIS on their satisfaction with working and housing conditions.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: Infrastructure And Operations

OPERATIONAL GOAL: Creation of a Department-wide capability to link resources to policies and priority programs.

STRATEGY:

The State Department does not have adequate methodology to measure resources (particularly in regard to personnel and funding) committed to supporting policy goals and objectives. In order to develop such a methodology, EUR/EX is developing a tool, linked to Mission Program Plans and budgets, to determine precisely where resources are being spent: Resource and Budget Integration Tool (RABIT). Senior Department managers have indicated their intention of adopting RABIT for use Department-wide. The methodology is currently being tested at a variety of pilot posts, with the aim of instituting it on a worldwide basis in FY 98. When this tool is fully operational, post and bureau management will be able to assess precise program costs, and to shift resources when necessary to support higher priority programs. This information will be linked, in a consistent format, to the Department's strategic planning process.

OBJECTIVES:

1. Establish empirical matrix to link policy to resources through a Resource and Budget Integration Tool (RABIT).

2. Complete testing and refinement of the Resource and Budget Integration Tool (RABIT) at pilot posts by the second quarter of FY 1998.

3. Introduce RABIT for worldwide use in the fourth quarter of FY 1998.

ASSUMPTIONS:

- The variety of posts testing the pilot program will provide sufficient and appropriate input for refining RABIT methodology.
- Senior Department managers will continue to support this initiative and to provide leadership, advice and funding for completing the project.
- Once implemented, RABIT will remain useful for several years as USG approaches to strategic planning continue along current lines, emphasizing compliance with GPRA.

INDICATORS:

- Pilot posts report that RABIT is both successful in plotting resources/policy linkages, and easy to use.
- FMP, S/RPP and M/P incorporate RABIT into the Department's strategic planning process.

S/NIS: FY 1999 REGIONAL PROGRAM PLAN

DIPLOMATIC READINESS: Information Resource Management

OPERATIONAL GOAL: High quality, timely information resources management that supports successful implementation of U.S. policy goals and programs in routine and emergency situations.

STRATEGY:

We will make carefully targeted investments in information management resources in order to comply with ALMA and year 2000 requirements, while updating obsolete IM inventories to acceptable standards. Overseas and domestic managers will be tasked to ensure that employees, both American and FSN, have sufficient training to take maximum advantage of new information technology. Acquisition planning and inventories will be continually updated to ensure that EUR competes successfully for priority funding by the Department.

OBJECTIVES:

- Replace all NIS unclassified systems: Target is 6 posts with Year 2000 compliant systems in FY 98, and 8 systems in FY 99.
- Secure funding to replace CLAN systems at 10 NIS posts with year 2000 compliant systems and establish classified e-mail at 11 NIS posts.
- Expand band width at all NIS posts to support the Department's migration efforts, increased Internet support, and telephone applications.
- To meet S requirements for documents for the Secretary, secure funding to replace all VS system terminals in NIS domestic offices with CLAN by the second quarter of FY 98.
- As appropriate, increase use of FSNs and professional associates capable of managing IM programs now staffed by direct-hire personnel.

ASSUMPTIONS:

- Current Wang unclassified systems, used for vital administrative operations, are not Year 2000 compliant and will be too expensive to modify.
- The Department will continue to move toward industry-standard, open architecture systems of PC-based LANS and away from existing minicomputer systems.
- The Department will develop PC-based software to replace current Personnel, Finance and other administrative applications.

INDICATORS:

- Number of posts still relying on Wang technology.
- Ratio of office users to installed and networked Y2K compliant PC's NIS posts and offices.
- Number of trained professional associates capable of handling regular IM duties.

Armenia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FSA	95,010	87,500	80,000
Peace Corps	1,103	1,125	1,161
Total, Armenia	**$96,113**	**$88,625**	**$81,161**

U.S. Foreign Policy Objectives:

A democratic, independent, secure and prosperous Armenia will help ensure the stability of the Caucasus as a whole and help the region fulfill its potential as a gateway from the Caspian Sea and Central Asia to the West. Our relationship with Armenia will influence the course of our bilateral relationship with Russia and affect the role that Iran is able to play in the Caucasus. U.S. leadership, as a co-chair in the OSCE Minsk Group peace process, is vital to achieving a resolution of the Nagorno-Karabakh conflict. A peace settlement would significantly boost regional cooperation as well as Armenia's economic development. Other U.S. objectives include assisting democratization, human rights, and market reform, and promoting U.S. exports to and investment in Armenia. Providing humanitarian assistance to the most vulnerable segments of Armenian society will remain important. We also need to encourage Armenia to develop an effective export control system to prevent both proliferation of weapons of mass destruction and narcotics trafficking.

Strategy for FY 1999:

We will continue our extensive democracy building programs that seek to develop independent media and enhance parliament's role in Armenian politics. Our training programs for judges and prosecutors will aim to create an independent and professional judiciary, which is a necessary precondition for progress in fighting corruption. We will provide assistance to enhance Armenia's export control capability, specifically assisting in the automation of the Armenian export licensing system. We will expand exchange programs targeting current and future leaders. We will also seek to develop and deepen partnerships between Armenian and American educational, professional, scientific and other institutions. The 21st Century Fund project will continue to support the development of Armenia's education sector from secondary schools through universities.

Our economic reform programs will seek to promote sustained economic growth by encouraging development of the private sector in Armenia. We will encourage Armenia to complete privatization of medium- and large-scale enterprises, develop transparent and efficient capital markets, and adopt international accounting standards. Investment-oriented initiatives under the Partnership for Freedom will also promote

private sector growth while supporting Armenia's integration into global economic institutions such as the WTO. In addition, we will help create the economic foundation for both private sector activity and macroeconomic stability in Armenia through our technical assistance on tax reform, the budget process, and government debt financing. Peace Corps volunteers will also continue their cooperation with Armenian entrepreneurs and other international development organizations on the establishment of Business Development Centers, which provide a nation-wide network to promote small- and medium-sized businesses.

The U.S. will continue to increase scientific exchanges with Armenian scientists through the Civilian Research and Development Foundation (CRDF) and will support projects that contribute to the transition to a market-based economy. We also plan to expand our health programs in Armenia in FY99. Key areas of focus will include reproductive health and surveillance of infectious diseases.

We will continue to encourage Armenia's constructive support of nonproliferation activities and will continue support through the Science Centers, to provide opportunities to redirect the expertise of former Soviet weapons scientists in Armenia to meaningful civilian scientific research and commercial projects.

Finally, we will strive to assist Armenia's efforts to strengthen regional stability. We hope to encourage peaceful reconciliation in Nagorno-Karabakh through programs aimed at addressing the humanitarian needs of the victims of that conflict. Assistance may be provided, if circumstances warrant, to encourage Armenian participation in the Partnership for Peace.

Indicators:

- Progress with Azerbaijan toward resolution of Nagorno-Karabakh conflict.
- Increased transparency and restructuring of energy sector.
- Further progress on privatization, especially in such sectors as energy and communications.
- Sustained reform of the judicial system.
- Reduced corruption.
- Accession to the WTO.
- Independent media continue constructive criticism; government reacts appropriately.
- Further development of parliament as an active and professional law-making body that responds to constituents' concerns.
- Increased number of scientific exchanges and collaborations.
- Responsible participation in and full compliance with international export control regimes.
- A more developed and vital education sector that is better able to prepare future leaders.

Azerbaijan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FSA	16,420	21,430	31,500
Total, Azerbaijan	**$16,420**	**$21,430**	**$31,500**

U.S. Foreign Policy Objectives:

The development of an independent, secure, democratic, and prosperous Azerbaijan is an important goal of U.S. foreign policy. Azerbaijan derives considerable geopolitical relevance from its location between Iran and Russia, astride the Eurasian transport corridor, and atop vast oil reserves. The involvement of U.S. firms in the development and export of Azerbaijani oil is key to our objectives of diversifying world oil supplies, enhancing U.S. energy security, and promoting U.S. exports. A secure Azerbaijan is also central to our efforts to foster stability across the Caucasus, as exemplified by our co-sponsorship of the OSCE's Minsk Group peace process in pursuit of a settlement of the Nagorno-Karabakh conflict. In addition Azerbaijan can play a central role in our non-proliferation and counter-narcotics efforts.

Strategy for FY 1999:

We plan to expand our democracy programs in Azerbaijan to help lay the foundation for a democratic state with a firm stake in peace and stability in the Caucasus. We will work with Azerbaijan's political parties and central election commission to provide a framework for free and fair elections. We will also strive to strengthen the independence and professionalism of Azerbaijan's parliament and judiciary. Our programs will also focus on establishing and strengthening non-governmental organizations as key vehicles through which common citizens can express their political and social concerns. In addition, we will work to foster independent media in Azerbaijan. An underlying theme of these programs will be to encourage the Government of Azerbaijan to adhere to internationally accepted principles on the rights of individuals. We plan to complement these initiatives with a wide range of U.S. training and exchange programs that focus on increasing citizen participation in economic and political decision making and expanding our work with educational institutions under the Caucasus-wide "21st Century Fund" project.

Our economic reform programs will focus on promoting U.S. investment opportunities in Azerbaijan. We will channel a significant portion of this assistance through trade and investment promotion agencies such as OPIC, TDA, EXIM Bank, and the Foreign Commercial Service. We also hope that the lifting of restrictions under section 907 of

the Freedom Support Act will allow us to expand our economic reform activities into additional vital areas that are at the heart of our efforts in the region.

We also plan to continue addressing the humanitarian needs of the victims of the Nagorno-Karabakh conflict, which has left 780,000 Azerbaijanis uprooted from their homes.

In addition, we will continue to direct cooperative programs, that will have regional benefits and engage in regular bilateral dialogue with Azerbaijan on security issues. Cooperative programs, particularly in the area of export control, will be necessary to combat the growth in trafficking of narcotics and other contraband in the region.

Indicators:

- Progress with Armenia toward resolution of Nagorno-Karabakh conflict;
- Improved business opportunities for U.S. exporters, oil and other companies;
- Progress in the development of democratic and legal institutions
- Improved human rights practices;
- Strengthening of market economic mechanisms;
- Azerbaijani participation in PfP; and.
- Further development of non-governmental organizations and political parties.

Belarus Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	273	100	100
FSA	6,710	6,710	11,300
NADR	-	-	170
Total, Belarus	**$6,983**	**$6,810**	**$11,570**

U.S. Foreign Policy Objectives:

The United States seeks an independent, democratic Belarus which respects human rights, possesses a market economy, pursues sustainable economic development, contributes to regional peace and stability, and plays a constructive role in the international community. Belarus' status as a nuclear-free state must be preserved. The U.S. also seeks full compliance by Belarus with the Treaty on Conventional Forces in Europe. Even in its current highly selective framework, U.S. engagement with Belarus is directed toward encouraging and supporting Belarus' economic and social interests which, despite official harassment, remain committed to democratic pluralism and economic reform.

Belarus President Lukashenko, who orchestrated a flawed and undemocratic constitutional referendum in 1996, increasingly has challenged the principles of separation of powers; freedom of assembly, expression, and due process; and has failed to maintain Belarus' international commitments. In response, the United States has limited bilateral diplomatic contacts, curtailed direct assistance to the state sector including substantial Cooperative Threat Reduction (Nunn-Lugar) funding and USIS exchanges with leading legislators and judicial officials, and discouraged new U.S. investment in Belarus.

Strategy for FY 1999:

We encourage Belarus to take a more active interest in Warsaw Initiative programs under the Partnership for Peace, with a view to joint peacekeeping and humanitarian relief operations. To support this, the U.S. will provide modest IMET funding. A modest program of export control training deemed to be in our interest, will also continue.

Increasing the stake of the Belarus public in development of a democratically free political system and a market-oriented economy is of paramount importance. U.S. assistance will be provided only to those economic and social sectors which support these fundamental objectives. Our assistance will be channeled to a growing range of non-governmental, private organizations whose stated goals include democratization,

protection of human rights, the rule of law, private enterprise, and an independent media. NGOs and other organizations in neighboring countries may also provide assistance to their colleagues in Belarus. USIA's Democracy Commission and NGOs such as the Eurasia Foundation and NED will continue to perform an important function in reaching those individuals who oppose the authoritarian direction taken by the Belarus Government. Moreover, we will provide modest assistance in health care and disease control.

Converting the economy from one almost wholly state-controlled to one based on private enterprise will increase prosperity and provide a foundation for opposing state repression. Despite the economic hardships imposed by the political system, small-scale privatization of enterprises is still continuing. The U.S. strongly supports the growth of small entrepreneurs in Belarus and will continue co-funding the International Finance Corporation's program of small business privatization. No assistance will be provided to the Government until it ends the repression of its own people.

The U.S. will continue its limited program of humanitarian assistance to the weakest sectors of Belarus society. Official Government persecution and harassment of NGOs that manage these humanitarian efforts only hurt the Belarussian public. Since cutting off that assistance would only hurt disenfranchised and often destitute people and does nothing to pressure the Government to reverse its authoritarian policies, we will continue to support NGO programs which serve a humanitarian purpose. In response to the lingering effects of the Chornobyl disaster, we will continue to distribute excess U.S. military medical equipment and transport medical supplies provided by private voluntary organizations.

Indicators:

- Increased legislative and judicial independence from the executive branch.
- Weakened authoritarian rule with a commensurate decline in dictatorial fiat.
- Increased citizen and NGO participation in the democratic process.
- Increased observance of internationally recognized human-rights norms.
- Restoration of some independent media outlets, their survival, and development.
- Military reform, including non-involvement in political activities and increased international cooperation.
- A significant increase in the number of small-scale enterprises.
- A reversal of official harassment of Belarussian NGOs and their increased role in Belarussian society.
- An end to harassment of western NGOs and their local representatives.

Georgia Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	312	375	380
FMF	700	1,350	1,650
FSA	26,760	92,500	80,700
PEACE CORPS	-	71	1,308
NADR	-	-	230
Total, Georgia	**$27,772**	**$94,296**	**$84,268**

U.S. Foreign Policy Objectives:

Our policy of strong support for Georgia's independence, sovereignty and territorial integrity aims to bolster peace, stability and prosperity throughout the Caucasus. We are therefore working actively to foster conflict resolution throughout the region, which includes our support for UN and OSCE efforts to contain and promote peace settlements of conflicts in Georgia. We also seek to further the regional development of the Caspian Basin's energy resources in order to diversify world energy supplies, enhance Western energy security, and promote U.S. commercial interests in the oil and gas sector. Finally, the U.S. aims to encourage the development of participatory democracy, respect for human rights, and adherence to the rule of law as the fundamental guarantors of domestic stability in Georgia.

Strategy for FY 1999:

U.S. assistance programs will support the second round of economic and political reforms that President Shevardnadze's government launched in 1997. We will continue our extensive democracy building programs that seek to develop independent media and enhance parliament's role in Georgian politics. Our training programs for judges and prosecutors will help to create an independent and professional judiciary, which is a necessary precondition for the success of President Shevardnadze's declared war on crime and corruption. A major focus of our joint efforts on law enforcement in FY 1999 will be to strengthen Georgia's ability to control its own borders. We will also continue to provide assistance to enhance Georgia's export control capability, helping to develop an effective legal and regulatory infrastructure, licensing procedures and practices, detection and enforcement mechanisms, system automation and industry-government relations. These initiatives will enhance Georgia's independence and sovereignty while complementing our regional counter-narcotics and non-proliferation efforts. We will expand exchange programs seeking the participation of current and future leaders. We will also develop partnerships between Georgian and American educational, scientific and other institutions.

Our economic reform programs will promote sustained economic growth by encouraging development of the private sector in Georgia. We will encourage Georgia to complete privatization of medium- and large-scale enterprises, develop transparent and efficient capital markets, and adopt international accounting standards. Investment-oriented initiatives under the Partnership for Freedom will also promote private sector growth while supporting Georgia's integration into global economic institutions such as the WTO. In addition, we will help create the economic foundation for both private sector activity and macroeconomic stability in Georgia through our technical assistance on tax reform, the budget process, and government debt financing.

Recognizing the vital importance of oil and gas to Georgia's economic development, we will also continue our energy sector reform programs. These efforts seek to build the legal and regulatory framework required to increase transparency, encourage restructuring, and thus, attract private investment to Georgia's energy industries. We hope that these efforts will help Georgia to meet its energy needs, thereby obviating the need for U.S. donations of natural gas or heating oil.

We also plan to expand our health programs in Georgia in FY 1999. Key areas of focus will include reproductive health and surveillance of infectious diseases.

We will continue to encourage Georgia's constructive support of nonproliferation activities and will continue support through the Science Centers, to provide opportunities to redirect the expertise of former Soviet weapons scientists in Georgia to meaningful civilian scientific research and commercial projects.

Georgia's IMET program will also facilitate and strengthen the bilateral defense relationship emerging with the United States. A primary objective of the program will be to develop a new cadre of non-politicized officers that understand civilian control of the military.

Georgia will be eligible in FY 1999 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Transfer of EDA to Georgia will support our foreign policy goal of promoting Georgian independence and sovereignty by enabling Georgia to obtain NATO-compatible equipment, such as radios and other communications equipment. Receipt of EDA will also support expansion of Georgia's participation in Partnership for Peace (PfP) activities and facilitate development of the Georgian military, allowing it to participate in future international peacekeeping operations.

Finally, we will assist Georgia's efforts to strengthen regional stability. We will encourage peaceful reconciliation in Abkhazia through programs aimed at addressing the humanitarian needs of the victims of that conflict. In addition we hope to help formalize peace in South Ossetia. We will also facilitate even greater participation by Georgia in NATO's Partnership for Peace program.

Indicators:

- Breakthrough on the UN-sponsored negotiations on Abkhazia.
- Development of indigenous ability to control land and sea borders.
- Responsible participation in and adherence to international export control regimes.
- Increased transparency and restructuring of energy sector.
- Elimination of severe energy shortages.
- Further progress on privatization of energy and other sectors.
- Decision to construct main export pipeline from Baku through Georgia to Black Sea.
- Sustained reform of the judicial system.
- Reduced corruption.
- Accession to the WTO.
- Emergence of more efficient and independent local governments.
- Independent media continue constructive criticism; government reacts appropriately.
- Further development of parliament as an active and professional law-making body that responds to constituents' concerns.
- Increased number of scientific exchanges and collaborations.
- Expanded participation in PfP.

Function 150 Resources	Kazakstan ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	389	550	550
FMF	1,500	2,250	1,750
FSA	35,390	34,650	46,000
PEACE CORPS	1,694	1,681	1,760
NADR	-	-	230
Total, Kazakstan	**$38,973**	**$39,131**	**$50,290**

U.S. Foreign Policy Objectives:

Kazakstan is important to the United States for its strategic energy reserves, for the more than one billion dollars U.S. companies have invested there, and for its role in assuring regional stability in Central Asia. United States interest in the development of multiple pipelines for the transport of Caspian basin oil and gas—ensuring an alternative source for U.S. energy needs—is served through the promotion of a democratic, economically prosperous, and stable Kazakstan. The country is a key player if reliable East-West pipeline routes are to become a reality. U.S. assistance for continued economic reform will promote transparency and diminish corruption, furthering U.S. investment in Kazakstan's energy and energy-related sectors. Close cooperation on a broad range of security issues and continued modest military cooperation will encourage Kazakstan's independence and strengthen security ties to the West. Kazakstan's location at the crossroads between Europe and Asia also makes important its cooperation on transnational issues affecting long-term U.S. security - non-proliferation, international crime, narcotics, and the environment - and our assistance is aimed at strengthening Kazakstan's ability to address these issues effectively.

Strategy for FY 1999:

A key component of our efforts to foster a democratic, prosperous and stable Kazakstan will be our programs promoting democratic reform. We will continue our advocacy training and small grants to over 300 non-governmental organizations, which are emerging as the foundation of a new civil society in Kazakstan. We will also work closely with Kazakstan's Central Election Commission as it prepares for parliamentary elections in 1999 and presidential elections in 2000. In addition, we will encourage the further development of an active and independent media. We will encourage visits by parliamentarians to promote political pluralism and will also focus assistance on development of an independent judiciary that is essential to combating pervasive and debilitating corruption.

We will also focus our efforts on encouraging the Government of Kazakstan to sustain its strong commitment to economic reform. Increased funding under the Partnership for Freedom will support the removal of impediments to trade and investment. These efforts will include technical assistance programs to streamline customs procedures, to raise Kazakstan's trading system to international standards, and thus, to facilitate Kazakstan's accession to the World Trade Organization. We will also concentrate on the further development of Kazakstan's private sector. In order to offer direct support and hope to fledgling companies, we will initiated a wide range of micro-lending and enterprise fund activities. The Central Asian-American Enterprise Fund, a privately managed investment fund capitalized by the U.S. government, will continue to foster private sector growth by making equity investments and extending loans to emerging companies in Kazakstan. Meanwhile our technical assistance programs focusing on tax and budget reform as well as capital markets and financial institution building will help create a policy framework in which the private sector can flourish.

The Kazakstan government actively seeks U.S. commercial investment in its energy sector and hopes to expand its "economic partnership" with the U.S. into other areas of its economy. To further this mutual interest, Partnership for Freedom activities will continue to focus on promoting transparency in privatization and government tenders. These activities will also promote the introduction of legislation that clarifies property ownership and transfer rights, as well as the well-defined rights of parties to economic transactions.

We plan to complement these initiatives with a wide range of U.S. training and exchange programs that focus on increasing citizen participation in economic and political decision making.

The request also allows us to expand our environmental programs. The Governments of the U.S. and Kazakstan will continue their joint efforts to alleviate the consequences of ecological disasters in the Aral Sea region and in the vicinity of the former Soviet nuclear test site at Semipalatinsk. The U.S. will also continue working with Kazakstan and the other four countries of Central Asia to foster regional cooperation on water management.

Kazakstan will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Kazakstan is consistent with U.S. efforts to promote regional stability in Central Asia. EDA would be used for the Central Asian peacekeeping battalion, a newly-formed peacekeeping unit composed of units from Kazakstan, Kyrgyzstan, and Uzbekistan. This peacekeeping unit will promote regional cooperation and enable Kazakstan in the future to engage in international peacekeeping operations. Receipt of EDA, such as NATO-compatible radios and other communication equipment, will enhance interoperability with NATO and other PfP partners.

Another important target of U.S. assistance programs will be reform of Kazakstan's health sector. These efforts will focus on infectious disease diagnosis and control, reproductive health, and reducing maternal and infant morbidity.

The U.S. will continue to increase scientific exchanges with Kazakstani scientists through the Civilian Research and Development Foundation (CRDF) and will support projects that contribute to the transition to a market-based economy. These exchanges provide a source of ideas and technologies upon which new economic activity may be based. Where former Soviet weapons researchers are engaged through CRDF support in civilian work, U.S. nonproliferation policy will be advanced.

One of our highest priorities is to continue to encourage Kazakstan's constructive support for nonproliferation of weapons of mass destruction, weapons expertise and technology. U.S. assistance will continue, through the International Science and Technology Center (ISTC) in Moscow, to provide opportunities to redirect the expertise of former Soviet weapons scientists in Kazakstan to meaningful civilian scientific research and commercial projects. The primary purpose of these efforts is to help prevent the flow of weapons expertise and technology to countries of proliferation concern. This program also supports the transition to market-based economies responsive to civil needs, development of solutions to national and international technical problems, and integration of weapons scientists into the international civilian scientific community.

Another high priority of U.S. assistance continues to be the enhancement of Kazakstan's border security and export control capabilities. The focus of U.S. assistance is on development of effective legal and regulatory infrastructure, licensing procedures and practices, detection and enforcement mechanisms, system automation and industry-government relations.

Finally, the US will encourage Kazakstan to continue to play a lead role in regional military cooperation, as through the Central Asian peacekeeping battalion, in order to strengthen regional stability. We will also urge Kazakstan to participate even more actively in NATO's Partnership for Peace (PfP), while providing modest military assistance, principally through IMET. IMET will focus on professional military education, English language training, and on fostering an understanding of civilian control of the military.

Indicators:

- Completion of large-scale enterprise privatization.
- Continued progress in Kazakstan's accession to WTO.
- Implementation of pension system reform.
- Increase in U.S. and other foreign investment.
- Simplification of company registration procedures.
- Increased independence and activism of judicial branch.

- Independent media continue constructive criticism; government reacts appropriately.
- Decreased morbidity rates, especially among mothers and children.
- Increased number of scientific exchanges and collaborations.
- Responsible member and adherent to international export control regimes.
- More active participation by Kazakstan's armed forces in PfP exercises and in regional peacekeeping/conflict prevention activities.

Kyrgyzstan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	257	325	325
FMF	800	1,350	1,300
FSA	20,780	21,960	29,000
PEACE CORPS	1,183	1,269	1,274
Total, Kyrgyzstan	**$23,020**	**$24,904**	**$31,899**

U.S. Foreign Policy Objectives:

In a region where stability is important to long-term U.S. interest in reliable energy resources, Kyrgyzstan stands out for its steady commitment to the economic reform and democratization that fosters stability. Moreover, the Kyrgyz leadership has consistently promoted regional stability—through mediation efforts in Tajikistan and Afghanistan—thereby advancing U.S. policy interests. Kyrgyzstan has also been active in peacekeeping efforts, including working with its neighbor, Uzbekistan, in establishing the Central Asian Battalion. Kyrgyzstan's isolation and limited resources, however, burden its efforts to become an economically viable, independent state. Kyrgyzstan is at a crucial point in its political and economic development. U.S. technical assistance will continue to focus on assisting Kyrgyzstan's transition to a free-market system, building democratic institutions, supporting civilian authority over the military, encouraging economic reform, and providing humanitarian assistance to help soften serious hardships during the difficult period of economic transition.

Strategy for FY 1999:

Kyrgyzstan has shown the most promising progress toward democracy of any country in Central Asia. Our increased technical assistance supports this transformation by developing Kyrgyzstan's judicial and legislative branches as effective counterweights to the executive. We will also continue our training programs and technical assistance to the judiciary, attorneys (through CEELI) and law enforcement agencies (through INL's Anti-Crime Training and Technical Assistance program). We will organize seminars for political parties and other groups committed to democratic reform. We will promote local government reform through increased technical assistance concerning municipal finance and management. Finally, we will encourage the development of non-governmental organizations, an independent media and educational reform.

Our programs will also continue their heavy focus on sustaining Kyrgyzstan's considerable progress on economic reform. Partnership for Freedom activities will support economic growth through investment and lending programs aimed at stimulating growth of Kyrgyzstan's private sector. The Central Asian-American

Enterprise Fund, a privately managed investment fund capitalized by the U.S. government, will continue to foster private sector growth by making equity investments and extending loans to emerging companies in Kyrgyzstan. At the same time, U.S. technical assistance will focus increasingly on developing a legal and regulatory environment in which the private sector can flourish. The USG will also continue to assist Kyrgyzstan to develop a trading system that meets international standards and facilitates Kyrgyzstan's accession to the WTO. With regard to macroeconomic reform, we will provide resident advisors in Bishkek in the areas of tax reform, improved budgeting, and government debt financing. Additional assistance will support the development of Kyrgyzstan's capital markets.

We plan to complement these initiatives with a wide range of U.S. training and exchange programs that focus on increasing citizen participation in economic and political decision making. Strengthened support for the scientific community will further stimulate economic development in Kyrgyzstan. In addition, Peace Corps volunteers will enhance the quality of Kyrgyzstan's education system by introducing new teaching techniques, establishing libraries and resource centers, and by teaching English to both teachers and students.

Another important target of U.S. assistance programs will be reform of Kyrgyzstan's health sector. These efforts will focus on infectious disease diagnosis and control, reproductive health, family planning, and reducing maternal and infant morbidity.

The United States encourages Kyrgyzstan's commitment to nonproliferation of weapons of mass destruction through activities such as the International Science and Technology Center. In addition, our strategy for encouraging the Kyrgyz Government to develop an effective export control system through NADR funding includes an assessment of the current export control system and the subsequent development of a plan to provide needed training or equipment assistance.

Encouraging Kyrgyzstan's participation in the PfP and CENTRASBAT will support greater regional security. Under the Warsaw Initiative, Kyrgyszstan will receive assistance to participate in PfP exercises: support through FMF will also 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. Such assistance can help address near-term problems which limit Kyrgyzstan's ability to engage in PfP and participate in PfP exercises. To further assist with these endeavors, Kyrgyzstan will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. This assistance also supports greater defense and military cooperation between the U.S., NATO and Kyrgyzstan. International Military Education and Training (IMET) for Kyrgyzstan will contribute to democratic reform by fostering responsible defense resource management, an improved military justice system and respect for the principle of civilian control of the military. IMET will also provide professional military education and English language training.

Indicators:

- Continued growth in number and strength of private firms.
- Sustained progress in Kyrgyzstan's accession to WTO.
- Increase in U.S. and other foreign investment.
- Increased independence and activism of judicial branch.
- Independent media continue constructive criticism; government reacts appropriately.
- Decreased morbidity rates, especially among mothers and children.
- Increased number of scientific exchanges and collaborations.
- Responsible participation in and adherence to international export control regimes.
- More active participation by Kyrgyzstan's armed forces in PfP exercises and in regional peacekeeping/conflict prevention activities.

Moldova Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FSA	27,590	25,000	35,500
FMF	800	1,450	850
IMET	268	450	450
Peace Corps	1,154	1,553	1,598
NADR	-	-	300
Total, Moldova	**$29,812**	**$28,453**	**$38,698**

U.S. Foreign Policy Objectives:

Moldova's political and economic reforms have made it a leader among the NIS countries. With assistance from the United States, the EU and the international financial institutions, Moldova has established a stable currency, privatized enterprises and collective farms, freed consumer prices, and dramatically reduced inflation. Moldova is also a leader in protecting human rights, conducting free and fair elections, and pursuing the peaceful settlement of its ethnic and separatist disputes. Given its progress to date, Moldova will participate fully in the Partnership for Freedom cooperative activities and will benefit from increased technical assistance to support its continuing transition to a market democracy. U.S. foreign policy objectives in Moldova include:

- Support for consolidation of Moldova's fledgling, market-oriented economy, particularly in the area of land reform.
- Promotion of Moldova's democratic evolution.
- Support for a peaceful resolution of the Transnistrian problem and the timely withdrawal of Russian troops from the area.
- Support for the further development of Moldova's civilian-controlled, professionalized defense establishment and its greater interoperability with NATO and U.S. forces.

Strategy for FY 1999:

In FY1999, our principal objective will be to continue facilitation of Moldova's reform process. Accordingly, a large amount of assistance will be targeted toward strengthening and deepening Moldova's privatization and economic restructuring efforts, particularly in the area of land reform. The Government of Moldova (GOM)

hopes to extend a very successful land privatization program (72 former collective farms-1997) to 500 additional farms (1998-1999) representing 70 percent of Moldova's agricultural land. Specifically, technical assistance funds will be used for surveying, land titling and registration, and introducing the legal and regulatory environment that will support the development of a land market in Moldova.

Another primary USG objective is private sector development and the restructuring of nascent private enterprises. In order for these new enterprises to compete globally and attract investment, emphasis will be placed on post-privatization efforts: assisting in the restructuring of the newly privatized enterprises. To promote the growth of the private sector, our funds will 1) assist in the ongoing privatization of state-owned assets; 2) provide needed business credit and investment capital; and 3) develop the institutions necessary to support a market economy. Exchanges and partnerships will expand contacts between Americans and citizens of Moldova.

US assistance will also help strengthen and deepen Moldova's democratic reform process. These efforts include revision and passage of laws and democratic electoral procedures; the development of organized institutions that are the core of democratic society such as Moldova's newly created Central Election Commission and facilitation of public participation in political and economic decision making.

Continued assistance from the Warsaw Initiative will support Moldova's participation in PfP exercises and events, and FMF will further develop Moldova's peacekeeping units and interoperability with NATO. Moldova will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of grant EDA, such as NATO-compatible radios, vehicles and other equipment will help provide the means for Moldova to participate more fully in PfP activities and to participate in future international peacekeeping missions. The International Military Education and Training (IMET) program contributes to democratic reform by fostering responsible defense resource management, an improved military justice system, and greater respect for the principle of civilian control of the military.

The U.S. will direct more assistance to public health issues which improve the lives of ordinary Moldovans, such as maternal and reproductive health and infectious diseases.

Indicators:

- Land privatization program extended successfully to the national level.
- More than half of Moldova's collective farms broken up.
- Number of privatized enterprises that complete share registration increased.
- Reforms instituted in the energy sector.

- Enterprises, particularly in the agribusiness sector, complete post-privatization processes.
- Increased participation of citizens and non-governmental organizations in government and decision making.
- Moldovan participation in PfP and promotion to senior military or defense ministry positions of graduates of U.S. IMET programs.

Russia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	842	900	900
FMF	2,250	2,250	1,500
FSA	94,790	129,094	225,400
Peace Corps	4,217	3,955	3,889
NADR	-	-	18,530
Total, Russia	**$102,099**	**$136,199**	**$250,219**

U.S. Foreign Policy Objectives:

The United States has an overriding national security interest in furthering Russia's development of a civil society and a growth-oriented market economy that are fully integrated into the mainstream of world political and economic relations. The benefits to the United States of a non-threatening and reforming Russia are direct and tangible in terms of maintaining a reduced level of defense spending and opening up a potentially huge export market and alternative source for our energy needs. Russia's fledgling steps toward democracy could be reversed if its people lose hope in economic revival and a more economically secure future. We also have strong interests in preventing proliferation of weapons of mass destruction, protecting Americans from the threat of international crime originating in Russia, and cleaning up the environmental degradation leftover from the Soviet period.

Strategy for FY 1999:

In its second year, the Partnership for Freedom will continue to shift our assistance program away from technical assistance to the central government, and toward the expansion of trade and investment and the development of private sector partnerships and grassroots linkages.

Continued emphasis will be placed on efforts to remove impediments to trade and investment, with a focus on those obstacles most often cited by the U.S. business community. These include tax reform, the introduction of international accounting standards, and crime and corruption. The focus on Russia's regions will also continue, with USAID, USIA, and the Commerce Department carrying out a series of activities designed to improve regional investment climates. These efforts should help to generate the broad-based economic growth Russia needs to achieve long-term stability and should produce many opportunities for U.S. companies to increase exports and form profitable partnerships with their Russian counterparts. Ex-Im Bank, TDA, and OPIC are expected to play key roles in ensuring that U.S. firms are in a position to take advantage of these opportunities.

Crime and corruption not only affect the development of commercial relations with Russia, but they undermine Russia's democratic institutions and threaten U.S. citizens. We plan to deepen our work with local law enforcement agencies, and continue efforts to help Russia establish an effective and independent judiciary.

Another key to Russia's successful transition to a market economy lies in the strengthening of the financial sector and the expansion of credit. In addition to ongoing small and micro-lending programs run by USAID contractors, the U.S.-supported EBRD Russian Small Business Fund, and The U.S.-Russia Investment Fund (TUSRIF), we will implement—initially through a pilot effort possibly run by TUSRIF—a program to make home mortgages more readily available to Russians.

In the long term, Russia's transformation into a market-based democracy will require fundamental cultural changes. For example, many Russians have little or no experience with private enterprise to draw on after seventy years of central planning. The Partnership for Freedom addresses this problem by introducing key individuals throughout Russia to their counterparts and their institutions, using a range of exchange programs operated by USIA, USAID, and USDA. The Civilian Research and Development Foundation will increase scientific exchanges with U.S. educational, scientific and other institutions. The Peace Corps will supplement these efforts at the grassroot level of Russian society by providing direct contact with Americans, offering insights related to agriculture, business, and other fields. These exchange programs are complemented by similar USIA programs funded in the Commerce, State, Justice appropriations bill. Through the Presidential Management Training Initiative, the U.S. will contribute to an international effort developed in response to President Yeltsin's call to train thousands of young Russian managers in western business practices.

Sustaining the positive impact of U.S. assistance efforts in Russia over the long-term requires linkages and partnerships between U.S. and Russian organizations and individuals—at all levels—in the public and not-for-profit sectors as well as private industry. We will continue to provide grants to promote such partnership (administered by USAID, USIA and the Eurasia Foundation) with a greater emphasis on cost-sharing from U.S. as well as Russian public and private organizations. Partnerships are intended to be self-sustaining, and to continue beyond the initial U.S. government investments.

As part of the post-Soviet environmental clean up, we are contributing resources to the international effort aimed at phasing out ozone-depleting CFCs. Moscow will be encouraged to meet its commitments under the Montreal Protocol. We are exploring the possibility of an EPA-run bond guaranty fund to support selected Russian regions and cities to finance environmental cleanup efforts and infrastructure improvements that directly contribute to improved public health.

Targeted assistance to improve the health of the Russian population will be significantly increased. This will include maternal health and childhood survival programs, with a special focus on infectious diseases. The family planning effort in Russia will be continued, since it has succeeded in significantly lowering the number of abortions each year. A major effort to combat HIV/AIDS is also planned.

One of our highest priorities in Russia is to continue cooperation to prevent the proliferation of weapons of mass destruction, weapons expertise and technology. U.S. assistance will continue, through the International Science and Technology Center (ISTC) in Moscow, to provide opportunities to redirect the expertise of former Soviet weapons scientists in Russia and the other NIS to peaceful, civilian scientific research and commercial projects. These activities also support the transition to a market-based economy responsive to civil needs, contribute to the development of solutions to national and international technical problems, and facilitate the integration of weapons scientists into the international civilian scientific community. Appropriations requested for this purpose under Function 150 complement arms reduction and nuclear safety activities funded under Function 050.

Continued interaction with the Russian military through IMET programs is critical in building confidence between Russian and U.S. forces. Relationships developed can play an important role in building understanding and greater transparency between U.S. and Russian forces, thereby enhancing security and stability in Europe. IMET will foster greater respect for the principal of civilian control of the military, improved military justice systems and procedures in accord with internationally recognized human rights; and effective defense resources management. Furthermore, IMET sponsored institutions will continue to assist Russian efforts to transition to an all volunteer military force.

Russia will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Russia supports our foreign policy objective of encouraging Russia to actively engage with Western institutions. It will enable Russia to continue to cooperate with the U.S. and NATO in international peacekeeping operations, as it has with SFOR. Receipt of grant EDA will enable Russia to obtain NATO-compatible equipment, such as radios and other communications equipment, to facilitate its participation in such peacekeeping efforts. It will also achieve greater interoperability with NATO forces in such operations.

Finally, minimal assistance through FMF and EDA, will help address immediate problems which limit Russia's ability to participate in NATO's Partnership for Peace program, encourage military reforms, and support interoperability for combined and joint operations in peacekeeping and humanitarian activities.

Indicators:

- Implementation of Russian curbs on WMD technology transfers to Iran/Iraq.
- Decreased corruption-related complaints by U.S. business.
- Increased level of U.S exports to Russia.
- Increase in foreign direct investment to Russian regions.
- More legal cases resolved by joint efforts of U.S. and Russian police authorities.
- Closure of the most dangerous Soviet designed nuclear power plants.
- Increase in scientific exchanges and collaborations.
- More U.S.-Russian private sector and community-based partnerships and exchanges continuing without government assistance.

Tajikistan Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
FSA	4,960	10,240	18,750
NADR	0	0	300
PL 480 Title II	9,477		
Total, Tajikistan	**$14,437**	**$10,240**	**$19,050**

U.S. Foreign Policy Objectives:

Wedged between Afghanistan, the Indian Subcontinent, China, and the former Soviet Union, Tajikistan is located at the center of a region of immense strategic importance. Our immediate goal is to support full implementation of the comprehensive peace accords signed on June 27, 1997 ending Tajikstan's civil war. As a lasting peace is achieved, the U.S. will focus increasingly on fostering the democratic and market economic reforms to help build an independent and stable Tajikistan. In turn, this will help establish peace and prosperity throughout the entire region and reduce Iranian influence.

Strategy for FY 1999:

The main goal of U.S. policy will be to support implementation of the peace accords as a way of restoring stability to the country creating the basis for peaceful democratic development and reducing Iranian influence. The first step is to help rebuild Tajikistan after five years of tragic civil war. Despite difficult security conditions on the ground, a significant contribution to a lasting peace in Tajikistan can be made by fostering the growth of democratic institutions and market economic mechanisms. Our democracy programs will help the Tajikistanis build the fundamental components of a democratic system, including political parties, effective election legislation and constitutional amendments, an independent and professional judiciary, independent media, and non-governmental organizations. We will also assist in laying the foundation for a market economic system by promoting agricultural reform, development of small- and medium-sized businesses (through our lending programs), and privatization. We will provide assistance to enhance Tajikistan's export control licensing and enforcement capability to prevent both proliferation of weapons of mass destruction and transshipment of narcotics. In addition, we will strive toward improving health care, focusing in particular on infectious disease control and reducing morbidity among mothers and children.

We also plan to complement the above efforts by expanding a range of training and exchange programs to target a new generation of leaders.

Tajikistan is the only state of the Former Soviet Union that is not a member of the Partnership for Peace and thus is not eligible for support under the Warsaw Initiative.

Indicators:

- Full implementation of the June 1997 peace accord.
- Further development of political parties.
- Emergence of NGOs and independent media.
- Increased privatization.
- Increased number of small- and medium-sized businesses.
- Improved macroeconomic stabilization.
- More effective responses to disease outbreaks.
- Increased number of local health care facilities.
- Increased citizen participation in civil initiatives.

Turkmenistan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	262	$300	300
FMF	500	450	600
FSA	4,960	4,500	15,000
PEACE CORPS	1,006	1,029	1,090
NADR	-	-	300
Total, Turkmenistan	**$6,728**	**$6,279**	**$17,290**

U.S. Foreign Policy Objectives:

Turkmenistan sits atop some of the world's largest reserves of natural gas. The country is similarly located in the center of the proposed Eurasian Transport Corridor, and shares an extensive border with Iran and Afghanistan. Turkmenistan can therefore play an important role in U.S. efforts to promote prosperity and stability throughout Central Asia and to develop multiple export routes for Central Asian oil and natural gas that reduce U.S. dependence Persian Gulf energy resources. Turkmenistan also provides a potentially significant market for both U.S. exports and investment. Finally, Turkmenistan's evolution toward a democratic and market-based state will help to transform that country into a reliable partner for the U.S. in our efforts to establish stability, promote prosperity, and fight weapons proliferation along the southern flank of the former Soviet Union.

Strategy for FY 1999:

The fundamental objectives of U.S. assistance strategy in Turkmenistan remain the development of democratic institutions and support for market-based economic structures in a political environment that is often hostile to reform. Given Turkmenistan's slow progress toward democratization, our assistance programs will attempt to lay the foundation for future democratic reform. The specific objectives of our democracy building programs will thus include encouraging citizen participation in Turkmenistan's political life, fostering popular understanding of democratic concepts, and expanding information flows between the citizens of Turkmenistan and the United States. We will pursue these objectives by supporting the development of non-governmental organizations, conducting training and exchange programs that target a new generation of reform-minded leaders, and assisting the Institute for Democracy and Human Rights.

We will also attempt to bolster the economic reform efforts initiated by the Government of Turkmenistan in 1997. We plan to continue offering technical assistance through resident advisors on key issues of economic reform such as budget reform and

planning, privatization, and preparation for WTO accession. Although we hope to increase assistance for privatization, such support is contingent upon the successful implementation of economic policy reforms by the Government of Turkmenistan. We also anticipate expanded support for the development of small- and medium-sized enterprises in Turkmenistan through increased lending by the Central Asian-American Enterprise Fund.

The U.S. will also continue its programs that focus on Turkmenistan's vitally important oil and gas industries. These initiatives serve the multiple objectives of establishing the legal and regulatory structure required to attract investment, supporting access of U.S. firms to Turkmenistan's oil and gas resources, and promoting the development of multiple pipeline routes for the export of Central Asian oil and gas. Taken together, these programs increase U.S. energy security by decreasing U.S. reliance on Persian Gulf energy resources.

Our environmental programs will remain closely tied to our energy programs. We plan to maintain our regional program on electricity contracting and power pooling, which promotes the efficient use of water and other energy resources among the five Central Asian countries. An integral part of this effort will be our initiative to promote regional water management.

Improving Turkmenistan's health care system will be another major focus of U.S. assistance efforts. Specific areas of concentration will include surveillance of infectious diseases, promotion of reproductive health and family planning, and expansion of partnerships between hospitals in the U.S. and Turkmenistan. In addition, Peace Corps volunteers will work in curriculum development and training to improve the quality of maternal and child health care in rural Turkmenistan.

We plan to provide assistance to facilitate automation of Turkmenistan's export control licensing system and enforcement capabilities to prevent both proliferation of weapons of mass destruction and narcotics trafficking.

Finally, we hope to encourage more active participation by Turkmenistani military officials in IMET training programs and activities of NATO's Partnership for Peace. Turkmenistan's IMET program will focus on professional military education, English language training, effective defense resources management, and the development of peacekeeping capabilities. Turkmenistan will also be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of EDA will allow Turkmenistan to help equip its peacekeeping unit with NATO-compatible equipment, such as radios and other communication equipment, thus increasing its participation in PfP activities. It will encourage Turkemenistan's participation in western institutions and will aid in the development of the Turkmen military along Western models, thus contributing to strengthening democracy in Turkmenistan.

Indicators:

- Continued adherence to the macroeconomic stabilization program.
- Promulgation of transparent investor-friendly laws and practices, especially in the energy sector.
- Increased privatization; emergence of more small- and medium-sized businesses.
- Appropriate responses by the Government of Tajikistan to the activities of the Institute for Democratization and Human Rights.
- Increased registration and activity of indigenous NGOs.
- Tolerance for views critical of the government.
- Increased trade with and investment by U.S. firms.
- Responsible participation in and adherence to international export control regimes.
- Participation in PfP activities.
- Promotion of IMET graduates to senior military or ministry positions.
- Increased citizen participation in political processes and civil society initiatives.

Ukraine Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FSA	225,050	225,000	223,500
FMF	5,250	3,800	3,400
Peace Corps	2,685	2,897	2,860
NADR	-	-	3,000
IMET	1,015	1,250	1,250
Total, Ukraine	**$234,000**	**$232.947**	**$234,010**

U.S. Foreign Policy Objectives:

The United States seeks an independent, democratic, non-nuclear Ukraine with a market economy and a civilian-controlled military that is capable of effectively preserving and defending a free Ukrainian state. The second largest of the NIS, Ukraine requires stability and prosperity in order to contribute to a secure and undivided Europe. Ukraine is also a potentially important market for U.S. exports.

Economic reform in Ukraine faltered and the country's fiscal situation reached an extremely serious stage in early FY 1998. Ukraine's economic transformation requires that reform be reinvigorated and intensified. The government's budgetary affairs must be put in order. Deregulation of the economy and fostering a better investment climate are critical to Ukraine's prosperity and its development into an important market for U.S. exporters. Small and medium-scale privatization has generally been successful with over 42,000 small and 7,000 medium size enterprises already privatized. Greater emphasis should be placed on the sale of large-scale state firms and on completion of privatizations in the agricultural sector. Overall, U.S. objectives in Ukraine include the fair resolution of a number of investment disputes, government action against organized crime and official corruption, and development of an independent judiciary whose legal decisions are enforceable.

The U.S. strongly supports a stable Ukraine that coexists peacefully with its neighbors and acts responsibly as a member of the international community. In 1997, Ukraine put to rest all significant territorial and other disputes with its principal neighbors, signing or reaffirming agreements with Russia, Belarus, Poland, and Romania and embarking on a historic new relationship with NATO under the NATO-Ukraine Charter. Ukraine's support for nonproliferation efforts and participation in cooperative activities of the Partnership for Freedom are critical to regional stability.

Strategy for FY 1999:

Securing Ukraine's role as a stable, reliable partner requires U.S. assistance to support: macroeconomic policy reform and deregulation of the economy; empowerment of Ukrainian citizens through the democratic political process and an independent media; and a transparent commercial environment supported by a strengthened independent judicial system. Exchange programs will be enhanced and the Presidential Management Training Initiative, introduced in Russia in FY 1998, will be expanded to include Ukraine in FY 1999. The goal of this initiative is to improve knowledge of business management. By utilizing the U.S Government supported Western NIS Enterprise Fund, needed capital investment can reach Ukrainian enterprises and help to foster private sector growth, particularly in the small and medium business sector. The U.S. also will continue to increase scientific exchanges with Ukrainian scientists through the Civilian Research and Development Foundation (CRDF) and expand efforts to bring innovative technologies to the market.

In order to prevent proliferation from Ukraine of former Soviet weapons of mass destruction, weapons technology and expertise, we will expand efforts to enhance Ukraine's export control capabilities. Additionally, we will continue to provide assistance through the Science and Technology Center (STCU) in Ukraine.

Working in concert with a number of international institutions, the U.S. and its G-7 partners are assisting Ukraine to meet its obligation to close the Chornobyl nuclear power plant by the year 2000. Its closure, the safe operation of all of Ukraine's Soviet-designed nuclear power plants and the restructuring of Ukraine's power sector are critical elements in an effective energy sector. Working in concert with other donors, the U.S. shall continue its key role in the Shelter Implementation Plan to repair and replace the damaged sarcophagus, entombing highly radioactive material at Chornobyl Unit 4.

The U.S. is the largest bilateral donor to Ukraine and its leadership has been critical to leveraging extensive contributions from other key donors such as the World Bank, the IMF, the EBRD, the EU, Germany, and Great Britain. The U.S will continue to coordinating closely with these donors to ensure assistance is mutually supportive and reinforcing.

The U.S. also seeks to expand the stable, cooperative security relationship between Ukraine, the United States, and our NATO allies. The U.S. will continue its policy of broad engagement with the civilian and military leadership of Ukraine on critical security interests, including cooperative efforts to enhance European security and promote nonproliferation. Ukraine will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. We will continue to provide training and material through IMET, FMF and EDA programs to facilitate Ukrainian participation in NATO's PfP program, further develop the Polish-Ukrainian peacekeeping unit, encourage military reforms, and foster interoperability

for combined and joint operations in peacekeeping and humanitarian activities. U.S. assistance in fighting crime, will also be expanded.

Indicators:

- A reduction in Ukraine's budget deficit and elimination of budget distorting wage and pension arrears.
- Increased international confidence in Ukraine's commitment to reform, measured by increased EU and G-7 donor support and by enhanced IMF and World Bank programs in Ukraine.
- A significantly increased level of privatization with a goal of doubling the percentage of the GDP accounted for by the private sector.
- Effective reform of the agricultural sector including privatization of parastatal enterprises, including all but 90 grain elevators by the end of 1998, and the elimination of state controls on the grain trade.
- An increased number of private media outlets established and operating free of government control.
- Enactment and implementation of laws fostering business development and investment.
- Bilateral aviation, tax, and investment treaties brought into force.
- Enactment of policies, regulations, and legislation that support energy-sector restructuring, leading to concrete steps toward energy efficiency, self-sufficiency, nuclear safety, and environmental protection.
- Enhancement of the already-robust military-to-military cooperation programs between Ukraine and the United States.
- Continued participation alongside U.S. forces in PfP, SFOR and other multi- and bilateral military activities, as well as regional peacekeeping efforts such as the Polish-Ukrainian peacekeeping unit.

Uzbekistan Function 150 Resources ($ in thousands)			
Appropriation	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	286	400	485
FMF	1,000	1,550	1,950
FSA	21,550	19,140	32,050
PEACE CORPS	1,335	1,385	1,390
NADR	-	-	300
Total, Uzbekistan	**$24,171**	**$22,475**	**$36,175**

U.S. Foreign Policy Objectives:

The U.S. encourages Uzbekistan to play a stabilizing and cooperative role as a leader among the countries of Central Asia. We hope to keep Uzbekistan engaged at the UN in support of the peace processes in Tajikstan and Afghanistan. Internally, Uzbekistan remains an authoritarian state, and its rapid evolution to a democracy that respects human rights is a U.S. priority. Economically, Uzbekistan's slow and limited moves toward a market economy hurt prospects for its own economic independence, for U.S. access to its natural resources, and for increased U.S. trade and investment. Our interest in seeing Uzbekistan accelerate its market reforms is heightened by the country's role as the commercial hub for much of Central Asia. Finally, as the primary locus of the Aral Sea disaster zone and a major consumer of scarce water resources, Uzbekistan's environmental practices also have a regional impact and require serious reform.

Strategy for FY 1999:

We plan to use our Joint Commission, daily diplomatic contacts, and public diplomacy to support democratic and economic transformation, and open opportunities for U.S. businesses. Our democratic reform programs will continue their focus on building the fundamental structures of democracy. A primary emphasis will remain the development of a transparent legal system and an independent and effective judicial branch. We will also continue our efforts to foster an independent media. In addition, we will expand our programs that support the development of non-governmental organizations, particularly those devoted to women's issues and the observance of other human rights. Technical assistance will emphasize the importance of rule of law through help in drafting civil and criminal legislation. Exchange and training programs will offer the next generation of Uzbekistan's leaders exposure to democratic values.

Our economic reform efforts will focus largely on improving the climate for U.S. investment in Uzbekistan by supporting Uzbekistan's shift to a free-market economy. A central component of our strategy will be the Partnership for Freedom (PFF), which

will strengthen Uzbekistan's private sector through lending to small- and medium-sized businesses, project-related training, IFI loan support, and partnerships and exchanges. Our programs will also focus on strengthening the legislative foundation and commercial infrastructure needed to encourage investment. We will continue working closely with Uzbekistan to reduce impediments to trade and investment, such as limitations on currency convertibility, complex registration and accreditation processes, and an inadequate banking system. We also plan to continue programs aimed at reform of Uzbekistan's tax and government budgeting systems. Other efforts will focus on creating the legal and regulatory framework required to attract investment to Uzbekistan's energy sector. Additionally, we will assist the Government of Uzbekistan in raising its trading system to international standards, thereby facilitating its accession to the WTO.

We will continue our efforts to alleviate environmental problems, such as the Aral Sea disaster, through the environmental hub at the U.S. Embassy in Tashkent. Other environmental projects will focus on regional sharing of water and power resources.

Another important target of U.S. assistance programs will be reform of Uzbekistan's health sector. These efforts will focus on infectious disease diagnosis and control, reproductive health, family planning, and reducing maternal and infant morbidity.

We will support educational reform in Uzbekistan through our exchange programs, which will allow high school and college students to study in the U.S. In addition, Peace Corps volunteers will help strengthen Uzbekistan's education system by introducing new teaching techniques, establishing libraries and resource centers, and by teaching English to both teachers and students.

The U.S. will increase scientific exchanges with Uzbekistan scientists through the Civilian Research and Development Foundation (CRDF) and support projects that contribute to the transition to a market-based economy. We also will continue to encourage Uzbekistan's constructive support of nonproliferation activities and encourage accession to the Science and Technology Center (STCU) in Ukraine to provide opportunities to redirect the expertise of former Soviet weapons scientists in Uzbekistan to civilian activities.

Another high priority of U.S. assistance continues to be to enhance Uzbekistan's border security and export control capabilities. The focus of U.S. assistance is on development of effective legal and regulatory infrastructure, licensing procedures and practices, detection and enforcement mechanisms, system automation and industry-government relations.

Uzbekistan active participation in the Partnership for Peace will enhance military cooperation. We will also provide foreign military financing both to the Central Asian Peacekeeping Battalion (CENTRASBAT) and for equipment and training to enhance Uzbekistan's ability to operate jointly with NATO forces. To further assist, Uzbekistan

will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Transfer of grant EDA to Uzbekistan is consistent with U.S. foreign policy objectives of encouraging Uzbekistan's further involvement with Western security institutions. In addition, we will continue our efforts to strengthen civilian control of the military, improve military justice systems and procedures in accordance with internationally recognized human rights, and improve defense resource management through the International Military Education and Training (IMET) program.

Indicators:

- Constitutional/legal framework and judicial process provide more secure individual rights and civilian control of military.
- Continued development of essential elements of civil society, including independent media, NGOs, and political parties.
- Removal of barriers against U.S. trade and investment, including multiple exchange rates, restricted convertibility of the soum, onerous registration and licensing requirements, and archaic banking practices.
- Reform of government finances, including reduced government subsidies to state-owned enterprises, revision of the budgetary system to conform to international norms, and fair and transparent implementation of a new tax code.
- Further privatization of enterprises.
- Increased participation in cooperative economic arrangements, such as the WTO membership and the tri-state multi-year agreement on water and power sharing.
- Increased number of scientific exchanges and collaborations.
- Responsible member and adherent to international export control regimes.
- Implementation of national policy and military capacity to improve cooperation and interoperability of forces and encourage active and effective participation in PfP exercises and in regional peacekeeping activities such as CENTRASBAT.
- Promotion of IMET graduates to senior military or ministry positions.

NIS Regional Function 150 Resources ($ in Thousands)			
Appropriation	**FY 1998 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
FSA	37,550	92,280	96,300
NADR	-	8,000	870
TDA	9,600	8,820	10,500
MRA	35,797	26,400	29,000
Total, Country	**$82,947**	**$135,500**	**$136,670**

U.S. Foreign Policy Objectives:

Several foreign policy objectives in the NIS are pursued through assistance projects that involve more than one country. Examples include the pursuit of a peace settlement in the Caucasus and the multicountry enterprise funds in the Western NIS, the Caucasus and Central Asia. Several projects are implemented across the NIS region and are dependent on demand for these services; examples include feasibility studies funded by TDA, funds to augment projects that perform very well during the year and require additional support, export control activities and funding for refugees and displaced people in the NIS region.

Strategy for FY 1999:

To provide incentives for the parties to the Nagorno-Karabakh conflict to reach an agreement, the Congress in the FY 1998 appropriation established a regional fund for the Caucasus. A portion of this fund is designated for Armenia and a portion for Georgia; the remainder is for remedial and reconstruction activities in the vicinity of Nagorno-Karabakh following a settlement. If a settlement is not achieved by May 30, 1998, a portion of these funds may be used for other purposes in the NIS. In FY 1999, funds are requested in a Caucasus regional category as well. We are also requesting regional funding for TDA's feasibility studies that support economic development and U.S. businesses, export control activities, enterprise funds in the Western NIS, Caucasus and Central Asia, and refugees in the NIS region.

Indicators:

- Progress toward a settlement of the Nagorno-Karabakh conflict.
- Increased investment in small and medium enterprises.
- Easing of the humanitarian plight of refugees in the NIS.
- Tightening of export control regimes in the NIS.
- Increased demand for U.S. exports.

SOUTH ASIA

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Statement by Assistant Secretary Karl F. Inderfurth
Bureau of South Asian Affairs

I. Introduction and Summary

South Asia is a region of increasing importance to the United States. Economic reforms throughout the region provide valuable opportunities for expansion of U.S. commercial interests. Continuing tensions between India and Pakistan, both nuclear capable states, are cause for concern, as are internal conflicts in Afghanistan and Sri Lanka. Several South Asian states are nurturing new and fragile democracies. Widespread poverty, the spread of diseases such as AIDS, and the threat of environmental degradation linked to development and population growth could threaten stability in the region and have global implications.

II. Key Policy Issues

The sine qua non for regional stability and economic development in South Asia is a resolution of the Indo-Pakistan dispute, which has prompted three wars in the last 50 years. While renewed armed conflict is unlikely, bilateral tensions have driven both countries to neglect development projects in favor of defense and spawned nuclear and missile programs that have hampered regional stability and world nonproliferation and arms control efforts. The United States will encourage India and Pakistan to continue their recently resumed high-level dialogue and to expand the range and depth of the talks. We stand ready to provide our good offices should both sides so request. In conjunction with U.S. global nonproliferation goals and in order to reduce the political uncertainty generated by the nuclear and missile programs of India and Pakistan, the United States will continue to encourage those countries to defuse tensions, exercise restraint in their nuclear and missile programs, and take concrete steps over time consistent with global nonproliferation norms.

One of the side effects of the Indo-Pakistan conflict is a dearth of forums for effective, region-wide cooperation. The South Asian Association for Regional Cooperation (SAARC), now in its thirteenth year, has suffered from a limited mandate and a charter that requires consensus decision-making. However, a recent SAARC summit called for efforts to reinvigorate the organization, opened the door for discussion of contentious issues and blessed subregional cooperation. The United States will continue to enhance its interaction with SAARC in FY 1999 through increased dialogue and exchange and training programs.

A second important focus of U.S. efforts in South Asia is the resolution of civil conflicts in Afghanistan and Sri Lanka and the alleviation of the effects of these conflicts on civilian populations. In Afghanistan, the United States supports the efforts of the United Nations to bring the warring factions to the table to establish a broadly representative government and return peace, stability and the rule of law. We will continue to fund relief programs in Afghanistan implemented through UN agencies, the

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ICRC and NGOs, coordinated by the UN Office for Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), as well as UNHCR and NGO programs for Afghan refugees in Pakistan. These international efforts work to mitigate the effects of fighting on the most vulnerable populations: women, children, the disabled, refugees and internally displaced persons.

With an estimated 10 million landmines, Afghanistan poses one of the world's most difficult demining challenges. The UN estimates that 400,000 Afghans have been maimed or killed by landmines and 20 to 25 more are wounded or killed every day. The UN appealed for $22.17 million to fund the demining program in Afghanistan in 1997, but donors have pledged less than half that amount. U.S. funding for Afghan demining has fallen from $5.4 million in 1994 to $3 million in FY 1997. Increased funding for demining efforts in Afghanistan is urgently needed in FY 1999.

A third focus of U.S. efforts in South Asia is the promotion of U.S. trade and investment, economic reform, and sustainable development. Building on the region's market-oriented reforms and steady economic growth, we will seek to increase the market share of U.S. goods and services -- we are already the number one trade and investment partner of India and Pakistan -- and to encourage joint ventures and U.S. investment in South Asia. The United States will continue to press governments of the region to take further market reforms. The South Asia Regional Environmental Hub, which was established at the end of FY 1997 in Kathmandu, is an important component in U.S. efforts to encourage sustainable development. The Hub will focus on three environmental areas deemed by an interagency review to be most pressing and requiring regional cooperation: environmental emergencies and disaster response, water use management and use of clean, renewable energy.

Finally, the United States maintains a dialogue with governments and non-governmental organizations in South Asia on a full range of global issues, including human rights, population growth, infectious diseases, drug trafficking, and terrorism. A U.S. priority in the region, particularly in Afghanistan, is to increase government respect for human rights and adherence to democratic practices. The urgency of addressing issues of gender-based discrimination and violence against women in Afghanistan has increased over the past year, and the United States has consistently taken the lead in pressing for compliance with internationally recognized human rights norms. The treatment of women and girls is a constant topic in the U.S. dialogue with Taliban leaders and other factions in Afghanistan. We will continue to press for education, health, microcredit and other programs directed at women and girls across the region.

A new tool in U.S. efforts to encourage the growth of stable democracies is the South Asia Regional Democracy Fund (RDF), launched in FY 1998. The RDF will provide assistance through U.S. and local non-governmental organizations working in the region and to governmental programs that contribute to U.S. objectives. Programs currently underway will assist Sri Lanka's newly established Human Rights

Commission and Nepal's election commission, support efforts to increase women's political and economic participation in Afghanistan, Nepal, Sri Lanka and the Maldives, and foster anti-corruption reforms in Bangladesh and Pakistan.

III. Conclusion

The United States has initiated efforts to broaden and revitalize its relationships with South Asian governments across the entire spectrum of U.S. interests, from nonproliferation through cooperation in science and technology to trade. We will continue a series of high-level visits to South Asia, which already has included the first by a Secretary of State since 1983. Given the size of South Asia's population, the scale of the developmental and political challenges it faces, and the enormous opportunities for trade and investment, its Function 150 resources has been inordinately small. The United States will seek to maximize the impact of these resources by encouraging changes that can be pursued further by the governments and nongovernmental organizations in the region. In this respect, U.S. contributions are particularly effective tools for maintaining American leadership in key institutions and leveraging World Bank and Asian Development Bank resources to achieve our economic development and reform goals throughout South Asia. However, for our efforts in South Asia to bear fruit it is essential that our diplomatic presence, operations and assistance programs receive adequate Function 150 resources.

International Affairs Budget by Account and Budget Function

Region: SA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Foreign Operations	**$236,260**	**$262,928**	**$281,371**
Development Assistance Program	128,878	148,454	160,530
Economic Support Fund	..	3,000	2,750
Export- Import Bank loans program account	36,000	37,580	44,600
International Military Education and Training	1,227	1,400	1,650
International Narcotics and Law Enforcement	2,817	2,018	3,350
International Organizations and Programs	500	500	500
Migration and Refugee Assistance	27,387	28,000	29,500
Non-proliferation, anti-terrorism, demining, and related programs	979	520	2,288
Operating Expenses of the Agency for International Development	32,847	33,914	27,946
Peace Corps	4,925	6,816	7,382
Trade and Development Agency	700	726	875
Other Function 150	**$219,878**	**$180,514**	**$167,487**
Diplomatic and Consular Programs	34,293	29,451	31,857
Educational and Cultural Exchange Programs	9,716	9,632	8,934
International Information Programs	12,807	14,208	14,384
P.L. 480	162,686	126,794	111,112
Payment to the Asia Foundation	376	429	1,200
SA Total:	**$456,138**	**$443,442**	**$448,858**

International Affairs Budget by Bureau by Strategic Goal by Account

Region: SA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Regional Stability	**$8,711**	**$9,374**	**$9,820**
International Military Education and Training	1,105	1,260	1,470
Diplomatic and Consular Programs	5,642	5,838	6,060
Educational and Cultural Exchange Programs	46	51	45
International Information Programs	1,918	2,225	2,245
Eliminate Threat of WMD	**$870**	**$890**	**$910**
Diplomatic and Consular Programs	870	890	910
Open Markets	**$5,202**	**$6,366**	**$6,431**
Educational and Cultural Exchange Programs	316	351	304
Diplomatic and Consular Programs	1,730	1,770	1,830
International Information Programs	3,156	4,245	4,297
Expand U.S. Exports	**$38,951**	**$40,631**	**$47,920**
Trade and Development Agency	700	726	875
Export- Import Bank loans program account	36,000	37,580	44,600
Diplomatic and Consular Programs	2,251	2,325	2,445
Increase Global Economic Growth	**$9,383**	**$10,730**	**$10,765**
Diplomatic and Consular Programs	410	430	435
Development Assistance Program	8,973	10,300	10,330
Promote Growth in Developing & Transitional Economy	**$97,805**	**$82,731**	**$73,206**
Peace Corps	1,873	2,465	2,650
Payment to the Asia Foundation	376	429	1,200
P.L. 480	81,343	63,397	55,556
Development Assistance Program	14,213	16,440	13,800
Enhance Security/Safety of Americans Abroad	**$1,157**	**$770**	**$795**
Diplomatic and Consular Programs	1,157	770	795
Control the Flow of Immigrants and non-immigrants	**$3,019**	**$1,860**	**$1,985**
Diplomatic and Consular Programs	3,019	1,860	1,985
Minimize the Impact of International Crime	**$281**	**$308**	**$308**
International Information Programs	281	308	308
Reduce Levels of Entry of Illegal Drugs	**$2,896**	**$2,106**	**$3,426**
International Narcotics and Law Enforcement	2,817	2,018	3,350
Educational and Cultural Exchange Programs	79	88	76
Reduce International Terrorist Attacks in the U.S.	**$1,290**	**$846**	**$2,634**
Diplomatic and Consular Programs	311	326	346
Non-proliferation, anti-terrorism, demining, and related programs	979	520	2,288
Increase Adherence to Democratic Principles	**$5,196**	**$8,323**	**$8,534**
Development Assistance Program	2,420	2,800	3,200
Diplomatic and Consular Programs	562	262	295
Economic Support Fund	..	3,000	2,750
Educational and Cultural Exchange Programs	296	329	285
International Information Programs	1,796	1,792	1,824
International Military Education and Training	122	140	180
Humanitarian Response	**$109,230**	**$91,897**	**$85,556**
P.L. 480	81,343	63,397	55,556
International Organizations and Programs	500	500	500

International Affairs Budget by Bureau by Strategic Goal by Account

Region: SA

($000s)

Strategic Goals	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Migration and Refugee Assistance	27,387	28,000	29,500
Secure a Sustainable Global Environment	**$21,136**	**$25,873**	**$26,377**
Peace Corps	527	693	745
International Information Programs	1,309	2,337	2,371
Educational and Cultural Exchange Programs	48	53	46
Development Assistance Program	18,772	22,475	22,900
Diplomatic and Consular Programs	480	315	315
Early Stabilization of World Population	**$41,894**	**$47,781**	**$64,000**
Development Assistance Program	41,894	47,781	64,000
Protect Human Health & Reduce Spread of Diseases	**$43,133**	**$49,351**	**$47,045**
Development Assistance Program	42,606	48,658	46,300
Peace Corps	527	693	745
Diplomatic Activities	**$1,852**	**$2,611**	**$3,352**
Diplomatic and Consular Programs	1,852	2,611	3,352
Public Diplomacy	**$13,278**	**$12,061**	**$11,517**
Educational and Cultural Exchange Programs	8,931	8,760	8,178
International Information Programs	4,347	3,301	3,339
Diplomatic Readiness	**$50,854**	**$48,933**	**$44,277**
Peace Corps	1,998	2,965	3,242
Diplomatic and Consular Programs	16,009	12,054	13,089
Operating Expenses of the Agency for International Development	32,847	33,914	27,946
SA Total:	**$456,138**	**$443,442**	**$448,858**

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Ensure local and regional instabilities do not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Enhanced regional stability in South Asia.

STRATEGY:

Resolution of the ongoing dispute between India and Pakistan, which has led to three wars in the last 50 years and almost daily exchanges of fire over the Line of Control in Kashmir, remains a focus of U.S. efforts to strengthen regional stability. The recent resumption of a high-level dialogue between India and Pakistan may signal that progress can now be made toward reaching a settlement. The United States will continue to advocate enhanced efforts to create and maintain bilateral talks on substantive issues and stands ready to provide its good offices. The United States will support increased contacts between non-official Indians and Pakistanis through USIS "Track II" programs and will seek to build on the recent settlement of several thorny bilateral disputes between India and its smaller neighbors to encourage the resolution of other lingering conflicts in the region. Continued support for the activities of the UN Special Representative for Afghanistan can further U.S. goals of returning peace, stability and the rule of law to Afghanistan and encourage the establishment of a broadly representative government. The United States will also support efforts to resolve the ethnic conflict in Sri Lanka.

South Asian nations share many potentially destabilizing domestic political and social concerns. Several of these issues (economic reform, environmental degradation, population growth, etc.) could be effectively addressed by South Asian countries through subregional, regional and multiregional fora. The United States will seek to facilitate cooperation by strengthening regional organizations, particularly the South Asian Association for Regional Cooperation (SAARC). While SAARC, South Asia's only forum for government-to-government cooperation on transnational issues, has focused exclusively on non-contentious issues during its 13-year history, member states recently opened the door for the discussion of political disputes and called for efforts to invigorate the organization. The United States will work with SAARC to identify how it can best support the organization. A particularly promising area for U.S.-SAARC cooperation is the sharing of U.S. experiences with the North American Free Trade Agreement with secretariat staff and member state representatives as SAARC moves to establish the South Asia Free Trade Area by the year 2001. Other possible targets for U.S. support include SAARC action on child labor, environmental and narcotics issues.

OBJECTIVE(S):

1) Encourage increasingly substantive high-level talks between India and Pakistan, offering technical assistance on Confidence Building Measures in areas such as trade and energy. (SA)

2) Press the Indian Government to provide political autonomy and economic development in Kashmir. (SA)

3) Press South Asian governments to end support for cross-border terrorism. (SA, S/CT)

4) Promote "Track II" contacts between non-official Indians and Pakistanis. (SA, USIS)

5) Support efforts to resolve other disputes in the region, e.g. ethnic conflict in Sri Lanka, the Nepal-Bhutan refugee issue. (SA, PRM, AID)

6) Continue support for the activities of the UN Special Representative for Afghanistan in his efforts to return peace, stability and the rule of law to Afghanistan and encourage the establishment of a broadly representative government. (SA, IO)

7) Increase the U.S. dialogue with SAARC and step up assistance and exchange programs that can make the organization more effective in dealing with regional disputes. (SA, USIS)

8). Encourage South Asian states to expand cooperation on transnational problems through subregional and multiregional groupings, e.g. APEC, ESCAP, and the fledgling Indian Ocean Rim Association for Regional Cooperation. (SA, IO)

ASSUMPTIONS:

- India will be governed by unstable coalitions including many regional parties for the foreseeable future; while the economic and foreign policies of the current government will remain essentially unchanged, the pace and scope of new initiatives will be limited by the weakness of the coalitions.
- India's approach to foreign policy--driven by the regionally focused "Gujral Doctrine"--will continue to shape New Delhi's relations with its neighbors.
- Military authorities in Pakistan will continue to play a significant role in decision-making.
- Afghanistan's civil conflict will continue to hamper the country's economic, social and political development and to threaten regional stability.
- South Asian countries will continue to display an interest in improving relations and agree to work with the United States and one another to reach this goal.

- Ethnic and religious conflict will remain issues of concern in the region.
- The militancy/insurgency in Kashmir will continue to decline in popularity among Kashmiri citizens but remain a threat.
- SAARC will be receptive to U.S. assistance.

INDICATORS:

- Substantive, high-level talks between India and Pakistan followed by initiation of further Confidence Building Measures.
- Greater use of existing Confidence Building Measures by India and Pakistan.
- Increased "Track II" contacts between non-official Indians and Pakistanis.
- Pakistani and Indian flexibility regarding negotiations and a possible solution to the Kashmir issue.
- More effective governance and a return to normal conditions in Kashmir.
- Increased interaction between the United States and SAARC.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Ensure local and regional instabilities do not threaten the security and well-being of the U.S. or its allies.

OPERATIONAL GOAL: Stable security relations with the countries of South Asia that can help prevent, manage and defuse tensions.

STRATEGY:

Based on the premise that the United States can best help to enhance regional stability in South Asia by strengthening U.S. ties with India and Pakistan, the United States is prepared to pursue a strategy which seeks to expand relations with defense establishments of both countries. The United States will also promote limited joint military exercises, education, and training with other South Asian militaries in order to heighten the professionalism of these forces, reinforce their apolitical character and enhance their capacity to participate in international peacekeeping operations. The United States will seek to conclude a status of forces agreement with Bangladesh.

OBJECTIVE(S):

1) Enhance the professionalism of South Asian military forces through defense cooperation, including joint exercises, training and high-level visits. (DOD, SA)

2) Enhance the capacity of South Asian military forces to participate in international peacekeeping operations. (DOD, SA, IO)

3) Conclude a status of forces agreement with Bangladesh. (SA, DOD, PM)

4) Encourage a robust bilateral and South Asian regional strategic dialogue with a focus on "preventive diplomacy." (SA)

5) Work with Congress and other U.S. agencies to allow the restoration of an IMET program with Pakistan. (SA, DOD)

ASSUMPTIONS:

- Continuing South Asian interest in pursuing military-to-military cooperation with United States, including military training and education.
- Indian officials will continue to perceive that New Delhi's membership in ARF provides political benefits.
- Militaries in Pakistan and Bangladesh continue to play an important role in domestic politics.
- There will be no overt conflict in the region.

INDICATORS:

- Increased participation of South Asian militaries in UN peacekeeping operations.
- Joint military exercises with India and Pakistan are conducted.
- Visits by high-level military officials are exchanged.
- Progress is made toward conclusion of a status of forces agreement with Bangladesh.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: The United States and its allies will not be threatened by weapons of mass destruction (WMD) or destabilizing conventional arms races.

OPERATIONAL GOAL: Prevention of the further development of WMD and a destabilizing conventional arms race in South Asia.

STRATEGY:

In order to reduce the political uncertainty generated by the nuclear and missile programs of India and Pakistan and to further U.S. global nonproliferation goals, the United States will continue to encourage those countries to defuse tensions, refrain from deploying ballistic missiles, resist conducting any nuclear tests and generally to cease from advancing their missile and unsafeguarded nuclear programs. The United States also will advocate that India and Pakistan support and abide by international regimes aimed at advancing nuclear disarmament and limiting proliferation and weapons of mass destruction (CTBT, FMCT, NPT, etc.).

OBJECTIVE(S):

1) Encourage continued restraint by India and Pakistan on nuclear and missile programs. (SA, ACDA, PM)

2) Resume low-profile, bilateral experts talks on security issues, including nonproliferation, with India and Pakistan. (SA, ACDA, PM)

3) Encourage India and Pakistan not to export/transfer nuclear and missile-related technology and to adopt adequate export control policies. (SA, ACDA, PM)

4) Seek to encourage India and Pakistan to support start-up of Fissile-Material Cutoff Treaty negotiations and to participate constructively in the negotiations once begun. (SA, ACDA, PM)

5) Increase dialogue and exchanges to move the Indian nuclear establishment toward adopting full-scope nuclear safeguards. (SA, ACDA, PM)

6) Work to ensure that, once established, compliance with international treaties is systematically monitored. (SA, ACDA, PM)

7) Build public support for U.S. nonproliferation objectives through media and other information programs. (USIA)

ASSUMPTIONS:

- India and Pakistan will work to enhance current nuclear and missile programs.
- India and Pakistan will continue to embrace a policy of nuclear "ambiguity" and to oppose full-scope safeguards.
- Indian and Pakistani public attitudes will remain unfavorable to U.S. nonproliferation objectives in South Asia.

INDICATORS:

- Pakistan and India enhance their bilateral dialogue, including discussion of potential WMD.
- India and Pakistan signal that they do not intend to conduct nuclear tests.
- India and Pakistan agree to allow FMCT negotiations to begin.
- Neither India nor Pakistan deploys ballistic missiles.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Open foreign markets to free the flow of goods, services, and capital.

OPERATIONAL GOAL: Increased pace of market-oriented reform in South Asia.

STRATEGY:

During the last year, India has demonstrated its commitment to economic liberalization despite a series of changes in government. However, the United States must continue to press Indian officials to speed up the rate of reform, to introduce transparency into government decision-making, and to implement privatization on competitive terms. The United States will also continue to press the other governments of South Asia toward market-oriented reforms, using U.S. influence in multilateral institutions (e.g. IFIs, WTO) and bilateral dialogue to promote participation in the global marketplace.

OBJECTIVE(S):

1) Continue to press for reductions in tariffs and non-tariff barriers and phased elimination of quantitative restrictions on imports, including the initiation of an educational campaign in Sri Lanka on the benefits of a tariff-free regime for information technology that targets government policymakers, business people and consumers. (SA, EB, AID, DOC, USTR)

2) Press for reform in such areas as foreign investment, energy, banking, broadcasting and telecommunications. (SA, EB, AID, DOC, USIA, USTR, Energy, Treasury)

3) Encourage privatization of state-owned enterprises in South Asia, including by coordinating speaking engagements for U.S.-identified, Pakistani-sponsored business persons knowledgeable about privatization/deregulation programs. (SA, EB, AID, DOC, USIS)

4) Urge the governments of South Asia to take concrete steps to protect intellectual property rights (IPR), e.g., by enacting patent and trademark legislation. (SA, EB, AID, USTR, DOC)

5) Encourage South Asian governments to improve transparency in governmental decision-making, thereby creating commercial opportunities for U.S. firms. (SA, EB, AID, DOC, USTR)

6) Press South Asian governments to abide by their international trade obligations as well as their contracts with U.S. firms. (SA, EB, DOC, USTR)

7) Encourage international financial institutions to support market-oriented reform in South Asia. (Treasury, EB, SA, Commerce)

8) Utilize bilateral fora, notably the Indo-U.S. Economic/Commercial Subcommission, to encourage and shape national economic reforms. (SA, EB, E, AID, DOC)

9) Press the Government of India to terminate its use of balance of payments restrictions to protect access to its market. (SA, EB)

10) Urge the Government of India to table an offer in WTO financial services negotiations that at least matches current services. (SA, EB)

ASSUMPTIONS:

- Governments of the region will remain committed to economic reform.
- Endemic corruption and concentration of wealth, particularly in Pakistan, will remain barriers to tough economic decisions.

INDICATORS:

- Increased numbers of IPR violators prosecuted.
- Pace of privatization (e.g. of national airlines, telecom and electric monopolies, banks and other state-owned enterprises) increased.
- Ethics legislation drafted and passed in Pakistan.
- Policy-based IFI lending; meeting of IFI benchmarks.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Expand U.S. exports to $1.2 trillion by 2000.

OPERATIONAL GOAL: Continued growth of U.S. trade and reduction of unnecessary obstacles to investment in South Asia.

STRATEGY:

The United States will continue to work with U.S. private sector corporate representatives to assist them in obtaining access to South Asian markets, in protecting existing investment, and in pressing for privatization and decentralization. The United States will also support MDB lending that promotes reform and offers procurement opportunities for U.S. businesses. An important tool will continue to be TDA, EXIM and OPIC programs.

OBJECTIVE(S):

1) Expand opportunities for U.S. business in South Asia, particularly in the civil aviation, infrastructure, environment technology and services sectors; increase the U.S. market share of agricultural and processed food imports. (DOC, SA, EB, AID, USDA)

2) Encourage policy changes that will strengthen the investment climate for U.S. investors. (SA, DOC, EB, AID)

3) Encourage joint ventures, particularly in agribusiness, energy, population, health and environment sectors. (DOC, SA, EB, AID)

4) Extend embassies' commercial outreach, e.g. by preparing commercial guides, launching "home pages" and making commercial libraries more accessible. (DOC, USIS, SA, EB)

5) Explore an agreement with the Government of Nepal on a bilateral investment treaty and the protection of intellectual property rights; explore Pakistan's interest in the same. (DOC, USTR, SA, EB)

ASSUMPTIONS:

- Economic growth will continue in South Asia as a whole.

INDICATORS:

- Signing of second U.S.-Nepali joint venture in power production.

- OPIC and TDA programs initiated in Pakistan.
- Increased EXIM, TDA, and OPIC activity in the region.
- Signing of U.S.-Pakistan MOUs on environmental technology and small and medium enterprise cooperation.
- Increased exports to the region.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Increase global economic growth.

OPERATIONAL GOAL: Strengthened capabilities of South Asian governments in promoting sustainable economic growth.

STRATEGY:

The United States will encourage South Asian governments to increase economic growth by studying appropriate economic development models for such programs as tax reform and tax equity, human resource development, and broadening of regional economic and financial cooperation commitments.

OBJECTIVE(S):

1) Develop new ways to increase employment and improve productivity of small and micro entrepreneurs through increased financial services, technical assistance, business skills development training and technology transfer. (AID, SA)

2) Promote tax reform to increase government revenue collection and make taxation more equitable. (SA)

3) Support the development of capital markets in South Asia, especially in India. (AID, SA)

4) Support the South Asian Association for Regional Cooperation's efforts to establish a free trade area by 2001. (SA, USIS)

5) Encourage the Government of Pakistan to fulfill its commitments to the IMF to achieve stabilization of the economy and to take actions on structural reform and sustainable development under the ESAF and other programs. (SA, EB, Treasury)

ASSUMPTIONS:

- Governments acknowledge the need for sustainable development, but face some internal pressures from interest groups to maintain the status quo.

INDICATORS:

- Progress toward a South Asian free trade area.
- Implementation in South Asian countries of financial sector reforms that improve access to capital.
- Increased levels of economic growth.

- Increase in number of farmers using more productive, environmentally sound technologies.
- Increase in number of contract grower/pilot zones for new crops/technologies in Bangladesh.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Promote broad-based economic growth in developing and transitional economies.

OPERATIONAL GOAL: Governments in South Asia can meet the needs of their own people on a sustainable basis with their own resources.

STRATEGY:

South Asia is fast emerging as the world's poorest, most illiterate and malnourished region. With an annual per capita income that lags behind sub-Saharan Africa's, South Asia is home to nearly half of the world's poor. Literacy rates are also lower than those in Africa; Pakistan's already low literacy rates (25-35%) are declining and Taliban restrictions on women's and girls' education will soon cause Afghanistan's female literacy rate to drop below 14%. U.S. bilateral development assistance to South Asia aims to strengthen markets, expand individual access and opportunity, and invest in peoples' education and health to achieve sustainable economic growth. U.S. assistance will continue to give priority to ensuring women's participation as full partners in development through literacy, legal rights, reproductive health and economic opportunity programs.

OBJECTIVE(S):

1) Support basic health and education programs implemented by international organizations and non-governmental organizations, particularly those that are targeted at women and children in order to reduce fertility and income inequality and mitigate the effects of gender discrimination. (AID, PRM, SA, IO)

2) Improve food security for the poorest and most vulnerable populations, e.g., through support for economic policy reforms and World Food Program projects. (AID, PRM, SA, IO)

3) Increase use of environmentally sustainable production practices in agriculture and industry through bilateral and multilateral technical assistance. (AID, Treasury, SA)

4) Alleviate poverty by supporting training and income-generation programs targeted at the poorest and most vulnerable populations, including refugees and displaced persons. (AID, PRM, SA, IO)

5) Encourage governments of the region to make primary education available to all children and expand opportunities for secondary and post-secondary education; explore private funding for building and maintaining schools, e.g., as part of an effort to rehabilitate child laborers. (SA)

6) Encourage MDB and other bilateral support for economic policy reform efforts in the region. (SA, EB, Treasury)

7) Extend the Pakistan NGO Initiative, which provides basic education and health care to Pakistani women and children, and explore an expansion of reproductive health programs in Pakistan. (AID, SA, PRM)

ASSUMPTIONS:

- Governments of the region will continue to lack the political will to devote the necessary resources to make much-needed social sector improvements.
- Continued shortage of USG assistance resources will make full funding of bilateral programs unlikely.

INDICATORS:

- Increased literacy rates for women and girls.
- Lowered incidence of malnutrition.
- Level of economic growth.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Enhance the ability of American citizens to live and travel abroad through the provision of consular services.

OPERATIONAL GOAL: Efficient and effective service to American citizens traveling through or resident in South Asia.

STRATEGY:

Market-oriented reforms and enhanced efforts to promote tourism increasingly make South Asian countries a destination for American business and pleasure travelers. The region's vulnerability to natural disasters and to rapidly changing security conditions accentuates the need for a responsive and wide-reaching warden network to provide emergency information. Americans resident in or traveling to Afghanistan, Bhutan or Maldives are assisted through U.S. embassies in Islamabad, New Delhi and Colombo, respectively. Posts in the region will seek to balance the goals of efficient and effective service to American citizens with enhanced anti-fraud efforts as U.S. passport and citizenship fraud become increasingly prevalent.

OBJECTIVE(S):

1) Increase posts' ability to inform and protect U.S. citizens during natural disasters and deteriorating security conditions by improving warden systems and consular registration programs. (SA, CA)

2) Continue to advocate non-discriminatory treatment of U.S. citizens in South Asia in human rights, visa, legal and other matters. (SA, CA)

3) Improve efficient provision of American citizen services through staff training and increased use of automated equipment as the need for such services steadily grows. (SA, CA)

4) Continue to inform American citizens traveling in disputed and otherwise unsettled areas of security concerns through regular updates of consular information sheets and postings on the internet. (SA, CA)

5) Increase the integrity of the U.S. passport and the passport issuance process through enhanced training of consular personnel. (SA, CA)

ASSUMPTIONS:

- Demand for American services will increase as more Americans come to South Asia for business, either temporarily or as long-term residents.

- With 1.5 million South Asian residents in the United States, increasing numbers of South Asian-origin American citizens will be retiring or permanently relocating back to the region.

INDICATORS:

- Increased number of resident and traveling American citizens registered at posts.
- Regular testing of the warden system and periodic meetings with wardens.
- Customer satisfaction surveys.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Control how immigrants and non-immigrants enter and remain in the U.S.

OPERATIONAL GOAL: Maximum anti-fraud efforts to reduce illegal immigration to the United States and improved efficiency of non-immigrant and immigrant visa operations for legitimate travelers.

STRATEGY:

Economic growth, particularly in India, and expanding networks of friends and relatives have given an increasing number of South Asians the means to travel to the United States for business and tourism. However, a continued lack of economic opportunities for many South Asians in their own countries has ensured ongoing pressure to attempt illegal entry into the United States and growth in the incidence and sophistication of fraud. Posts in the region will continue to step up efforts to halt visa fraud by redirecting personnel and other resources to anti-fraud activities and training local and airline officials to spot fraudulent documents.

OBJECTIVE(S):

1) Improve posts' ability to combat visa fraud, e.g. by adding anti-fraud personnel in Dhaka and creating a separate anti-fraud unit in Islamabad to coordinate Pakistan-wide programs and design stricter internal controls. (SA, CA)

2) Conduct and regularly reinforce fraudulent document and visa recognition training with airline employees and local immigration law enforcement officers. (SA, CA)

3) Encourage South Asian governments to criminalize alien smuggling and visa, passport, and document fraud, and aggressively prosecute fraudulent document vendors and alien smugglers. (SA, CA)

4) Work with South Asian governments to improve the security of their travel documents. (SA, CA)

5) Continue to ensure that foreign officials who engage in or facilitate alien smuggling are entered into appropriate U.S. Government lookout systems. (CA, SA)

6) Consolidate the Lahore consular operation and, temporarily, the Karachi non-immigrant visa function in the newly constructed consular annex in Islamabad; return responsibility for non-immigrant visa processing for Balochistan and Sindh to Karachi as security conditions improve. (SA, CA)

7) Obtain agreement by the Government of India to document more rapidly for return to India its nationals detained in third countries in the process of being smuggled into the United States. (SA)

8) Establish methods (including country-wide programs in India for drop-box applications, travel agent referrals and business express visa issuance) to quickly screen India's higher volumes of qualified visa applicants. (SA, CA)

9) Develop a 5-10 year plan to handle anticipated continued growth in visa demand in India. (SA, CA)

10) Obtain Government of Pakistan agreement for transit of Afghan deportees via Pakistan. (SA)

ASSUMPTIONS:

- Increasingly sophisticated and pervasive fraud will require that more time and resources be spent on anti-fraud activities.
- Continued population growth and lack of opportunity in much of South Asia will increase the pressure to immigrate to the United States.

INDICATORS:

- Staff, systems and equipment relocated to the new consular annex in Islamabad.
- Increased number of airline employees and local officials exposed to fraudulent document and visa training.
- Reduced backlog of Afghans awaiting deportation.
- Long-term plan for India visa workload approved by SA, CA and FBO.
- Improvements in the integrity and security of South Asian governments' documents and issuance procedures.
- Increased prosecution of document vendors and alien smugglers.
- Visa refusal rates and processing time for applications by bona fide applicants.
- Customer service surveys.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Minimize the impact of international crime on the U.S. and its citizens.

OPERATIONAL GOAL: Enhanced cooperation between the United States and South Asian governments on international crime issues.

STRATEGY:

The United States will seek to improve cooperation with South Asian governments on law enforcement issues by encouraging respect for the rule of law and adherence to international commitments, and by strengthening legal and law enforcement systems through regular consultations, training and exchange programs.

OBJECTIVE(S):

1) Encourage South Asian governments to adhere to their own laws and international commitments on law enforcement issues. (SA, INL)

2) Step up cooperation on law enforcement issues, e.g. through law enforcement exchange programs, regular consultations and the establishment of such legal instruments as mutual legal assistance treaties. (SA, DRL, INL, L)

3) Strengthen criminal justice systems in South Asia, e.g., by encouraging governments to speed up the administration of justice and take steps to reduce corruption in the legal system. (SA, AID, DRL, USIA)

4) Establish an additional legal attaché position in Islamabad and open a legal attaché office in New Delhi. (SA, INL, S/CT, FBI)

ASSUMPTIONS:

- International criminal operations will become increasingly sophisticated.

INDICATORS:

- Legal attaché office opened in New Delhi.
- Swifter administration of justice.
- Cooperation on extradition of international criminals.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Significantly reduce the entry of illegal drugs into the U.S.

OPERATIONAL GOAL: Strengthened ability of South Asian governments to reduce the production of illegal narcotics and interdiction of exports of illicit substances.

STRATEGY:

Afghanistan remains the world's second largest producer of opium poppy. Through the U.S. embassy in Islamabad and consulate in Peshawar, the United States has begun a dialogue on narcotic issues with the Taliban, who now control most of the poppy-producing areas. However, continued fighting, extreme poverty and absence of a central government with effective administrative control have thus far precluded meaningful progress on narcotics control. Narcotics cooperation is also an important component of the U.S.-Pakistan relationship since significant amounts of opium and heroin are produced in that country. Recent experiences with uncoordinated counternarcotics actions have prompted a reaffirmation of the desire on both sides to cooperate on such activities. In particular, the United States will seek to strengthen Pakistan's national narcotics control efforts. The Government of India has made significant progress in controlling the production and export of narcotics chemical precursors produced by India's large chemical industry. The United States will continue to work with India to address problems with the unauthorized export of essential chemicals and methaqualone, diversion of licit opium and prosecution of major narcotics offenders.

OBJECTIVE(S):

1) Significantly decrease the cultivation of illicit drugs, particularly in Pakistan and Afghanistan, through crop substitution and other counternarcotics programs. (SA, INL, DEA)

2) Strengthen national narcotics control efforts, e.g., by supporting the passage of comprehensive drug and money laundering legislation and promoting increased professionalism in anti-narcotics units. (SA, INL, DEA)

3) Identify and disrupt narcotics trafficking organizations and chemical manufacturers having a direct effect on the United States. (DEA)

4) Maintain a dialogue on counternarcotics issues that will give South Asian governments clear and consistent guidelines on what they need to accomplish to obtain full narcotics certification. (SA, INL)

5) Increase cooperation on the extradition of narcotics traffickers to the United States. (SA, INL, L)

6) Continue the promotion of official and private demand reduction programs. (SA, USIS)

7) Encourage Pakistani counternarcotics forces to give priority to operations to arrest, seize assets, and prosecute major narcotics traffickers, as well as to destroy heroin laboratories and interdict large shipments of opiates, particularly along the borders with Afghanistan and Iran. (SA, INL, DEA)

8) Increase counternarcotics efforts in Afghanistan by UNDCP and European "destination"/"transit" countries. (SA, INL, IO)

9) Encourage Afghan authorities to follow through on announced policies of banning narcotics trafficking and use, and support any eradication efforts. (SA, INL)

10) Promote the continued supply of licit opium from India to U.S. pharmaceutical companies. (SA)

ASSUMPTIONS:

- Poverty and lack of effective governmental control will continue to hinder efforts of halt cultivation of narcotics, particularly in Pakistan and Afghanistan.

INDICATORS:

- Full narcotics certification for Pakistan and India.
- Effective implementation of national drug control policies and counternarcotics efforts.
- Decrease in cultivation of illicit drugs, particularly in Afghanistan.
- Cooperation on extradition of narcotics traffickers.
- Effective operation of narcotics-related legal systems.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Reduce international terrorist attacks, especially on the U.S. and its citizens.

OPERATIONAL GOAL: Improved counter-terrorism cooperation with South Asian governments.

STRATEGY:

As in other regions, the United States must rely on local law enforcement agencies in South Asia to counter and ultimately reduce international terrorist activity. South Asian police and security officials are the first line of defense against terrorism. Counterterrorism activities in the region will focus on improving the capabilities and professionalism of these officials, eliminating potential safehavens for terrorists, increasing bilateral cooperation against terrorism and gaining adherence to international conventions. The United States will seek to halt terrorist activities that hinder the resolution of conflicts in Kashmir and Sri Lanka and that directly affect American citizens. Of special concern is the Kashmir hostage situation. The United States will continue to work with the Governments of Pakistan, India and other concerned countries to determine the fate of the hostages and bring those responsible to justice.

OBJECTIVE(S):

1) Improve cooperation on U.S. counterterrorism efforts through regular consultation, training and exchange programs and, where possible, increased intelligence-sharing. (SA, S/CT, CIA)

2) Continue to urge governments of the region to halt support for terrorist groups and cross-border terrorist attacks. (SA, S/CT)

3) Resolve the Kashmir hostage issue, identifying those responsible and bringing them to justice. (SA, S/CT, FBI)

4) Increase regional governments' responsiveness to U.S. requests for extradition, rendition, and law enforcement and intelligence cooperation against terrorism. (SA, S/CT)

5) Encourage regional governments to accede to and adopt implementing legislation for international counterterrorism conventions. (SA, S/CT)

6) Secure regional governments' support for accession to, and implementation of, a new convention on terrorist bombings. (SA, S/CT)

7) Assist other agencies' efforts to increase counterterrorism cooperation with elements of regional governments. (SA, S/CT)

8) Make governments aware of new terrorist threats, including electronic, biological, chemical and radiological weapons. (SA, S/CT)

9) Continue dialogue with Sri Lanka's Liberation Tigers of Tamil Eelam (LTTE) to modify the organization's actions. (SA, S/CT)

10) Continue to press Taliban authorities to close militant camps in Afghanistan. (SA, S/CT)

ASSUMPTIONS:

- Terrorist acts, e.g. bombings, will continue.
- Political conditions that led to the Kashmir hostage situation have not changed significantly.
- The political situations in South Asian countries that give rise to violence and terrorist activities will not improve in the near future.
- Terrorist groups will acquire more sophisticated weapons and become more skillful.

INDICATORS:

- Prosecution or extradition of suspected international terrorists.
- Governments of India and Pakistan take specific actions to determine the fate of the Kashmir hostages and secure their release or identification.
- Accession to counterterrorism conventions by South Asian countries.
- Completion of an Anti-Terrorism Assistance program in Pakistan.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Growth of stable democracies and professional, apolitical militaries in South Asia.

STRATEGY:

Increasing government adherence to democratic practices continues to be a major focus of U.S. efforts in Bangladesh, Pakistan, and Sri Lanka. A three-year USAID initiative to strengthen local non-governmental organizations in the areas of maternal and child health, child survival and girls education is now underway. The United States will continue, through bilateral assistance programs and support for the activities of the UN Special Representative for Afghanistan, to encourage a return to the rule of law and the establishment of a broad-based government in Afghanistan. Supporting progress toward a resolution of the ethnic conflict in Sri Lanka, in part by rebuilding confidence in the democratic system, will remain a priority of the U.S. embassy there. An important tool in U.S. efforts to encourage the growth of stable democracies will be the South Asia Regional Democracy Fund.

OBJECTIVE(S):

1) Encourage the creation of an environment, particularly in Sri Lanka and Bangladesh, in which reconciliation between ethnic communities and between political factions can be advanced; encourage the maturation of political parties. (SA, DRL, USIS, AID)

2) Increase the participation of citizens, particularly women and other disadvantaged groups, in the political process. (SA, DRL, AID, USIS)

3) Encourage the development of community-level organizations through Peace Corps, USAID and ESF projects. (SA, DRL, AID, Peace Corps)

4) Enhance independent monitoring of elections, training programs for election officials and party polling agents and support education programs for voters. (SA, DRL, AID)

5) Advocate and support programs to enhance the capacity, effectiveness and probity of South Asian parliaments and other elected bodies. (SA, USIS)

6) Promote democratic values in South Asian militaries through International Military Education and Training (IMET) and joint exercises. (DOD, SA)

7) Continue to advocate a return to the rule of law and establishment of a broadly based government in Afghanistan. (SA, IO)

8) Support progress toward resolution of the conflict in Sri Lanka, including more constructive engagement by the opposition on the devolution package and re-establishment of civilian administration on the Jaffna peninsula. (SA, AID)

ASSUMPTIONS:

- Corruption, weak institutions and domestic politics marked by resentment, mistrust and confrontation will continue to threaten the consolidation of democracy in much of South Asia.

INDICATORS:

- Fewer incidents of political violence.
- Greater participation by women in the democratic process as candidates and voters.
- Growth in number of free trade unions and non-governmental organizations.
- Ethics legislation is enacted by National Assembly in Pakistan.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Increase foreign government adherence to democratic practices and respect for human rights.

OPERATIONAL GOAL: Greater respect for human rights in South Asia.

STRATEGY:

The United States maintains a dialogue on a full range of human rights issues with governments and NGOs in South Asia. Although several South Asian governments have recently created national human rights commissions, disappearances, extrajudicial killings and other human rights abuses remain all too prevalent. Of particular concern are discrimination against women and religious minorities, the continued use of bonded labor and the employment of children in hazardous working conditions. The South Asian Regional Democracy Fund, established in FY 1998, will provide assistance through U.S. and local non-governmental organizations working in the region and to governmental programs which contribute to U.S. objectives. Programs currently underway or due to start in FY 1998 will assist Sri Lanka's newly established Human Rights Commission and Nepal's election commission, support efforts to increase women's political and economic participation in Afghanistan, Nepal, Sri Lanka and the Maldives, and foster anti-corruption reforms in Bangladesh and Pakistan.

OBJECTIVE(S):

1) Continue a dialogue with South Asian governments to raise awareness of human rights issues, including discrimination against women and religious minorities. (SA)

2) Encourage governments of the region to reduce human rights abuses by police, military and other officials by identifying and punishing those responsible for human rights abuses. (SA)

3) Encourage South Asian governments to provide a wide mandate and adequate resources to ensure the effectiveness of national human rights commissions; support the establishment of a human rights commission in Sri Lanka. (SA, DRL, AID)

4) Encourage governments and manufacturers in South Asia to take steps to eliminate child labor in hazardous workplaces and reduce child labor overall; support public and private efforts to institute and monitor child labor-free labeling schemes and rehabilitate former child laborers. (SA, DRL, DOL, USIA)

5) Foster the empowerment of South Asian women through literacy, legal rights, business skill training and small business credit availability. (SA, DRL, AID, USIS)

6) Support national legal and human rights awareness programs. (USIS, SA)

7) Encourage South Asian governments, particularly India and Pakistan, to observe international humanitarian norms regulating internal conflicts. (SA, DRL)

8) Urge governments to end labor law exemption for export processing zones, e.g. in Pakistan and Bangladesh. (SA, DRL)

ASSUMPTIONS:

- Child labor is deeply rooted in South Asia and will endure absent such societal changes as universal primary education and substantial reductions in poverty.
- Manufacturers will resist child labor-free labeling schemes absent concerted education and dialogue on their benefits to exporters.

INDICATORS:

- Reduction in number of disappearances, extrajudicial killings and incidents of torture and rape.
- Increased number of manufacturers participating in a child labor-free labeling programs with credible monitoring systems.
- NGO "freedom" indices.
- Strengthened labor unions in South Asia.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Prevent or minimize the human costs of conflict and natural disasters.

OPERATIONAL GOAL: Prevention/alleviation of the human costs of conflict and natural disasters in South Asia.

STRATEGY:

A continuing focus of U.S. efforts to prevent or minimize the human costs of conflict in South Asia will be to provide assistance to the most vulnerable victims of the civil conflicts in Afghanistan and Sri Lanka: women, children, and the disabled. As a member of the UN Task Force, the United States will provide guidance to the UN on the identification and prioritization of activities to be included in the Strategic Framework for Assistance to Afghanistan being developed this year. The United States will work with other donor members of the Afghan Support Group and other ad hoc donor groups to increase support for relief programs, including those operated by the International Committee of the Red Cross (ICRC), which runs hospitals, orthopedic workshops and prosthetic services, reunites families through its tracing service and conducts regular visits to prisoners of war. Encouraging the return of refugees in Pakistan to their homes in Afghanistan as conditions allow will continue to be a primary goal of assistance programs in Pakistan. The United States will continue to support ICRC, UN High Commissioner for Refugees, World Food Program and other programs that aid the internally displaced in Sri Lanka. The United States will urge the settlement of lingering disputes between Nepal and Bhutan and between Bangladesh and Burma that have stranded thousands of refugees in camps along the border.

OBJECTIVE(S):

1) Increase support for relief and development programs in Afghanistan via the UN Office for Coordination of Humanitarian Assistance to Afghanistan (UNOCHA) and the Afghan Support Group; provide guidance to the UN on the identification and prioritization of activities to be included in the Strategic Framework for assistance to Afghanistan. (PRM, AID, SA, IO)

2) Support the International Committee of the Red Cross, UN High Commissioner for Refugees, World Food Program and other organizations in their efforts to provide basic humanitarian assistance to refugees and displaced people in South Asia. (PRM, AID, SA)

3) Direct assistance to the most vulnerable populations in Afghanistan, including women, children and the disabled; continue to press the Taliban to allow the resumption of assistance programs targeted at women and girls. (PRM, SA, AID, IO)

4) Continue to encourage refugees in Pakistan to return to Afghanistan as conditions allow by providing repatriation and reintegration assistance. (PRM, SA, PM, IO)

5) Encourage increased cooperation between the UN Special Mission to Afghanistan (UNSMA) and UNOCHA; ensure that UNSMA has adequate resources to maintain a steady, broad-ranging dialogue with all Afghan political players and ability to support a cease-fire/political settlement if parties agree on terms. (SA, IO)

6) Advocate the negotiated settlement of the Nepal/Bhutan refugee problem. (SA, PRM)

7) Continue to work with the Government of Bangladesh and international organizations to ensure the protection of Rohingya refugees and to implement a durable solution for them which includes resettlement in Bangladesh for those unwilling or unable to return to Burma and closure of the refugee camps on the Bangladesh-Burma border. (PRM, SA, IO)

8) Encourage the Government of Nepal to continue its policy of allowing safe transit for Tibetan asylum seekers. (SA, PRM)

ASSUMPTIONS:

- Continued access to refugees and displaced persons in Afghanistan and Sri Lanka.
- Political/military conditions allow assistance operations to continue.

INDICATORS:

- Increased numbers of Afghan refugees who return home from Pakistan.
- Steps taken to resolve the Nepal/Bhutan refugee problem.
- Assistance programs targeted at women and girls are resumed in Taliban-controlled areas of Afghanistan.
- Increased areas in Afghanistan surveyed and cleared of landmines.
- Decreased fighting and reduced areas of insecurity.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Secure a sustainable global environment in order to protect the U.S. and its citizens from environmental degradation.

OPERATIONAL GOAL: Increased efforts by and with South Asian countries to address national, regional and global environmental problems and support for international environmental agreements of importance to the United States.

STRATEGY:

Degradation of the environment in South Asia poses substantial, direct challenges to the region's political stability and socio-economic development. The region, home to almost a quarter of the world's population, faces a host of serious environmental problems. Its ability to address these issues is hindered by its impoverished and growing population as well as historical tensions between India and Pakistan and between India and its smaller neighbors. Posts in the region, particularly New Delhi and Kathmandu, have been active on environmental issues. The U.S.-India Common Agenda for the Environment (CAE), created in 1995 to promote cooperation on global and domestic environmental challenges, was recently reorganized to focus efforts on securing clean air, clean cities and clean industry. The United States will seek to intensify interaction under the CAE through regular, substantive meetings of its working groups. The United States hopes to conclude negotiations to find a new framework for S&T cooperation with India as the U.S.-India Fund draws to a close after 10 years of supporting direct cooperation between U.S. technical agencies and their Indian counterparts on a full range of scientific disciplines. The international financial institutions, especially the Global Environment Facility, are vital sources of both financial and technical assistance to combat environmental degradation; the United States will support the efforts of these institutions. An important tool in encouraging the region's new openness to cooperate on transnational environmental problems will continue to be the Regional Environmental Hub in Kathmandu. Following interagency consultation in Washington and in the region, an action plan was developed for FY 1998 and beyond that will focus Hub efforts on: encouraging regional cooperation on water use issues; sharing information on alternative energy sources and clean air monitoring; strengthening regional abilities to respond to oil spills; and, encouraging the South Asian Association for Regional Cooperation to make the environment a more central issue. The United States will also enhance the bilateral dialogue with South Asian countries on national and global environmental issues.

OBJECTIVE(S):

1) Increase use of environmentally sustainable production and management practices in South Asia and promote exports of U.S. environmental and environment-friendly technology. (SA, OES, AID, USAEP).

2) Intensify interaction under the U.S.- India Common Agenda for the Environment. (SA, OES, AID)

3) Obtain broad-based support for environmental policies, programs and activities by strengthening the dialogue with and between South Asian governments, international organizations, non-governmental organizations and industry on national, regional and global environmental issues; use media, speakers and exchange programs to heighten awareness of environmental issues. (SA, OES, AID, USIA)

4) Through the newly established regional environmental hub in Kathmandu, facilitate regional cooperation on water use management, oil spill response, efficient energy use and clean air monitoring. (SA, OES, EPA, NOAA, USCG, DOI)

5) Conclude an agreement with India on a new framework for S&T cooperation that will preserve the productive science and technology relationship begun under the U.S.-India Fund. (SA, OES)

6) Secure commitment by South Asian governments to support the U.S. view in international negotiations on biodiversity, climate change, forests and toxic chemicals. (SA, OES)

7) Encourage additional financial flows from MDBs and other donors to support environmental cleanup efforts. (SA, EB, OES)

ASSUMPTIONS:

- A troubled political atmosphere, obstructionist bureaucracies, population pressures and a reluctance to challenge vested interests will limit progress on environmental issues.
- Negotiations on international environmental issues will be initiated or successfully concluded.
- Other U.S. government agencies and departments will be willing to participate in the State Department's regional and bilateral efforts on environmental issues.

INDICATORS:

- Improvements in the implementation of the U.S.-India Common Agenda for the Environment.
- Government of India participates in Actions Implemented Jointly (AIJ).
- Regional training workshops on oil spill response capabilities held.
- Agreement with India on framework for S&T cooperation concluded.
- Agreement with Pakistan on environmental technologies cooperation concluded.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Stabilize world population growth by 2020.

OPERATIONAL GOAL: Coordinated diplomatic and programmatic efforts to stabilize population growth rates and improve reproductive and maternal and child health in South Asia.

STRATEGY:

South Asia, with 1.3 billion people in 1996, is the most populated region in the world. At current rates of population growth, India will bypass China and become the world's most populous country within 30 years. Similarly, Pakistan's population will grow to over 380 million by the year 2050, surpassing the United States, to become the world's third largest country behind India and China. Furthermore, with the highest population growth rate for any large Asian nation (nearly 3% per year), Pakistan will almost certainly experience dramatic declines in per capita availability of arable land, water, and forest resources. Assistance programs aimed at curbing population growth have had dramatic success in Bangladesh, where the average woman will now have 27 great grandchildren rather than the previous generation's 216. The United States will continue its efforts to encourage governments in the region to adopt effective policies and strategies for strong population stabilization efforts, including expanding family planning and reproductive health services for underserved populations. In the coming year, USAID will implement a recent decision to focus on a single new program in Bangladesh that will provide an integrated package of family planning and health services to underserved and low-performing areas of the country. To help Pakistan address its serious population problem, the United States will continue NGO programs addressing related health, education, and family planning needs. Programs will include a child health component as parental concerns about child survival can be a deciding factor influencing demand for family planning services in South Asia.

OBJECTIVE(S):

1) Promote improved policies and strategies to expand region-wide access to quality reproductive health care, including family planning services, and maternal and child health care consistent with client needs. (SA, PRM, AID)

2) Support policies and programs to achieve universal access to family planning, maternal health, and other reproductive health services by 2015. (SA, PRM, AID)

3) Improve the policy environment in which population programs are developed and implemented, including policies and programs to enhance the socio-economic status of women and expand opportunities for youth. (SA, PRM, AID)

4) Foster an enabling environment for involvement of civil society in population and development activities. (SA, PRM, AID)

5) Support activities related to population stabilization by other bilateral donors and multilateral development banks. (SA, IO, AID, EB, Treasury)

ASSUMPTIONS:

- Existing broad international support for population stabilization efforts is maintained.
- Current Congressional restrictions on U.S. population assistance are lifted.
- Successful national family planning efforts in South Asia are sustained; new efforts to reach under-served populations are supported by national governments.
- National and international commitments to basic education and economic opportunity programs for women and girls continue to increase.
- Other donors (multilateral, national, and private) expand investments in population-related activities.

INDICATORS:

- Improved contraceptive prevalence rates.
- Maternal and infant mortality and morbidity rates fall.
- Girls' education rates improve.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Reduce disease worldwide.

OPERATIONAL GOAL: Reduction in the prevalence and transmission of disease in South Asia and enhanced capacity to control infectious diseases through surveillance and response and research as part of a global network.

STRATEGY:

UN experts predict India will have more HIV positive cases by the year 2005 than all of Africa. The rate of infection is among the highest reported anywhere in the world. More than five years into India's national AIDS control program, a majority of the public is not aware that such a disease exists, let alone the method of its transmission and prevention. In addition, denial of the scope of the problem is still widespread, most state governments have not developed plans for local action and the AIDS control infrastructure has been downgraded. A disturbing trend in Eastern India is the spread of HIV into the rural areas, which are beyond the scope of current awareness and intervention programs. A recent Indo-U.S. Vaccine Action Program (VAP) consultation on HIV/AIDS vaccine development and testing concluded that India should be an important partner in the global effort to develop, evaluate, produce and introduce effective and appropriate vaccines to prevent the spread of HIV and reduce the number of AIDS-related deaths worldwide. In the coming year, the United States hopes to conclude negotiations to find a new framework for S&T cooperation with India as the U.S.-India Fund draws to a close after 10 years of supporting direct cooperation between U.S. technical agencies and their Indian counterparts on disease prevention and control. The United States is also working with Bangladesh, which is in the early stages of its AIDS situation, to promote the development of a national AIDS policy and eventually a fully operational national AIDS program. The United States has ongoing reproductive health programs in Bangladesh and is considering proposals for initiating a program in Pakistan. The United States has supported efforts to eradicate other infectious diseases, e.g. by participating in the first round of a UNICEF campaign to provide polio vaccine to 3.8 million children in Afghanistan and in national polio immunization days in India.

OBJECTIVE(S):

1) Reduce the prevalence and transmission of HIV/AIDS and emerging infectious diseases in South Asian countries, especially in India. (OES, SA, AID, DHHS)

2) Increase government and public awareness of HIV/AIDS. (OES, SA, AID, DHHS)

3) Develop and enhance cooperation on vaccine research and infectious disease surveillance and control with India and Bangladesh on a priority basis. (OES, SA, AID, DHHS)

4) Enhance capacity throughout the region in surveillance, response and research related to infectious diseases. (AID, DHHS)

5) Conclude an agreement with India on a new framework for S&T cooperation that includes provisions on infectious disease research. (SA, OES)

6) Support efforts of other bilateral donors and MDBs. (SA, EB, OES)

ASSUMPTIONS:

- Without U.S. leadership, global surveillance and response capacity will not expand effectively.
- International collaboration and cooperation in meeting the challenges of disease will continue.
- International commitments to combat infectious diseases and to develop a global early warning and response network will be fulfilled.

INDICATORS:

- Reduced HIV/AIDS transmission rates.
- Agreement on framework for S&T cooperation with India.
- Reduced transmission of vaccine-preventable diseases.
- Enhanced cooperation and capacity strengthening on vaccine research and infectious disease surveillance and control.
- Development of a national AIDS policy in Bangladesh.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: A skilled, motivated, diverse, flexible workforce that enables the U.S. Government to achieve its international affairs goals and respond to international crises.

OPERATIONAL GOAL 1: Administer personnel programs for Foreign Service, Civil Service and Locally Engaged Staff to ensure optimum staffing, and provide adequate training and fair compensation.

STRATEGY:

The bureau must pursue a variety of strategies in administering a diverse workforce operating under different employment systems. Workload and responsibilites are increasing across the board. Shortages in fiscal and human resources mean that keeping even the shrinking number of positions fully staffed is a constant challenge. Recruiting and keeping qualified, motivated people requires creativity, energy, patience and flexibility. The bureau must continue to develop productive working relationships with State colleagues in other offices and bureaus in common pursuit of better personnel practices.

OBJECTIVE(S):

1) Aggressively recruit motivated officers into the Bureau to maintain a sustainable cadre of South Asia experts. (State: SA, PER)

2) Encourage cross-conal training to maximize the productivity of a decreasing resource. (State: SA, PER)

3) Enhance the training of rover secretaries to include the consular course. (State: SA, FSI, CA)

4) Develop contingency plan to staff Kabul with qualified personnel in the event the post re-opens. (State: SA, PER)

5) Adequately staff and minimize gaps in all positions, Foreign Service, Civil Service and Foreign Service National, within the Bureau. (State: SA, PER)

6) Develop and implement a training, cross-training for backup, and coverage policy for the Bureau's domestic secretary positions. (State: SA, FSI, M/FLO)

a. Office Support Professional Course for qualified secretaries.

b. Reduce use of contractors.

c. Proactive recruitment and hiring of Eligible Family Members for domestic positions.

d. Training to use improved unclassified LAN capabilities to improve support to the bureau.

e. Establish a domestic rover secretary position.

7) In administering the Civil Service employment program, pursue strategies to increase effectiveness, improve job satisfaction, and enhance position duties to both attract the best recruits and retain proven, experienced employees. (State: SA, PER)

8) Participate in developing and implementing a universal, consistent, practicable policy for Eligible Family Member employment, including recruitment, training, security clearances, position classifications, and compensation and other benefits. (State: SA, other regional bureaus, PER, M/FLO, DS, CA, L)

9) Recruit, fairly and cost-effectively compensate, and retain quality Locally Engaged Staff overseas in accordance with host country law and local custom, and Federal and Department statutes and regulations. (State: SA, PER, M/FLO, H, L)

a. Work with PER/OE to successfully implement use of off-the-shelf data for Local Compensation Plans.

b. Participate in ongoing discussions to clarify compensation, position classification and other issues associated with local hire of American citizens overseas.

c. Develop budget strategies to accommodate rising personnel costs overseas.

d. Proactive recruitment and hiring policy for Eligible Family Members overseas.

e. At overseas posts, continue to develop expertise in local labor laws.

10) Prepare required reports accurately, and work with Allowances and Overseas Schools to ensure adequate benefits and schools at SA posts. State: SA, A/ALS, A/OS)

ASSUMPTIONS:

- State Department budget will not increase over the next five years.
- Personnel costs will continue to rise.
- South Asia will remain a major facet of U.S. foreign policy.
- Human resources will be inadequate to meet all foreign policy goals.

- There are not enough Foreign Service personnel in certain cones and specialties to adequately staff all Foreign Service positions in the coming five years.
- The Department will continue to use Civil Service employees, Eligible Family Members and local hire American citizens to fill vacant Foreign Service positions.
- Well-managed employment opportunities for Eligible Family Members are an important factor in assignment and morale of Foreign Service personnel and family members.
- Adequate allowances and schools are important factors in attracting qualified bidders to SA posts.
- The Civil Service system provides little flexibility and is not reliable in filling vacant positions in a timely manner.

INDICATORS:

- Annual review of resource allocation within the Bureau and at overseas posts reflects best use of scarce human resources.
- 90% of assignments completed by February 1 of the assignment cycle.
- Rover secretaries trained as consular officers.
- Create rover GSO/CON position in NEA/SA/EX.
- $5,000/year for in-country language training allocated and used.
- Coverage and backup policy in place for domestic secretaries.
- Accurate allowances and overseas schools reports submitted on time.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Effective and efficient information resources management and information systems that strengthen the ability of the U.S. to achieve its international affairs goals and respond to crises.

OPERATIONAL GOAL 2: Provide efficient, dependable information systems to support and enhance the bureau's international affairs goals: adequate systems for the processing, storage and communication of information, dependable E-Mail communications, an adequate automatic cable distribution system, and updated telephone, radio and telecommunications support.

STRATEGY:

Ever-expanding information management requirements combined with the compatability deadline set by the year 2000 makes this goal a high priority, unrelenting resource drain for the bureau. All possible bureau funds must be allocated toward this goal but we cannot do it alone. The bureau must work closely with the IM bureau to insure their active, timely leadership on department-wide initiatives and to obtain the maximum funding possible from the IRM Program Board for our pressing needs.

OBJECTIVE(S):

1) Replace all domestic and overseas antiquated legacy computer systems with Windows NT Local Area Networks (LANs) according to the bureau five year plan, of which 1998 is the fourth year. (State: SA, IM)

2) Use results of assessment of all SA computer equipment to determine Year 2000 compliance and make necessary changes, corrections and replacements to bring all bureau equipment into compliance before 2000. (State: SA, IM)

3) Work with the IM bureau to implement a worldwide MS Exchange E-Mail network which meets our communication needs. (State: SA, IM)

4) Work with the IM bureau to complete development and to implement a fully functioning classified LAN-based desktop telegram sending, delivery, and database system before the year 2000. (State: SA, IM)

5) Continue the modernization program for overseas telephone systems and radio programs through obtaining adequate financial support from the IRM Program Board. (State: SA, IM)

6) Encourage Department management to focus attention on the need for obtaining additional telecommunications bandwidth to enable current modernization efforts to move forward. (State: SA, IM)

7) Provide additional personnel to manage increasingly complex computer systems and provide adequate formal training to overseas and domestic computer support staff and users to enable them to make use of the computer tools at their disposal. (State: SA, FSI, PER, IM)

ASSUMPTIONS:

- Funding levels of the JPP/IRM process and IM technical support are available to purchase and install Windows NT classified LANs at all SA posts by the end of FY 1999.
- JPP money is available for necessary telephone and radio modernization programs.
- SA will identify funds through JPP or bureau funding to replace/correct all bureau/post equipment not 2000 compatible.
- MS Exchange with the necessary X.400 configuration will be installed worldwide by the end of FY 1998.
- Sufficient bandwidth for smooth global operations will be funded by central funds and supplied by DTS-PO.
- An electronic telegram distribution and retrieval system will be funded in FY 1997 and will be completed and ready for production status by the end of FY 1998.
- FSI and local sources will be able to supply adequate training for managers and users of the new generation of computer systems currently being developed and installed.

INDICATORS:

- Completion of the bureau five year computer plan by the end of FY 1999.
- Continued smooth operation of all information systems after 1/1/2000.
- Successful acquisition and installation of an approved ETD system.
- Successful testing of MS Exchange and commence installation domestically and abroad in FY 1998.
- The Department does not experience significant problems with communications and information management due to inadequate bandwidth.
- Assistance is provided to posts with communications problems within 24 hours.
- Bureau prepared effective submissions to IRM Program Board, resulting in bureau receiving fair share of funding for modernization of telephone and radio programs.
- Personnel have taken advantage of training opportunities available domestically and overseas thereby enhancing their abilities to make optimum use of systems.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 3: Provide functional and safe work and living environment for employees.

STRATEGY:

The bureau will coordinate the effort to determine residential and office space requirements. Because funds for capital projects are scarce, it will be necessary to extend the useful life of existing facilities by appropriate maintenance and rehabilitation. The volatility of the South Asian area demands an increasing emphasis on physical and technical security issues.

OBJECTIVES:

1) Extend the usefulness of existing facilities by ensuring adequate funding for routine maintenance and repair. (State: SA, FBO/OPS)

a. Negotiate with FBO/OPS a reasonable funding matrix delineating bureau and FBO responsibilities for routine maintenance and repair and building operating expenses.

2) Participate in planning and implementing major projects for replacement or expansion of facilities. (State: SA, FBO/AP, FBO/OPS)

EMBASSY NEW DELHI

1. Continue to help coordinate efforts for OBC renovation projects at Embassy New Delhi .

2. Continue to monitor chiller and generator project for main and west bldg at Embassy New Delhi.

3. Monitor completion of design and coordinate efforts of renovation for relocation of AID staff, AID warehouse and AID cafeteria into west building annex of Embassy New Delhi.

4. Coordinate efforts for expansion of 12 existing units and construction of 6 additional townhouse units on Embassy New Delhi enclave.

5. Coordinate efforts for design and construction of 12 unit apartment building on Embassy New Delhi enclave.

6. Coordinate efforts to identify an alternate facility for a multi-purpose building which would incorporate a commissary, CLO office, recreation facility, theater and other functional space on Embassy New Delhi enclave.

7. Coordinate efforts to replace present commissary with 40 unit apartment building once multi-purpose building is complete on Embassy New Delhi enclave.

8. Coordinate efforts for construction of townhouses or an apartment building.

9. Continue to coordinate efforts for sale of properties in New Delhi and Calcutta which will result in use of proceeds for future construction and rehabilitation projects in India.

CONSULATE GENERAL MUMBAI

1. Continue to monitor the Mumbai USIS Building upgrade.

2. Continue to monitor plans for construction of townhouses on Consulate property in Mumbai.

3. Continue to monitor plans to rehabilitate Washington House apt. building in Mumbai.

CONSULATE GENERAL CHENNAI

1. Continue to monitor the prospect of building an apartment building or townhouses with recreational facilities in place of residences in Chennai.

2. Coordinate efforts for expansion of consular section at Consulate General in Chennai.

EMBASSY COLOMBO

1. Continue to coordinate the relocation and design for AID to the USIS building.

2. Continue to monitor the proposed Marine Drive construction next to the USIS building and through the Chancery compound at Embassy Colombo.

3. Complete construction of new warehouse in Colombo. Continue to monitor sales of 2 properties in Colombo to pay for new warehouse.

EMBASSY KATHMANDU

1. Complete replacement of heating, chilling and lighting system at Embassy Kathmandu.

2. Coordinate proposed plans to expand warehouse on Phora Dora compound at Embassy Kathmandu.

3. Continue to monitor sale of Brahma Cottage property in Kathmandu.

4. Continue to monitor possible retention of DCR property by Royal Family in Kathmandu

5. Continue to monitor lawsuit brought by one of the heirs of the former owner of the Phora Durbar compound.

EMBASSY DHAKA

1. Continue to coordinate construction of new GSO compound.

2. Coordinate sale of present GSO compound to pay for new GSO compound.

3. Continue to monitor possible construction of building to house 2 offices on Embassy compound.

EMBASSY ISLAMABAD

1. Continue to monitor the proposed construction of a new warehouse on the Embassy compound.

CONSULATE GENERAL KARACHI

1. Continue to monitor the proposed need for renovation or new construction of the Consulate General in Karachi.

2. Continue to monitor the proposed conversion of 2 large residential units from single units to duplex units.

CONSULATE GENERAL LAHORE

1. Continue to coordinate the consolidation of all agencies into the Consulate General building.

2. Continue to monitor the sale of one USG owned apartment building in Lahore.

CONSULATE GENERAL PESHAWAR

1. Continue to monitor the proposed relocation of the school and GSO facilities.

EMBASSY KABUL

1. Continue to monitor and evaluate possibilities to reopen post and prepare the building for re-occupation.

3) Make safety and health standards available to employees and make training available to the appropriate personnel in safety and health standards. (State: SA, FBO/OPS/SAF, FBO/OPS/FIRE, DS)

a. Work with the appropriate domestic offices and overseas posts to adopt measures to combat the recurrence of tragedies of the recent past through the provision of training and enforcement of pesticide safeguards.

b. Coordinate installation of security enhancements to ensure life safety measures are in place, i.e. emergency escape grills where necessary.

c. Coordinate efforts by SHEM and Embassy New Delhi to provide health and safety guidelines and provisions to Embassy employees for living in one of the most polluted cities in the world.

4) Achieve cohesive integration of space management requirements brought about by the consolidation/reorganization of foreign affairs agencies and NSDD-38 requests for increases or decreases of personnel. (State: SA, ACDA, USAID, USIA)

5) Assist posts in their compliance with interagency security standards by coordinating efforts to direct funding for this purpose. (State: SA, DS)

6) As single real property manager, coordinate the efforts of all concerned to ensure the acquisition of housing that is cost-effective, secure, structurally sound, and meets housing standards. In addition, ensure housing assignments are made in as transparent a fashion as possible, thus being a positive aspect of post morale. (State: SA, FSI; all other agencies)

a. Make sure all posts are in the correct housing category, reflecting the security, cultural, and health environment of each post.

b. Ensure all post housing profiles correctly reflect current and projected personnel demographics.

c. Work domestically and overseas to ensure that all agencies are cognizant of and adhere to housing standards as set forth by the Washington Interagency Housing Board

d. Provide training to GSOs and Administrative Officers on post housing programs.

ASSUMPTIONS:

- Funds for capital building projects will continue to come exclusively from proceeds of sale of real property.
- Consolidation/reorganization will impact on space utilization both domestically and overseas.
- Budgets will not increase even though demands for funding routine maintenance and repair of aging facilities will increase.
- South Asia will remain an important facet of U. S. foreign policy.
- Transparency, simplicity and clear justification in procedures and reports will be vital elements in full implementation of ICASS.
- Adequate, equitably assigned housing overseas is vital to effective post performance and morale.

INDICATORS:

- Preparation of Post Annual Inspection Surveys (AIS) accurately reflects condition of government owned and long term leased facilities.
- Posts' responses to FBO Field Budget Call for Special M & R Projects and Minor Improvements accurately reflect needs of the post as reported by the AIS, Fire and Life Safety inspection report and the Global Conditions Survey report.
- FBO schedule of capital projects for next five years reflects bureau priorities and clearance.
- Bureau clears funding matrix for routine maintenance and repair and building operating expenses.
- COM responses to NSDD-38 requests includes thoughtful consideration of all issues including space management.
- Posts' compliance with security, safety and health standards as indicated by security oversight inspection reports and SHEM inspection reports.
- Maintain accurate, approved Post Housing Profile and up-to-date Handbook.
- Post IAHB meeting minutes reflect equitable, transparent assignment process.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Infrastructure and Operations

Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 4: Manage the acquisition, storage, control and accountability of non-expendable and expendable property.

STRATEGY:

Given the importance of South Asia in U.S. foreign policy, it is essential that we have the foundation necessary to support all elements of the U.S. government pursuing policy goals in the region. To ensure adequate levels of service and material support and maintain good internal controls in a time of diminishing resources, human and fiscal, we need to work smarter with better tools. By utilizing the talents of our personnel, domestic and overseas, we can accomplish this at minimal cost.

OBJECTIVE(S):

1) Develop standardized databases for procurement actions for non-expendable and expendable property and maintenance records for non-expendables. (State: SA, IM, A/LR, A/OPE, A/OPR)

a. Canvas posts in the region for post-created databases.

b. Review submissions for best practices and create single standard databases for discrete procedures.

2) Review acquisition procedures in the region for best practices that ensure the most cost-effective expenditure of dwindling resources which meet statutory and regulatory procurement requirements. (State: SA)

3) Plan region-wide implementation of post-specific standardized procurement program for appliances and vehicles with the view of decreasing costs for maintenance and spare parts. (State: SA, A/LR, A/OPE)

4) Continue to improve maintenance and refinishing programs to extend the useful life of motor vehicles and non-expendable property. (State: SA)

5) Review warehouse facilities in the region to ensure adequacy of space, function, security and internal controls; continue to monitor construction of warehouses in Colombo and Dhaka and coordinate future construction or expansion of warehouses in Nepal, Peshawar and Islamabad. (State: SA, A/FBO, A/OPR/SL)

6) If consistent with reorganization plan, integrate USIS program property accountability system into NEPA. (State: SA, USIS, A/OPR)

ASSUMPTIONS:

- Consolidation and reorganization will impact acquisitions, storage and control, and accountability procedures.
- Budgets will not increase even though prices of non-expendable and expendable items will continue to rise.
- ICASS has a more fair and transparent method of determining administrative costs of supporting other agency positions.
- Vehicle replacement cycles will continue to lengthen due to shortage of appropriated funds.
- Replacement cycles on non-expendables (furniture and furnishings) will continue to lengthen due to shortage of discretionary 3100 funds.
- Proceeds of sale from both vehicles and furniture and furnishings will decrease due to increased age of items at time of sale.

INDICATORS:

- Standardized databases, cleared by appropriate offices, made available region-wide.
- Accurate annual inventories reflecting good management and internal controls.
- Accurate Worldwide Procurement database submissions (competition, contracting, mandatory sources) indicate posts have utilized most cost-effective expenditure of resources.
- Chief of Mission management certifications and the accompanying risk assessment exercise have identified any lapses in internal controls and these are rectified within the year.
- All required utilization and condition reports are submitted on time and accurately reflect ongoing efforts to increase the useful life of property.
- Accuracy of ICASS workload counts will improve as improved, standardized databases increase efficiency.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Infrastructure and Operations

Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 5: Optimal transportation of people and things to enhance performance and operations.

STRATEGY:

Participate in developing, reviewing and implementing federal and host country policies to ensure people and things are transported optimally to enhance performance and operations; work with host country governments to facilitate movement of official goods and travelers; support official visitors pursuing U.S. government policy objectives.

OBJECTIVE(S):

1) Continue to provide full support to official visitors to the region. (State: SA, H, S/S-EX)

a. Ensure adherence to region-wide country clearance criteria.

b. Establish mechanisms to capture full cost of support in accordance with ICASS methodology.

c. Develop bureau guidance on support standards for official visits.

d. Ensure funding and resources are in place to support official visits.

2) Work towards development of interagency policies for authorized and reimbursable use of government owned vehicles. (State: SA; all other agencies represented)

3) Participate in discussions to make home-to-office charges more consistent and equitable. (State: SA; all other agencies represented)

4) Assist where appropriate in reducing the burden of certain reporting requirements. (State: SA, M, H)

5) Work with host governments in the region to resolve issues of interpretation and implementation of those portions of the Vienna Convention provisions dealing with movement of goods and services with the purpose of establishing full reciprocity. (State: SA, OFM)

a. Duty-free entry of goods for diplomatic and administrative and technical personnel, including clarification of host country regulations pertaining to diplomatic missions.

b. Clarification of what constitutes diplomatic pouch material and negotiations leading to a mutually acceptable definition.

c. Continue efforts to resolve issues surrounding tax exemption for missions and personnel.

6) Work towards development of interagency policies for official air travel to include consistent compliance with Fly America, code-share routing, use of contract fares and business class accommodation. (State: SA; all other agencies represented)

7) Participate in discussions with various regulatory elements to rationalize and standardize interpretation and implementation of the Fly America Act. (State: SA, A/OPR, H, M, other regional bureaus; GAO, all other agencies represented)

ASSUMPTIONS:

- Consolidation will impact on the development of logistics reengineering.
- Consolidation and reorganization will impact on development and implementation of departmental policies on transportation.
- Transparency, simplicity and clear justification in procedures and reports will be vital elements in full implementation of ICASS.
- Resources, fiscal and human, will remain static or decrease.
- South Asia will remain important to U.S. foreign policy.
- Nuclear non-proliferation and law enforcement issues will continue to bring numerous official visitors to the region.
- Statutory and regulatory constraints, foreign and U.S., will not be reduced in the near future.

INDICATORS:

- Country clearance criteria, invitational travel and business class travel policies are adhered to.
- SA prototype of handbook for official visits for posts' use forms basis of development of post-specific handbooks.
- Progress is apparent in development of interagency motor vehicle policies.
- Progress is apparent in development of interagency policies for official air travel.
- OFM reports on reciprocity issues reflect bureau discussions with host country governments and diplomatic missions.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: A skilled, motivated, diverse, flexible workforce that enables the U.S. Government to achieve its international affairs goals and respond to international crises.

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 6: Support security programs protecting people, information and facilities.

STRATEGY:

Security is a paramount concern for the SA bureau: In the wake of the Al-Khobar and OPM/SANG bombings in Saudi Arabia, well-founded reports of threats against U.S. interests in the NEA/SA region continue to surface. This region has priority in the process of identifying and implementing physical security upgrades funded by the counter-terrorism supplement voted by Congress. The high profile participation of the United States in the troubled peace process makes U.S. facilities and personnel potential targets for those opposed to the process. Political unrest and terrorist activity associated with Islamic fundamentalism create areas of general hazard.

OBJECTIVE(S):

1) Bureau domestic and overseas personnel continue to participate in the Security Supplemental Coordinating Group to identify, prioritize and implement physical security upgrades funded wholly or partially by the counter-terrorism supplemental. (State: SA, FBO/CSM, FBO/OPS/AM, DS)

a. Karachi bomb blast wall feasibility study.

b. New Delhi construction of new chancery compound access control point.

2) Continue to work with host country governments to improve setback for U.S. facilities, and maintain setback gained through host country cooperation in closing roads and placing barriers on public land. (State: SA, DS)

3) Continue to participate in working groups discussing proposed alternatives to "Lock and Leave" policy. (State: SA, all other bureaus, DS, FMP, FBO, M/P; all other agencies as appropriate)

4) Work with FSI to schedule and carry out Crisis Management Exercises regularly, giving priority to the posts with the highest threats. (State: SA, FSI, DS)

5) Ensure overseas posts have proactive Emergency Action Committees. (State: SA, DS; all other agencies)

a. Encourage posts to schedule and hold regular, fully attended Emergency Action Committee (EAC) meetings and convene additional fully attended EAC meetings as circumstances warrant.

b. Encourage posts to review and update Emergency Action Plans in accordance with the schedule, and as circumstances warrant, ensuring there is no confusion over the no double standard rule and tripwires.

c. Encourage posts to schedule and hold appropriate drills, including but not limited to: destruction drills, bomb drills, fire drills.

6) Real property managers will work with Regional Security Officers overseas to ensure that all prospective real property acquisitions are inspected for compliance with security standards, that recommended security upgrades for all newly acquired properties are installed, and that all office and residential properties are periodically reviewed for compliance with security standards. (State: SA, DS, FBO)

7) Continue to provide support to the Marine Security Guard program in accordance with most recent MOU, including the new funding mechanism. (State: SA, DS, FMP; DOD)

8) Work with appropriate offices to ensure posts overseas have functioning secure communications equipment: operational STU-IIIs and secure faxes. (State: SA, DS, IM)

9) Work with appropriate offices to ensure resources are available for Local Guard Programs overseas. (State: SA, DS, FMP)

ASSUMPTIONS:

- Although some U.S. installations are more often the target of specific terrorist threats, any U.S. installation in the region could be the target of a threat.
- There are U.S. installations and personnel located in places rendered hazardous by general political unrest.
- South Asia will remain important to U.S. foreign policy.
- The $14.3 million security supplemental funds allotted to FBO in FY-97 are no-year funds and will be used through FY-98.

INDICATORS:

- High priority security upgrade projects receive full funding and are successfully implemented.

- The bureau, FBO and DS cooperate in determining priority for security upgrades funded by the security supplemental.
- All posts have up-to-date Emergency Action Plans.
- Posts receive host country cooperation in getting and maintaining setback that meets standards for U.S. facilities.
- EAC meeting minutes at each posts reflect regular meetings and full attendance..
- Currently occupied offices and residences have been inspected by appropriate offices and meet security standards.
- Crisis Management Exercises are scheduled and held at priority posts in South Asia.
- The bureau has active and informed participation in working groups discussing "Lock and Leave".
- MSG semi-annual inspections reflect good support and State compliance with the MOU.
- Overseas posts are not hampered by lack of appropriate secure communications equipment.
- Local Guard Programs are funded at levels that provide a safe and secure working environment.

SA: FY 1999 REGIONAL PROGRAM PLAN

STRATEGIC GOAL: Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.

OPERATIONAL GOAL 7: Effectively use Department financial planning and financial accountability systems to obtain and manage adequate resources for the support of domestic and overseas operations and internal control mechanisms.

STRATEGY:

The Bureau will stay actively involved in ICASS implementation to insure the ICASS accounting and budgeting system is fully operational at our posts. This will ensure posts request adequate funds to maintain the Department's Administrative platform overseas and that all agencies pay their fair share based on services used. Additionally the Bureau will continue its efforts to obtain additional Program funding maximizing the flexibility afforded by Department's Financial Planning system. As resources become increasingly scarce, the Bureau will increase its efforts to inform posts about the latest systems available to improve internal controls.

OBJECTIVE(S):

1) In cooperation with the other regional bureaus, continue to actively participate in formulation of ICASS policy at the Washington level. (State: SA, all other regional bureaus, FMP, A/ICASS; all other agencies)

2) Work with posts' financial office, ICASS councils and the Washington-based ICASS service center to ensure posts have all the information, feedback and guidance necessary to prepare meaningful ICASS submissions. (State: SA, A/ICASS, FMP, ICASS councils)

3) Encourage post ICASS councils to provide ICASS software training, either in Washington or overseas, for senior FSNs in our Bureau. (State: SA, FSI, A/ICASS, ICASS councils)

4) Working with the other Regional Bureaus, continue to lobby and justify to FMP the need for additional funds for FSN salaries and benefits and infrastructure improvements. (State: SA, regional bureaus, FMP, PER/OE; other agencies)

5) Expand our regional budget operation to insure all posts without a Budget Officer receive, at the minimum, quarterly visits. (State: SA)

6) Work with the appropriate offices to ensure recruitment of qualified financial management officers and seek qualified bidders for finance positions at bureau's posts. (State: SA, PER, FMP)

7) Continue to work with posts to ensure good internal control measures are in place. (State: SA)

ASSUMPTIONS:

- Department of State funding will not increase appreciably.
- ICASS is not an experiment. It is here to stay and its purpose is to make the cost of administrative support more transparent.
- Posts and Washington will weather confusion and lack of clarity generated by the evolution of ICASS.
- By the end of FY-99, posts and Washington will experience improved comfort level with ICASS.
- Financial systems in general will continue to be modified and become more automated.
- As resources decline, additional emphasis will be placed on internal control of financial assets.
- There will continue to be a worldwide shortage of financial personnel.

INDICATORS:

- Inspection Reports favorably reflect use of good internal controls.
- Posts submit properly prepared ICASS Budget submissions.
- Well-justified need for additional funds for FSN compensation packages accepted by FMP.
- ICASS training and guidance have made budgeting more transparent at posts.
- As posts become more adept at managing ICASS, questions will be well-formed and will move the process of refining policy forward.

Afghanistan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
INL	275	500	750
IO&P	500	500	500
PL480 Title II	28,260	8,297	-
Total, Afghanistan	**$29,035**	**$9,297**	**$1,250**

U.S. Foreign Policy Objectives:

The continuing conflict in Afghanistan subjects its people to needless suffering, is a source of instability in the region, fosters human rights abuses, particularly for women and girls, and provides a fertile breeding ground for narcotics, arms trafficking and terrorism. The United States seeks to end the fighting among Afghan factions and bring a political settlement to the conflict, end abuse of human rights, production of narcotics and support for terrorist groups. We will urge continued international support for Afghan humanitarian needs and eventual reconstruction, particularly demining programs.

Strategy for FY 1999:

To promote peace, stability and the rule of law in Afghanistan, we will encourage the establishment of a broad based government. This can best be accomplished through support by the United States and other interested countries for United Nations activities that encourage agreement among Afghan factions to a cease fire and a process to establish a representative central government with authority throughout Afghanistan. Such an outcome would allow significant progress toward our human rights, counter-narcotics, counter-terrorism, humanitarian and reconstruction goals. In the meantime, we will work to protect the human rights of Afghans, particularly women and girls. Through support for UNDCP and NGO poppy reduction projects we will strive for local success against narcotics traffickers in Afghanistan. We will support the efforts of international organizations to provide emergency rehabilitation assistance in Afghanistan, including mine clearing, through contributions to the UN office for Coordination of Humanitarian Assistance to Afghanistan and the UN Afghanistan Emergency Trust Fund. In the longer term, development assistance will be required for reconstruction of the country.

Indicators:

- An end to fighting throughout Afghanistan and establishment of a neutral security force.
- Progress toward establishing an interim government and planning for a permanent form of government.
- Improvement in human rights performance by all factions.
- A substantial reduction in the amount of opium being produced, processed and trafficked.
- Elimination or major reduction in the number of terrorist training camps.

Bangladesh Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	46,913	54,850	65,270
PL480 Title II	35,624	20,720	19,360
Peace Corps	-	750	1,160
IMET	342	375	350
Total, Bangladesh	**$82,879**	**$76,695**	**$86,140**

U.S. Foreign Policy Objectives:

The foremost U.S. objectives in Bangladesh are to encourage continued democratic consolidation and sustainable economic development. We expect that these would lead to increased opportunities for investment by U.S. businesses and an improved living standard for the Bangladeshi people. Other key goals include the improved observance of human rights standards and the development of an apolitical, professional military. In the international sphere, we also seek to increase Bangladeshi cooperation on international security and other issues and maintain Bangladeshi involvement in multilateral peacekeeping activities. On the socio-economic front, our goals include reducing the number of Bangladeshis living in poverty, reducing population growth rates and out migration, easing pressures on the environment, lessening dependence on aid, and enhancing the country's disaster response capabilities.

Strategy for FY 1999:

To reach our primary objectives of more stable democratic institutions and continued economic development and growth, U.S. officials will continue to encourage Bangladeshi leaders to support an open, democratic political system and continue economic reforms.

USAID-funded training, in part through Asia Foundation programs, will improve the effectiveness and responsiveness of government and election officials. USIA education, exchange and information programs will raise awareness of voter responsibilities and citizens rights. DOD's IMET program will pursue parallel goals in the military. We will continue strong support for phasing out child labor in garment factories and expanding this initiative into other sectors of the economy.

We will continue to advocate market-based policy and regulatory reforms. Development assistance provided through USAID programs will improve family planning and child health, strengthen democracy and governance at local levels, promote infrastructure improvement, enhance productivity of small enterprises and increase use of environmentally sustainable production practices. PL480 Title II

programs will improve farmer access to market, assist in the building of rural roads, and promote the employment of rural women. The Peace Corps will support DA and Title II activities with basic education, environmental, and developmental work.

The entire U.S. mission will aggressively promote U.S. business, particularly in the rapidly expanding hydrocarbons and power sectors. Title II programs will improve farmer access to market, assist in the building of rural roads, and promote the employment of rural women.

Bangladesh will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the protection of sea resources, control smuggling of drug trafficking, enhance fishery protection, port security, search and rescue, and disaster relief operations, and facilitate Bangladeshi participation in peacekeeping operations. Continued cooperation on peacekeeping will be supported by the IMET program, regular exercises and exchanges.

Indicators:

- Greater tolerance and less violence in the political process, active opposition participation in parliament.
- Continued economic reforms, further progress in privatization and financial sector reform as agreed to by the Bangladesh government during the annual Donor Group Meeting.
- Continued implementation of an education and monitoring program to end child labor in the garment industry, and expansion into other economic sectors.
- American energy and power companies succeed in efforts to invest in gas exploration and power generation projects.
- Further progress on regional and sub-regional cooperation, and continued Bangladeshi participation in multilateral peacekeeping.
- Improved contraceptive prevalence rate.

India Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	49,350	51,350	56,500
INL	12	13	100
PL480 Title II	93,712	91,874	91,752
IMET	404	475	450
Total, India	**$143,478**	**$143,712**	**$148,802**

U.S. Foreign Policy Objectives:

Since it began to open its economy in the post-Cold War era, India has become one of the world's big emerging markets. The United States encourages continued Indian economic reforms, including further reduction in trade barriers and compliance with WTO obligations, leading to the further growth of U.S. trade and investment. India's refusal to join international nonproliferation regimes and its continuing disputes with nuclear-capable Pakistan make it a major focus of U.S. nonproliferation concerns. We consequently seek Indian adherence to such international non-proliferation regimes as the NPT, CTBT, and FMCT. We also encourage enhanced regional stability through improved bilateral and multilateral cooperation among the South Asian nations, especially between India and Pakistan, and through expanded U.S.-Indian security cooperation. India is important for the achievement of U.S. goals in such global problem areas as environmental degradation, poverty, overpopulation, narcotics trafficking, terrorism, and the spread of HIV/AIDS. We will continue to coordinate with India our efforts to address these issues.

Strategy for FY 1999:

We will work through our embassy in New Delhi, official visits, and USAID and USIA programs as well as the Economic/Commercial Subcommission and the U.S.-India Commercial Alliance to encourage continued economic reforms and further heighten U.S. and Indian business interest in commercial interactions. To enhance regional security and further our non-proliferation objectives, we will continue to strengthen our official dialogue at a senior level and maintain discussions with the Indian nuclear, technical and defense establishments and opinion leaders on security issues. In particular, we will push for continued, constructive dialogue between Indian and Pakistani leaders, both to reduce military tensions and to increase cooperation in a broad range of mutually advantageous areas. The Embassy and USIS will encourage "Track II" contacts between non-official Indians and Pakistanis that encourage public discussion on both sides of the border of related security and foreign policy issues.

We will promote expansion of military-to-military understanding and cooperation through senior military visits, a growing exercise and IMET training program, and continued meetings of the Defense Policy Group and related bodies. We will continue to work with India on narcotics control programs and to fund training for enforcement personnel, including the Indian Coast Guard. To advance our environmental and developmental goals, we will expand implementation of the Common Agenda environmental initiative and promote family planning and health through USAID programs. We will support efforts by manufacturers to develop an internationally credible child labor-free trademark. Title II programs will strengthen governmental/non-governmental partnerships in the provision of child health services.

India will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would enhance India's already strong participation in international peacekeeping operations. Communications systems, training aids and equipment, and spare parts would be particularly suitable to support their efforts.

Indicators:

- Growth in U.S. exports to India and an Indian investment climate more conducive to U.S. investment.
- Further reduction in tariffs; removal of restrictions on consumer product imports; enactment of patents and trademark laws; and reform of the law regarding the insurance sector and labor.
- Concrete steps by the Indian Government that would demonstrate its commitment to regional stability and global nuclear disarmament by limiting its own nuclear and ballistic missile programs.
- Intensification of interaction under the Common Agenda on the Environment.
- Reduced numbers of children working illegally in export industries.
- Conduct of combined military operations, the Defense Policy Group, and other defense visits and exchanges.
- Government of India participates in Actions Implemented Jointly (climate change).
- Improved contraceptive prevalence rate.

Function 150 Resources	Maldives ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
IMET	85	100	100
Total, Maldives	**$85**	**$100**	**$100**

U.S. Foreign Policy Objectives:

The Maldivian Government has been helpful in providing access for U.S. vessels and allowing U.S. aircraft transit rights in Maldivian airspace -- access we have a strong interest in preserving through cooperative relations. To ensure the stability of this small island nation we encourage the strengthening of its democratic institutions and the professionalization of its National Security Service. We also work with the Maldives to coordinate our policies in international organizations, especially on such issues of shared interest as global warming, drug trafficking, and international crime and terrorism.

Strategy for FY 1999:

Since there is no U.S. mission in Maldives, we will continue to pursue our modest goals there through regular diplomatic exchanges managed by our embassy in Colombo and through IMET training programs, which will seek to promote continued inclusion of human rights concerns as part of basic military training.

Indicators:

- Continued access to Maldivian ports and airfields for U.S. military transit.
- Continued U.S.-Maldivian cooperation on key global issues.
- Continued internal stability, with police and military support for democratic institutions.
- Enhanced recognition of human rights norms on the part of Maldivian military.

Nepal Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	18,600	25,700	26,260
INL	30	5	-
Peace Corps	2,331	2,384	2,249
PL480 Title II	273	683	-
IMET	196	225	200
Total, Nepal	**$21,430**	**$28,997**	**$28,709**

U.S. Foreign Policy Objectives:

The overall goal of the United States is to strengthen Nepal's democratic institutions and economic development as part of our broader support for regional stability in South Asia. We support the consolidation of democracy, respect for human rights, sustainable economic growth through market-oriented reform, expanded opportunities for U.S. trade and investment, a reduction in population growth rates, protection of the environment and the elimination of child labor and trafficking in women. We also are encouraging resolution of the long-standing Bhutanese refugee dispute. Nepalese support and participation in regional development initiatives involving water resources use and hydropower development and environmental cooperation are also important goals, as is enhancing Nepali peacekeeping capabilities with U.S. assistance. Our effort to improve family planning and children's health with AID and Peace Corps resources in Nepal is another high priority.

Strategy for FY 1999:

The United States will work with the Government of Nepal, political parties and nongovernmental organizations to strengthen the democratic system and the electoral process. We will follow up last year's creation of a human rights commission by working with Nepalis to ensure the organization is effective. AID and Asia Foundation programs concentrate on a wide range of women's empowerment issues, including basic health and literacy, political participation, and microenterprise projects. The United States will encourage economic growth through fiscal reforms and privatization, and nurture the growing trend toward U.S. investment in hydropower generation. The USG will also promote regional collaboration on water resources, hydropower development and environmental issues. Peace Corps Volunteers are contributing towards Nepal's economic development through improving the skills of local farmers as well as general education programs. Forestry Volunteers from the Peace Corps promote equitable and proper management of scare wooded areas and assist in

reforestation. Volunteers work in community health, nursing education, and water and sanitation.

In conjunction with our IMET program, we will encourage continued Nepali participation in international peacekeeping operations. We will continue our efforts to encourage resolution of the dispute between Nepal and Bhutan over the presence of Bhutanese refugees in Nepal. We also aid Tibetan refugees in Nepal.

Nepal will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would enhance the effectiveness of Nepal's participation in peacekeeping operations.

Indicators:

- Implementation of an effective human rights commission.
- Implementation of market-oriented economic reforms.
- Increased U.S. private sector involvement in the hydropower sector.
- Reduced levels of maternal and child mortality.
- Improvement in women's literacy levels.
- Reduced use of child labor, particularly in export sectors, and reduced levels of trafficking in women to India.
- Beginning of return/resettlement program for Bhutanese refugees.
- Continued Nepalese participation in multilateral peacekeeping.
- Improved contraceptive prevalence rate.

Pakistan Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
INL	2,500	1,500	2,500
PL480 Title II	4,817	5,221	-
IMET	-	-	350
Total, Pakistan	**$7,317**	**$6,721**	**$2,850**

U.S. Foreign Policy Objectives:

Pakistan can play an important role in progress toward several high-priority U.S. policy objectives, including nonproliferation of weapons of mass destruction, combating narcotics production and trafficking, and fighting international terrorism. We seek to persuade Pakistan that its long-term security, like India's, depends on restraint in nuclear and missile development, and eventually adherence to such international nonproliferation regimes as NPT, CTBT, and FMCT. Since the Indo-Pakistani relationship is central to the peace and security of the South Asian Subcontinent, the United States has a strong interest in encouraging constructive dialogue and greater cooperation between the two countries. We seek strengthened democratic institutions and greater protection of human rights, especially of women and religious minorities. We will continue to encourage the fiscal and economic reforms that can lead to a more dynamic economy and to a business environment more conducive to U.S. trade and investment. We also seek closer Pakistani support for our efforts to resolve the civil war in Afghanistan, and continued cooperation with the United States in peacekeeping, counter narcotics, and other areas. To help Pakistan address its serious population problem, the United States will continue NGO programs addressing related health, education, and family planning needs.

Strategy for FY 1999:

We will promote our non-proliferation and regional security goals through senior- level dialogue with civilian and military leaders, urging restraint on nuclear and missile programs. We will also encourage Pakistani leaders to continue and expand their dialogue with Indian counterparts on reducing tensions and increasing trade and other exchanges. We will urge civilian and military leaders to work together to strengthen the country's democratic institutions and to implement the reforms necessary to revitalize the economy and attract U.S. trade and investment. At the same time, we will seek additional Pakistani government measures to protect workers' rights and support efforts by manufacturers to develop independent and credible monitoring systems to ensure products are child labor-free. Military to military relations will be expanded through senior military visits, joint exercise programs, and meetings of the

Defense Consultative Group and related bodies. Building on legislation by Congress last year that allows a resumption of OPIC and TDA support for U.S. business in Pakistan, we will seek approval and funding for International Military Education and Training programs to promote increased professionalism, adherence to human rights standards, and bilateral cooperation in such areas as peacekeeping. In addition, the Asia Foundation is helping to improve maternal and child health and to strengthen NGOs in Pakistan. The U.S. will continue to support demand reduction public awareness narcotics programs and crop substitution programs in Pakistan.

Indicators:

- Concrete steps by Pakistan limiting its development of WMD.
- Continuation and expansion of senior-level talks between India and Pakistan.
- Implementation of a program of structural economic reforms in conjunction with international financial institutions.
- Increased narcotics-related arrests and extraditions, increased monitoring to ensure heroin processing labs do not return, reduction of opium poppy acreage, and passage of comprehensive money laundering regulations.
- More aggressive GOP action against terrorist groups such as Harakat ul Ansar.
- Increased levels of U.S. trade and investment over 1997.

Function 150 Resources	Sri Lanka ($ in thousands)		
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	3,000	3,000	1500
Peace Corps	595	718	731
IMET	200	225	200
Total, Sri Lanka	**$3,795**	**$3,943**	**$2,431**

U.S. Foreign Policy Objectives

The United States is a major investment and trade partner of Sri Lanka. Opportunities for further U.S. investment and trade would be enhanced by an end to the separatist conflict, further economic policy reform (especially to increase transparency), and resolution of outstanding bilateral trade disputes. The United States supports the Government's devolutionary package as the cornerstone of a political settlement that preserves national unity and the interests of all ethnic communities. We will continue to call on both sides in the conflict, the Government and the Liberation Tigers of Tamil Eelam (LTTE), to observe international standards of human rights, including care for those displaced by the violence. The United States maintains a Voice of America transmitter in Sri Lanka and is constructing an expanded site there, the completion and operation of which is a key interest. The United States and Sri Lanka share interests in environmental protection, the strengthening of Sri Lanka's democratic institutions, and the suppression of international terrorism.

Strategy for FY 1999:

To promote resolution of the internal conflict, we support negotiations among all political groups to secure devolutionary constitutional reforms. This would be coupled with reconstruction in the areas of the country affected by the conflict with the assistance of USAID and the Peace Corps. We will press the LTTE, through direct and indirect contacts and increased public scrutiny of its behavior, to end its use of terrorist tactics and wholesale violation of human rights. We will also promote government efforts to maintain recent human rights improvements as the conflict with Tamil separatists continues. In part through Asia Foundation programs, we will continue to support local human rights organizations and provide assistance to make the Sri Lankan judiciary more responsive.

We will use our IMET programs and modest combined exercise programs as well to train key military leaders in human rights principles and procedures. To generate momentum on economic reform in Sri Lanka, we will support further market-oriented reforms, privatization, faster business growth and dynamic promotion of U.S. trade and investment through embassy contacts, support for trade missions, USAID programs

and USIA public awareness efforts. To promote our global broadcasting objectives, we will seek Government of Sri Lanka political support for completion and regular operation of the new VOA transmitter.

Sri Lanka will be eligible in FY 1999 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA would be used to aid demining programs necessary as a result of Sri Lanka's lengthy civil war. In addition, equipment could contribute to improved professionalism and operation of the Army, a central element of U.S. policy due to past concerns about human rights.

Indicators:

- Significant number of privatizations, moving toward 80% of the economy in private hands by 2000. Deregulated labor markets with unemployment dropping one percent a year. Private sector investment rising 10% a year.
- Continued increase in U.S. agricultural and industrial exports.
- Participation of Tamil, Muslim, and opposition party groups in deliberations on devolution reforms.
- Enough reconstruction of war-affected areas to attract at least 20 percent of refugee/displaced population to return to their homes; restoration of a politically acceptable civil administration and resumption of viable economic activity.
- Greater international attention to LTTE atrocities and greater cooperation in restricting the LTTE's operations in the U.S., resulting in a significant reduction in both.
- Government trials and convictions, when appropriate, of those charged in high-profile human rights violations.
- A major reduction in disappearances, detentions and torture.

South Asia Regional Democracy Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
ESF	-	$3,000	$2,750
Total	**-**	**$3,000**	**$2,750**

U.S. Foreign Policy Objectives:

The United States supports the consolidation and strengthening of democratic systems, respect for human rights, and the rule of law throughout South Asia. Specific objectives of the United States in the area of democracy and human rights are to:

- Increase adherence by political parties and leaders to democratic norms in the region.
- Increase participation of citizens, particularly women and other disadvantaged groups, in the political process and in their own development through local and non-governmental organizations, improve availability and exchange of information, and increase basic literacy.
- Promote greater press freedom and recognition of media responsibility as a guardian of democracy and human rights.
- Encourage greater respect for workers' rights, particularly stronger recognition that child labor is widespread and a serious social problem.
- Seek adherence to general human rights norms and adoption of judicial reform and women's rights as human rights concerns.
- Promote a strong and participatory civil sector, including free trade unions and non-governmental organizations.

Strategy for FY 1999:

Our strategy to promote the consolidation of democracy will be to provide assistance through U.S. non-governmental organizations working in the region and to host government programs that contribute to U.S. objectives. In FY 1999, the United States will continue to support programs that focus on human rights in Sri Lanka, including the provision of technical assistance and training in such areas as the needs of children, women and ethnic minorities. We also anticipate expanding programs in Bangladesh, Nepal and Pakistan, as permitted by legislation. In particular, we will support programs to strengthen parliament and foster a national dialogue on corruption. Programs will continue to promote democratic processes, including the holding of free elections, the establishment of law-based societies, and the enforcement of universally recognized human and worker rights. We will seek to expand programs to improve respect for the rights of Afghan women and children in Afghanistan and

in refugee camps. These programs will seek to promote the equal political and economic participation of women in society. We will also continue to assist South Asian efforts at region-wide solutions to such problems as child labor and the trafficking of women and girls.

Indicators:

- 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.
- A strong and participatory civil sector, including free trade unions and non-governmental organizations.
- Increased availability of legal services through governmental and non-governmental entities, thus improving access to the judicial process.
- Increased transparency of governmental processes and increased accountability through greater participation of non-governmental civic organizations in the legislative and electoral processes.
- Increased participation of women and disadvantaged groups in the political process, including as voters and candidates for elective office.
- A freer and more open press.
- Credible, transparent, free and fair multi-party elections with fewer instances of electoral fraud and higher voter turnout.
- Representative and accountable government at all levels, evidenced by more independent legislatures and local councils whose members understand the legislative process, the role of a loyal opposition, and constituent relations.

Regional Programs for South Asia Function 150 Resources ($ in thousands)			
Appropriation	**FY 1997 Actual**	**FY 1998 Estimate**	**FY 1999 Request**
DA	10,515	13,554	11,000
MRA	27,387	28,000	29,500
Total	**$37,902**	**$41,554**	**$40,500**

U.S. Foreign Policy Objectives

South Asia, containing nearly a quarter of the world's population, is critical to the achievement of such global U.S. objectives as the suppression of deadly infectious diseases, protection of the environment, and sustainable economic development. Unless decisive action is taken, the region is likely to become the world's largest reservoir of HIV/AIDS cases, one of the largest sources of greenhouse emissions, and home to the largest number of poor people. Because both the causes and remedies of these problems are inherently transnational, they cannot be tackled through bilateral assistance programs alone. Regional assistance funds are necessary to supplement country-specific programs and reap the administrative benefits of international coordination. An added benefit is that such programs encourage the nations of the region to abandon historic hostilities and work more closely together in the interests of the region as a whole.

The principal objective of our refugee program is to support the efforts of international organizations to provide for the care and maintenance of refugee populations in the region.

Strategy for FY 1999

The DA appropriation requested for FY 1999 would be divided among three major programs: (1) Two million dollars would be allocated to fighting HIV/AIDS. Working through a number of respected NGOs, this program will continue to support testing interventions with vulnerable populations, strengthen seroprevalence screening, develop grass roots organizations, fund reproductive health education, and prevent and treat sexually transmitted diseases. (2) Seven million dollars would be allocated to the U.S.-Asia Environmental Partnership. The focus would be on developing institutional partnerships which mobilize private resources to implement activities under the President's initiative on global climate change and increase investment in environmental infrastructure. (3) Two million dollars would be allocated to Reengineering Development and Support, a program which provides experts to assist in the design of development strategies, activities and monitoring systems. Such assistance is critical to

ease the transition from successful USAID programs to results-oriented, country and regional organizations.

We anticipate that MRA funds will be expended on refugee populations in FY 1999 as follows: Afghans ($8.5 million), Sri Lankans ($1 million), Tibetans ($1 million), and regional programs ($19 million).

Indicators

- Higher levels of cooperation among South Asian governments in monitoring the spread of HIV/AIDS and working to combat it.
- Measurable increases in AIDS awareness and condom usage among particularly vulnerable populations, including sex workers, intravenous drug users, and truck drivers.
- The launching of new, privately funded initiatives to reduce greenhouse emissions, and increases in private investment in environmental infrastructure, including the introduction of cleaner technologies in coal-fired power plants.
- Growth in the number of self-sustaining indigenous organizations, both national and regional, or units within such organizations, that manage former USAID projects effectively.
- Continued repatriation of Afghan refugees.
- Alleviation of suffering of refugees in the region.

III. REQUEST BY APPROPRIATION

MULTILATERAL ASSISTANCE

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Multilateral Development Banks

Summary Table

(BA $ in thousands)	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Global Environment Facility	35,000	47,500	300,000
International Development Association	700,000	1,034,503	800,000
International Finance Corporation	6,656	-	-
Inter-American Development Bank			
Ordinary Capital Account	25,611	25,611	25,611
Fund for Special Operations	10,000	20,835	21,152
Multilateral Investment Fund	27,500	30,000	50,000
Asian Development Bank	13,222	13,222	13,222
African Development Fund	-	45,000	155,000
European Bank for Reconstruction and Development	11,916	35,779	35,779
Asian Development Fund	100,000	150,000	250,000
North American Development Bank	56,000	56,500	-
MENABANK	-	-	[1]
Subtotal, MDBs	**985,905**	**1,458,950**	**1,650,764**

[1] Transfer authority from Economic Support Funds (ESF) for the Middle East Development Bank (MEDB) is provided in the FY 1999 budget.

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The Multilateral Development Banks

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$986 million	**$1,459 million**	**$1,651 million**

Annual Committed Amount	Current Arrears	Arrears remaining if request approved
$1,149 million	**$638 million**	**$136 million**

Our FY 1999 budget request covers the World Bank Group, five regional development banks, and the Global Environmental Facility (GEF). The World Bank is comprised of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The five regional development banks include: the Inter-American Development Bank Group (IDB); the Asian Development Bank Group (AsDB); the African Development Bank Group (AfDB); the European Bank for Reconstruction and Development (EBRD); and the North American Development Bank (NADBank).

The World Bank, along with the IMF, was established in 1944 to provide a multilateral instrument to help rebuild the economies of post-war Europe, and to promote global economic cooperation. Originally, the World Bank was designed to provide support for infrastructure reconstruction, but as Europe returned to prosperity in the 1950s, the Bank redirected its focus to the developing economies of the Third World. Later the World Bank's work in the developing world was augmented by the creation of the regional development banks.

With the exception of the EBRD, the NADBank, and the GEF, each of these institutions consists of both a *hard window* and a *soft window*. The hard loan window provides loans at market-based rates to better-off developing countries. Donor countries provide the capital base for these loans through paid-in and callable capital subscriptions, enabling the MDBs to access the international capital markets for operating funds. Paid-in capital is as low as 6 percent of total capital in some of the Banks. The soft loan window provides loans on a concessional basis with long maturities (30-40 years) and very low (generally around one percent) interest rates to the poorest countries unable to borrow in international capital markets. Funding for these loans (which are the equivalent of 80-90 percent grants because of the loan terms) is provided by donor countries through periodic replenishments and repayments of prior loans.

The MDBs also lend to and invest directly in promoting the private sector. In the World Bank Group and the Inter-American Bank Group, the IFC and the Inter-American Investment Corporation (IIC) respectively provide loans and equity

investments to projects where risks are too high for the private sector to be the sole source of financing. Generally these investments provide only a portion of the necessary financing and act as an inducement for private finance. Other MDBs, such as the EBRD, have major private sector operations. The EBRD, in particular, commits over 60 percent of its financing to private sector projects.

Multilateral Development Bank Key Facts:

- The IFIs lend more than $47 billion per year at a cost to the U.S. of about $1.2 billion; in comparison, U.S. bilateral development grants are $8.7 billion.

- Overall, U.S. firms receive about $3.2 billion per year in business from the MDBs.

- Of overall MDB development funding, 33 percent goes to Latin America, 23 percent to East Asia, 19 percent the Eastern Europe and the former Soviet Union, 12 percent to South Asia, 9 percent to Sub-Saharan Africa, and 3 percent to the Middle East.

- Significant achievements have been obtained in improving the efficiency and quality of MDB operations in the past few years. The MDBs have also been increasingly active in areas which are of high priority to the U.S., including poverty reduction, trade and investment reform, sound environmental practices, private sector development, good governance and worker rights.

MDB Achievements in FY 1997:

U.S. Leadership and Advancement of U.S. Foreign Policy Priorities

- The World Bank and AsDB worked closely with the IMF and other donors in developing programs to react to the financial crisis in Asia, beginning with a major program for Thailand. Further operations for Indonesia and Korea are being developed in FY 1998. In addition, both institutions are building up their institutional capacity to deal with financial sector reform in developing countries.

- The U.S. formed a coalition of MDB members to delay lending to Croatia to ensure compliance with the Dayton Accord by the World Bank and EBRD. In addition, MDBs have played leading roles in the Bosnian reconstruction effort, as defined in the Dayton Accords.

- The U.S. successfully enlisted IFI support for the President's Africa Initiative, with the World Bank, the AfDB and the IDB firmly committed to the Heavily Indebted Poor Countries (HIPC) debt initiative and determined to emphasize liberalization of trade and investment regimes and anti-corruption measures.

- The approval by Congress of our plan to clear U.S. arrears to the MDBs has helped preserve U.S. leadership and influence in the institutions. All arrears to IDA have been cleared, and significant progress in clearing other arrears is being made in FY 1998.

Leverage MDB Budgetary Resources:

We continue to use replenishment/capital increase negotiations to reduce new U.S. financial commitments and secure needed institutional reforms.

- ***Asian Development Fund (AsDF) Replenishment***: We successfully negotiated a 41 percent reduction in total U.S. commitments for the AsDF-7 replenishment. We secured agreement that India and China will be precluded from access to the soft loan funds, and that a graduation policy paper will be developed this year. Donors also endorsed the broad goal that the AsDF become self-financing within 15 years.

- ***Africa Development Bank (AfDB) General capital Increase (GCI)*** negotiations are moving towards a favorable conclusion, providing for greater non-borrower shareholding, new voting rules to increase U.S. and other donor influence, and stronger financial ratios.

- ***Inter-American development Bank (IDB)***: A U.S. proposal in the ongoing Fund for Special Operations (FSO) negotiations would eliminate the need for new donor commitments for the poorest countries.

- ***Multilateral Investment Guarantee Agency (MIGA)***: The U.S. successfully set the financial and policy framework for a forthcoming general capital increase. U.S. firms have direct interests in approximately half of the $4.7 billion in investments that MIGA's operations facilitate.

Increasing MDB Operational Effectiveness:

We continue to press for greater cost effectiveness and accountability in MDB operations, including more objective measurement and assessment of performance and results.

- ***World Bank***: With our engagement, the World Bank substantially reduced the budgetary cost of its Strategic Compact, which aims to improve the development effectiveness of the Bank. After the three-year implementation period, the Bank's budget will return to its inflation-adjusted FY 1997 level. At our strong insistence, the Bank is developing scorecards to improve project performance, to increase staff

accountability and to make projects more results oriented. The Bank also undertook a cost effectiveness review and is undertaking a comprehensive salary/benefits review. The cost effectiveness review will identify areas where the Bank has a comparative advantage and should concentrate its work, phasing out work in areas of lower priority.

- ***AsDB***: The 1998 budget calls for no real increase in operating expenses or staff.

- ***AfDB***: A radical restructuring has reduced staff, improved monitoring of the lending portfolio and strengthened cost controls. At our urging, the Bank has begun work on a draft "vision" statement, in order to define an appropriate niche for the future.

- ***EBRD***: The EBRD maintained zero real administrative budget growth for the fourth consecutive year. The U.S. maintained an American as First Vice President, the number two position in the EBRD.

- ***GEF***: At our strong urging, a comprehensive evaluation of GEF's performance has been launched to identify priority areas for improvement.

Private Sector Development

- The ***World Bank*** expanded its guarantee program to include private enclave projects in IDA countries, and IDA guarantees for private investment, and has deepened its work to encourage needed policy and regulatory reform.

- The ***Inter-American Development Bank*** (IDB) approved its first guarantee for a private sector operation, and has begun to implement its microenterprise initiative. The Bank continued to support privatization initiatives in a variety of countries.

- The ***African Development Bank*** (AfDB) developed guidelines for lending to micro-enterprises in accordance with directives we set during the AfDF-7 negotiations. It has also upgraded its private sector unit.

Financial Sector Reforms

- The ***World Bank*** and the ***International Monetary Fund (IMF)*** jointly issued a paper that spells out their roles in collaboration on financial sector reform. The World Bank is developing an action plan to help it identify and prevent financial crises and respond more quickly if needed.

- The ***Asian Development Bank*** (AsDB) will increase operations in financial and

capital markets from the 1995-96 level of $1.3 billion.

Good Governance

- The World Bank's new anti-corruption policy includes explicit consideration of corruption in lending decisions and specific improvements in procurement and bidding practices.

- The AsDB is preparing an anti-corruption policy paper for review in early 1998; the AfDB held a series of board seminars on governance.

- Our initiative for uniform MDB procurement rules was endorsed by the G-7 Heads of State and the World Bank Development Committee. At our strong urging, the World Bank added an anti-bribery pledge provision to its procurement rules, and overhauled procurement rules for consultants.

Labor Rights

- At our urging, the World Bank produced a policy paper on Bank steps to reduce harmful child labor; a number of specific initiatives are already underway.

- We secured language in the Asian Development Fund (ADF) - VII Replenishment agreement on the importance of establishing labor standards. The AsDB staff is preparing a report on core labor standards that should be available in 1998.

- We proposed a screening mechanism for IFIs to incorporate core labor standards in their operations, and have raised labor issues in relevant loans, sector studies, and country assistance strategies (CASs).

- We have substantially improved coordination between the IFIs and the International Labor Organization (ILO) on labor issues.

Environment and Sustainable Development

- The GEF finalized detailed operational programs on climate change, biodiversity, and international waters. Significant work has been done on a program for environmentally sound transportation.

- GEF operations promote democracy and good governance overseas, by involving NGOs, local communities, private firms, and other stakeholders in all stages of project development. This is crucial for the success of environmental projects and

helps to establish democratic approaches to economic and social development within recipient countries.

- A World Bank draft Energy and Environment Strategy identifies specific areas for more aggressive Bank engagements.

- The World Bank has increased the use of comprehensive sectoral regional environmental assessments.

- The AfDB approved forestry guidelines to encourage conservation and prohibit Bank support for commercial logging in primary tropical moist forests, and is working on a new agriculture sector policy.

- The AsDB completed a working paper on fisheries policy and drafted policy working papers on NGO cooperation, indigenous peoples, gender and development policy and water resources, all of which incorporate policies that the U.S. has consistently urged.

- The World Bank's independent Inspection Panel – a US initiative – considered several requests for inspection.

- The IDB began implementing new guidelines for coastal and marine resource protection and management. It also worked on a strategy to guide activities in the water resources sector and foster sustainable forest management and rural development. The IDB's inspection mechanism has been asked to investigate the Yacyreta hydroelectric project.

- The EBRD began implementing stronger policies on environment and information disclosure, under which we now routinely receive environmental assessments. We secured EBRD agreement to manage a program to repair the Chornobyl sarcophagus, which is vital to close the last Chornobyl reactor permanently by 2000.

Disclosure of Information

- The AfDB's new draft policy on information disclosure meets, and in some cases exceeds, the standards of the World Bank and incorporates NGO views. The AfDB sponsored a symposium on strengthening partnerships with NGOs, which resulted in a concrete plan to increase public participation in Bank activities.

- We worked with the business community and NGOs to bridge differences over disclosure and inspection issues in the private sector windows of the IFIs, which should form the basis for strengthened procedures in the IFC and MIGA.

Female Genital Mutilation (FGM)

- Treasury began implementing the FY 1997 Foreign Operations Appropriations provision on FGM. Although Treasury determined, on the basis of State Department analysis, that no country to date failed to meet the legislation's criteria, we have continued to raise the awareness of the issue and build support for FGM initiatives. The response from MDB management and other Executive Directors to our call for initiatives in this area has generally been favorable.

Goals for FY 1998:

Reforms of internal MDB operations, including greater transparency:

- World Bank meets the interim targets of the Strategic Compact, including reform of human resources policy and the development of scorecards to improve project performance.

- Implementation or development of similar reform initiatives in the regional development banks and GEF.

- The MDBs maintain ongoing, comprehensive consultations with affected peoples at all stages of project preparation and implementation.

Support for broad-based sustainable development and market-oriented policies:

- The necessity of sound fiscal spending choices by borrowers, including military spending, must be addressed in country strategies, monitoring, and program activities.

- All MDBs implement or continue development of, as appropriate, a comprehensive governance strategy, including a linkage of lending to evidence of corruption when such evidence threatens the viability of either the MDB program or project, or the country's overall economic development.

- Greater selectivity in MDB programs (e.g., increase the percentage of lending in each MDB allocated to better performing countries).

- The poverty alleviation focus of lending is increased and made more effective, and social development concerns, including gender, become more mainstreamed into MDB lending operations.

- All MDBs are implementing policies on environmental assessment, information disclosure, and inspection mechanisms.

- MDBs make further progress in the adoption of policies, action plans and screening mechanisms on worker rights.

- MDBs strongly promote trade and investment liberalization and financial system strengthening in lending as well as non-lending activities.

- In appropriate MDBs (e.g., World Bank and African Development Bank), increased emphasis in education and health sector projects on reducing the practice of female genital mutilation.

More efficient use of Donor Resources:

- All MDBs implement or begin development of graduation policies, which aim, as appropriate, to decrease the share of MDB lending to a particular country, change the composition of assistance (e.g., from project lending to advisory services), and/or graduate the country completely from MDB assistance. As a corollary to this, ensure that concessional resources go to the poorest reforming countries, and that MDB lending does not crowd out private sector lending.

- Negotiations on the following actions are completed, with U.S. commitments kept to the minimum level necessary to achieve desired policy reforms and to ensure U.S. influence and leadership in the institutions:

    - IDA 12 Replenishment
    - GEF Replenishment
    - MIGA Capital Increase
    - AfDB Capital Increase
    - IDB FSO Operations

- Policies are in place in the Asian Development Bank that move the Bank further toward the ADF replenishment goal of "self-financing of ADF within half a generation."

- EBRD and IFC continue to maintain prudent operational and financial policies so that no further capital increases are necessary.

Better Coordination of MDB Policies:

- Significant progress is made in developing uniform practices, using the highest standards available, in MDB procurement rules and bidding documents.

- Significant progress also made in development of uniform practices, using the highest standards available, in the area of MDB operations evaluation procedures.

U.S. Foreign Policy Goals:

- The IFIs aggressively support programs in countries and regions of high priority to the United States.

- IFI policies and programs in post-conflict situations allow sufficient operational flexibility to support appropriate responses to emergency situations.

Promotion of sound environmental policies and procedures:

- All MDBs implement or begin developing as appropriate, strong policies on energy, involuntary resettlement, and other key environmental and social issues.

- Environmental protection and public participation are mainstreamed into normal MDB assistance through increased use of measurable indicators to track performance.

- Increased MDB support for addressing global environmental problems, particularly in the area of energy efficiency, clean air and water, and biodiverisity.

- Increased use of sectoral and regional environmental assessments for large scale investment programs.

Global Environment Facility (GEF)

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$35 million	**$47.5 million**	**$300 million**

Annual Committed Amount	Current Arrears
$107.5 million	**$192.5 million**

Budget Request:

The Administration requests $300 million in FY 1999 for the Global Environment Facility (GEF) to clear U.S. arrears of $192.5 million and provide $107.5 million in scheduled commitments. In ongoing replenishment negotiations, the Administration intends to limit U.S. contributions to GEF-1 levels and will seek future Congressional authorization to contribute $430 million over four years.

Institutional Mandate:

The GEF was created by the U.S. and 160 other countries as the main funding source for environmental initiatives in developing countries and Eastern Europe that provide primarily global benefits. The GEF provides grants to reduce international water pollution and
over-fishing in international waters; to promote energy conservation and renewable energy; to phase out harmful gases still produced in developing countries that damage the ozone layer; to support better forestry and wildlife management; and to conserve biological diversity. The GEF focuses on innovative, cost-effective sustainable development projects that can be duplicated elsewhere and financed by non-GEF sources. GEF is mandated to incorporate the best available scientific, economic, and technical expertise to address some of the most challenging environmental problems.

Protecting the global environment can only succeed if developing countries adopt cleaner and more sustainable economic policies and infrastructure investments. The GEF is the sole international financial institution dedicated to helping developing countries understand environmental considerations better and take these into account in their economic development choices. GEF grants allow countries to take a step beyond "business-as-usual" development approaches, so that they can adopt cleaner technologies and environmentally safer methods for using their natural resources. The GEF specializes in two key types of support: first, technical assistance to help countries develop better policies in sectors that affect the environment; and second, pilot investments in methods like solar power and sustainable forest management that countries can then copy on a larger scale with non-grant funds. The GEF is unique in its emphasis on smaller-scale projects and very thorough public participation.

Although the GEF only began regular operations in 1994 after a three-year pilot phase, it has matured rapidly. Its portfolio already contains over 650 mostly small-scale projects. Careful project evaluation is helping draw lessons from initial projects for use in new projects. At our request a thorough independent evaluation has been made of overall GEF effectiveness, from which we are setting a clear agenda for further institutional and operational improvements over the next four years. These issues will figure centrally in an ongoing discussion of future GEF resources.

Supporting U.S. Objectives:

Promoting sound environmental policy in developing countries is a key U.S. objective. The well-being of future generations of Americans depends on clean air and a stable climate system, access to diverse species with the genetic material needed for crops and medicines, healthy fisheries, abundant fresh water, and protection from the sun's ultraviolet rays. As the leading international institution taking on these overarching challenges, the GEF serves U.S. national interests and objectives in several specific ways:

- GEF-supported conservation can help our agricultural industry. For example, genetic material from a native Ethiopian type of sorghum, now preserved in a GEF-supported seed bank, helped Californian farmers save an important crop that was almost wiped out by blight.

- The GEF helps reduce the competitive disadvantage U.S. firms experience as a result of weak environmental standards in developing countries. It works with developing countries to develop strong, efficient environmental regulations.

- The GEF addresses resource scarcity and environmental degradation that affect the U.S. and its allies through spillover environmental effects as well as conflict and emigration. For example, the GEF is fighting air pollution, preserving forests, and protecting fisheries throughout Central and South America, the Caribbean, and the Pacific Rim -- areas where resource scarcity has prompted emigration. In the Middle East, the GEF's efforts to protect international waters could ease regional tensions over vital water resources.

- The GEF is actively expanding international markets for environmental technologies and services in which the U.S. is a leading producer. For example, the GEF has been a primary force in expanding international demand for off-grid solar power systems; this has direct implications for U.S. industry, which is among the world's largest producers of solar power equipment. The GEF has also expanded markets for other clean energy technologies such as geothermal, biomass, and clean coal. It has been the main player in expanding developing country demand for wind power -- GEF grants leveraged an expansion of India's demand for wind power systems from 39 megawatts in 1992 to over 800 megawatts in 1996.

- GEF operations promote democracy and good governance, by involving NGOs, local communities, private firms, and other stakeholders in all stages of project development. This is crucial for project success and helps to establish democratic approaches to economic and social development within recipient countries.

Leveraging Additional Resources for the Environment

Under strong U.S. leadership, flowing in part from our position as the largest GEF donor, the GEF has been making substantial progress in leveraging its limited resources. The World Bank, the UN Development Program, the UN Environment Program as well as private investors and recipient governments provide substantial co-financing for GEF projects. Since its inception in 1994, total GEF commitments amount to about $1.7 billion, triggering additional co-financing of $5 billion. The World Bank and International Finance Corporation (IFC) are working actively with the GEF to attract international private capital for renewable energy, energy efficiency, and non-timber forest products.

Perhaps more importantly, developing countries are beginning to duplicate technologies and methods tested by GEF projects in follow-on projects financed by other sources. Argentina, Jordan, and others are using GEF-tested approaches to arrange long-term funding of environmental protection from natural resource users. Both India and Indonesia have replicated GEF-sponsored renewable energy projects, providing electricity to their rural poor with minimal environmental disruption.

World Bank Group

International Development Association (IDA)

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$700 million	$1,034.5 million	$800 million

Annual Committed Amount	Current Arrears
$800 million	$0

Budget Request:

The Administration requests $800 million for FY 1999 for our scheduled annual commitment under the eleventh replenishment of IDA. Negotiations on the twelfth replenishment (FY 2000 - FY 2002) will begin in early 1998. Our IDA-11 commitment of $800 million per year for two years is 40 percent lower than the IDA-10 level of $1.25 billion per year for three years. In fact, after all MDB arrears are cleared, our total MDB annual commitment will be less than our IDA-10 commitments alone.

Current IDA Funding Situation:

There was a one year gap in U.S. funding for IDA after the tenth replenishment (FY 1994 - FY 1996) because the U.S. budget situation precluded clearance of arrears and beginning contributions to the eleventh replenishment. Other donors established a one-year Interim Trust Fund to finance approximately $3.3 billion in IDA projects, denying over strong Administration objections, U.S. procurement opportunities for these projects. Subsequently, the Administration negotiated an agreement with other donors that provided U.S. procurement opportunities for the $1 billion in uncommitted Interim Trust Fund resources in connection with clearance of U.S. arrears to IDA and payment of current U.S. commitments to IDA ($800 million for FY 1998). These conditions were met by the FY 1998 appropriations.

Institutional Mandate:

In 1960, under the leadership of the Eisenhower Administration, IDA was created as the soft loan affiliate of the IBRD to promote sound economic management and poverty reduction among its poorest developing members. IDA provides concessional loans for economic reform, infrastructure, human capital development, environmental improvement, and disaster recovery, as well as policy advice and technical assistance. Its goal is to help the poorest countries create the social and economic conditions

needed to achieve sustainable growth and poverty alleviation. IDA funding comes primarily from periodic replenishments from donor countries, although repayments of past loans are an increasingly important source of IDA resources.

Key Facts:

- IDA eligibility is limited to 80 countries with a per capita income below $925 and with limited or no ability to borrow on market terms. These countries account for 80 percent of the population of developing countries.

- Twenty-one countries have graduated from IDA, and China is in the process of doing so. IDA lending to China declined from over $1 billion in FY 1993 to $325 million in FY 1997. Its access to concessional loans will officially end in FY 1999.

- Once IDA borrowers, Botswana, Korea and Turkey, are now IDA donors.

- The U.S. share of IDA is approximately 21 percent, down from 42 percent initially.

- Every $1 of U.S. funding leverages $8.50 in IDA development loans.

- IDA made loans of $4.6 billion in FY 1997. Since its establishment, IDA has made commitments totaling $101.6 billion.

- IDA promotes economic growth and poverty alleviation in the poorest countries, thus expanding opportunities for U.S. exports, which over the past five years, were responsible for 35 percent of U.S. growth. IDA graduates purchased $65 billion in U.S. exports in 1996, up from $61 billion in 1995. IDA borrowers purchased $27 billion in U.S. exports in 1996.

- Growth in IDA borrowing countries has been accelerating. Overall growth in IDA-only countries increased from 2 percent in the 1990-91 period to 6.6 percent in 1996. For IDA's African borrowers, growth increased from 1 percent to 5.8 percent over the same period.

- During the last replenishment, countries with better records on macroeconomic policies and reform received nearly 60 percent more in new IDA commitments per capita than average performers.

- IDA focuses on poverty alleviation, but it also supports infrastructure improvements and economic reform. During the last replenishment, 34 percent went to agricultural projects because of the high concentration of rural poor in IDA countries; 30 percent to social sectors (e.g., education, health, water and sanitation and social protection); 26 percent to infrastructure projects and 7 percent to

economy-wide reforms.

- Thirty six percent of IDA lending ($1.7 billion in FY 1997) went to Sub-Saharan Africa; 30 percent went to South Asia ($1.4 billion in FY 1997).

- IDA is encouraging greater participation in its programs. More than half of the IDA operations approved during FY 1994-96 involved some form of participation by beneficiaries and outside organizations.

Supporting U.S. Objectives:

IDA's borrowing countries are home to 3.3 billion people, one-third of whom live on less than one dollar a day. Poverty reduction and projects in the social sector are a key focus of the Bank's activities. The World Bank Group has implemented a wide array of policies to deliver on objectives that are the core of the U.S. development strategy. Priority issues for IDA include: social sector investments in basic health and education; poverty reduction; environmental protection; and private sector development. In addition, we are pressing the Bank to make core labor standards a priority.

Social Sector

- The Bank is the world's largest lender for projects which most directly contribute to child survival: health, primary education, nutrition, safe drinking water, and proper sanitation.

- The Bank has increased IDA lending to these basic social sectors to 32 percent of its total, or $5.24 billion, in the period between FY 1994-96. This compares with 19 percent in the late 1980s.

Private Sector Development

- In 1997 the Bank expanded its guarantee program to include IBRD guarantees for export-oriented enclaves in IDA countries and proposed IDA guarantees for private investment. The Bank also developed a strategy to promote private involvement in infrastructure that includes a process for encouraging policy and regulatory reform.

- The Bank is developing an action plan to help it identify and work to prevent financial crises and to respond quickly should a crisis occur.

Good Governance

- At strong U.S. urging, the Bank announced a new anti-corruption policy last fall,

which provides a comprehensive framework for addressing corruption in the Bank's work, including consideration of corruption in lending decisions. The Bank and the IMF will report to the Development Committee on the implementation of their strategies to combat corruption and improve governance.

- At our strong urging, the World Bank added an anti-bribery pledge provision to its procurement rules, overhauled its procurement rules for consultant services, and conducted a review of its internal control system.

Transparency and Participation

- Although more needs to be done, the Bank is increasing transparency and public access to documents. The Bank makes available Project Information Documents, Project Appraisal Documents, Environment Assessments, and summaries of Operational Evaluations Reports, most of them through the Internet.

- The Bank has developed a source book to enhance participation, including of local beneficiaries, in the development of Bank projects. More than half of the IDA operations approved during FY 1994-96 involved some form of direct participation by beneficiaries and outside organizations. In addition, the Bank is developing a policy on social assessment, which should also help to enhance and improve local participation.

Trade and Investment Reforms

- The Bank has developed an initiative on Africa which complements the Administration's initiative, including a major component on trade reform.

Core Labor Standards

- The Bank is committed to address forced and the exploitation of child labor. At our urging, the Bank produced a policy paper on steps the Bank will take to reduce harmful child labor, and a number of initiatives are already underway.

Environment and Sustainable Development

- A draft energy and environment strategy identifies a number of opportunities for the Bank to support activities that are economically and environmentally beneficial.

- The Bank has increased the use of sectoral and regional environmental assessments, something that we have repeatedly urged.

Foreign Policy Initiatives

- The Bank established a policy on post-conflict resolution.

- At the request of the U.S. and others, the World Bank delayed lending to Croatia to ensure compliance with the Dayton Accord.

Organizational Efficiency Achievements

The Strategic Compact will revamp the Bank to make it a more effective poverty fighting institution, and incorporates many priority goals for the U.S.: (i) with our engagement, the budgetary cost of the Compact was reduced one-third, and (ii) operations will be refocused towards social and environmental issues, local capacity building, financial sector and anti-corruption reforms.

Inter-American Development Bank (IDB) Group

Ordinary Capital (OC)

FY 1997 Appropriation	FY 1998 Appropriation	FY 1999 Request
$25.6 million	$25.6 million	$25.6 million

Annual Committed Amount	Current Arrears
$25.6 million	$0

Budget Request:

The Administration is requesting $25.6 million for the U.S. contribution to the Ordinary Capital of the Inter-American Development Bank, which is the institution's primary lending window. Under the terms of the 1994 capital increase (IDB-8), the U.S. agreed to purchase shares worth $153.66 million, with subscriptions to be provided in six equal installments over the 1994 to 1999 period. This request is the sixth and final installment. The annual appropriation represents a purchase of shares in the institution, upon which the Bank can borrow for its own lending operations.

IDB-8 was agreed on extremely favorable terms for the United States; U.S. policy objectives were achieved, while additional payments came largely from other donors seeking to expand their share in this organization.

Supporting U.S. Objectives:

Policy objectives are ultimately translated into projects, and the hard-won policies we negotiated as part of the capital increase are being reflected in Bank operations. The Bank now provides direct support to private sector infrastructure projects, thus assisting the region's efforts at privatization. In 1997, $327 million in loans were approved for this program, a significant increase from the $146 million in 1995. In the social sector, while the Bank fell slightly short of the 40 percent volume target for lending over the 1994-1997 period, the growth in its non-lending social sector activities (such as technical assistance programs) has been impressive. The Bank continues to promote environmental awareness, both in stand-alone projects such a as $500 million environmental management program in Argentina, and in other projects such as the $1 billion Brazil-Bolivia natural gas pipeline which takes the unprecedented step of providing for contingent or unforeseen environmental effects of the pipeline. Ordinary Capital is also being used to support good governance and the modernization of the state in a variety of areas, with 1997 project approvals for tax and judicial system reforms, as well as reforms of the health, education, and financial sectors.

The Bank has also demonstrated its fundamental importance to our policy interests in the region by showing a strong interest in addressing areas of growing U.S. concern, such as labor standards, intellectual property rights, and counter narcotics. The Bank is also making a serious effort at combating corruption (bribery, extortion or coercion, fraud and collusion) in procurement practices. If done properly, this effort will level the playing field for U.S. businesses bidding for IDB projects, and result in increased exports of U.S. goods and services.

Inter-American Development Bank (IDB) Group

Fund for Special Operations (FSO)

FY 1997 Appropriation	FY 1998 Appropriation	FY 1999 Request
$10 million	$20.8 million	$21.2 million

Annual Committed Amount	Current Arrears
$0	$ 21.2 million

Budget Request:

The Administration is requesting $21.2 million for the U.S. contribution to the Fund for Special Operations of the Inter-American Development Bank.

Institutional Mandate:

The Fund for Special Operations (FSO) targets the hemisphere's poorest nations: Bolivia, Guyana, Haiti, Honduras, and Nicaragua. These countries generally do not have access to the international capital markets, and carry large debt burdens. The FSO makes concessional loans--interest rates of 1-2 percent with maturities of up to 40 years--to these countries to address their critical development needs.

Supporting U.S. Objectives:

The FSO advances key U.S. foreign policy objectives by encouraging growth and stability in Haiti and post-conflict Central America, counter-narcotics efforts, environmental protection, and humanitarian assistance. By improving the economic opportunities and addressing the basic social needs of these countries' populations, the FSO is helping to reduce emigration pressures. By rewarding economic reform, the FSO is helping to accelerate the transition of these countries into stable U.S. trading partners.

The leverage of U.S. resources that the FSO is able to bring to bear is truly exceptional. The strong support given the IDB by the donor community in the context of IDB-8 permitted the U.S. share to drop to 8.23 percent, down from our traditional share above 40 percent. Most importantly, the FSO has been structured to lend $350 million per year indefinitely, without requiring additional U.S. contributions after fulfilling our current obligations.

Haiti: The FSO played a central role in supporting Haiti's reconstruction following the restoration of that country's democratically elected government. As the largest donor to Haiti during this period, the FSO has provided both project finance and budgetary support to the new government. In 1997, the Bank approved a $50 million loan for

road rehabilitation and maintenance. The objective will be to improve the country's secondary and rural transport roads and establish a funding mechanism for maintenance that will preclude the need for continual donor assistance.

Nicaragua: Since 1990, the IDB has been an important force in supporting the government's efforts to transform the economy into one governed by market forces. Early on, a trade and finance adjustment program led to the liberalization of trade and prices. In recent years, the Bank has lent support for the reform of public utility enterprises, public administration reform, and property claims dispute resolution. 1997 approvals included a food and agriculture revitalization program. These efforts are bearing fruit, as Nicaragua has one of the highest growth rates in the region.

Bolivia: The Bank has been a strong supporter of the Bolivian government's program of market-based reforms. This includes support for the privatization program as well as the establishment of social services programs whose aim is to help families break out of poverty. In 1997, this support included the approval of a loan for a program of comprehensive services for children under six. If current economic growth rates are sustained, Bolivia is expected to be the next graduate from the FSO.

Inter-American Development Bank (IDB) Group

Multilateral Investment Fund (MIF):

FY 1997 Appropriation	FY 1998 Appropriation	FY 1999 Request
$27.5 million	$30 million	$50 million

Annual Committed Amount	Current Arrears
$0	$148.8 million

Budget Request:

The Administration is requesting $50 million for the U.S. contribution to the Multilateral Investment Fund (MIF) of the Inter-American Development Bank. The U.S. currently owes $148.8 million in arrears to the MIF, thus if the FY99 request is granted, $98.8 million will remain to be cleared in FY00.

Institutional Mandate:

The MIF, administered by the IDB, assists Latin American and Caribbean nations with the investment reforms necessary to stimulate domestic investment and private capital flows to the region. Since its inception in 1993, 153 projects totaling over $275 million have been approved, including 44 projects for a total of $62.3 million in 1997. There is a significant degree of counterpart financing, the target being 40 percent of the project cost borne by local counterpart contributions.

Supporting U.S. Objectives:

The MIF concentrates on three focal areas: 1) technical assistance for policy changes to liberalize the investment climate, including tax, privatization, and economic practices; 2) human resources required to increase investment flows and expand the private sector, including training of government personnel, and retraining of redundant employees of privatized firms; and 3) enterprise development for market-based financing and technical support to harness the region's informal economy through support for small and micro-enterprises.

In 1997, MIF technical assistance resources were used to strengthen financial sector supervision, establish mechanisms to promote private investment in the infrastructure sector through concession systems, and strengthen competition regulations. In the area of human resources, the MIF provided assistance to modernize labor relations and mediation. In the area of small enterprise development, for the first time the MIF provided a loan to a commercial bank for the expansion of sustainable micro-lending activities. The development objectives of previously approved MIF projects are

beginning to bear fruit. In Uruguay, a youth training program associated with the Ministry of Education and Culture is being institutionalized and funded at a level several times larger than the one originally approved. In addition, MIF financed investment projects have provided powerful evidence for the use of equity as a development tool.

Asian Development Bank (ADB)

FY 1997 Actual	FY 1998 Estimate	FY1999 Request
$13.2 million	**$13.2 million**	**$13.2 million**

Annual Committed Amount	Current Arrears
$13.2 million	**$0**

Budget Request:

The Administration requests $13.2 million for the Asian Development Bank (AsDB). The request represents our annual scheduled payment to a 1994 general capital increase totaling $24 billion. With a 13 percent voting share and a paid-in rate of 2 percent, for the most recent capital increase, the total U.S. funding obligation amounts to $66.6 million, or $13.2 million per year for five years.

Institutional Mandate:

The AsDB fosters broad-based sustainable economic development, poverty alleviation and sub-regional cooperation in the Asia/ Pacific region by lending to developing Asian economies with loans and technical assistance. The United States has been actively engaged in the AsDB since its inception in 1966. The U.S. and Japan are the co-equal largest shareholders in the institution. To supplement its lending, the Bank leverages additional resources through co-financing, private sector operations, infrastructure funds and grants.

The AsDB loaned $7,749.4 million from its ordinary capital in 1997, including a $4 billion emergency loan to South Korea. South Korea was the largest borrower in 1997, followed by Indonesia, China, India, Thailand, Pakistan and Bangladesh. Cumulative AsDB lending totals $50.6 billion. In addition to lending, the Bank is active in providing technical assistance to its developing member countries. In 1997, a total of 311 technical assistance projects in the amount of $175.1 million were approved.

Supporting U.S. Objectives:

Private Sector Achievements

- The AsDB has made a concerted effort to become increasingly involved in financial sector liberalization. In 1997, the finance sector received the highest share of loans with 49.5 percent. The AsDB actively supports financial market liberalization in a number of ways: restructuring banking systems, establishing prudential norms and

sound banking practices, and promoting efficient regulation and supervision. Deeper and broader capital markets open new, lower risk opportunities to share in the growth of Asia's emerging markets.

- The AsDB began catalyzing mutual funds in 1987. To meet anticipated huge regional infrastructure demands, the AsDB has mobilized over $1.1 billion of equity and debt funds for private infrastructure projects. Many of such investors are U.S.-based pension funds and institutional investors. Many of the projects financed by the funds are likely to be sponsored by U.S. companies in sectors such as electric power, telecommunications and transportation.

- The Bank continues to use co-financing to leverage additional capital. In 1997, Bank co-financing amounted to $2,703 million for 37 loan projects from official and commercial sources.

- The Bank is the first MDB to co-invest with a major U.S.-based public pension fund, the $125 billion CALPERS, in a private equity fund for long-term investment in Asia.

Promoting U.S. Business

- The United States has major economic, foreign policy and commercial interests throughout Asia. The $2.2 trillion developing Asian economy represents a $1 trillion market for our exports. U.S. exports to developing Asia tripled to $115.6 billion between 1987 and 1995. Yet despite their size and rapid growth, many Asian markets have proven difficult to penetrate. Direct participation in AsDB-funded projects both provides new market footholds and reduces the risks for many U.S. firms entering or expanding into new markets. Continued engagement and involvement in the restructuring of Asian economies during the current financial upheavals is vital to opening up long term trade and investment interests.

Transition Economies

- One of the AsDB's greatest development challenges is in those member countries transitioning from planned to market economies. Transition economies looking to the AsDB for assistance include those in Central Asia such as Kazakhstan, Kyrgyzstan and Uzbekistan; the Greater Mekong subregion such as Vietnam, Cambodia and Laos (all ADF borrowers); and Mongolia (also an ADF borrower). Both Tajikistan and Turkmenistan are expected to join the Bank.

Environment and Sustainable Development

- The Bank finalized its fisheries policy and drafted policy working papers on NGO Cooperation, Indigenous Peoples, Gender and Development Policy and Water Resources, all of which incorporate policies that the U.S. has consistently urged.

Increasing Development Effectiveness

- Responding to U.S. priorities, the AsDB capital increase agreement negotiated in 1994 contained sweeping and forward-looking policy changes to increase substantially the institution's development effectiveness.

- The Bank is investing more in human capital (e.g., basic education, health and sanitation) and the environment, and catalyzing more private sector resources for infrastructure development.

- Internally, the Bank is moving forcefully to strengthen project quality, improve portfolio management, increase the transparency and accountability of its own operations, and keep a tight hold on administrative costs. In 1998, the AsDB's administrative budget represents zero real growth and no increases in professional staff.

- An information policy based on the presumption of disclosure has been adopted, and an independent inspection panel established.

- The U.S. successfully negotiated the lowest annual cost ever on our most recent capital subscription, while maintaining our leadership position and shareholding parity with Japan.

- The Asian Bank's governance policy establishes a framework for strengthening accountability, transparency, predictability and rule of law, and participation. An anti-corruption paper will be presented in early 1998, and will build upon the Bank's governance policy.

- AsDB assistance supports public sector management and reform, greater information disclosure, decentralization, and development of consultative mechanisms.

Social Sector Achievements

- The AsDB, in coordination with UNICEF, has taken the lead in developing strategies to improve child nutrition and early childhood development. Already, the AsDB encourages governments in the region to shift their investment priorities toward children. The AsDB's lending program in the education sector focuses on "basic education for all" as part of its commitment to early childhood development.

African Development Fund (AfDF)

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$0	$45 million	$155 million

Annual Committed Amount	Current Arrears
$66.7 million	$88.3 million

Budget Request:

The Administration requests $155 million for U.S. participation in the seventh replenishment of the African Development Fund. This is the final U.S. payment toward our commitment to fund ten percent ($200 million) of the $2.0 billion AfDF-7 replenishment agreed in 1996. Our pledge is less than half our contribution of $405 million to the prior replenishment.

Major Bank-wide reforms achieved in the past year have resulted in other contributors releasing the bulk of their commitments to the replenishment. The FY 1998 appropriation of $45 million leaves the U.S. with $88.3 million in arrears. The FY 1999 request of $155 will clear all arrears and cover the final regularly scheduled contribution of $66.7 million.

Institutional Mandate:

The AfDF lends to the poorest African countries on highly concessional terms. It was established to promote broad-based economic development and to alleviate poverty in the poorest countries in Africa through project-specific investments, policy advice and technical assistance.

Fund resources are provided directly by donor countries through periodic replenishments. The Fund's multilateral character allows it to lend $8.50 for every dollar in U.S. subscriptions, with total cumulative lending of $11.3 billion. We are also the second largest historical contributor to the Fund, accounting for a cumulative contribution share of 11.7 percent. In 1997, the Fund loaned $807 million for 84 projects.

Supporting U.S. Objectives:

A reformed institution can make a unique contribution to the development of Sub-Saharan Africa where, despite some exceptions, conditions for sustained poverty reduction and private sector-led growth have still not emerged. The vast majority of the Bank Group's clients (39 out of 53) borrow almost exclusively from the Fund. Therefore, it can have substantial, continent-wide impact. Through the Fund, the key

areas where the Bank Group can continue to make a difference are:

Sustainable Development

- Creating the proper policy environment for economic growth, which eventually will boost U.S. exports and create investment opportunities in the region.
- Creating the proper balance between growth and environmental concerns to nurture sustainable development.
- Promoting greater transparency in decision-making through information disclosure.
- Making "investments in people", such as in primary education, preventive health care and microcredit.

Private Sector Achievements

- Investing in physical infrastructure such as roads, power plants, sewers and telecommunications, which will pave the way for private sector capital and regional economic integration.
- Increasing private sector lending to 25 percent of overall lending by 2005. The Bank has set this as a priority goal.
- Building an indigenous private sector by fostering capital markets development.
- Creating guidelines and a pilot program for lending to micro-enterprises.

Foreign Policy Achievements

- Participating with the Bretton Woods Institutions in the HIPC Debt Initiative to significantly reduce the debt burden of the Continent's best performing but highest debt-ridden countries.
- The AfDB and the World Bank were successfully enlisted to support President Clinton's Africa Initiative and both institutions are committed to emphasizing liberalization of trade and investment regimes for indebted countries.

European Bank for Reconstruction and Development (EBRD)

FY 1997 Appropriation	FY 1998 Appropriation	FY 1999 Request
$11.9 million	**$35.8 million**	**$35.8 million**

Annual Committed Amount	Current Arrears
$35.8 million	**$0**

Budget Request:

The Administration requests an appropriation of $35.8 million in paid-in capital for the second payment of the capital increase agreement of the European Bank for Reconstruction and Development (EBRD).

Institutional Mandate:

The EBRD was founded in 1991 to promote the development of free market economies in the former Eastern Bloc. The EBRD is unique among development banks in its private sector focus and inclusion of political conditionality. The Bank Charter states that recipient countries are expected to be "committed to and applying the principles of multiparty democracy, pluralism and market economies." The Charter also specifically requires that the Bank's operations promote environmentally sound and sustainable development.

To date, the EBRD has committed over $15 billion, which has mobilized over $40 billion in investment and financing. In conformity with its private sector focus, the EBRD must invest at least sixty percent of its portfolio in privately sponsored projects. In fact, it has exceeded this requirement, making over 70 percent of total commitments to private sector projects. Consistent with U.S. priorities, the Bank promotes the privatization of state-owned enterprises and the development of small and medium-sized enterprises. The Bank also actively promotes development of domestic financial institutions in the region. To address its sustainable development mandate, the EBRD established environmental infrastructure and energy efficiency teams to develop projects with primarily environmental benefits.

A recapitalization of the EBRD, doubling its size to ECU20 billion (over $24 billion) and providing $2.9 billion in new capital paid in over eight years became effective in April 1997. The U.S. share is ten percent -- $35.8 million per year -- or half the annual level of our previous commitment. After this recapitalization, we expect the Bank to be self-sustaining.

Supporting U.S. Objectives:

The U.S. is the single largest shareholder in the EBRD with a ten percent share. The EBRD leverages scarce U.S. resources in achieving a number of US priorities in central and eastern Europe and the former Soviet Union. Each dollar of U.S. paid-in capital leverages, through EBRD investments and co-financing, the equivalent of $100 for projects in the region. The Bank promotes and supports private sector-led development and the development of local financial enterprises and capital markets through its lending and technical assistance programs. In addition, the EBRD promotes democracy and human rights by conditioning eligibility to borrow on countries' continued commitment to the transition to democracy. In the environmental arena, the Bank has created special units to invest in environmental infrastructure and energy efficiency projects.

Leveraging Budgetary Resources

- The Bank has become an efficient and cost effective institution. The annual cost of the recently approved capital increase, is just over half of the initial subscription rate ($35.8 million compared to $70 million).

- The Bank is also committed to financial self-sufficiency after the current capital increase. To achieve this goal, the Bank is working to contain costs even as it increases its investments. Since 1993, annual budget increases have been kept at or below inflation, while at the same time net cumulative commitments have grown 150 percent. The EBRD has realized small profits each year since 1993, which are expected to grow in the future and to provide the capital base for expanded lending and investment.

Environment and Sustainable Development

- The EBRD began implementation of its new and greatly strengthened policies on environment and information disclosure. We secured EBRD agreement to manage and administer the multilateral grant program to repair the Chernobyl Sarcophagus, which is an important part of the agreement with Ukraine to permanently close the last Chernobyl reactor by 2000.

- Also at U.S. urging, the Bank has adopted an information disclosure policy similar to that of the World Bank and IFC to assist in preparing sustainable projects with well-informed publics. The Bank now makes summaries of upcoming projects as well as country strategy summaries available on the Internet.

Foreign Policy Issues

- The EBRD made substantial reconstruction loans to Bosnia-Herzegovina and promoted the private sector through participation in venture funds (where, at U.S. insistence, language was included to prohibit investments in companies with any ownership by war criminals).

Organizational Efficiency

- The EBRD adopted an explicit graduation policy in December 1996. It also maintained zero real administrative budget growth for the forth consecutive year.

Good Governance

- U.S. influence at the EBRD has also had significant impact in the procurement area. EBRD procurement rules address both public and private sector contract awards, which is unique among the MDBs. The Bank has made good progress in supplying information on public sector contract awards. It also helped train local authorities and convince them of the benefits of transparent procurement procedures.

Promoting U.S. Business

- Overall, U.S. companies have done well in securing business at the EBRD. U.S. companies are the largest users of EBRD private sector finance and investment. Cumulatively (1991-1995), U.S. firms were involved in 20 percent of EBRD's private sector projects. In addition, through 1996, U.S. companies secured $150 million in procurement under EBRD public sector projects.

Asian Development Fund (ADF)

FY 1997 Appropriation	FY 1998 Appropriation	FY 1999 Request
$100 million	**$150 million**	**$250 million**

Annual Committed Amount	Current Arrears
$100 million	**$187 million**

Budget Request:

The Administration's FY 1999 budget request of $250 million for the ADF would provide the second of four scheduled payments of $100 million for ADF-7 and $150 million toward payment of $187 million in arrears left from our 1991 commitment. If the FY 1999 request is granted, $37 million in arrears will remain to be cleared in FY 2000.

Institutional Mandate:

The Asian Development Fund (ADF) provides concessional loans and technical assistance to the poorest Asian countries. The ADF's lending priorities are promoting sustainable economic growth, reducing poverty, investing in human development, improving the status of women, and protecting the environment. These basic objectives, which largely reflect U.S. priorities, were formally reaffirmed during negotiations of the 1997-2000 ADF-7 replenishment. Prudent management of existing resources made it possible to delay this replenishment one full year.

The ADF loaned $1.6 billion in 1997. Cumulative ADF lending now totals $20.8 billion. The largest ADF borrowers are Bangladesh, Laos, Mongolia, Pakistan, Sri Lanka and Vietnam. In the ADF-7 agreement, we again ensured that China and India would not have access to the ADF.

The United States has been a member of the Asian Development Fund since its inception in 1974. In the negotiations completed in January 1997, the United States reduced its commitment to the current replenishment by 41 percent, to $400 million from the $680 million committed previously. Related to this sharply reduced new commitment will be a modest reduction in our share of the replenishment, from 16.2 percent to 14.8 percent. The new replenishment agreement incorporates two other major developments:

- Asian donors – notably first-time contributors Thailand and Malaysia, as well as Korea and lead contributor Japan – will significantly increase their support to nearly half of the approximately $2.7 billion replenishment.

- It was agreed that the ADF would position itself for self-sustainability within half a generation. The Bank has operated efficiently and we were pleased to support the AsDB 1998 zero-real growth administrative budget. This was achieved despite the increasing complexity of loans and project conditionalities.

Achieving U.S. Objectives:

Half of the world's population, and two-thirds of its poor live in Asia. Despite the impressive successes over the past decades, average per capita income in South Asia is no higher than in Sub-Saharan Africa and, in the poorest economies, considerably lower. Poverty therefore remains an enormous challenge for one of the world's most dynamic and promising regions. The Administration believes that major and long-term American interests are being served by direct U.S. engagement in meeting this great challenge, and that the Asian Development Fund is a uniquely important, cost-effective and responsive instrument for this engagement.

In recent years U.S. payments to the ADF have fallen short of our commitments. Although we made some progress towards clearing arrears in FY 1998, $187 million in arrears remain.

We have been successful in driving a major policy agenda at the AsDB, and the Bank has been remarkably responsive to United States development priorities. In the last two replenishments (ADF-6 and ADF-7) and the recent Bank capital increase, U.S.-inspired reforms have been accepted as policy and are now being implemented.

More Efficient Use of ADF Resources

- ADF resources will be allocated where they are most needed and will be best used. Country performance (sound economic management, broad-based growth for poverty reduction and sustainable development) is a major factor in allocating ADF resources. ADF-7 builds on the AsDB's good governance policy, emphasizing the composition and quality of public expenditures (including unproductive expenditures such as excessive military spending) and uprooting corruption.

- Comprehensive environmental impact assessments are being prepared systematically in project development. Starting with ADF-7, regional environmental strategies will be prepared to address broader environmental concerns.

Private Sector Achievements

- Private sector development and promotion of local entrepreneurship are explicitly mandated ADF objectives.

Social Sector Achievements

- In the last general capital increase (GCI-4), the U.S. successfully negotiated that 40 percent of all Bank lending in dollars must be in the social or environmental sectors. The five strategic development objectives addressed by in the ADF-7 agreement are: economic growth, poverty reduction, human development, "women in development", and environmental protection.

Core Labor Standards

- The U.S. has pressed the Bank in the area of core labor standards; a study is now underway which will make recommendations to the Bank as to which core labor standards issues should receive priority attention. The report will have direct relevance to Bank operations in key countries.

Achievements in Leveraging Budgetary Resources

- In a precedent-setting move, U.S. leadership secured an explicit objective to gradually reduce – and eliminate within half a generation (about 15 years) – the need for further donor replenishments. Accordingly, ADF operations will focus on expediting the progress of borrowing countries toward reduced need for, and eventual graduation from, concessional assistance. Management is preparing an explicit, comprehensive policy on graduation for Board approval.

The North American Development Bank (NADBank)

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$56 million	**$56.5 million**	**$0**

The North American Development Bank (NADBank) and its sister institution the Border Environment Cooperation Commission (BECC) are capitalized and governed by the United States and Mexico. The NADBank was established to finance environmental infrastructure projects along the U.S./Mexico border, as well as community adjustment and investment in both nations. The Bank supports the goals of the North American Free Trade Agreement (NAFTA) primarily by tackling the problems of raw sewage, unsafe drinking water, and inadequate municipal waste disposal in the border region. Estimates of costs over the next decade for border environmental infrastructure projects in the priority areas of wastewater treatment, drinking water, and municipal solid waste range from $6.4 to $8 billion.

Key Facts

- With last year's capitalization payment, the NADBank is now fully capitalized. We expect no further recapitalizations.

- The Bank has approved four water supply and wastewater treatment projects, two in Mexico and two in the U.S. The U.S. projects are for the small community of Mercedes, Texas and for the City of Brawley, California. More financing packages are expected to be approved in early 1998.

- The NADBank and EPA have established the Border Environment Infrastructure Fund (BEIF), under which the Bank will administer $170 million in EPA grants in conjunction with its lending. BEIF will put together affordable financing packages for poor border communities.

- The NADBank has established an institutional development program (IDP) to improve the management capacity of local utilities in the border region. The NADBank has already approved $1.8 million in IDP assistance for 14 projects.

- The NADBank and BECC, in cooperation with EPA, CNA and state officials on both sides of the border, have developed a work plan for accelerating the pace of project development. They have identified more than 30 projects and potential projects with a total cost of more than $500 million as the core of their 1998-2000 work plan.

- The U.S. Community Adjustment and Investment Program (USCAIP) is now fully operational. As of December 19, 1997, the USCAIP has approved one direct loan and 37 loans through its agency programs with the Small Business Administration and Department of Agriculture.

Bank for Economic Cooperation and Development in the Middle East and North Africa (MENABANK)

The MENABANK is the result of a joint proposal made by Egypt, Israel, Jordan, and the Palestinians in the fall of 1994. A Task Force designed to bring the proposal to fruition was launched in January 1995 and, after several negotiating rounds, the final text of the Articles of Agreement (the "Agreement"), as well as the Final Act and an explanatory statement, were agreed to by all prospective members. In August 1996, the documents were deposited with the United Nations and the Agreement was opened for signature.

Since that time, nine countries have signed the Agreement, including the United States, and two countries -- Japan and the Netherlands -- have deposited instruments of ratification which commit them to purchasing shares of the Bank. A multinational transition team has been established and is currently working in Cairo, the designated headquarters of the Bank, to do all the work necessary to ensure a prompt start-up of the Bank's operations after the necessary amount of shares has been subscribed and the Board of Governors has held its inaugural meeting.

Key Features:

- The Bank's purpose is to catalyze private sector development, promote regional development (e.g. through cross-border infrastructure projects), and facilitate regional economic policy dialogue.
- Membership is open only to parties that support the peace process begun at Madrid in October 1991 and are committed to promoting economic cooperation in the region.
- Funds will be lent only at market rates. The Articles allow the Bank to administer special voluntary funds that could be disbursed on a concessional or grant basis.
- We expect the Bank to use a broad range of financial instruments including direct loans, equity investment, and guarantees (but it will not lend for balance of payments support).
- A regional policy dialogue forum will be integrally related to the Bank under the direction of the regional parties. It will have no voice in financing decisions.

Capital Subscription: Funding

Total MENABANK capital will be the equivalent of US$5 billion, of which 25 percent will be paid-in over a five year period and the remainder subject to call. In accordance with the Agreement, which has the U.S. holding a 21 percent share of the Bank's capital, the Administration will seek an annual appropriation of U.S. $52.5 million,

which will constitute budget authority, over the five-year period beginning with Fiscal Year 1999. In FY 1999, this will be funded within the overall constraint on funding for the Middle East from the Administration's Economic Support Fund request. The Administration will also seek program limitations of U.S. $157.5 million for callable capital in appropriations legislation for each year of the same period.

Debt Reduction Programs

FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
$27 million	$27 million	$72 million

Summary:

The Administration is seeking $72 million in appropriations in FY 1999 to cover the costs of reducing debt owed to the U. S. Government. Debt reduction, a key component of U.S. international debt policy since the 1980s, encourages economic reform and helps poor countries achieve sustainable development, as well as reach sustainable debt servicing levels. By easing debt burdens in return for implementing sound economic management, the USG can help heavily indebted poor countries attract new investment capital and encourage growth. During the period FY 1990-97, the USG reduced the debt of relatively poor countries by about $14 billion.

The Administration implements three debt reduction programs: Paris Club Debt Reduction for the Poorest Countries, the Buyback/Swap Program under the Enterprise for the Americas Initiative, and debt reduction under the new Africa Initiative. In FY 1999, we expect to spend $37 million on Debt Reduction for the Poorest Countries. The Buyback/Swap Program is operated at no budgetary cost, and $35 million is expected to be spent for debt reduction under the President's Africa Initiative, which will fully forgive remaining concessional debt for selected good performers.

Why Debt Reduction?

For many of the poorest countries there is no hope for a return to a sustainable development course without economic reforms and substantial debt reduction. Heavily-indebted poor countries have required repeated reschedulings of their bilateral debt because they cannot afford to pay on a timely basis. Major unresolved debt problems can have a chilling effect on new financial flows, as lenders or investors shy away from a perceived high risk environment. There is broad international agreement that heavily-indebted poor countries need more debt relief than provided for by traditional debt rescheduling arrangements. By easing poor countries' debt burdens, we remove a major obstacle to growth and development. Debt reduction can help attract new investment capital and eliminate the so-called debt overhang which often constrains countries' growth and development. Improving economic prospects improves a country's capacity to service debt and assures greater repayment of remaining debt owed the United States.

However, debt reduction without accompanying economic reforms serves no purpose, because unsound economic policies (fiscal, monetary, trade and investment) are often the underlying cause for unsustainable debt burdens in the first place. An appropriate balance of economic reform and debt reduction is essential for economic growth and

sustained development in these countries. This in turn results in the advancement of U.S. economic and foreign policy interests, including greater opportunities for U.S. commercial interests.

Functional Aspects of Debt Reduction:

Traditional debt relief, coordinated through the Paris Club of official creditor governments, takes the form of debt rescheduling, that is, changing the stream of debt payments without reducing the debt outstanding. Since debt reschedulings do not involve any reduction in the value of outstanding debt, they do not require budgetary appropriations. The international community has recognized that in some cases additional relief in the form of outright debt reduction is necessary to relieve the debt burden. Successive stages of debt reduction are contingent upon debtor country compliance with its IMF-supported reform program.

Three Debt Reduction Programs:

Paris Club Debt Reduction for the Poorest

"Naples Terms": The Administration implements debt reduction for the poorest countries as part of multilateral action in the Paris Club. Naples Terms treatment, begun in 1995, currently provides for up to 67 percent reduction of the stock of debt for eligible countries that demonstrate sustained economic performance. So far, 26 countries have received Naples Terms relief.

Heavily-Indebted Poor Countries (HIPC) Debt Initiative: At the Lyon G-7 Economic Summit in June 1996, President Clinton and other heads of state acknowledged the need for additional debt relief for some of the poorest countries, including action to reduce debts owed to the international financial institutions. Since then, agreement has been reached on a comprehensive, coordinated approach by all creditors (multilateral, official bilateral, and others) to assist the heavily-indebted poorest countries (HIPCs). This approach is called the HIPC Debt Initiative. Under this Initiative, for the first time, debt relief on obligations to the international financial institutions (the IMF, the World Bank, appropriate regional development banks, and European, Arab, and Caribbean multilateral financial institutions) is provided.

The international financial institutions will support the HIPC Initiative through different financing mechanisms. The World Bank, so far, has set aside $750 million for its HIPC Trust Fund, and the IMF will participate through its Enhanced Structural Adjustment Facility (ESAF). The African Bank Group and the International Fund for Agricultural Development (IFAD) have agreed on initial funding mechanisms for their participation. Other multilateral institutions are also developing mechanisms for their participation.

As part of this initiative, the Paris Club has announced that it will provide up to 80 percent net present value (NPV) debt reduction on a case-by-case basis for those HIPCs needing additional relief that have demonstrated a sound track record of economic reforms. In cases where an additional effort would be needed for a HIPC country to reach debt sustainability, Paris Club creditors will consider additional relief.

In recognition of its strong economic reform record, Uganda was the first country to become eligible for debt reduction under the HIPC Initiative in April 1997. Bolivia, Burkina Faso, and Guyana became HIPC eligible in the fall of 1997. We expect Mozambique and Cote d'Ivoire to become eligible in the first quarter of calendar 1998. For the first four eligible countries, the HIPC initiative is expected to provide total global debt reduction of $1.2 billion in NPV terms or $2 billion in nominal terms.

Debt Buyback/Swap Program for Latin America and the Caribbean

For the Latin American and Caribbean region, the Administration proposes to continue, and extend to PL-480 debt, its new program of swaps and buybacks of USAID debt. This program's budget cost is zero. Debtor countries participating in the program must meet the economic and political criteria outlined in the original Enterprise for the Americas legislation. For example, beneficiary countries must have democratically elected governments, IMF and World Bank economic reform programs, and be implementing major investment reforms. They must also not have egregious policies in the areas of narcotics and human rights.

In June 1997, the Peruvian and the United States Governments signed a program agreement permitting Peru to buy back about $177 million in USAID concessional debt for $57.1 million. Jamaica, Dominican Republic and Guatemala have also expressed an interest in participating in the buyback/swap program.

Debt Reduction for Africa

The best way the United States can support Africa is by making trade and investment -- not just aid -- the centerpiece of our economic relations. A critical new component of the debt reduction program is the Africa Initiative, a part of the President's "Partnership for Growth and Opportunity in Africa" announced on June 17, 1997. The Africa Initiative targets countries undertaking the boldest economic reforms to receive full forgiveness of their remaining concessional debt owed to the United States. Reforms sought by the USG will encompass governance issues, macroeconomic policy, trade and investment policy, and investment in people.

The need for financing -- both budget and balance-of-payments support -- and debt relief would be acute for countries pursuing aggressive trade liberalization and trying to maintain, or even increase, useful investments in health, education, and infrastructure development. The budgets of many African countries are both heavily burdened by

debt service and highly dependent on revenues from trade taxes. The Administration's objective is to provide aggressively liberalizing countries greater flexibility to carry out reforms.

On a confidential basis, the Administration will provide the Congress with a list of the poorest countries for which debt reduction actions are anticipated in FY 1999. The Administration anticipates that the U.S. share of poorest country debt reduced under Naples Terms and HIPC will be about $1.2 billion in FY 1999. Also, the Administration anticipates that the Africa Initiative, a bilateral initiative, in FY 1999, will cancel about $325 million in concessional debt owed the United States by qualifying countries.

Treasury International Affairs Technical Assistance

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
TIATA	-	-	$5,000

U.S. Foreign Policy Objectives:

The Treasury International Affairs Technical Assistance (TIATA) program will provide technical assistance on fiscal and financial matters to other governments in developing and transitional economies. This assistance will be administered by the Treasury Department's Office of Technical Assistance, supporting the overall U.S. strategic objective of promoting broad-based international economic growth. Technical assistance provided through TIATA will facilitate key short- and medium-term reforms in the policy and management areas of budget, tax, government debt, financial institutions, and financial crimes enforcement.

Using funding provided under the SEED and the Freedom Support Acts, U.S. Treasury Department advisors have provided policy and management advice in the areas described above to countries in Eastern Europe and the former Soviet Union in their transition to market economies and democratic fiscal structures. In the typical mission, a Treasury resident advises a senior finance ministry or central bank counterpart, supported when appropriate by intermittent visits by experts and technicians.

In the government-dominated economies in much of the developing world, planning officials make decisions and finance officials facilitate implementation. Banks maintain accounts and make payments. Treasury advisors work to explain such concepts as: budgeting as a decision making process; tax policy as more than a means of financing the annual government budget; systems of treasury bills to replace central bank monetization of deficits; banking as a system of intermediation rather than government accounting and finance. The challenge of technical assistance has been to work within these governments as experts, but not as outsiders.

Beginning in Fiscal Year 1997, advisors also have provided assistance, using funding from USAID Development Assistance and the Economic Support Fund, to the governments of South Africa and Haiti. The flexibility provided by direct TIATA funding will permit the Department of the Treasury to be responsive when governments make decisions to implement key fiscal and financial reforms, acting quickly to help these governments strengthen governmental fiscal and financial institutions during crucial transition periods toward market-oriented economies.

The Office of Technical Assistance is planning a FY 1999 TIATA budget of $5 million, which will fund approximately 10 resident advisor missions, including administrative costs and intermittent expert visits in support of the advisors.

Strategy in FY 1999:

Beginning in FY 1999, this appropriation will support the continuation of the current effort in Haiti, the expansion of the program in southern Africa, and implementation of programs in other emerging market economies. The Treasury Department will closely coordinate with the International Financial Institutions and with USAID, the Department of State and other relevant U.S. Government agencies when determining where its technical assistance program can have the greatest positive impact.

Indicators:

The success of the TIATA program will depend on the types of technical assistance eventually utilized. In the two current budget programs in Haiti and South Africa, it can be measured in terms of the enactment and implementation of organic budget laws and procedures defining the legal processes obligating the state to spend money, and in creating a stable environment for subnational government finance. In other areas it can be measured by:

- Adoption of ***tax*** systems that are fair and objective and that gather necessary revenues for government operations, and tax administration systems that are organized along functional lines;

- Use of ***debt*** issuance and management programs where governments allow market forces to determine yields, where ministries of finance and central banks work cooperatively, and where investors may have confidence in repayment;

- ***Banking*** sector policies and activities to privatize state-owned commercial banks and to manage bank reform and rehabilitation; and

- ***Law enforcement*** activities to protect the integrity of financial systems, financial institutions and government programs relating to revenues and entitlements.

International Monetary Fund (IMF)
Enhanced Structural Adjustment Facility (ESAF)

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
ESAF	-	-	$7,000

The Administration requests $7 million towards our remaining $75 million commitment to the ESAF Subsidy Account of the ESAF Trust, which was enlarged and extended in 1994. The $7 million request would reduce the outstanding unfunded commitment from $75 million to $68 million and would help to assure that other donors to the Subsidy Account disburse the full amounts of their own commitments, most of which have already been approved by their respective governments.

The United States contributes to the ESAF Subsidy Account, but not to the Loan Account, which is the basis for financing the principal amounts of ESAF loans. A U.S. contribution of $150 million for the initial ESAF Subsidy Account was fully authorized and appropriated in FY 1990 and FY 1991. These funds are being disbursed in 12 annual installments that peak in FY 1997 and taper to end in FY 2001. The disbursement schedule reflects projected ESAF requirements for the subsidy element of its lending commitments.

In 1994 the Administration committed to an additional $100 million for the enlarged and extended ESAF. It was anticipated that this new amount would be disbursed over a 15 year period, with outlays to begin in FY 1997, to accommodate the projected needs for subsidy finance. Only $25 million of the $100 million has been authorized and appropriated.

Institutional Mandate:

ESAF is the latest in a series of International Monetary Fund (IMF) facilities created to provide assistance in concessional terms to low-income countries facing protracted balance of payments problems. Created as a Trust of the IMF in December 1987, ESAF enables the IMF to support comprehensive market-oriented reform in low-income and non-creditworthy countries. Eligibility is open to the poorest countries, essentially those which are eligible for assistance from the International Development Association (IDA). Eligible borrowers must be prepared to undertake multi-year economic reform programs that are closely monitored by the IMF to ensure that reforms are put in place. The facility was extended and enlarged in February 1994 to roughly double its original size. The ESAF framework includes both macroeconomic stabilization – such as reductions in budget deficits – and free-market reforms designed to unleash the private sector and to complement bilateral and multilateral assistance that

promotes sustained development. ESAF operations, therefore, reflect a fully collaborative approach by the IFIs – particularly the World Bank – to bring economic stability and reforms to the world's poorest countries.

Promotion of Economic Development:

ESAF serves at least three objectives. First, roughly 80 countries, representing over half the world's population, are eligible for ESAF lending. As of December 1997, cumulative commitments for programs in nearly 50 countries totaled SDR 7.7 billion ($10.4 billion). Sub-Saharan African countries account for roughly two-thirds of current ESAF programs. Countries of the former Soviet Union and the poorest Asian and Latin American countries also rely on ESAF loans to support economic reform and transition. The high degree of conditionality associated with ESAF lending catalyzes additional foreign assistance, Paris Club rescheduling, other multilateral lending, and private capital flows.

Second, ESAF lending will be used to support the President's Partnership for Economic Growth and Opportunity in Africa. Expanded access under ESAF policy-based lending can be made available to those members for which bold structural reforms (e.g., in trade liberalization) increase external financing requirements.

Third, ESAF is the vehicle for the IMF's participation in the multilateral initiative to reduce the debt burden of the most heavily indebted poor countries (HIPC) to sustainable levels in order to cut dependency and permit future economic growth and development on an increasingly self-sustaining basis.

Promoting U.S. Interests:

The Administration supports the establishment, expansion and efficient use of ESAF resources as a cost-effective means of advancing U.S. foreign and economic policy interests in developing areas traditionally reliant on direct bilateral and concessional multilateral aid. In close coordination with the multilateral development banks ESAF programs:

- Provide the macroeconomic cornerstone for a comprehensive economic partnership based on economic and structural reform programs that promote sustainable development in Africa.

- Reduce demands on U.S. bilateral resources for economic and military assistance by building multilateral support, including humanitarian aid, for stabilization and growth in strategically important areas.

- Foster good governance and democratization through economic liberalization and market-oriented reforms that emphasize fiscal consolidation, transparency and accountability, and undercut incentives and opportunities for corruption.

- Promote market-based sustainable development which leads to economic growth and political stability and democratization. ESAF is active in the New Independent States, promoting reforms which will open new markets for U.S. commercial and financial interests.

- Undercut economic incentives for mass immigration and trafficking in illicit products by improving long-term prospects for employment and growth.

- Leverage the impact of modest U.S. contributions. Each $1 of the outstanding $75 million of the U.S. pledge to the Subsidy Account would be matched by about $25 from other sources.

ESAF also helps reinforce U.S. leadership in the IMF by providing a considerable degree of influence over the scope and direction of programs. U.S. participation in ESAF reinforces U.S. leadership in the IMF because:

- As the largest member of the Executive Board of the IMF, the U.S. substantially influences the scope and conduct of ESAF reform programs.

- Fulfillment of our pledge would demonstrate to developed countries our continuing commitment to multilateral burden-sharing and address concerns that the U.S. is retreating from its role in the multilateral system.

- Our contributions to the ESAF are necessary to ensure that we have a voice in shaping policy both in ESAF programs and the HIPC initiative.

ESAF Operations:

The initial loan capital of the ESAF totaled approximately SDR 5.3 billion (about $7.4 billion) and was provided mostly by loans to ESAF from industrial and some developing country members of the IMF. A Subsidy Account, amounting initially to SDR 2.2 billion ($3.1 billion) and funded principally by bilateral contributions, has been used to subsidize the ESAF concessional rate of lending (currently 0.5 percent). The target for total loan resources under the expanded ESAF is SDR 10.1 billion (roughly $14.5 billion), with total subsidy account commitments reaching about SDR 4.2 billion (roughly $6 billion). Most countries' commitments are fully effective.

ESAF adjustment programs are developed in close collaboration with the World Bank and lay out structural measures, and the expected path of macroeconomic policies. Policy objectives typically include reducing budget deficits, cutting inflation, privatizing, downsizing government bureaucracies, opening up trade regimes to foreign competition, deregulating and improving governance.

Loans are disbursed over a 3-year period, subject to IMF Executive Board approval of

each disbursement. They are repayable in 10 equal semi-annual installments, beginning at 5.5 years and ending ten years after the date of disbursement.

ESAF Results:

ESAF efforts in the area of worker rights also promotes long-term growth which often leads to enhanced credibility and further capital flows. In Chad, ESAF worked with the International Labor Organization (ILO) to write a labor code for the country. The program grants both employers and employees the right to freely determine salaries, including minimum wages, at either a national or sectoral level.

Supplemental FY 1998 Request

International Monetary Fund (IMF)
Quota Increase

Supplemental FY 1998 Request: The dollar equivalent of SDR 10,622.5 billion Special Drawing Rights (approximately $14.5 billion in Budget Authority but with no outlay effect).

Fostering Global Financial Stability:

The International Monetary Fund (IMF) needs to maintain its credibility in dealing with not only the normal demand by members for medium-term balance of payments financing, but also occasionally extraordinary demands, including those resulting from an abrupt loss of confidence by investors in members' economic and financial outlook.

- Since implementation of the previous quota increase in 1992, annual private net capital flows to emerging market economies have increased from $133 billion to $244 billion.

- During the last five months of 1997, the IMF needed to commit $35 billion urgently to three countries – Thailand, Indonesia and Korea – to help stabilize a sudden reverse of capital inflows in these countries. This reduced the available regular liquid resources of the IMF below the level which historically has triggered quota increases in the past.

- The proposed 45 percent increase in IMF quotas would bring total quotas to roughly $285 billion.

The liberalization of international capital markets and the growth in capital flows to rapidly growing emerging markets has promoted efficient use of global savings to support investment and promote economic output. These trends have also increased the risks of contagion in the system and the potential size of financing gaps should emergencies arise, as demonstrated most recently by turmoil in Asian financial markets. While the U.S. cannot – nor should it – be expected to defend international financial security on its own, the IMF is uniquely placed to mobilize substantial assistance quickly and, when justified, to provide the predominant share of official financing in situations of severe financial crises. The Administration strongly supports the proposed 45 percent increase in the ordinary resources of the IMF and urges Congressional approval to ensure that the IMF can maintain its influence in international financial markets.

Promoting U.S. Interests:

Strengthening the capacity of the IMF to carry out its core mission clearly serves and advances U.S. national interests:

- By promoting an open, efficient international financial system, the IMF supports the growth of global trade, output and job growth.

- By pooling the resources of its 182 members, the IMF multilateralizes the costs of global financial security, ensuring that the U.S. does not bear a disproportionate burden.

- The IMF is a multilateral institution, which has the credibility and authority to urge its members to adopt reform policies that no bilateral partner could successfully require. However, the U.S. has the largest quota share and is uniquely positioned to influence Fund policy.

- Our own extraordinary prosperity is in no small part a result of the open stable global economy that the IMF has fostered and sustained with our active leadership over the past 50 years.

- While no country is isolated from the shocks of the global economy, the IMF helps contain financial shocks and limit the consequences to U.S. businesses.

- Growth-oriented macroeconomic stabilization and structural adjustment programs, leading to employment and income growth, also lay the foundation for civil stability and the transition to democratic governance, which ultimately reduces the potential need to deploy U.S. military resources when economic hardship creates civil strife.

Quota Increase and Effect on the United States:

The quota forms the basis for each member's financial and organizational relations with the IMF. Quotas depend upon the economy's size and circumstances of each member and are determined by the Board of Governors. Each member of the Fund is assigned a quota expressed in Special Drawing Rights (SDRs). Quotas determine members' subscriptions to the Fund, their relative voting power, their maximum access to financing from the Fund under normal circumstances, and their shares in allocations of SDRs. One-fourth of each member's subscription is paid to the IMF in SDRs or other acceptable reserve assets (e.g., "hard" currencies), and the remainder in the member's own currency. The U.S. has the largest quota share and consequently sufficient voting power to block key decisions of the Fund, including the decision to increase quotas. The IMF draws upon members' quotas as needed to provide financing assistance to other members. Quotas are reviewed every five years.

The IMF is a quota-based institution. Without the quota increase, the IMF will be forced to rely increasingly on its back-up borrowing arrangements, comprising the General Arrangements to Borrow (GAB) and, prospectively the New Arrangements to Borrow (NAB). These arrangements, however, represent a reserve tank, and are not a substitute for the ordinary resources of the IMF.

Even before the Asian events unfolded in 1997, the U.S. representatives had agreed to the 45 percent increase during the IMF's 11th General Review of Quotas. As a result of the recent demands on the IMF, the Fund's present liquidity is approaching historically low levels. The IMF's total quota resources would increase by about $90 billion under the proposed 45 percent increase. The U.S. share would be roughly $14.5 billion.

Quota Increase Has No Outlay Effect:

Transfers under the U.S. subscription to the IMF create an equivalent liquid, interest-bearing claim on the Fund which can be withdrawn by us when necessary. Consequently, the transfers are not scored as budget outlays: they do not increase the deficit or require cutbacks in other essential programs.

Supplemental FY 1998 Request

International Monetary Fund (IMF)
New Arrangements to Borrow (NAB)

Supplemental FY 1998 Request: The dollar equivalent of SDR 2.462 billion Special Drawing Rights (approximately $3.5 billion in Budget Authority but with no outlay effect).

Fostering Global Financial Stability:

Dramatic changes in the international financial system in the past 15 years have brought considerable benefits to the international economy but at the same time have increased its vulnerability to financial shocks, recently demonstrated by the severe disruptions in Asian financial markets. Net private capital flows to emerging market economies have increased tremendously in recent years, reaching roughly $244 billion by 1996. This increased availability of private funds, on the one hand, probably decreases the potential demands for IMF resources. However, it made the recipients more vulnerable to sudden shifts in market sentiment.

During the last five months of 1997, the IMF was called upon to provide about $35 billion to help Thailand, Indonesia and Korea stabilize their currencies and implement needed macroeconomic and structural reforms. These sudden and exceptional demands on IMF liquidity underscore the importance to U.S. interest of ensuring that the IMF has adequate back-up resources to support its central role in promoting a stable international monetary system. A more global market place means that potential for large disruptions in global financial markets has increased significantly in recent years; however, the resources available for coping with them have not.

For the United States, the disruption in Asian financial markets that began in the summer of 1997 illustrates the risks of today's global markets and underscores the importance of global leadership. We cannot insulate ourselves from the impact of financial crises beyond our shores and, as the world's largest economic power, it is in our national interest to help fashion correct and effective responses. The contribution to the New Arrangements to Borrow (NAB) allows us to fully participate in solving global financial problems.

The NAB will comprise lines of credit from 25 potential participants amounting to SDR 34 billion which will be available to the IMF only if supplementary resources are needed to deal with financing problems that could impair or threaten the stability of the international monetary system. Increasing the arrangements for the first time in 15 years would help to restore the credibility and practical utility of this reserve tank for the IMF at a crucial time.

The NAB is an essential complement to on-going efforts to:

- improve the IMF's surveillance of economic policies and national financial systems,
- implement standards for the public disclosure of monetary and economic data,
- intensify cooperation among banking supervisors and financial regulators in developing and emerging market economies, and
- identify market based measures that could reduce the need for large infusions of official financial assistance to countries facing severe international financing problems.

Supporting U.S. Interests:

- The NAB will augment existing resources and is modeled on an existing mechanism for dealing with potential systemic financial crises that threaten our interests. The NAB will protect our interests by giving us a stronger multilateral mechanism to deal with future crises so that we do not shoulder an excessive share of the burden. It will do this while simultaneously allowing us to retain our influence.
- The NAB will provide better burden sharing within the international community for maintaining the stability of the international monetary system.
    - The U.S. share of the NAB (19.74 percent) will be less than the U.S. share of the 35 year old General Arrangements to Borrow (GAB) (25 percent).
    - There will be 14 non-G10 participants in the NAB, consisting mainly of emerging market economies.
- U.S. participation in the NAB will fortify American leadership in the IMF. The NAB cannot take effect without U.S. participation, and the U.S. ability to block unjustified activation is strengthened in the NAB.
- The U.S. share of the NAB, like the U.S. share of the GAB, is a good investment for taxpayers. It is not scored as a budget outlay, will not increase the deficit, and will not require a reduction in other essential programs.
    - Under long-standing budgetary treatment, any amount appropriated for the NAB will not be scored as a budget outlay because, in exchange for each transfer of dollars to the IMF, the U.S. would receive a liquid interest-bearing asset in the form of a claim on the IMF.

- Providing support for a borrowing country through the IMF transfers, the country risk to the IMF, which is responsible for repaying creditors, and the loan to the IMF is backed by its substantial reserves, including gold.

U.S. Contribution to the NAB:

The U.S. share will be the dollar equivalent of SDR 2.462 billion (approximately $3.5 billion) in addition to the dollar equivalent of SDR 4.25 billion previously appropriated for the GAB and which could also be used for the NAB. The United States is expected to have a 19.74 percent share of the NAB, and will retain its 25 percent share of the GAB. The NAB would increase by roughly $24 billion the amount currently available to the IMF for financial emergencies through the GAB.

NAB Operations:

At the 1995 Halifax Summit, the G-7 Heads of State and Government proposed doubling the borrowed resources already available to the IMF under the existing GAB in response to the considerable changes that had occurred in the world economy since the 1983 GAB increase. The NAB will comprise lines of credit from an anticipated 25 potential participants which are expected to amount to SDR 34 billion ($46 billion) to be made available to the IMF in the event of an international financial crisis if ordinary IMF resources need to be supplemented. It is closely modeled on the GAB, which was established in 1962 by G-10 countries (U.S., UK, Canada, Germany, France, Italy, Japan, the Netherlands, Belgium, Sweden, and later Switzerland) and its purpose is virtually the same.

The SDR 17 billion ($23 billion) GAB has enjoyed broad bipartisan support for over three decades. It was expanded under pressure from the Reagan Administration in 1983 as an initial response to the onset of the international debt crisis. The NAB will not replace the GAB, which remains in effect, but the NAB will generally be the facility of principal recourse.

The IMF Managing Director may request activation of the NAB if supplementary resources are needed to deal with financing problems that could threaten the stability of the international monetary system. Activation of the NAB requires a separate vote of 85 percent of the total credit arrangements of NAB participants eligible to vote in addition to approval by the IMF Executive Board. The five largest participants must also support NAB activation, thus the NAB cannot be done without the United States.

International Organizations and Programs

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$272,450	$294,500	$314,000

Overview:

International organizations and programs address many global challenges -- climate change, ozone depletion, aviation security, humanitarian needs, to name a few -- whose solutions require international cooperation. The United States cannot undertake such enormous tasks alone. Through environmental and other agreements and strong participation in agencies, such as the UN Children's Fund (UNICEF), the World Food Program (WFP) and the UN Development Program (UNDP), the U.S. is able to leverage its contributions to protect the environment, provide for safer air traffic, improve the welfare of children and mothers, feed the hungry, and reduce poverty at a fraction of what it would cost Americans unilaterally.

Multilateral institutions support a wide network of international agreements in such diverse areas as human rights, biological diversity and trade in endangered species. Effective implementation of these agreements contributes enormously to the political and economic stability of countries that desperately need our help. The Organization of American States (OAS), for example, carries out a wide range of regional programs in this hemisphere that support democracy and the rule of law.

As the United Nations undertakes comprehensive reforms, we have become increasingly reliant on it to serve as a forum for achieving our foreign policy goals of promoting broad-based economic growth in developing and transitional economies, increasing adherence to democratic practices and respect for human rights, preventing or minimizing the human costs of conflict and disasters, securing a sustainable global environment and stabilizing world population growth. Along with meaningful institutional and structural reforms of such bodies as the UN Human Rights Center, UN budgets and personnel have been reduced, oversight mechanisms to uncover waste, fraud and mismanagement are working effectively and vast technological improvements have been made, particularly with the advent of the Internet.

Nonpayment of U.S. arrears to multilateral institutions undermines these achievements, our international credibility and leadership and hurts our efforts in continuing to shape an international community in which nations live up to their commitments. If we are to restore our credibility and our political and financial relationship with the multilateral community, payment of U.S. assessments, clearing our arrears and adequate support

for voluntary programs, such as UNDP, which has taken on even greater prominence with the adoption of the UN Secretary-General's reform initiatives, must proceed.

With the effective leadership of James Gustave "Gus" Speth, UNDP has redirected its resources toward people-centered sustainable development programs that focus on poverty alleviation, job creation, the advancement of women and protection of the environment. With the removal of Cold War tensions, UNDP has used its vast field network and its ready access to human and technical expertise to assist developing countries in their efforts to end civil strife, build democratic institutions and become self-sustaining.

For many years, the American people have supported UNICEF through charitable contributions, because they recognize its importance as the premier intergovernmental organization that helps the most vulnerable population groups -- women and children. UNICEF's mission statement calls for long-term development and humanitarian assistance aimed at improving the welfare of children and mothers in developing countries. Its energetic American head, Carol Bellamy, is committed to strengthening programs for children through capacity-building for sustained program delivery.

More than a decade ago, the scientific community developed compelling data that several man-made substances, such as chlorofluorocarbons (CFCs) were severely damaging the earth's ozone layer. This environmental catastrophe resulted in millions of additional cases of skin cancer and cataracts. With the adoption of agreements such as the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer, the global community worked collaboratively to resolve the problem. The Montreal Protocol Multilateral Fund, an outgrowth of these multilateral agreements, helps developing countries make the transition to the use of substitutes for the worst ozone-depleting substances, such as CFCs.

UNFPA is the leading multilateral organization providing critically needed voluntary family planning. It supports maternal and child health and reproductive health services in more than 160 developing countries and countries with economies in transition. Population stabilization efforts help reduce poverty and environmental degradation and increase social stability. As the international community gears up for the 1999 five-year review of the Program of Action of the International Conference on Population and Development Program of Action, UNFPA will be playing a leading role in assessing the results of national programs.

Justification:

To reflect the Administration's strong support for working globally and regionally to promote human rights, empower women, feed the malnourished and combat environmental threats, we are requesting $314 million for the International Organizations and Programs (IO&P) account. This level represents a 6.6 percent increase over FY 1998. The IO&P budget request excludes funding for IAEA and the

Korean Peninsula Energy Development Organization (KEDO), which are being financed from the Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) account.

Slightly more than 69 percent of the IO&P budget request for FY 1999 will serve the broad U.S. strategic goal of economic prosperity, while nearly 29 percent will focus on global issues such as a sustainable global environment and stabilization of world population growth. The remaining two percent serves our foreign policy goal of promoting democracy worldwide.

Increases include:

$600,000 for the UN Voluntary Fund for Technical Cooperation in the Field of Human Rights: The Fund provides human rights assistance to governments at their request. This increase would reinforce the strong commitment of the United States to an efficient and responsive human rights mechanism. It would also strengthen the hand of the newly-elected High Commissioner for Human Rights, Mary Robinson, in eliminating human rights abuses spanning the globe.

$7 million for the UN Development Program: Several years of reduced contributions to UNDP have undermined our influence and jeopardized our continued leadership in the program. As the UN Secretary-General's reform initiatives, which call for a strengthened role for UNDP in coordinating overall UN development assistance, have become a reality, the U.S. must bolster its support of the program. An increase in the U.S. contribution would ensure that we have a strong voice in guiding UNDP's efforts in bringing greater coherence and efficiencies to UN activities in developing countries.

$200,000 for the International Civil Aviation Organization's Programs: These additional funds are sorely needed to upgrade aviation safety standards worldwide through evaluation and training programs, thereby benefiting the millions of U.S. airline passengers who account for about 40 percent of air travelers worldwide.

$4 million for the UN Environment Program (UNEP), including UNEP-related activities: This increase will allow the United States to support revitalization of UNEP under the direction of its new Executive Director, Klaus Toepfer; and pay the U.S. share of the secretariat costs of key international conventions and programs, including the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer; the South Pacific Regional Environment Program and the Caribbean Environment Program.

$6.45 million for the Montreal Protocol Multilateral Fund: As the principle advocate for a vigorous program of ozone reduction, the U.S. failure to meet our financial obligations under the Montreal Protocol would adversely affect U.S. credibility in future Protocol financial negotiations and delay the transition to the use of substitutes for ozone-depleting substances.

International Organizations and Programs FY 1999 Request *($ in thousands)*	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
DEMOCRACY/HUMAN RIGHTS	**4,900**	**4,900**	**5,500**
UN Vol Fund for Techn'l Coop in Field of Human Rights	900	900	1,500
UN Vol Fund for Victims of Torture	1,500	1,500	1,500
OAS Fund for Strengthening Democracy	2,500	2,500	2,500
ECONOMIC PROSPERITY	**192,450**	**215,100**	**217,800**
Global Economic Growth	*192,450*	*215,100*	*217,800*
UN Development Program (UNDP)	76,350	98,000	105,000
UN Development Fund for Women (UNIFEM)	1,000	1,000	1,000
UN Children's Fund (UNICEF)	100,000 1/	100,000 1/	100,000
OAS Development Assistance Programs	6,500	6,500	6,500
World Food Program	3,000	4,000	2,000
Afghanistan Emergency Trust Fund	500	500	500
International Fund for Agricultural Development (IFAD)	5,000 2/	5,000 2/	2,500
ICAO Aviation Security Fund	100	100	300
GLOBAL ISSUES	**75,100**	**74,500**	**90,700**
Protection of Global Environment	*50,100*	*49,500*	*65,700*
UN Environment Program (UNEP)	11,000	9,000	13,000
Montreal Protocol Multilateral Fund	27,500	28,000	34,450
Int'l Conservation Programs (CITES, ITTO, IUCN, RAMSAR)	4,050	3,750	6,000
Climate Stabilization Fund (IPCC, UNFCCC)	3,225	5,000	8,000
Int'l Contributions for Scientific, Educ. & Cultural Activities	2,325	2,250	2,250
World Meteorological Org/Voluntary Cooperation Program	2,000	1,500	2,000
Stabilization of World Population Growth	*25,000*	*25,000*	*25,000*
UN Population Fund (UNFPA)	25,000	25,000	25,000
NATIONAL SECURITY	-	-	-
Non-Proliferation and Disarmament	-	-	-
Int'l Atomic Energy Agency (IAEA) Voluntary Programs	[36000] 3/	[36,000] 3/	[40,000] 3/
Korean Peninsula Energy Development Organization (KEDO)	[25000] 3/	[40,000] 3/	[35,000] 3/
TOTAL	**272,450** 4/	**294,500**	**314,000**

1/ Appropriated under Child Survival Programs.
2/ Includes $2.5 million transferred from Development Assistance.
3/ Appropriated under Non-Proliferation, Antiterrorism, Demining and Related Programs account.
4/ International Organizations and Programs appropriation was $169,950,000.

United Nations Human Rights Center
Voluntary Fund For Technical Cooperation
In The Field Of Human Rights

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$900	$900	$1,500

U.S. Foreign Policy 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, among other things: 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.

Strategy for FY 1999:

The United States has been among the Fund's largest single contributors in recent years, inspiring other governments to do likewise and fulfilling a major U.S. policy goal. The Fund is a critical tool in the advancement of human rights improvements in countries which voluntarily ask for such assistance. Contributions have climbed to

more than $7 million annually (1995), led by the U.S. and other western nations. In recent years, as more countries have begun the transition to democracy, the number of requests for assistance have increased considerably. At present an annual backlog of more than $10 million in unfunded projects exists. We request an increase of our contribution in FY 1999 to $1.5 million to help leverage increases by other governments.

A secure tradition of voluntary funding, anchored by the U.S. contribution, would ensure availability of such assistance to those nations that seek help in strengthening their own democratic institutions and protecting the human rights of their citizens. Many of these nations are newly independent, and are struggling to nurture the democratic traditions of donor nations. Reliable funding would also strengthen the effectiveness of the UN High Commissioner for Human Rights as overseer of the UN Center for Human Rights, as well as reiterate the commitment of the U.S. to an efficient and responsive human rights mechanism.

United Nations Voluntary Fund For Victims Of Torture

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$1,500	$1,500	$1,500

U.S. Foreign Policy Objectives:

The use of torture presents a formidable obstacle to establishing and developing democratic governmental institutions. Assisting torture victims helps establish and reinforce a climate of respect for democracy and human rights, two important U.S. foreign policy goals of the International Affairs Strategic Plan. The United Nations Voluntary Fund for Victims of Torture (UNVFVT), established by the UN General Assembly in 1981, provides worldwide humanitarian assistance to torture victims and to their families, almost all in developing countries. Such assistance is primarily medical and psychological.

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

Strategy for FY 1999:

The U.S. has been in the lead of efforts to end torture internationally. As the largest single contributor in recent years, U.S. contributions to the Torture Fund underscore our commitment to the rights of the individual and to the essential importance of protecting these rights.

Indicators:

- Fund support for more than 100 organizations and finances more than 500 requests for assistance in about 60 countries.
- UNVFVT support for local treatment centers.
- Continued treatment of torture victims at the Finnish Center for Torture Survivors, which also receives funding from the Finnish Government, of an estimated 1,500 to 2,500 torture survivors.
- Continued operation of the Centers for the Treatment of Victims of Torture in Santiago, Prague, and Tallinn, along with one U.S. center in Minneapolis.

Organization Of American States
Programs For Strengthening Democracy

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$2,500	$2,500	$2,500

U.S. Foreign Policy Objectives:

Two major units of the Organization of American States are dedicated to strengthening democracy and promoting human rights: the Unit for the Promotion of Democracy (UPD) and the Inter-American Commission on Human Rights (IACHR). Both reflect the fundamental U.S. goal of a Western Hemisphere made up of stable democracies, where respect for the full spectrum of human rights is the norm. Both complement existing U.S. bilateral programs.

The Unit for the Promotion of Democracy is the organ of the OAS Secretariat responsible (in the words of the 1990 OAS General Assembly resolution which established it) for "providing [to states which request it] advice or assistance to preserve or strengthen their political institutions or democratic processes." It carries out this task largely through concrete programs on the ground in the requesting states. Typical of these are: organizing election observation; assisting voter registration; providing advice on reform of electoral laws or operating techniques of electoral tribunals; reinsertion of former combatants in now-terminated civil conflicts; democracy education programs aimed at increasing participation in the electoral process; and the Central American humanitarian demining program, whose goal is a land-mine free Central America by 2000.

An excellent example of the way in which UPD programs can work in favor of fulfillment of U.S. policy objective was its observation of the 1996 presidential elections in Nicaragua. The UPD report amply refutes Sandinista charges that the elections (in which a pro-democracy, pro-U.S. candidate beat Sandinista leader Ortega) were rigged. The UPD-administered Central American demining program is a major success story in terms of the worldwide U.S. policy of aiding countries remove mines left over from previous conflicts which threaten civilian lives. UPD programs involving reinsertion of former combatants in Guatemala mesh with U.S. objectives of seeing the peace accords implemented to end the internal conflict in that country. The same is true of a UPD project to help Guatemala reform its electoral law to comply with the peace accords. Election observations planned for 1998 in countries such as Paraguay, where democracy is new and fragile, fit perfectly with U.S. objectives for strengthening democracy hemisphere-wide.

The UPD could not carry on this work without outside financial assistance. In contrast, the UPD requires $10-$15 million of outside funding to effectively implement its programs. The $2.5 million requested would support specific UPD activities in areas of special importance to the U.S., such as election observation, assistance to electoral tribunals, civic education and demining which, in many cases, could not be carried out without U.S. funding.

The IACHR is the sole Western Hemisphere body responsible for monitoring and reporting on the status of human rights in OAS member states and plays an increasingly important role in shaping a positive human rights agenda in the region. One of the IACHR's most important activities is on-site visits and the subsequent publication of country reports assessing human rights observance. The IACHR also works on special projects of direct interest to the U.S. For example, it has begun to develop a program to highlight the generally poor enforcement of the human rights of women in Latin America, and a plan to remedy those deficiencies. Given the sensitivity of the IACHR's work and the reluctance of OAS member states to facilitate human rights criticism by funding the IACHR in an adequate manner, our voluntary contributions to the IACHR are essential to its ability to carry out its mission, especially its on-site visits.

Strategy for FY 1999:

USOAS works closely with the UPD to tailor programs so they meet U.S. policy objectives. Similarly, USOAS closely monitors IACHR activities and especially its on-site visits. USOAS also carefully analyzes project proposals to streamline activities and ensure only the most essential programs and costs are funded by the U.S. No other OAS member states have any control in the design of programs exclusively funded by the U.S. Once a UPD program begins, embassy officers monitor it on the ground and often meet frequently with the OAS staff based abroad. USOAS also requires interim reports to keep abreast of the progress of UPD programs. Reduction of U.S. funding would mean a corresponding reduction of U.S. input to OAS democracy-building programs and of the IACHR's on-site visits, hindering their effectiveness in achieving U.S. goals.

Indicators:

- The degree to which the conclusions of elections observers are accepted as credible by the citizens involved.
- Voter registration programs, or programs aimed at encouraging greater voter participation, e.g., by poor voters and women: heightened voter turnout at the next election
- Reform of electoral laws and procedures: qualitative assessment by U.S. embassies in the countries involved.

- Central American Demining Program: the number of mines removed. Success in mine removal will indicate whether the program remains on track toward meeting its goal of a land mine free Central America by the year 2000.)
- Train legislators, heightening general civic awareness: U.S. embassy evaluations.
- IACHR activities to protect human rights: the number of reported human rights abuses and the extent to which the IACHR is able to effect specific policy changes in OAS member states in favor of human rights observance. (The IACHR's longer-term goals involve strengthening respect for a democratic culture which respects human rights, and for the rule of law, necessarily goals that require the sustained support of the U.S.)

United Nations Development Program

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$76,350	$98,000	$105,000

U.S. Foreign Policy Objectives:

With programs in over 170 countries, the United Nations Development Program (UNDP) is the chief coordinating and funding mechanism for technical assistance implemented by agencies of the UN system. Established in 1966 through the merger of two earlier UN programs, UNDP is financed by voluntary contributions from UN member countries and provides grant assistance to the developing world, with increasing emphasis on assistance to the least developed countries and on building national capacity to manage development activities. Reforms promulgated by the Secretary-General in 1997 have strengthened the role both of UNDP resident representatives as coordinators of UN assistance at the country level and of the UNDP Administrator, who chairs the United Nations Development Group.

UNDP's priorities -- poverty alleviation, job creation, the advancement of women, environmental regeneration, and promotion of good governance -- are fully consistent with U.S. foreign policy goals and complement U.S. bilateral efforts to promote sustainable development. In pursuit of these objectives, UNDP emphasizes economic reform, privatization, democracy and peace building. Its programs encourage the creation of open economies and stable, democratic societies receptive to U.S. trade and investment.

Consistent with U.S. leadership manifested in our position as the largest contributor to UNDP every year for most of its history, the organization is based in New York and has always been headed by an American.. In addition, the U.S. has always held a seat on UNDP's Executive Board. Consequently, the U.S. has been able to promote development strategies in UNDP that are consistent with U.S. foreign policy goals.

Strategy for FY 1999:

Our primary strategy is to engage the leadership of UNDP and its Executive Board to make UNDP as efficient, effective and accountable as possible. As part of the UN reform process, the U.S. will also continue to support UNDP's role in coordinating UN development assistance so that the UN system fosters a more prosperous, peaceful, democratic and stable world consonant with American interests. Maintenance of an adequate U.S. contribution remains essential to preserving our influence over UNDP policies and programs.

U.S.-backed initiatives have already led to a streamlined and stronger UNDP. Over the past six years, UNDP has reduced its administrative expenditures for core activities in real terms by over 15 percent and cut regular staff by 32 percent at headquarters and by 12 percent in country offices. In 1997, UNDP began to apply its new framework for programming resources that introduces performance as a criterion for country allocations, and secured Executive Board approval of a package of reforms which will make UNDP more decentralized and responsive to the needs of program countries. In Executive Board meetings, the U.S. will continue to press UNDP to take concrete steps to improve program delivery, increase staff accountability, and monitor and evaluate program performance.

Other Donors: The U.S. FY 1997 contribution of $76.35 million accounted for approximately 10 percent of total core contributions to UNDP. The other top contributors were: Japan ($99.3 million), the Netherlands ($87.4 million), (Denmark ($76.3 million), Norway ($75.8 million), Germany ($69.4 million), Sweden ($61.2 million), the United Kingdom ($38.9 million), Switzerland ($38.6 million), and Canada ($29.8 million). Preliminary data for 1998 indicates that the U.S., with a contribution of $98 million, will be at or near the top of the donor list, as the result both of cuts by other major donors and the relative increase in the value of the U.S. dollar.

Indicators:

- Implementation of the reforms approved by the Board in 1997, in particular the reassignment of both staff and resources from headquarters to the field;
- Greater allocation of country program resources on the basis of program quality under the new arrangements implemented in 1997;
- Personal accountability of staff and full establishment of improved systems for program monitoring and evaluation;
- Improved coordination of programming by UN development agencies at the country level.

United Nations Development Fund For Women (UNIFEM)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$1,000	$1,000	$1,000

U.S. Foreign Policy Objectives:

UNIFEM's overall goal is to improve significantly the status of, and opportunities for, women in the least developed countries through greater participation in the economic and social development processes. Its resources act as a catalyst 1) to ensure the involvement of women in mainstream development activities, particularly at the pre-investment stage; and 2) to support innovative and experimental activities benefiting women in line with national and regional priorities.

UNIFEM's mandate is totally consistent with U.S. global priorities, namely that investment in women is a key to sustainable development. Social investments in women -- in their health, education, and economic access -- yield the highest return to society. The more education a woman has, the more likely she is to be economically productive and able to engage in public life. Such women begin childbearing later in life and have smaller families. They are healthier mothers and have healthier children. And they are more likely to educate their own children, passing the advantages they have gained on to the next generation.

In 1973, the U.S. Foreign Assistance Act was amended to require that U.S. bilateral development assistance programs be administered so as to give particular attention to those programs, projects, and activities, which tend to 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 showing 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.

Strategy for FY 1999:

UNIFEM is a separate trust fund supervised by the UNDP Administrator and under the general direction of the UNDP/UNFPA Executive Board. Through our participation in the work of the Executive Board, the U.S. encourages UNIFEM to: focus on areas in which it has a comparative advantage (e.g. working with NGOs to foster capacity building and network development); and define goals that it can accomplish within its budgetary constraints with maximum impact and sustainability and benefiting the largest number of beneficiaries.

Other Donors: For FY 1997, UNIFEM received pledges of $13,945,000, to its general resources. The U.S. pledge of $1 million was the fourth highest. It is preceded by Netherlands ($3.67 million), Japan ($1.76 million), and Norway ($1.393 million).

UNIFEM has 21 professional employees (four are U.S. citizens), and seven general services employees (two are U.S. citizens).

Indicators:

- Level of focus upon those areas where UNIFEM has a comparative advantage, e.g. network building and network development; concentrate on building women's NGOs' organizational capacity and financial viability.
- Continued strengthening of UNIFEM's organizational and financial controls.
- Increase in the quality of projects that have a catalytic impact upon the status of women.
- Setting of clear criteria for supporting projects with the potential to leverage large changes in the status quo rather than the delivery of benefits directly to targeted individual women. Projects identified with the purpose of advocacy, brokerage - especially with governments and civil society - and constituency building.

United Nations Children's Fund (UNICEF)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$100,000	$100,000	$100,000

U.S. Foreign Policy 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 Office of the Emergency Relief Coordinator, the agency provides emergency assistance to countries destabilized by civil strife or natural disasters. Through a highly effective and decentralized field network, UNICEF operates programs in 145 countries.

The UNICEF Executive Board continues to emphasize three program objectives for UNICEF operations that complement UNICEF's overall goal of sustainable child survival, development and protection: (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 ensuring that women participate 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 strive to use equipment and materials which can be locally obtained and maintained. Their projects are coordinated with activities of other donors, including USAID. Ensuring continued effective program delivery is a key objective of U.S. participation on the Executive Board.

UNICEF has a small emergency unit that plays a key role in many international relief efforts, including Bosnia and the Great Lakes region of Africa. It works in close coordination with the UN Office of the Emergency Relief Coordinator, the UN High Commissioner for Refugees, and USAID's Office of Foreign Disaster Assistance, among other agencies, on humanitarian assistance in emergencies, and traditionally holds sectoral responsibility for medical supplies, child needs, nutrition, and water/sanitation work.

UNICEF's Executive Director has always been an American. Since her appointment in 1995, UNICEF's fourth and current Executive Director, Carol Bellamy, has given top

priority to internal management reform, including implementing many of the far-reaching recommendations of the 1994 UNICEF Management Study by Booz-Allen and Hamilton. She also has placed strong emphasis on implementing the Secretary General's 1997 reform package. The U.S. is keenly interested in furthering these management reforms at UNICEF, both internally and within the UN system. UNICEF has consolidated headquarters' divisions from 19 to 15, instituted an integrated financial management system, and held the administrative and program support budget to "no growth."

Within the UN system, UNICEF is in the process of finalizing a memorandum of understanding (MOU) with the World Food Program to improve nutritional programming and delivery. Country-level coordination between UNICEF and the other UN development agencies has been strengthened by establishment of a joint country program framework, increased use of common premises, and by harmonization of budgets and program cycles.

Strategy for FY 1999:

The United States has always played a global leadership role within UNICEF and historically has been the top UNICEF donor, consistent 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 USAID's Child Survival Program and the Center for Disease Control's polio eradication program. There is a close dialogue between the U.S. and UNICEF on technical matters of common interest, and strong cooperation in field activities.

Our strategy is to promote continued improvement in project delivery at UNICEF, to support ongoing internal management reform, known as the Management Excellence Program, and to encourage continued cooperation between UNICEF and the other UN development agencies under the Secretary General's reform program. Under the Management Excellence Program, several headquarters functions were transferred to regional and country levels, increasing the effectiveness and impact of the programs in the field and eliminating duplication of effort between headquarters and country offices. UNICEF is increasing its efforts to improve performance evaluation quality through improved guidelines and more stringent reviews. UNICEF continues to upgrade information systems both at headquarters and in field offices to improve program and financial management. On UN reform, UNICEF chaired the working group that produced the guidelines for implementation of the UN Development Assistance Framework, a joint UN development agencies' approach to country programming. UNICEF, along with the other UN agencies, is in the process of implementing the framework in eleven pilot countries. UNICEF also chairs a working group on reform of humanitarian assistance operations and on accelerating the move toward common premises. Child protection issues are receiving more attention, with UNICEF taking a leadership role in addressing the problems of child labor and sexual exploitation of children.

Other donors: The U.S. contribution of $100 million for FY 1997 represents 28 percent of $364 million in total government contributions to UNICEF general resources. Other major donors are Sweden-$43 million (12 percent), Norway-$40 million (11 percent), Denmark-$31 million (9 percent), Japan-$31 million (9 percent), Netherlands-$30 million (8 percent), United Kingdom-$13 million (4 percent), Switzerland-$13 million (4 percent), and Finland-$13 million (4 percent).

Indicators:

- Reduction in child mortality rates in program countries.
- Improvement in key health indicators (e.g., reduction/eradication of disease, improved nutrition).
- Improved sanitation for children and mothers.
- Better education for children (e.g., primary school enrollment, literacy rates).
- Effectiveness in emergency situations--lives saved and relief provided.
- Implementation of key aspects of proposed management reform:
    - Completion of headquarters streamlining.
    - Completion of information systems upgrade.
- Implementation of the UN Development Assistance Framework.

World Food Program (WFP)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$3,000	$4,000	$2,000

U.S. Foreign Policy Objectives:

U.S. donations of agricultural commodities and associated logistical cash are used to achieve our humanitarian objectives of combating starvation, poverty, and human misery -- adding some stability to a turbulent world. The IO&P contribution allows us a ledger credit toward the obligation of providing "full cost recovery" of indirect support costs for WFP operations.

WFP, under the present leadership of its American Executive Director, Catherine Bertini, has coped well in addressing emergencies (such as floods in the Horn of Africa and multiple crises in North Korea), targeting its development portfolio to the neediest countries (reducing the number of countries served from over 80 to about 50), disaster preparedness (the impact of El Nino, especially in Latin America and Africa), and post-emergency rehabilitation (Central Africa).

Also, a significant number of former WFP recipients are now on their feet economically and are markets for U.S. goods and services. The probability is good that others will follow.

Strategy for FY 1999:

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 humanitarian relief and for social, economic, and environmental development. 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; (2) for protracted refugee and displaced persons projects; and (3) as emergency food assistance in situations of natural and man-made disasters.

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.

Almost two-thirds of WFP's resources are now used to provide humanitarian food aid in burgeoning emergency and protracted refugee situations, especially in North Korea and sub-Saharan Africa. Under a memorandum of agreement with UNHCR, WFP has assumed responsibility for provision of food to refugees in areas of recent conflict, such as Central Africa, Northern Iraq, 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.

Overall, the U.S. contributes about one third of WFP's commodity and cash budget of $2.446 for the 1998/1999 biennium. Other large donors are the EU, the Nordic countries, Japan, Australia, and Canada. Its administrative overhead (less than nine percent) is one of the lowest in the UN system.

Indicators:

- Number of emergency victims saved from starvation;
- Level of refugee mobility reduced by in situ feeding;
- Number of nations who are graduating from WFP development assistance while becoming valuable markets;
- Amount of overhead (assuring high percentage of dollars working on the ground);
- School attendance by young females in traditional cultures;
- Establishment of farm-related enterprises which graduate to commercial viability;
- Development success which offsets or obviates the need for emergency assistance.
- Level of diminution in malnourishment within many long-standing recipient nations; and
- Level of reforestation and economic benefit derived therefrom.

Afghanistan Emergency Trust Fund (AETF)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$500	$500	$500

U.S. Foreign Policy Objectives:

The U.S. Government supports efforts to relieve the suffering of the Afghan people through the return of peace to Afghanistan accompanied by the establishment of a broad-based, representative government. This in turn will allow the return of close to three million Afghan refugees and internally-displaced to their homes, the reconstruction of Afghanistan's war-torn economy and infrastructure, the opening up of Afghan routes to trade between central and south Asia, a reduction in drug cultivation and trafficking, removal of landmines and improved respect for human rights. The United States supports the activities of the UN, particularly the UN Special Mission to Afghanistan and the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), as offering the best hope for achieving these goals. The UN's appointment of a new Special Envoy, Ambassador Lakhdar Brahimi in July 1997 has given new energy to international efforts in Afghanistan. The Secretary of State has signaled strong Administration interest in Afghanistan during her visit to Peshawar, Pakistan in October 1997. Members of Congress remain keenly interested in finding an end to the Afghan civil conflict and improvement in human rights practices.

While the peace effort is paramount, the United States also supports interim efforts to help the Afghans, particularly the refugees and internally displaced. These efforts are coordinated by the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), created in 1988 to coordinate the work of UN agencies involved in Afghan relief and reconstruction, and thereby ensure adequate, cost-effective, and non-duplicative UN programs in Afghanistan. AETF is UNOCHA's funding mechanism. The U.S. contribution to AETF is important because it will help mitigate the effects of the civil war in Afghanistan, which include regional instability, drug trafficking and terrorist training. The United States, as a leader in the fight against communism in Afghanistan, is looked to for leadership in the effort to end the Afghans' war-time suffering.

Strategy for FY 1999:

The United States plans to achieve its objectives multilaterally by making clear its support for UN humanitarian activities and encouraging other donors to contribute to them. Our financial commitment will serve as an example of the kinds of contributions that need to be made to help the Afghans. Our diplomatic/personnel resources will

make clear that this is a matter of USG policy toward Afghanistan. A successful strategy will involve continued allocation of USG resources at least at the current level until the war is concluded and security has been re-established in Afghanistan. This is likely to take several years.

Achievement of these objectives is subject to the cooperation or acquiescence of other players in Afghan politics, both internal and external; this is why a multilateral effort, ideally led by the UN, is critical. For example, Iran is an important neighbor of Afghanistan with whom the U.S. does not deal, but the UN does, and can thereby facilitate the orderly return of the 1.3 million Afghan refugees still in Iran.

UNOCHA is leading a major effort among UN Specialized Agencies, donors and NGOs to better define major priorities and coordinate relief efforts. The model will be applied to the delivery of humanitarian assistance in other areas with civil conflict. The IO&P contribution to AETF is one of its few unearmarked donations. As such, it is highly valued because it can be allocated by UNOCHA to purposes where the need is greatest and which might otherwise be neglected.

Other donors: Of the total UNOCHA FY 1997 appeal of $133 million, only $35.0 million, or 26 percent was funded by the mid-year review, leaving a number of high priority requests unfunded. While in previous years UNOCHA has operated with only half of its appeal request, the current level of donations is below what it has been and below what is needed. Other major donors are the Japan and the European Community and its member nations.

Indicators:

- Reduction in the numbers of refugees and internally displaced persons;
- More humane living conditions for civilians in Afghanistan and those who remain as refugees through improved infrastructure (water supply, sanitation, health, education, agriculture, etc.);
- Removal of landmines and reduction in the number of mine-related injuries and deaths; and
- Effective use of donor funds and coordination of assistance activities for Afghans
- Continued support for Afghan humanitarian efforts by other donors: no significant decrease in donor contributions.
- Continued effective management of Afghan humanitarian relief: programs continue to maintain health and education standards for Afghan refugees; low ratio of administrative to program costs.
- Continued improvement in coordination of relief efforts: UNOCHA will continue to develop a Strategic Framework for Assistance to Afghanistan.

International Fund For Agricultural Development (IFAD)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$5,000	$5,000	$2,500

U.S. Foreign Policy Objectives:

The International Fund for Agricultural Development (IFAD) is the UN specialized agency and multilateral lending institution whose single mandate is alleviating rural poverty in developing countries. By financing loan and grant projects designed to increase food production and security levels, IFAD has contributed to improving the capacity of the poor to produce food as well as to increase their incomes. Since its inception in 1977, seventy percent of IFAD's projects have benefited African and Asian countries, while the remaining thirty percent has been divided among Latin America, the Near East/North Africa and Central and Eastern Europe.

Support for IFAD reflects the U.S. commitment to increasing food security among those most at risk. It is also an investment in crisis prevention. IFAD seeks to make poor rural people more capable of withstanding natural and man-made disasters -- the sudden shocks that can disrupt development and can lead to large demands for humanitarian assistance from donors.

IFAD's principles for assisting the rural poor have now become a part of the standard development policy of most major bilateral and multilateral donors. But while larger institutions have absorbed the ideas, and have more money to spend, the majority do not have IFAD's depth of experience in rural poverty. Based on the reputation its projects enjoy, IFAD has been able to mobilize increased resources in a dynamic coalition of IFIs, UN agencies, NGOs, the private sector, governments and the poor themselves. IFAD is therefore in the process of re-engineeering itself as a "Knowledge Organization" to make its experiences more widely available.

Financial support for IFAD has also undergone marked change. OPEC donors, once contributing more than forty percent of IFAD's funding, will contribute less than 15 percent of the financing for the Fourth Replenishment. At the same time, IFAD generates considerable resources for new projects from its loan repayments and investment earnings.

Strategy for FY 1999:

As a result of a re-engineering program begun in 1995, IFAD is taking a more strategic approach to the types of projects it funds. Many are small, experimental and implemented in conjunction with NGOs. Previously successful pilot projects are being expanded. IFAD is working with other institutions, such as the World Bank/IDA, to obtain increased financing. And IFAD is focusing on the following subsectors where it has proven expertise: research and extension; environmentally-sound, small-scale irrigation and livestock management; micro-enterprises; and expanding marketing opportunities and access to financial services.

Indicators:

- Beneficiary income attributable to IFAD projects;
- Nutrition levels among beneficiaries attributable to production/income gains from IFAD projects;
- Percentage of project funding directly benefiting beneficiaries (versus amount going to recipient government agencies and overhead).

International Civil Aviation Organization (ICAO)
Aviation Programs

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Aviation Security Fund	100	100	100
Aviation Safety Fund	-	-	200
Total	**$100**	**$100**	**$300**

Aviation Security Fund

U.S. Foreign Policy Objectives:

The AVSEC Trust Fund supports ICAO's effort to strengthen aviation security, and prevent terrorism and unlawful interference with civil aviation and its facilities. United States objectives are to achieve maximum implementation of ICAO Standards and Recommended Practices (SARPS) in aviation security, and the attainment by states of self-sufficiency in basic aviation security and training.

The AVSEC Fund was established following the destruction in December 1988 of Pan Am Flight 103 over Scotland. At that time, the United States took the lead among those calling on ICAO to strengthen its aviation security role and in establishing the AVSEC Fund. The destruction of UTA flight 771 over Niger in September 1989, further emphasized the urgency of the situation. In the wake of the tragic TWA 800 plane crash near Long Island, the U.S. urged ICAO to accelerate the establishment of additional heightened security measures at airports.

As the world's leading aviation power, the United States has played a prominent role in strengthening the fund's aviation security activities. The improvement of security for international air travel is of great importance to the United States. As the operator of nearly half of the world's air traffic, the United States is especially vulnerable to illegal acts directed against civil aviation. The AVSEC Fund provides assistance to countries to meet basic ICAO standards in aviation security. Such assistance can make a crucial difference, especially in countries with poorly developed security systems, many of which are extremely vulnerable to interference with civil aviation and its facilities.

Strategy for FY 1999:

Since its inception in 1990, the AVSEC has been highly successful in rendering assistance to states in the implementation of ICAO SARPS on aviation security. Upon request the program provides assessments, advice, and specialized training of security personnel. Workshops and training activities have been undertaken to meet deficiencies

in programs and procedures. Of 119 countries that have requested assistance, 86 have been visited to date.

In 1999, evaluation visits to countries that have requested assistance, instructional seminars, and follow-up missions are planned. 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.

Indicators:

- Results of evaluation visits to countries requesting assistance and follow-up missions.
- Follow-up from workshops and training activities that target specific deficiencies in programs and procedures.
- Stepped-up implementation of ICAO Standards and Recommended Practices on aviation security.
- Self-sufficiency of states in basic aviation security and training.

Aviation Safety Fund

U.S. Foreign Policy Objectives:

This new request is to provide support for ICAO's new Safety Oversight Program, inaugurated in 1996.

As the world's leading aviation power, the United States has played a prominent role in strengthening ICAO's aviation safety activities. The improvement of safety for international air travel is of great importance to all countries. Such assistance can make a crucial difference, especially in countries with poor records on safety. The United States especially benefits from enhanced safety of international air travel since Americans account for about 40 percent of all international air passengers.

The ICAO Safety Oversight Program Fund was launched in January 1996 at the initiative of the United States to assist States in fully complying with basic ICAO safety standards. The core function is the provision of safety audits on civil aviation authorities and follow-up assistance in addressing safety deficiencies, so as to verify that air carrier operations on a global level meet ICAO standards for safety.

Currently, the Federal Aviation Administration (FAA) assesses the safety of those foreign aviation authorities whose air carriers serve, or seek to serve, the United States. In order to have ICAO assume a major role in this area, FAA has supplied its technical expertise for the program design, and has provided expert personnel to ICAO for its Program. The ICAO Safety Program has been rated as fully complementary to FAA assessments, and has a global reach as a multilateral system enforcing safety standards. The FAA hopes increasingly to be able to utilize information generated by the ICAO

program concerning safety in making safety determinations required by United States law.

Strategy for FY 1999:

Since its inception in 1996, the Aviation Safety Fund has been highly successful in rendering assistance to states in the implementation of ICAO SARPS on aviation safety. Upon request the program provides assessments, advice, and specialized assistance and training of safety personnel. Of 72 countries that have requested assistance, 51 have been visited as of August 31, 1997.

Because of significant deficiencies in civil aviation safety oversight which have been found in a number of states worldwide, ICAO member states agreed in principle in 1997 to make the program more effective and assertive through introducing regular, mandatory, and systematic safety audits, and ensuring transparency and increased disclosure of the safety audits. The ICAO Assembly in September of 1998 is expected to endorse the enhancement measures.

Indicators:

- Results of assessment visits (audits) to countries requesting assistance and follow-up missions.
- Submission of action plans to ICAO by assessed countries having specific deficiencies in programs and procedures.
- Workshops and training activities that target specific deficiencies in programs and procedures.
- Maximum implementation of ICAO Standards and Recommended Practices on aviation security.
- Self-sufficiency of states in basic aviation safety.

United Nations Population Fund (UNFPA)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$25,000	$25,000	$25,000

U.S. Foreign Policy Objectives:

International population policy is a critical element of the USG's comprehensive strategy for sustainable development, which integrates goals for population and health with those of protecting the environment, building democracy, and encouraging broad-based economic growth. Slower population growth promotes internal stability and social and economic progress in other countries, thereby improving economic opportunities for Americans and reducing the potential for future global crises.

The U.S. implements its international population policy through both bilateral and multilateral programs. In the bilateral context, USAID is the primary agency responsible for assisting developing countries with population and development programs. Multilateral programs are an important complement to USAID's activities.

Operating in over 160 developing countries and countries in economic transition, the United Nations Population Fund (UNFPA) is the largest multilateral provider of population assistance and has primary responsibility among the UN system agencies for population issues. As a direct result of the International Conference on Population and Development (ICPD) held in Cairo in 1994, UNFPA has concentrated its funding in three core areas:

- Reproductive health and family planning
- Population policy
- Advocacy

Within each program area, UNFPA supports research, training, awareness and information dissemination. Gender concerns and women's empowerment are integral components of all UNFPA programming. Likewise, the Program of Action of the ICPD mirrors U.S. population policy in its emphasis on reducing infant and maternal mortality, preventing the spread of sexually transmitted diseases including HIV/AIDS, improving the economic, social and political status of women, supporting the family, narrowing educational gaps between boys and girls, increasing men's involvement in reproductive health and child rearing, and discouraging wasteful resource consumption. UNFPA does not fund abortions nor does it advocate abortion as a means of family planning.

The overall objective of the USG is to implement the Program of Action agreed upon in Cairo. This includes the establishment of national population policy programs in each country, the conversion of family planning into reproductive health programs and the attainment of program self-sufficiency by recipient countries. UNFPA, as the leading multilateral organization supporting this effort, provides critically needed voluntary family planning services throughout the developing world.

Strategy for FY 1999:

The U.S. will use its position as an important contributor and our seat on the UNDP/UNFPA Executive Board to ensure that our contribution is spent in a manner which promotes coherent follow-up to the Cairo Program of Action and sustainable population growth worldwide. A substantial U.S. contribution to UNFPA is critical for maintaining U.S. influence over UNFPA's policies and programs.

Other Donors: The U.S. FY 1997 contribution of $25.0 million was an increase over the FY 1996 figure of $22.75 million, but still significantly lower than the FY 1995 contribution of $35.0 million. In 1997 the U.S. ranked fifth among donors to UNFPA, following Japan, the Netherlands, Denmark, and Norway. The U.S. contribution accounted for approximately eight percent of total contributions to UNFPA.

Indicators:

- Number of national programs consistent with ICPD goals;
- Number of clients served by UNFPA programs;
- Level of delivery of reproductive health services in countries with UNFPA programs;
- Amount of resources dedicated by all countries to population stabilization.

United Nations Environment Program

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$11,000	$9,000	$13,000

U.S. Foreign Policy Objectives:

UNEP is the United Nations' principal multilateral environment organization. It deals with environmental issues on a global scale. The U.S. recognizes that its ability to advance national interests around the globe is linked to management of the earth's natural resources. Environmental problems that transcend borders directly threaten the health and job prospects of Americans. Addressing natural resource issues in other countries is critical to achieving the necessary political and economic stability the U.S. requires for its long-term prosperity and peace.

The U.S. government is committed to a full integration of environmental concerns into U.S. foreign policy, and views UNEP as a principal avenue for advancing its interests in a multilateral context. UNEP provides an important forum for catalyzing and coordinating international responses to global environmental problems. The U.S. government is committed to the promotion of sustainable development as a precept of its foreign assistance programs. UNEP can provide experienced guidance by identifying environmentally sound development practices. UNEP supports the collection, assessment and dissemination of environmental information to governments and the private sector. This supports the ability of decision-makers to base international policy decisions on accurate scientific research. UNEP also facilitates the use of and response to this information by providing governments with advice and training, upon request, in environmental assessment, management, legislation and regulation.

UN General Assembly Resolution 2297 (XXVII) established UNEP in 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. UNEP's mission is "to provide leadership and encourage partnership in caring for the environment by inspiring, informing and enabling nations and people to improve their quality of life without compromising that of future generations."

Continued U.S. leadership in UNEP is crucial if UNEP is to fulfill its role in promoting environmental protection. UNEP's role in monitoring and assessing global environmental trends and alerting the international community to the need for action is

essential if rapid economic growth, urbanization and overpopulation are to be countered. Specifically, UNEP provides the U.S. with a global forum to discuss international environmental issues and provides a platform from which to launch cooperative efforts, like the Montreal Protocol on Ozone-Depleting Substances. In addition, U.S. involvement in UNEP allows the United States to protect and promote the economic and trade interests of U.S. industry that are directly affected by evolving international environmental standards.

UNEP's concentration on five broad priority areas overlaps with those issues that the U.S. has identified as important for U.S. foreign policy. UNEP works on: land resource degradation, including decertification and deforestation, and loss of biodiversity; oceans and coastal areas, especially regional seas; toxic chemicals and hazardous wastes; fresh water supply and quality; and atmospheric issues, especially ozone depletion, climate change and acid rain. The U.S. has worked with UNEP to sponsor international negotiations on chemical safety and land-based sources of marine pollution. UNEP's programs often reflect U.S. interests. During a review exercise in 1996, many of UNEP's priorities mirrored those of the United States. As a multilateral agency, UNEP has been able to achieve successes in areas the U.S. could not have achieved through bilateral relations.

Strategy for FY 1999:

UNEP is essential for achieving several important U.S. objectives. First, UNEP sponsors ongoing negotiations on global agreements affecting U.S. interests. For example, UNEP will sponsor new negotiations in 1998 dealing with the use of persistent toxic chemicals and pesticides - such as DDT and PCBs - which are transported long distances through the atmosphere and oceans, affecting populations far from their region of use. While the U.S. banned the use of these substances long ago, their use in other countries poses a continuing health risk to U.S. citizens. The U.S. seeks an agreement to minimize or eliminate the use of such substances globally.

UNEP likewise has the lead in international efforts to implement the results of the U.S.-hosted Washington Conference on Land-Based Sources of Marine Pollution. Because land-based sources represent the greatest source of pollution in the marine environment, the U.S. has placed a high priority on international action in this area. Other critical issues for the U.S. in UNEP include efforts to monitor and assess the state of the global environment, to ensure that the secretariats of international environmental agreements operate efficiently, and to promote regional programs to deal with regional environmental problems.

UNEP is uniquely placed to stimulate, facilitate and coordinate actions at all levels -- national, regional, and international -- in response to emerging environmental issues. The Special Session of the United Nations General Assembly, held in New York in June 1997, reaffirmed UNEP's role as the principal UN environment body and called for its enhancement. A number of factors have hindered the organization's effectiveness in the recent past, and UNEP has embarked on a process of institutional

reform. Considerable progress has been made on reform issues over the past year. In 1997, the Governing Council produced a new mandate (the Nairobi Declaration) which tracks closely with US priorities for UNEP. It also created a new intersessional body, the High-level Committee of Ministers, to provide policy guidance and lead the reform process. A new, reform-minded Executive Director, former German Environment Minister Klaus Topfer, has been appointed by Secretary General Kofi Annan.

However, the U.S. will have to provide leadership on several fronts in order to ensure that UNEP can meet these demands. UNEP now operates with a significantly reduced budget, brought about in part by the sharp drop in level of the U.S. contribution in 1996. Increased resources are needed to maintain the organization's activities of greatest interest to the United States.

Specifically, increased resources will allow the U.S. to support the reform process now underway at UNEP, pay the USG share of the Secretariats of key international conventions and programs, including the Vienna Convention and Montreal Protocol on substances that deplete the ozone layer, the Basel Convention on transboundary movement of hazardous wastes, the South Pacific Regional Environment Program, and the Caribbean Environment Program. In order to use U.S. funds most efficiently, the U.S. plans to direct some of the its financial contribution to support UNEP programs that are a high priority for the U.S. These include UNEP's work to reach agreements in the field of toxic chemicals and pesticides, monitoring and assessment, and implementation of the Global Plan of Action on Land-Based Sources of Marine Pollution. Funding is also expected to be directed in support of U.S. strategy for organizational reform.

The U.S. Permanent Representative to UNEP in Nairobi will continue to play an important role, providing insight into UNEP's management, making policy recommendations, and influencing UNEP's approach to its program of work. U.S. diplomatic personnel in Geneva and New York will work to advance consensus on UNEP reforms. In-kind contributions to UNEP's work from various U.S. government technical agencies will also be part of the strategy.

Indicators:

- Effectiveness of identification and communication of emerging environmental trends.
- Degree of furtherance of international negotiations and discussions on major environmental problems, in particular in the field of toxic chemicals, pesticides marine pollution, and freshwater.
- Degree of strengthening of science capability, with improved coordination of UNEP's existing environmental monitoring and assessment system.

- Efficiency of support by UNEP for international environmental agreements and secretariats.
- Level of improvement of budgeting process and financial systems.
- Establishment of an independent satellite communication system (Mercure) for UNEP and reliable internet/data linkages.
- Level of expansion of environmental legal frameworks in developing countries.

Multilateral Fund For The Protection Of The Ozone Layer

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$27,500	$28,000	$34,450

U.S. Foreign Policy Objectives:

The Montreal Protocol is the world's program for repair of the ozone layer. Man-made chemicals, ozone-deleting substances (ODSs), escaping into the atmosphere have led to the depletion of the stratospheric ozone layer. Without this protective layer to shield the earth, dangerously high levels of ultraviolet (UV) light reach the earth's surface. The increasing UV radiation has been linked to higher rates of skin cancer and cataracts and the suppression of the immune systems in humans and other animals and to disturbances in global ecosystems.

The Multilateral Fund was created by Parties to the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. The Montreal Protocol with its London (1990) and Copenhagen (1992) Amendments, although technically a part of the 1985 Vienna Convention for the Protection of the Ozone Layer, has eclipsed the Vienna Convention in public recognition in matters of stratospheric ozone layer protection efforts, due to the activities of the Multilateral Fund. The Multilateral Fund began operating, on an interim basis in 1991 and permanently in 1993. The Montreal Protocol Multilateral Fund, through developed countries' contributions, provides funding to developing countries of the Protocol to carry out the prime objective of the Protocol: reversing the human-created damage to the stratospheric ozone layer done by emissions of ODSs. With adequate support, the Multilateral Fund ensures that phaseout schedules are met, protecting the costly efforts the United States has taken domestically to phase out ODS. Since ozone depletion is a global problem, our efforts would be undermined if other countries continue or increase their use of ODSs.

In the ten years of the Montreal Protocol's existence, the overall production of ODSs has declined more than 75 percent from the base year 1986. Fund projects have also provided excellent opportunities for U.S. industries to export technologies and for U.S. technical experts to provide consulting services. Because the United States is the leader in ozone protection technologies, we have captured a significant amount of the sales/technology transfer opportunities created by Multilateral Fund projects. Revenues to U.S. companies have exceeded U.S. contributions to the Fund.

FY 1999 objectives are mitigating stratospheric ozone depletion; ensuring that projects receiving Fund resources successfully phase out the wide range of ODSs; maintaining

U.S. leadership in the Fund's supervision, and intensifying cooperative efforts to reduce global smuggling of CFC's. The Multilateral Fund plans an FY 1999 budget of $34.5 million. An Executive Committee actively directs the Fund's annual budget of roughly $510 million. The United States is a permanent member of the Executive Committee; the Fund's secretariat consists of approximately 18 full-time equivalent staff.

Strategy for FY 1999:

The work program of the Multilateral Fund can proceed on schedule, if the U.S. maintains its financial commitment. A weakening of our financial support would adversely affect the Fund's ability to initiate ODS reduction projects as early as possible, thereby prolonging the ozone layer's degradation and undercutting or negating our considerable domestic efforts. Analyses show that in almost all countries early project implementation will mean less eventual demand on Fund (and U.S.) resources.

To ensure our guidance of the Protocol in 1999 we will work to provide input as broadly as possible at all Protocol-sponsored meetings.

We will strive to sustain close cooperation and coordination with other members through our presence on the Multilateral Fund Executive Committee that directs the Protocol's implementation. As an Executive Committee member, we are well placed to influence policy decisions governing the operation of the Fund and all its funding allocations, e.g., by analyzing all activities for cost-effectiveness in meeting Protocol goals.

Regarding CFC smuggling, U.S. dynamism in Protocol activities can foster the success of a global CFC licensing system, agreed at the 1997 annual meeting of the Parties, with interim milestones and funding assistance before 2000. (A viable licensing system supported by the Montreal Protocol would also aid our Gore-Chernomyrdin process and other bilateral initiatives.)

We will need to maintain or expand membership on all panels, committees, or focus groups where Fund resource allocation may be considered. After interagency consultation, the State Department can nominate prospective U.S. members to advance our national interests and the aims of the Protocol.

Through effective participation at the annual meeting of the Parties, we will seek to influence decisions prescribing actions to be taken by developed and developing countries.

Since the United States was the principal advocate of the current budget, failure to make our full contribution in a timely manner would undermine our credibility in future Protocol financial negotiations, compromise our leadership position in other international environmental fora, and undercut our efforts to get developing countries to make commitments in other areas (e.g., climate change), and cause other donors to

review their commitments to the Fund. U.S. leadership in transferring promptly its annual voluntary contribution also has had the known, positive effect of accelerating the inflow of other financial donations. Since approval of the Fund's 1994-1996 budget, the number of eligible recipient countries has more than doubled to over 100, implementing agencies have moved faster than expected to prepare projects, and some countries have accelerated their preparations to ensure receiving Fund assistance. The Fund also faces pressure for assistance stemming from the failure of countries with economies in transition to contribute their share of the Fund's budget.

Indicators:

- Level of adherence to the Montreal Protocol's ODS phaseout schedule for developing nations in 1999: the number of tons of ODSs reduced.
- Law enforcement authorities enforcement of CFC smuggling: tons seized, illegal factories closed, and criminal transactions broken up.
- Effectiveness of institutional strengthening activities

International Conservation

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$4,050	$3,750	$6,000

U.S. Foreign Policy Objectives:

The United States supports several international conservation programs, the World Conservation Union (IUCN), the International Tropical Timber Organization (ITTO) and other key international forest initiatives such as the UN Commission of Sustainable Development's Intergovernmental Forum on Forests (IFF) and the G-7 Pilot Program to Conserve the Brazilian Rain Forest (PPG-7), the Convention on International Trade in Endangered Species (CITES), and the Ramsar Convention on Wetlands of International Importance (Ramsar). While each organization and program is unique, all are essential to conserving the world's wildlife and natural habitats. As the world continues to grapple with the growing effects of population growth and concomitant environmental degradation both on land and in the seas, strengthening of the modest U.S. expenditures to support these key organizations and initiatives takes on ever greater importance.

The United States, long a leader in conservation policy, is an influential participant in these programs. An increased understanding of the critical interdependence of global natural systems has placed the sustainable use of natural resources and protection of the environment squarely within our foreign policy agenda. The United States leadership in this area is reflected in increased support for these programs, each of which has a proven record in implementing the principle of sustainable development, striking a balance between preservation of resources and their responsible use for legitimate development needs.

In 1998, IUCN marks 50 years of service in preserving the global environment. IUCN has 855 members in 134 countries, including six U.S. Government agencies, and is divided into six Commissions with more than 9,000 volunteers worldwide. The mission of IUCN is to encourage and assist societies throughout the world, through provision of sound scientific and technical advice, to conserve the integrity and diversity of nature and to ensure that use of natural resources is equitable and ecologically sustainable. IUCN continues its attention to organizational streamlining and decentralization.

The ITTO is the only international forum in which both producing and consuming countries of tropical timber can participate in efforts to address all aspects of the tropical timber economy and its environmental impacts. The U.S. is one of the world's

largest importers of tropical timber. The ITTO administers the 1994 International Tropical Timber Agreement (ITTA 1994) whose 50 parties represent 95 percent of world trade in tropical timber. ITTO's recognition of the timber market's dependency on sustainable harvesting links U.S. trade interests with U.S. priorities for sustainable forest management. The ITTO helps us achieve our global environmental objective of slowing and eventually reversing the rapid destruction of the world's tropical forests, which has contributed to loss of biodiversity, global warming and forest fire disasters on a regional scale, as well as our objective to have a long-term supply of tropical wood from well-managed forests.

In addition to promoting sustainable forest management through the ITTO, the U.S. shares its experiences in forest management with key tropical forest countries. As part of the successful negotiation of a new International Timber Agreement in January 1994, the U.S. committed itself to the "national goal of achieving sustainable management of U.S. forests by the year 2000."

The IFF is an increasingly important vehicle for the U.S. to advance its goal of sustainable management of the world's forests. The PPG-7 for Brazil is an international multi-donor program and our primary means of conserving and influencing the management of the world's largest, richest and most important tropical forest ecosystem.

CITES is a highly effective international convention that protects species in peril by restricting international trade in certain plants and animals. CITES, which was ratified in 1973, allows for trade in some species through a system of permits, enabling such activities as research and education and such commercial activities as big game hunting and alligator farming. Besides affording these tangible economic benefits, CITES is an important political forum in which U.S. environmental leadership is well-known, respected and influential. As a result, modest U.S. contributions are multiplied whenever CITES adopts and implements policies and activities that support U.S. conservation and sustainable use goals.

The Ramsar Convention continues its quarter century commitment as a pioneer in wetlands conservation with its Seventh Conference of the Parties in 1999. This convention strongly complements and supports U.S. goals with respect to waterfowl conservation on our own soil and the protection, in the Western Hemisphere, of important habitat for U.S. migratory species by providing a framework for international cooperation in the conservation of wetland habitats. It is the oldest global environmental treaty yet it is a pioneer in modern techniques to assist member states to balance development needs with wetlands preservation. Ramsar increasingly recognizes the importance of wetlands to the health of coastal and marine habitats such as coral reefs.

These programs provide significant environmental and economic benefits to the U.S. CITES, IUCN, and Ramsar all have domestic conservation activities that directly benefit U.S. taxpayers. Ramsar, for example, has designated sites in the United States,

and uses U.S. technical and managerial expertise, providing employment for American scientists, resource managers, and others. All promote international environmental goals that further U.S. policy interests and initiatives, for example in support of the International Coral Reef Initiative (ICRI).

Strategy for FY 1999:

IUCN: The U.S. is a major contributor to IUCN and plays an active role in promoting U.S. environmental interests by earmarking our contribution to maximize and leverage its impact on national environmental concerns. Six USG agencies are members of IUCN and each plays an active role with IUCN in promoting U.S. environmental objectives and projects in areas such as species survival commissions, marine and coastal conservation, and monitoring of wildlife trade.

ITTO: The U.S. focuses its voluntary contributions to the ITTO on projects specifically designed to achieve ITTO's "Year 2000 Objective" -- having internationally traded tropical timber come exclusively from sustainable sources by the year 2000. These projects help tropical timber producing countries implement appropriate policies to conserve and sustainably manage their forests, while generating significant global environmental benefits and assuring U.S. importers of a long-term supply of tropical wood. Each year, a modest U.S. contribution to ITTO leverages several million of dollars in project co-funding from Japan, Switzerland, the Netherlands, the United Kingdom and other contributors to the ITTO.

CITES: As a major donor to the Convention, the U.S. enjoys strong influence. The U.S. has provided training in enforcement and other means of implementing the Convention. Domestic U.S. laws have been used to achieve these objectives (e.g., the Pelly Amendment was successfully invoked to pressure Taiwan into enactment of stronger laws and enhancement of its enforcement efforts). The U.S. has also traditionally enjoyed good relations with the CITES Secretariat; as a member of the CITES Animals and Plants Committees, a member or observer on the Standing Committee (which meets between the meetings of the Conference of Parties (COP)), a member of the Timber Working Group, the U.S. has been very influential in development and implementation of international policy.

Ramsar: With our major support of Ramsar, the U.S. maintains significant influence over policy and planning activities. The U.S. supports Ramsar activities in the preservation of habitats for thousands of plant and animal species and the role of wetlands in the purification of water supplies. We will play a strong role in planning for the 1999 Seventh COP in Costa Rica, helping to ensure that this first developing country COP is a success. The location of the COP strongly supports the United States' particular focus on training of wetlands managers in Latin America and the Caribbean where effective management directly affects the health of bird populations of importance to U.S. citizens. Our long-term support of Ramsar's "Wetlands for the Future" program exemplifies our commitment.

Indicators:

- IUCN: Delivery of the scientific and technical expertise which supports sound environmental decision-making in marine, coastal and terrestrial areas.
- Global compilation of data on the status of species and facilitation of monitoring of international wildlife trade.
- Reporting criteria that better reflect the work of the organization and which document specific results of project funding.

- ITTO: Progress reports on their efforts to achieve sustainable forest management, as part of ITTO's review of the "Year 2000 Objective."
- Efficiency and effectiveness under the ITTA 1994. (U.S. elevation to the Chairman ship of the ITTO Council signals a unique opportunity for the us to positively influence the future direction of the organization as it strives to reach this objective.)

- CITES: Establishment of effective international monitoring and control of trade in endangered flora and fauna
- Improved cooperation and information exchange on trade in endangered species, such as elephants, tigers, rhinos, pandas, crocodilians, and exotic birds and plants.
- Implementation of the elephant ivory trade decision, control of trade in sturgeon products (i.e., caviar), and examination of the coral trade (relevant to the International Coral Reef Initiative.

- Ramsar: Impact of the "Wetlands for the Future" program, a Western Hemisphere training program administered by Ramsar with assistance from the U.S. Fish and Wildlife Service.
- Developing country commitment to wetlands and waterfowl conservation goals in the Seventh Conference of the Parties in 1999.
- Developing country commitment to International Coral Reef Initiative.

Climate Stabilization Fund
UNFCCC and IPCC

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$3,225	$5,000	$8,000

U.S. Foreign Policy Objectives:

The UN Framework Convention on Climate Change (UNFCCC), along with the Intergovernmental Panel on Climate Change (IPCC), represent the front line of the global defense against the threat of climate change, considered by many to be the single, most serious environmental threat facing our planet. The UNFCCC has united nearly 160 countries in a global response effort to achieve the ultimate objective of stabilizing concentrations of greenhouse gases in the atmosphere at a level that would prevent dangerous human interference with the climate system. Success depends on a 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.

The Parties to the UNFCCC reached an historic agreement at their Third Conference held in December 1997. The Kyoto Protocol to the UNFCCC contains legally binding targets for developed countries with market-based implementation provisions (i.e., emissions trading and joint implementation) to reduce greenhouse gas emissions in the most flexible manner possible. These were two of the United States' primary objectives going into the meeting.

The Intergovernmental Panel on Climate Change (IPCC), begun in 1988 as a joint effort of the World Meteorological Organization and the United Nations Environment Program, is the single, most authoritative, international scientific and technical assessment body with respect to climate change. The Panel's assessment efforts are crucial to establishing the scientific and technical underpinnings of domestic and international policy responses to combat the threat of global climate change, and its findings strongly influence policy debates within and between nations. As the UNFCCC continues its work, the relationship between the convention and the IPCC is expected to intensify as the IPCC is called upon increasingly for scientific and technical information and assessment advice.

The U.S. has strongly supported the work of the IPCC since its inception. Our leadership on scientific matters is well recognized by other nations which participate in the IPCC. Any shortfall in our contribution could be construed as a weakening in the level of our commitment. In addition, we need to ensure that the IPCC adequately supports the Climate Convention process -- without adequate funding, the IPCC may

not be able to deliver requested assessments which provide policy makers with sound scientific and technical guidance. Our goal is to help guarantee the reputation of the IPCC and its assessments as the most comprehensive and authoritative source on the science of climate change. To that end, we will insist that the IPCC remains as rigorous as ever in completing the reports requested in a timely fashion, following established procedures.

Strategy for FY 1999:

As the fourth nation and the first industrialized nation to ratify the UNFCCC, the U.S. has demonstrated its commitment to addressing the threat of climate change. Under the Kyoto Protocol, the United States will limit its greenhouse emissions, during the period 2008-2012, to 7 percent below baseline levels, measured in terms of 1990 and 1995 emissions. In meeting our emissions target, we will take domestic steps, and international action through emissions trading, joint implementation with developed countries, and through a "Clean Development Mechanism" involving projects in developing countries. Over the next several years, the Parties will have to develop rules, guidelines and modalities in preparation for the Protocol's entry-into-force, as well as continue to fulfill their existing commitments under the UNFCCC working through the Subsidiary Bodies for Implementation and Scientific and Technological Advice (SBI and SBSTA). In addition, the U.S. will also utilize meetings of the SBI and SBSTA to secure the meaningful participation of key developing countries in the global effort to address climate change.

The UNFCCC Secretariat will be called upon to undertake additional work to oversee both the groundwork for implementation of the Kyoto Protocol and to manage the current workload as dictated by the Convention; it has proven itself a competent organization in supporting the work under the UNFCCC and the negotiations leading to the Protocol. In reaching agreement in Kyoto, the Parties overcame numerous differences in their positions, but some remain. One area of particular difficulty that was unresolved was the future role of developing countries in combating climate change. The Administration has made it clear that the President will not submit the agreement for Senate ratification until there is meaningful participation by key developing countries. We will have to work with our developed country partners and those countries whose emissions are projected to increase rapidly to find a way to meet our concerns and theirs. We will have to use all multilateral and bilateral tools at our disposal to convince others to adopt an approach in line with our proposal on developing countries as well as our ideas on implementation of the Protocol and the Convention.

The FY 1999 budget request for the UNFCCC reflects the increase in responsibilities of the UNFCCC Secretariat as it manages both the Protocol and Convention processes. Funds will be used to support the UNFCC administrative budget for the 1998-99 biennium, as well as further U.S. voluntary contributions to the projected needs of the two trust funds established by the Conference of the Parties to support participation in the Convention and meet extrabudgetary needs of the Secretariat. The work of this

second trust fund is likely to expand significantly as the Secretariat is directed by the Parties to undertake such critical tasks as supporting efforts to implement the Kyoto Protocol, the first review of developing country communications, and the second in-depth review of developed country communications.

Preparations are also underway to launch the IPCC's Third Assessment Report which has an expected completion date late in the year 2000 or by mid-2001. A large part of its success will hinge on continued generous support from the U.S. Global Change Research Program (USGCRP) and individual USG agencies that provide both technical experts and funding for assessments. The U.S. now chairs the IPCC and co-chairs its Working Group II on impacts, adaptation and mitigation. We will also seek to guide the formulation and review of special and technical reports requested of the IPCC by the UNFCCC and the IPCC Plenary. In addition, we will participate in technical meetings and the IPCC plenary session in that time frame.

In FY 1998, the Intergovernmental Panel on Climate Change (IPCC) has initiated work on its Third Assessment Report, which will require a significant increase in its budget due to the broad range of complex issues to be assessed, the administrative structure needed and the personnel involved in the effort. The IPCC will also have a number of special and technical reports to complete.

Indicators:

- UNFCCC: Parties to the Convention adopt provisions to operationalize key provisions of the Kyoto Protocol and are continuing to pursue outstanding issues such as meaningful participation of developing countries.

- IPCC: Whether the Third Assessment Report is smoothly underway; and whether the requested technical and special reports are completed to US satisfaction in a timely manner.

International Contributions For Scientific, Educational And Cultural Activities (ICSECA) Including The World Heritage Convention

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$2,325	$2,250	$2,250

U.S. Foreign Policy Objectives:

The ICSECA account supports U.S. foreign policy efforts to secure a sustainable global environment and to promote democratic practices and respect for human rights.

Participation in selected UNESCO-related international scientific, educational and cultural activities is considered essential to U.S. interests. Such participation enables the U.S. to support initiatives within UNESCO multilateral programs that serve the interests of the American educational, scientific, cultural and communications communities. (The U.S. withdrew from UNESCO in December 1984.)

The programs proposed for funding seek to:

- promote the advancement, transfer and sharing of scientific knowledge;
- foster understanding and protection of the global environment;
- support a free press, human rights and democracy education and ocean and conservation research support activities;
- develop electronic networks of scientific and other information exchange, storage and retrieval; and
- enable the U.S. to maintain influence and leadership in high-priority UNESCO activities such as the Intergovernmental Oceanographic Commission (IOC).

Several of the programs proposed for support were U.S. creations within UNESCO that play an important role internationally but need continued U.S. intellectual and financial support to function effectively. The most important are the Intergovernmental Oceanographic Commission (IOC), the Man and the Biosphere Program (MAB), the International Hydrological Program (IHP), the International Geological Correlation Program (IGCP), the Intergovernmental Program for the Development of Communications (IPDC) and the World Heritage Convention.

The World Heritage Convention merits particular note in that it is an extension to the international level of the National Park concept and a product of U.S. initiative and leadership. This conservation landmark is among the most effective international tools

for the protection of ecosystems and, in situ, biological diversity. The United States was the first of 146 nations to ratify it. Its objectives, and U.S. goals as a State Party, are:

- to identify and list natural and cultural sites considered of exceptional interest and universal value; (in requesting inscription of sites, States commit themselves to protecting them and to monitor their status).

- to assist States Parties, at their invitation, to meet their commitment to protect sites through technical and financial aid made available through intergovernmental and NGO networks.

The Convention has no role or authority beyond listing sites and offering technical advice and assistance.

Strategy for FY 1999:

The need for understanding our own planet has motivated the scientific community to develop major international programs to provide policy-makers with the best available scientific knowledge for setting strategies for sustainable human development. The ICSECA account facilitates flexible, collaborative partnerships between international governmental and nongovernmental organizations concerned with the advancement of science and technology, the understanding of global environmental problems and the improvement of the human condition.

Thus, ICSECA provides funds -- through a grant to the National Academy of Sciences (NAS) -- to the International Council of Scientific Unions (ICSU) in support of programs that address global environmental change, biodiversity, natural hazards reduction, and scientific capacity building. This grant also provides funds for a number of small catalytic subgrants in support of specific programs in microbiology, the chemical sciences, and the international social sciences that would have been supported by UNESCO were the U.S. still a member.

The ICSECA account also provides a voluntary contribution to the IOC that permits continued U.S. participation in a leadership capacity, to the U.S. MAB program for international activities previously funded by UNESCO, to the U.S. Geological Survey for international hydrological programs, to the U.S. Commission on Libraries and Information Science (NCLIS) to promote electronic information storage and retrieval, and to UNESCO in support of basic literacy democracy and human rights education and activities to foster a free press.

To pursue its World Heritage conservation goals, the U.S. will work through its seat on the 21 member World Heritage Committee and the Committee's seven-member bureau. The Committee recently adopted new U.S.-inspired operating guidelines, selection criteria and a natural heritage training program. Training will address both marine and

terrestrial site resource management, sustainable tourism management and community cooperation.

Project	98 Funding	99 Plan
NAS	575	575
IOC	525	525
World Heritage	500	500
MAB	355	355
UNESCO	175	175
NCLIS	50	50
IHP	70	70
Total	**$2,250**	**$2,250**

Indicators:

- Level of influence in IOC policy formulation and program design;
- Level of opportunities offered to the U.S. to participate in key UNESCO science programs (MAB, IHP, Bioethics);
- Level of freedom of press infrastructures in Bosnia, Eastern Europe and selected developing countries strengthened;
- Renewal of Associated Schools (Democracy/Human rights Education) program in the U.S.
- Assessment of overall World Heritage Committee review of operational procedures with a view toward strengthening the committee's ability to promote key conservation goals (e.g. in the Galapagos islands);
- Evidence of functional autonomy and decentralization.

World Meteorological Organization
Voluntary Cooperation Program (WMO/VCP)

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$2,000	$1,500	$2,000

U.S. Foreign Policy 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, vital atmospheric and oceanic data and products to: 1) give the U.S. and other nations the basic information needed to forecast severe weather events and assist with critical information on natural and man-made disasters that affect life, safety, water use, and crop yields around the globe; 2) support civil aviation, marine navigation, and basic global data needs for industry and many U.S. agencies, including the Department of Defense; and 3) monitor changes in climate in the cleanliness of the atmosphere, and on freshwater availability due to human interactions with the natural environment.

Strategy for FY 1999:

For FY 1999 VCP programming will continue to support the installation and implementation of the ICAO/WMO World Area Forecast System (WAFS), a major six-year project to upgrade the existing antiquated meteorological telecommunications systems to a satellite-based system for the Americas and the Pacific Rim. This system will significantly improve two-way communications with Meteorological Services of other countries, will increase the flow of critical data to the U.S., and will improve early warning capabilities in the Americas. This will help save lives and lessen property damage. (Over $25 billion worth of damage and 24 lives were lost during Hurricane Andrew in 1993; these losses might have been reduced with earlier warnings and more time for pre-storm civil preparedness.) In addition to assisting the U.S. in tracking and forecasting tropical cyclones, the new telecommunication data linkages will underscore a key U.S. foreign policy goal: the need for free and unrestricted exchange of meteorological and related data and products internationally.

VCP funds are also 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. This, in turn, creates a market in the recipient countries for future purchases of U.S. spare parts and supplies.

- Training at the U.S. National Weather Center for developing country meteorologists in the application of regional weather information disseminated by the U.S. This training program benefits the U.S. by improving the information it disseminates by using the local expertise of the foreign meteorologists. The return of trainees to their countries, in positions of influence, in turn leads to better cooperation and support for U.S. meteorological and hydrological interests.

VCP activities are coordinated with donor organizations such as ICAO, IMO, FAO, World Bank, the European Union, as well as regional and bilateral partners, to avoid duplication and to take advantage of synergistic opportunities.

Indicators:

- Installation of 2-way WAF capabilities to enable the U.S. to receive meteorological/hydrological data received from the Caribbean, Mexico, and Central, South American, and Pacific Rim countries which have a direct impact on the accuracy of the U.S. National Weather Service warning and forecast models. (Hurricane experts estimate that the accuracy of hurricane landfalls, storm surges and precipitation predictions would be degraded by 30 percent or more if "anchor data" from other countries were not available.)
- Availability of upper air and precipitation data from other countries for NWS numerical modelers to determine the probabilities of development in tropical weather and its intensity. (Those data from sources outside the U.S. are of critical importance to U.S. tropical warnings and forecasts.)
- ICAO/WMO WAFS implementation: Aircraft will be able to adjust their course in mid-flight to avoid strong head winds, resulting in an estimated $1 billion savings in fuel costs annually for U.S. airlines.
- Increased Internet connectivity of National Meteorological and Hydrological services and more efficient exchange of specialized environmental analyses related to sustainable development.

Organization Of American States
Development Assistance Program

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IO&P	$6,500	$6,500	$6,500

U.S. Foreign Policy Objectives:

The basic U.S. objective of streamlining technical cooperation activities by consolidating the two prior OAS technical assistance councils into the Inter-American Council for Integral Development has been met. The focus of our objectives has shifted to ensuring that the accompanying restructuring of technical cooperation methodology, procedures and evaluations and reduction of personnel promote greater efficiency in the rest of the organization as well.

The level of funding that the United States contributes is used as a barometer of U.S. commitment to the development of member states. Smaller economies count on the OAS for cooperation which larger organizations cannot provide. Support for other U.S. political initiatives is given on an understood quid pro quo for our commitment to these programs.

The OAS continues to develop programs where it can perform better than other assistance institutions while honoring the requirement that members states be current in their payments in order to benefit from these programs. This a unique feature among international organizations. The OAS has a comparative advantage over other institutions in the following areas:

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

- Utilization of existing OAS infrastructure to implement low-cost programs of training and educational improvement, particularly in small member states where larger assistance organizations are not able to carry out small-scale programs;

- Use of established networks for cooperative multinational programs in areas such as social and educational development, economic policy reform and environmental protection, and science and technology.

- The new method of technical cooperation called "Partnership for Development" has shifted OAS programs from a donor-recipient mode to one in which all member states participate, but only the smaller economies are direct financial beneficiaries. In keeping with the Summit of the Americas, new emphasis will be placed on programs in which member states share experience and expertise.

Projects presented must be within a new strategic framework of reduced priorities and have specific measurable and quantifiable goals. Apart from contributing to the voluntary fund, member states will also be required to provide further in-country amounts and proof that the project will continue once international funding is phased out. Beginning in 1997, all projects submitted for funding have been subjected to technical review by outside experts which rank-order them by merit, degree to which they benefit more than one country, and strength of their relationship to the new strategic framework. A project is only submitted for approval by member states after review and approval by the technical experts. Member states have used the project approval mechanism to mandate a system of disbursement by trimester that is based on results during previous trimester. This allows mid-course correction in projects rather than waiting for final evaluation.

The changes in cooperation methodology and increased financial responsibility for all member states will gain allies in developing project proposals containing the elements necessary for professional outside evaluation, a long-time goal of the United States. By the end of the process, cooperation programs will be a key instrument in implementing the mandates of the Summit of the Americas which are based on a partnership concept in which all nations contribute and share information, rather than an assistance-based concept which assumes large transfers of resources and expertise on a one-way basis. Additionally, the requirement for counterpart funds contributed by the in-country executing agency will allow the program to leverage larger budgets for technical cooperation.

Strategy for FY 1999:

The restructuring of the technical cooperation program now has sufficient advocates to allow the United States to lead and no longer push. OAS project decisions are taken by consensus and in committees which are chaired by the United States at the present time.

The new technical cooperation methodology will allow the United States to involve domestic agencies in participating in projects and propose policies without being expected to finance them as with bilateral programs. The increased involvement of experts from technical agencies will substantially improve the quality and accountability of programs. The outreach to new institutions will now include private entities in the non-profit and for-profit sectors.

Indicators:

- Number of people or instructors trained.
- New microenterprises created.
- Jobs created.
- Continual evaluation of the process will result in changes to the project design instructions and programming cycle to improve the quality of the mid-term review.
- The mid-term evaluations of whether the goals of the strategic plan are being achieved.

BILATERAL ASSISTANCE: USAID PROGRAMS

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USAID Program Overview

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance Fund	$1,132,500	$1,174,634	$1,265,798
Child Survival and Disease Fund	500,000	550,000	502,836
International Disaster Assistance	190,000	190,298	205,000
Credit Programs	11,500	11,053	14,053
USAID Operating Expenses	488,750	478,858	483,858
IG Operating Expenses	30,000	29,047	33,000
Total[1]	**$2,352,750**	**$2,433,890**	**$2,504,545**

U.S. Foreign Policy Objectives:

The United States Agency for International Development (USAID) manages programs that are an integral part of the foreign policy goals of the U.S. Strategic Plan for International Affairs, particularly in the areas of fostering economic growth and promoting sustainable development; supporting the establishment and consolidation of democracies and upholding human rights; providing humanitarian assistance to victims of crisis and disaster; and improving the global environment, stabilizing world population growth, and protecting human health.

The USAID Strategic Framework has established goals in six areas:

- Broad-based economic growth and agricultural development encouraged;
- Human capacity built through education and training;
- Democracy and good governance strengthened;
- World population stabilized and human health protected in a sustainable fashion;
- The world's environment protected for long-term sustainability; and
- Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established.

The requested accounts address these social and economic goals in an interrelated

[1] Child Survival and Disease Fund excludes $100 million grant to UNICEF in Fiscal Years 1997 and 1998. USAID Operating Expenses includes authorities to use certain amounts from program accounts for administrative expenses in Fiscal Year 1997. The Fiscal Years 1997 and 1998 levels exclude transfers to the Inter-America foundation and the African Development Foundation.

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fashion, and individual country programs are tailored to focus on the strategies best suited to meeting one or more of these goals. Activities are designed to promote sustainable development in some of the poorest countries in the world, in nations representing the world's last underdeveloped markets. The modest and well targeted investments made today will help prevent crises that turn into wars and create markets that would be open to U.S. exports.

Strategy for FY 1999:

USAID is making tangible progress toward achieving these goals by concentrating resources on a few pivotal and mutually-reinforcing issues. The primary approaches to meeting these goals are:

Broad-based economic growth programs focus on strengthening markets and expanding access and opportunity for the poor. Different approaches will be used to reflect regional variations in development. Activities include programs to increase agricultural production, especially for small farmers, many of whom are women. Others involve strengthening critical markets outside agriculture (e.g. finance, industry, internal and external trade, labor), and undertaking programs such as microenterprise that enhance access and economic opportunity for the poor. The FY 1999 request includes funding to speed economic growth in Africa by enhancing the food security of selected countries through the use of development assistance and support for agricultural research. This initiative will provide interventions that increase agricultural production and incomes and link research efforts to overcome production and resource degradation problems. In addition, there is funding for a new African Trade and Investment Initiative.

Human capacity development activities provide access to quality basic education, especially for girls and women and assist institutions of higher education in their role as agents of development. Investments in basic education follow several approaches ranging from development of policies and institutions which promote increased universal access to primary education to greater opportunities for under-served populations, rural populations, and other disadvantaged children. As complements to formal school systems, cost-effective adult literacy and early childhood development programs will also be improved.

Building democracies is addressed through a four-pronged strategy: strengthening the rule of law and respect for human rights; encouraging more genuine and competitive political processes; promoting development of politically active civil societies; and encouraging more transparent and accountable government institutions. Activities support programs that strengthen democratic institutions and practices, foster a vibrant civic society, and encourage pluralism, inclusion, and peaceful conflict resolution.

Stabilizing population growth and protecting human health activities are aimed toward sustainable reductions in unintended pregnancies, maternal and child mortality rates, and in sexually transmitted diseases, including HIV/AIDS. Programs for family planning expand service availability and use in a number of countries. Child survival programs target the principal cause of death, including preventable diseases, diarrhea, malnutrition, acute respiratory infections, and malaria, as well as polio immunization. USAID programs are giving increased attention to improving the sustainability of public and private sector services by working with host countries to strengthen essential systems that deliver family planning and health services. USAID has recently launched a more aggressive effort to eliminate Vitamin A deficiency and will also expand on current efforts to fight infectious diseases that have a significant public health impact.

Sustained management of the environment is promoted through reducing global climate change (GCC), conserving biological diversity, promoting sustainable urbanization including pollution management, increasing provision of environmentally sound energy services, and improving natural resource management. The Agency has developed a GCC strategy which is being implemented through a five-year, $750 million plan, which concentrates on key countries (excludes $250 million credit program). Biological diversity efforts concentrate on guaranteeing community land tenure rights and improving management of key protected areas such as the Parks in Peril program in Latin America. Sustainable urbanization programs will continue to address such problems as lack of access to basic water and sanitation services and affordable housing. Programs for sustainable natural resource management focus on four resources that provide the greatest benefits to the largest number of people – forests, water, agricultural lands, and coastal zones.

Lives are saved, suffering reduced and development potential reinforced through humanitarian assistance. The United States has a long tradition in aiding the victims of man-made and natural disasters. An integrated approach to humanitarian assistance -- emergency relief, prevention and transition -- reduces suffering and the need for future aid. The Greater Horn of Africa Initiative emphasizes "crisis prevention", as do early warning systems and disaster preparedness planning. The United States' ability to respond rapidly to emergencies is already known worldwide. For countries emerging from crises, transition assistance includes programs to reinforce local security and demining, strengthen local governance and the institutions that promote peaceful conflict resolution, reconciliation, and the restoration of social and physical infrastructure.

Two new Presidential Initiatives are included under this budget request: the Africa Trade and Investment Initiative and the Americas Summit Initiative, for which the Administration is requesting $30 million and $20 million respectively under the Development Assistance account.

- The aim of the Africa Initiative is to improve the prospects for increased growth and sustainable poverty reduction in Africa by enlarging foreign markets, promoting foreign investment, and facilitating the transfer of technology and

knowledge; this will be done through working with the private sector, host country organizations, and USG entities such as the U.S. Trade Representative, and the Departments of Treasury, Agriculture, Commerce and Justice.

- The Americas Summit Initiative is designed to be a follow-up to the second Summit of the Americas schedule for April 1998 and will address two key priorities of the Summit, including (a) weaknesses in basic education and (b) access to financial systems by the poor, for which USAID is uniquely positioned to assist due to its long history of involvement and in-country presence in this area. These funds are also intended to leverage the much larger ordinary capital resources of the Inter-American Development Bank and the World Bank.

USAID carries out these objectives through programs of grant assistance under the Development Assistance program and the Child Survival and Disease Program Fund, and through selected use of credit programs to leverage private sector funds in support

of sustainable development. The humanitarian assistance objective is carried out using International Disaster Assistance funds. The cost of managing USAID programs is funded through Operating Expenses for the Agency and its Inspector General.

Indicators:

Performance indicators for **economic growth** activities include:

- achievement of average annual growth rates in real per capita income above one percent;
- average annual growth in agriculture at least as high as population growth in low income countries;
- increased openness and greater reliance on private markets; and
- decreased reliance on concessional foreign aid in advanced countries.

Indicators for **human capacity development** are:

- reduction of the proportion of the primary school age population not enrolled by 50 percent;
- virtual elimination of the difference between the girls' and boys' primary enrollment ratio; and
- increased higher education enrollments.

Indicators of **strengthened democracy and good governance** are:

- improved level of freedom and participation, and
- civil liberties and/or political rights.

Indicators of a **stabilized world population and protected human health** are:

- reductions of infant and child mortality by 25 percent; reduction of maternal mortality ratio of 10 percent;
- slowed rate of increase of new HIV infections; reduced proportion of underweight children under five in developing countries; and
- fertility rate reduced by 20 percent.

Indicators of **sustained management of the environment** are:

- national environmental management strategies prepared;
- conservation of biologically significant habitat improved;
- rate of growth of net emissions of greenhouse gases slowed; urban populations' access to adequate environmental services increased; energy conserved through increased efficiency and reliance on renewable resources; and
- loss of forest area slowed.

Indicators reflecting **lives saved, suffering associated with natural or man-made disasters reduced** include:

- crude mortality rate for refugee populations returned to normal range within six months;
- nutritional status of children five and under maintained or improved;

- conditions for social and economic development in post-conflict situations improved;
- freedom of movement, expression and assembly, and economic freedom in post conflict situations increased.

The success of these programs, and their continued implementation, is supported by USAID's unique advantage of having highly qualified technical and management staff, many of whom are in the field and have the ability to work in a closely coordinated effort with both host country officials and citizens as well as other donors.

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In addition to the above accounts, USAID also manages programs under other accounts jointly administered with the State Department -- the Economic Support Fund (ESF), Support for Eastern European Democracy (SEED), and Assistance for the New Independent States (NIS) -- as well as PL 480 Title II and Title III programs formally requested as part of the U.S. Department of Agriculture budget. These accounts address many of the same objectives and strategies noted above. All of these programs are more thoroughly discussed in the USAID Congressional Presentation.

USAID Development Assistance

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Development Assistance[1]	**$1,132,500**	**$1,174,634**	**$1,265,798**

The FY 1999 request for Development Assistance (DA) is $1,266 million, including funding for two new initiatives – the Africa Trade and Investment Initiative and the Summit of the Americas. This request includes $464 million for programs that promote economic growth, $137 million to support democratic participation, $290 million for the environment, and $375 million for population programs and protecting human health.

The $464 million request for Economic Growth funds will expand and strengthen private markets, encourage more rapid and enhanced agricultural development for food security, and provide access to economic opportunity for the rural and urban poor. These funds will focus on supporting institutional reforms, providing technology for small farmers, and microenterprise lending. Lasting economic growth increases income, enhances food security, and reduces poverty. These funds include: $30 million for the Africa Trade and Investment Initiative whose primary thrust is to prevent African countries from being marginalized as global markets become increasingly integrated. The economic growth allocations include funds to support the Summit of the Americas. The most significant aim of the Summit is hemispheric free trade and investment, in addition to microenterprise development and improved education (which falls under the Child Survival/Diseases/Basic Education account described below).

The $137 million request for programs in Democracy and Governance will strengthen the rule of law and respect for human rights, encourage credible and competitive political processes, promote the development of politically active civil society, and make government institutions more transparent and accountable. Scores of nations are making the transition from repressive, autocratic regimes to democratic governance, and these funds help countries build democratic institutions, strengthen the societal underpinnings essential to success, and move toward more open and representative governments.

The $290 million request for the Environment will reduce the treat of global climate change, conserve biological diversity, provide for sustainable urbanization and pollution control, increase environmentally sound energy services, and promote the sustainable management of natural resources. Lasting social and economic development requires careful stewardship of natural resources. Productive lands, forests, and coasts provide the foundation for equitable

[1] The Fiscal Years 1997 and 1998 levels exclude transfers to the Inter-America foundation and the African Development Foundation.

economic growth, and clean air and water are essential to meeting people's basic human needs. Support for global climate change, an Administration priority, will take center stage.

The $375 million request for Population programs will reduce unintended pregnancies, improve infant and child health nutrition while reducing their mortality rates, and decrease maternal deaths associated with childbirth through better access to improved maternal deaths associated with child birth through better access to improved obstetrical services.

USAID Child Survival and Disease Programs Fund

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Child Survival and Disease Fund[1]	**$500,000**	**$550,000**	**$502,836**

The FY 1999 request for the Child Survival and Disease Fund is $502 million. This is the first year that these funds are requested as a separate appropriation account. In FY 1997 and 1998 Congress appropriated funds for the amounts for this Fund from the Development Assistance account. These funds will address the basic human needs of the poor majority in developing countries. More than four million infant and child deaths are prevented each year through the critical health services provided by these funds.

Within this request, $405 million is for child survival, infectious diseases, and other health activities, of which, $121 million is for HIV/AIDS and $98 million is for basic education. These funds will support efforts to improve infant and child health nutrition, reduce infant mortality, lower HIV transmission and the impact of devastating disease, mitigate the threat of infectious diseases of major public health importance, and increase literacy, numeracy, and problem solving skills -- especially among girls. Investments in education lead to increases in productivity, contribute to improved health and stable population growth, and provide for sound environmental management.

[1] Child Survival and Disease Fund excludes $100 million grant to UNICEF in Fiscal Years 1997 and 1998.

USAID Credit Programs

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
USAID Credit Programs	**$11,500**	**$11,053**	**$14,053**

Credit is often the best means to leverage private funds for development purposes. It enables USAID to make more rational choices among loans, guarantees, grants (or combinations of these) to address market imperfections in developing countries; and it will allow USAID to achieve greater development results. To enhance its capacity to use credit as a financing tool, the Agency has made significant progress in strengthening its credit and loan management operations. This includes a decision to outsource a number of USAID's loan management functions; the hiring of additional staff responsible for credit matters; a review and monitoring of USAID's entire loan portfolio; the development of financial performance indicators; and the establishment of the Agency Credit Review Board to oversee all Agency credit activities.

Micro and Small Enterprise Development Program

FY 1999 Micro and Small Enterprise Development Program Request:
Guaranty Subsidy: $1,500,000
Administrative Expenses: $500,000

Established by Congress in 1983, the Micro and Small Enterprise Development (MSED) program and its predecessor programs work with financial institutions to correct "market imperfections" inhibiting the flow of credit to small businesses in developing nations worldwide. In 1993, a microenterprise focus was added to reflect the Agency's renewed commitment to support microenterprise development activities. To date, the programs have helped mobilize in excess of $220 million in private sector loans, substantially to support small businesses and, increasingly, microenterprises. Under the MSED program as of the end of FY 1997, USAID has 46 credit facilities in 20 developing countries and maintains an active portfolio of over $75 million in loans and guarantees. In FY 1998, USAID expects to support up to $50 million in new loan guarantees under this program, with an increased focus on Russia and the Latin America/Caribbean region.

USAID, through the MSED program, strives to build sustainable linkages between financial institutions and small and microenterprises lacking full access to formal financial markets. Its primary tool is the Loan Portfolio Guaranty (LPG) program, which provides loan guarantees covering up to 50% of the principal loss on a portfolio of small business loans, and up to 70% for micro-loans, made by financial institutions. The MSED program also uses direct loans and guarantees to provide capital for private

voluntary organizations (PVOs) and nongovernmental organizations (NGOs) engaged in microenterprise lending activities and to create sustainable relationships between those PVOs/NGOs and formal financial institutions. Guarantees are combined with training and technical assistance to improve the capacity of banks to assess small and micro business credits, and to assist borrowers in presenting bankable proposals to lending institutions. In the last two years, the MSED program has trained more than 450 bankers and borrowers.

The MSED program's performance is measured by the following: (1) the degree to which participating financial institutions increase their lending to micro and small businesses; (2) its success in strengthening the capacity of indigenous financial institutions to engage in micro and small business lending; and (3) the ability of the program to assist sustainable PVOs and NGOs to access formal sector financing for on-lending to microenterprises. Data collected on the LPG program for the period 1989 through FY 1996 indicates that participant banks are making significant progress in reaching new, smaller-sized borrowers. Performance indicators gauge performance by individual guarantee facility. Each guarantee is measured relative to its previous year's performance to determine if there has been a change in the bank's lending practices. Examples of successful performance indicators are: a decrease in collateral requirements, an increase in banks' lending to smaller-sized borrowers, and increased micro borrower access to formal financial markets.

Urban and Environmental Credit Program

FY 1999 Urban and Environmental Credit Request:
Guaranty Subsidy: $6,000,000
Administrative Expenses: $6,053,000

Adequate provision of water, sewer, sanitation, and housing for the urban poor is critical to the environment and child survival in the world's cities. USAID's urban assistance work has succeeded in improving the living conditions of the urban poor by strengthening the capacity of local governments to manage resources effectively and in supporting decentralization and democratization initiatives worldwide.

The Urban and Environmental Credit Program (UE) builds on thirty-five years of successes by linking long-term financing, technical assistance and training to support urban and environmental development projects. In FY 1999, the UE Credit Program will utilize $6 million of budget subsidy authority to leverage approximately $68 million of private U.S. investment. The loans provided through these projects are upgrading conditions in the slums of India and Indonesia, financing affordable housing development for low income families in Morocco and Zimbabwe, and helping municipalities in South Africa and the Czech Republic serve the needs of their citizens with critical basic services.

The overall fiscal management reforms underway at the Agency help assure the UE program's continued financial soundness. The Agency has contracted with a private commercial bank for key loan servicing and financial management services for the UE accounts.. Three new credit management positions have been established in the Environment Center to strengthen the UE portfolio oversight, and new manuals on UE loan collection and credit procedures are being developed.

The UE Credit program's performance measurement system has been modified from last year so that it now measures how well the Program achieves its targets related to expanding the equitable delivery of urban environmental services and shelter. The UE program achieves concrete results. For example, THE WALL STREET JOURNAL of November 26 1997 reported that the program in India has been instrumental in launching the first municipal bond in South Asia. This will enable the City of Ahmedabad to finance sewer and water projects designed to sustain the city's economic growth, give slum-dwellers access to essential services, and improve the lives of Ahmedabad's more than three million residents.

The FY 1999 Urban and Environmental Credit Program request will continue to focus on the urban poor. The funding requested will generate loans directly benefiting approximately 1,900,000 low-income people in the Czech Republic ($8.5 million), India ($10 million), Indonesia ($15 million), Morocco ($9 million), South Africa ($20 million), and Zimbabwe ($5 million).

Development Credit Authority

FY 1999 Development Credit Authority Request:
Guaranty Subsidy: transfer authority up to $15,000,000, of which:
Administrative Expenses: transfer authority up to $2,000,000

In the FY 1998 Foreign Operations Appropriations Act, Congress enacted Development Credit Authority ("DCA"), and gave USAID authority to transfer up to $7.5 million from other accounts to credit subsidy for loans or loan guarantees targeting any of the development purposes specified under the Foreign Assistance Act of 1961, as amended. DCA will not become operational until the Director of OMB certifies to the Appropriations Committees that USAID has adequately improved its ability to manage credit-funded activities. Together with USAID's Micro and Small Enterprise Development Program and Urban and Environmental Credit Program, DCA provides USAID with an alternative financing mechanism that is critical in these times of shrinking resources and more market-based approaches to sustainable development. Development Credit Authority (DCA) is intended to expand the use of market rate loans and loan guarantees to support USAID's development agenda. The increased use of credit through the DCA allows USAID to make more rational choices about the appropriate funding tool, i.e., loans, guarantees, or grants, for financing its development activities. It also will allow the Agency to leverage its resources more effectively, while using sound, prudent risk assessment procedures. For example, a

$13 million transfer of development funds for DCA in FY 1999 would be expected to leverage an estimated $95 million to $130 million in loans and guarantees.

DCA differs from the MSED Program in that DCA is not targeted solely at the micro and small business sector. DCA differs from the Urban and Environmental (UE) Credit Program in two principal ways. One, DCA may be used to promote any of the development objectives of the Agency, while UE specifically targets innovative approaches to the provision of urban and environmental services for the urban poor. Two, DCA permits direct loan and local currency loan guaranties, while UE is restricted to dollar-denominated loan guaranties to U.S. investors.

All DCA projects will be consistent with existing USAID strategic objectives, among them, the objectives of the President's Global Climate Change initiative. One of the key advantages of DCA is that USAID can provide assistance more efficiently through the use of market rate loans and guarantees to finance sovereign and non-sovereign development projects that are both developmentally sound and creditworthy. To assure the financial viability and creditworthiness of each DCA-funded project, USAID has improved its capacity to provide accurate credit risk assessments and subsidy calculations, and its ability to manage the financial aspects of DCA activities.

DCA will only be used where (i) development assistance goals can be met using credit authority, and (ii) the credit subsidy cost of the activity can be estimated with a reasonable degree of confidence. Borrowers can be sovereign nations, private enterprises or joint public/private ventures. USAID anticipates, however, that a majority of the activities will be non-sovereign (e.g., loan guarantees to provide medium-to-long-term financing for indigenous private entrepreneurs, bond guarantees to support waste water facilities, and credit facilities for private, environmentally sound energy co-generation projects). Most of these non-sovereign projects are likely to involve a partial guarantee on loans extended by local intermediate financial institutions to targeted sectors. Moreover, the use of DCA will require a commitment to financial discipline by the host country participant that will lead to prudent and efficient use of U.S. assistance funds.

In addition to the development-based indicators which must be established for all mission projects, depending on project goals, there are three performance indicators by which all DCA projects will be measured: (1) repayment rates on direct loans, (2) claims against guaranteed loans, and (3) satisfactory economic and financial rates of return. In using DCA, USAID will utilize prudent risk management methods to assess project risk and calculate credit subsidy.

USAID Operating Expenses

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Operating Expenses[1]	**$488,288**	**$478,858**	**$483,858**

The FY 1999 request for USAID Operating Expenses (OE) is $483.0 million, which is $5 million more than the FY 1998 appropriated level

These funds cover the salaries, benefits, and other administrative costs associated with USAID programs worldwide, including those managed by USAID and financed trough Development Assistance, the Economic Support Fund, the Support for Eastern European Democracy Act, the Freedom Support Act, and the Food for Peace Program under PL 480, Titles II and III.

During the past several years, USAID has undertaken many management reforms, has reduced its overall workforce by over 30 percent, and has consolidated its headquarters operations in the Ronald Reagan Building. The Agency plans to continue efforts to improve management efficiencies, in both work and processes, as well as automation. Substantial work will be completed in the area of information technology to ensure that the Agency's system will be fully year-2000 compliant.

Operating expense costs of the agency are funded from several sources, including new budget authority appropriated by the Congress, reimbursements for services provided to other operations, local currency trust funds provided by some host country governments, and recoveries from prior year obligations.

USAID Office of the Inspector General

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IG Operating Expenses	**$30,000**	**$29,047**	**$33,000**

The FY 1999 budget request of $33 million for the operating expenses of USAID'S office of the Inspector General.

[1] USAID Operating Expenses includes authorities to use certain amounts from program accounts for administrative expenses in Fiscal Year 1997.

USAID International Disaster Assistance

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
International Disaster Assistance	**$190,000**	**$190,298**	**$205,000**

The International Disaster Assistance (IDA) program provides relief, rehabilitation and reconstruction assistance to victims of natural and man-made disaster through the Office of U.S. Foreign Disaster Assistance (OFDA). The IDA account also funds the Office of Transition Initiatives (OTI), which focuses on the special needs of countries emerging from crises caused by political and ethnic conflict. The FY 1999 funding request is $205 million, an increase of $15 million over the $190 million level in FY 1997 and FY 1996. This request includes approximately $55 million for OTI's post-crisis efforts. OTI received $25 million in FY 1997 and $30 million in FY 1998. First priority in utilizing IDA resources will be given to life-saving, emergency assistance.

Office of U.S. Foreign Disaster Assistance

The OFDA program objectives are: (1) Meet the critical needs of targeted vulnerable groups in emergency situations; (2) Increase adoption of mitigation measures in countries at risk of natural disasters; and (3) Enhance development prospects in priority, post conflict countries. To accomplish these objectives, USAID has a well-established management structure and in-house disaster relief experts who can draw on public and private sector resources to respond within 24 to 72 hours after a disaster. USAID fields assessment teams to identify needs, and provides disaster assistance response teams (DARTs) to facilitate communication and organize a response. USAID also provides communication support equipment, search and rescue groups, medical assistance, shelter, food and potable water.

Effective humanitarian assistance requires that the USAID relief, mitigation, transition and development programs support each other, as described below. In addition, USAID collaborates closely with other assistance providers in the international community. This is particularly important both to coordinate programs and to share the burden of relief costs. U.S. private voluntary organizations (PVOs) are critically important partners and play an essential role in raising resources, providing assistance, and implementing programs. USAID's partnerships with U.S. PVOs and non-governmental organizations include support for mechanisms to facilitate the exchange of information among international partners and to prevent duplication of effort.

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. For urgent disaster situations, 24-hour coverage is provided by staff to ensure the transmission of accurate information across different agencies, and between the disaster area and important response centers. Satellite communication equipment augments USAID's

ability to carefully target emergency assistance and to coordinate with donors and other U.S. Government and non-governmental agencies.

In 1997, USAID responded to 15 floods, 3 epidemics, 3 cyclones, 2 earthquakes, 3 droughts, a fire and 6 other declared disasters around the globe. In addition, USAID responded to 13 complex emergencies such as those in Sudan, Northern Iraq, Democratic Republic of the Congo (formerly Zaire), Rwanda and Bosnia. In the 28 countries where data is available for FY 1996, OFDA's emergency assistance reached more than 60% of the affected population of 15.6 million. These 28 countries accounted for 76% of all natural disasters declared in FY 1996.

Complex emergencies—those involving political and military conflict—account for an increasing share of the International Disaster Assistance budget. Over 70% of assistance to complex emergencies goes to African countries. Although these conflicts fluctuate in intensity, their resolution is very difficult, and relief assistance may be necessary to meet emergency needs of civilian population for long periods. USAID is placing increased emphasis on applying preparedness and mitigation lessons learned from natural disasters to complex disasters and supporting relief programs which encourage local participation and promote self-sufficiency.

Rapid population growth, coupled with inadequate infrastructure support systems in many developing countries, has increased the number of people vulnerable to natural hazards, such as earthquakes, hurricanes, tornadoes, and volcanoes. Urban areas are expanding, with unsafe habitation in many shanty areas and slums. Population pressures also force people to move onto marginally viable and unsafe lands where natural hazards, such as hurricanes, earthquakes and volcanoes, and their side effects, such as flooding and mud slides, have disastrous impact. Increased emphasis is being placed on efforts to prevent and mitigate the effects of disasters. Prevention efforts focus mainly on strengthening local preparedness and response capacities. Disaster preparedness requires careful examination of relief and recovery planning. USAID's field missions play an important role in helping government, municipal, and community leaders to prepare for disasters and to design development projects that fully reflect the risk from disasters. The results of prevention and mitigation efforts have been very encouraging. Of the 66 disaster-prone countries targeted for disaster prevention, preparedness and mitigation assistance, activities have been carried out in 36 of them. One of the most successfully activities has been systematic preparedness training of national and local government officials and community groups in Latin America and the Caribbean. As a result, of these efforts, five of the thirteen targeted at-risk Latin American countries no longer require external assistance for emergencies, except in extraordinary catastrophic situations.

In addition to the continued challenge of responding to the growing needs of complex and natural disasters, USAID has a new responsibility of coordinating the USG response to incidents involving nuclear, biological and chemical disasters overseas. As a result, USAID is developing a new response capability and incident command system in this field of emerging threats.

Timely, effective assistance to countries emerging from crises can make the difference between a successful or failed transition. Countries experiencing a significant political transition, civil conflict, or a major disaster have special needs which are not addressed by traditional disaster response. The Office of Transition Initiatives seeks to promote peace and stability through its activities which include support for demobilization and reintroduction of ex-combatants into civilian society, landmine awareness, community self-help projects that reduce tensions and promote democratic processes and conflict resolution.

Office of Transition Initiatives

Created in 1994, OTI brings fast, direct and flexible assistance to priority countries to facilitate their movement away from conflict by addressing fundamental political development needs. In the short time it has been in existence, OTI has clearly demonstrated that USAID can be a significant player within the USG and in the donor community in addressing the needs of transition countries.

The demands for OTI services are increasing as a result of its successes and new opportunities for peaceful transitions. The National Security Council and the State Department increasingly view the OTI approach to advance political stability as the highest priority assistance to conflict-prone countries. OTI is often called upon for technical advice as well as field operations, serving as a source of information and technical assistance on political transitions in conflict-prone countries.

The need and demand for effective USAID transitional programs are clear. The potential for success with these programs is also clear. USAID transition initiatives (e.g., community self-governance, demobilization and reintegration of combatants, land mine removal and awareness in such countries as Bosnia, Haiti, Rwanda, the Philippines, Guatemala, and Angola) have made significant differences in assisting people of those countries build a foundation of hope and trust for the future.

OTHER BILATERAL ASSISTANCE

Freedom Support Act-Assistance for the New Independent States (NIS) of the Former Soviet Union

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
FSA	$621,550[1]	$770,798	$925,000[2]

Overview:

The security of the United States and the rest of the world is strongly influenced by the outcome of events in Russia and the other NIS. This principle guides U.S. foreign policy toward the New Independent States (NIS) of the former Soviet Union. Freedom Support Act (FSA) funding deals directly with the fact that reform in the NIS is a complex and long term. FSA programs are designed to foster the growth of private business and initiative and the development of a governmental structure supportive of the free market and republican rule. We must stay engaged visibly and materially to help ensure that fundamental democratic and market institutions take root in the region.

Our assistance policy is guided by this same principle. In FY1998, FSA assistance was restructured to encompass our continued engagement with the NIS. The new program—the Partnership for Freedom—emphasizes economic growth, linkages between the NIS and the United States and support for civil society in the NIS. It recognizes that NIS countries must turn the corner from economic contraction to investment and growth, in order to sustain the political and economic impetus for reform. It is intended to expand our exchanges and partnerships with the NIS and lay the foundation for continued bilateral joint ventures. Our FY99 budget request seeks resources to continue these policies.

In 1992, the twelve NIS countries undertook the unprecedented challenge of creating democratic, market-oriented societies out of the centralized, authoritarian command economy that was the Soviet Union. While much remains to be done in the transformation of the political and economic cultures of the NIS, few could have imagined the radical reorientation that has occurred in these countries over the past six years.

For most of the NIS, as well as for U.S. foreign policy and technical assistance to the NIS, the post-Soviet transition period has been a success. The private sector's share of GDP is now over 60 percent in Russia, 50-60 percent in Moldova, about 50 percent in Ukraine, 40 percent in Kyrgyzstan and 35 percent in Kazakhstan. Privatization and

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

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economic reform are particularly important, since this combination offers the best prospects for achieving economic prosperity—a cornerstone for building a stable democracy.

Reasonably free and fair elections have had a positive impact on the political process in Russia, Ukraine and Moldova. In those NIS countries whose long-term commitment to democracy appears more tenuous, significant progress has been made in developing and implementing democratic election laws, as well as in training electoral monitors to watch for irregularities. Where elections have been tainted, political leadership has had to accept the consequences of international scrutiny and condemnation.

Non-governmental organizations (NGOs) were virtually non-existent in the NIS in 1992; since then, there has been steady and impressive growth in the NGO sector, especially in a range of civic associations and independent organizations, including think tanks, citizen action groups and other public interest and advocacy groups.

We may consider the first phase of our engagement in NIS countries to be successful when the basic structural and institutional transitions from the Soviet system to market democracy have taken place. Russia is making good progress; Ukraine, Moldova and Kyrgyzstan are next in line. Meanwhile, the other NIS countries are reforming at a slower pace.

The next phase of our engagement in the NIS is focused on sustaining these transitions. Economic stabilization and structural change do not automatically translate into investment and growth, nor do nascent political systems immediately develop into full participatory democracies. Sustaining these processes is the focus of the Partnership for Freedom, established in FY98.

As the political and economic transitions proceed in the NIS, U.S. engagement with them has changed. We are moving from guiding and advising on the mechanisms of structural change to maintaining connections to these countries in ways that sustain these transitions. Our engagement is evolving towards more normal, mutually beneficial bilateral relations. Our goal is to help Russians and others consolidate their own market economies and democratic governments—the mechanisms for this second phase are partnerships, exchanges, joint ventures and cooperative projects. These have proven to be the most effective mechanisms to foster the cultural transformation required down to the grass roots across NIS societies. We must build on existing programs that fit into this category, even as we initiate new cooperative programs.

The Partnership for Freedom focuses on two, mutually reinforcing priority areas in the NIS:

1. Cooperative activities to promote business, trade and investment, and to mobilize foreign and domestic capital in order to restructure and expand NIS economies:

- regional investment, enterprise funds and small loan programs to increase regional and small business access to capital; loans to U.S. and NIS small businesses.

- removal of impediments to investment, for example, through advisory work on tax reform, WTO accession and accounting standards, as well as through business development committees.

- support for U.S. firms seeking to trade with NIS firms (e.g., TDA programs).

- training for managers of projects receiving or seeking investment support from U.S. entities.

- leveraging and accelerating those World Bank loans that help establish an environment conducive to increased trade and investment, both foreign and domestic (e.g., pilot programs, loan development activities).

- institutional, professional and community-based partnerships that strengthen NIS private organizations that support a market economy, such as business and professional associations, business training, and business schools.

2. Cooperative activities to promote democracy and civil society:

- endowments and other forms of support for selected foundations or NGOs (domestic or indigenous) for activities in the areas of democracy-building, independent media, legal reform and economic development.

- professional and academic community-based exchanges and training to familiarize NIS citizens with the day-to-day functioning of democratic and market-based institutions and processes (through USIA, USAID, USDA and DOC).

- institutional, professional and community-based partnerships that foster U.S.-NIS cooperation, strengthen democratic institutions and build lasting linkages, in areas such as health, environment, science and technology.

- significantly increased cooperative anti-crime and law enforcement activities, including programs to combat economic crimes.

- targeted support to community institutions important to building civil society and market economies.

Increased technical assistance resources and attention would be directed to Central Asia, the Caucasus, and other high-priority FREEDOM Support Act activities such as the Chornobyl Initiative. As Ukraine, Armenia, Central Asia and the other NIS countries reach more advanced stages in their transitions, technical assistance will phase out there, too, and our engagement would transition completely to the PFF framework of cooperative activities, partnerships and bilateral programs.

Freedom Support Act-Assistance For The New Independent States of The Former Soviet Union (NIS)

Budget Request by Country[3]

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Armenia	95,010	87,588	80,000
Azerbaijan	16,420	21,430	31,500
Belarus	6,710	6,710	11,300
Georgia	26,760	92,500	80,700
Kazakstan	35,390	34,950	46,000
Kyrgyzstan	20,780	21,960	29,000
Moldova	27,590	25,000	35,500
Russia	94,790	129,094	225,400
Tajikistan	4,960	10,246	18,750
Turkmenistan	4,960	4,500	15,000
Ukraine	225,050	225,400	223,500
Uzbekistan	21,550	19,140	32,050
NIS Regional	37,550[4]	92,280	96,300
TOTAL	**621,550**	**770,798**	**925,000**

[3] Appropriated/Requested levels, does not reflect transfers and rescissions.

[4] Includes $3 million for Mongolia.

Support For East European Democracy (SEED)

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Dayton & Dayton-related	249,000	262,000	266,000
Other SEED	226,000	223,000	198,500
SEED	**$475,000**	**$485,000**	**$464,500**

U.S. Foreign Policy Objectives:

Since 1989, the Support for East European Democracy (SEED) Act has promoted important U.S. national interests and strategic goals in Central and Eastern Europe. As the war in the former Yugoslavia and its aftermath have demonstrated, U.S. interests in this part of the world remain as important as they were when the original SEED Act was passed. SEED continues to assist the former communist countries of Central and Eastern Europe to develop democratic institutions and market economies. It does this through the provision of innovative programs, technical assistance and training to facilitate reform and transition. Many of these countries are well on their way toward achieving the goal of the SEED program: building a market economy with a strong private sector, consolidating democracy, and improving the quality of life for their citizens.

SEED programs help ensure that local and regional instabilities -- particularly those in South Central Europe -- do not threaten the security and well-being of the United States and its allies. A peaceful, democratic Central Europe gives the United States and the Atlantic Alliance substantially greater assurance of security at a lower cost. SEED funding also promotes broad-based economic growth in the transitional economies of Central Europe and increases adherence to democratic practices and respect for human rights. SEED programs minimize the human costs of conflict, contribute to the protection of human health, help secure a sustainable global environment, and promote U.S. exports. Central Europe is a growing market for U.S. goods and services, and a gateway to the vast potential markets in Russia and the Ukraine.

In 1998 Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Hungary, Latvia, Lithuania, the Former Yugoslav Republic of Macedonia, Poland, Romania, Serbia, and Slovakia are receiving U.S. assistance under the SEED program. It is anticipated that two countries, Hungary and Latvia, will "graduate" from the SEED program in Fiscal Year 1998, joining Estonia, which left the program in Fiscal Year 1996, and the Czech Republic and Slovenia, which "graduated" in 1997. Each of these countries has established functioning democratic institutions, elected parliaments, allowed some variation of a multi-party system, and undertaken durable reforms in their economies.

They have provided a clear demonstration that democracy and economic prosperity can be built on the ruins of failed communist systems -- a valuable example for countries farther to the East.

While the SEED program has achieved a solid record of achievement, much remains to be done. As countries in the Northern Tier qualify for graduation, two groups of countries in the Southern Tier continue to need U.S. assistance. The first group is comprised of countries which emerged from the former Yugoslavia - whose economic and political transition was delayed by the war in Bosnia and Croatia which raged from 1991 to 1995. Bosnia represents a particularly difficult challenge, given the severe physical and human damage caused by the war and the resulting extreme hatreds engendered during this brutal conflict. It was the United States which brought peace to Bosnia at the end of 1995 through the signing of the Dayton Peace Agreement, and it is the United States which is continuing to exercise its leadership through both U.S. military presence and SEED Act assistance to ensure that Dayton is implemented.

The second group is made up of the neighboring countries of Albania, Bulgaria and Romania. All have suffered debilitating economic crises in recent years which have challenged political, economic, and social stability. SEED is helping these countries deal with these crises and move forward in their transition.

Strategies:

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), through grants and technical assistance programs. To allow the flexibility to shift resources quickly to address fast-changing situations in the region, SEED was originally developed as a regional program without specific country allocations. Beginning with FY 1996, however, Congress required individual country budgets and much smaller regional accounts.

SEED is a transitional program designed to aid Central and Eastern European countries through their difficult passage to democracy and market economy. As countries complete and consolidate their political and economic transitions, they will be "graduated" from the assistance category and funding for bilateral SEED programs phased out. Graduation varies according to each country's individual progress and must be flexible enough to accommodate uneven political and economic performance, including instances of backsliding. It is important, therefore, that SEED countries also remain eligible for certain regional programs.

Bosnia

Since receiving a small amount of reconstruction assistance in FY 1995, Bosnia has quickly become the single largest program of U.S. assistance in Central and Eastern Europe. As large as the U.S. assistance program has been, it is a relatively small

percentage of the overall international effort to rebuild Bosnia. The U.S. share of reconstruction assistance in the first two years of Dayton implementation represents only about 16.5 percent of the total international assistance pledged for this effort. U.S. reconstruction activities in Bosnia, the bulk of which are managed by the U.S. Agency for International Development, have served as models for other donors. U.S. reconstruction efforts in Bosnia focus on humanitarian assistance, physical reconstruction, financial revitalization, and democratic and economic reform.

The U.S. has helped begin repairs on the approximately $20 billion in shattered infrastructure in Bosnia, prioritizing on the repair of bridges, hospitals, roads, and electric power generating and distribution systems which threatened health, safety or were identified as severe bottlenecks to economic recovery. The U.S. is the largest single provider of capital for the revitalization of Bosnian industry, which prior to the war employed one out of every two Bosnian workers. Bosnia must also begin and complete the democratic and economic reforms already well underway in nearly all other Central European countries. The U.S. has been a major provider of democratization assistance for the three elections which have been held since the signing of Dayton, for the creation of a free and independent media, and for the development of political plurality. The U.S. is similarly the largest provider of technical assistance in the area of economic reform, providing experts through USAID and Treasury to help restructure debt, privatize state companies, create inter-entity public corporations, establish a strong private banking industry and the means to regulate it, and to train Bosnian officials to eventually assume responsibility for the country's economic life.

This effort has been complicated by the extreme hatreds engendered by the war, which have manifested themselves through the inability of elected Bosnian officials to agree on necessary political and economic measures to revitalize their country. While Bosnia achieved impressive rates of growth in 1996 of 53 percent and in 1997 of 35 percent, these country-wide statistics mask the uneven economic development between Bosnia's two entities. Most of this growth took place in the Federation. The Republika Srpska (RS) did not receive much international assistance in 1996 and 1997 due to the unwillingness of the Pale leadership to cooperate on war crimes, return of refugees, or inter-entity economic matters.

However, with the emergence of an active opposition to the Pale hard-liners, the U.S. and others had an opportunity to support those in the RS who advocated compliance with Dayton. Accordingly, the first significant amounts of U.S. assistance went to the RS to bolster those who had the courage to challenge Pale. This effort paid off in the November RS Assembly elections, during which the ruling SDS lost its parliamentary majority. The U.S. and others will work to accelerate political plurality in all of Bosnia during the September 1998 national elections.

The Administration is seeking $225 million for Bosnia's reconstruction in Fiscal Year 1999. Of this amount, $200 million is sought for economic reconstruction, while $25

million is sought for the provision of U.S. police monitors and for the restructuring of the local police. Reform of the local police, which was accelerated in 1997, is key to the establishment of the rule of law and democratic norms in Bosnia necessary for reducing U.S. military presence. It is also key to the establishment of a stable and secure country with Western standards of human rights protection. The U.S. has been the leader in the police reform effort.

The Northern Tier Countries:

The SEED program began in the Northern Tier of Central European countries, and it is here that the transition to fully democratic and free market societies is the most advanced. In Fiscal Year 1998, Hungary and Latvia will "graduate" and the percentage of SEED funding spent on the Northern Tier, excluding regional programs, will drop to just six percent of the total Fiscal Year 1999 request. Fiscal Year 1999 is the final year in which bilateral funding is envisaged for these countries. The program in Lithuania, with modest resources, will focus on reform of the fiscal and financial sectors to bolster its relatively weak economic performance. The SEED program in Poland will focus on three objectives: private enterprise development; financial sector efficiency; and local government effectiveness, responsiveness and accountability. In Slovakia, which has enjoyed a relatively robust economy, SEED will focus on democratization and environmental health.

The SEED Act invited innovative approaches to assistance, and a good example of this will be a regional program devised for the Baltics. The establishment of the Baltic-American Foundation was announced in January of 1998 by President Clinton in the presence of the Presidents of Estonia, Latvia and Lithuania. In Fiscal Year 1998, the U.S. matched private contributions to establish a public-private foundation, capitalized at $15 million, for the three Baltic States. The goal of the foundation, which will disburse its capital over 10 years, is to assist in the development of indigenous non-governmental organizations which form the underpinnings of democratic civil society.

The Southern Tier Countries:

The Southern Tier countries have further to go in their economic and political transformation. SEED resources will therefore continue to shift to this part of Central Europe in order to stimulate economic and democratic reform. The increased SEED resources for Albania, which will be augmented by Economic Support Funds, are necessary to help stabilize an economy brought to collapse through pyramid schemes. Bulgaria's program will focus on both strengthening its private sector and supporting local governments and NGOs. In Romania we will continue to adjust our programs to take advantage of the reform-minded government's willingness to reform the economy and pursue broad democratization. Energy sector reform, which we regard as the key to opening the door to long-term economic prosperity, will continue to be a focus of our assistance.

The U.S. will continue support to the South Balkan Development Initiative, designed to improve regional transportation corridors, and the Southeast European Cooperative Initiative (SECI) as it seeks to promote cooperation on regional economic and environmental problems.

Serbia-Montenegro:

Serbia and Montenegro, also known as "The Federal Republic of Yugoslavia" (FRY) is the only country in Central Europe which has yet to begin the transformation to a democratic, free-market economy. The U.S. will not permit the FRY to rejoin key international political and economic institutions until it makes progress on democratization; human rights, particularly in Kosovo; settlement of succession issues stemming from the breakup of the former Yugoslavia; and full implementation of the Dayton Agreement, including cooperation with the International Criminal Tribunal for the Former Yugoslavia.

To encourage democratic reform, the U.S. will invest significant resources in programs supporting independent media, strengthening opposition political parties, and the development of a civil society. Strengthening independent media will also be a focus of U.S. assistance.

SEED funding will also be directed to fostering democratization in both Kosovo and Montenegro. In Montenegro, we will also assist with economic reform.

Performance Indicators:

The SEED Act assistance programs to Central and Eastern Europe have been envisioned, since their inception in 1989, as transitional programs to jump start the countries in the region on their way to genuine political and economic reforms. To measure progress and determine graduation dates, USAID and the SEED and New Independent States (NIS) Coordinators have developed a sophisticated measurement system for 25 countries in Central and Eastern Europe and in the New Independent States of the former Soviet Union.

Using data drawn from sources external to the foreign affairs agencies, country progress is analyzed in a sequence of steps which looks at progress towards economic reform and democratization, as well as economic sustainability, measured through macroeconomic performance and social conditions. The indicators are drawn primarily from the European Bank for Reconstruction and Development, Freedom House, and the World Bank. Supplemental sources include the IMF, UNDP, and the Bureau of Census. Annual reviews are held and benchmarks are established. The results are plotted for the twenty-five countries. The SEED Coordinator uses this data to help judge the appropriate magnitude and duration of the SEED Program for recipient countries. A more detailed explanation of the monitoring system used for SEED recipients can be found on pp. 199-207 of the Fiscal Year 1996 SEED Report.

Support For East European Democracy (Seed)

Summary Table

(Dollars in thousands)

Country Allocations	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Albania	27,100	30,000	35,000
Bosnia	217,000	215,000	225,000
Bulgaria	34,000	31,000	30,000
Croatia	12,200	19,000	10,000
Hungary	15,000	7,000	-
Latvia	3,300	2,400	-
Lithuania	7,200	4,600	2,200
FYROM	16,100	16,000	16,000
Poland	40,100	35,000	20,000
Romania	32,900	35,000	36,000
Serbia	3,200	12,000	15,000
Slovakia	15,000	8,000	2,000
Regional	48,450	70,276	73,300
TOTAL	**$471,550**	**$485,000**	**$464,500**

INTERNATIONAL SECURITY ASSISTANCE

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Economic Support Fund

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
ESF	$2,358,600	$2,419,928	$2,513,600

U.S. Foreign Policy 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, with overall guidance from the Department of State. 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.
- 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.
- Develop and strengthen institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, strengthen local governments, parliaments, independent media and non-governmental organizations.
- 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.
- 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.

Strategy for FY 1999:

The largest share of the ESF request remains focused on supporting Middle East peace by providing assistance to foster economic stability and development in Israel, Egypt

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and other Arab countries pledged to support the peace process. ESF is also requested to support peace and reconciliation in Ireland and Cyprus as well. In other countries, 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 United States has a strong stake in strengthening democratic development globally. The intensity of U.S. engagement will vary. In countries such as Haiti where the United States has invested significant resources and international leadership, ESF will continue to support programs to sustain the democratic transition with a high level of engagement. In this 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 democratic institutions and a vibrant civil society. ESF also finances programs to enhance the administration of justice and rule of law, as well as police training and technical assistance administered by the Department of Justice.

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 an authoritarian, repressive or conflict-ridden past can be sustained. For example, ESF has:

- Continued U.S. support of programs for nascent democracies like Mongolia, strengthening democratic institutions such as legislatures and transparent electoral processes, improving access to health care and education, and maintaining or creating critical infrastructure required 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 Liberia and Mali. 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.

- Assistance to Middle Eastern countries such as Yemen, that receive little or no peace process-related assistance in transition to democracy for electoral support.

- Sustain democratic progress in South Asian countries.

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. Typical areas of assistance include technical assistance to administer and monitor elections, capacity-building for non-governmental organizations, judicial training, and women's participation in politics. For FY 1999, ESF for democracy will be used 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 threatened.

Indicators:

- Improved economic development through projects that promote broad-based economic growth.
- Strengthened democratic institutions and processes that reinforce a pluralistic society and transparent, accountable government.
- Passage of civil laws that ensure basic rights, support privatization and economic development for all citizens, and allow non-governmental organizations to work freely.
- Reduction in governmental censorship of the media, as measured by the increase in members of independent media.
- Increased economic restructuring, as measured by transfer of state-owned assets to the private sector, encouragement of private small business activity, and improvement of government fiscal policies.
- Through Department of Justice programs, enactment of legislation or establishment of policies and procedures for overall management of a civilian police force or any of its component parts, such as an office of professional responsibility, handling crime scene evidence, use of force, or ethical standards of conduct for police.
- Promotion of sound environmental resource management.
- Improved national population, health, and education policies.
- Development of effective and accessible independent legal systems operating under the rule of law, as measured by an increase in the use of courts to decide allegations of human rights abuses or abuses of government authority.
- Increased private sector investment; return of flight capital; expanded regional infrastructure; acceleration of privatization of state owned enterprises; enhanced regional economic policy harmonization; and expansion of regional projects in the Middle East.

The following table shows the ESF proposal for FY 1999. Further detailed justification for the proposed programs are found in the "Country and Regional Programs" section of this presentation.

FY 1999 Economic Support Funds
Program Summary

(Dollars in thousands)	FY1997 Actual	FY 1998 Estimate	FY 1999 Request
Africa			
Angola	5,500	10,000	2,000
Liberia	-	-	5,000
Democratic Republic of the Congo (DROC)	-	-	8,000
South African Development Community Initiative (SADC)	-	-	2,000
Great Lakes Initiative	-	-	25,000
Education for Development and Democracy	-	-	10,000
Africa Regional	4,500	15,000	15,000
Total, AF:	**10,000**	**25,000**	**67,000**
East Asia & Pacific			
ASEAN Environmental Initiative	-	-	4,000
Cambodia	35,000	20,000	20,000
East-Asia Pacific Regional Security Fund	-	250	250
Mongolia	7,000	12,000	6,000
East-Asia Pacific Regional Democracy Fund	4,800	8,750	5,000
South Pacific Fisheries	14,000	14,000	14,000
Total, EAP	**60,800**	**55,000**	**49,250**
Europe			
Albania	-	-	10,000
Cyprus	15,000	15,000	15,000
Ireland	19,600	19,600	19,600
Turkey	22,000	-	-
Total, EUR	**56,600**	**34,600**	**44,600**
Latin America			
Latin America Regional	17,812	11,000	13,000
El Salvador	*5,000*	*1,000*	*2,000*
Dominican Republic	-	*2,500*	*2,300*
Nicaragua	*7,112*	*1,000*	*1,500*
Cuba	*1,500*	*2,000*	*3,000*
Mexico	*700*	*1,000*	*1,500*
Paraguay	*200*	*500*	*800*
Ecuador	*300*	*1,000*	*1,200*
Winward Islands	-	*2,000*	*700*
LAC Regional	*3,000*	-	-
Guatemala	20,000	25,000	25,000
Haiti	56,888	70,000	140,000
Administration of Justice	7,500	10,000	10,000
Total, ARA:	**102,200**	**116,000**	**188,000**
Near East			
Egypt	804,223	815,000	815,000
Israel	1,200,000	1,200,000	1,200,000
Jordan	122,977	150,000	150,000
Lebanon	12,000	12,000	12,000
ME Multilaterals	3,250	5,000	5,000
ME Regional	7,000	7,000	7,000
West Bank/Gaza	75,000	85,000	100,000
N. Iraq Peacekeeping	1,500	-	-
MENA Bank	1,000	-	52,500
Middle East Democracy	750	5,000	4,000
Middle East Peace and Stability	[89,223]	[125,670]	[*]
Total, NEA	**2,127,700**	**2,153,333**	**2,143,000** [1]
South Asia			
South Asia Democracy	-	3,000	2,750
Total, SA	-	**3,000**	**2,750**
Other			
Human Rights and Democracy Fund	1,300	10,000	9,000
Holocaust Victims Trust Fund	-	-	10,000
Reserve	-	22,995	-
Total, Other	**1,300**	**32,995**	**19,000**
Total Budget Authority	**$2,358,600**	**$2,419,928**	**$2,513,600**

[1] Individual requests for the Middle East total $2.345 billion. The Administration intends to work with Congress to keep total ESF spending for the Near East at a level not to exceed $2.143 billion.

Human Rights and Democracy Fund

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
ESF	-	$10,000	$9,000

U.S. Foreign Policy Objectives:

Fiscal year 1998 marked the inauguration of the Human Rights and Democracy Fund. This Fund exists to protect and promote human rights and democracy, and to respond to human rights and democratization crises around the world. The Human Rights and Democracy Fund is administered by the Bureau of Democracy, Human Rights, and Labor (DRL) to ensure that resources are available to meet U.S. foreign policy objectives in this area. These resources provide the Secretary with a flexible instrument to respond to conflicts, human rights emergencies, and requirements of internationally-mandated agreements. The Fund has an additional benefit of decreasing disruption of scheduled funding for other important U.S. foreign policy objectives and leveraging contributions for U.S. foreign policy initiatives from other governments and organizations.

Advancing U.S. interests often requires efforts to forestall or halt human rights disasters and democratic reversals. In the past few years, the United States has either led or joined the rest of the international community in a number of efforts to avert or mitigate significant human rights abuses, affecting both the lives and futures of millions of people. Some of these efforts include the establishment of the UN War Crimes Tribunals, support for the International Civilian Mission to Haiti, the attempt to avert further genocide in Rwanda and Burundi through monitoring operations, the implementation of the Dayton agreements through OSCE mechanisms, and the establishment of the International Commission on the Missing in Bosnia. These efforts have set historical precedents for the responsibility of the international community to protect human rights and democratic transitions. An ongoing commitment to such operations is required. In FY 1999 the Administration seeks $9 million for these types of activities.

Strategy for FY 1999:

The Administration requests $9 million in FY 1999 Economic Support Funds (ESF) for the Human Rights and Democracy Fund. This Fund will continue to allow the Secretary of State the ability to implement human rights agreements reached through international mediation and to support nascent democratic institutions. In FY 1999 the Fund will support the Dayton Accord undertaking to fund the Bosnia Human Rights Commission; the International Commission on Missing Persons (ICMP); the

International Criminal Tribunal for the Former Yugoslavia (ICTY) and International Criminal Tribunal for Rwanda.

The Fund will also seek to fund NGO and host-government projects which further the G8 Democracy Initiative in the areas of women's political participation, business and labor support for democracy, civil society and the rule of law and good governance.

Fiscal year 1999 funding will allow the Administration to support the efforts of UN High Commissioner for Human Rights Mary Robinson, as agreed to in the Washington Meeting of the G8 Democracy Initiative by expanding the UN's human rights field operations and programs to key countries of concern to the United States. In addition, we will explore funding for human rights training in peacekeeping and peacebuilding operations.

As a crisis instrument, these funds will enable the U.S. to respond to unanticipated human rights or democratization crises in FY 1999. Past and current conflicts in the Great Lakes region of Sub-Saharan Africa have proved a need for voluntary contributions to UN Human Rights Center (HRC)-led human rights monitoring and investigative operations. By responding rapidly and decisively to human rights emergencies as they develop, the United States can minimize human rights abuses and prevent refugee migration and humanitarian disasters. Deploying teams of human rights monitors into an area where human rights abuses are occurring can help deter further atrocities and gather reliable information upon which to base foreign policy decisions.

Countries in transition from conflict or authoritarian systems of government will require international assistance to begin or consolidate fragile democratic processes, often on an emergency basis. Requirements can range from elections related assistance, criminal justice reform, or assistance to national reconciliation efforts, such as truth commissions. We anticipate that in FY 1999 countries in Sub-Saharan Africa, Central Asia and the Balkans will require such assistance. the availability of resources for this Fund will further demonstrate U.S. leadership in the promotion of democracy.

Indicators:

- Timely responses to prevent or halt human rights disasters, especially in the Great Lakes region of Sub-Saharan Africa;
- Improved adherence to international obligations;
- Improved coordination among the international community on democracy and human rights assistance; and
- Implementation of the Dayton Accords.

Foreign Military Financing

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1988 Estimate	FY 1999 Request
FMF Grant	3,232,813	3,303,044	3,275,910
FMF Loans Subsidy (BA)	58,217	60,000[a]	20,000
FMF Loan Amount	477,500	200,000	167,024

U.S. Foreign Policy Objectives:

The principal means of ensuring American security is through the deterrence of potential aggressors who would threaten the United States or its allies. Maintaining the strength of our military is the most critical element of our strategy for achieving this objective. But our military strength alone is not enough. Diplomacy and international programs go hand in hand with military force to prevent and resolve conflicts without having to resort to force. Our security assistance programs help U.S. allies to become capable coalition partners as well as to defend their own security. By strengthening our alliances, building cooperative military relationships and stabilizing regional military balances, security assistance programs protect American security and reduce the likelihood of war. 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 also 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.

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 Department of Defense (DoD) purchases and create jobs for Americans.

[a] $40 million of loan subsidy to be converted to grants. See program summary funding table.

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;
- To promote self-defense and defense cooperation by assisting friendly countries to acquire U.S. defense articles and services;
- To improve key capabilities of friendly countries to contribute to international peacekeeping;
- 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.

Strategy for FY 1999:

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, FY 99 FMF grant and loan programs will:

- Continue 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, the Baltics, 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 to participate in NATO-led peacekeeping operations.
- Assist in the gradual enlargement of NATO by providing FMF loans to creditworthy Central European countries for acquisition of NATO-compatible equipment.
- Sustain Caribbean defense and maritime forces allowing these island nations to maintain small professional forces essential to regional peace and security.
- Bolster the capabilities of East African states (Eritrea, Ethiopia and Uganda) bordering Sudan to thwart Sudan-sponsored terrorism and the disruption of humanitarian assistance.
- Support democratic Central European and Baltic states to focus on enhancing defensive capabilities by providing assistance that helps re-orient their militaries to defensive postures, rationalize their defense planning, and deter potential aggressors.

- Through a U.S.-led multilateral effort, improve and expand the capabilities of African militaries to respond to limited peace and humanitarian operations on the continent.
- Concentrate on assisting selected countries to improve their peacekeeping capabilities with emphasis on communication systems, peacekeeping education and training programs.

Indicators:

- Increased regional interoperability and cooperation with U.S. forces, including maintaining access to foreign military bases, facilities, and airspace.
- Improved ability of peacekeeping units to deploy to regional and international peace and humanitarian operations.
- Increased willingness to participate in regional/international peacekeeping and humanitarian assistance missions and regional conflict prevention mechanisms.
- Continued demonstration by Central Europe and New Independent States' militaries in the promotion of area stability, civilian control of the military, and military support for democratization.
- Strengthening of PFP, including increased participation in joint NATO missions such as international peace operations, search and rescue, and humanitarian operations.
- Increased interoperability of coalition partners, as measured by combined joint exercises.
- Continued support and willingness of regional states to seek a just, lasting, and comprehensive Middle East peace.

The following table depicts the FMF request for FY 1999. Detailed justifications for the proposed programs are found in the section on Regional and Country Programs.

Foreign Military Financing
Program Summary

(Dollars in thousands)	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
NEAR EAST			
Egypt	1,300,000	1,300,000	1,300,000
Israel	1,800,000	1,800,000	1,800,000
Jordan	30,045	50,000	45,000
Subtotal, NEA	**3,130,045**	**3,150,000**	**3,145,000**
EUROPE			
CE Defense Loans	[180,000]	[200,000]	[167,024]
CE Defense Loans (Subsidy BA)	18,240	20,000	20,000
Partnership for Peace	67,309	94,350	80,000
Albania	*100*	*1,700*	*2,000*
Bulgaria	*3,000*	*4,200*	*6,000*
Czech Republic	*9,087*	*10,800*	*7,500*
Estonia	*1,500*	*5,700*	*4,700*
FYROM	*1,648*	*5,000*	*6,000*
Hungary	*10,087*	*10,800*	*7,500*
Latvia	*1,500*	*5,700*	*4,700*
Lithuania	*1,500*	*5,700*	*4,700*
Poland	*12,587*	*15,700*	*10,000*
Romania	*6,500*	*8,900*	*9,000*
Slovakia	*6,000*	*3,200*	*2,300*
Slovenia	*1,000*	*2,500*	*2,600*
Georgia	*700*	*1,350*	*1,650*
Kazakstan	*1,500*	*2,250*	*1,750*
Kyrgyzstan	*800*	*1,350*	*1,300*
Moldova	*800*	*1.450*	*850*
Russia	*2,250*	*2,250*	*1,500*
Turkmenistan	*500*	*450*	*600*
Ukraine	*5,250*	*3,800*	*3,400*
Uzbekistan	*1,000*	*1,550*	*1,950*
Turkey Loans	[175,000]	-	-
Turkey Loans (Subsidy BA)	25,130	-	-
Turkey (grant)	-	20,580	-
Greece Loans	[122,500]	-	-
Greece Loans (Subsidy BA)	14,847	-	-
Greece Loans (grant)	-	14,420	-
FYROM	-	2,900	-
Baltic Battalion (Adazi)	-	2,100	-
Subtotal, Europe	**125,526**	**154,350**	**100,000**
AMERICAN REPUBLICS			
Caribbean Regional	2,000	3,000	3,000
Subtotal, American Republics	**2,000**	**3,000**	**3,000**
AFRICA			
Africa Crisis Response Initiative	4,500	10,000	5,000
East Africa Regional	4,750	5,000	5,000
Subtotal, Africa	**9,250**	**15,000**	**10,000**
OTHER			
Unallocated		3,950	
Cambodia	1,000		
Enhanced International Peacekeeping Initiative		7,000	8,000
FMF Admin Costs (DSAA)	23,183	29,744[b]	29,910
Subtotal, Other	**24,183**	**40,694**	**37,910**
TOTAL	**3,291,004**	**3,363,044**	**3,295,910**
[Grants]	3,232,813	3343,044	3,275,910
[Loans]	477,500	200,000	167,024
[Loans Subsidy BA]	58,217	20,000	20,000

[b] $6.494 million transferred into Administrative Expenses for ICASS reimbursement/costs.

Defense Administrative Costs

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
FMF Grant	$23,183	$29,744	$29,910

U.S. Foreign Policy 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 Defense Security Assistance Agency (DSAA). FMF grants:

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

Strategy for FY 1999:

The proposed program level represents the projected costs required to prudently, and 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 Security Assistance Offices (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) and full cost recovery associated with International

Cooperative Administration Support Services (ICASS). 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. The FY 1999 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.

Indicators:

- Effective administration of grant military assistance programs within the requested budget level.

FMF ADMINISTRATIVE COSTS
(Dollars in Millions)

	Actual FY 1997	Estimated FY 1998 (b)	Proposed FY 1999
Departmental and Headquarters Administrative Expenses (a)	6.183	6.250	6.250
SAO Administrative Expenses (a)	17.000	23.494	23.660
Total Budget Authority	23.183	29.744	29.910

(a) Excludes those Defense Security Assistance Agency (DSAA) and overseas security assistance organization (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.

(b) State Department transferred $6.494 million from account 19-8-0113 to account 11-8-1082 for International Cooperative Administrative Support Services (ICASS).

Enhanced International Peacekeeping Capabilities (EIPC)

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
FMF	-	$7,000	$8,000

U.S. Foreign Policy Objectives:

Enhanced International Peacekeeping Capabilities (EIPC) is a new global initiative which seeks to improve the peacekeeping readiness of selected countries which have demonstrated significant potential for greater contributions to international peacekeeping operations. The components of peacekeeping readiness include political commitment, adequate resource allocation, competent military leadership, appropriate training, effective logistics support, language proficiency, and interoperability.

By enhancing international peacekeeping capabilities of selected countries, EIPC aims to reduce U.S. and international costs for peacekeeping missions, increase the pool of credible peace operations, reduce the demand for U.S. burdensharing, and encourage regional conflict prevention and resolution. EIPC provides a global framework for rationalizing development of regional peacekeeping initiatives. While most regional initiatives focus on rapidly energizing near-term peacekeeping capabilities, EIPC develops the country's intellectual and training base structure to facilitate host nation design and implementation of a comprehensive peacekeeping/humanitarian assistance training and education program.

Strategy for FY 1999;

FY 1999 FMF for the EIPC, allocated regionally, will concentrate on assisting selected countries to improve their peacekeeping readiness. Key components of EIPC development include: communications systems, education program training aids and equipment, and procedural and mechanical interoperability, including possible provision of selected specialized equipment and spare parts. EIPC objectives are supported by complementary resources, including IMET and Excess Defense Articles (EDA) programs, CINC exercise and other CINC initiative programs, and international contributions from other sponsor countries.

Indicators:

- Increased political willingness and military capacity from potential contributor countries to participate in peace operations.

- Increased political commitment and integration of complementary programs by other sponsor governments to work with the United States in support of EIPC goals (increased PKO burdensharing, reduced PKO costs, increased regional capability to resolve problems regionally) in countries.

- Improved ability of political organization and peacekeeping forces to quickly respond to regional and international peacekeeping or humanitarian crises.

- Improved capacity and effectiveness of national peacekeeping training programs to develop leaders, staffs and units proficient in UN/MNF peacekeeping/humanitarian assistance missions.

- Increased regional cooperation in common peacekeeping training and education standards.

- Active participation in the International Association of peacekeeping training centers, exchange/harmonization of peacekeeping training programs with other internationally recognized.

- Participation in the UN stand-by Arrangements system.

- Implementation of national policy that authorizes deployment of national PKO troop contingents beyond national boundaries.

- Battalion and company commanders of designated PKO units trained at a major international leaders' school or participants in sanctioned PKO missions.

- National UN stand-by arrangement designated units participate in CINC/regional PKO-related exercises/missions.

- Increased support for, and participation in, regional conflict prevention mechanism.

Peacekeeping Operations

Foreign Operations Resources:

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
PKO	$69,000[a]	$77,500	$83,000

U.S. Foreign Policy Objectives:

Under certain circumstances, the United States has an interest in supporting, on a voluntary basis, peacekeeping activities that are not UN mandated and/or are not funded by UN assessments. In so doing, we help support regional peacekeeping operations for which neighboring countries take primary responsibility. Similarly, the United States has a strong interest in enhancing the ability of other nations to participate in voluntary peacekeeping and humanitarian operations in order to reduce the burden on the United States.

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 establishment 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.

Strategy for FY 1999:

The Peacekeeping Operations (PKO) account provides the flexibility to pro-actively support conflict resolution, multilateral peace operations, sanctions enforcement, and

[a] Additionally, in FY 97, $28.27 million in ESF and SEED was transferred from USAID to State for Haiti ($9.84 million), Northern Iraq Peace Monitoring Force ($1.5 million) Liberia (elections support and ICITAP) ($1.95 million), Bosnia programs ($9.96 million), and Bosnia Demining ($5.02 million).

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 social, economic, and political progress. For example, such support has included:

- Recruitment and building of a multinational force comprised of both military and international police monitors in Haiti.

- 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, such as its successful deployments to Croatia and Bosnia.

- Under the African Crisis Response Initiative, enhancement of the existing capabilities of select African states to respond quickly to regional humanitarian crises.

- 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.

- Working through regional organizations such as the Organization for Cooperation and Security in Europe (OSCE), supporting conflict prevention and crisis management missions in selected Central European countries and the New Independent States, as well as implementation of the Dayton Peace Accords in Bosnia.

- As part of a multilateral effort with France, Syria, Lebanon, and Israel, established a monitoring group to promote stability in the volatile southern Lebanon region by helping to limit civilian casualties and by providing an important confidence building forum for all parties.

- 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.

- As part of a multilateral effort, assisted the Economic Community of West African States' Military Observer's Group (ECOMOG) in Liberia in implementing the Abuja Peace Accord. Transportation and non-lethal equipment provided along with

communications assistance from the United States facilitated ECOMOG's deployment, disarming and demobilizing of the warring factions, and monitoring of free and fair Liberian elections.

Indicators:

- Continued security along the Egyptian-Israeli border.
- Increased regional involvement in conflict resolution, which can result in more politically- and cost-effective operations.
- Improved ability of peacekeeping forces to quickly respond to regional and international peace or humanitarian crises.
- Continued stability in countries emerging from social, economic, and political instability.

The following table depicts the PKO request for FY 1999. Detailed justifications for the proposed programs are found in the Country and Program Papers section.

Peacekeeping Operations
Program Summary

(Dollars in Thousands)

Program	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Africa Regional	2,000	7,130	8,000
UNTAES CIVPOL	-	1,500	-
African Crisis Response Initiative	10,500	10,000	15,000
Europe Regional/OSCE	18,400	25,000	30,000
Israel-Lebanon Monitor Group	738	870	1,000
Haiti	15,728	15,500	10,000
MFO - Sinai	15,434	15,500	16,000
Organization of African Unity	3,000	2,000	2,000
Northern Iraq Peace Monitor Force	1,500	-	-
UN Rapid Deployable Mission HQ	200	-	-
Albania	1,500	-	-
OAS (Haiti)	-	-	1,000
Total, PKO	**$69,000**	**$77,500**	**$83,000**

International Military Education and Training

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
IMET	$43,475	$50,000	$50,000

U.S. Foreign Policy Objectives:

The International Military Education and Training (IMET) program is an instrument of U.S. national security and foreign policy -- a key component of U.S. security assistance that provides 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 individuals 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 countries to utilize their resources, including defense articles and services obtained from the United States, with maximum effectiveness, thereby contributing to greater self-reliance; and

- To increase the awareness of foreign nationals 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 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 significant, part of the program exposes students to the civilian community and its important democratic institutions. In addition, English language proficiency, a prerequisite for attending courses in the United States, increases rapport between students and their U.S. counterparts, and promotes important relationships that provide for U.S. access and influence in a sector of society which often plays a pivotal role in the transition to democracy.

The training and education provided under the IMET program is professional and non-political, and reflects both the U.S. tradition of civilian oversight and the operational, rather than the 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 by-product. The associated skills and the increase in trained personnel have had a positive impact on the infrastructure of countries participating in the IMET program. 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 foreign participants' 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 better 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 added to meet U.S. foreign policy objectives as important bilateral relations are developed with emerging democracies around the world. In addition, civilians who are not members of a government are encouraged to participate if it would contribute to accomplishment of program objectives, especially those involving the principles of civil-military relations, civilian control of the military, and respect for human rights. 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 IMET courses 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.

Strategy for FY 1999:

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 these 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, and advancing the global security interests of the United States.

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

- Professionalization of militaries: Last year, IMET funded training for over 8,000 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 in the military, government, and other important sectors in their respective countries.

- Democratization: The issues of military justice, to include internationally recognized human rights, effective defense resource management, and improved civil-military relations are specifically addressed under Expanded-IMET (E-IMET). A growing number of programs available to U.S. friends and allies under this initiative are provided to civilians who perform defense-related functions, militaries, parliamentarians, and non-governmental organizations. Ultimately, the goal is to effect 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 the self-defense capabilities of U.S. friends and allies, while decreasing the chances for conflict that might require commitment of U.S. forces abroad.

Indicators:

- Increased evidence and demonstration of militaries in fostering the promotion of civilian control of the military, improved civil-military relations, and support for democratization.

- Continued opportunities for military-to-military interaction, information sharing, joint planning, combined force exercises, and access to foreign military bases, facilities, and airspace.

- Promulgation of military regulations which improve military justice systems and procedures in accordance with internationally recognized human rights.

- Increase in the number of U.S.-trained military and civilian personnel in military, defense ministry, and legislative leadership positions. Elevation of these people in positions of prominence within their government bureaucracy has a positive effect on support for U.S. policies.

- Continued improvement of governments to utilize their defense resources, including U.S.-origin equipment, with maximum effectiveness, thereby contributing to greater self-reliance.

The following table shows the FY 1999 IMET request. Detailed justification for the proposed programs is included in the section on Regional and Country Programs.

International Military Education And Training

Program Summary

(Dollars in thouandss)

COUNTRY	FY 1997 ACTUAL	FY 1998 ESTIMATE	FY 1999 REQUEST
Sub-Saharan Africa			
Angola	174	200	175
Benin	350	350	350
Botswana	391	500	450
Cameroon	104	125	-
Cape Verde	208	100	100
Central African Republic	158	150	90
Chad	27	100	50
Comoros	76	75	75
Congo (Brazzaville)	147	-	-
Congo (Kinshasa)	-	-	70
Cote d'Ivoire	170	150	150
Djibouti	94	100	100
Eritrea	413	425	425
Ethiopia	313	475	575
Gabon	-	-	50
Ghana	243	340	400
Guinea	55	150	150
Guinea-Bissau	119	125	125
Kenya	304	400	400
Lesotho	76	75	75
Liberia	-	-	100
Madagascar	113	100	100
Malawi	228	275	335
Mali	152	275	280
Mauritius	22	50	50
Mozambique	204	175	180
Namibia	188	200	175
Rwanda	359	300	300
Sao Tome & Principe	72	75	75
Senegal	697	735	735
Seychelles	50	75	75
Sierra Leone	3	-	-
South Africa	656	800	800
Swaziland	85	75	75
Tanzania	5	225	150
Togo	25	40	50
Uganda	342	400	400

Zambia	172	150	150
Zimbabwe	298	350	300
AF Totals:	**7,093**	**8,140**	**8,140**
East Asia & Pacific			
Cambodia	463	-	-
Indonesia	105	400	400
Malaysia	631	700	700
Mongolia	365	425	425
Papua New Guinea	111	200	200
Philippines	1,295	1,350	1,350
Solomon Islands	146	150	150
Thailand	1,600	1,900	1,600
Tonga	105	100	100
Vanuatu	99	100	100
Western Samoa	95	100	100
EAP Totals:	**5,015**	**5,425**	**5,125**
Europe and the NIS			
Albania	666	600	600
Belarus	273	100	100
Bosnia & Herzegovina	500	600	600
Bulgaria	903	950	950
Croatia	427	425	425
Czech Republic	737	1,350	1,350
Estonia	572	650	650
Georgia	312	375	380
Greece	28	25	025
Hungary	1,014	1,500	1,500
Kazakhstan	389	550	550
Kyrgyzstan	257	325	325
Latvia	535	650	650
Lithuania	523	650	650
Malta	104	100	135
Moldova	268	450	450
Poland	1,000	1,600	1,600
Portugal	551	800	700
Romania	922	1,025	1.025
Russia	842	900	900
Slovakia	621	600	600
Slovenia	400	650	650
The FYRO Macedonia	319	450	450
Turkey	1,454	1,500	1,500
Turkmenistan	262	300	300
Ukraine	1,015	1,250	1,250

Uzbekistan	286	400	485
EUR/NIS Totals:	**15,180**	**18,775**	**18,800**
Latin America & Caribbean			
Argentina	603	600	600
Bahamas	107	100	100
Belize	208	250	250
Bolivia	509	550	550
Brazil	222	225	225
Chile	395	450	450
Colombia	-	900	800
Costa Rica	200	200	200
Dominican Republic	622	500	500
Eastern Caribbean	420	450	450
Antigua	(93)	(115)	(115)
Barbados	(103)	(92)	(90)
Dominica	(32)	(38)	(40)
Grenada	(49)	(49)	(50)
St. Kitts	(56)	(55)	(55)
St. Lucia	(43)	(47)	(50)
St. Vincent	(44)	(54)	(50)
Ecuador	425	500	500
El Salvador	455	500	500
Guatemala	205	225	225
Guyana	178	175	175
Haiti	275	300	300
Honduras	425	500	500
Jamaica	487	500	500
Mexico	1,008	1,000	1,000
Nicaragua	57	200	200
PACAMS	520	550	550
Panama	-	-	100
Paraguay	284	200	200
Peru	483	450	450
Suriname	149	100	100
Trinidad & Tobago	95	125	125
Uruguay	332	300	300
Venezuela	388	400	400
ARA Totals:	**9,052**	**10,250**	**10,250**
Near East			
Algeria	61	125	125
Bahrain	149	250	225
Egypt	1,000	1,000	1,000
Jordan	1,655	1,600	1,600

Lebanon	547	550	550
Morocco	812	900	900
Oman	117	225	225
Tunisia	837	900	900
Yemen	52	125	125
NEA Totals:	**5,230**	**5,675**	**5,650**
South Asia			
Bangladesh	342	375	350
India	404	475	450
Maldives	85	100	100
Nepal	196	225	200
Pakistan	-	-	350
Sri Lanka	200	225	200
SA Totals:	**1,227**	**1,400**	**1,650**
Non-Regional			
General Costs	678	335	385
Non-Regional Totals:	**678**	**335**	**385**
GRAND TOTALS:	**43,475**	**50,000**	**50,000**

Summary of Students Trained Under IMET

	Actual FY1997	Estimate FY1998	Proposed FY1999
AFRICA:			
ANGOLA	5	6	5
BENIN	49	49	49
BOTSWANA	30	38	35
CAMEROON	6	7	0
CAPE VERDE	7	3	3
CENTRAL AFRICAN REPUBLIC	5	5	3
CHAD	66	244	122
COMOROS	40	39	39
CONGO	49	0	0
CONGO (KINSHASA)	0	0	3
COTE D'IVOIRE	9	8	8
DJIBOUTI	5	5	5
ERITREA	20	21	21
ETHIOPIA	35	53	64
GABON	0	0	2
GHANA	66	92	109
GUINEA	2	5	5
GUINEA-BISSAU	6	6	6
KENYA	19	25	25
LESOTHO	10	10	10
LIBERIA	0	0	4
MADAGASCAR	28	25	25
MALAWI	18	22	26
MALI	14	25	26
MAURITIUS	5	11	11
MOZAMBIQUE	156	134	138
NAMIBIA	11	12	10
RWANDA	105	88	88
SAO TOME & PRINCIPE	2	2	2
SENEGAL	65	69	69
SEYCHELLES	3	5	5
SOUTH AFRICA	262	320	320
SWAZILAND	6	5	5
TANZANIA	0	9	6
TOGO	117	187	234
UGANDA	24	28	28
ZAMBIA	10	9	9
ZIMBABWE	61	72	61
TOTAL	1,316	1,639	1,581
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	13	16	16
ARGENTINA	179	178	178
BAHAMAS, THE	12	11	11
BARBADOS*	9	8	8
BOLIVIA	163	176	176
BELIZE	49	59	59
BRAZIL	41	42	42

Summary of Students Trained Under IMET

	Actual FY1997	Estimate FY1998	Proposed FY1999
AMERICAN REPUBLICS (CONT):			
CHILE	167	190	190
COLOMBIA	0	100	89
COSTA RICA	92	92	92
DOMINICA*	5	6	7
DOMINICAN REPUBLIC	70	56	56
ECUADOR	118	139	139
EL SALVADOR	234	257	257
GRENADA*	7	7	7
GUATEMALA	122	134	134
GUYANA	72	71	71
HAITI	125	136	136
HONDURAS	164	193	193
JAMAICA	66	68	68
MEXICO	192	190	190
NICARAGUA	4	14	14
PANAMA	0	0	7
PARAGUAY	42	30	30
PERU	133	124	124
ST. KITTS & NEVIS*	10	9	9
ST. LUCIA*	5	5	7
ST. VINCENT & GRENADINES*	6	8	7
SURINAME	100	67	67
TRINIDAD & TOBAGO	12	16	16
URUGUAY	65	59	59
VENEZUELA	100	103	103
REGIONAL TOTAL	2,377	2,564	2,562
EAST ASIA & PACIFIC:			
CAMBODIA	518	0	0
INDONESIA	7	27	27
MALAYSIA	58	64	64
MONGOLIA	169	197	197
PAPUA NEW GUINEA	74	133	133
PHILIPPINES	118	123	123
SOLOMON ISLANDS	37	38	38
THAILAND	206	245	206
TONGA	10	10	10
VANUATU	58	59	59
WESTERN SAMOA	16	17	17
REGIONAL TOTAL	1,271	913	874
EUROPE:			
ALBANIA	27	24	24
BELARUS	46	17	17
BOSNIA FEDERATION	79	95	95
BULGARIA	140	147	147
CROATIA	140	139	139

Summary of Students Trained Under IMET

	Actual FY1997	Estimate FY1998	Proposed FY1999
EUROPE (CONT):			
CZECH REPUBLIC	85	156	156
ESTONIA	73	83	83
GEORGIA	106	127	129
GREECE	2	2	2
HUNGARY	167	247	247
KAZAKHSTAN	14	20	20
KYRGYZSTAN	63	80	80
LATVIA	71	86	86
LITHUANIA	27	34	34
MACEDONIA (FYROM)	98	138	138
MALTA	71	68	92
MOLDOVA	59	99	99
POLAND	157	251	251
PORTUGAL	30	44	38
ROMANIA	291	324	324
RUSSIA	125	134	134
SLOVAKIA	61	59	59
SLOVENIA	133	216	216
TURKEY	136	140	140
TURKMENISTAN	10	11	11
UKRAINE	41	50	50
UZBEKISTAN	6	8	10
REGIONAL TOTAL	2,258	2,799	2,821
NEAR EAST & SOUTH ASIA:			
ALGERIA	5	10	10
BAHRAIN	21	35	32
BANGLADESH	152	167	156
EGYPT	72	72	72
INDIA	18	21	20
JORDAN	201	194	194
LEBANON	146	147	147
MALDIVES	8	9	9
MOROCCO	80	89	89
NEPAL	15	17	15
OMAN	17	33	33
SRI LANKA	16	18	16
TUNISIA	72	77	77
YEMEN	15	36	36
REGIONAL TOTAL	838	925	906
WORLDWIDE TOTAL	8,060	8,840	8,744

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

Nonproliferation, Antiterrorisim, Demining and Related Programs (NADR)

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Nonproliferation and Disarmament Fund	15,000	15,000	15,000
Exports Control Assistance	n/a	3,000	5,000
Science Centers	[14,000][1]	[18,000][2]	21,000
IAEA Voluntary Contribution	36,000	36,000	40,000
CTBT Preparatory Commission	-	[7,573][3]	28,900
KEDO	25,000	40,000[4]	35,000
Antiterrorism Assistance	18,000	19,000	21,000
Israel Emergency CT Assistance	50,000	-	-
Demining	7,000	20,000	50,000
Totals	**$151,000**	**$133,000**	**$215,900**

Overview:

The Non-Proliferation, Antiterrorism, Demining, and Related Programs (NADR) account was created by the FY 1997 Foreign Operations Appropriation Act to consolidate in one appropriations account a number of related programs previously funded through several different accounts. For FY 1999 we are submitting under this account the Administration's funding requests for those programs that were appropriated in this account last year, and have included in this year's request certain other programs that fall within the scope defined for NADR. These include our first request for export control assistance as a separate program activity; funding for the Science Centers in Moscow and Kiev, which was previously included in the Freedom Support Act programs funded through the Assistance for the New Independent States account; and funding for the Preparatory Commission of the Comprehensive Test Ban Treaty, which was previously funded through the Arms Control and Disarmament Agency and International Conferences and Contingencies accounts in the Commerce, State, Justice, the Judiciary, and Related Agencies Appropriation Act.

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[1] FY 1998 funding in Freedom Support Act.

[2] Ibid.

[3] FY 1998 funding in ACDA and International Conferences and Contingencies accounts. Up to $13 million authorized pursuant to PL 105-119.

[4] Includes a special $10 million appropriation for KEDO debt repayment, contingent on contributions from non-U.S. sources.

Non-Proliferation And Related Programs

U.S. Foreign Policy Objectives:

The United States Strategic Plan for International Affairs identifies as a key goal eliminating the threat to the United States and its allies from weapons of mass destruction and destabilizing conventional weapons. The most direct and serious threat to U.S. security is the possibility of conflict involving weapons of mass destruction (WMD). The United States and most nations, both those that possess WMD and those that do not, value the constraint provided by arms control treaty regimes. Of greatest concern are the threshold states and terrorists that seek to acquire WMD. Unbridled acquisition of conventional arms can similarly threaten U.S. interests by destabilizing regional relations. A number of programs specifically tailored to pursue this objective are funded through the NADR account.

Nonproliferation and Disarmament Fund

Strategy for FY 1999:

The Nonproliferation and Disarmament Fund (NDF) is a sharply focused fund to permit rapid response to unanticipated, high priority requirements or opportunities to: 1) halt the proliferation of nuclear, biological, and chemical weapons, their delivery systems, and related sensitive materials; 2) destroy or neutralize existing weapons of mass destruction, their delivery systems, and related sensitive materials; and 3) limit the spread of advanced conventional weapons and their delivery systems. To permit this rapid response to such unanticipated requirements or opportunities, these funds have been appropriated to remain available until expended, and notwithstanding any other provision of law.

Increased expenditures to fund a number of existing activities and known proliferation problems are likely to leave the NDF under funded in FY 1999 and thus limit its ability to serve as a contingency fund. During FY 1997 the NDF funded $24.9 million in new projects (reducing its strategic reserve from $12 million to approximately $4 million; $2 million came from a reprogramming of previously obligated FY 1996 project funds). Two important but classified missile destruction projects are likely to require expenditures of $2 million in FY 98 and $10-12 million in FY 99. Significant reductions in DOE and DOD nonproliferation-related funding will decrease the ability of those agencies to respond directly to new events, and may increase pressure on the NDF to respond to new requirements or opportunities arising during the course of the year

The Administration is requesting $15 million for bilateral and multilateral assistance programs under the NDF in FY 1999.

Indicators:

- Ability to respond rapidly to unanticipated requirements or opportunities, for which programmatic funding is not available and existing legal authorities may preclude timely action.

The funding and special authorities of the NDF have permitted us to move quickly to remove inadequately protected nuclear materials from NIS countries, to destroy or remove sophisticated weapons systems from countries throughout the world, and to provide export control assistance in cases where delays required to satisfy regular programmatic management requirements would have meant missed opportunities.

Export Control Assistance

Strategy for FY 1999:

The USG Nonproliferation/Export Control Assistance program strengthens national export control systems in key countries, many of which only recently became independent, to curb the proliferation of WMD and their delivery systems, and sensitive dual-use goods and technologies, as well as advanced conventional arms.

To this end, the export control assistance program helps foreign governments:

- establish the necessary legal and regulatory basis for effective export controls;
- coordinate, train, and equip enforcement agencies;
- develop licensing procedures and practices;
- establish effective interaction between government and industry on export controls;
- develop and install integrated, automated information systems for licensing and enforcement; and
- reinforce to policy-makers the importance of developing and maintaining an effective system for controlling exports.

Development of effective export control systems in the four nuclear successor states of the former Soviet Union (Russia, Ukraine, Belarus, and Kazakhstan), as primary repositories of WMD materials and technology, is the first priority for the export control assistance program. The second priority is states on the periphery of the four nuclear successor states and key global transit points: the Southern Tier states of the former Soviet Union (Central Asia and the Caucasus); the Baltics, Central and Eastern Europe; and key global transit points (i.e. Singapore, Hong Kong, Taiwan, Cyprus, Malta, Jordan, and the UAE). China, India, and Pakistan are also high priority countries, but currently present only limited access.

In addition to funds appropriated during FY 1999 through the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account, the USG program will be comprised of the Department of Energy Export Control program; the

DOD/USCS Counter-proliferation program; the DOD/FBI Counter-proliferation program; and Department of Commerce export control activities. These program elements complement each other by providing different types of training and equipment to help improve the capabilities of host government export control officials.

The Administration is requesting $5 million for bilateral and multilateral programs of export control assistance to countries of the New Independent States and other countries requiring strengthened national export control capabilities to implement their national policies and international obligations effectively. This is an increase over the $3 million appropriated by Congress for FY 1998. However, in FY 1998 export control assistance projects were also funded out of the NDF, which we do not anticipate doing in FY 1999 or future fiscal years except in circumstances where NDF is appropriate.

Indicators:

- Reduced risk of proliferation from key states that produce WMD materials or advanced conventional weapons, or through potential transit countries.

FY 1999 export control activities funded through the NADR account will continue to target high priority states: the former Soviet Union; the Baltics; Central and Eastern Europe; and key global transit points (i.e. Singapore, Hong Kong, Taiwan, Cyprus, Malta, Jordan, and the UAE). Assistance will include equipment and training to detect WMD materials; development of automated export licensing and enforcement systems, including software and equipment; and training for border enforcement and export licensing officials. Particularly important are those programs designed to improve border enforcement capabilities by automating Customs and border enforcement operations, the design and installation of the "Tracker" automated export licensing system in the Southern Tier, and training for officials of key global transit points.

Science Centers Program

Strategy for FY 1999:

The International Science & Technology Center (in Moscow) and the Science & Technology Center in Ukraine have been our most successful programs to prevent "brain drain" of scientists, engineers, and other technical personnel with skills relevant nuclear, chemical, and biological weapons and missile delivery systems from the FSU to countries of concern. The two Science Centers are successfully engaging the important weapons scientists and institutes across the FSU, and the first Science Center projects (initially funded three or four years ago) are now reaching completion. Many have commercial applications, and we are seeking to fund follow-on work that would link these WMD scientists with U.S. commercial enterprises on a stable, long-term basis. In many cases, U.S. firms are willing to use their own funds to support R&D through the Centers, but sometimes need initial USG matching funds to offset the risk. The U.S. coordinates with European, Japanese and Canadian partners to obtain co-

funding for high-priority projects, and the Centers are unique among multilateral efforts in this area because the USG exercises control over use of its funds while obtaining substantial co-funding from other donors.

We need to maintain existing funding levels to continue our current focus on Russian nuclear and biological institutes and Ukrainian missile facilities. These Centers are central to our efforts to stem the flow of critical technologies from Russia and Ukraine to countries like Iran. Neither we nor our allies expected this proliferation threat to dissipate after only three years of Science Center support. We need to continue to target those parts of the FSU scientific community that we know are being targeted by Iran and others, whether at institutes we have previously engaged or at ones where we need to expand our efforts.

The Administration is requesting $21 million for these international centers for FY 1999, which represents a $3 million increase over the funds allocated for these Centers from the Assistance to the New Independent States account in FY 1998. This increase will permit us to exploit expanding opportunities to work with scientists from the biological and chemical weapons communities.

Indictors:

In three years of operation, the Science Centers have successfully met program goals through the following efforts:

- Engaging over 17,000 former weapons scientists at weapons facilities across the former Soviet Union.

- Establishing a major presence at the high-priority nuclear weapon design laboratories at Arzamas and Chelyabinsk in Russia, and at the missile production complex at Dnipropetrovsk in Ukraine.

- Funding work in Kazakhstan that was key to fulfilling our commitments under Operation Sapphire.

- Engaging biological weapons institutes in Russia, the first US program to make productive headway in this difficult area.

If these important programs did not exist, and given continuing conditions of economic uncertainty, nuclear, biological and missile experts in these countries may look toward emigration or extended foreign "teaching" positions, mostly in countries pursuing programs to proliferate these weapons and delivery systems, while their home institutes would be more vulnerable to solicitations for other forms of foreign collaboration.

International Atomic Energy Agency (IAEA)

The IAEA serves as a critical bulwark against the further spread of nuclear weapons. Through its program of international safeguards, the IAEA provides important assurance that nuclear materials and facilities are used exclusively for peaceful purposes. The IAEA also promotes peaceful uses of atomic energy, principally in non-power applications such as medical, agricultural, and industrial application of radioisotopes, but also including nuclear power, nuclear safety, radiation protection, and waste management. Both safeguards and the technical cooperation program support and strengthen the U.S. nonproliferation goals.

Key objectives with regard to the IAEA are:

- Strengthening the effectiveness and improving the efficiency of the safeguards system particularly with regard to the detection of undeclared nuclear activities.
- Improving the management and implementation of the technical assistance program.
- Improving the basic level of safety and waste management practices in Member States.

Strategy for FY 1999:

Safeguards Related Support: Safeguards inspections are primarily funded through the regular IAEA budget and assessed national payments (Contributions to International Organizations account in the CJS Appropriation), but many support activities, and most activities aimed at improving the system (as opposed to supporting the existing system) are funded through voluntary national contributions. The U.S. Program of Technical Assistance to IAEA Safeguards (POTAS) is the primary means for the IAEA to gain access to U.S. technology and to DOE and commercial research and development relevant to international nuclear safeguards. POTAS has been the most productive and effective source of advances in safeguards technology over the past two decades -- a judgment shared by the IAEA staff and the GAO. Two additional projects have provided critical support to the Agency's efforts to strengthen the safeguards system and its ability to detect covert nuclear activities: the analysis of environmental samples for safeguards, and the procurement of U.S. manufactured safeguards equipment to implement new technological advances in safeguards to meet pressing equipment needs, and to replace obsolete and failed equipment. (Approximately two-thirds of the IAEA's requirements for equipment in 1999 will have to be met from extra-budgetary sources.) FY 1999 funds will also be used, as have previous year funds, to support safeguards planning and operations, including implementation by the IAEA of safeguards on U.S. excess nuclear weapons material; assistance to strengthen physical protection of nuclear materials and facilities around the world; and to meet other nonproliferation and safeguards requirements that arise during the course of the year.

Nuclear Safety Support: For many countries, IAEA safety-related activities are the primary source for assistance in safety not just at nuclear reactors, but for research,

industrial, and medical uses of nuclear materials, and for technical assistance concerning radioactive waste management. In particular, IAEA activities complement bilateral and G-7 safety assistance programs in Eastern Europe and the NIS, regions with the most serious safety-related problems.

Non-Safeguards-Related Support: Unlike safeguards, IAEA technical assistance is financed primarily by voluntary contributions from Member States. The bulk of the technical assistance received goes to support the Technical Cooperation Fund (TCF), which funds projects in over 90 developing IAEA Member States in the form of experts, training and equipment, mostly concerning medical, research, and commercial uses of radioisotopes. Other programs, such as fellowships and training courses for foreign study in the U.S., expert assistance to the Agency, and special assistance projects, are all used to advance our goals of universal adherence to the NPT and to influence the direction of foreign nuclear programs in ways consistent with U.S. nonproliferation policy. Many developing countries consider adequate funding of the IAEA's Technical Cooperation Fund to be a sine qua non for their continued support of the Agency's safeguards system.

The Administration is requesting $40 million for the U.S. Voluntary Contribution to the IAEA. This represents a $4 million increase over the FY 1998 request. This increase is driven largely by the requirement for additional and new kinds of safeguards equipment as the IAEA implements measures to strengthen safeguards recently approved by its Board of Governors, as well as by increases in the quantities of excess nuclear material under safeguards in the U.S., and the need to maintain our technical assistance program in support of the nonproliferation regime. This increase will permit the first increase in our Program of Technical Assistance to Safeguards in several years.

Indicators:

- Maintenance of strong international support for nuclear nonproliferation and effective international safeguards.
- Improved IAEA capabilities to monitor compliance with the NPT and other international nuclear nonproliferation agreements, and to detect covert nuclear programs.
- Employment of the highest practical level of safety nuclear power reactor programs and in all uses of nuclear materials by all governments.
- Strengthened degree to which technical assistance addresses real human needs vice infrastructure development.

The U.S. Voluntary Contribution to the IAEA demonstrates the long-standing U.S. commitment to nuclear nonproliferation that led us to be principal architects of both the IAEA in 1957 and the Treaty on the Nonproliferation of Nuclear Weapons (NPT) a decade later. Effective IAEA safeguards are essential, and efforts to strengthen those safeguards in light of the lessons learned from the cases of Iraq and North Korea must

be consummated by governments' agreeing to accept the new and more rigorous procedures recently approved by the IAEA. Support for IAEA technical assistance programs fulfills obligations under the NPT and the IAEA Statute (both treaties in which the U.S. played a key role), and maintains international support demonstrated by the unconditional and indefinite extension of the NPT in 1995.

Comprehensive Test Ban Treaty Preparatory Convention

Strategy for FY 1999:

The Comprehensive Test Ban Treaty (CTBT), a principal component of the Administration's nuclear arms control and nonproliferation policy, will prohibit nuclear weapons test explosions or any other nuclear explosions. President Clinton signed the Treaty on September 24, 1996, the day it was opened for signature, and transmitted it to the Senate on September 22, 1997 for advice and consent to ratification. As of January 1998, 149 states have signed the CTBT and 8 have ratified. The CTBT will enter into force 180 days after the date of deposit of the instruments of 44 states specified by the Treaty.

The initial signatories of the CTBT established a Preparatory Commission (Prep Com) to carry out the necessary preparations for the effective implementation of the Treaty at its entry into force. At that time, the permanent Organization established by the Treaty will come into being to implement it. In particular, the Prep Com will ensure that at entry into force, the verification regime can meet the Treaty's requirements. The Prep Com, in turn, established a Provisional Technical Secretariat, located in Vienna.

The cost of the Prep Com is shared by its members. The U.S. share for CY 1998 is $14.782 million, which the Administration does not anticipate funding fully with FY 1998 funds. The U.S. share for CY 1999 is expected to be about $20 million. The United States has taken a leadership role in the Prep Com to ensure that the Treaty is effectively and efficiently implemented at the most reasonable cost to its parties. To this end, the Administration is requesting $28.900 million for unfunded CY 1998 requirements and anticipated CY 1999 requirements.

Indicators:

- Ensure that the verification system for the CTBT is established promptly and will be capable of performing effectively. International Monitoring System (IMS) commissioning is planned to be accelerated in 1998 with the completion of site surveys for 65 monitoring stations utilizing four different detection technologies, and installation/upgrading of 63 stations. The initial computer facilities and communications links for the International Data Center should be established and initial operations commenced.
- International political commitment to the objective of ending all nuclear weapons testing.

Korean Peninsula Energy Development Organization (KEDO)

Strategy for FY 1999:

The United States, Japan and the Republic of Korea (ROK) established KEDO on March 9, 1995, to implement the Agreed Framework between the U.S. and the Democratic People's Republic of Korea (DPRK), signed on October 21, 1994. KEDO is responsible for arranging the financing and construction of two light-water reactors (LWRs) in North Korea and for providing annual shipments of heavy fuel oil (HFO) to the DPRK until completion of the first LWR.

The implementation of major elements of the Agreed Framework by KEDO is vital to U.S. security interests in Northeast Asia. The Agreed Framework is the primary means of ensuring: (1) the complete dismantlement of the DPRK's nuclear weapons capability; and (2) North Korea's full compliance with its nuclear nonproliferation obligations. KEDO and the Agreed Framework also provide a unique mechanism to promote North-South Korean dialogue and a vehicle for the U.S. to discuss other issues of bilateral concern with the DPRK, such as North Korea's missile sales and the return of remains of U.S. servicemen from the Korean War.

The KEDO Executive Board consists of representatives of the United States, the ROK, and Japan, the organization's founding members, and of the European Union, which joined in September 1997. There are eight additional members. The U.S., along with other members of the Executive Board, will continue to seek additional financial support for KEDO and to urge other countries to join the organization.

KEDO remains dependent on the U.S., along with the ROK and Japan, for funding to continue to fulfill its important mission. The U.S. will continue to play the primary role in funding HFO shipments, while the ROK and Japan will continue to bear the major responsibility for the LWR project. The European Union will also provide significant funding to KEDO.

We will continue to use our participation in KEDO to promote and maintain peace and security on the Korean Peninsula, primarily by ensuring full DPRK compliance with its nonproliferation obligations.

As of December 31, 1997, the U.S., Japan, the ROK and 19 other countries and the European Union had contributed over $167 million to KEDO. (This amount does not include pledged future contributions such as an EU commitment to provide 15 million ecu -- about $17 million -- annually for five years.) The U.S. contributed a total of $80.5 million in FY 95-97 for KEDO and its activities in support of the Agreed Framework. This includes approximately $24 million for the safe storage of the DPRK's spent nuclear fuel. Thus far the ROK has contributed $13.67 million plus a $45 million loan for the LWR project, while Japan's contribution amounts to $31.7

million, including a $19 million special contribution fund used as collateral for KEDO HFO-related loans.

Indicators:

- Groundbreaking for the LWR project took place on August 19, 1997. Six protocols to the LWR Supply Agreement (signed by KEDO and the DPRK in 1995) were negotiated in 1996-97 and signed by KEDO and the DPRK. Discussion on remaining protocols will be held between KEDO and the DPRK at a mutually agreed upon time and place.
- Canning of the spent fuel rods from the DPRK's existing reactor was essentially completed in October 1997, with only clean-up operations remaining.
- Maintenance of the freeze, under continuous IAEA monitoring, on the DPRK's nuclear program.
- Continued HFO deliveries.

Special Notice: Information Related to Section 620G of the Foreign Assistance Act of 1961, as amended.

Fourteen governments which are recipients of U.S. assistance covered by section 620G of the Foreign Assistance Act have contributed, or are expected to contribute, to KEDO. They are Indonesia, the Philippines, the Republic of Korea, Malaysia, Singapore, Thailand, the Czech Republic, Greece, Hungary, Poland, Argentina, Brazil, Chile, and Oman. A detailed explanation of the assistance to be provided to each of these countries, including an estimate of the dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests, may be found in the Regional and Country Programs section of this document.

Anti-Terrorism Assistance

Program Summary

(Dollars in Thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request	Inc/Dec
Total Budget Authority	$18,000	$19,000	$21,000	+2,000
Full-Time Permanent	13	13	13	--
Appointments, End-of-Year				

U.S. Foreign Policy Objectives:

The United States has a direct national interest in preventing terrorist attacks on U.S. citizens and interests. We also have a strong national interest in preventing terrorists from adversely affecting other national interests of the United States, such as undermining the stability in countries and regions where U.S. foreign policy, economic, and security interests are at stake. Reducing terrorist threats requires effective international cooperation. This includes the provision of antiterrorism training for security officials of friendly foreign governments, as well as the use of diplomatic, economic, and intelligence-related tools against terrorists and their sponsors.

Under the Department of State's Anti-Terrorism Assistance (ATA) program, specialized training is provided to foreign governments to help increase their capability and readiness to deal with terrorist incidents. The program is designed to develop skills required for protecting individuals, facilities, and nations against the terrorist threat. The ATA program seeks to strengthen U.S. bilateral ties with the participating countries by offering concrete assistance in areas of greatest mutual concern, and at the same time working to increase respect for human rights by sharing modern, humane and effective antiterrorism strategies.

A basic premise of the ATA program is that the United States must rely on local law enforcement agencies overseas in order to counter international terrorism activity, especially on the participating country's soil. Foreign police and security officials are the first line of defense against terrorism for Americans abroad.

Strategy for FY 1999:

Since the ATA program was authorized in 1983, approximately 20,000 students representing nearly 100 countries have participated, learning such antiterrorism skills 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 1997, of the more than 130 activities initiated under the ATA program, 37 were overseas events which included assessments, evaluations, consultations on explosive management, airport security, senior crisis management, terrorist interdiction seminars and passenger screening. The nine training events involved over 150 participants.

The ATA program augments student capabilities by providing them with 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 cooperation for U.S. Government officials overseas.

Countries in which United States air carriers operate are an important part of the ATA program. 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 FY 1999 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.
- There are important bilateral policy interests at stake.

In sum, the ATA program is an essential element in the United States' effort to combat international terrorism.

The FY 1999 budget request of $21,000,000 reflects a $2,000,000 funding increase over the FY 1998 funding level. The additional funding will enable the ATA Program to meet the highest priority of accumulated needs identified through assessments of the foreign country capabilities and requirements. The funding will also enable completion of initial development, pilot presentation and necessary revision, and on-line presentation of two new course initiatives -- Rural Border Patrol Operations and Border Interdictions. Development was initiated on both of these courses in FY 1998 in

response to the increased emphasis for training involving countries in the Middle East region.

- Improved counter-terrorism capabilities of friendly governments.
- Increased bilateral and multilateral cooperation in countering terrorism.
- Strengthened international aviation security systems.
- The proposed FY 1999 funding will enable the provision of training to additional countries in the Middle East as well as completing the development of new courses.

Funding:

The tables on the following pages detail the allocation of the ATA program funds for Fiscal Years 1997, 1998, and 1999. The following table summarizes the funding by program activity, providing obligation information for three years (actual FY 1997 and estimates for FY 1998 and FY 1999).

Funding By Program Activity

(Dollars in thousands)

Program Activity	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request	Inc/(Dec)
Training, and Evaluations	$15,818	$16,680	$18,100	1,420
Equipment Grants	700	600	600	-0-
Program Design and Development	20	20	40	380
Program Management	1,462	1,700	1,900	200
Total Obligations	**18,000**	**19,000**	**21,000**	**2,000**

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

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

Obligations By Regions

(Dollars in Thousands)

Training and Equipment:

Program Activity	FY 1997 Actual		FY 1998 Estimate		FY 1999 Request	
African Affairs (AF)	478	3%	816	4%	638	3%
Inter-American Affairs (ARA)	5,678	31%	1,995	11%	5,403	26%
East Asian and Pacific Affairs(EAP)	1,424	8%	2,263	12%	2,199	10%
European and Canadian Affairs(EUR)	2,218	12%	3,332	17%	1,694	8%
Near Eastern Affairs (NEA)	6,720	37%	8,874	46%	8,766	42%
Subtotal, Trg & Equip	16,518	91%	17,280	90%	18,700	89%
Program Design and Development	20	1%	20	1%	400	2%
Program Management	1,462	8%	1,700	9%	1,900	9%
Total	**$18,000**	**100%**	**19,000**	**100%**	**$21,000**	**100%**

Obligations By Major Subject Area

(Dollars in Thousands)

Training and Equipment:

Program Activity	FY 1997 Actual		FY 1998 Estimate		FY 1999 Request	
Airport Security	1,214	6%	270	2%	909	5%
Other Transportation Security	272	1%	1,025	5%	659	3%
Explosive Detector Dogs	1,714	10%	1,555	8%	708	3%
Other Explosive Management	4,781	27%	3,292	17%	5,056	24%
Anti Terrorism Support	3,547	20%	5,351	28%	3,077	15%
Hostage and Crisis Management	4,719	26%	5,372	28%	6,801	32%
Personal Security	271	1%	415	2%	1,490	7%
Subtotal, Training and Equipment	16,518	91%	17,280	90%	18,700	89%
Program Design and Development	20	1%	20	1%	400	2%
Program Management	1,462	8%	1,700	9%	1,900	9%
Total	**$18,000**	**100%**	**$19,000**	**100%**	**$21,000**	**100%**

Program Design And Development

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request	Increase/Decrease
Program Design and Development	$20	$20	$400	$380

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)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request	Increase/Decrease
Program Management	$1,462	$1,700	$1,900	$200

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 1999, the ATA staff will continue to perform these duties in carrying out the program mission.

Workload Indicators

	Actual FY 1997	Estimate FY 1998	Estimate FY 1999
Countries Participating	48	40	41
Training Events Conducted:			
In the U.S.	70	77	120
Overseas	9	17	22
Total	79	94	142
Participants Trained:			
In the U.S.	1,137	1,493	2,213
Overseas	159	478	544
Total	1,296	1,971	2,781
Evaluations/Assessments	30	17	12

Out-Year Estimates

In compliance with Section 581 of the Foreign Operations Act of 1990, the funding levels for FYs 1999 through 2001 are shown below by activity:

Program Activity	Estimate FY 2000	Estimate FY 2001	Estimate FY 2002
		(Dollars in Thousands)	
Training, Evaluations and Other Related Activities (including Executive Seminars)	18,100	18,100	18,100
Equipment Grants	600	600	600
Program Design and Development	400	400	400
Program Management	1,900	1,900	1,900
Total, Obligations	**$21,000**	**$21,000**	**$21,000**

Global Humanitarian Demining

U.S. Foreign Policy Objectives:

A key U.S. foreign policy goal is to eliminate the unbridled acquisition of conventional arms that can threaten U.S. interests by destabilizing regional relationships. Anti-personnel landmines have proven to be one weapon that is very destabilizing and damaging to the restoration of peace and prosperity once the conflict is over. Landmines emplaced during past conflicts now constitute a scourge that kills or maims thousands of people each year, impeding political reconciliation and the return of land and people to productive economic activities. Last October, Secretary Albright and Secretary of Defense William Cohen announced a major new Presidential initiative to ensure that civilians in every country on every continent are secure from the threat of land mines by the end of the next decade.

Strategy for FY 1999:

A primary objective of the President's Demining 2010 Initiative is, through U.S. leadership, to stimulate substantially increased resources internationally, both from other governments and the private sector. To meet this leadership commitment and build on our significant and successful experience in humanitarian demining, the Department is seeking $50 million for demining in FY 1999. The scale and urgency of the problem require a massive increase in global resources devoted to identifying and clearing mines. We need to intensify research into better methods of demining -- in this era of technological miracles, the most common tool we have for detecting landmines is still a stick attached to a person's arm. And we need to expand efforts to heighten awareness among vulnerable populations, so that when we achieve our goal of eliminating landmines that threaten civilian populations, the children of the world will be there to witness it.

Funds under this program are allocated to demining in selected countries based on a careful review of the requirements and prospects for successful completion of the national demining program. Prior to any allocation of funds under this program, a joint State/DOD survey team conducts an in-country site assessment to evaluate requirements, ensure that national infrastructure can manage the local effort effectively, and refine cost projections. Actual implementation of demining is performed by a National Demining Center established under the auspices of the national government or an international organization. The requested $50 million will sustain and expand existing U.S. efforts in 17 countries and permit expansion into some of the other 50 mine-affected countries of the world. For countries with an advanced program, it will allow procurement of heavy equipment for humanitarian demining and expansion of dog detection teams. It will also demonstrate the commitment of the United States to rid the world of the scourge of anti-personnel landmines and serve as a stimulus to other governments, international organizations, non-governmental organizations, and

the private sector to increase their commitment and contributions towards global humanitarian demining.

Since the U.S. program was initiated in 1993, 17 countries have been included in U.S.-supported humanitarian demining programs:

Afghanistan (UNOCHA)[5]	Angola (UNDP)[6]
Bosnia-Herzegovina	Cambodia
Chad	Costa Rica (OAS/IADB)[7]
Eritrea	Ethiopia
Jordan	Honduras (OAS/IADB)[3]
Laos	Lebanon
Mozambique	Namibia
Nicaragua (OAS/IADB)[3]	Rwanda
Yemen	

In fourteen of these countries, mines are coming out of the ground *now*. Programs are being started this year in Yemen, Chad, and Lebanon, and program assessments will be performed in Zimbabwe and Guatemala. Other countries have begun to make preliminary inquiries about participation in the program.

Indicators:

- Establishment of indigenous national demining centers capable of managing and directing its own national demining program.
- Within the next several years, Costa Rica, Nicaragua, and Honduras should be able to declare themselves mine-free, and Rwanda, Namibia, and Eritria are making rapid progress.
- Level of pledges from other governments and private sector sources.

[5] UNOCHA: United Nations Office for the Coordination of Humanitarian Assistance in Afghanistan.
[6] UNDP: United Nations Development Program.
[7] OAS/IADB: Organization of American States/Inter-American Defense Board.

EXPORT & INVESTMENT ASSISTANCE

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Export-Import Bank of The United States

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Ex-Im Bank	$758,004	$695,614	$824,940[1]

U.S. Foreign Policy Objectives:

The Export-Import Bank (Ex-Im Bank) is the official export credit agency of the United States. The Ex-Im Bank supports U.S. jobs by financing exports to emerging markets that would not otherwise go forward. The Bank's export financing provides direct loans, loan guarantees, insurance and working capital. These programs enable U.S. exporters to make creditworthy sales when other sources of financing are unavailable or inadequate, and to match government-supported competition from other countries. This competitive factor is vital in big emerging markets, as well as in the transition economies of the New Independent States and Central and Eastern Europe. In 1996, in some of these countries Ex-Im Bank financed over 40 percent of all U.S. capital goods. Eighty percent of all transactions directly benefit small businesses, accounting for 20 percent of all financing.

The Administration, recognizing the importance of Ex-Im Bank's role, is requesting $808 million for Ex-Im Bank's loan subsidy program and $52 million for the Bank's operations in FY 1998 to assist American exports in maximizing their export sales, thus stimulating economic growth and job creation in the United States. These amounts, which total $860 million are based on a careful analysis of the potential demand for Ex-Im Bank's direct loan guarantee, and insurance authority and the minimum administrative resources necessary to carry out its mission.

Strategy for FY 1999:

These objectives are accomplished by use of the Bank's authority and resources to:

- Assume commercial and political risks that exporters or private financial institutions are unwilling or unable to take.

- Assist U.S. exporters to meet foreign officially sponsored export credit competition; and provide leadership and guidance in export financing to the U.S. exporting and banking communities.

[1] The regional breakout of Ex-Im Bank figures in the FY 1999 Congressional Presentation for Foreign Operations are approximate. Firm numbers are not yet available; Ex-Im does not budget by region.

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- Provide export credit support through direct loans, loan guarantees and insurance programs.

The Bank is actively assisting small and medium sized businesses. Ex-Im Bank also offers a variety of special programs. For instance, through a number of activities, it emphasizes the export of environmentally beneficial goods and services. And it has undertaken special efforts to expand its capabilities for finance of large infrastructure projects awarded to U.S. businesses. Since it opened its doors in 1934, Ex-Im Bank has helped finance almost $300 billion worth of U.S. exports.

Indicators:

Ex-Im Bank performance can be judged by its success in:

- Broadening the range of its customers and the types of sales it supports.
- Expanding programs that support small and rural businesses.
- Aggressively promoting the export of environmentally beneficial goods and services.
- Expanding its project finance capabilities, providing the prompt commitments that often are essential to clinch a project finance deal for U.S. exporters.
- Matching foreign tied aid credits in critical, emerging markets, to ensure that U.S. exporters do not lose sales on the basis of costly, trade-distorting foreign practices.
- Making decisions to support sales on their merits with no maximum or minimum dollar size of transactions.

Trade and Development Agency

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
TDA	$40,000	$41,500	$50,000[1]

U.S. Foreign Policy Objectives:

The U.S. Trade and Development Agency assists in the creation of jobs for Americans and contributes to the nation's economic prosperity by promoting the participation of the private sector in the development of developing and middle-income countries. TDA funds feasibility studies, orientation visits, specialized training grants, business workshops and various forms of technical assistance. The agency helps American businesses compete for infrastructure and industrial projects in both the fastest growing, emerging markets and nontraditional markets worldwide.

Strategy for FY 1999:

TDA's program is vital to offset the foreign competition U.S. companies face in emerging markets. According to the World Bank, more than $200 billion will be invested annually over the next several years in new highway projects, energy plants, telecommunications systems and other capital infrastructure projects. Investing "early money" in these projects is often the key to helping U.S. companies secure follow-on procurement and engineering contracts. In order to achieve its program goals, TDA will undertake the following during FY 1999:

- Position large and small U.S. companies in 94 projects per year in developing and middle-income countries.
- Help U.S. firms counteract concessional financing offered by foreign competitors in 6 major projects.
- Provide technical assistance to 56 major projects in developing and middle income countries.
- TDA will focus on increasing domestic awareness of trade opportunities by reaching out to small and medium-sized firms through public outreach strategies by bringing 31 delegations of managers from large projects to the U.S. to analyze their

[1] The regional breakout of TDA figures in the FY 1999 Congressional Presentation for Foreign Operations are approximate. Firm numbers are not yet available; TDA does not budget by region.

options and meet U.S. firms whose technology and financing can advance their projects.

- Holding 13 conferences that highlight specific projects in developing countries, with one-on-one meetings between project sponsors and U.S. firms.

Indicators:

TDA will measure success by tracking its performance against the following indicators during FY 1999:

- Increase to 32:1 the ratio of exports associated with TDA activities to the value of TDA's program investments.

- Maintain the increase to 32 percent in the portion of TDA's budget going to small companies.

- Increase to 34 percent the percentage of TDA projects to which U.S. firms export.

- Adjust the sector focus of TDA investments to meet demand, devlopment needs, and the likelihood of export success.

- Measure the shift in TDA's program resources from public to private sector projects.

Overseas Private Investment Corporation (OPIC)

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
OPIC	$-112,000[1]	$-175,000	$-176,400

U.S. Foreign Policy Objectives:

Since 1971, when it was formally established as an independent government-owned corporation, OPIC's role has been to mobilize American business in support of U.S. foreign policy and development goals. To accomplish this, OPIC provides financing and insurance that enable U.S. private investment to participate in the economic and social development of less developed countries and areas, and in countries in transition from nonmarket to market economies. In achieving its mission, OPIC contributes to the fulfillment of such Department of State international affairs goals as promoting broad-based economic growth in developing and transitional economies, increasing global economic growth, and opening foreign markets to free the flow of goods, services, and capital. Additionally, by supporting U.S. private investment overseas, OPIC supports the Administration's international affairs goal of expanding U.S. exports. OPIC-supported projects positively affect both U.S. exports and U.S. employment, not only by providing opportunities for the parent companies of the projects, but for their various subcontractors and equipment suppliers as well. OPIC does all of this while operating on a self-sustaining basis, at no net cost to the American taxpayer.

OPIC is active in all the developing areas of the globe, but special emphasis is placed on countries and regions that have been identified in U.S. Government foreign policy initiatives. For example, in response to foreign policy initiatives, in FY 1997 OPIC's Board of Directors approved a $150 million fund for Sub-Saharan Africa and a $60 million fund for the Middle East. Additionally, support was committed for projects in targeted areas such as the New Independent States and Central America. Whenever possible, OPIC leverages the impact of its programs by working closely with bilateral and multilateral finance and insurance agencies and other development organizations.

OPIC also contributes to the Administration's international affairs goals of increasing foreign government adherence to democratic practices and respect for human rights, and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC only supports projects in countries that meet applicable human rights standards. OPIC also assures that the projects it supports are consistent with sound environmental and worker rights standards. For example, OPIC is now in the process of developing project guidelines that will dovetail with the Administration's climate change initiative.

[1] OPIC is a self-financing program. Negative numbers reflect that OPIC makes a net budget contribution to the Function 150 account rather than being a net budget cost.

OPIC supports American private sector investment overseas while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does this by charging users sufficient fees to cover the cost of OPIC's services and the reserves necessary to support them. OPIC-like support from private U.S. financial institutions is generally not available on a comparable basis or is insufficient on its own to support U.S. investment. In FY 1999, OPIC-generated revenue from its private users and other sources will allow the agency to make a positive contribution of approximately $176 million in net negative budget authority to the International Affairs budget. It is proposed that OPIC fund its operations once again in FY 1999 by drawing upon the fees it receives from the users of its products and services rather than by requesting direct appropriations from the U.S. Treasury. This approach is in keeping with OPIC's self-sustaining status. In FY 1999, OPIC proposes to use $34 million of its earnings in its revolving fund for administrative expenses and $50 million for credit funding.

Strategy for FY 1999:

- To advance U.S. foreign policy and development initiatives and promote free enterprise and democracy in developing countries.
- To help American businesses – large and small alike -- compete in emerging markets.
- To strengthen economic growth at home by supporting U.S. investment overseas.
- To be effective and self-sustaining, operating at no net cost to the American taxpayer.
- To promote best U.S. practices in the areas of business, the environment, and worker rights.

Indicators:

- Number of projects now in the pipeline for the geographic/regional areas identified in the U.S. Government initiatives.
- Total dollar level of investment supported.
- Determination of the U.S. effects of OPIC-supported projects to ensure that projects have not had a negative impact on the U.S. economy, as required by OPIC statute.
- Net negative budget authority (OPIC's contribution to funding other Function 150 priorities).
- Number of projects that demonstrate host country benefits such as jobs, increased economic stability, and improvements in business practices.

OTHER ASSISTANCE

Peace Corps

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
Peace Corps	$221,000	$225,581	$270,335

U.S. Foreign Policy Objectives:

The Peace Corps was established 37 years ago to promote international peace and friendship through the service abroad of American volunteers. It has since emerged as a model of citizen service on an international scale and of practical assistance to people in developing countries. More than 150,000 Americans from every background have served in the Peace Corps in 132 countries. Volunteers contribute to the social and economic development of interested countries; promote a better understanding of Americans among the people whom Volunteers serve; and strengthen Americans' understanding about the world and its peoples.

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

The men and women who serve overseas as Peace Corps Volunteers reflect the rich diversity of our country, but they share a common spirit of service, dedication, and idealism. For two years, they pursue a life that requires determination, self-motivation, patience, and sacrifice. They are afforded no special privileges and often live in remote, isolated communities. Volunteers receive intensive language and cross-cultural training in order to become part of their community. They work with teachers and parents to improve the quality of, and access to, education for children. They work with communities to protect the local environment and to create economic opportunities. They work on basic projects to keep families healthy and to help them grow more food. Their larger purpose, however, is to leave behind skills that allow people in developing countries to take charge of their own futures.

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At the same time, Volunteers learn as much, if not more, from the people they serve. When they complete their service in the Peace Corps, Volunteers bring the world back home and strengthen America's understanding of different countries and cultures.

Strategy for FY 1999:

In FY 1999, the Peace Corps will use its resources to meet the following goals:

- Ensure the health and safety of its Volunteers;
- Provide as many Americans as possible the opportunity to become Peace Corps Volunteers;
- Respond to requests for assistance from developing countries that need Volunteers within available resources;
- Provide humanitarian assistance to those in crisis;
- Provide thorough training and support for Volunteers and continue to strengthen programming;
- Increase understanding of other countries on the part of Americans; and
- Cut costs and improve agency productivity.

Consistent with the strategy outlined above, the FY 1999 budget requests a net increase of $45 million for the Peace Corps budget in order to:

- Increase the number of Volunteers from approximately 6,500 to 8,500 and put the Peace Corps on a path to 10,000 Volunteers by 2000;
- Triple the number of teachers in the World Wise Schools program;
- Support 150 Crisis Corps Volunteers;
- Address Year 2000 technological requirements; and
- Maintain current operating levels.

Indicators:

Volunteer Health and Safety:

The Peace Corps will track a number of statistics to gauge the health and safety of its Volunteers. To measure the health of Volunteers, the agency will monitor the incidence of service-related conditions in all Volunteers terminating service. To measure the overall safety of its Volunteers, the Peace Corps will monitor the incidence of assaults against Volunteers while they are in service.

Volunteer Service Opportunities:

Volunteers are the heart of the Peace Corps and remain the agency's focus. In FY 1999, the Peace Corps will work within available resources to provide the opportunity

for as many interested Americans as possible to become Peace Corps Volunteers. The Peace Corps will provide opportunities for 50% more Americans than in 1997 to enter service as new Volunteers, assisting countries with their development needs and increasing cultural awareness between Americans and people of the developing world.

Responding to Requests for Assistance:

The Peace Corps will continue to consider and, where possible, respond to new opportunities from among the many interested countries that request the assistance of Volunteers within the limits of the agency's budget. The Peace Corps will also continue to assess and modify as appropriate the level of Volunteers in specific projects in individual country programs, and will work with those host countries that are interested in beginning their own indigenous volunteer corps.

The performance indicators for this goal are:

- Planned new country programs that meet the country presence criteria are established within available resources.
- The number of indigenous volunteer organizations that have requested Peace Corps assistance in establishing their organizations.

Humanitarian Assistance to Those in Crisis Situations:

Drawing on its unique pool of well-trained and experienced Volunteers and returned Volunteers, the Peace Corps will work to provide disaster relief and aid humanitarian response efforts. Peace Corps Volunteers are uniquely qualified to provide assistance in many of these situations because of their cross-cultural experience, their language proficiency, and their technical skills.

The performance indicators for this goal are:

- Peace Corps will survey Volunteers that participate in Crisis Corps activities to ascertain whether they believe they were able to provide humanitarian assistance and relief to those in need.
- Peace Corps will also ask organizations that host Crisis Corps Volunteers to evaluate the contribution that the Volunteers make to response efforts.

In FY 1998, the Crisis Corps will expand to a level of 50 or more Volunteers serving in a variety of projects in response to crisis situations. In FY 1999, the Crisis Corps will expand to 150 Volunteers.

Volunteer Support and Training:

To help Volunteers to fulfill their technical and cross-cultural responsibilities, the Peace Corps will provide thorough training and support for Volunteers and will continue to strengthen its programming.

The performance indicators for this goal are:

- The quality of Peace Corps training will be measured by the Annual Training Status Report and through scores on language competency exams. Overall Volunteer scores will be maintained at or above FY 1997 scores.
- The Peace Corps, as part of its surveying of Volunteers, will ask about their satisfaction with the training and support they receive. Overall Volunteer satisfaction with training and support will be maintained at or above FY 1997 levels.

Increasing the Understanding of Other Countries on the Part of Americans:

In FY 1999, the Peace Corps will continue to fulfill its mandate to increase understanding of other peoples on the part of the American people. The Peace Corps helps to share the Volunteer experience with all Americans through its domestic programs, especially World Wise Schools and the Peace Corps Fellows Program. The World Wise Schools Programs seeks to give our nation's school children an opportunity to learn first-hand about the world from currently serving and returned Peace Corps Volunteers. The Peace Corps Fellows Program is a public-private partnership that seeks to use the experience and skills of returned Volunteers to help address some of the most pressing problems in communities across America.

The performance indicators for this goal are:

- The Peace Corps will increase Americans' understanding of other peoples by tripling, from 1997 levels, the number of teachers participating in the World Wise Schools partnership with Peace Corps Volunteers (bringing the total number of teachers to 10,000).
- The Peace Corps will administer a survey of World Wise Schools teachers to determine the effectiveness of the program in educating children about the world.

Reducing Costs and Improving Productivity:

The Peace Corps is committed to maintaining a sound and efficient business operation in order to maximize the resources available for the direct support of Volunteers. Consistent with this goal, the Peace Corps is making significant progress in improving and simplifying its administrative functions, and is taking on a series of long-range projects designed to improve the agency's overall financial management. In addition, the Peace Corps is working to ensure the best use of available technology in domestic

offices and overseas posts by supporting an effective Information Resources Management initiative.

The performance indicators for this goal are:

- Administrative savings will be identified and re-directed to other programs within Peace Corps.

African Development Foundation

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
ADF	$11,500	$14,000	$14,000

U.S. Foreign Policy Objectives:

The African Development Foundation's (ADF) objectives are to foster self-help and self-reliance, at the community level, in order to alleviate poverty and promote sustainable development in Africa. It encourages broad-based participation in the development process and builds indigenous capacity through all its activities. The Foundation has a unique role in strengthening nascent democracies and preventing crises. ADF's efforts complement larger, government-to-government assistance programs, both in terms of tackling problems "from the ground up" and in developing new models of participatory development that can be replicated by others.

Strategy for FY 1999:

In 1997, ADF completed a comprehensive restructuring and reengineering to increase its operational efficiency and program effectiveness. The Foundation developed a Corporate Strategic Plan, as well as strategic frameworks for all fourteen country programs, to focus and concentrate resources on a few critical problems where ADF has a comparative advantage to assist sustainable growth and poverty reduction in Africa.

ADF resources will be focused and concentrated on four strategic objectives:

- Promoting small and micro-enterprise development;
- Building grassroots trade and investment linkages;
- Ensuring sound natural resource management; and
- Strengthening civil society.

Cutting across all its efforts, the Foundation will support building capacity and expanding participation. In the pursuit of these objectives, ADF will emphasize innovation and risk-taking, in order to explore better ways of promoting broad-based sustainable development in Africa. Drawing on its expertise and experience, the Foundation will also systematically promote the use of participatory development methodologies with host government and other donor agencies, to enhance the impact and sustainability of development assistance.

In keeping with the Foundation's unique approach, *all* funding will be channeled through local organizations and African institutions. No funding goes through governments or to international experts. ADF helps people *directly*; there is no "trickle down" assistance.

Indicators:

ADF has a proven record of delivering high impact, low cost assistance. With its new strategies, the Foundation has also developed measurable performance indicators and targets. These include:

- Participants' real income increased.
- Jobs created.
- New micro and small enterprises (MSEs) established and existing ones expanded.
- New funding mechanisms created or existing ones modified/expanded to serve the poor and other unserved or under-served groups, and commercial bank lending expanded to serve the poor through demonstration effect of ADF-funded projects.
- Loans received by entrepreneurs and MSEs increased.
- New enterprise management and technical advice services established or existing ones modified to reach unserved/under-served groups.
- Entrepreneurs and MSEs receive business training.
- Access by MSEs to new markets expanded and trade flows increased.
- Innovative production and trade partnerships established.
- Models of sustainable use and/or conservation developed, tested and evaluated.
- Household and communal land within project zones is effectively managed by communities under improved practices, and program-supported activities produce sustainable net economic benefits to participants.
- African-led, participatory research identifies new approaches and/or technologies for community-based NRM.
- Additional NGOs and grassroots groups involved in local, regional or national decision-making on resource allocations and policy issues.
- Expanded participation in community groups, associations and civic action, especially by women and other marginalized segments of the population.
- Grassroots populations more knowledgeable of basic civil rights and civic roles.
- For every country program, ADF will undertake an annual assessment of program impact. The Foundation will also undertake special research and impact evaluations. ADF will use the results of this work to strengthen management of its own programs and to identify best practices and replicable models for use by host governments and other donors.

Migration And Refugee Assistance

Emergency Refugee And Migration Assistance Fund

FY 1999 Overview

(Dollars in thousands)

	FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec. (-)
MRA	650,000	650,384	650,000	(384)
ERMA	50,000	50,000	20,000	(30,000)
TOTAL	**$700,000**	**$700,384**	**$670,000**	**($30,384)**

U.S. Foreign Policy Objectives:

The **Migration and Refugee Assistance (MRA)** appropriation and the **Emergency Refugee and Migration Assistance Fund (ERMA),** administered by the Department of State, support the humanitarian principles that the U.S. shares with others in the international community by providing assistance to victims of persecution and armed conflict.

The majority of MRA and ERMA funds are the main components of the national interest identified in the United States International Affairs Strategic Plan (IASP) as Humanitarian Response, with the specific strategic goal to "prevent or minimize the human costs of conflict and natural disasters."

Two important activities also supported by MRA and ERMA resources, refugee admissions and international migration policy, are found in the IASP under American Citizens and U.S. Borders, under the goal to "control how immigrants and nonimmigrants enter and remain in the U.S."

Programs funded by these appropriations also contribute to foreign policy goals pertaining to national security, including preventing and resolving crises, promoting cooperation, and international peacekeeping (when done in the context of humanitarian emergencies), as well as to goals contained under global issues, including the protection of health and the environment.

Strategy for FY 1999:

The Administration requests $670,000,000 for refugee and migration assistance funding in FY 1999. Of this amount, a total of $650,000,000 is for the MRA appropriation and $20,000,000 is for the ERMA Fund.

MRA is an annual appropriation used to fund (1) overseas refugee and migration assistance activities, (2) the admission of refugees to the United States, (3) a grant to support resettlement in Israel, and (4) the majority of the administrative expenses of the Department of State's 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.

Through the use of these resources, the U.S. provides support programs that span the range of international humanitarian assistance requirements, including the protection of refugees and conflict victims, the provision of basic assistance 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.

The U.S. refugee admissions program aims to provide resettlement opportunities to certain refugees for reasons of security, health, the lack of any other long term solution, and/or those with special ties to the United States. Funding for international migration activities will support programs that promote an international understanding of migration.

Indicators:

- In cooperation with other donors and relevant international and non-governmental organizations:
  - Provide care to populations of concern at a level sufficient to ensure that minimum international standards are met.
  - Reduce the total population of concern through local integration, repatriation, and resettlement.
  - Ensure that assistance programs address the specific requirements of populations of concern and targeted subgroups (e.g., women, children).
- Provide effective emergency assistance for unforeseen, urgent refugee and migration requirements.
- Enhance the response capacities of the relevant humanitarian assistance organizations.
- Identify and resettle refugees in the United States.

Migration And Refugee Assistance

Summary Statement

(dollars in thousands)

FY 1997 Enacted		FY 1998 Estimate		FY 1999 Request		Inc./Dec. (-)	
Positions	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*
105	$650,000	105	$650,384	105	$650,000	--	($384)

Summary:

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. As international migration becomes more complex, the United States must address the full range of related policy issues, from protecting individual rights to combating alien trafficking.

In carrying out these objectives, the United States sustains its leadership role in the world community in responding to the needs of refugees and conflict victims. MRA programs directly support the U.S. national interest in humanitarian response.

- ***Overseas Assistance***

There were approximately 22.7 million refugees and persons of concern to the United Nations High Commissioner for Refugees (UNHCR), as of January 1997. This figure comprises 13.2 million refugees, 3.3 million returnees, 4.8 million internally displaced persons, and 1.4 million others. An additional 3.4 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 Department of State contributes the majority of its Overseas Assistance funds to programs administered by international organizations. When required to address specific assistance needs, the Department may also 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 in many international issues support generous responses to the needs of refugees and conflict victims. The specific levels of U.S. assistance 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.

- ***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 is the appropriate solution. For others, however, resettlement in a third country for reasons of security, health, and/or the lack of any other long term solution is required.

The U.S. refugee admissions program aims to provide resettlement opportunities to such refugees for whom other solutions are not possible and/or those with 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 through bilateral and multilateral 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, educational programs, and temporary accommodation upon arrival in Israel.

- ***Administrative Expenses***

These funds are used to finance the salaries and operating costs associated with a staff of 99 employees located in Washington and at 11 overseas posts. While the Bureau of Population, Refugees, and Migration has responsibility for international population policy and coordination, funds for the salaries and operating costs associated with the six positions dedicated to this function are included in the Department of State's budget request for the Diplomatic and Consular Programs appropriation.

FY 1999 Plans

In FY 1999, MRA assistance will continue to meet short-term, life-sustaining needs of refugees and other conflict victims, and to further efforts to reach durable solutions for refugee populations. 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 their initial reintegration of refugees who have repatriated. A small portion of the MRA 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 major portion of funding within Overseas Assistance is expected to be used for the General and Special Program appeals of UNHCR, the emergency appeals of ICRC, and UNRWA's programs 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 concerns or aspects of international migration, in particular, the International Organization for Migration (IOM). In FY 1999, MRA funds will be used to provide assistance to migrants in support of the international migration policy goals where PRM has the lead responsibility, and where no other funding authority is more appropriate.

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 FY 1999 request includes funds for a 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.

- ***Refugee Admissions***

The FY 1999 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, loans to refugees accepted for resettlement to the United States, and initial reception and placement services in the United States.

- ***Refugees to Israel***

The FY 1999 request includes $70,000,000 to support resettlement in Israel through a grant to the United Israel Appeal. This represents a $10,000,000 decrease from the FY 1998 estimate, and reflects a decline in the number of individuals seeking resettlement in Israel.

- ***Administrative Expenses***

The FY 1999 request of $13,000,000 covers the salaries and administrative support costs of 99 positions, including 79 in the Bureau of Population, Refugees, and Migration in Washington, D.C., and 20 at 11 overseas posts. Funds for the administrative support of six positions identified with the Bureau's responsibility for international population policy and coordination are requested in the Department of State's Diplomatic and Consular Programs appropriation.

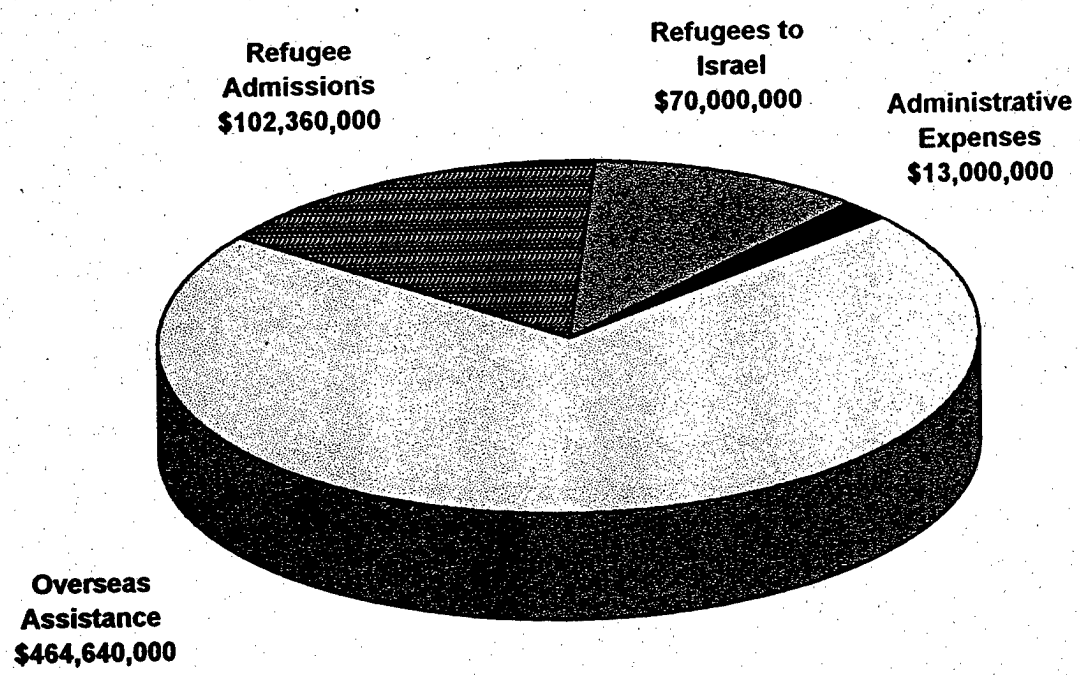
MRA Program Summary

(dollars in thousands)

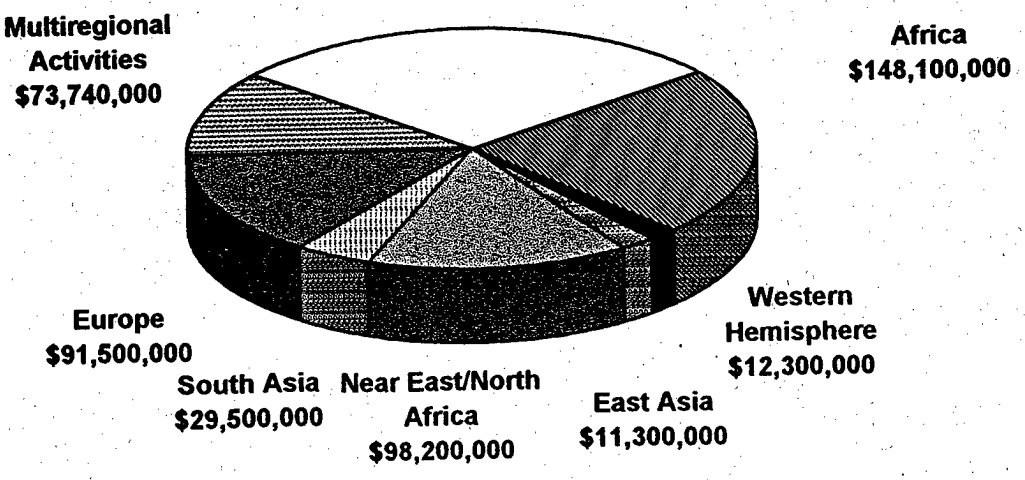
	FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec. (-)
Overseas Assistance				
Africa	129,309	143,440	148,100	4,660
East Asia	20,165	11,300	11,300	--
Western Hemisphere	11,400	11,300	12,300	1,000
Near East/North Africa	95,236	94,400	98,200	3,800
South Asia	27,387	28,000	29,500	1,500
Europe	124,283	104,400	91,500	(12,900)
Multiregional Activities	66,220	62,800	73,740	10,940
Subtotal, Assistance	**474,000**	**455,640**	**464,640**	**9,000**
Refugee Admissions	**84,000**	**102,360**	**102,360**	**--**
Refugees to Israel	**80,000**	**80,000**	**70,000**	**(10,000)**
Administrative Expenses	**12,000**	**12,384[1]/a**	**13,000**	**616**
Appropriation Total	**650,000**	**650,384**	**650,000**	**(384)**

[1] This amount includes $384,000 transferred from the Diplomatic and Consular Program (D&CP) appropriation pursuant to the statutory International Cooperative Administrative Support Services (ICASS) program.

FY 1999 BUDGET REQUEST
MIGRATION AND REFUGEE ASSISTANCE
TOTAL: $650,000,000



OF WHICH, OVERSEAS ASSISTANCE
TOTALS: $464,640,000



Overseas Assistance

Program Summary

(Dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$474,000	$455,640	$464,640	$9,000

The FY 1999 overseas assistance request is $464,640,000, an increase of $9,000,000 from the FY 1998 estimate. This increase incorporates additional initiatives for refugee children, and reflects the continuing assistance requirements for populations of concern. It includes funds to provide humanitarian assistance to refugees and conflict victims, and to implement international migration policy.

The primary purposes of international protection and assistance funding are to meet short-term, life-sustaining needs of refugees and conflict victims, and to support durable solutions—notably voluntary repatriation—overseas. Many nations hosting large groups of refugees and victims of conflict are among the world's least developed. The refugees' presence often strains limited resources and may result in serious problems that affect U.S. foreign policy interests.

A continuing element of the assistance effort includes support for lasting solutions to refugee problems. The FY 1999 request will be used to respond to problems as they evolve from care and maintenance in first asylum countries to self-sufficiency or repatriation. Funds also may be used to assist in the initial reintegration of refugees who have repatriated. U.S. support for repatriations will be provided from MRA funds to the extent possible, once basic care and maintenance requirements for existing refugee populations have been met.

U.S. international migration policy aims to promote sound migration management which balances governmental respect for the human rights of migrants with governmental responsibility to maintain the security of its territory. MRA funds will support activities to promote international understanding of migration with a special emphasis on protection for those in need of it. MRA funds will not be used for migration law enforcement activities, as there exists other appropriations authorized to enforce laws.

U.S. refugee policy is based on the premise that the care of refugees and other 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. The primary recipients of U.S. contributions are listed below and their major activities are discussed in the regional presentations that follow. U.S. support may be provided to other organizations as required to meet specific program needs and objectives.

Chief among the international organizations receiving 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. 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. 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 1999, it is anticipated that UNHCR will continue its progress in orienting protection and assistance activities toward refugee women and children who comprise about 80 percent of most refugee populations.

The International Committee of the Red Cross (ICRC) is an independent, internationally funded, humanitarian institution mandated under the terms of the Geneva Conventions. 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 3.4 million registered Palestinian refugees located in Jordan, Syria, Lebanon, the Gaza Strip, and the West Bank.

The International Organization for Migration (IOM) works with governments, other international organizations, and voluntary agencies to provide for the orderly migration of persons in need of international migration services. IOM provides operational services for humanitarian migration and technical assistance to governments and others interested in the development of migration policy, legislation and administration.

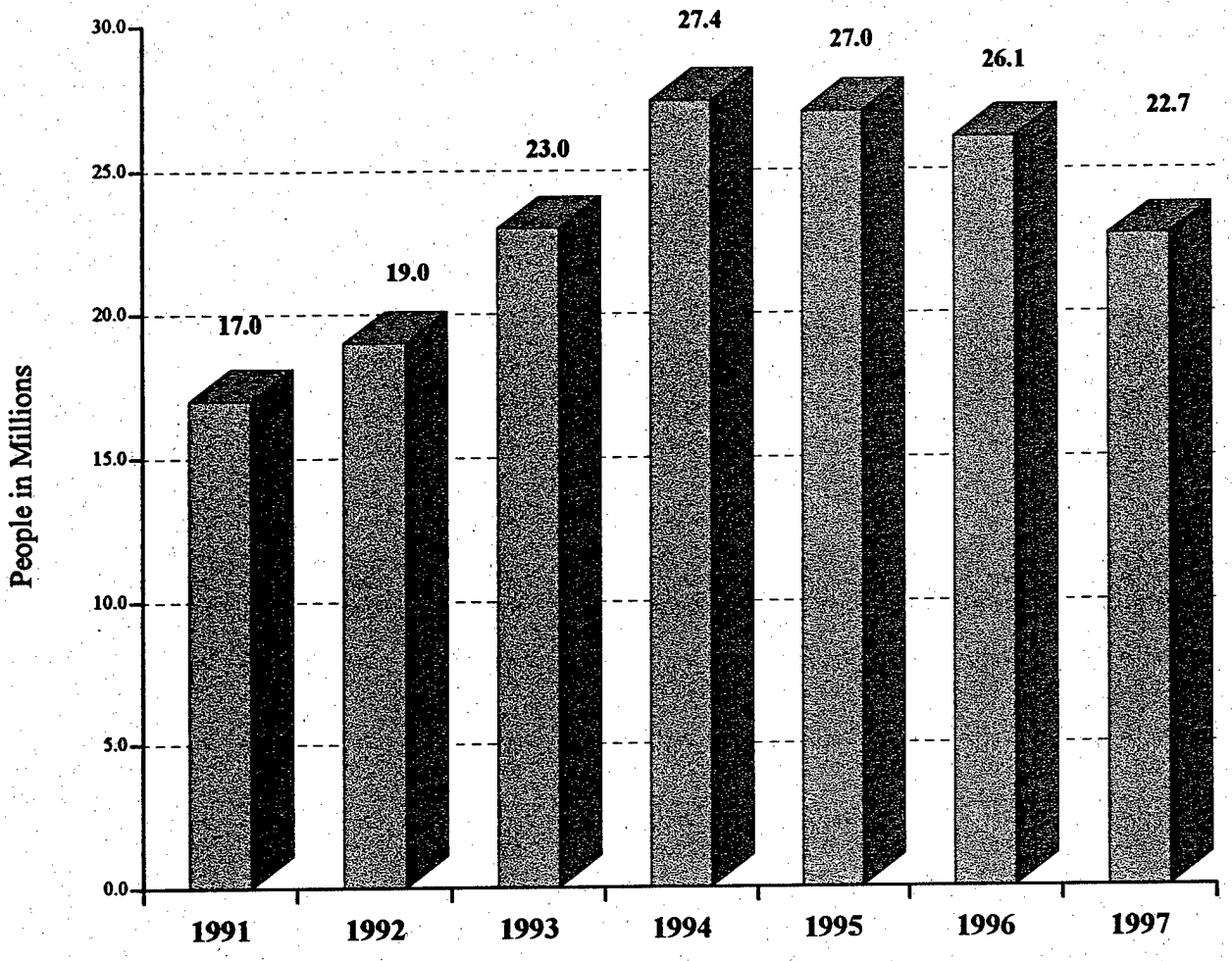
The World Food Program (WFP) is the principal vehicle for multilateral food aid within the UN system. WFP distributes commodities supplied by donor countries for protracted refugee and displaced person projects, emergency food assistance, as well as development projects.

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.

In general, funds for overseas assistance will be used to respond to the 1999 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 1998 calendar year. Programs of non-governmental organizations may commence at any point in the fiscal year, with funding provided for a twelve-month period.

The Department may reallocate funds between regions or organizations within the overseas assistance request level of $464,640,000 in response to changing requirements.

UNHCR
PERSONS OF CONCERN
1991-1997



* *Persons of Concern* include refugees, former refugees who have returned to their home countries, internally displaced persons, and others including war victims. These figures do not include Palestinian refugees. There are approximately 3.4 million Palestinian refugees who come under the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

Assistance Programs In Africa

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$129,309	$143,440	$148,100	$4,660

The Administration requests $148,100,000 to respond with appropriate U.S. contributions to the basic needs of refugees and conflict victims in sub-Saharan Africa. Some 3.5 million of the world's refugees (about one quarter) are spread across the African continent The number of African refugees has been dropping in recent years with large repatriations to Ethiopia, Mali, Mauritania, Mozambique, Rwanda, Togo, and northwestern Somalia. Voluntary repatriation to Liberia was beginning at the end of 1997, although many refugees were waiting to see what would transpire after the planned ECOMOG (West African peace keeping force) withdrawal in February 1998. However, new refugee outflows from Sierra Leone, Burundi, the two Congos, and Sudan underscored the need for conflict prevention and resolution. Returned refugees in the lesser developed countries of Africa continue to be of concern to UNHCR and the international community for at least a year until their sustainable reintegration into home communities can be launched if not fully assured.

Africa has a long history of migration and a remarkable tradition of hospitality, which is on the wane in many places owing to the burden (including environmental) on impoverished host communities, and a recent surge in armed cross border attacks—both on refugee camps and from exiled insurgents. Nonetheless, most African countries continue to be generous refugee hosts.

- ***United Nations High Commissioner for Refugees***

As in years past, the U.S. contribution to UNHCR programs in Africa in 1999 will fund protection and the most basic material assistance to save and maintain lives of refugees and other conflict victims of concern to UNHCR. UNHCR activities must address fundamental protection and assistance needs while pursuing opportunities for permanent solutions for refugee populations.

In 1999, UNHCR is expected to continue implementing repatriation and reintegration programs for some of the largest and most vulnerable refugee populations—including Angolans, Somalis, Liberians, and Rwandans. 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.

In Rwanda, in particular, given the tragic genocide, reconciliation must be a component of all reintegration efforts.

- ***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 difficult and dangerous areas caught up in armed conflict where success depends largely on the cooperation of the warring parties. Refugee outflows from the two Congos, Sudan and Sierra Leone are of particular concern to ICRC. Its 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; for Ethiopian and Eritrean refugees in Sudan; for Somali refugees in Ethiopia, Djibouti, and Kenya; for Sudanese refugees in Uganda, Ethiopia, and Kenya; and for refugees and displaced persons from Rwanda, Burundi, and Congo/Zaire. In FY 1999, funds may be contributed to WFP for expenses of such programs undertaken in conjunction with UNHCR.

- ***Other International Organizations/Non-Governmental Organizations***

Non-governmental organizations are key partners with the international organizations in Africa, often in specialized areas such as health care. Funds will be provided directly to non-governmental organizations to complement the programs of UNHCR and to address assistance requirements not met through UNHCR's programs. The United Nations Children's Fund (UNICEF), the International Organization for Migration (IOM), the International Federation of Red Cross and Red Crescent Societies (IFRC), and other international organizations or non-governmental or governmental organizations may also receive funding for complementary assistance.

Assistance Programs In East Asia

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$20,165	$11,300	$11,300	--

The Administration requests $11,300,000 in FY 1999 for assistance programs in East Asia.

Burmese presently constitute the largest group of refugees in the region. Of the Rohingya refugees who fled to Bangladesh from late 1991 to mid-1992, some 230,000 had voluntarily repatriated to Burma by August 1997, when the government of Burma terminated the repatriation program. The remaining 21,000 in Bangladesh will need a durable solution—ideally repatriation—if the Burmese authorities allow additional returns and if the refugees agree to voluntary repatriation.

Burmese Army military activities in 1997 against ethnic minorities near the Thai border pushed another 10,000 or more refugees into Thailand. Several push-backs of Karen refugees by the Thai military were reversed by the Royal Thai Government (RTG) which reaffirmed its policy of granting temporary asylum to Burmese refugees. Some 103,000 Burmese refugees were in ethnic minority camps in Thailand at the beginning of 1998.

In July 1997, internal violence in Cambodia deposed one of the two prime ministers and triggered refugee flows into Thailand that reached nearly 70,000 (in addition to the remnants of the Khmer Rouge), as well as a new armed resistance. By the beginning of 1998, UNHCR had assisted some 3,000 Cambodian refugees to voluntarily repatriate and some 65,000 remained in refugee camps in Surin and Trat provinces in Thailand.

- ***United Nations High Commissioner for Refugees***

By the end of 1998, all of the follow-up stages of the Comprehensive Plan of Action for Indochinese Refugees (CPA) are expected to have been completed in Vietnam, Thailand, and Laos, leaving Burmese and possibly Cambodian refugees as the largest caseloads of concern to UNHCR.

U.S. contributions to UNHCR will include funds for assistance to any remaining Burmese refugees in Bangladesh as well as for any remaining reintegration needs of those who returned to Burma, though UNHCR is expected to have handed off most of this effort to UNDP by FY 1999. U.S. contributions will also cover basic aid to any

remaining Cambodian refugees in Thailand. Assistance to Burmese refugees in Thailand is provided through NGOs (see below), though the RTG may permit a larger UNHCR role in the course of 1998.

- ***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. Armed conflict in Southeast Asia is very localized (e.g., in pockets of Cambodia, Indonesia, and Papua New Guinea). ICRC is therefore largely 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 such as the feeding programs for Rohingya refugees in Bangladesh and for Cambodia refugees in Thailand, as well as programs for voluntary repatriates to Burma.

- ***Other International Organizations/Non-Governmental Organizations***

Burmese refugees in Thailand are assisted by NGOs that 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 1999 request will fund NGOs working in Thailand along the Burmese border and will support such NGO activities as may be required along the Cambodian 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.

Assistance Programs In The Western Hemisphere

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$11,400	$11,300	$12,300	$1,000

The Administration requests $12,300,000 for the Western Hemisphere assistance program. The peaceful settlement of most of the conflicts in the region has dramatically reduced the number of refugees. It is expected that during the course of 1998, most of the remaining Guatemalan refugees in Mexico will have progressively repatriated to Guatemala or settled permanently in Mexico pursuant to a Government of Mexico agreement. Armed conflicts in Peru, Colombia, and Mexico continue to displace civilians. Hence, there is a continuing need for UNHCR and ICRC activities. The Department will continue to pay close attention to the situation in Haiti. As necessary, support for other refugee and migration requirements in the region will be provided.

- ***United Nations High Commissioner for Refugees***

U.S. contributions will help support the regional UNHCR offices that oversee aid to small numbers of refugees throughout the hemisphere and work to assure first asylum for those forced to flee from such places as Colombia. UNHCR will also assist in the final stages of Guatemalan reintegration.

- ***International Committee of the Red Cross***

Funds will be contributed to ICRC assistance programs in Central and South America, primarily for Colombia and Peru, and for its network of four regional offices and delegations. With fewer active conflicts in the region, ICRC's emergency relief to conflict victims, aid to prisoners of war, and tracing activities have decreased somewhat (with the notable exception of Colombia), enabling ICRC to focus on prison visits and promotion of international humanitarian law. The periodic outbreaks of hostilities in Chiapas, Mexico are illustrative of underlying tensions that may necessitate an urgent response on the part of ICRC.

- ***Other International Organizations/Non-Governmental Organizations***

The Department may fund activities of IOM, other international organizations, and NGOs, as required, to meet special requirements for assistance to refugees and migrants in the region and/or complement the assistance efforts of the international organizations outlined above.

Assistance Programs In The Near East And North Africa

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$95,236	$94,400	$98,200	$3,800

The Administration requests $98,200,000 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 3.4 million refugees are registered with UNRWA, which provides education, vocational training, relief and social services, medical assistance, and small-scale income-generation projects. 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 operations throughout the Near East and North Africa, including large programs in Algeria, Egypt, and Iran. Refugees in Kuwait, Jordan, Saudi Arabia, Syria, 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 the region, 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 governmental or non-governmental organizations designed to complement the assistance efforts of international organizations or to meet special needs of refugees and migrants in the region. In recent years, the Department 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 activities.

Assistance Programs In South Asia

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$27,387	$28,000	$29,500	$1,500

The Administration requests $29,500,000 in FY 1999 for assistance programs in South Asia. This request for assistance requirements is based on several assumptions regarding current refugee populations in the region. If conditions in Afghanistan allow, repatriation of some of the approximately 2.5 million Afghan refugees in Pakistan and Iran will continue in FY 1999. Since UNHCR reduced its involvement in care and maintenance programs in October 1995, it has become more involved in protection and initial reintegration activities inside Afghanistan, one of the world's least developed countries. The Department will continue to give special attention to the needs of women in the programs of international organizations and NGOs.

There were over 92,000 registered Bhutanese refugees in six camps in eastern Nepal at the beginning of 1997, and this number continues to slowly increase, both through new refugee arrivals and births in the camps. Of the original 120,000 Tamil refugees who fled to India from Sri Lanka in June 1990 as a result of ethnic violence, approximately 65,000 refugees remain, living in 133 camps in India's southern Tamil Nadu state. In addition, India is host to 45,000 Chakma refugees who fled from western Bangladesh, as well as some 100,000 Tibetan refugees. Approximately 2,500 new Tibetan refugees arrive in India each year.

- ***United Nations High Commissioner for Refugees***

The primary focus of the U.S. with regard to UNHCR programs in South Asia will be the continued repatriation and initial reintegration of Afghan refugees. UNHCR expects repatriation to increase in 1998 as a result of its targeted group repatriation program initiated in 1997. 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 1998, 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 of life for refugee groups identified for return.

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 and Bangladesh in India. In Nepal, UNHCR's presence supports Tibetan refugees in transit to India as well as the growing Bhutanese refugee population and other smaller groups.

- ***International Committee of the Red Cross***

ICRC will maintain programs for victims of the Afghan conflict with a focus on emergency medical assistance. ICRC runs a number of surgical and field hospitals for war-wounded Afghans, and operates orthopedic centers that provide complete rehabilitative services to the disabled. ICRC also provides emergency non-food assistance to the internally displaced and vulnerable, as well as water and sanitation projects in urban areas. 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 workplaces for the more than 400,000 Sri Lankans displaced by fighting. 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 are contributed to WFP for expenses of programs for Afghan and Bhutanese refugees undertaken in cooperation with UNHCR. In 1997, contributions have supported food deliveries for vulnerable Afghan refugees in Pakistan and for repatriates to Afghanistan. WFP also provides complete daily rations to Bhutanese refugees in Nepal.

- ***Other International Organizations/Non-Governmental Organizations***

Funds may be contributed for projects of governmental or non-governmental organizations designed to complement the assistance efforts of international organizations to meet special needs of refugees and migrants in the region.

The Department will also consider supporting projects which assist the reintegration of returnees or the repatriation of refugees to Afghanistan. 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. The Department will continue to support NGO programs that assist Tibetan refugees.

Assistance Programs In Europe

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$124,283	$104,400	$91,500	($12,900)

The Administration requests $91,500,000 to respond to assistance programs in Europe, including the New Independent States (NIS) of the former Soviet Union. There are still over 1.5 million Bosnian and 400,000 Croatian refugees and internally displaced persons. The international community is now focusing significant energy and resources on facilitating their return. It is also working to find other durable solutions for those unable to return due to a well-founded fear of persecution or particular humanitarian needs.

Continued funding is required through FY 1999 to support the UNHCR-led repatriation effort and to provide relief assistance to the most vulnerable. Anticipated progress in voluntary repatriation to Bosnia in 1998 is expected to reduce the refugee assistance requirements for the former Yugoslavia in FY 1999, but continuing funding to support the UNHCR-led repatriation effort and to provide relief assistance to the most vulnerable will still make programs in the former Yugoslavia the largest recipient of FY 1999 MRA assistance funds in Europe. Cash contributions provided through the MRA appropriation are a particularly important portion of the overall U.S. effort.

In the former Soviet Union, the transformation from Soviet rule to democracy continues to be a volatile process. Some nine million persons in the NIS are refugees, displaced persons, repatriates, and other migrants. While varying degrees of progress were 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 1999. The Administration is also committed to supporting follow-up activities of the CIS Migration Conference. Programs throughout the NIS implemented by IOM, OSCE and UNHCR will require funding in FY 1999.

- ***United Nations High Commissioner for Refugees***

In FY 1999, UNHCR's continued assistance efforts will be required to facilitate the return of people displaced by the war in the former Yugoslavia or help them take advantage of other durable solutions. UNHCR will have to continue some level of humanitarian assistance to the most vulnerable groups and individuals.

UNHCR is one of three organizers of the May 1996 CIS Conference which examined a broad range of issues relating to the involuntary movement of people in the NIS. All UNHCR programs in the NIS for the next two years will be covered under annual joint UNHCR/IOM CIS Conference appeals. UNHCR has expanded its programs beyond the traditional provision of protection, emergency assistance for refugees and internally displaced persons, and dissemination of refugee law. Programs which support the CIS Conference Program of Action include technical assistance and training to develop appropriate legislation, implementation mechanisms, and government structures to handle migration concerns, prevention programs, public awareness projects, and capacity building of both governmental and non-governmental agencies.

- ***International Committee of the Red Cross***

In the former Yugoslavia, ICRC plays a unique role among international agencies by facilitating exchange of information on missing persons. ICRC will continue relief activities to the most vulnerable in FY 1999, while continuing to transfer operations and responsibilities to local Red Cross organizations.

In FY 1999, 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.

- ***World Food Program***

Funds will be contributed to WFP for expenses of programs undertaken in cooperation with UNHCR. WFP reduced its beneficiary numbers substantially in the countries of the former Yugoslavia in 1997. It will continue to provide food for the most vulnerable individuals in FY 1998. In past years, contributions have been made for WFP programs in the former Yugoslavia and toward WFP components of consolidated appeals for Tajikistan, and the Caucasus.

- ***Other International Organizations/Non-Governmental Organizations***

Funds will be required to support other international, governmental, and non-governmental organizations providing assistance in the republics of the former Yugoslavia. Non-governmental organizations serve as implementing partners to the UNHCR assistance and repatriation efforts. In addition, NGOs work independently to target the special needs of specific populations. For example, the Department has used NGOs to implement programs facilitating the return of displaced persons to areas where their ethnic group is in the minority.

In the NIS, these funds are primarily used to support emergency needs of refugees and internally displaced persons not provided by UNHCR and ICRC.

In addition, funds will be needed over the next two years to support IOM's portion of the joint UNHCR/IOM CIS Conference appeals. IOM and OSCE, as co-organizers of the Conference, play a significant role in its implementation. IOM's main activities support NIS governments' efforts to develop humane migration management systems. IOM also focuses its efforts on NGO capacity building and in providing reintegration assistance to migrants. Funds will also be provided to OSCE and NGOs working in support of CIS Conference Program of Action goals. Funds also may be contributed for special projects of governmental or non-governmental organizations designed to complement the assistance efforts of international organizations or to meet special needs of refugees and migrants in the region.

Multiregional Activities

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$66,220	$62,800	$73,740	$10,940

For FY 1999, the Administration requests $73,740,000 for Multiregional Activities. These funds support the assessed U.S. contribution to IOM, the headquarters budget of the ICRC, the General Program of UNHCR, 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.) These funds will support enhanced multiregional refugee and migration activities of international and non-governmental organizations, particularly UNHCR, including programs for refugee women and children.

- ***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 1999 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; approximately 50 percent is contributed by the Swiss Government. 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 development and success of international migration and refugee resettlement programs worldwide.

- ***Assistance and Protection Programs***

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 other aspects of international migration including strengthening the ability of organizations to respond to new requirements, including emergency response capacity.

Multiregional program activities include interagency coordination efforts, emergency response teams of international organizations, and special studies. These funds also will be used to support efforts to integrate the special needs of refugee women and children in the program and budget planning process of the international organizations and non-governmental agencies engaged in providing refugee assistance overseas. The multiregional program also supports two-year positions held by Americans with UNHCR and WFP, through Junior Professional Officer programs. The United States provides 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 include cooperation with other governments and with international and non-governmental organizations to understand the root causes of migration, particularly at the regional level, and to encourage humane and effective migration management. International migration activities are expected to increase, especially as population movements increase worldwide. IOM will continue to develop its technical assistance and migration information activities. The Intergovernmental Consultations on Asylum, Refugee, and Migration Policies in Europe, North America, and Australia (IGC) is a process through which the United States, Canada, Australia, and twelve European countries cooperate on migration policy matters. Since 1996, policy discussions among governments of North and Central America have focused on common migration challenges and cooperative efforts to address concerns related to human rights of migrants, as well as law enforcement efforts.

Migration and asylum figure prominently as part of the Third Pillar issues in the New Trans-Atlantic Agenda (NTA) between the United States and the European Union (EU). In FY 1998, PRM and the European Commission are cooperating on a pilot information campaign to address the problem of trafficking in women. In FY 1999, PRM will continue its efforts to advance cooperation with the EU member states and the European Commission on migration issues.

Finally, assistance will be provided to migrants when such assistance supports the international migration policy goals for which PRM has primary responsibility, especially with regard to protection and safeguarding the human rights of migrants. MRA funds will not be used where other appropriations exist.

Refugee Admissions

Program Summary

(dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$84,000	$102,360	$102,360	--

The Administration requests $102,360,000 to support the Refugee Admissions program in FY 1999, the same level as is estimated for FY 1998. This request is based on a planning level of 75,000 refugee admissions. The final number and regional allocations will be determined by the President following the annual consultations process with Congress later in FY 1998. The specific regional ceilings established in the consultations process will be based on an assessment of worldwide refugee needs at that time. The request funds all related refugee admissions activities and the processing and transportation of a small number of Amerasian immigrants. In FY 1998, PRM will give priority to enhancing accessibility to the refugee admissions program.

Actual U.S. refugee admissions for FY 1997 and the established FY 1998 ceilings are shown below:

U.S. Refugee Admissions Levels

Geographic Region	FY 1997 Actual	FY 1998 Ceiling
Africa	6,069	7,000
East Asia	8,590	14,000
Europe	48,450	46,000
Latin America/Caribbean	2,986	4,000
Near East/South Asia	3,990	4,000
TOTAL - Funded	**70,085**	**75,000**
Unfunded: Europe	--	5,000
Unallocated	--	3,000
TOTAL	**70,085**	**83,000**

- ***Africa***

African refugees of any nationality who are referred for resettlement for protection or durable solution reasons by UNHCR or a U.S. Embassy will be processed. In addition, refugees from countries undergoing active armed conflict will be eligible for family reunification processing. In FY 1999, some of the largest numbers are expected to be Sudanese, Sierra Leoneans and Nigerians.

- ***East Asia***

ODP, ROVR, and Amerasians - Under the Orderly Departure Program (ODP) from Vietnam, the United States processes refugee cases with close ties to America, with particular emphasis on former re-education center detainees and Amerasians. Resettlement interviews of former re-education center detainees will be completed during FY 1998. In addition, in FY 1998, we expect to have largely completed admissions of applicants for the Resettlement Opportunity for Vietnamese Returnees (ROVR), begun in FY 1997. Large-scale admissions of Amerasian cases have been completed, although small numbers of admissions are likely to continue.

First Asylum - All eligible Vietnamese in first asylum camps in the region were resettled by the beginning of FY 1998. In FY 1999, it is expected that only a small number of Burmese in Thailand will continue to be considered for admission to the U.S. as refugees. Small numbers of refugees from other Asian countries, such as China and Cambodia, may also be processed.

- ***Europe***

The FY 1999 program will primarily include persons from the former Soviet Union, 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 *Omnibus Consolidated Appropriations Act for 1997, P.L. 104-208*, as of special interest to the United States. These include Jews, Evangelical Christians, and Ukrainian religious activists. The Department will continue to closely monitor the situation of religious minorities affected by recent legislation in Russia. Admissions from the former Yugoslavia will emphasize mixed marriages, vulnerable cases, and other refugees for whom repatriation is not a viable option.

- ***Near East and South Asia***

In FY 1999, there will be a steady level of admissions of Iranians (primarily religious minorities) and Iraqis from processing sites in Europe, and the Near East/South Asia 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.

Summary of Costs:

The total cost of all admissions activities to be covered from appropriated funds in FY 1999 is estimated at $102,360,000. The requested funds are directly related to costs incurred on behalf of refugees whose actual admission will occur in FY 1999 or in early 2000. 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. Funds may also 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.

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.

- ***Processing***

The Department of State funds a number of private voluntary agencies and the International Organization for Migration to assist with the processing of refugees worldwide to be resettled in the United States. Processing responsibilities include screening applicants to assess their eligibility for interview by INS adjudicators under the U.S. refugee program. In addition, some applicants interviewed by INS are not approved for U.S. resettlement. Therefore, more cases are processed during the course

of the year than will actually be admitted to the United States as refugees. For approved refugees, processing funds also are used to pay for medical examinations, cultural orientation materials and briefings, and required travel documentation. In FY 1999, some costs may be incurred to fund immunizations required by new immigration laws.

In addition to overseas processing operations, the Department 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. The Department also maintains the Washington Processing Center (WPC) as part of the former Soviet Union admissions processing operation.

- ***Transportation and Related Services***

In FY 1999, 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 provided to refugees on a loan basis; beneficiaries are responsible for repaying their loans over time after resettlement. 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. In addition, some refugees, primarily from the former Soviet Union, elect to travel on privately purchased 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.

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).

Refugees to Israel

Program Summary

(Dollars in thousands)

FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.(-)
$80,000	$80,000	$70,000	($10,000)

The FY 1999 request includes $70,000,000 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 countries of distress. There were approximately 58,000 arrivals in 1997. The $10,000,000 reduction in the FY 1999 request reflects a reduction in the number of individuals seeking resettlement in Israel. In 1991, approximately 145,000 individuals from the former Soviet Union arrived in Israel; by 1996, this number had declined to about 60,000.

ADMINISTRATIVE EXPENSES

PROGRAM SUMMARY

(dollars in thousands)

FY 1997 Enacted		FY 1998 Estimate		FY 1999 Request		Inc./Dec. (-)	
Positions	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*
105	$12,000	105	$12,384	105	$13,000	(--)	$616

The Administration requests $13,000,000 to finance the salaries and administrative expenses of the Bureau of Population, Refugees, and Migration (PRM). These funds will be used to finance the salaries and operating costs associated with a staff of 99 employees located in Washington and 11 at overseas posts. The requested increase for FY 1999 supports anticipated wage and price increases, and compliance to the year 2000 (Y2K) requirements. While the Bureau of Population, Refugees, and Migration is responsible for international population policy and coordination, funds for the salaries and support costs of the six domestic positions dedicated to carrying out this responsibility are requested under the Department of State's Diplomatic and Consular Programs appropriation in FY 1999.

Requirements By Object Class

(dollars in thousands)

Object Class	FY 1997 Enacted	FY 1998 Estimate	FY 1999 Request	Inc./Dec.
Personnel compensation	6,296	6,524	6,818	294
Personnel benefits	1,924	2,042	2,070	28
Benefits for former personnel	23	--	--	--
Travel and transportation of persons	890	909	938	--
Travel and transportation of things	22	8	15	7
Rents, communications, and utilities	567	598	648	30
Printing and reproduction	73	97	75	(22)
Other services	1,275	1,797	1,749	(47)
Supplies and materials	219	232	232	--
Personnel property	707	173	351	(73)
Grants, subsidies, and contributions	638,004	638,004	637,004	616
				--
Appropriation Total	**650,000**	**650,384**	**650,000**	--

Emergency Migration And Refugee Assistance

Summary Statement

(dollars in thousands)

1997 Enacted		1998 Estimate		1999 Request		Inc./Dec. (-)	
Positions	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*	*Positions*	*Funds*
--	$50,000	--	$50,000	--	$20,000	--	($30,000)

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 $100,000,000.

The Administration's request for $20,000,000 is intended to replenish the Fund to approximately $100,000,000 for FY 1999.

Program Activities:

In FY 1997, a total of $53,000,000 was drawn down from the ERMA Fund for the following requirements:

- *Near East*

Presidential Determination 97-8—$15,000,000
On November 27, 1996, $15,000,000 was authorized to meet the urgent and unexpected needs of refugees, victims of conflict, and other persons at risk in and from Northern Iraq.

- *Africa*

Presidential Determination 97-13—$38,000,000
On November 27, 1996, $38,000,000 was authorized to meet the urgent and unexpected needs of refugees, victims of conflict, and other persons at risk in the Great Lakes region of Africa.

In FY 1998, as of February, there have been no draw downs from the Fund to date.

Requirements By Object Class

(dollars in thousands)

Object Class	FY 1998 Opening Balance	FY 1999 Request
Grants, subsidies, and contributions	$120,309 [1]	$20,000

[1] Of which, $70,309,081 was carried forward from FY 1997 and $50,000,000 was appropriated in FY 1998. P.L. 105-118 made these funds available notwithstanding section 2(c)(2) of the Migration and Refugee Assistance Act of 1962 that would limit the amount of funds that could be appropriated for this purpose.

International Narcotics and Law Enforcement

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$213,000[1]	$231,000[2]	$275, 000

U.S. Foreign Policy Objectives:

Combating international narcotics and crime is a top U.S. foreign policy priority. Arguably no other foreign policy concern affects so many Americans so directly, adversely, and persistently. Millions of our citizens are victimized daily by these threats. Moreover, drugs, crime, violence and corruption have become major sources of instability in the post-Cold War era. The State Department, however, through its Bureau of International Narcotics and Law Enforcement Affairs (INL), is waging one of the most aggressive and effective attacks ever by the United States against the foreign drug and crime threat. INL is doing this with a mere 1.4 percent of the Federal anti-drug budget. Yet, by stopping drugs from ever being produced or reaching our shores, INL's programs probably deliver the largest return of any federal anti-drug program.

Drug abuse in America is one social scourge that our improving economy cannot cure by itself. Statistics show that the illicit U.S. drug market remains volatile and attractive to international suppliers. The Office of National Drug Control Policy estimates that Americans spend $57 billion a year on illicit drugs; that health and other social cost of drug use to American society is another $67 billion annually; and that some 14,000 Americans died from drug-induced causes last year. Heroin use is rising, hard-core heroin and cocaine addicts are using more of these drugs than ever, and recent upward tics in drug use by children show that our youth remain especially vulnerable. Increased foreign production and trafficking of synthetic drugs, such as methamphetamines, are further complicating international narcotics control efforts.

Other forms of international crime pose similarly daunting challenges. International crime is expanding into new geographic areas and activities. Central and Eastern Europe and parts of Africa and East Asia have joined the traditional Latin American and Asian narcotics source areas as leading international crime centers. Emerging crimes such as trafficking in women and children and high-tech and intellectual property rights crimes are demanding more of our attention, even as we continue to address money laundering, alien smuggling, stolen cars, and firearms trafficking. Together, these crimes take a substantial toll on our economy and foreign interests.

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[1] Does not reflect SEED Act and PKO funding transferred from USAID for FY 97 ($26.7 mil).
[2] Does not reflect projected transfer of SEED Act and PKO funding from USAID for FY 98 ($25.0 mil).

We pay through higher costs and poorer quality of goods and services and lower standards of living at home, and through the failure of increasingly dangerous, uncertain, and unregulated foreign environments to protect our investments abroad.

Often, those countries where the international drug and crime problems are the most acute are the ones least capable of responding. Frequently their law enforcement institutions are too weak to resist rich and violent drug and crime syndicates, and their economies too weak or small to generate alternative incomes for drug producers. Once in place, crime syndicates quickly secure their position through corruption and intimidation. Their strategic attacks on the rule of law, and effective corruption of democratic and free market processes—as seen for example in Russia, Colombia, Mexico, Nigeria, South Africa, Pakistan, and elsewhere—erode the very foundations for building stable states, putting our entire range of foreign policy interests at risk.

The President has answered these national security threats by making international narcotics and crime control a top foreign policy priority and directing us to respond aggressively. Our no-nonsense policy is aimed at achieving greater U.S.-led international cooperation focused increasingly on the most critical drug and crime targets. INL's efforts are in direct support of the President's goal to reduce drug availability in the United States by 50 percent between 1996 and 2007. We have also had a central role in developing the President's International Crime Strategy and will strengthen existing programs and create new ones to support its major objectives. These include extending our first line of defense and strengthening our borders, ensuring global criminals have nowhere to hide, attacking international financial and trade crimes, and responding to emerging crime challenges.

Within the broad purview of the International Affairs Strategic Plan, INL's primary mandates are embodied in two strategic goals under law enforcement:

- Minimize the impact of international crime on the U.S. and its citizens; and
- Significantly reduce the entry of illegal drugs into the U.S.

INL's objectives are as follows:

- To reduce and ultimately choke off the flow of illegal drugs to the United States;
- To halt the spread of international crime;
- To identify, target, and eliminate those elements of the threat that pose the greatest danger to U.S. security interests; and
- To increase international awareness of these threats and strengthen the ability of national and multilateral institutions to combat them.

Strategy for FY 1999:

INL efforts in FY 1999 will build upon previous internationally and bilaterally directed programs aimed at combating crime and illegal drug trafficking. Where narcotics are concerned, these programs should:

- Continue to reduce drug crop cultivation through a combination of law enforcement, eradication and alternative development programs;
- Strengthen the ability of law enforcement and judicial institutions to investigate and prosecute major drug trafficking organizations, seize and block their assets; and
- Improve the capacity of host nation police and military forces to attack narcotics production and trafficking centers.

With respect to international crime, our programs are designed to:

- Develop training and information-sharing programs to combat money laundering, fraud and other financial crimes, and the international trafficking of illegal aliens, women and children, stolen vehicles, and nuclear materials;
- Strengthen the International Law Enforcement Academy (ILEA) in Budapest and seek the creation or strengthening of additional institutions in other parts of the globe; and
- Thwart efforts by criminal networks to undermine democracy and free-market economies in Eastern Europe, Russia, the NIS and other vulnerable states.

We will also, as necessary, apply sanctions against countries that do not cooperate in responding to these threats. INL funds various bilateral and multilateral international drug and crime control programs to accomplish its goals and objectives.

Regarding other forms of international crime, INL has increasingly taken the lead in defining emerging threats, devising appropriate policies and strategies, and designing and implementing training and other programs to meet these challenges. Imperatives for forging broader cooperation on these issues are underlined in the President's International Crime Strategy. Through training and institution-building, our goal is to ensure that local authorities have the skills, confidence, professionalism, contacts, and resources necessary to identify and investigate the most serious forms of international crime. To advance police cooperation, we will pursue establishment of International

Law Enforcement Academies in Latin America and Southeast Asia. It is equally important to strengthen the abilities of prosecutorial and judicial systems. We will also intensify efforts against money laundering and strengthen our international web against alien smuggling.

Indicators:

Despite the enormity of these challenges, INL's programs are achieving success.

- Tough but systematic application of the certification process has raised narcotics control commitment and cooperation by governments in several major drug producing and transit countries.

- INL-backed interdiction and crop control programs removed over 300 tons of cocaine from the pipeline in 1997.

- Eradication and alternative development are eliminating illicit cultivation at record rates: coca cultivation in Peru declined again last year—27 percent to 69,000 hectares, down a total of 40 percent since 1995; Colombia eradicated over several thousand hectares of coca and poppy cultivation.

- Police training and assistance continues to pay off: Colombia, Mexico, Peru and other governments have arrested several high level traffickers; Thailand extradited several important traffickers to the U.S.; many of these achievements resulted from increased information-sharing between governments.

- Diplomatic initiatives are broadening the global web against international crime: We have: signed, or are negotiating treaties to combat trafficking in stolen cars with 11 Latin American and East European countries; put in place a worldwide program to fight alien smuggling that has led to the breakup of several transnational crime networks; led successful negotiations in the OAS on the 1997 treaty to control trafficking in firearms; and presided over the P-8 experts group on international crime where we launched a new initiative against high-tech crime.

- Our policies and programs are underpinning commitments to stronger bilateral and multilateral cooperation: Summits with Mexican, Central American, and Caribbean leaders during 1997 all resulted in stronger pledges of antidrug and crime cooperation with the U.S.; we are promoting an enhanced multilateral cooperation initiative for the April 1998 Summit of the Americas, which has been well-received; and we are leading efforts to focus the 1998 UN General Assembly Special Session on Narcotics on stronger implementation of the 1988 Vienna Convention.

Bolstered by U.S. commitment and leadership, the FY 1999 budget request for international narcotics and law enforcement supports the Administration's comprehensive strategy for combating the threats of global narcotics and organized crime.

The strategy focuses on the core targets and emphasizes the need to strengthen host nation institutions so that key governments can shoulder more of the international drug and crime control responsibilities 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.

International Narcotics And Law Enforcement Affairs
FY 1999 Budget Request

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY1999 Request
NARCOTICS PROGRAMS			
Latin America			
Bahamas	800	500	1,000
Bolivia	45,500	12,000	45,000
Brazil	700	500	1,200
Colombia	33,450	30,000	45,000
Blackhawks	--	36,000	--
Ecuador	600	500	1,500
Guatemala	2,000	3,000	4,000
Jamaica	650	600	800
Mexico	5,000	5,000	8,000
Peru	25,750	31,000	50,000
Venezuela	600	600	700
Latin America Regional	5,100	4,000	9,000
Subtotal	**$120,150**	**$123,700**	**$166,200**
Asia/Africa/Europe			
Laos	2,500	3,500	4,000
Pakistan	2,500	1,500	2,500
Thailand	3,230	2,000	3,000
Turkey	500	500	500
Asia/Africa/ME Regional	320	1,200	3,000
Subtotal	**9,050**	**8,700**	**13,000**
Interregional Aviation Support	31,500	38,000	41,000
Total Country Programs	**$160,700**	**$170,400**	**220,200**
International Organizations	12,000	4,000	8,000
Law Enforcement Training and Demand Reduction	9,000	9,000	8,000
Systems Support/Upgrades	3,500	--	10,000
C - 26 Support	--	4,000	--
Huey Upgrades - Colombia	--	14,000	--

Total Systems Support/Upgrades	***3,500***	***18,000***	***10,000***
Program Development and Support	7,800	8,600	8,800
TOTAL NARCOTICS PROGRAMS	***193,000***	***210,000***	***255,000***
ANTI-CRIME PROGRAMS	$20,000	$20,000	$20,000
BOSNIA POLICE PROGRAMS	--[3]	--[4]	--
TOTAL INL PROGRAMS	***$213,000***	***$230,000***	***$275,000***

[3] Does not reflect SEED Act and PKO funding transferred from USAID for FY 1997 ($26.7 million).

[4] The FY 1998 and 1999 budgets do not reflect SEED Act and PKO funding. This funding is included in the USAID budget request and will be allocated to INL.

FY 1997 - FY 1999
INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS
BUDGET SUMMARY BY FUNCTIONAL ACTIVITY

(Dollars in thousands)

	FY 1997 Actual	% Of Total Narc	FY 1998 Request	% Of Total Narc	FY 1999 Request	% Of Total Narc
Law Enforcement Assistance and Institution Development	55,904	29.0	83,109	39.6	94,785	37.2
Alternative Develop/Eradication	95,275	49.4	90,126	42.9	120,920	47.4
International Organizations	12,000	6.2	4,000	1.9	8,000	3.1
Drug Awareness/Demand Reduction	5,535	2.9	4,865	2.3	4,950	1.9
Law Enforcement Training	6,700	3.5	6,700	3.2	6,200	2.4
Program Development and Support	17,586	9.1	21,200	10.1	20,145	7.9
Total Narcotics Programs	**$193,000**	100	**$210,000**	100	**$255,000**	100
Anticrime Programs[5]	**20,000**		**20,000**		**20,000**	
Total Program Plan	**$213,000**		**$230,000**		**$275,000**	

[5] Does not include FSA and SEED funding allocated from USAID for anticrime programs.

Latin America

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$120,150	$123,700	$166,200

We continue to direct our greatest antidrug efforts at Latin America, focusing on eliminating the cocaine and heroin trades and combating emerging methamphetamine trafficking from Mexico. Our overall aims are to reduce coca and opium poppy cultivation significantly, disrupt processing and trafficking operations in the region, and dismantle the organizations that dominate and finance the drug trade.

In keeping with the presidential directive, we are concentrating most of our efforts in the source countries of Colombia, Peru, and Bolivia. We are also attacking the major drug transit routes from South America to the United States. They tend to shift between Mexico/Central America, and the countries of the western and eastern Caribbean depending on the levels of enforcement. Thus, we will intensify efforts in the Caribbean to respond to signs of renewed trafficking there, while we continue to work closely with Mexico, still the leading drug smuggling gateway into the United States. Details of the country programs can be found in the country papers under the section entitled "FY1999 Request by Strategic Goal".

Major Asian Country Programs

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$8,730	$7,500	$10,000

Our narcotics control priority in Asia is heroin. Efforts to attack the trade are complicated by security and political barriers that limit our access to the major opium and heroin producing countries—Burma and Afghanistan. Our efforts therefore focus on working through diplomatic and public channels to boost international awareness of the expanding heroin threat; promoting the United Nations Drug Control Program and regional financial institution involvement in its elimination; bringing law enforcement efforts to bear against the leading heroin production and international trafficking organizations; and addressing the underground banking systems that finance drug operations. We will continue to support crop suppression programs in Laos—the third leading producer—Pakistan, and Thailand where we have access and government cooperation. Through training, institution-building, and information-sharing, we will continue to strengthen law enforcement efforts against the major organizations that target the United States. Details of the country programs can be found in the country papers under the section entitled "FY1999 Request by Strategic Goal."

Asia/Africa/Middle East Regional Cooperation

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$320	$1,200	$3,000

U.S. Foreign Policy 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 multilateral fora, 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. The U.S. funding strengthens host nations' 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, programs are aimed at 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, drug awareness and demand reduction. 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 than opium.

In other countries, 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 dictates that counter-opium resources be 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 opium poppy cultivation increases in Burma and Afghanistan. Drug trafficking patterns continue to expand exponentially through South and East Asia and into the Middle East and Africa as local criminal 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 for 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 governments have limited experience and capabilities in confronting these challenges. 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. 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. In FY 1998 and 1999, 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.

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.

Training will remain paramount in the Africa/Middle East program. Although Nigeria is still 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 and public education campaigns will also be useful. In addition, the United States is working closely with other donors to coordinate these efforts.

Indicators:

- 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 increased in the resources committed to the problem by host governments.

Interregional Aviation

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$31,500	$38,000	$41,000

U.S. Foreign Policy Objectives:

The interregional aviation program supports governments in South and Central America and the Caribbean to eradicate drug crops, interdict drug trafficking, 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 herbicides and/or transport workers for manual destruction of drug crops;
- Strengthen the counternarcotics aviation programs of cooperating host governments;
- Support host government law enforcement agencies efforts to destroy cocaine and heroin processing laboratories and interdict the aerial transport of illicit drugs;
- Conduct aerial reconnaissance to locate drug drops and production facilities and verify eradication program results.
- Develop and deploy technological innovations to improve effectiveness and safety of aerial eradication and interdiction efforts.

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 of 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 has been reduced, we have retained a regional capability to intercept drug smuggling aircraft, day or night, on a short notice temporary deployment basis.

Justification:

In FY 1999, interregional aviation activities will continue to focus on key programs in Colombia, Bolivia and Peru, with temporary deployments of aircraft and personnel, on an as-needed basis, elsewhere in the Andean region and Central America. INL will exploit all opportunities for aerial eradication while maintaining aggressive interdiction activities. Progress will continue toward reaching self-sufficiency status of aircraft maintenance and training programs in Bolivia and Peru. Further emphasis will be placed on programs to upgrade spray aircraft capabilities, including granular herbicides and night flying. Finally, the Aviation Division plans to phase in additional State Department direct-hire or contract personnel as replacements for DOD detailees to ensure continuity of operations.

Indicators:

- Hectares of drug crops eradicated with aerially-applied herbicides;
- Success of host country interdiction of drug production and trafficking activities supported by INL air assets;
- 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.

International Organizations

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$12,000	$4,000	$8,000

U.S. Foreign Policy Objectives:

International organizations continue to be a key element in transnational 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 against 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 for political or logistical reasons. Activities and 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 counternarcotics goals into their activities. 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 efforts to make drug control an integral part of UN programs and to ensure that a wide 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 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 Afghanistan—the second largest opium producer;

- Provision of UNDCP chemical control investigative training and administrative advice for Southwest Asia, Central Europe and Latin America;

- Development of a maritime training 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 the 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 programs in Latin America and the Caribbean. 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;

Justification:

The FY 1999 request will support UNDCP programs to: 1) begin and sustain projects in the largest opium producing areas of Southeast Asia where the U.S. has limited access, i.e., Burma, China, Laos, Vietnam, and Cambodia; 2) support and leverage additional European support for programs in Southwest Asia where opium cultivation is escalating, i.e., Afghanistan and Pakistan; 3) establish drug control institutions and regional cooperation in the New Independent States; 4) coordinate and provide law enforcement training, judicial assistance, and demand reduction assistance to strengthen the counterdrug institutions in Central Europe; 5) 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; 6) continue legal advice to assist the drafting and implementation of legislation to implement the 1988 UN Convention; 7) continue chemical control training to assist governments to implement chemical control regimes; and 8) develop a maritime cooperation training program.

The FY 1999 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) develop a program for coordinating international law enforcement training; 5) provide specialized 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 1999 INL funds will: 1) support regional treatment and drug intelligence gathering seminars in Southeast and Southwest Asia; 2) expand the Southwest Asia drug prevention program coalition; 3) conduct public awareness campaigns throughout Asia; 4) develop a regional fora for law enforcement agencies in Southeast and Southwest Asia; and 5) promote new initiatives in Burma, Laos, Vietnam and Cambodia.

Narcotics Law Enforcement Training And Drug Awareness And Demand Reduction

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$9,000	$9,000	$8,000

Narcotics Law Enforcement Training

U.S. Foreign Policy Objectives:

Law Enforcement Training is designed to assist cooperating countries in creating effective national organizations for investigating drug trafficking and interdicting illegal narcotics, thereby reducing 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 drug producing 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 $109 million to DEA, Customs and the Coast Guard, resulting in training for more than 61,600 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 for operational personnel.

INL's law enforcement training programs constitute 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 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 New Independent States, paving the way for a much broader U.S. law enforcement assistance program, which was implemented during the fiscal year.

Justification:

The demand from foreign governments and U.S. embassies abroad for INL sponsored training continues. Funds requested for FY 1999 will allow the United States to accommodate the demand and the growing emphasis on law enforcement training as a vehicle for achieving many of the basic objectives of its counternarcotics policy.

Drug Awareness And Demand Reduction

U.S. Foreign Policy Objectives:

Drug Awareness and Demand Reduction programs seek to reduce the worldwide demand for illicit drugs and minimize the flow of narcotics to the U.S. by stimulating foreign governments and institutions to increase attention to the negative effects of drug abuse upon their 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, the former Soviet Union and South Africa will constitute other areas 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 continue its collaborative arrangements with other U.S. agencies (NIDA, USIA) and regional organizations (OAS). Training and technical assistance in FY 1999 will continue to emphasize treatment, prevention, education, and drug research. While training will go on in these four critical areas, the program will enhance its focus on 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 bolster 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 continue work at the grassroots levels to build a base among the public/private sectors to sustain pressure against the drug trade. 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 improve services provided by treatment and after-care programs.

Performance:

Through 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 continue to develop and staff their own drug treatment/prevention programs;
- Countries implemented their own national level drug awareness campaigns and conducted their own national level epidemiological surveys in South America;
- Countries in South America and Asia developed regional training centers for demand reduction;
- The European Community, UNDCP, OAS, UNICEF, 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 has been reduced slightly since costs for expanded activities will come from collaboration with other donor countries and international organizations.

Program Development and Support

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY1999 Request
INC	$7,800	$8,600	$8,800

U.S. Foreign Policy 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 has been charged with developing plans and initiatives to achieve international counternarcotics and crime-related 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 its activities with other agencies and governments.

Justification:

More than 67 per cent of the requested funds will be used for the salaries and benefits of INL Washington-based employees and of employees loaned to INL from other State Department bureaus and other agencies. Travel is also funded with 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.

FY 1999
International Narcotics Control
Direct Hire Staffing

FY 1999 Staffing: The Bureau of International Narcotics and Law Enforcement Affairs (INL) expects to have a total of 150 permanent positions, not including the Assistant Secretary, whose salary is paid by the Department of State's Salary and Expenses account. Of the 150 Bureau positions, 15 would be dedicated to International Criminal Justice programs and are funded by State's Salary and Expenses account. The remaining 135 positions are funded by the International Narcotics Control account.

Of these 135 Bureau-funded positions, 87 would be Washington-based and funded with Program Development and Support funds, including three 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 30 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

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$20,000[6]	$20,000[7]	$20,000[8]

U.S. Foreign Policy 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. Emerging democracies sometimes lack the resources, laws, and capabilities to counter threats posed by sophisticated criminal networks. 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 and prosperity of Americans at home.

The Secretary of State mandated the Bureau of International Narcotics and Law Enforcement Affairs 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;

- Assist emerging democracies to strengthen their national judicial and law enforcement institutions to counter illegal criminal activities through training, equipment and technical assistance to promote effectiveness by sponsoring coordination task forces;

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[6] Does not reflect SEED Act and PKO funding transferred from USAID for FY 97 (total $26.7 million).
[7] The FY 1998 and FY 1999 budgets do not reflect FSA and SEED Act funding. This funding will be allocated to INL.
[8] Ibid.

- Strengthen efforts by the UN and other international organizations to assist member states in combating international criminal activity;

- Create networking among federal law enforcement agencies and counterparts in other nations to more effectively prosecute crimes in the U.S.;

- Provide sophisticated high-tech training against new generation of crime such as money laundering, intellectual property rights, computer and telecommunications related crimes through local and regional issues based training;

- Provide training programs to help curb violence against women and children; and

- Support the establishment of a regional training academy in South/Central America and begin the establishment of one in South East Asia.

Performance:

The United States is making strides in several fora towards enhancing international cooperation in the fight against international organized crime. In FY 1997, over 3,800 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 250 NIS and Central European police managers in its eight-week program in 1997. 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 signed with Belize, the Dominican Republic and Guatemala. Talks are still underway with Colombia, Honduras, Panama, and Venezuela with signed agreements hoped for 1998. Panama, El Salvador, Honduras, and Venezuela have received training on ways to combat stolen car trafficking. The initiative was expanded to Central Europe in 1997.

Since 1993, an inter-agency working group chaired by INL has coordinated the interdictions of 14 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 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 improve Caribbean government protection of witnesses prior to and during the trial.

Justification:

The INL FY 1999 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. INL will use federal, state 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 (NIS), Russia, Central Europe, Latin America, Africa, and East Asia. The program, generally, will place significant emphasis on money laundering, alien and weapons 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 states in this region to combat the activities of organized crime, including financial crimes and illegal trafficking, particularly narcotics trafficking. INL will continue to fund training and technical assistance programs in Russia and the NIS carried out by the FBI, Secret Service, DEA, 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 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 and criminal justice training programs at the International Law Enforcement Training Academy (ILEA) in Budapest, Hungary. ILEA provides an eight-week personal and professional development program for approximately 250 mid-level police managers each year.

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 G-7 Senior Experts Group on Transnational Organized Crime (the Lyon Group) and the Budapest Group.

Legal and Regulatory Reform: Working with Justice and Treasury agencies against international organized crime, INL will continue the development of programs to assist central banks and other financial institutions to prevent and investigate financial fraud and money laundering. INL will also provide programs on drug and crime prevention, including prevention of domestic violence, witness protection and community policing.

Latin America

Law Enforcement Training: INL will support programs to assist justice sector and regulatory agencies in Latin America and the Caribbean in their efforts to combat international criminal activities, particularly financial fraud and money laundering. These programs will be designed to complement INL's ongoing counternarcotics programs.

Stolen Cars: INL will fund the next 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.

Firearms Trafficking: INL will continue to coordinate the second year of a joint ATF/Customs training program to assist Latin American countries in developing their own programs to combat firearms trafficking. Assistance will include teaching weapons identification, classification, nomenclature, markings for the purpose of conducting traces and procedures for requesting U.S. law enforcement assistance.

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, community-based policing, administration of justice and legislative and judicial reform.

East Asia: INL will provide law enforcement training to prevent financial fraud and 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 for specific justice sector and law enforcement 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.

Indicators:

- Minimized duplication of U.S. police formulation 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 their 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.

Systems Support And Upgrade

Foreign Operations Resources:

(Dollars in thousands)

	FY 1997 Actual	FY 1998 Estimate	FY 1999 Request
INC	$3,500	$18,000	$10,000

U.S. Foreign Policy Objectives:

In FY 1997, INL initiated a program to maintain aviation systems deployed throughout the world, rather than including funding for these in individual country programs. This approach provides standardization of services and support, and allows savings through economy of scale in procurement. Because costs incurred within contracts for individual items are subject to negotiation and may be higher or lower than our estimates, this provides INL the flexibility of a line item covering several different systems to allow adjustments in funding levels. Specific Systems Support and Upgrade projects include C-26 support, an airborne surveillance initiative, refurbishment of OV-10 Broncos, and upgrade of UH-1H helicopters.

Through this funding, specialized systems which are currently not available will be provided to meet counternarcotics mission requirements in support of surveillance, detection, eradication, interdiction, and logistics. The Bureau will also be able to improve the performance characteristics of existing systems to better utilize their capability, extend their useful life, and increase the effectiveness of reconnaissance, eradication, and interdiction efforts.

Performance:

C-26 Support: Under Section 506(a)(2) drawdown authority for counternarcotics purposes, participating governments have acquired 17 C-26 aircraft which will be distributed as follows: Colombia--two for Colombian National Police, three for the Colombian Air Force; Peru--four for the air force; Barbados--two for the Regional Security System; Venezuela--two for the air force; Mexico--four for the air force.

The C-26 twin turboprop aircraft performs in all weather conditions, is known for its reliability and low operational costs, and can be configured for passenger, cargo, or MEDEVAC mode. C-26s with special surveillance pods are in use by the U.S. Air National Guard for counternarcotics surveillance. (None of the C-26s being transferred are equipped at this time with surveillance pods.)

No direct DOD parts and maintenance follow-on support is available for the C-26s--and only limited DOD training. While the manufacturer has supplied these services to National Guard units which have the C-26, individual host governments may not be able to afford that complete package once aircraft have been deployed to recipient countries.

To ensure both initial and follow-on success for the C-26, INL will either buy into a DOD C-26 support contract or create its own commercial support contract. INL will offer recipient countries varying degrees of USG support for the C-26s, ranging from providing virtually everything for the Eastern Caribbean to a much more limited set of services for host government Air Forces.

Airborne Surveillance Initiative: One of the critical shortfalls in the current counternarcotics operational structure overseas is the lack of host government surveillance, detection, and monitoring capability. To fill the gap, INL is considering acquisition of proven, low cost surveillance upgrades to C-26 or other platforms.

Possibilities include air-to-air radar, air-to-ground radar, Forward Looking Infrared (FLIR), and cameras now in use by the U.S. military and law enforcement agencies for similar missions. The most obvious candidates for installation into selected C-26s are the FLIR and the APG-66 radar currently in use in U.S. Air National Guard C-26 aircraft.

OV-10 Refurbishment: In FY 1997, INL received 22 OV-10D aircraft previously used by DOD which have increased capabilities for conducting massive coca and opium aerial eradication campaigns throughout Latin America compared to existing T-65 aircraft. The employment of these aircraft, equipped with armored cockpits and twin engines, will increase speed, range, pilot safety, and herbicide carrying capacity. The OV-10 refurbishment program will allow for major modification of these airframes to reduce weight and modernize electrical, avionics, cockpit configuration, and special mission equipment to take full advantage of the aircraft's capability and extend its useful life. These aircraft will have a full day/night eradication capability.

UH-1H Upgrade: INL has initiated actions to upgrade UH-1H helicopters deployed in key source countries to enhance their performance in the high altitude, hot climate environment of the Andean region. The upgrade consists of replacement of key power train, drive train, and airframe components to achieve greater weight carrying capability and performance at altitude. This will increase the number of troops carried per sortie and obviate the need for newer, twin engine helicopters. The costs of each modification will be determined through a competitive procurement process and will depend in part upon the availability of appropriate excess components.

Defensive Systems: INL continues to upgrade defensive systems for helicopters used in eradication, interdiction, and search and rescue operations in high threat areas. Recent procurement action was initiated to obtain GAU-17 improved minigun systems

which are more effective and reliable than M-60D systems currently installed on INL aircraft.

Indicators:

- Provide specialized systems, especially air assets, to meet counternarcotics mission requirements; and

- Improve performance ability of existing systems to extend their effectiveness and useful life.

IV. SUPPORTING INFORMATION

Arms Control Considerations

Security assistance continues to be an indispensable U.S. policy instrument in the post-Cold War era 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.

The U.S. security assistance program complements U.S. arms control policy of promoting international security through negotiation and support for bilateral, regional, and multilateral agreements and arrangements, 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 ensuring their security. As the President's arms transfer policy states, the United states will actively seek greater transparency and responsibility in the area of arms transfers to regions of instability. 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, their delivery systems, and destabilizing conventional arms transfers.

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 our 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

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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 U.S.

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 interagency 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 strengthen the new multilateral Wassenaar Arrangement 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 the proliferation of weapons of mass destruction and regional instability increasingly pose the most dangerous threats to world peace. Recent initiatives to control the proliferation of weapons of mass destruction, their delivery systems, and destabilizing conventional weapons, and efforts to promote regional arms control arrangements will intensify as we now share many common objectives with former adversaries.

ACDA has played a major or leading role in U.S. efforts to foster regional arms control efforts worldwide. In sub-Saharan Africa, ACDA supported Mali's proposed moratorium on the import, export, and production of small arms by providing technical assistance in drafting a sub-regional register on small arms and light weapons. The agency was also instrumental in identifying sources of U.S. financial and technical support for the moratorium—the Programme for Coordination and Assistance on Security and Development (PCASED).

ACDA also vigorously led U.S. Government efforts to foster and support regional arms control in Latin America and the Caribbean. This has led to U.S. leadership at the OAS on this issue, greater dialogue among members of the hemisphere, and concrete progress in implementing the Santiago Declaration of confidence and security building measures (CSBMs). ACDA continued to support U.S. efforts to foster the

development of an arms transparency and restraint mechanism between Peru and Ecuador in order to avoid an arms race, and support the ongoing negotiations on resolution of their border dispute. ACDA continues to be active in the 21-member ASEAN Regional Forum (ARF) to promote regional arms control through military transparency and other confidence building measures in the Asia-Pacific region. The Agency also is leading efforts to gain support within the OAS on a legal framework for advance notification of major weapons acquisitions.

ACDA continues to be active in the 21-member ASEAN Regional Forum (ARF) to promote regional arms control through military transparency and other confidence building measures in the Asia-Pacific region.

New 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 conversion or dismantlements, regional arms control arrangements, and nonproliferation and export control objectives. The United States remains committed to helping its friends and allies maintain and enhance their security through prudent arms transfers and nonproliferation and arms control 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 1997, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 1998 and FY 1999. 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.

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1997			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 1998	FY 1999
AFRICA:					
ANGOLA	0	0	0	2,000	2,500
BOTSWANA	439	0	439	1,489	300
CAMEROON	0	0	0	120	0
CHAD	36	0	36	100	100
COTE D'IVOIRE	187	0	187	0	0
ERITREA	1,934	544	2,478	2,350	2,350
ETHIOPIA	1,120	388	1,508	3,350	3,350
GHANA	0	0	0	5	5
GUINEA-BISSAU	121	0	121	100	100
KENYA	779	0	779	2,000	2,000
MOZAMBIQUE	0	0	0	500	1,000
NAMIBIA	286	0	286	500	1,000
ORG. OF AFRICAN UNITY	250	0	250	0	0
RWANDA	0	0	0	800	2,000
SENEGAL	1,965	0	1965	0	0
SEYCHELLES	62	0	62	0	0
SOUTH AFRICA	154	0	154	0	0
TANZANIA	0	0	0	124	0
UGANDA	3,872	0	3872	2,000	0
ZIMBABWE	91	0	91	0	0
REGIONAL TOTAL	11,296	932	12,228	15,438	14,705
AMERICAN REPUBLICS:					
ANTIGUA-BARBUDA*	262	0	262	110	110
ARGENTINA	18,981	0	18,981	20,000	20,000
BAHAMAS, THE	51	0	51	2,010	2,010
BARBADOS*	139	0	139	110	110
BELIZE	327	0	327	10	10
BOLIVIA	3	0	3	1,500	1,500
BOLIVIA - INTL. NARC.	8,638	485	9,124	4,600	4,900
BRAZIL	24,962	0	24,962	28,000	23,500
CHILE	2,322	0	2,322	16,500	26,000
COLOMBIA	74,487	500	74,987	18,000	18,000
COLOMBIA - INTL. NARC.	0	0	0	10,000	10,000
COSTA RICA	175	0	175	4,400	11,010
DOMINICA*	0	0	0	110	110
DOMINICAN REPUBLIC	187	0	187	2,000	2,000
ECUADOR	4,158	0	4,158	8,510	8,000
ECUADOR - INTL. NARC.	1,812	0	1,812	3,410	1,210
EL SALVADOR	4,869	1,834	6,703	2,100	2,100
GRENADA*	353	0	353	110	110
GUYANA	70	0	70	80	80
HAITI	877	0	877	1,000	1,000
HONDURAS	910	0	910	1,000	950
JAMAICA	50	0	50	2,000	2,000
MEXICO	27,663	0	27,663	15,000	15,000
OAS HQS	601	0	601	0	0
PANAMA	0	0	0	1,510	1,510
PARAGUAY	31	0	31	0	0
PERU	285	0	285	3,710	3,510
PERU - INTL. NARC.	100	0	100	0	0
ST. KITTS AND NEVIS*	187	0	187	110	110
ST. LUCIA*	0	0	0	110	110

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1997			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 1998	FY 1999
AMERICAN REPUBLICS (CONTD):					
ST. VINCENT & GREN.*	66	0	66	110	110
SURINAME	0	0	0	182	110
TRINIDAD & TOBAGO	185	0	185	110	110
URUGUAY	1,078	0	1,078	2,240	2,260
VENEZUELA	59,421	0	59,421	15,000	15,000
REGIONAL TOTAL	233,250	2,819	236,070	163,642	172,540
EAST ASIA & PACIFIC:					
AUSTRALIA	287,524	0	287,524	58,000	134,500
BRUNEI	69	0	69	0	0
CAMBODIA	1,246	49	1,295	0	0
INDONESIA	793	0	793	5,000	5,000
JAPAN	346,758	0	346,758	456,750	491,750
LAOS	1,070	0	1,070	1,200	1,000
MALAYSIA	11,481	0	11,481	5,000	5,000
NEW ZEALAND	24,271	0	24,271	3,629	3,100
PHILIPPINES	20,055	0	20,055	20,000	20,000
SINGAPORE	192,230	266	192,496	470,000	150,000
SOUTH KOREA	853,987	0	853,987	300,000	300,000
TAIWAN	353,737	0	353,737	329,425	400,000
THAILAND	187,413	0	187,413	20,000	20,000
REGIONAL TOTAL	2,280,634	315	2,280,949	1,669,004	1,530,350
EUROPE & CANADA:					
ALBANIA	759	0	759	0	0
AUSTRIA	27,187	0	27,187	8,000	9,000
BELGIUM	122,049	0	122,049	44,000	19,000
BOSNIA-HERCEGOVINA	2,103	0	2,103	7,100	4,000
BULGARIA	4,332	0	4,332	4,780	9,500
CANADA	103,253	0	103,253	100,000	100,000
CZECH REPUBLIC	2,268	0	2,268	8,000	8,000
DENMARK	32,558	0	32,558	26,000	19,000
ESTONIA	999	0	999	2,350	2,350
FINLAND	291	0	291	28,000	28,000
FRANCE	102,163	0	102,163	26,000	17,000
GEORGIA	0	0	0	1,450	750
GERMANY	325,754	1,405	327,158	174,000	207,000
GREECE	224,467	0	224,467	658,000	415,000
HUNGARY	6,905	0	6,905	10,650	8,000
ITALY	41,194	0	41,194	62,000	50,000
KAZAKSTAN	0	0	0	1,500	1,500
KYRGYZSTAN	0	0	0	800	850
LATVIA	1,417	0	1,417	2,950	2,000
LITHUANIA	1,175	0	1,175	2,300	2,000
LUXEMBOURG	4,326	0	4,326	0	0
MACEDONIA (FYROM)	2,057	0	2,057	2,000	2,000
MOLDOVA	0	0	0	1,350	800
NETHERLANDS	225,314	0	225,314	100,000	70,000
NORWAY	64,494	0	64,494	40,000	34,000
POLAND	4,893	0	4,893	29,500	26,000
PORTUGAL	19,241	0	19,241	200,000	16,080
ROMANIA	331	0	331	5,000	5,000

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1997			ESTIMATED	
	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL	FY 1998	FY 1999
EUROPE & CANADA (CONT):					
RUSSIA	0	0	0	3,750	2,000
SLOVAKIA	2,003	0	2,003	3,800	3,800
SLOVENIA	216	0	216	4,360	5,000
SPAIN	828,768	0	828,768	100,000	100,000
SWEDEN	6,194	0	6,194	4,500	4,500
SWITZERLAND	13,413	0	13,413	17,000	21,000
TURKEY	339,597	0	339,597	200,000	200,000
TURKMENISTAN	0	0	0	500	500
UKRAINE	0	0	0	7,850	4,600
UNITED KINGDOM	558,949	0	558,949	341,800	289,000
UZBEKISTAN	0	0	0	1,000	1,000
REGIONAL TOTAL	3,068,670	1,405	3,070,074	2,230,290	1,688,230
NEAR EAST & SOUTH ASIA:					
BAHRAIN	54,049	0	54,049	318,000	100,000
BANGLADESH	1,592	0	1,592	2,900	3,000
EGYPT	1,065,593	21,356	1,086,950	1,571,600	1,393,000
INDIA	299	0	299	230	230
ISRAEL	524,988	0	524,988	435,000	2,705,000
JORDAN	18,253	0	18,253	20,000	20,000
KUWAIT	48,116	0	48,116	681,200	50,000
LEBANON	21,960	0	21,960	14,500	10,000
MOROCCO	3,466	3,476	6,942	6,000	2,000
OMAN	11,541	0	11,541	13,205	12,000
PAKISTAN	101	0	101	0	0
QATAR	0	0	0	500	500
SAUDI ARABIA	742,372	0	742,372	1,180,000	1,131,500
SRI LANKA	74	0	74	450	550
TUNISIA	15,235	0	15,235	5,000	2,000
UNITED ARAB EMIRATES	5,586	0	5,586	133,000	60,200
REGIONAL TOTAL	2,513,225	24,832	2,538,058	4,381,585	5,489,980
NON-REGIONAL:					
CLASSIFIED TOTALS (a)	609,749	0	609,749	300,000	300,000
INTERNATIONAL ORG.	61,426	0	61,426	101,500	114,500
NON-REGIONAL TOTAL	671,175	0	671,175	401,500	414,500
WORLDWIDE TOTAL	8,778,250	30,303	8,808,551	8,861,459	9,310,305

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.
(a) For further information, please see Classified Annex to this document.

Foreign Military Sales Administrative Costs

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistics support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of three percent is applied to most FMS cases. A five 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 1997, P.L. 105-118, included, for FY 1998 only, a ceiling of $350 million on obligations of FMS administrative funds. All FMS administrative budget obligations and expenditures are from FMS customers' 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 1999, $340 million is required. Fewer work years will be financed in FY 1999 versus FY's 1996 - 1998, lowering payroll costs for FMS management in line 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 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.

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

Objectives:

- Supports worldwide administration of International Military Education and Training (IMET)
- Finance administrative costs for all security assistance activities incurred by the Unified Commands
- Finance administrative costs incurred by the Military Departments and DSAA headquarters for all security assistance activity not related to Foreign Military Sales (FMS)
- Fund operating costs of non-FMS activities of overseas security assistance offices.

Justification:

The proposed program level represents the projected costs required to prudently, and 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 overseas Security Assistance Organizations (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. The FY 1998 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 recent increases in IMET funding levels (from $26 million in FY 1995, $39 million in FY 1996, $43 million in FY 1997, and $50 million in FY 1998) will also increase administrative workload and funding requirements. In FY 1998, we will hold costs to the same level as FY 1996 and FY 1997, absorbing pay raises, inflation, and the increased costs associated with the additional SAO operating locations and IMET. The amount requested is the minimum essential funding to do the job.

Effectiveness of Measurement:

Effective administration of grant military assistance programs, within the requested budget level.

FMS ADMINISTRATIVE COSTS/WORKYEARS (Dollars in Millions)						
	Actual FY 1997		Estimated FY 1998		Proposed FY 1999	
	Workyrs	Dollars	Workyrs	Dollars	Workyrs	Dollars
Military Departments	3,938	243.288	3,487	231.970	3,284	218.324
Other Defense Activities	775	88.973	874	95.424	849	99.236
SAOs (Net)	402	22.739	361	22.606	316	22.440
Total	5,115	355.000	4,722	350.000	4,449	340.000

Overseas Military Program Management

United States military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals, along with U.S. civilians and local national civilians 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 regional 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 total SAO personnel authorizations from the 729 (Actual for FY 1996) reported in last year's CPD to 709 (Actual for FY 1997).

In FY 1998, separate SAOs will be assigned to fifty-five countries. In thirty-eight additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attaché or other Mission staff. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches 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 1997 and the estimated levels for FY 1998 and FY 1999. Actual assigned strengths for FY 1998 and FY 1999 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

The following is a glossary of Organizations assigned to U.S. Diplomatic Missions overseas that manage host-country security assistance programs:

U.S. SECURITY ASSISTANCE ORGANIZATIONS

DAO	Defense Attaché Office
JUSMAG	Joint U.S. Military Assistance Group
JUSMAG-K	Joint U.S. Military Affairs Group - Korea
KUSLO	Kenya U.S. Liaison Office
MAP	Military Assistance Program
MDAO	Mutual Defense Assistance Office
NLO	Navy Liaison Office
ODC	Office of Defense Cooperation
ODR	Office of Defense Representative
ODRP	Office of Defense Representative - Pakistan
OMC	Office of Military Cooperation
OMC-K	Office of Military Cooperation - Kuwait
SAO	Security Assistance Office
USLO	U.S. Liaison Office
USMAAG	U.S. Military Assistance Advisory Group
USMILGP	U.S. Military Group
USMLO	U.S. Military Liaison Office
USMTM	U.S. Military Training Mission

OVERSEAS MILITARY PROGRAM MANAGEMENT - COSTS
(DOLLARS IN THOUSANDS)

		ACTUAL FY 1997			ESTIMATED FY 1998			PROPOSED FY 1999		
	ORG.	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
AFRICA:										
ANGOLA	DAO	0	0	0	4	0	4	4	0	4
BENIN	EMBASSY	11	0	11	37	0	37	0	0	0
BOTSWANA	ODC	218	51	269	377	66	443	338	60	398
CAMEROON	DAO	15	2	17	19	2	21	20	2	22
CAPE VERDE	EMBASSY	5	0	5	4	0	4	4	0	4
CHAD	DAO	17	4	21	20	5	25	21	5	26
CONGO	DAO	3	0	3	3	0	3	3	0	3
COTE D'IVOIRE	DAO	3	0	3	3	0	3	3	0	3
DJIBOUTI	USLO	201	25	226	305	36	341	333	39	372
ERITREA	USLO	127	7	134	184	10	194	184	10	194
ETHIOPIA	DAO	10	1	11	90	10	100	93	10	103
GABON	EMBASSY	0	0	0	2	0	2	2	0	2
GHANA	EMBASSY	0	0	0	31	3	34	31	4	35
GUINEA	EMBASSY	0	0	0	1	0	1	1	0	1
KENYA	KUSLO	162	242	404	426	229	655	400	266	666
LESOTHO	EMBASSY	0	0	0	4	0	4	4	0	4
MADAGASCAR	EMBASSY	5	0	5	8	0	8	10	0	10
MALAWI	DAO	23	6	29	33	8	41	34	8	42
MALI	EMBASSY	2	0	2	3	0	3	3	0	3
MOZAMBIQUE	DAO	1	0	1	1	0	1	1	0	1
NAMIBIA	EMBASSY	29	7	36	38	10	48	40	10	50
NIGER	ODC	51	13	64	15	4	19	15	4	19
RWANDA	DAO	17	0	17	19	0	19	20	0	20
SENEGAL	DAO	246	27	273	312	35	347	314	35	349
SEYCHELLES	EMBASSY	11	0	11	10	0	10	11	0	11
SIERRA LEONE	EMBASSY	3	0	3	3	0	3	3	0	3
SOUTH AFRICA	DAO	2	0	2	3	1	4	3	1	4
UGANDA	EMBASSY	2	0	2	3	0	3	3	0	3
ZAMBIA	EMBASSY	0	0	0	3	0	3	4	0	4
ZIMBABWE	DAO	2	0	2	3	0	3	4	0	4
REGIONAL TOTAL		1,166	385	1,551	1,964	419	2,383	1,906	454	2,360
AMERICAN REPUBLICS:										
ARGENTINA	USMILGP	334	111	445	391	98	489	383	96	479
BAHAMAS	USNLO	18	1	19	44	2	46	46	2	48
BELIZE	USMLO	158	68	226	217	73	290	209	70	279
BOLIVIA	USMILGP	202	375	577	369	451	820	344	420	764
BRAZIL	USMLO	366	197	563	434	186	620	419	180	599
CHILE	USMILGP	196	84	280	346	116	462	333	111	444
COLOMBIA	USMILGP	670	447	1,117	813	435	1,248	773	417	1,190
COSTA RICA	ODR	204	23	227	230	26	256	218	24	242
DOMINICAN REPUBLIC	DAO	244	61	305	297	53	350	304	54	358
EASTERN CARIBBEAN	USMLO	260	87	347	239	42	281	234	59	293
ECUADOR	USMILGP	245	105	350	302	101	403	315	105	420
EL SALVADOR	USMILGP	195	585	780	470	384	854	491	401	892
GUATEMALA	USMILGP	186	33	219	213	24	237	122	14	136
HAITI	USMLO	206	137	343	116	63	179	125	67	192
HONDURAS	USMILGP	395	310	705	481	259	740	470	253	723
JAMAICA	USMLO	150	122	272	279	186	465	279	186	465

OVERSEAS MILITARY PROGRAM MANAGEMENT - COSTS
(DOLLARS IN THOUSANDS)

		ACTUAL FY 1997			ESTIMATED FY 1998			PROPOSED FY 1999		
	ORG.	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
AMERICAN REPUBLICS (CONT):										
MEXICO	DAO	171	140	311	197	131	328	182	121	303
PANAMA	DAO	29	43	72	65	22	87	59	25	84
PARAGUAY	ODC	268	30	298	270	30	300	257	28	285
PERU	MAAG	392	43	435	572	64	636	546	61	607
URUGUAY	ODC	222	95	317	290	97	387	280	93	373
VENEZUELA	USMILGP	367	245	612	408	219	627	380	204	584
REGIONAL TOTAL		5,478	3,342	8,820	7,043	3,062	10,105	6,769	2,991	9,760
EAST ASIA & PACIFIC:										
AUSTRALIA	DAO	72	88	160	92	92	184	87	107	194
CAMBODIA	DAO	35	0	35	26	0	26	30	0	30
CHINA	DAO	37	0	37	9	0	9	9	0	9
FIJI	DAO	5	1	6	5	1	6	6	1	7
INDONESIA	DAO	325	325	650	553	237	790	538	231	769
JAPAN	MDAO	83	744	827	153	864	1,017	160	905	1,065
MALAYSIA	DAO	174	213	387	257	139	396	268	145	413
NEW ZEALAND	DAO	5	5	10	5	4	9	6	5	11
PHILIPPINES	JUSMAG	175	324	499	380	380	760	369	302	671
SINGAPORE	SAO	71	283	354	212	319	531	221	331	552
SOUTH KOREA	JUSMAG-K	786	1,835	2,621	884	1,606	2,490	820	1,505	2,325
THAILAND	JUSMAG	866	738	1,604	902	583	1,485	819	522	1,341
REGIONAL TOTAL		2,634	4,556	7,190	3,478	4,225	7,703	3,333	4,054	7,387
EUROPE & CANADA:										
ALBANIA	DAO	50	50	100	81	54	135	102	44	146
AUSTRIA	DAO	38	57	95	50	172	222	42	163	205
BELARUS	DAO	6	0	6	2	0	2	2	0	2
BELGIUM	ODC	187	347	534	171	381	552	184	400	584
BOSNIA	DAO	4	1	5	143	16	159	149	17	166
BULGARIA	DAO	67	36	103	99	33	132	112	37	149
CANADA	DAO	3	36	39	2	48	50	3	49	52
CROATIA	DAO	26	0	26	159	0	159	165	0	165
CZECH REPUBLIC	DAO	112	75	187	169	72	241	176	76	252
DENMARK	ODC	72	290	362	118	361	479	119	365	484
ESTONIA	DAO	55	30	85	67	38	105	69	37	106
FRANCE	ODC	32	608	640	36	684	720	36	693	729
GEORGIA	DAO	6	0	6	58	0	58	59	0	59
GERMANY	ODC	89	804	893	100	898	998	84	758	842
GREECE	ODC	772	1,802	2,574	721	707	1,428	747	745	1,492
HUNGARY	DAO	116	78	194	168	91	259	172	114	286
ITALY	ODC	140	559	699	160	642	802	166	663	829
KAZAKSTAN	DAO	9	0	9	62	0	62	64	0	64
KYRGYZSTAN	EMBASSY	8	0	8	58	0	58	60	0	60
LATVIA	DAO	69	17	86	98	25	123	98	24	122
LITHUANIA	DAO	98	25	123	88	22	110	85	23	108
MACEDONIA (FYROM)	DAO	49	0	49	145	0	145	149	0	149
MOLDOVA	EMBASSY	6	0	6	2	0	2	2	0	2
NETHERLANDS	ODC	33	295	328	40	358	398	41	371	412

OVERSEAS MILITARY PROGRAM MANAGEMENT - COSTS
(DOLLARS IN THOUSANDS)

		ACTUAL FY 1997			ESTIMATED FY 1998			PROPOSED FY 1999		
	ORG.	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
EUROPE & CANADA (CONT):										
NORWAY	ODC	15	277	292	16	306	322	16	313	329
POLAND	DAO	242	131	373	259	140	399	256	138	394
PORTUGAL	ODC	224	273	497	417	417	834	426	426	852
ROMANIA	DAO	60	11	71	164	29	193	174	31	205
RUSSIA	DAO	179	0	179	307	0	307	311	0	311
SLOVAKIA	EMBASSY	72	18	90	108	27	135	119	21	140
SLOVENIA	DAO	70	45	115	109	36	145	126	22	148
SPAIN	ODC	151	353	504	162	367	529	168	377	545
SWITZERLAND	DAO	1	1	2	1	1	2	1	1	2
TURKEY	ODC	1,833	1,505	3,338	2,263	1,777	4,040	2,502	1,613	4,115
TURKMENISTAN	EMBASSY	6	0	6	2	0	2	59	0	59
UKRAINE	DAO	187	21	208	208	0	208	203	0	203
UNITED KINGDOM	ODC	8	161	169	7	137	144	7	141	148
UZBEKISTAN	EMBASSY	7	0	7	60	0	60	61	0	61
REGIONAL TOTAL		5,102	7,906	13,008	6,880	7,839	14,719	7,315	7,662	14,977
NEAR EAST & SOUTH ASIA:										
BAHRAIN	OMC	92	356	448	155	466	621	164	492	656
BANGLADESH	DAO	38	0	38	54	0	54	57	0	57
EGYPT	OMC	423	2,390	2,813	661	2,767	3,428	776	2,844	3,620
INDIA	DSA	109	19	128	136	24	160	142	25	167
ISRAEL	DAO	43	0	43	72	0	72	74	0	74
JORDAN	MAP	166	500	666	430	430	860	488	483	971
KUWAIT	OMC-K	0	306	306	0	512	512	0	529	529
LEBANON	DAO	341	227	568	328	121	449	364	121	485
MOROCCO	ODC	471	83	554	785	138	923	788	139	927
NEPAL	EMBASSY	33	1	34	39	0	39	41	0	41
OMAN	OMC	225	208	433	380	253	633	361	241	602
PAKISTAN	ODRP	343	42	385	394	44	438	377	42	419
QATAR	USLO	81	122	203	216	93	309	217	93	310
SAUDI ARABIA	USMTM	0	1,494	1,494	0	1,260	1,260	0	1,351	1,351
SRI LANKA	DAO	47	16	63	35	12	47	40	13	53
TUNISIA	ODC	208	170	378	444	190	634	448	192	640
UNITED ARAB EMIR.	USLO	0	616	616	0	751	751	0	714	714
REGIONAL TOTAL		2,620	6,550	9,170	4,129	7,061	11,190	4,337	7,279	11,616
WORLDWIDE TOTAL		17,000	22,739	39,739	23,494	22,606	46,100	23,660	22,440	46,100

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

		ACTUAL FY 1997				ESTIMATED FY 1998				PROPOSED FY 1999			
	ORG.	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT	MIL	CIV	LOCAL	TOT
AFRICA:													
BOTSWANA	ODC	2	0	1	3	3	0	1	4	3	0	1	4
CHAD	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
DJIBOUTI	USLO	1	0	1	2	1	0	1	2	1	0	1	2
ERITREA	USLO	1	0	0	1	1	0	0	1	1	0	0	1
ETHIOPIA	USLO	1	0	0	1	1	0	0	1	1	0	0	1
GHANA	EMBASSY b/	0	1	0	1	0	1	0	1	0	1	0	1
KENYA	KUSLO	4	2	1	7	4	2	1	7	4	2	1	7
NAMIBIA	EMBASSY b/	0	1	0	1	0	1	0	1	0	1	0	1
NIGER	ODC	0	0	1	1	0	0	1	1	0	0	1	1
RWANDA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
SENEGAL	DAO a/	1	1	2	4	1	1	2	4	1	1	2	4
SOUTH AFRICA	DAO a/	0	0	0	0	1	0	0	1	2	0	0	2
REGIONAL TOTAL		10	5	8	23	12	5	8	25	13	5	8	26
AMERICAN REPUBLICS:													
ARGENTINA	USMILGP	3	1	2	6	3	1	2	6	3	0	2	5
BARBADOS	USMLO c/	4	0	0	4	4	0	0	4	4	0	0	4
BELIZE	USMLO	2	1	0	3	2	1	0	3	2	1	0	3
BOLIVIA	USMILGP	5	5	3	13	4	5	3	12	4	4	3	11
BRAZIL	USMLO	3	2	1	6	3	2	1	6	3	2	1	6
CHILE	USMILGP	2	0	2	4	2	0	2	4	2	0	2	4
COLOMBIA	USMILGP	9	3	10	22	9	3	10	22	8	3	10	21
COSTA RICA	ODR	1	0	2	3	1	0	2	3	1	0	2	3
DOMINICAN REPUBLIC	USMAAG	3	0	1	4	3	0	1	4	3	0	1	4
ECUADOR	USMILGP	5	1	5	11	5	1	5	11	5	1	5	11
EL SALVADOR	USMILGP	5	1	10	16	5	1	10	16	5	1	8	14
GUATEMALA	USMILGP	2	0	1	3	2	0	1	3	2	0	1	3
HAITI	USMLO	2	0	1	3	2	0	1	3	2	0	1	3
HONDURAS	USMILGP	5	2	7	14	5	2	7	14	5	2	7	14
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	1	2	1	0	1	2	1	0	1	2
PARAGUAY	ODC	1	0	3	4	1	0	3	4	1	0	3	4
PERU	MAAG	3	2	5	10	3	2	5	10	3	2	5	10
URUGUAY	ODC	1	0	4	5	1	0	4	5	1	0	4	5
VENEZUELA	USMILGP	5	4	5	14	5	4	4	13	5	4	4	13
REGIONAL TOTAL		68	23	66	157	67	23	65	155	66	21	63	150
EAST ASIA & PACIFIC:													
AUSTRALIA	DAO a/	2	1	0	3	2	1	0	3	2	1	0	3
CAMBODIA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
INDONESIA	DAO a/	7	0	9	16	7	0	8	15	5	0	7	12
JAPAN	MDAO	5	4	5	14	5	4	5	14	5	4	5	14
MALAYSIA	DAO a/	3	0	4	7	3	0	4	7	3	0	4	7
MONGOLIA	EMBASSY b/	0	0	0	0	0	0	1	1	0	0	1	1
PHILIPPINES	JUSMAG	5	1	4	10	5	1	4	10	5	1	4	10
SINGAPORE	SAO	5	1	2	8	5	1	2	8	6	1	2	9
SOUTH KOREA	JUSMAG-K	28	5	15	48	25	4	13	42	24	1	10	35
THAILAND	JUSMAG	22	1	16	39	21	1	16	38	20	1	15	36
REGIONAL TOTAL		77	13	56	146	73	12	54	139	70	9	49	128
EUROPE & CANADA:													
ALBANIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
BELARUS	DAO a/	0	0	0	0	0	0	0	0	1	0	1	2
AUSTRIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
BELGIUM	ODC	1	1	2	4	1	1	2	4	1	1	2	4
BOSNIA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
BULGARIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
CANADA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
CROATIA	DAO a/	1	1	0	2	1	1	0	2	1	1	0	2
CZECH REPUBLIC	ODC a/	2	0	2	4	2	0	2	4	2	0	2	4
DENMARK	ODC	1	1	2	4	1	1	2	4	1	1	2	4

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

	ORG.	ACTUAL FY 1997 MIL	CIV	LOCAL	TOT	ESTIMATED FY 1998 MIL	CIV	LOCAL	TOT	PROPOSED FY 1999 MIL	CIV	LOCAL	TOT
EUROPE & CANADA (CONT):													
ESTONIA	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
FRANCE	ODC	1	1	3	5	1	1	3	5	1	1	3	5
GEORGIA	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
GERMANY	ODC	5	2	3	10	5	2	3	10	5	2	3	10
GREECE	ODC	9	3	10	22	9	3	8	20	9	3	8	20
HUNGARY	DAO a/	2	0	1	3	2	0	1	3	2	0	1	3
ITALY	ODC	3	0	4	7	3	0	4	7	3	0	4	7
KAZAKSTAN	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
KYRGYZSTAN	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
LATVIA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
LITHUANIA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
MACEDONIA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
MOLDOVA	DAO a/	0	0	0	0	0	0	1	1	0	0	1	1
NETHERLANDS	ODC	2	1	2	5	2	1	2	5	2	1	2	5
NORWAY	ODC	2	0	1	3	2	0	1	3	2	0	1	3
POLAND	ODC	3	0	3	6	3	0	3	6	3	0	3	6
PORTUGAL	ODC	7	1	4	12	6	1	5	12	6	1	4	11
ROMANIA	ODC	1	0	1	2	2	0	2	4	2	0	2	4
RUSSIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
SLOVAKIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
SLOVENIA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
SPAIN	ODC	4	2	1	7	4	2	1	7	4	2	1	7
TURKEY	ODC	23	4	9	36	24	4	7	35	22	4	9	35
TURKMENISTAN	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
UKRAINE	DAO a/	1	1	0	2	3	0	1	4	3	0	1	4
UNITED KINGDOM	ODC	2	1	0	3	2	1	0	3	2	1	0	3
UZBEKISTAN	DAO a/	0	0	0	0	0	1	0	1	0	1	0	1
REGIONAL TOTAL		87	19	54	160	90	23	54	167	89	23	56	168
NEAR EAST & SOUTH ASIA:													
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	27	9	18	54	27	9	18	54	27	9	18	54
INDIA	DAO a/	1	1	2	4	1	1	2	4	1	1	2	4
ISRAEL	DAO a/	0	1	0	1	0	1	0	1	0	1	0	1
JORDAN	MAP	8	2	4	14	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	3	4	1	0	3	4	1	0	3	4
MOROCCO	ODC	4	1	4	9	4	1	4	9	4	1	4	9
NEPAL	EMBASSY b/	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	3	0	5	8	3	0	5	8	3	0	4	7
QATAR	USLO	2	1	0	3	2	1	0	3	2	1	0	3
SAUDI ARABIA	USMTM	66	3	9	78	66	3	9	78	65	3	9	77
SRI LANKA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
TUNISIA	ODC	6	1	1	8	6	1	1	8	6	1	1	8
UNITED ARAB EMIRATES	USLO	6	1	2	9	6	1	2	9	6	1	2	9
REGIONAL TOTAL		146	24	53	223	146	24	53	223	145	24	52	221
WORLDWIDE TOTAL		388	84	237	709	388	87	234	709	383	82	228	693

a/ Personnel authorized to assist the DAO with security assistance management functions.
b/ Personnel authorized to assist the Embassy with security assistance management functions.
c/ Manages programs for Eastern Caribbean countries.

Grant Excess Defense Articles

Grant excess defense articles (EDA) enable the United States to meet many of its foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. Providing EDA on a grant basis, turns U.S. defense items which are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock, into instruments which meet many of our national security interests. Some of the objectives met by grant EDA are: strengthening coalitions; cementing bilateral foreign military relationships; enhancing interoperability; furthering legitimate modernization efforts of our allies; aiding in multilateral peacekeeping efforts; combating illegal narcotics production and narco-trafficking; and aiding in demining assistance programs. Furthermore, our Partnership for Peace (PfP) initiatives are greatly augmented by providing grant materiel which meets NATO standards; this equipment is readily and immediately accessible, and fulfills valid modernization and standardization needs of eligible PfP partners.

Grant EDA assists in preventing or containing armed conflict and in restoring peace and stability throughout the world; a prudent investment of no-longer needed Department of Defense items. EDA articles are transferred in an "as is, where is" condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the U.S. with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies which takes into account our proliferation concerns.

Each eligible country is accompanied by a justification statement providing the objective and proposed use of potential EDA. Appearance on the eligibility list simply permits a nation to be considered for grant EDA. Appearance on the list does not guarantee the transfer of any EDA nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same rigorous Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

Grant EDA has contributed to our foreign policy successes. This overage equipment has helped our Latin American and Caribbean friends combat the threat of illegal narco-trafficking, and has permitted many South American and African nations to participate in support of U.S. and U.N. peacekeeping operations. Grant EDA supports the militaries of the newly democratic nations of Central Europe, and contributes to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments. Grant EDA has been instrumental in aiding demining activities in Southeast Asia and northern Africa. Finally, grant EDA has a positive global impact -- furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform, and fighting the spread of illicit narcotics.

FY 1999 GRANT EDA ELIGIBILITY LIST

The following countries will be eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act of 1961, as amended, during fiscal year 1999. Specific justification for each country being eligible is included in the country programs section.

Africa:

Angola	Ethiopia	Rwanda
Benin	Ghana	Senegal
Botswana	Guinea-Bissau	Sierra Leone
Cape Verde	Kenya	South Africa
Congo	Malawi	Tanzania
Cote D'Ivoire	Mali	Uganda
Djibouti	Mozambique	Zambia
Eritrea	Namibia	Zimbabwe

American Republics:

Antigua-Barbuda	Dominican Rep.	Panama
Argentina	Ecuador	Paraguay
Bahamas	El Salvador	Peru
Barbados	Grenada	St. Kitts & Nevis
Belize	Guatemala	St. Lucia
Bolivia	Guyana	St. Vincent & Grenadines
Brazil	Haiti	
Chile	Honduras	Suriname
Colombia	Jamaica	Trinidad & Tobago
Costa Rica	Mexico	Uruguay
Dominica	Nicaragua	Venezuela

East Asia & Pacific:

Cambodia	Mongolia	Thailand
Indonesia	Papua-New Guinea	Tonga
Laos	Philippines	Vanuatu
Malaysia	Solomon Islands	W. Samoa

Near East & South Asia:

Bahrain	Israel	Nepal
Bangladesh	Jordan	Oman
Egypt	Lebanon	Sri Lanka
India	Morocco	Tunisia

Europe & Central Asia:

Albania
Bosnia & Herzegovina
Bulgaria
Czech Republic
Estonia
Former Yugoslav
Rep. Macedonia
Georgia
Greece
Hungary
Kazakstan
Kyrgyzstan
Latvia
Lithuania
Moldova
Portugal
Romania
Russia
Slovakia
Slovenia
Turkey
Turkmenistan
Ukraine
Uzbekistan

SALES OF EXCESS DEFENSE ARTICLES
UNDER FOREIGN MILITARY SALES
IN FY 1997
(Dollars in Thousands)

	OFFERED		DELIVERED IN FY 1997	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
AMERICAN REPUBLICS:				
CHILE	941	47	941	47
REGIONAL TOTAL	941	47	941	47
EAST ASIA & PACIFIC:				
AUSTRALIA	483,472	56,330	74,038	15,477
NEW ZEALAND	247	34	15	7
SINGAPORE	330	67	330	67
TAIWAN	1,541	116	0	0
REGIONAL TOTAL	485,590	56,547	74,383	15,551
EUROPE:				
BELGIUM	4,666	467	0	0
DENMARK	5,941	1,188	0	0
GREECE	971	485	334	167
GERMANY	15,197	6,826	12,620	6,294
NETHERLANDS	2,097	419	0	0
SPAIN	971	485	0	0
TURKEY	1,400	680	519	213
UNITED KINGDOM	935	392	0	0
REGIONAL TOTAL	32,178	10,942	13,473	6,674
NEAR EAST & SOUTH ASIA:				
SAUDI ARABIA	4,851	970	0	0
REGIONAL TOTAL	4,851	970	0	0
NON-REGIONAL:				
NAMSA	2,700	854	0	0
NON-REGIONAL TOTAL	2,700	854	0	0
WORLDWIDE TOTAL	526,260	69,360	88,797	22,272

GRANTS OF EXCESS DEFENSE ARTICLES
UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT
IN FY 1997
(Dollars in Thousands)

	OFFERED		DELIVERED IN FY 1997	
	ACQ. VALUE	CURRENT VALUE	ACQ. VALUE	CURRENT VALUE
AFRICA:				
BOTSWANA	755	377	0	0
REGIONAL TOTAL	755	377	0	0
AMERICAN REPUBLICS:				
ARGENTINA	66,233	23,352	8,393	460
BELIZE	208	42	0	0
DOMINICAN REPUBLIC	1,874	232	1,874	232
ECUADOR	375	77	375	77
MEXICO	18,454	3,023	18,454	3,023
REGIONAL TOTAL	87,144	26,726	29,096	3,792
EUROPE:				
ALBANIA	957	115	0	0
BOSNIA HERZEGOVINA	36,554	7,881	27,965	5,360
BULGARIA	59	6	59	6
ESTONIA	6,736	1,343	1,997	396
GREECE	100,613	25,937	0	0
HUNGARY	177	84	167	83
LITHUANIA	89	45	0	0
PORTUGAL	13,580	2,839	0	0
TURKEY	271,949	111,988	271,053	111,539
REGIONAL TOTAL	430,714	150,238	301,241	117,384
NEAR EAST & SOUTH ASIA:				
BAHRAIN	35,320	14,568	25,227	12,178
BANGLADESH	17,967	1,797	0	0
EGYPT	22,015	7,569	104	21
ISRAEL	68,072	20,491	0	0
JORDAN	183,088	54,311	31,513	15,756
LEBANON	11,116	2,223	0	0
MOROCCO	90,886	26,427	43,207	4,856
OMAN	14,465	2,503	2,759	552
TUNISIA	12,452	2,446	0	0
REGIONAL TOTAL	455,381	132,335	102,810	33,363
WORLDWIDE TOTAL	973,994	309,676	433,147	154,539

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. For articles lost or destroyed which the U.S. does not intend to replace, an amount not less than the actual value (less any depreciation) is assessed.

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. The President may also waive the rental payments for any defense article which has passed three quarters of its normal service life if the President determines that to do so is important to the national security interest of the United States. Such waivers are made before the implementation of the lease agreement.

LEASES UNDER THE ARMS EXPORT CONTROL ACT
IMPLEMENTED FY 1997
(Dollars in Thousands)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
AMERICAN REPUBLICS:		
CHILE	5,303	1,148
VENEZUELA	3,351	88
REGIONAL TOTAL	8,654	1,236
EAST ASIA & PACIFIC:		
AUSTRALIA	16,427	100
JAPAN	120	0
NEW ZEALAND	18	0
TAIWAN	11,509	5,083
REGIONAL TOTAL	28,074	5,183
EUROPE & CANADA:		
CANADA	175	2
FRANCE	3,900	33
GREECE	1,290	20
NETHERLANDS	100	5
NORWAY	6,313	737
TURKEY	54,884	19,977
REGIONAL TOTAL	66,662	20,774
NEAR EAST & SOUTH ASIA:		
OMAN	20	10
REGIONAL TOTAL	20	10
NON-REGIONAL:		
NATO	10	10
NON-REGIONAL TOTAL	10	10
WORLDWIDE TOTAL	103,420	27,213

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 1998 (P. L. 105-118) authorized additions of $40M for Korea, and an additional $20M for Thailand in order to fulfill U.S. obligations under the Memorandum of Understanding establishing the Thai WRSA program.

In FY 1999 an additional $320M is required for the Korean program. This authorization is required to transfer excess items (U.S.-titled material), to the WRSA program. After a recent review by U.S. Forces Korea of its munitions assets, updated weapons systems, and the fire support plan, it was determined that large amounts of excess and obsolete munitions exists in U.S. inventories. As a result, U.S. Forces Korea seeks a significant increase in authority to transfer $320M in additions to the FY99 WRSA-K. The additions include primarily excess munitions, with the remainder being other supply-type items.

While alternative disposition of excess and obsolete munitions exists in the form of foreign military sales (FMS) and demilitarization, FMS to other countries is limited due to the extra cost incurred by the buyer to transport the munitions off the Korean peninsula, and demilitarization is a very slow and expensive process. Transfer of excess and obsolete munitions to the WRSA-K from the U.S. inventory will result in the avoidance of maintenance, storage, transportation, and demilitarization costs by the U.S., resulting in increased storage space for U.S. Forces Korea, and improvement in ROK readiness. [By agreement with the Government of Korea, the U.S. does not pay for the storage of assets designated as WRSA, although the assets remain under U.S. title.]

In FY99 an additional $20M authorization is required for the Thailand program. This authorization is required to fulfill expected U.S. obligations under the Memorandum of Understanding establishing the Thai WRSA program. While the Government of Thailand originally requested only $10M in additions for FY99, the recent economic crisis in Thailand resulted in the Chief, U.S. Joint Military Assistance Group being notified that the Government of Thailand would only be able to pay in-country port-to-storage transportation for $10M of the FY98 authorization (FY98 authorization for additions to WRSAA-T was $20M). As a result, the Government of Thailand has asked that an additional $10M, the amount of unused authority from the FY98 authorization, be requested for the FY99 WRSA-T. The U.S. contribution will be matched dollar-for-dollar by the Government of Thailand. If approved, the goal of the

program, which is to bring the total value of U.S. contributions since the establishment of the program in 1987 to $100M, will be met.

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 1999 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 1999 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 1999, their value will not be counted a second time, when eventually relocated.

VALUE OF ANNUAL CEILINGS FOR STOCKPILING

(Dollars 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
1998	60,000
1999	340,000

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/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

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 2, 1973
Nigeria	January 2, 1973
Rwanda	February 27, 1981
South Africa	June 27, 1994
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

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
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
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

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
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 and Canada	
Albania	March 22, 1994
Austria	January 2, 1973
Belgium	January 2, 1973
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
The Former Yugoslav Republic of Macedonia	March 8, 1996
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

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
Portugal	January 2, 1973
Romania	March 22, 1994
Slovakia	January 5, 1994
Slovenia	March 8, 1996
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
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
New Independent States	
Georgia	March 11, 1997
Kazakstan	March 11, 1997
Kyrgystan	March 11, 1997
Moldova	March 11, 1997
Russia	March 11, 1997

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES FROM THE UNITED STATES GOVERNMENT (continued)

COUNTRY	DATE OF DETERMINATION
Turkmenistan	March 11, 1997
Ukraine	March 11, 1997
Uzbekistan	March 11, 1997
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.

Commercial Exports Licensed or Approved Under the Arms Export Control Act

The Office of Defense Trade Controls (DTC) in the Bureau of Political-Military Affairs at the 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 1996. 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 1996. 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 1997 and 1998. 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 1996 and which had no authorized licenses for fiscal years 1995 and 1996 do not appear in this report.

The procedures for estimating defense commercial sales for out years (fiscal years 1997 and 1998) 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 1997) to be 10 percent of the total dollar value of approved licenses for the previous two years (fiscal years 1995 and 1996). The exports for the second out year (fiscal year 1998) are estimated to be fifty percent of those for fiscal year 1996. This formula is applied for all countries except where the U.S. has a current policy not to approve exports of defense articles, services or technical data.

End Use Monitoring Programs

Commercial Programs (Blue Lantern)

The importance of the Blue Lantern program was recently reiterated in a State Department cable to all diplomatic and consular posts in October 1997. Posts are instructed to maintain formal action plans and keep current procedures to implement the Blue Lantern program. Changes in operations or personnel are reported regularly throughout the year.

Blue Lantern is integrated fully into the Office of Defense Trade Controls' operations within existing personnel ceilings. Teams of professionals with expertise in export compliance and licensing meet regularly to discuss potential cases and program information.

For FY 1997, 510 licenses were subject to Blue Lantern verification, an increase of 106 licenses from FY 1996, and the second highest total ever.

Responses were received for 379 of the 510 licenses subject to end-use checks initiated in FY 1997. While 261 of the 379 licenses received favorable responses, 56 licenses received unfavorable responses, translating to an almost 15 percent unfavorable rate.

Significant Blue Lantern activities from FY 1997 include:

1. **Military Vehicle Generators and Spare Parts to Austria and Yemen:** Through Blue Lantern channels it was developed that an German entity cited on export licenses was in fact a straw firm for German arms merchants to facilitate exports of U.S.-origin military vehicle parts to Iran via Slovenia (no government orders from Austria or Yemen had in fact been proferred). Several arrests were made by German authorities in breaking up this major international network of illegal diversions to Iran.

2. **Aircraft and Missile Spare Parts to Italy:** A Blue Lantern end-use check determined that an Italian entity identified on license transactions totaling multiple millions of dollars had no contracts or current affiliation with the Government of Italy, and that the Government of Italy considered the transactions highly suspect and illegal.

3. **Pilot Beacons and Lights to the United Kingdom:** It was learned through Blue Lantern that the commodities would be used by the U.K. firm listed as foreign end-user not in the United Kingdom as suggested but rather for mercenary operations in Papua New Guinea.

4. **Firearms to Paraguay:** Paraguay currently is subject to a ban on firearms exports for commercial purposes; transactions involving solely government entities are reviewed on a case-by-case basis. A Blue Lantern check on such a case determined that the Policia Nacional did not place an order for firearms, and that documents submitted with the license application purportedly from the Policia Nacional were fraudulent, including a misspelling of the Chief of Police's name and provision of an identification number which refers to a traffic accident. Further, no import authorization from the correct Government of Paraguay

office was ever issued. Paraguayan authorities intended to launch an investigation into this matter.

Government-To-Government Programs

Section 40A of the AECA, as added by PL 104-164, requires that controls used for identifying high risk exports developed under Section 38 (g)(7) of the AECA and subsequently used in the Blue Lantern program also be applied for government-to-government sales and lease programs. Prior to submission of the first report under this section, the Department of Defense (DoD) reviewed its procedures for government-to-government shipments and determined that existing controls fully meet Blue Lantern program standards.

Specifically, before government-to-government shipments are made, DoD coordinates the transfer closely with the country team, appropriate regional commander-in-chief, other U.S. Government interagency offices, and with the acquiring country or international organization. Each defense item transfer must be preceded by formal agreement. Each agreement includes appropriate end-use and retransfer restrictions.

DoD applies tighter controls for more sensitive items. To help ensure proper controls are maintained, DoD manages transportation for more sensitive items to the point of physical turnover to appropriate country representatives. Physical security for transfers of arms, ammunition, and explosives are similar to those required for U.S. forces. The process for transfer of classified items include pre-release security surveys, special bilateral agreement prior to release, and follow-on surveys to verify that recipients retain appropriate item protection measures.

These controls are generally referred to as end-use monitoring (EUM). EUM is an integral, ongoing, and evolving feature of arms transfer, use, and ultimate disposal. It is therefore a factor in almost every significant government-to-government security assistance process change. The following are EUM enhancements since the previous report:

-- **Guidance:** Guidance has been updated to highlight specific features within security assistance processes and actions within our security assistance operations that support EUM. Formal guidance was provided to the Unified Commanders in November 1996. Within the next few months, DoD anticipates publication of guidance in the manual used by the security assistance community. The guidance has already been incorporated as a formal block of classroom instruction, including textbook changes. It has also been published as a booklet, for distribution to civilian and other parties interested in controls which are integral to arms transfers.

-- **Training:** More than 250 new country team members received the new block of EUM instruction in 1997, Additionally, more than 1,200 students received expanded EUM training. This included personnel assigned to DoD and other U.S. agencies, students assigned from security assistance customer countries, and U.S. contractor personnel involved in programs which transfer defense articles and services to foreign countries.

-- **FMS Reserve:** From an EUM perspective, sales of defense articles to friendly governments are preferable to private sales since end-use and retransfer restrictions are more intensively applied. Consumption within the military establishments of foreign countries reduces opportunities for unauthorized use. In this regard, DoD has adjusted its policies to encourage retention, when foreign requirements exist, of secondary items that could otherwise be sold to the commercial sector. This has saved approximately $100 million to date as DoD sold items at full price while reducing possibilities for misuse.

-- **Disposal Through Redistribution:** Excess secondary items are less visible than end items and therefore more subject to transfer without full attention to EUM requirements. There is continuing interest in ensuring that serviceable non-significant military equipment items, which are no longer needed by a country, may be disposed of without proper end-use controls. As one more step to prevent unauthorized retransfer of these items, a process referred to as World Wide Redistribution Services (WWRS) is being implemented. The process entails listing excess items centrally and streamlined procedures to supply the listed items, versus production of new items, when a U.S. or friendly country requirement develops.

DoD continues to monitor its transfer processes to detect and minimize any opportunities for unauthorized end-use of U.S.-origin defense articles. To date, the provisions of Section 40A of the AECA have been implemented within existing personnel and resources ceilings. EUM continues as an inherent part of the duties of personnel associated with security assistance programs.

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1997	ESTIMATED DELIVERIES FY 1998	FY 1999
AFRICA:			
ANGOLA	**	13	45
BOTSWANA	176	962	1,506
BURKINA FASO	2	**	1
BURUNDI	0	0	0
CAMEROON	0	5	24
CHAD	0	5	24
COMOROS	0	1	0
CONGO	0	0	0
COTE D'IVOIRE	13	8	9
ERITREA	7	90	450
ETHIOPIA	14	1	5
GABON	9	44	60
GHANA	1	371	214
GUINEA	0	0	0
KENYA	43	2,197	308
MADAGASCAR	0	0	0
MALI	0	0	**
MAURITANIA	46	13	65
MAURITIUS	0	9	15
NAMIBIA	**	43	282
NIGER	0	5	22
NIGERIA	**	0	0
REUNION	0	2	0
SENEGAL	14	0	0
SOMALIA	0	0	0
SOUTH AFRICA	857	3,561	14,941
TANZANIA	19	66	30
TOGO	0	13	64
UGANDA	0	222	1,101
ZAMBIA	3	241	799
ZIMBABWE	2	39	132
REGIONAL TOTAL	1,206	7,911	20,097
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	0	1	1
ARGENTINA	3,283	25,626	99,423
ARUBA	5	25	31
BAHAMAS, THE	6	7	5
BARBADOS*	8	14	47
BELIZE	6	152	706
BERMUDA	6	114	536
BOLIVIA	94	384	1,087
BRAZIL	4,029	22,584	91,261
BRITISH VIRGIN ISLANDS	4	**	**
CAYMAN ISLANDS	0	4	14
CHILE	1,028	5,737	12,271
COLOMBIA	6,223	5,217	19,617
COSTA RICA	215	327	810

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1997	ESTIMATED DELIVERIES FY 1998	FY 1999
AMERICAN REPUBLICS (CONT):			
DOMINICA*	0	1	3
DOMINICAN REPUBLIC	254	1,003	1,358
ECUADOR	2,720	2,040	6,302
EL SALVADOR	52	1,631	4,032
FRENCH GUIANA	4,710	13,098	62,720
GRENADA*	10	7	0
GUADELOUPE	0	0	0
GUATEMALA	303	512	1,517
GUYANA	22	29	93
HAITI	0	22	79
HONDURAS	70	878	2,545
JAMAICA	97	77	215
MARTINIQUE	0	6	0
MEXICO	12,642	11,665	47,225
NETHERLANDS ANTILLES	32	28	72
NICARAGUA	77	10	11
PANAMA	219	2,110	4,574
PARAGUAY	0	14	51
PERU	95	2,170	8,146
ST. KITTS AND NEVIS*	2	1	3
ST. LUCIA*	8	7	13
ST. VINCENT & GRENADINES*	1	1	3
SURINAME	5	27	68
TRINIDAD & TOBAGO	55	97	166
TURKS & CAICOS ISLAND	0	0	0
URUGUAY	111	1,995	2,615
VENEZUELA	2,101	71,945	188,237
REGIONAL TOTAL	38,493	169,566	555,857
EAST ASIA & PACIFIC:			
AUSTRALIA	16,772	153,887	208,232
BRUNEI	341	10,633	10,538
BURMA	0	0	0
CAMBODIA	0	1	2
CHINA	8	5,840	1,273
FIJI	11	29	146
FRENCH POLYNESIA	1	1	2
HONG KONG	595	2,618	1,083
INDONESIA	5,103	27,728	106,052
JAPAN	323,701	473,744	1,265,907
LAOS	0	65	0
MACAU	5	13	25
MALAYSIA	19,069	52,709	218,086
NAURU	0	2	0
NEW CALEDONIA	2	32	42
NEW ZEALAND	2,579	22,265	57,482
PAPUA NEW GUINEA	**	97	275
PHILIPPINES	779	20,530	70,475

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1997	ESTIMATED DELIVERIES FY 1998	FY 1999
EAST ASIA & PACIFIC (CONT):			
SINGAPORE	24,533	68,822	262,042
SOLOMON ISLANDS	0	76	0
SOUTH KOREA	51,741	134,323	211,886
TAIWAN	261,136	270,000	200,000
THAILAND	14,719	46,603	171,396
VIETNAM	0	104	3
REGIONAL TOTAL	721,095	1,290,122	2,784,947
EUROPE & CANADA:			
ALBANIA	1	0	0
ANDORRA	5	24	20
AUSTRIA	1,508	4,543	18,344
AZERBAIJAN	0	55	3
BELARUS	0	7	6
BELGIUM	8,557	42,278	145,825
BOSNIA-HERZEGOVINA	0	9	40
BULGARIA	5	118	229
CANADA	100	5,802	4,375
CROATIA	137	**	419
CYPRUS	0	18	88
CZECH REPUBLIC	133	1,880	6,295
DENMARK	713	32,108	118,525
ESTONIA	0	57	8
FAROE ISLANDS	0	0	0
FINLAND	64,830	14,010	53,196
FRANCE	6,110	37,895	98,786
GEORGIA	66	72	358
GERMANY	46,689	139,015	428,872
GIBRALTAR	0	2	0
GREECE	17,124	28,021	121,967
GREENLAND	14	156	769
HUNGARY	**	2,424	11,886
ICELAND	14	802	1,616
IRELAND	4	1,345	2,136
ITALY	15,937	53,885	183,242
KAZAKHSTAN	45	1,220	4,458
LATVIA	2	84	416
LIECHTENSTEIN	0	**	0
LITHUANIA	0	51	54
LUXEMBOURG	267	3,517	14,988
MACEDONIA (FYROM)	0	33	34
MALTA	0	**	0
MOLDOVA	0	4	21
MONACO	14	2	1
NETHERLANDS	46,011	82,571	235,749
NORWAY	25,025	24,989	53,630
POLAND	259	776	2,784
PORTUGAL	1,473	9,630	24,351

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1997	ESTIMATED DELIVERIES FY 1998	FY 1999
EUROPE & CANADA (CONT):			
ROMANIA	18,656	4,800	2,531
RUSSIA	2,085	10,152	38,855
SLOVAKIA	232	396	904
SLOVENIA	0	298	190
SPAIN	10,238	33,912	68,327
SWEDEN	6,165	532,213	86,299
SWITZERLAND	3,947	43,395	174,387
TURKEY	103,866	76,626	181,324
TURKMENISTAN	**	2	10
UKRAINE	0	96	443
UNITED KINGDOM	57,568	380,187	1,304,233
UZBEKISTAN	0	2	5
YUGOSLAVIA	0	0	0
REGIONAL TOTAL	437,800	1,569,482	3,390,999
NEAR EAST & SOUTH ASIA:			
AFGHANISTAN	0	0	0
ALGERIA	47	6,360	29,003
BAHRAIN	204	1,817	4,458
BANGLADESH	79	400	1,294
BHUTAN	0	10	0
EGYPT	3,269	23,282	41,241
INDIA	9,078	6,852	14,953
ISRAEL	32,261	138,157	348,566
JORDAN	3,334	2,168	33,588
KUWAIT	1,972	5,250	7,490
LEBANON	101	290	1,038
MALDIVES, REPUBLIC OF	0	**	**
MOROCCO	259	3,728	10,736
NEPAL	442	418	19
OMAN	330	664	2,057
PAKISTAN	4,322	12,795	37,440
QATAR	245	1,161	4,264
SAUDI ARABIA	14,984	51,239	197,503
SRI LANKA	214	1,791	8,552
TUNISIA	554	699	2,475
UNITED ARAB EMIRATES	13,054	4,345	12,158
YEMEN	693	661	2,579
REGIONAL TOTAL	85,442	262,087	759,414
NON-REGIONAL:			
CLASSIFIED TOTALS (a)	635,013	1,000,000	1,000,000
INTERNATIONAL ORG.	2,219	28,836	108,367
NON-REGIONAL TOTAL	637,232	1,028,836	1,108,367
WORLDWIDE TOTAL	1,921,268	4,328,004	8,619,681

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1997	ESTIMATED DELIVERIES FY 1998	FY 1999

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.

FUNDING
(Dollars in Millions)

FOREIGN MILITARY FINANCING GRANTS (11-1082)

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
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	100.791	173.300	146.000
Administrative Costs	23.183	23.250	29.910
Unobligated Expenses – Admin	0.026	0.000	0.000
Total Appropriation	3,224.000	3,296.550	3,275.910
Reimbursements - Other Grants	0.129	0.000	0.000
Transfer From Other Accounts – Other Grants	65.183	40.000	0.000
Transfers From Other Accounts – Admin	13.710	6.494	0.000
Total Budget Authority	3,289.312	3,343.044	3,275.910
Unobligated Balance Expiring – Admin	-0.026	0.000	0.000
Total Obligations	3,289.286	3,343.044	3,275.910
Net Outlays	2,960.185	3,213.356	3,177.584

FUNDING (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING PROGRAM ACCOUNT (11-1085)

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
Direct Loan Subsidy Appropriation	60.000	60.000	20.000
Transfers to Other Accounts	-1.783	-40.000	0.000
Subsidy Re-estimates	24.348	18.171	0.000
Budget Authority	82.565	38.171	20.000
Total Obligations	82.565	38.171	20.000
Net Outlays	64.010	46.262	38.531

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (11-4121)

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
Obligations:			
Guarantee Claims	48.234	48.616	45.975
Total Obligations	48.234	48.616	45.975
Financing:			
Collections of Guarantee Claims	37.066	21.547	14.591
Collections for Debt Reduction	3.837	18.004	4.187
Offsetting Collections From:			
Repayment of Guarantee Claims	37.066	21.547	14.591
Repayment of Direct Loans	198.902	219.257	218.101
Repayment of Debt Reduction Loans	3.837	18.004	4.187
Total Offsetting Collections	-239.805	-258.808	-236.879
Net Outlays	-191.571	-210.184	-190.904

FUNDING (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING DIRECT LOAN FINANCING ACCOUNT (11-4122)

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
Direct Loans	297.500	200.000	167.024
Interest on Treasury Borrowing	99.241	112.138	147.737
Payment of Downward Rest of Subsidy	10.903	15.023	0.000
Total Obligations/Financing Authority	407.644	327.161	314.761
Financing Disbursements	485.895	599.729	691.043
Less Offsetting Collections:			
Payments from FMF Program Account	-24.348	-64.434	-38.530
Interest on Uninvested Funds	25.066	0.000	0.000
Payments from Country Loans	-132.994	-402.101	-528.139
Financing Disbursements (Net)	303.487	133.194	124.374

MILITARY DEBT REDUCTION FINANCING ACCOUNT (11-4174)

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
Payment to Liquidating Account	3.837	18.004	4.187
Interest on Debt to Treasury	0.239	1.204	1.341
Total Obligations	4.076	19.208	5.528
Outlays (Gross)	4.076	19.208	5.528
Less Offsetting Collections From:			
Federal Funds	0.375	3.131	2.903
Non-Federal Funds	0.518	0.000	0.000
Net Outlays	3.183	16.077	2.620

FUNDING (Continued)
(Dollars in Millions)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
IMET Program	43.475	50.000	50.000
Unobligated Programs	-0.003	0.000	0.000
Total Obligations	43.472	50.000	50.000
Unobligated Balance Lapsing	-3.370	0.000	0.000
Budget Authority:			
Appropriation	43.475	50.000	50.000
Net Outlays	33.815	46.000	49.000

FUNDING (Continued)
(Dollars in Millions)

SPECIAL DEFENSE ACQUISITION FUND

	Actual FY 1997	Estimated FY 1998	Proposed FY 1999
Purchases of Equipment (Obligations) (a)	0.640	3.000	6.000
Gross Budget Authority (b)	0.640	3.000	6.000
Offsetting Collections	-89.132	-80.000	-56.000
Net Budget Authority	-88.492	-77.000	-50.000
Financing Disbursements	13.844	26.000	20.000
Offsetting Collections	-89.132	-80.000	-56.000
Net Outlays	-75.288	-54.000	-36.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (c)(d) (Capital Return) to Treasury account 2814, "Other Repayments of Investments and Recoveries"	166.000	34.000	0.000
Return of Unobligated Balances to the Treasury due to Program Cancellation (Excess Unobligated Balance) to Treasury account 1614, "Other Earnings from Business Operations and Revolving Funds"	0.000	46.000	30.000

(a) FY 1995 obligations are the final year of SDAF program authority to purchase articles and services for resale. FY 1996 - FY 2000 actual and 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. The scheduled return to Treasury account 1614 in FY 1998 depends on the collection of receipts in excess of $34.0 million.
(d) Capital return summary ($ in millions):
Actual: FY 1994, $266.0; FY 1995, $282.0; FY 1996, $322.0; FY 1997, $166.0. Total Actual = $1,036.0.
Estimated: FY 1998, $34.0. Grand total of capitalization to be returned = $1,070.0.

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	70.000 (A)	70.000 (A)	(A)	(A)	70.000 (A)	70.000 (A)
1997	3,228.250	3,228.250	(B)	(B)	3,224.000 (B)	3,224.000 (B)
1998	3,274.250	3,274.250	(C)	(C)	3,296.550 (C)	3,296.550 (C)
1999	3,275.910	3,275.910				

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.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

FOREIGN MILITARY FINANCING PROGRAM (Continued)

(i) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
(j) Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $223.170 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; P.L. 104-134 appropriated $70.000 for FY 1996. The Authorization was waived.
(B) P.L. 104-208 appropriated $3,224.000 for FY 1997. The Authorization was waived.
(C) P.L. 105-118 appropriated $3,296.550 for FY 1998. The Authorization was waived.

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	540.000 (f)
1998	699.500	200.000 (g)
1999	167.024	

(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.
(f) P.L. 104-208 provides financing authority for direct loans of $540.000 for FY 1997.
(g) P.L. 105-118 provides financing authority for direct loans of $200.000 for FY 1998.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

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	60.000 (g)
1998	66.000	60.000 (h)
1999	20.000	

(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.
(g) P.L. 104-208 appropriated $60.000 for FY 1997. The Authorization was waived.
(h) P.L. 105-118 appropriated $60.000 for FY 1998. $40.000 will be transferred to the FMF Grant Account. 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 (d)(e)	2,202.000	2,282.000
1980	2,115.100 (e)(f)	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 (h)	2,873.500	2,962.250 (g)
1984	2,949.000 (i)	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 (o)	(p)	3,600.000 (q)
1988	3,600.000 (r)	3,200.820 (r)	3,200.820 (r)
1989	3,281.000 (r)	3,258.500	3,258.500
1990	3,849.100 (s)	3,916.510 (t)	3,916.510 (t)
1991	3,358.000 (u)	3,175.000 (v)	3,175.000 (v)
1992	3,240.000 (w)	3,216.624 (g)	3,216.624 (g)
1993	3,123.000 (x)	2,670.000	2,670.000
1994	2,582.000	2,364.562	2,364.562
1995	82.300 (y)	2,368.600	2,368.600
1996	2,494.300	2,359.600	2,359.600
1997	2,408.000	2,362.600	2,362.600
1998	2,497.600	2,419.600	2,419.600
1999	2,513.600		

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

ECONOMIC SUPPORT FUND (Continued)

(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.
(e) Executive Branch request included ESF and PKO in one account--Security Supporting Assistance (SSA).
(f) Includes an $80.000 supplemental for Central America.
CRA limitation.
(g) Reflects initial budget request. Does not include the $294.500 supplemental budget request.
(h) Reflects initial budget request. Does not include the $340.500 supplemental appropriation for Central America or the $10.000 for Poland.
(i) Includes supplemental appropriation (P.L. 98-332).
(j) Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
(k) Includes FY 1985 Supplemental of $2,258.000.
(l) 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.
(m) Includes $100.000 supplemental for the Republic of the Philippines.
(n) Includes a supplemental request of $297.000.
(o) The International Development and Security Act of 1985 (P.L. 99-83) authorized $3,800.000 for both FY 1986 and FY 1987.
(p) Includes $50.000 deoblilgation/reobligation reappropriation.
(q) Includes $12.500 deobligation reobligation reappropriation estimate.
(r) Includes $18.000 deobligation/reobligation reappropriation estimate and a $500.000 supplemental for Panama.
(s) 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.
(t) Includes $14.000 reappropriation estimate.
(u) Includes $14.000 reappropriation estimate and $30.200 transferred to other accounts. Includes $20.000 for Ireland.
(v) Includes $12.000 reappropriation estimate.
(w) Includes $11.000 reappropriation estimate.
(x) Executive Branch did not request Economic Support Funds in the President's Budget for FY 1995.
(y) The FY 1996 President's Budget includes a supplemental FY 1995 request of $82.300.

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	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	43.475 (N)	43.475 (N)
1998	50.000	50.000	50.000
1999	50.000		

NOTE:
(1) The Military Assistance Program included International Military Education and Training Program prior to FY1976.
(2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.

(a) The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
(b) Foreign Assistance Act of 1961 authorized $1,700.000; 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.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

MILITARY ASSISTANCE PROGRAM AND INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (Continued)

(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.
(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.
(N) P.L. 104-208 appropriated $43.475 for FY 1997. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(Continued)
(Dollars in Millions)

PEACEKEEPING OPERATIONS

Fiscal Year	Executive Request	Authorized	Appropriated
1979	(a)	30.900	27.400
1980	(a)	21.100	22.000 (b)
1981	25.000	25.000	25.000 (c)
1982	19.000	19.000	14.000 (d)
1983	43.474	19.000	31.100 (c)
1984	46.200	46.200	46.200 (c)
1985	49.000	(e)	44.000 (c)
1986	37.000	37.000	34.000 (f)
1987	39.000	37.000	31.689
1988	46.311	31.689	31.689
1989	41.689 (g)	41.689	41.689
1990	33.377	32.773	32.773
1991	32.800	32.800	32.800
1992	378.000 (h)	28.000	28.000 (c)
1993	27.166	27.166	27.166
1994	77.166	82.435 (i)	82.435 (i)
1995	75.000	75.000	75.000 (j)
1996	100.000	70.000	70.000
1997	70.000	65.000	65.000
1998	90.000	77.500	77.500
1999	83.000		

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Millions)

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT
(Formerly Guaranty Reserve Fund)

Fiscal Year	Executive Branch Request	Appropriated	Borrowing Authority/ Permanent Indefinite Appropriation (k)	
			Actual	Estimated
1985	274.000	109.000	0.000	
1988	0.000	532.000	0.000	
1989	0.000	0.000	452.065	
1990	0.000	0.000	731.510	
1991	0.000	0.000	127.014	
1992	0.000	0.000	0.000	
1993	0.000	0.000	62.678	
1994	0.000	0.000	49.608	
1995	0.000	0.000	39.300	
1996	0.000	0.000	23.577	
1997	10.599	0.000	16.500	
1998	28.000	0.000	0.000	28.000 (k)
1999	31.384	0.000	0.000	31.384 (k)

PEACEKEEPING OPERATIONS AND FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (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 1999.

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
AF												
Angola	12,500	5,500	-	174	-	-	-	33,004	-	-	-	51,178
Benin	13,800	-	-	350	-	-	-	2,096	1,719	-	-	17,965
Botswana	-	-	-	391	-	-	-	-	965	-	-	1,356
Burkina Faso	-	-	-	-	-	-	-	11,560	1,495	-	-	13,055
Cameroon	-	-	-	104	-	-	-	-	3,102	-	-	3,206
Cape Verde	-	-	-	208	-	-	-	3,381	967	-	-	4,556
Central African Republic	-	-	-	158	-	-	-	-	-	-	-	158
Chad	-	-	-	27	-	-	-	4,977	1,114	-	-	6,118
Comoros	-	-	-	76	-	-	-	-	-	-	-	76
Congo	-	-	-	147	-	-	-	-	559	-	-	706
Cote d'Ivoire	-	-	-	170	-	-	-	2,293	1,892	-	-	4,355
Dem Rep of the Congo (DROC)	-	-	-	-	-	-	-	-	-	-	-	-
Djibouti	-	-	-	94	-	-	-	-	-	-	-	94
Eritrea	9,500	-	-	413	-	-	-	735	1,187	-	-	11,835
Ethiopia	37,290	-	-	313	-	-	-	37,397	1,246	-	-	76,246
Gabon	-	-	-	-	-	-	-	-	2,548	-	-	2,548
Gambia	-	-	-	-	-	-	-	1,864	1,322	-	-	3,186
Ghana	36,000	-	-	243	-	-	-	13,843	2,408	-	-	52,494
Guinea	12,500	-	-	55	-	-	-	1,155	2,438	-	-	16,148
Guinea-Bissau	4,100	-	-	119	-	-	-	1,906	1,055	-	-	7,180
Kenya	19,678	-	-	304	-	-	-	11,469	3,017	-	-	34,468
Lesotho	-	-	-	76	-	-	-	1,611	2,000	-	-	3,687
Liberia	7,500	-	-	-	-	-	-	23,143	-	-	-	30,643
Madagascar	16,250	-	-	113	-	-	-	3,700	1,035	-	-	21,098
Malawi	34,312	-	-	228	-	-	-	-	2,051	-	-	36,591
Mali	31,150	-	-	152	-	-	-	3,890	2,930	-	-	38,122
Mauritania	-	-	-	-	-	-	-	4,026	1,302	-	-	5,328
Mauritius	-	-	-	22	-	-	-	-	-	-	-	22
Mozambique	31,933	-	-	204	-	-	-	21,180	-	-	-	53,317
Namibia	8,500	-	-	188	-	-	-	-	2,133	-	-	10,821
Niger	1,503	-	-	-	-	-	-	2,032	2,585	-	-	6,120
Nigeria	4,100	-	-	-	-	-	-	-	-	-	-	4,100
Rwanda	4,500	-	-	359	-	-	-	70,900	-	-	-	75,759
Sao Tome & Principe	-	-	-	72	-	-	-	-	-	-	-	72
Senegal	21,200	-	-	697	-	-	-	74	2,426	-	-	24,397
Seychelles	-	-	-	50	-	-	-	-	-	-	-	50
Sierra Leone	-	-	-	3	-	-	-	16,447	-	-	-	16,450
Somalia	3,693	-	-	-	-	-	-	2,248	-	-	-	5,941
South Africa	65,609	-	-	656	-	-	-	-	1,528	-	-	67,793
Sudan	-	-	-	-	-	-	-	27,234	-	-	-	27,234
Swaziland	-	-	-	85	-	-	-	-	117	-	-	202
Tanzania	17,800	-	-	5	-	-	-	-	1,853	-	-	19,658
Togo	-	-	-	25	-	-	-	-	1,974	-	-	1,999
Uganda	42,518	-	-	342	-	-	-	25,072	1,453	-	-	69,385

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Zambia	17,600	-	-	172	-	-	-	163	2,042	-	-	19,977
Zimbabwe	16,900	-	-	298	-	-	-	-	1,389	-	-	18,587
Africa Regional	-	-	-	-	-	-	-	-	-	-	-	-
Africa Regional Democracy Fund	-	4,500	-	-	-	-	-	-	-	-	-	4,500
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	2,000	-	2,000
African Crisis Response Force	-	-	4,500	-	-	-	-	-	-	10,500	-	15,000
Democracy & Human Rights Fund	3,500	-	-	-	-	-	-	-	-	-	-	3,500
East Africa Regional	-	-	4,750	-	-	-	-	-	-	-	-	4,750
Education for Develop & Democracy	-	-	-	-	-	-	-	-	-	-	-	-
Great Lakes Initiative	-	-	-	-	-	-	-	-	-	-	-	-
Greater Horn of Africa Initiative	8,369	-	-	-	-	-	-	-	-	-	-	8,369
Initiative for Southern Africa	48,000	-	-	-	-	-	-	-	-	-	-	48,000
Organization for African Unity (OAU)	-	-	-	-	-	-	-	-	-	3,000	-	3,000
Partnership for Econ Growth & Oppor	-	-	-	-	-	-	-	-	-	-	-	-
Refugee Assistance - Africa	-	-	-	-	-	-	129,309	-	-	-	-	129,309
Regional Development Fund for Africa	130,514	-	-	-	-	-	-	-	-	-	-	130,514
Total, AF	**660,819**	**10,000**	**9,250**	**7,093**	**-**	**-**	**129,309**	**327,400**	**53,852**	**15,500**	**-**	**1,213,223**
ARA												
Argentina	-	-	-	603	-	-	-	-	-	-	-	603
Bahamas	-	-	-	107	-	800	-	-	-	-	-	907
Belize	-	-	-	208	-	-	-	-	976	-	-	1,184
Bolivia	28,106	-	-	509	-	45,500	-	20,528	2,408	-	-	97,051
Brazil	12,610	-	-	222	-	700	-	-	-	-	-	13,532
Chile	-	-	-	395	-	-	-	-	1,131	-	-	1,526
Colombia	50	-	-	-	-	33,450	-	-	-	-	-	33,500
Costa Rica	-	-	-	200	-	-	-	-	1,083	-	-	1,283
Cuba	-	1,500	-	-	-	-	-	-	-	-	-	1,500
Dominican Republic	11,028	-	-	622	-	-	-	392	2,694	-	-	14,736
Ecuador	11,882	300	-	425	-	600	-	-	2,611	-	-	15,818
El Salvador	25,913	5,000	-	455	-	-	-	-	1,131	-	-	32,499
Guatemala	18,589	20,000	-	205	-	2,000	-	11,827	3,077	-	-	55,698
Guyana	2,786	-	-	178	-	-	-	-	678	-	-	3,642
Haiti	15,612	56,888	-	275	-	-	-	22,535	914	15,728	-	111,952
Honduras	21,651	-	-	425	-	-	-	3,722	2,765	-	-	28,563
Jamaica	11,248	-	-	487	-	650	-	-	1,935	-	-	14,320
Mexico	15,218	700	-	1,008	-	5,000	-	-	-	-	-	21,926
Nicaragua	15,648	7,112	-	57	-	-	-	2,875	1,669	-	-	27,361
PACAMS	-	-	-	520	-	-	-	-	-	-	-	520
Panama	2,741	-	-	-	-	-	-	-	1,345	-	-	4,086
Paraguay	4,785	200	-	284	-	-	-	-	3,126	-	-	8,395
Peru	24,526	-	-	483	-	25,750	-	53,865	-	-	-	104,624
Suriname	-	-	-	149	-	-	-	-	804	-	-	953
Trinidad & Tobago	-	-	-	95	-	-	-	-	-	-	-	95

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Uruguay	-	-	-	332	-	-	-	-	679	-	-	1,011
Venezuela	-	-	-	388	-	600	-	-	-	-	-	988
Administration of Justice/CITAP	-	7,500	-	-	-	-	-	-	-	-	-	7,500
Caribbean Regional	-	-	2,000	-	-	-	-	-	-	-	-	2,000
Central America Regional	10,744	-	-	-	-	-	-	-	-	-	-	10,744
Development Assistance - Eastern Caribbean	-	-	-	420	-	-	-	-	2,236	-	-	2,656
Inter-American Regl Democracy Fund	-	3,000	-	-	-	-	-	-	-	-	-	3,000
LAC Regional	-	-	-	-	-	5,100	-	-	-	-	-	5,100
Latin American & Caribbean Regl Development Assistance	40,753	-	-	-	-	-	-	-	-	-	-	40,753
Refugee Assistance - W. Hemisphere	-	-	-	-	-	-	11,400	-	-	-	-	11,400
Summit of the Americas	-	-	-	-	-	-	-	-	-	-	-	-
Total, ARA	**273,890**	**102,200**	**2,000**	**9,052**	**-**	**120,150**	**11,400**	**115,744**	**31,262**	**15,728**	**-**	**681,426**
EAP												
Cambodia	-	35,000	1,000	463	-	325	-	-	-	-	-	36,788
Indonesia	43,500	-	-	105	-	-	-	-	-	-	-	43,605
Laos	-	-	-	-	-	2,500	-	-	-	-	-	2,500
Malaysia	-	-	-	631	-	-	-	-	-	-	-	631
Mongolia	-	7,000	-	365	3,000	-	-	-	966	-	-	11,331
Papua New Guinea	-	-	-	111	-	-	-	-	1,541	-	-	1,652
Philippines	47,950	-	-	1,295	-	-	-	-	1,957	-	-	51,202
Samoa	-	-	-	95	-	-	-	-	1,023	-	-	1,118
Solomon Islands	-	-	-	146	-	-	-	-	1,153	-	-	1,299
South Pacific Fisheries Treaty	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Thailand	-	-	-	1,600	-	3,000	-	-	1,449	-	-	6,049
Tonga	-	-	-	105	-	-	-	-	823	-	-	928
Vanuatu	-	-	-	99	-	-	-	-	815	-	-	914
ASEAN Environmental Initiative	-	-	-	-	-	-	-	-	-	-	-	-
Asia Regional	14,052	-	-	-	-	1,175	-	-	3,727	-	-	18,954
East Asia Regl Democracy Fund	-	4,800	-	-	-	-	-	-	-	-	-	4,800
Refugee Assistance - East Asia	-	-	-	-	-	-	20,165	-	-	-	-	20,165
Total, EAP	**105,502**	**60,800**	**1,000**	**5,015**	**3,000**	**7,000**	**20,165**	**-**	**13,454**	**-**	**-**	**215,936**
EUR												
Albania	-	-	100	666	27,100	-	1,000	2,114	548	-	-	31,528
Baltics	-	-	-	-	-	-	-	-	-	-	-	-
Bosnia & Herzegovina	-	-	-	500	217,000	-	-	44,074	-	-	-	261,574
Bulgaria	-	-	3,000	903	34,000	-	-	4,693	1,355	-	-	43,951
Croatia	-	-	-	427	12,200	-	-	-	-	-	-	12,627
Cyprus	-	15,000	-	-	-	-	-	-	-	-	-	15,000

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Czech Republic	-	-	9,087	737	-	-	-	-	429	-	-	10,253
Estonia	-	-	1,500	572	-	-	-	-	738	-	-	2,810
FYRO Macedonia	-	-	1,648	319	16,100	-	-	-	313	-	-	18,380
Greece	-	-	14,847	28	-	-	-	-	-	-	-	14,875
Hungary	-	-	10,087	1,014	15,000	268	-	-	393	-	-	26,762
Ireland Fund	-	19,600	-	-	-	-	-	-	-	-	-	19,600
Latvia	-	-	1,500	535	3,300	-	-	-	739	-	-	6,074
Lithuania	-	-	1,500	523	7,200	-	-	-	739	-	-	9,962
Malta	-	-	-	104	-	-	-	-	-	-	-	104
Poland	-	-	12,587	1,000	40,100	59	-	-	2,603	-	-	56,349
Portugal	-	-	-	551	-	-	-	-	-	-	-	551
Romania	-	-	6,500	922	32,900	658	-	-	1,306	-	-	42,286
Serbia-Montenegro	-	-	-	-	3,200	-	-	-	-	-	-	3,200
Slovakia	-	-	6,000	621	15,000	-	-	-	1,395	-	-	23,016
Slovenia	-	-	1,000	400	-	-	-	-	-	-	-	1,400
Turkey	4,000	22,000	25,130	1,454	-	500	-	-	-	-	-	53,084
CE Defense Loans	-	-	18,240	-	-	-	-	-	-	-	-	18,240
EUR Peacekeeping	-	-	-	-	-	-	-	-	-	20,100	-	20,100
Holocaust Assets & Restitution Fund	-	-	-	-	-	-	-	-	-	-	-	-
Refugee Assistance - Europe	-	-	-	-	-	-	10,250	-	-	-	-	10,250
Refugees in Former Yugoslavia	-	-	-	-	-	-	77,235	-	-	-	-	77,235
SEED Regional	-	-	-	-	48,450	-	-	-	-	-	-	48,450
UNTAES Civpol	-	-	-	-	-	-	-	-	-	-	-	-
Total, EUR	**4,000**	**56,600**	**112,726**	**11,276**	**471,550**	**1,485**	**88,485**	**50,881**	**10,558**	**20,100**	**-**	**827,661**
NEA												
Algeria	-	-	-	61	-	-	-	-	-	-	-	61
Bahrain	-	-	-	149	-	-	-	-	-	-	-	149
Egypt	-	-	1,300,000	1,000	-	-	-	2,650	-	-	-	1,303,650
Israel	-	-	1,800,000	-	-	-	-	-	-	-	-	1,800,000
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	-	-	738	-	738
Jordan	4,500	-	30,045	1,655	-	-	-	2,626	1,062	-	-	39,888
Lebanon	-	-	-	547	-	-	-	-	-	-	-	547
MFO - Sinai	-	-	-	-	-	-	-	-	-	15,434	-	15,434
Morocco	15,200	-	-	812	-	-	-	4,047	2,219	-	-	22,278
Northern Iraq	-	-	-	-	-	-	-	7,403	-	-	-	7,403
Oman	-	-	-	117	-	-	-	-	-	-	-	117
Tunisia	-	-	-	837	-	-	-	2,798	-	-	-	3,635
Yemen	-	-	-	52	-	-	-	3,731	-	-	-	3,783
ME Regional	359	-	-	-	-	100	-	-	-	-	-	459
Middle East Peace Process	-	2,127,700	-	-	-	-	-	-	-	-	-	2,127,700
N. Iraq Peace Monitoring Force	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Refugee Assistance - Near East	-	-	-	-	-	-	95,236	-	-	-	-	95,236
Refugees to Israel	-	-	-	-	-	-	80,000	-	-	-	-	80,000

Supporting Information

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Total, NEA	**20,059**	**2,127,700**	**3,130,045**	**5,230**	**-**	**100**	**175,236**	**23,255**	**3,281**	**17,672**	**-**	**5,502,578**
NIS												
Armenia	-	-	-	-	95,010	-	-	-	1,103	-	-	96,113
Azerbaijan	-	-	-	-	16,420	-	-	-	-	-	-	16,420
Belarus	-	-	-	273	6,710	-	-	-	-	-	-	6,983
Georgia	-	-	700	312	26,760	-	-	-	-	-	-	27,772
Kazakstan	-	-	1,500	389	35,390	-	-	-	1,694	-	-	38,973
Kyrgystan	-	-	800	257	20,780	-	-	-	1,183	-	-	23,020
Moldova	-	-	800	268	27,590	-	-	-	1,154	-	-	29,812
Russia	-	-	2,250	842	94,790	-	-	-	4,217	-	-	102,099
Tajikistan	-	-	-	-	4,960	-	-	9,477	-	-	-	14,437
Turkmenistan	-	-	500	262	4,960	-	-	-	1,006	-	-	6,728
Ukraine	-	-	5,250	1,015	225,050	-	-	-	2,685	-	-	234,000
Uzbekistan	-	-	1,000	286	21,550	-	-	-	1,335	-	-	24,171
NIS Regional	-	-	-	-	37,550	-	35,797	-	-	-	-	73,347
NIS - Parking fees	-	-	-	-	1,030	-	-	-	-	-	-	1,030
Total, NIS	**-**	**-**	**12,800**	**3,904**	**618,550**	**-**	**35,797**	**9,477**	**14,377**	**-**	**-**	**694,905**
SA												
Afghanistan	-	-	-	-	-	275	-	28,260	-	-	-	28,535
Bangladesh	46,913	-	-	342	-	-	-	35,624	-	-	-	82,879
India	49,350	-	-	404	-	12	-	93,712	-	-	-	143,478
Maldives	-	-	-	85	-	-	-	-	-	-	-	85
Nepal	18,600	-	-	196	-	30	-	273	2,331	-	-	21,430
Pakistan	-	-	-	-	-	2,500	-	4,817	-	-	-	7,317
Sri Lanka	3,500	-	-	200	-	-	-	-	595	-	-	4,295
South Asia Democracy	-	-	-	-	-	-	-	-	-	-	-	-
South Asia Regional	10,515	-	-	-	-	-	27,387	-	-	-	-	37,902
Total, SA	**128,878**	**-**	**-**	**1,227**	**-**	**2,817**	**27,387**	**162,686**	**2,926**	**-**	**-**	**325,921**
FY 1997 Regional Totals	**1,193,148**	**2,357,300**	**3,267,821**	**42,797**	**1,093,100**	**131,552**	**487,779**	**689,443**	**129,710**	**69,000**	**-**	**9,461,650**
CENTRAL PROGRAMS												
DA & Child Survival	436,814	-	-	-	-	-	-	-	-	-	-	436,814
ESF:												
Human Rights & Democracy	-	1,300	-	-	-	-	-	-	-	-	-	1,300
FMF - Admin Costs	-	-	23,209	-	-	-	-	-	-	-	-	23,209
IMET - General Costs	-	-	-	678	-	-	-	-	-	-	-	678
Intl Narcotics & Law Enforcement	-	-	-	-	-	81,448	-	-	-	-	-	81,448
Migration & Refugee Affairs/ERMA	-	-	-	-	-	-	212,221	-	-	-	-	212,221
PL-480 (Titles II and III):												

Supporting Information

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 97 ACTUAL

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
North Korea - Emergency	-	-	-	-	-	-	-	50,155	-	-	-	50,155
Other Title III	-	-	-	-	-	-	-	18,115	-	-	-	18,115
Central PL-480	-	-	-	-	-	-	-	108,787	-	-	-	108,787
Peace Corps	-	-	-	-	-	-	-	-	78,290	-	-	78,290
TOTAL, CENTRAL PROGRAMS	**436,814**	**1,300**	**23,209**	**678**	**-**	**81,448**	**212,221**	**177,057**	**78,290**	**-**	**-**	**1,011,017**
OTHER FOREIGN OPERATION ACCOUNTS												
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	985,905	985,905
Debt Reduction Programs	-	-	-	-	-	-	-	-	-	-	27,000	27,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-
Enhanced Structural Adjust Facility	-	-	-	-	-	-	-	-	-	-	-	-
Intl Organizations & Programs	-	-	-	-	-	-	-	-	-	-	272,450	272,450
USAID Credit Programs	-	-	-	-	-	-	-	-	-	-	11,500	11,500
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	488,288	488,288
USAID Inspector General	-	-	-	-	-	-	-	-	-	-	30,000	30,000
Disaster Assistance	-	-	-	-	-	-	-	-	-	-	190,000	190,000
Nonproliferation, Antiterrorism, and Demining	-	-	-	-	-	-	-	-	-	-	151,000	151,000
Trade & Development Agency	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Export-Import Bank - Net	-	-	-	-	-	-	-	-	-	-	758,004	758,004
Overseas Private Invest Corp. - Net	-	-	-	-	-	-	-	-	-	-	(112,000)	(112,000)
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	20,000	20,000
African Development Foundation	-	-	-	-	-	-	-	-	-	-	11,500	11,500
Special Defense Acquisition Fund	-	-	-	-	-	-	-	-	-	-	(88,000)	(88,000)
TOTAL, OTHER FOREIGN OPS ACCOUNTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,785,647**	**2,785,647**
OTHER FUNCTION 150 ACCOUNTS												
State Operations (D&CP, S&E, CIF)	-	-	-	-	-	-	-	-	-	-	2,102,200	2,102,200
Security & Maint of US Missions	-	-	-	-	-	-	-	-	-	-	389,320	389,320
Other State Department	-	-	-	-	-	-	-	-	-	-	69,381	69,381
Arms Control & Disarmament Agency	-	-	-	-	-	-	-	-	-	-	41,500	41,500
Contributions to Intl Organizations	-	-	-	-	-	-	-	-	-	-	902,102	902,102
Contributions to Intl Peacekeeping	-	-	-	-	-	-	-	-	-	-	334,780	334,780
Asia Foundation	-	-	-	-	-	-	-	-	-	-	8,000	8,000
US Information Agency	-	-	-	-	-	-	-	-	-	-	1,065,772	1,065,772
Intl Trade Commission & Other	-	-	-	-	-	-	-	-	-	-	42,009	42,009
US Institute of Peace	-	-	-	-	-	-	-	-	-	-	11,160	11,160
TOTAL OTHER FUNCTION 150 ACCOUNTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,966,224**	**4,966,224**
TOTAL FUNCTION 150	**1,629,962**	**2,358,600**	**3,291,030**	**43,475**	**1,093,100**	**213,000**	**700,000**	**866,500**	**208,000**	**69,000**	**7,751,871**	**18,224,538**

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
AF												
Angola	13,000	10,000	-	200	-	-	-	31,208	-	-	-	54,408
Benin	17,150	-	-	350	-	-	-	1,924	1,712	-	-	21,136
Botswana	-	-	-	500	-	-	-	-	87	-	-	587
Burkina Faso	-	-	-	-	-	-	-	10,026	1,716	-	-	11,742
Cameroon	-	-	-	125	-	-	-	-	2,744	-	-	2,869
Cape Verde	-	-	-	100	-	-	-	3,934	1,076	-	-	5,110
Central African Republic	-	-	-	150	-	-	-	-	-	-	-	150
Chad	-	-	-	100	-	-	-	-	1,170	-	-	1,270
Comoros	-	-	-	75	-	-	-	-	-	-	-	75
Congo	-	-	-	-	-	-	-	-	-	-	-	-
Cote d'Ivoire	-	-	-	150	-	-	-	-	2,111	-	-	2,261
Dem Rep of the Congo (DROC)	20,000	-	-	-	-	-	-	-	-	-	-	20,000
Djibouti	-	-	-	100	-	-	-	482	-	-	-	582
Eritrea	10,650	-	-	425	-	-	-	423	1,285	-	-	12,783
Ethiopia	45,585	-	-	475	-	-	-	56,812	1,460	-	-	104,332
Gabon	-	-	-	-	-	-	-	-	2,122	-	-	2,122
Gambia	-	-	-	-	-	-	-	1,593	1,264	-	-	2,857
Ghana	38,231	-	-	340	-	-	-	13,478	2,441	-	-	54,490
Guinea	16,900	-	-	150	-	-	-	823	2,695	-	-	20,568
Guinea-Bissau	-	-	-	125	-	-	-	-	1,063	-	-	1,188
Kenya	19,500	-	-	400	-	-	-	14,519	2,813	-	-	37,232
Lesotho	-	-	-	75	-	-	-	-	1,930	-	-	2,005
Liberia	7,500	-	-	-	-	-	-	28,623	-	-	-	36,123
Madagascar	17,000	-	-	100	-	-	-	4,970	1,048	-	-	23,118
Malawi	36,100	-	-	275	-	-	-	-	1,859	-	-	38,234
Mali	35,900	-	-	275	-	-	-	1,062	2,885	-	-	40,122
Mauritania	-	-	-	-	-	-	-	881	1,372	-	-	2,253
Mauritius	-	-	-	50	-	-	-	-	-	-	-	50
Mozambique	38,396	-	-	175	-	-	-	23,855	726	-	-	63,152
Namibia	8,000	-	-	200	-	-	-	-	2,449	-	-	10,649
Niger	2,500	-	-	-	-	-	-	-	2,154	-	-	4,654
Nigeria	7,000	-	-	-	-	-	-	-	-	-	-	7,000
Rwanda	7,500	-	-	300	-	-	-	10,681	-	-	-	18,481
Sao Tome & Principe	-	-	-	75	-	-	-	-	-	-	-	75
Senegal	17,300	-	-	735	-	-	-	-	2,387	-	-	20,422
Seychelles	-	-	-	75	-	-	-	-	-	-	-	75
Sierra Leone	-	-	-	-	-	-	-	17,208	-	-	-	17,208
Somalia	4,000	-	-	-	-	-	-	-	-	-	-	4,000
South Africa	70,600	-	-	800	-	-	-	-	1,958	-	-	73,358
Sudan	-	-	-	-	-	-	-	1,121	-	-	-	1,121
Swaziland	-	-	-	75	-	-	-	-	-	-	-	75
Tanzania	19,700	-	-	225	-	-	-	8,746	1,991	-	-	30,662
Togo	-	-	-	40	-	-	-	907	1,682	-	-	2,629
Uganda	44,714	-	-	400	-	-	-	29,012	1,764	-	-	75,890

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Zambia	18,311	-	-	150	-	-	-	-	2,127	-	-	20,588
Zimbabwe	11,850	-	-	350	-	-	-	-	1,415	-	-	13,615
Africa Regional	-	-	-	-	-	-	-	-	-	-	-	-
Africa Regional Democracy Fund	-	15,000	-	-	-	-	-	-	-	-	-	15,000
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	7,130	-	7,130
African Crisis Response Force	-	-	10,000	-	-	-	-	-	-	10,000	-	20,000
Democracy & Human Rights Fund	3,483	-	-	-	-	-	-	-	-	-	-	3,483
East Africa Regional	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Education for Develop & Democracy	-	-	-	-	-	-	-	-	-	-	-	-
Great Lakes Initiative	-	-	-	-	-	-	-	-	-	-	-	-
Greater Horn of Africa Initiative	15,000	-	-	-	-	-	-	-	-	-	-	15,000
Initiative for Southern Africa	30,000	-	-	-	-	-	-	-	-	-	-	30,000
Organization for African Unity (OAU)	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Partnership for Econ Growth & Oppor	-	-	-	-	-	-	-	-	-	-	-	-
Refugee Assistance - Africa	-	-	-	-	-	-	143,440	-	-	-	-	143,440
Regional Development Fund for Africa	124,130	-	-	-	-	-	-	-	-	-	-	124,130
Total, AF	**700,000**	**25,000**	**15,000**	**8,140**	**-**	**-**	**143,440**	**262,288**	**53,506**	**19,130**	**-**	**1,226,504**
ARA												
Argentina	-	-	-	600	-	-	-	-	-	-	-	600
Bahamas	-	-	-	100	-	500	-	-	-	-	-	600
Belize	-	-	-	250	-	-	-	-	989	-	-	1,239
Bolivia	35,625	-	-	550	-	12,000	-	24,070	2,414	-	-	74,659
Brazil	10,878	-	-	225	-	500	-	-	-	-	-	11,603
Chile	-	-	-	450	-	-	-	-	696	-	-	1,146
Colombia	20	-	-	900	-	66,000	-	-	-	-	-	66,920
Costa Rica	-	-	-	200	-	-	-	-	663	-	-	863
Cuba	-	2,000	-	-	-	-	-	-	-	-	-	2,000
Dominican Republic	10,762	2,500	-	500	-	-	-	-	2,648	-	-	16,410
Ecuador	8,800	1,000	-	500	-	500	-	-	2,621	-	-	13,421
El Salvador	34,116	1,000	-	500	-	-	-	-	1,186	-	-	36,802
Guatemala	23,338	25,000	-	225	-	3,000	-	11,789	3,587	-	-	66,939
Guyana	2,800	-	-	175	-	-	-	-	784	-	-	3,759
Haiti	-	70,000	-	300	-	-	-	30,214	1,104	15,500	-	117,118
Honduras	17,685	-	-	500	-	-	-	5,097	2,771	-	-	26,053
Jamaica	11,040	-	-	500	-	600	-	-	1,980	-	-	14,120
Mexico	9,377	1,000	-	1,000	-	5,000	-	-	-	-	-	16,377
Nicaragua	23,595	1,000	-	200	-	-	-	1,103	1,779	-	-	27,677
PACAMS	-	-	-	550	-	-	-	-	-	-	-	550
Panama	2,932	-	-	-	-	-	-	-	1,494	-	-	4,426
Paraguay	5,625	500	-	200	-	-	-	-	3,159	-	-	9,484
Peru	30,760	-	-	450	-	31,000	-	53,981	-	-	-	116,191
Suriname	-	-	-	100	-	-	-	-	890	-	-	990
Trinidad & Tobago	-	-	-	125	-	-	-	-	-	-	-	125

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Uruguay	-	-	-	300	-	-	-	-	-	-	-	300
Venezuela	-	-	-	400	-	600	-	-	-	-	-	1,000
Administration of Justice/CITAP	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Caribbean Regional	-	-	3,000	-	-	-	-	-	-	-	-	3,000
Central America Regional	13,525	-	-	-	-	-	-	-	-	-	-	13,525
Development Assistance - Eastern Caribbean	-	-	-	450	-	-	-	-	2,206	-	-	2,656
Inter-American Regl Democracy Fund	-	2,000	-	-	-	-	-	-	-	-	-	2,000
LAC Regional	-	-	-	-	-	4,000	-	-	-	-	-	4,000
Latin American & Caribbean Regl Development Assistance	52,622	-	-	-	-	-	-	-	-	-	-	52,622
Refugee Assistance - W. Hemisphere	-	-	-	-	-	-	11,300	-	-	-	-	11,300
Summit of the Americas	-	-	-	-	-	-	-	-	-	-	-	-
Total, ARA	**293,500**	**116,000**	**3,000**	**10,250**	**-**	**123,700**	**11,300**	**126,254**	**30,971**	**15,500**	**-**	**730,475**
EAP												
Cambodia	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Indonesia	43,800	-	-	400	-	-	-	-	-	-	-	44,200
Laos	-	-	-	-	-	2,500	-	-	-	-	-	2,500
Malaysia	-	-	-	700	-	-	-	-	-	-	-	700
Mongolia	-	12,000	-	425	-	-	-	-	1,253	-	-	13,678
Papua New Guinea	-	-	-	200	-	-	-	-	1,566	-	-	1,766
Philippines	43,600	-	-	1,350	-	-	-	-	2,028	-	-	46,978
Samoa	-	-	-	100	-	-	-	-	1,033	-	-	1,133
Solomon Islands	-	-	-	150	-	-	-	-	1,186	-	-	1,336
South Pacific Fisheries Treaty	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Thailand	-	-	-	1,900	-	3,000	-	-	644	-	-	5,544
Tonga	-	-	-	100	-	-	-	-	857	-	-	957
Vanuatu	-	-	-	100	-	-	-	-	900	-	-	1,000
ASEAN Environmental Initiative	-	-	-	-	-	-	-	-	-	-	-	-
Asia Regional	22,018	-	-	-	-	300	-	-	3,575	-	-	25,893
East Asia Pacific Regional Security Fund	-	250										
East Asia Regl Democracy Fund	-	8,750	-	-	-	-	-	-	-	-	-	8,750
Refugee Assistance - East Asia	-	-	-	-	-	-	11,300	-	-	-	-	11,300
Total, EAP	**109,418**	**55,000**	**-**	**5,425**	**-**	**5,800**	**11,300**	**-**	**13,042**	**-**	**-**	**199,985**
EUR												
Albania	-	-	1,700	600	30,000	-	-	-	-	-	-	32,300
Baltics	-	-	2,100	-	-	-	-	-	-	-	-	2,100
Bosnia & Herzegovina	-	-	-	600	215,000	-	-	-	-	-	-	215,600
Bulgaria	-	-	4,200	950	31,000	-	-	-	1,515	-	-	37,665

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Croatia	-	-	-	425	19,000	-	-	-	-	-	-	19,425
Cyprus	-	15,000	-	-	-	-	-	-	-	-	-	15,000
Czech Republic	-	-	10,800	1,350	-	-	-	-	-	-	-	12,150
Estonia	-	-	5,700	650	-	-	-	-	772	-	-	7,122
FYRO Macedonia	-	-	7,900	450	16,000	-	-	-	404	-	-	24,754
Greece	-	-	14,420	25	-	-	-	-	-	-	-	14,445
Hungary	-	-	10,800	1,500	7,000	-	-	-	-	-	-	19,300
Ireland Fund	-	19,600	-	-	-	-	-	-	-	-	-	19,600
Latvia	-	-	5,700	650	2,400	-	-	-	773	-	-	9,523
Lithuania	-	-	5,700	650	4,600	-	-	-	772	-	-	11,722
Malta	-	-	-	100	-	-	-	-	-	-	-	100
Poland	-	-	15,700	1,600	35,000	-	-	-	2,591	-	-	54,891
Portugal	-	-	-	800	-	-	-	-	-	-	-	800
Romania	-	-	8,900	1,025	35,000	-	-	-	1,375	-	-	46,300
Serbia-Montenegro	-	-	-	-	12,000	-	-	-	-	-	-	12,000
Slovakia	-	-	3,200	600	8,000	-	-	-	1,409	-	-	13,209
Slovenia	-	-	2,500	650	-	-	-	-	-	-	-	3,150
Turkey	4,000	-	20,580	1,500	-	500	-	-	-	-	-	26,580
CE Defense Loans	-	-	20,000	-	-	-	-	-	-	-	-	20,000
EUR Peacekeeping	-	-	-	-	-	-	-	-	-	25,000	-	25,000
Holocaust Assets & Restitution Fund	-	-	-	-	-	-	-	-	-	-	-	-
Refugee Assistance - Europe	-	-	-	-	-	-	14,000	-	-	-	-	14,000
Refugees in Former Yugoslavia	-	-	-	-	-	-	64,000	-	-	-	-	64,000
SEED Regional	-	-	-	-	70,276	-	-	-	-	-	-	70,276
UNTAES Civpol	-	-	-	-	-	-	-	-	-	1,500	-	1,500
Total, EUR	**4,000**	**34,600**	**139,900**	**14,125**	**485,276**	**500**	**78,000**	**-**	**9,611**	**26,500**	**-**	**792,512**
NEA												
Algeria	-	-	-	125	-	-	-	-	-	-	-	125
Bahrain	-	-	-	250	-	-	-	-	-	-	-	250
Egypt	-	-	1,300,000	1,000	-	-	-	-	-	-	-	1,301,000
Israel	-	-	1,800,000	-	-	-	-	-	-	-	-	1,800,000
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	-	-	870	-	870
Jordan	-	-	50,000	1,600	-	-	-	-	1,214	-	-	52,814
Lebanon	-	-	-	550	-	-	-	-	-	-	-	550
MFO - Sinai	-	-	-	-	-	-	-	-	-	15,500	-	15,500
Morocco	10,300	-	-	900	-	-	-	-	2,234	-	-	13,434
Northern Iraq	-	-	-	-	-	-	-	-	-	-	-	-
Oman	-	-	-	225	-	-	-	-	-	-	-	225
Tunisia	-	-	-	900	-	-	-	-	-	-	-	900
Yemen	-	-	-	125	-	-	-	-	-	-	-	125
ME Regional	4,800	-	-	-	-	-	-	-	-	-	-	4,800
Middle East Peace Process	-	2,153,330	-	-	-	-	-	-	-	-	-	2,153,330
N. Iraq Peace Monitoring Force	-	-	-	-	-	-	-	-	-	-	-	-

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Refugee Assistance - Near East	-	-	-	-	-	-	94,400	-	-	-	-	94,400
Refugees to Israel	-	-	-	-	-	-	80,000	-	-	-	-	80,000
Total, NEA	**15,100**	**2,153,330**	**3,150,000**	**5,675**	**-**	**-**	**174,400**	**-**	**3,448**	**16,370**	**-**	**5,518,323**
NIS												
Armenia	-	-	-	-	87,588	-	-	-	1,125	-	-	88,713
Azerbaijan	-	-	-	-	21,430	-	-	-	-	-	-	21,430
Belarus	-	-	-	100	6,710	-	-	-	-	-	-	6,810
Georgia	-	-	1,350	375	92,500	-	-	-	71	-	-	94,296
Kazakstan	-	-	2,250	550	34,950	-	-	-	1,681	-	-	39,431
Kyrgystan	-	-	1,350	325	21,960	-	-	-	1,269	-	-	24,904
Moldova	-	-	1,450	450	25,000	-	-	-	1,553	-	-	28,453
Russia	-	-	2,250	900	129,094	-	-	-	3,955	-	-	136,199
Tajikistan	-	-	-	-	10,246	-	-	-	-	-	-	10,246
Turkmenistan	-	-	450	300	4,500	-	-	-	1,029	-	-	6,279
Ukraine	-	-	3,800	1,250	225,400	-	-	-	2,897	-	-	233,347
Uzbekistan	-	-	1,550	400	19,140	-	-	-	1,385	-	-	22,475
NIS Regional	-	-	-	-	92,280	-	26,400	-	-	-	-	118,680
NIS - Parking fees	-	-	-	-	-	-	-	-	-	-	-	-
Total, NIS	**-**	**-**	**14,450**	**4,650**	**770,798**	**-**	**26,400**	**-**	**14,965**	**-**	**-**	**831,263**
SA												
Afghanistan	-	-	-	-	-	500	-	8,297	-	-	-	8,797
Bangladesh	54,850	-	-	375	-	-	-	20,720	750	-	-	76,695
India	51,350	-	-	475	-	13	-	91,874	-	-	-	143,712
Maldives	-	-	-	100	-	-	-	-	-	-	-	100
Nepal	25,700	-	-	225	-	5	-	683	2,384	-	-	28,997
Pakistan	-	-	-	-	-	1,500	-	5,221	-	-	-	6,721
Sri Lanka	3,000	-	-	225	-	-	-	-	718	-	-	3,943
South Asia Democracy	-	3,000	-	-	-	-	-	-	-	-	-	3,000
South Asia Regional	13,554	-	-	-	-	-	28,000	-	-	-	-	41,554
Total, SA	**148,454**	**3,000**	**-**	**1,400**	**-**	**2,018**	**28,000**	**126,795**	**3,852**	**-**	**-**	**313,519**
FY 1998 Regional Totals	**1,270,472**	**2,386,930**	**3,322,350**	**49,665**	**1,256,074**	**132,018**	**472,840**	**515,337**	**129,395**	**77,500**	**-**	**9,612,581**
CENTRAL PROGRAMS												
DA & Child Survival												
Global Programs & Field Support	353,245	-	-	-	-	-	-	-	-	-	-	353,245
Humanitarian Response	68,708	-	-	-	-	-	-	-	-	-	-	68,708
Program & Policy Coordination	6,500	-	-	-	-	-	-	-	-	-	-	6,500
Other DA	23,209	-	-	-	-	-	-	-	-	-	-	23,209
ESF:												

Supporting Information

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Human Rights & Democracy	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Reserve	-	22,998	-	-	-	-	-	-	-	-	-	22,998
FMF:												
Admin Costs	-	-	29,744	-	-	-	-	-	-	-	-	29,744
Enhanced Intl Peacekeeping Initiative	-	-	7,000	-	-	-	-	-	-	-	-	7,000
Reserve	-	-	3,950	-	-	-	-	-	-	-	-	3,950
IMET - General Costs	-	-	-	335	-	-	-	-	-	-	-	335
Intl Narcotics & Law Enforcement	-	-	-	-	-	98,982	-	-	-	-	-	98,982
Migration & Refugee Affairs/ERMA	-	-	-	-	-	-	227,544	-	-	-	-	227,544
PL-480 (Titles II and III)	-	-	-	-	-	-	-	-	-	-	-	-
Other Title III	-	-	-	-	-	-	-	20,000	-	-	-	20,000
Central PL-480	-	-	-	-	-	-	-	331,663	-	-	-	331,663
Peace Corps	-	-	-	-	-	-	-	-	96,186	-	-	96,186
TOTAL, CENTRAL PROGRAMS	**451,662**	**32,998**	**40,694**	**335**	**-**	**98,982**	**227,544**	**351,663**	**96,186**	**-**	**-**	**1,300,064**
OTHER FOREIGN OPERATION ACCOUNTS												
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	1,458,950	1,458,950
Debt Reduction Programs	-	-	-	-	-	-	-	-	-	-	27,000	27,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	-	-
Enhanced Structural Adjust Facility	-	-	-	-	-	-	-	-	-	-	-	-
Intl Organizations & Programs	-	-	-	-	-	-	-	-	-	-	294,500	294,500
USAID Credit Programs	-	-	-	-	-	-	-	-	-	-	11,053	11,053
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	478,858	478,858
USAID Inspector General	-	-	-	-	-	-	-	-	-	-	29,047	29,047
Disaster Assistance	-	-	-	-	-	-	-	-	-	-	190,298	190,298
Nonproliferation, Antiterrorism, and Demining	-	-	-	-	-	-	-	-	-	-	133,000	133,000
Trade & Development Agency	-	-	-	-	-	-	-	-	-	-	41,500	41,500
Export-Import Bank - Net	-	-	-	-	-	-	-	-	-	-	695,614	695,614
Overseas Private Invest Corp. - Net	-	-	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	22,000	22,000
African Development Foundation	-	-	-	-	-	-	-	-	-	-	14,000	14,000
Special Defense Acquisition Fund	-	-	-	-	-	-	-	-	-	-	(77,000)	(77,000)
TOTAL, OTHER FOREIGN OPS ACCOUNTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,143,820**	**3,143,820**
OTHER FUNCTION 150 ACCOUNTS												
State Operations (D&CP, S&E, CIF)	-	-	-	-	-	-	-	-	-	-	2,076,398	2,076,398
Security & Maint of US Missions	-	-	-	-	-	-	-	-	-	-	397,943	397,943
Other State Department	-	-	-	-	-	-	-	-	-	-	66,832	66,832
Arms Control & Disarmament Agency	-	-	-	-	-	-	-	-	-	-	42,716	42,716
Contributions to Intl Organizations	-	-	-	-	-	-	-	-	-	-	948,978	948,978
Contributions to Intl Peacekeeping	-	-	-	-	-	-	-	-	-	-	256,000	256,000
Asia Foundation	-	-	-	-	-	-	-	-	-	-	8,000	8,000

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 98 ESTIMATE

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
US Information Agency	-	-	-	-	-	-	-	-	-	-	1,125,281	1,125,281
Intl Trade Commission & Other	-	-	-	-	-	-	-	-	-	-	42,676	42,676
US Institute of Peace	-	-	-	-	-	-	-	-	-	-	11,160	11,160
TOTAL OTHER FUNCTION 150 ACCOUNTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,975,984**	**4,975,984**
TOTAL FUNCTION 150	**1,722,134**	**2,419,928**	**3,363,044**	**50,000**	**1,256,074**	**231,000**	**700,384**	**867,000**	**225,581**	**77,500**	**8,119,804**	**19,032,449**

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
AF												
Angola	13,000	2,000	-	175	-	-	-	-	-	-	-	15,175
Benin	15,600	-	-	350	-	-	-	1,902	1,719	-	-	19,571
Botswana	-	-	-	450	-	-	-	-	-	-	-	450
Burkina Faso	-	-	-	-	-	-	-	10,521	1,750	-	-	12,271
Cameroon	-	-	-	-	-	-	-	-	2,684	-	-	2,684
Cape Verde	-	-	-	100	-	-	-	2,805	1,153	-	-	4,058
Central African Republic	-	-	-	90	-	-	-	-	-	-	-	90
Chad	-	-	-	50	-	-	-	538	1,207	-	-	1,795
Comoros	-	-	-	75	-	-	-	-	-	-	-	75
Congo	-	-	-	-	-	-	-	-	-	-	-	-
Cote d'Ivoire	-	-	-	150	-	-	-	963	2,025	-	-	3,138
Dem Rep of the Congo (DROC)	20,000	8,000	-	70	-	-	-	-	-	-	-	28,070
Djibouti	-	-	-	100	-	-	-	-	-	-	-	100
Eritrea	10,000	-	-	425	-	-	-	1,956	1,512	-	-	13,893
Ethiopia	37,585	-	-	575	-	-	-	32,044	1,695	-	-	71,899
Gabon	-	-	-	50	-	-	-	-	2,161	-	-	2,211
Gambia	-	-	-	-	-	-	-	1,978	1,231	-	-	3,209
Ghana	36,543	-	-	400	-	-	-	15,066	2,466	-	-	54,475
Guinea	16,800	-	-	150	-	-	-	814	3,184	-	-	20,948
Guinea-Bissau	-	-	-	125	-	-	-	-	986	-	-	1,111
Kenya	19,300	-	-	400	-	-	-	8,228	2,867	-	-	30,795
Lesotho	-	-	-	75	-	-	-	-	1,918	-	-	1,993
Liberia	7,500	5,000	-	100	-	-	-	-	-	-	-	12,600
Madagascar	16,500	-	-	100	-	-	-	5,941	1,158	-	-	23,699
Malawi	32,461	-	-	335	-	-	-	-	1,726	-	-	34,522
Mali	30,600	-	-	280	-	-	-	409	2,871	-	-	34,160
Mauritania	-	-	-	-	-	-	-	713	1,357	-	-	2,070
Mauritius	-	-	-	50	-	-	-	-	-	-	-	50
Mozambique	41,220	-	-	180	-	-	-	18,780	1,210	-	-	61,390
Namibia	8,650	-	-	175	-	-	-	-	2,544	-	-	11,369
Niger	-	-	-	-	-	-	-	-	2,052	-	-	2,052
Nigeria	7,000	-	-	-	-	-	-	-	-	-	-	7,000
Rwanda	9,500	-	-	300	-	-	-	-	-	-	-	9,800
Sao Tome & Principe	-	-	-	75	-	-	-	-	-	-	-	75
Senegal	24,526	-	-	735	-	-	-	-	2,135	-	-	27,396
Seychelles	-	-	-	75	-	-	-	-	-	-	-	75
Sierra Leone	-	-	-	-	-	-	-	-	-	-	-	-
Somalia	2,700	-	-	-	-	-	-	-	-	-	-	2,700
South Africa	50,531	-	-	800	-	-	-	-	2,199	-	-	53,530
Sudan	-	-	-	-	-	-	-	-	-	-	-	-
Swaziland	-	-	-	75	-	-	-	-	-	-	-	75
Tanzania	21,650	-	-	150	-	-	-	-	1,999	-	-	23,799
Togo	-	-	-	50	-	-	-	-	1,598	-	-	1,648
Uganda	48,300	-	-	400	-	-	-	5,284	1,821	-	-	55,805

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Zambia	19,250	-	-	150	-	-	-	-	2,224	-	-	21,624
Zimbabwe	2,050	-	-	300	-	-	-	-	1,503	-	-	3,853
Africa Regional	-	-	-	-	-	2,800	-	-	-	-	-	2,800
Africa Regional Democracy Fund	-	15,000	-	-	-	-	-	-	-	-	-	15,000
Africa Regional Peacekeeping	-	-	-	-	-	-	-	-	-	8,000	-	8,000
African Crisis Response Force	-	-	5,000	-	-	-	-	-	-	15,000	-	20,000
Democracy & Human Rights Fund	3,100	-	-	-	-	-	-	-	-	-	-	3,100
East Africa Regional	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Education for Develop & Democracy	26,000	10,000	-	-	-	-	-	25,000	5,000	-	-	66,000
Great Lakes Initiative	-	25,000	-	-	-	-	-	-	-	-	-	25,000
Greater Horn of Africa Initiative	15,000	-	-	-	-	-	-	-	-	-	-	15,000
Initiative for Southern Africa	30,000	2,000	-	-	-	-	-	-	-	-	-	32,000
Organization for African Unity (OAU)	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Partnership for Econ Growth & Oppor	30,000	-	-	-	-	-	-	-	-	-	-	30,000
Refugee Assistance - Africa	-	-	-	-	-	-	148,100	-	-	-	-	148,100
Regional Development Fund for Africa	134,634	-	-	-	-	-	-	-	-	-	-	134,634
Total, AF	**730,000**	**67,000**	**10,000**	**8,140**	**-**	**2,800**	**148,100**	**132,942**	**59,955**	**25,000**	**-**	**1,183,937**
ARA												
Argentina	-	-	-	600	-	-	-	-	-	-	-	600
Bahamas	-	-	-	100	-	1,000	-	-	-	-	-	1,100
Belize	-	-	-	250	-	-	-	-	979	-	-	1,229
Bolivia	33,880	-	-	550	-	45,000	-	23,910	2,156	-	-	105,496
Brazil	10,617	-	-	225	-	1,200	-	-	-	-	-	12,042
Chile	-	-	-	450	-	-	-	-	-	-	-	450
Colombia	-	-	-	800	-	45,000	-	-	-	-	-	45,800
Costa Rica	-	-	-	200	-	-	-	-	293	-	-	493
Cuba	-	3,000	-	-	-	-	-	-	-	-	-	3,000
Dominican Republic	8,824	2,300	-	500	-	-	-	-	2,751	-	-	14,375
Ecuador	12,305	1,200	-	500	-	1,500	-	-	2,574	-	-	18,079
El Salvador	31,328	2,000	-	500	-	-	-	-	1,237	-	-	35,065
Guatemala	23,885	25,000	-	225	-	4,000	-	10,505	3,794	-	-	67,409
Guyana	2,300	-	-	175	-	-	-	-	795	-	-	3,270
Haiti	-	140,000	-	300	-	-	-	30,000	1,234	11,000	-	182,534
Honduras	21,585	-	-	500	-	-	-	4,403	2,825	-	-	29,313
Jamaica	10,096	-	-	500	-	800	-	-	2,015	-	-	13,411
Mexico	7,332	1,500	-	1,000	-	8,000	-	-	-	-	-	17,832
Nicaragua	22,540	1,500	-	200	-	-	-	2,362	1,992	-	-	28,594
PACAMS	-	-	-	550	-	-	-	-	-	-	-	550
Panama	4,850	-	-	100	-	-	-	-	1,549	-	-	6,499
Paraguay	4,525	800	-	200	-	-	-	-	3,271	-	-	8,796
Peru	33,959	-	-	450	-	50,000	-	49,745	-	-	-	134,154
Suriname	-	-	-	100	-	-	-	-	1,025	-	-	1,125
Trinidad & Tobago	-	-	-	125	-	-	-	-	-	-	-	125

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Uruguay	-	-	-	300	-	-	-	-	-	-	-	300
Venezuela	-	-	-	400	-	700	-	-	-	-	-	1,100
Administration of Justice/CITAP	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Caribbean Regional	-	-	3,000	-	-	-	-	-	-	-	-	3,000
Central America Regional	11,400	-	-	-	-	-	-	-	-	-	-	11,400
Development Assistance - Eastern Caribbean	-	-	-	450	-	-	-	-	2,227	-	-	2,677
Inter-American Regl Democracy Fund	-	700	-	-	-	-	-	-	-	-	-	700
LAC Regional	-	-	-	-	-	9,000	-	-	-	-	-	9,000
Latin American & Caribbean Regl Development Assistance	38,052	-	-	-	-	-	-	-	-	-	-	38,052
Refugee Assistance - W. Hemisphere	-	-	-	-	-	-	12,300	-	-	-	-	12,300
Summit of the Americas	20,000	-	-	-	-	-	-	-	-	-	-	20,000
Total, ARA	**297,478**	**188,000**	**3,000**	**10,250**	**-**	**166,200**	**12,300**	**120,925**	**30,717**	**11,000**	**-**	**839,870**
EAP												
Cambodia	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Indonesia	38,369	-	-	400	-	-	-	-	-	-	-	38,769
Laos	-	-	-	-	-	4,000	-	-	-	-	-	4,000
Malaysia	-	-	-	700	-	-	-	-	-	-	-	700
Mongolia	-	6,000	-	425	-	-	-	-	1,250	-	-	7,675
Papua New Guinea	-	-	-	200	-	-	-	-	1,719	-	-	1,919
Philippines	52,325	-	-	1,350	-	-	-	-	1,977	-	-	55,652
Samoa	-	-	-	100	-	-	-	-	1,047	-	-	1,147
Solomon Islands	-	-	-	150	-	-	-	-	1,290	-	-	1,440
South Pacific Fisheries Treaty	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Thailand	-	-	-	1,600	-	3,000	-	-	638	-	-	5,238
Tonga	-	-	-	100	-	-	-	-	895	-	-	995
Vanuatu	-	-	-	100	-	-	-	-	1,069	-	-	1,169
ASEAN Environmental Initiative	-	4,000	-	-	-	-	-	-	-	-	-	4,000
Asia Regional	29,700	-	-	-	-	1,500	-	-	3,523	-	-	34,723
East Asia Pacific Regional Security Fund	-	250	-	-	-	-	-	-	-	-	-	250
East Asia Regl Democracy Fund	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Refugee Assistance - East Asia	-	-	-	-	-	-	11,300	-	-	-	-	11,300
Total, EAP	**120,394**	**49,250**	**-**	**5,125**	**-**	**8,500**	**11,300**	**-**	**13,408**	**-**	**-**	**207,977**
EUR												
Albania	-	10,000	2,000	600	35,000	-	-	-	-	-	-	47,600
Baltics	-	-	-	-	-	-	-	-	-	-	-	-
Bosnia & Herzegovina	-	-	-	600	225,000	-	-	-	-	-	-	225,600
Bulgaria	-	-	6,000	950	30,000	-	-	-	1,523	-	-	38,473

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Croatia	-	-	-	425	10,000	-	-	-	-	-	-	10,425
Cyprus	-	15,000	-	-	-	-	-	-	-	-	-	15,000
Czech Republic	-	-	7,500	1,350	-	-	-	-	-	-	-	8,850
Estonia	-	-	4,700	650	-	-	-	-	800	-	-	6,150
FYRO Macedonia	-	-	6,000	450	16,000	-	-	-	439	-	-	22,889
Greece	-	-	-	25	-	-	-	-	-	-	-	25
Hungary	-	-	7,500	1,500	-	-	-	-	-	-	-	9,000
Ireland Fund	-	19,600	-	-	-	-	-	-	-	-	-	19,600
Latvia	-	-	4,700	650	-	-	-	-	800	-	-	6,150
Lithuania	-	-	4,700	650	2,200	-	-	-	800	-	-	8,350
Malta	-	-	-	135	-	-	-	-	-	-	-	135
Poland	-	-	10,000	1,600	20,000	-	-	-	2,637	-	-	34,237
Portugal	-	-	-	700	-	-	-	-	-	-	-	700
Romania	-	-	9,000	1,025	36,000	-	-	-	1,514	-	-	47,539
Serbia-Montenegro	-	-	-	-	15,000	-	-	-	-	-	-	15,000
Slovakia	-	-	2,300	600	2,000	-	-	-	1,404	-	-	6,304
Slovenia	-	-	2,600	650	-	-	-	-	-	-	-	3,250
Turkey	4,000	-	-	1,500	-	500	-	-	-	-	-	6,000
CE Defense Loans	-	-	20,000	-	-	-	-	-	-	-	-	20,000
EUR Peacekeeping	-	-	-	-	-	-	-	-	-	30,000	-	30,000
Holocaust Assets & Restitution Fund	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Refugee Assistance - Europe	-	-	-	-	-	-	16,600	-	-	-	-	16,600
Refugees in Former Yugoslavia	-	-	-	-	-	-	45,900	-	-	-	-	45,900
SEED Regional	-	-	-	-	73,300	-	-	-	-	-	-	73,300
UNTAES Civpol	-	-	-	-	-	-	-	-	-	-	-	-
Total, EUR	**4,000**	**54,600**	**87,000**	**14,060**	**464,500**	**500**	**62,500**	**-**	**9,917**	**30,000**	**-**	**727,077**
NEA												
Algeria	-	-	-	125	-	-	-	-	-	-	-	125
Bahrain	-	-	-	225	-	-	-	-	-	-	-	225
Egypt	-	-	1,300,000	1,000	-	-	-	-	-	-	-	1,301,000
Israel	-	-	1,800,000	-	-	-	-	-	-	-	-	1,800,000
Israel-Lebanon Monitoring Group	-	-	-	-	-	-	-	-	-	1,000	-	1,000
Jordan	-	-	45,000	1,600	-	-	-	-	1,470	-	-	48,070
Lebanon	-	-	-	550	-	-	-	-	-	-	-	550
MFO - Sinai	-	-	-	-	-	-	-	-	-	16,000	-	16,000
Morocco	11,781	-	-	900	-	-	-	-	2,299	-	-	14,980
Northern Iraq	-	-	-	-	-	-	-	-	-	-	-	-
Oman	-	-	-	225	-	-	-	-	-	-	-	225
Tunisia	-	-	-	900	-	-	-	-	-	-	-	900
Yemen	-	-	-	125	-	-	-	-	-	-	-	125
ME Regional	4,807	-	-	-	-	200	-	-	-	-	-	5,007
Middle East Peace Process	-	2,143,000	-	-	-	-	-	-	-	-	-	2,143,000
N. Iraq Peace Monitoring Force	-	-	-	-	-	-	-	-	-	-	-	-

Supporting Information

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Refugee Assistance - Near East	-	-	-	-	-	-	98,200	-	-	-	-	98,200
Refugees to Israel	-	-	-	-	-	-	70,000	-	-	-	-	70,000
Total, NEA	**16,588**	**2,143,000**	**3,145,000**	**5,650**	**-**	**200**	**168,200**	**-**	**3,769**	**17,000**	**-**	**5,499,407**
NIS												
Armenia	-	-	-	-	80,000	-	-	-	1,161	-	-	81,161
Azerbaijan	-	-	-	-	31,500	-	-	-	-	-	-	31,500
Belarus	-	-	-	100	11,300	-	-	-	-	-	-	11,400
Georgia	-	-	1,650	380	80,700	-	-	-	1,308	-	-	84,038
Kazakstan	-	-	1,750	550	46,000	-	-	-	1,760	-	-	50,060
Kyrgystan	-	-	1,300	325	29,000	-	-	-	1,274	-	-	31,899
Moldova	-	-	850	450	35,500	-	-	-	1,598	-	-	38,398
Russia	-	-	1,500	900	225,400	-	-	-	3,889	-	-	231,689
Tajikistan	-	-	-	-	18,750	-	-	-	-	-	-	18,750
Turkmenistan	-	-	600	300	15,000	-	-	-	1,090	-	-	16,990
Ukraine	-	-	3,400	1,250	223,500	-	-	-	2,860	-	-	231,010
Uzbekistan	-	-	1,950	485	32,050	-	-	-	1,390	-	-	35,875
NIS Regional	-	-	-	-	96,300	-	29,000	-	-	-	-	125,300
NIS - Parking fees	-	-	-	-	-	-	-	-	-	-	-	-
Total, NIS	**-**	**-**	**13,000**	**4,740**	**925,000**	**-**	**29,000**	**-**	**16,330**	**-**	**-**	**988,070**
SA												
Afghanistan	-	-	-	-	-	750	-	-	-	-	-	750
Bangladesh	65,270	-	-	350	-	-	-	19,360	1,160	-	-	86,140
India	56,500	-	-	450	-	100	-	91,752	-	-	-	148,802
Maldives	-	-	-	100	-	-	-	-	-	-	-	100
Nepal	26,260	-	-	200	-	-	-	-	2,249	-	-	28,709
Pakistan	-	-	-	350	-	2,500	-	-	-	-	-	2,850
Sri Lanka	1,500	-	-	200	-	-	-	-	731	-	-	2,431
South Asia Democracy	-	2,750	-	-	-	-	-	-	-	-	-	2,750
South Asia Regional	11,000	-	-	-	-	-	29,500	-	-	-	-	40,500
Total, SA	**160,530**	**2,750**	**-**	**1,650**	**-**	**3,350**	**29,500**	**111,112**	**4,140**	**-**	**-**	**313,032**
FY 1998 Regional Totals	**1,328,990**	**2,504,600**	**3,258,000**	**49,615**	**1,389,500**	**181,550**	**460,900**	**364,979**	**138,236**	**83,000**	**-**	**9,759,370**
CENTRAL PROGRAMS												
DA & Child Survival												
Global Programs & Field Support	362,712	-	-	-	-	-	-	-	-	-	-	362,712
Humanitarian Response	68,426	-	-	-	-	-	-	-	-	-	-	68,426
Program & Policy Coordination	6,006	-	-	-	-	-	-	-	-	-	-	6,006
Other DA	2,500	-	-	-	-	-	-	-	-	-	-	2,500
ESF:												

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
Human Rights & Democracy	-	9,000	-	-	-	-	-	-	-	-	-	9,000
FMF:												
Admin Costs	-	-	29,910	-	-	-	-	-	-	-	-	29,910
Enhanced Intl Peacekeeping Initiative	-	-	8,000	-	-	-	-	-	-	-	-	8,000
IMET - General Costs	-	-	-	385	-	-	-	-	-	-	-	385
Intl Narcotics & Law Enforcement	-	-	-	-	-	93,450	-	-	-	-	-	93,450
Migration & Refugee Affairs/ERMA	-	-	-	-	-	-	209,100	-	-	-	-	209,100
PL-480 (Titles II and III)	-	-	-	-	-	-	-	-	-	-	-	-
Other Title III	-	-	-	-	-	-	-	20,000	-	-	-	20,000
Central PL-480	-	-	-	-	-	-	-	482,021	-	-	-	482,021
Peace Corps	-	-	-	-	-	-	-	-	132,099	-	-	132,099
TOTAL, CENTRAL PROGRAMS	**439,644**	**9,000**	**37,910**	**385**	**-**	**93,450**	**209,100**	**502,021**	**132,099**	**-**	**-**	**1,423,609**
OTHER FOREIGN OPERATION ACCOUNTS												
Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	1,650,764	1,650,764
Debt Reduction Programs	-	-	-	-	-	-	-	-	-	-	72,000	72,000
Treasury Technical Assistance	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Enhanced Structural Adjust Facility	-	-	-	-	-	-	-	-	-	-	7,000	7,000
Intl Organizations & Programs	-	-	-	-	-	-	-	-	-	-	314,000	314,000
USAID Credit Programs	-	-	-	-	-	-	-	-	-	-	14,053	14,053
USAID Operating Expenses	-	-	-	-	-	-	-	-	-	-	483,858	483,858
USAID Inspector General	-	-	-	-	-	-	-	-	-	-	33,000	33,000
Disaster Assistance	-	-	-	-	-	-	-	-	-	-	205,000	205,000
Nonproliferation, Antiterrorism, and Demining	-	-	-	-	-	-	-	-	-	-	215,900	215,900
Trade & Development Agency	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Export-Import Bank - Net	-	-	-	-	-	-	-	-	-	-	824,940	824,940
Overseas Private Invest Corp. - Net	-	-	-	-	-	-	-	-	-	-	(176,400)	(176,400)
Inter-American Foundation	-	-	-	-	-	-	-	-	-	-	22,000	22,000
African Development Foundation	-	-	-	-	-	-	-	-	-	-	14,000	14,000
Special Defense Acquisition Fund	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)
TOTAL, OTHER FOREIGN OPS ACCOUNTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,685,115**	**3,685,115**
OTHER FUNCTION 150 ACCOUNTS												
State Operations (D&CP, S&E, CIF)	-	-	-	-	-	-	-	-	-	-	2,177,400	2,177,400
Security & Maint of US Missions	-	-	-	-	-	-	-	-	-	-	640,800	640,800
Other State Department	-	-	-	-	-	-	-	-	-	-	65,466	65,466
Arms Control & Disarmament Agency	-	-	-	-	-	-	-	-	-	-	43,400	43,400
Contributions to Intl Organizations	-	-	-	-	-	-	-	-	-	-	930,773	930,773
Contributions to Intl Peacekeeping	-	-	-	-	-	-	-	-	-	-	231,000	231,000
Asia Foundation	-	-	-	-	-	-	-	-	-	-	15,000	15,000
US Information Agency	-	-	-	-	-	-	-	-	-	-	1,119,300	1,119,300
Intl Trade Commission & Other	-	-	-	-	-	-	-	-	-	-	47,500	47,500

SELECTED U.S. ECONOMIC AND MILITARY ASSISTANCE PROGRAMS: FY 99 REQUEST

(BA $ thousands)

	DA	ESF	FMF	IMET	FSA/ SEED	INL	MRA	PL-480	Peace Corps	PKO	Other	Total
US Institute of Peace	-	-	-	-	-	-	-	-	-	-	11,495	11,495
TOTAL OTHER FUNCTION 150 ACCOUNTS	-	-	-	-	-	-	-	-	-	-	5,282,134	5,282,134
TOTAL FUNCTION 150	1,768,634	2,513,600	3,295,910	50,000	1,389,500	275,000	670,000	867,000	270,335	83,000	8,967,249	20,150,228

•U.S. Government Printing Office: 1998 - 439-974