

## South and Central Asia Regional Overview

### Program Overview

There are few places more critical to U.S. interests or in greater need of sustained U.S. attention than South and Central Asia. With nearly a quarter of the world's population, the region has the potential to serve as a democratic and economically vibrant force and a positive influence on neighboring regions. It also is home to some of the world's most dangerous threats - weapons of mass destruction, violent extremism, terrorism, and narcotics.

The overarching aims of the United States in the region are to secure peace, advance development, and strengthen democracy in Afghanistan; to build a stable, long-term relationship with Pakistan; to reinforce a firm partnership with India; and to advance democracy in South and Central Asia. The U.S. will utilize regional and bilateral foreign assistance to capitalize upon emerging opportunities and counteract imminent threats through a three-pronged strategy that aims to: 1) build regional stability through counter-terrorism and conflict resolution; 2) integrate South and Central Asia through energy, infrastructure, trade, and communication projects; and 3) build the foundations of lasting democracy by supporting education, economic growth, and responsive and transparent democratic institutions.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007   | FY 2007 | FY 2008   | FY 2008 | FY 2009   |
|--|-----------|---------|-----------|---------|-----------|
|  | Actual    | Supp    | Estimate  | Supp    | Request   |
| <b>TOTAL</b>   | 2,138,770 | 824,000 | 2,144,949 | 899,000 | 2,216,618 |
| Child Survival and Health                                      | 225,581   | -       | 215,751   | -       | 186,043   |
| Development Assistance   | 302,237   | -       | 233,059   | -       | 46,660    |
| Economic Support Fund  | 781,757   | 737,000 | 897,090   | 894,000 | 1,178,715 |
| Foreign Military Financing                                     | 304,110   | -       | 301,141   | -       | 305,625   |
| FREEDOM Support Act  | 100,918   | -       | 82,550    | -       | 83,340    |
| Global HIV/AIDS Initiative                                     | 10,277    | -       | -         | -       | -         |
| International Military Education and Training                  | 10,226    | -       | 9,946     | -       | 9,495     |
| International Narcotics Control and Law Enforcement            | 233,740   | 42,000  | 294,644   | -       | 293,550   |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 44,656    | 15,000  | 56,649    | 5,000   | 55,690    |
| Public Law 480 (Food Aid)                                      | 125,268   | 30,000  | 54,119    | -       | 57,500    |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)   | FY 2007   | FY 2007 | FY 2008   | FY 2008 | FY 2009   |
|---|-----------|---------|-----------|---------|-----------|
|   | Actual    | Supp    | Estimate  | Supp    | Request   |
| <b>TOTAL</b>  | 2,138,770 | 824,000 | 2,144,949 | 899,000 | 2,216,618 |
| <b>Peace and Security</b>                                       | 666,720   | 253,500 | 761,933   | 5,000   | 812,310   |
| Counter-Terrorism   | 23,580    | 15,000  | 29,799    | 5,000   | 31,200    |
| Combating Weapons of Mass Destruction (WMD)                     | 7,206     | -       | 8,578     | -       | 7,232     |
| Stabilization Operations and Security Sector Reform             | 352,511   | -       | 352,631   | -       | 368,500   |
| Counter-Narcotics   | 255,238   | 182,000 | 320,745   | -       | 324,013   |
| Transnational Crime   | 2,169     | -       | 3,680     | -       | 5,530     |
| Conflict Mitigation and Reconciliation                          | 26,016    | 56,500  | 46,500    | -       | 75,835    |
| <b>Governing Justly and Democratically</b>                      | 225,431   | 145,500 | 293,684   | 292,910 | 358,362   |
| Rule of Law and Human Rights                                    | 65,196    | 15,500  | 86,035    | 20,000  | 61,297    |
| Good Governance   | 107,068   | 127,000 | 148,862   | 170,110 | 156,676   |
| Political Competition and Consensus-Building                    | 23,303    | 3,000   | 20,520    | 100,000 | 104,531   |
| Civil Society   | 29,864    | -       | 38,267    | 2,800   | 35,858    |
| <b>Investing in People</b>                                      | 616,775   | 10,000  | 584,304   | 64,795  | 530,866   |
| Health  | 358,803   | -       | 351,892   | 31,560  | 296,004   |
| Education   | 199,723   | -       | 230,412   | 33,235  | 226,062   |
| Social Services and Protection for Especially Vulnerable People | 58,249    | 10,000  | 2,000     | -       | 8,800     |
| <b>Economic Growth</b>  | 409,266   | 373,000 | 423,938   | 536,295 | 404,320   |
| Macroeconomic Foundation for Growth                             | 4,026     | -       | 3,283     | -       | 3,581     |
| Trade and Investment  | 35,956    | -       | 29,589    | 5,000   | 29,009    |
| Financial Sector  | 2,896     | -       | 10,948    | -       | 18,570    |
| Infrastructure  | 220,458   | 354,000 | 211,442   | 511,575 | 180,762   |
| Agriculture   | 55,008    | 19,000  | 68,841    | 4,080   | 63,693    |
| Private Sector Competitiveness                                  | 46,509    | -       | 52,393    | 15,640  | 78,144    |
| Economic Opportunity  | 19,751    | -       | 37,203    | -       | 22,239    |
| Environment   | 24,662    | -       | 10,239    | -       | 8,322     |
| <b>Humanitarian Assistance</b>                                  | 172,674   | 30,000  | 81,090    | -       | 80,760    |
| Protection, Assistance and Solutions                            | 166,188   | 30,000  | 73,955    | -       | 62,660    |
| Disaster Readiness  | 6,486     | -       | 7,135     | -       | 18,100    |
| <b>Program Support</b>  | 47,904    | 12,000  | -         | -       | 30,000    |
| Program Support   | 47,904    | 12,000  | -         | -       | 30,000    |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)         | Total     | P&S     | GJD     | IIP     | EG      | HA     | PS     |
|---------------------------|-----------|---------|---------|---------|---------|--------|--------|
| <b>TOTAL</b>              | 2,216,618 | 812,310 | 358,362 | 530,866 | 404,320 | 80,760 | 30,000 |
| Child Survival and Health | 186,043   | -       | -       | 186,043 | -       | -      | -      |
| Development Assistance    | 46,660    | 1,500   | 21,881  | 5,000   | 16,779  | 1,500  | -      |
| Economic Support Fund     | 1,178,715 | 174,933 | 271,620 | 289,883 | 352,279 | 60,000 | 30,000 |

| (\$ in thousands)  | Total     | P&S     | GJD     | IIP     | EG      | HA     | PS     |
|--|-----------|---------|---------|---------|---------|--------|--------|
| <b>TOTAL</b>   | 2,216,618 | 812,310 | 358,362 | 530,866 | 404,320 | 80,760 | 30,000 |
| Foreign Military Financing                                     | 305,625   | 305,625 | -       | -       | -       | -      | -      |
| FREEDOM Support Act  | 83,340    | 9,117   | 27,261  | 14,540  | 30,762  | 1,660  | -      |
| International Military Education and Training                  | 9,495     | 9,495   | -       | -       | -       | -      | -      |
| International Narcotics Control and Law Enforcement            | 293,550   | 255,950 | 37,600  | -       | -       | -      | -      |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 55,690    | 55,690  | -       | -       | -       | -      | -      |
| Public Law 480 (Food Aid)                                      | 57,500    | -       | -       | 35,400  | 4,500   | 17,600 | -      |

**Peace and Security:** South and Central Asia remains a key front in the continuing war against terrorism. If the United States does not make progress on this critical front, insurgencies will continue to grow, local economies will be destroyed, and governments will become more corrupt. Peace and Security resources in the region are concentrated in Afghanistan and Pakistan, and will focus on helping recipient governments build and sustain their own capacity to maintain stability.

In Afghanistan, efforts will continue to stem poppy cultivation, which undermines good governance and funds insurgent activity. Local reconstruction and stabilization efforts spearheaded by civil-military provincial reconstruction teams will be expanded, in order to capitalize upon battlefield gains and undermine insurgent recruitment by strengthening ties between citizen and state. In Pakistan, funding will focus on the Afghanistan-Pakistan frontier by improving the capacity of Pakistan to secure its borders, facilitate counter-terrorism efforts, and reduce illicit trafficking of narcotics, weapons and people. Peace accords and democratic reforms in Nepal will provide an opportunity to professionalize civilian policing in order to improve law enforcement and help guarantee peace and local order.

**Governing Justly and Democratically:** With the exception of India, democracy is fragile across the region. As a new democracy, Afghanistan needs robust support, especially with presidential and parliamentary elections scheduled for 2009 and 2010. Funding also will support enhanced provincial and district-level governance and justice administration in order to improve service delivery, government responsiveness, transparency, and accountability. In Pakistan, the United States will intensify efforts to foster full democracy by building the political party system, local governance, and civil society capabilities, with an emphasis on expanded programs along the frontier with Afghanistan. Requested FY 2009 resources also will address extant and endemic corruption that hampers governance and economic development in Bangladesh, while supporting democratic openings in Nepal and Turkmenistan.

**Investing in People:** Weak public health systems and extreme poverty enable high disease rates, which threaten the success of development and security programs in the region. The United States will continue to fund efforts throughout the region to improve the reach of health services, extend maternal and child health services, stem global disease threats and help improve environmental and

human health through water and sanitation programs. As part of the President's Emergency Plan for AIDS Relief, HIV/AIDS programs will be used to increase local capacity for a sustainable response to the epidemic in South and Central Asia.

Education, particularly of women and girls, is fundamental to improving social development in all areas. The request includes funding for a new regional education initiative that will provide scholarships to train leaders from across the region in preeminent institutions of higher education, such as the American University of Central Asia, and create a regional civil service training initiative based in India. These initiatives will foster democratic values and create employment and research opportunities. The United States will continue to support improvements to quality basic education across the region and will find innovative ways to work in the tribal areas of Pakistan. In Central Asia, assistance programs will maintain basic education and English language teaching programs, and if local conditions permit, increase student exchanges especially for Uzbek and Turkmen youth.

**Economic Growth:** Funding will support a more robust regional integration mission, which will foster long-term stability between Afghanistan and its neighbors, encourage energy exports from Central to South Asia, and increase trade within the region. Working with other partners and donors, as well as the private sector, funds will build on and consolidate gains from existing programs in building energy, transportation, and telecommunications links across the region. Additional assistance will complement this effort by creating a supportive investment climate and encouraging investment that has long-term benefits for the region.

Host government trade reform will complement infrastructure construction and customs reform programs. Two priority areas in this request to achieve long-term stability and economic growth in Afghanistan are road construction and the provision of energy services. This request also will support initiatives such as Regional Opportunity Zones, pending Congressional action, in the border regions of Afghanistan and Pakistan and Kazakhstan's further economic liberalization. The United States will look for opportunities to bolster intra-regional trade and economic integration as an engine of growth, notably via the South Asia Free Trade Area.

**Humanitarian Assistance:** The United States led the international response to Pakistan's November 2005 earthquake. In FY 2009, humanitarian assistance funds for this region will continue to focus on recovery and reconstruction, including rebuilding hospitals and schools, strengthening public health works and district government capacities, and improving the livelihoods of affected Pakistanis. Additional funds will be directed at disaster readiness programs for vulnerable countries that are susceptible to annual flooding and other disasters.

### **Overview of Major Changes**

The FY 2009 budget request for South and Central Asia is an increase compared to FY 2008 levels for the region. This increase reflects augmented funding for Pakistan's frontier regions, which are vital to U.S. strategic interests. Increased funding is being requested to capitalize upon peace and a

democratic transition in Nepal through improved police and law enforcement efforts to strengthen the rule of law, civil order, and legitimacy of the Nepalese state. Enhanced resources for regional integration recognize the importance of linking Central to South Asia through energy, trade, education, and media initiatives. Declining resources for India recognize the evolving U.S.-India bilateral relationship, and India's rapidly expanding economy. While the United States remains committed to supporting opportunities in Uzbekistan, funding continues to decline in the face of government efforts to actively limit U.S. assistance.

## Afghanistan

### Program Overview

Afghanistan plays a strategic role in support of U.S. interests in combating insurgency, promoting democracy, and countering the most significant supply of opium-based narcotics in the world. The U.S. goal is to support Afghanistan's transition to a more liberalized, licit, market-based economy and stable, participatory, democratic government defended by professional Afghan National Security Forces that operate with accountability and are able to defend the country's borders. Continued U.S. commitment to a multi-year program of political engagement, economic development, security sector assistance, and improvements to Afghanistan's governance, rule of law, and service delivery is critical to defeating the insurgency and creating a secure and stable nation-state.

In order to respond to changing needs and consolidate progress already achieved, the FY 2009 request aims to bring visible signs of good governance to the Afghan people, while improving security, rule of law, basic service delivery, and the economic reconstruction and development of provincial capitals and rural areas. By separating the people from the enemy, transforming the environment, and connecting people to the government, the U.S. strategy aims to overpower the insurgency by building public trust and confidence in the Government of the Islamic Republic of Afghanistan (IROA).

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007   | FY 2007 | FY 2008   | FY 2008 | FY 2009   |
|--|-----------|---------|-----------|---------|-----------|
|  | Actual    | Supp    | Estimate  | Supp    | Request   |
| <b>TOTAL</b>   | 1,008,785 | 819,000 | 1,057,918 | 839,000 | 1,053,950 |
| Child Survival and Health                                      | 100,772   | -       | 65,900    | -       | 52,000    |
| Development Assistance   | 166,800   | -       | 145,768   | -       | -         |
| Economic Support Fund  | 478,709   | 732,000 | 540,502   | 834,000 | 707,000   |
| International Military Education and Training                  | 1,193     | -       | 1,618     | -       | 1,400     |
| International Narcotics Control and Law Enforcement            | 209,740   | 42,000  | 272,574   | -       | 250,000   |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 21,575    | 15,000  | 21,626    | 5,000   | 31,550    |
| Public Law 480 (Food Aid)                                      | 29,996    | 30,000  | 9,930     | -       | 12,000    |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)         | FY 2007   | FY 2007 | FY 2008   | FY 2008 | FY 2009   |
|---------------------------|-----------|---------|-----------|---------|-----------|
|                           | Actual    | Supp    | Estimate  | Supp    | Request   |
| <b>TOTAL</b>              | 1,008,785 | 819,000 | 1,057,918 | 839,000 | 1,053,950 |
| <b>Peace and Security</b> | 289,838   | 252,000 | 383,969   | 5,000   | 419,168   |

| (\$ in thousands)   | FY 2007   | FY 2007 | FY 2008   | FY 2008 | FY 2009   |
|---|-----------|---------|-----------|---------|-----------|
|   | Actual    | Supp    | Estimate  | Supp    | Request   |
| <b>TOTAL</b>  | 1,008,785 | 819,000 | 1,057,918 | 839,000 | 1,053,950 |
| Counter-Terrorism   | 6,075     | 15,000  | 2,876     | 5,000   | 13,300    |
| Combating Weapons of Mass Destruction (WMD)                     | 500       | -       | 750       | -       | 750       |
| Stabilization Operations and Security Sector Reform             | 16,193    | -       | 19,618    | -       | 18,900    |
| Counter-Narcotics   | 243,688   | 182,000 | 315,725   | -       | 312,598   |
| Transnational Crime   | 385       | -       | -         | -       | -         |
| Conflict Mitigation and Reconciliation                          | 22,997    | 55,000  | 45,000    | -       | 73,620    |
| <b>Governing Justly and Democratically</b>                      | 150,874   | 142,000 | 208,449   | 275,000 | 247,999   |
| Rule of Law and Human Rights                                    | 50,050    | 15,000  | 71,449    | 20,000  | 41,999    |
| Good Governance   | 78,824    | 127,000 | 114,000   | 155,000 | 105,000   |
| Political Competition and Consensus-Building                    | 13,900    | -       | 10,000    | 100,000 | 93,000    |
| Civil Society   | 8,100     | -       | 13,000    | -       | 8,000     |
| <b>Investing in People</b>                                      | 180,820   | 10,000  | 163,366   | 50,000  | 109,163   |
| Health  | 114,672   | -       | 97,400    | 25,000  | 57,000    |
| Education   | 62,748    | -       | 65,966    | 25,000  | 52,163    |
| Social Services and Protection for Especially Vulnerable People | 3,400     | 10,000  | -         | -       | -         |
| <b>Economic Growth</b>  | 322,691   | 373,000 | 280,204   | 509,000 | 225,620   |
| Trade and Investment  | 32,196    | -       | 17,754    | 5,000   | 15,000    |
| Financial Sector  | -         | -       | 8,940     | -       | 15,912    |
| Infrastructure  | 206,105   | 354,000 | 189,804   | 504,000 | 147,060   |
| Agriculture   | 33,029    | 19,000  | 31,400    | -       | 24,777    |
| Private Sector Competitiveness                                  | 21,875    | -       | 7,800     | -       | 8,211     |
| Economic Opportunity  | 9,486     | -       | 21,506    | -       | 9,660     |
| Environment   | 20,000    | -       | 3,000     | -       | 5,000     |
| <b>Humanitarian Assistance</b>                                  | 29,996    | 30,000  | 21,930    | -       | 22,000    |
| Protection, Assistance and Solutions                            | 29,996    | 30,000  | 21,930    | -       | 10,000    |
| Disaster Readiness  | -         | -       | -         | -       | 12,000    |
| <b>Program Support</b>  | 34,566    | 12,000  | -         | -       | 30,000    |
| Program Support   | 34,566    | 12,000  | -         | -       | 30,000    |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)                             | Total     | P&S     | GJD     | IIP     | EG      | HA     | PS     |
|---|-----------|---------|---------|---------|---------|--------|--------|
| <b>TOTAL</b>                                  | 1,053,950 | 419,168 | 247,999 | 109,163 | 225,620 | 22,000 | 30,000 |
| Child Survival and Health                     | 52,000    | -       | -       | 52,000  | -       | -      | -      |
| Economic Support Fund                         | 707,000   | 170,218 | 213,999 | 57,163  | 225,620 | 10,000 | 30,000 |
| International Military Education and Training | 1,400     | 1,400   | -       | -       | -       | -      | -      |
| International Narcotics Control               | 250,000   | 216,000 | 34,000  | -       | -       | -      | -      |

| (\$ in thousands)   | Total     | P&S     | GJD     | IIP     | EG      | HA     | PS     |
|---|-----------|---------|---------|---------|---------|--------|--------|
| <b>TOTAL</b>  | 1,053,950 | 419,168 | 247,999 | 109,163 | 225,620 | 22,000 | 30,000 |
| and Law Enforcement   |           |         |         |         |         |        |        |
| Nonproliferation, Antiterrorism,<br>Demining and Related Programs | 31,550    | 31,550  | -       | -       | -       | -      | -      |
| Public Law 480 (Food Aid)   | 12,000    | -       | -       | -       | -       | 12,000 | -      |

**Peace and Security:** The United States is playing a major supporting role with Afghan coalition partners in focusing resources and programs on counter-terrorism, counter-narcotics, stabilization operations, security sector reform, demining, and destruction of conventional weapons. The international community strongly supports U.S. security, counter-narcotics, governance, and economic growth objectives. North Atlantic Treaty Organization (NATO) -led forces are deployed around the country in 25 civil-military Provincial Reconstruction Teams, which are planned to expand in 2009 in support of more widespread and integrated counter-insurgency and economic development programs. Counter-terrorism funding will support Afghan leadership protection, terrorist interdiction and counter-terrorist finance programs administered by the Department of State. The United States will continue to support the mine action program and mobile weapons, ammunition, and explosive ordnance destruction teams, which meet humanitarian objectives, while facilitating the resumption of economic activity and reconstruction.

Counter-narcotics funding will be used by the Department of State to combat opium production and trafficking, with a focus on sustaining and expanding the poppy-free status of the northern and central provinces of Afghanistan. In these provinces the United States' five-pillar counter-narcotics strategy consisting of interdiction, eradication, alternative development, public information and law enforcement/justice reform has produced significant results in areas where security allows. In the south, where a lack of security and political will impeded effective implementation of counter-narcotics programs in 2007, the United States will seek to contain and reduce poppy cultivation.

The revised U.S. counter-narcotics strategy approved in August 2007 places priority in three key areas: 1) increase coordination between counter-narcotics and counter-insurgency activities; 2) amplify the effects of the "carrot and stick" approach to reducing poppy cultivation; and 3) foment the necessary political will to make lasting changes within the Afghan Government. The United States remains committed to a balanced approach to countering narcotics in Afghanistan, increasing the incentive of alternative development assistance while simultaneously increasing the disincentives of eradication and interdiction. The Department of State will continue to build the capability of the Counter-Narcotics Police of Afghanistan, expanding its operational and investigative capacity to interdict major traffickers and disrupt Taliban financing. Alternative development funding administered by the U.S. Agency for International Development (USAID) will focus on rural economic growth through the development of marketable high-value crops and livestock that provide rural households immediate as well as long-term increases in income. USAID will also provide assistance through Provincial Reconstruction Teams to stabilize the country, improve local governance, and integrate conflict mitigation, peace, and reconciliation initiatives into rural reconstruction programs.

**Governing Justly and Democratically:** The top U.S. priority is to build a government from the local to the national level that is responsive to the needs of the Afghan people. USAID assistance will strengthen nascent democratic institutions at the central, provincial, district, and local levels in order to help the Afghan government better serve the Afghan people and help them build a legitimate and capable state. FY 2009 funding also will support presidential, provincial council and parliamentary elections scheduled for 2009 -2010 by strengthening democratic political parties and other political entities such as the United Nations and Independent Electoral Commission.

U.S. assistance will strengthen the rule of law in Afghanistan by helping to build the capacity of the criminal justice system. Activities supported by the Department of State will include developing corrections systems, training and mentoring justice sector personnel to better assist police and counter-narcotics initiatives, improving police-prosecutor coordination, forming a special narcotics prosecution unit, and helping to arrest, try and punish offenders. Funding also will support USAID programs that promote public knowledge, understanding and respect for the rule of law, harmonize traditional and formal legal systems, and improve the capacity of justice sector actors and institutions, particularly at the provincial level. USAID also will support human rights education and advocacy programs. Continued support will be provided to the Afghan-initiated, multi-donor "Justice for All" and Afghan National Development Strategy programs, including the Afghan Reconstruction Trust Fund. This will include support for the National Solidarity Program, which helps the GOA fund projects to address needs identified by local communities. Particular emphasis will be placed on strengthened sub-national governance functions such as the provision of public services. Finally, USAID will continue to support the strengthening of civil society, media, and freedom of information.

**Investing in People:** USAID programs will improve access to health and education services in a manner that also will strengthen public support for the IROA. Health programs will focus on improving the health of women of reproductive age and children under five, augmenting reproductive health care service delivery, preventing HIV/AIDS and tuberculosis, increasing access to quality health care services, and enabling individuals, families and communities to protect their health. Funds also will be used to improve the quality of health service delivery and expand health care accessibility and services at both the provincial and central levels. This will be accomplished through training, health service delivery in 13 provinces, construction and rehabilitation of health facilities, and continued capacity building within the Ministry of Public Health.

U.S. support for education programs will emphasize improving access to quality basic and higher education, developing both the formal and non-formal education sectors, and supporting and enhancing competent teaching. Programs also will aim to strengthen the Ministry of Education's capacity, improve teacher performance and skills development, provide adequate school materials, construct and rehabilitate schools, and improve environments for learning. Additionally, activities will focus on building the capacity of the Ministry of Higher Education and local universities by training administrators, rectors and deans, as well as developing academic alliances with other regional and international institutions of higher education.

**Economic Growth:** USAID economic growth programs will focus on infrastructure rehabilitation, agricultural development, trade, financial sector development, and private sector expansion. The United States will support the infrastructure development required to fuel economic growth and promote stability in the transport, energy, and water sectors. Road rehabilitation will include a focus on volatile southern Afghanistan, where other donors are now reluctant to invest due to the insurgency and related security concerns, as well as other areas determined to be of strategic importance. In the energy sector, funding will be used to increase access to a reliable electricity supply through the expansion of the northern and southern electrical power systems. Funds will support both the expansion of water supply delivery and the technical and institutional support required for sound water planning and management. The United States also will focus on developing Afghan capacity, both within the public and private sectors, to manage, operate and maintain infrastructure facilities, and institute cost-recovery mechanisms to ensure their sustainability.

The United States will continue to improve the enabling environment for licit agriculture, while helping to modernize commercial agriculture through high-value crop diversification and productivity enhancements. Opportunities for non-governmental organizations and U.S. land grant universities will be expanded in order to improve the technical capacity of farmers, government officials and Afghan universities.

Assistance will further develop the financial sector, help increase the outreach of financial services throughout the country, and create credit access opportunities for micro-, small- and medium-sized enterprises. The United States will seek to increase growth and competitiveness in the private sector, and provide workforce development opportunities to improve labor force skills and increase productivity. Funds will promote trade and investment, strengthen economic policy, support regulatory and fiscal reforms, further enhance Central Bank operations, and expand opportunities for private sector growth. Pending Congressional action, assistance also will help improve access to areas that the President of the United States would designate as Reconstruction Opportunity Zones (ROZs). Goods produced in these areas would receive duty-free access to U.S. markets, and promote urgently-needed investment and legitimate employment while giving local populations a vital stake in a more stable and prosperous future. The ROZ initiative is an urgently-needed tool to fill a crucial gap on the front lines of foreign policy.

**Humanitarian Assistance:** USAID programs will strengthen the capacity of first responders and local institutions to better plan for and respond to national disasters through preparedness and mitigation training and workshops, and other programs.

### **Overview of Major Changes**

Afghanistan's FY 2009 request for Peace and Security programs is an increase over FY 2008 in order to strengthen military education and counter-terrorism programs and bolster civil-military stabilization efforts in provincial reconstruction teams. Compared to FY 2008, the Governing Justly and Democratically Objective increases in order to support planned nationwide elections. Investing in

People will decline compared to FY 2008 as a result of a reduction in spending for water and sanitation programs, where other donors are making significant contributions. The request for basic education also will decline, while higher education registers an increase. The decreased funding request for economic growth reflects the completion of a number of large power and road projects.

## Bangladesh

### Program Overview

Since the installation of a caretaker government on January 12, 2007, Bangladesh's military-backed government has embarked on an ambitious reform agenda to create a climate conducive to credible elections and improved governance. The FY 2009 budget request realigns resources to best promote peace and security by strengthening democratic governance and tackling the underlying social, demographic and economic factors that make Bangladesh vulnerable to violent extremism. This funding request also seeks to strategically place resources where the United States has a comparative advantage over other donors or meets an otherwise urgent and unfunded need, particularly with respect to democracy and governance, health, education, disaster management, food security, and economic growth.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>   | 84,232            | 105,009             | 106,835            |
| Child Survival and Health                                      | 29,935            | 37,181              | 29,575             |
| Development Assistance   | 10,430            | 29,190              | 39,060             |
| Economic Support Fund  | 3,750             | -                   | -                  |
| Foreign Military Financing                                     | 990               | 595                 | 1,000              |
| International Military Education and Training                  | 934               | 761                 | 800                |
| International Narcotics Control and Law Enforcement            | -                 | 198                 | 800                |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 2,575             | 6,301               | 3,600              |
| Public Law 480 (Food Aid)                                      | 35,618            | 30,783              | 32,000             |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>TOTAL</b>  | 84,232            | 105,009             | 106,835            |
| <b>Peace and Security</b>                           | 5,462             | 8,855               | 7,300              |
| Counter-Terrorism                                   | 2,375             | 6,001               | 3,200              |
| Combating Weapons of Mass Destruction (WMD)         | 200               | 300                 | 400                |
| Stabilization Operations and Security Sector Reform | 1,924             | 1,356               | 1,800              |
| Counter-Narcotics                                   | -                 | 198                 | -                  |
| Transnational Crime                                 | 963               | 1,000               | 1,900              |
| <b>Governing Justly and Democratically</b>          | 5,144             | 9,000               | 20,531             |

| (\$ in thousands)   | FY 2007       | FY 2008       | FY 2009       |
|---|---------------|---------------|---------------|
|   | Actual        | Estimate      | Request       |
| <b>TOTAL</b>  | 84,232        | 105,009       | 106,835       |
| Rule of Law and Human Rights                                    | -             | -             | 2,500         |
| Good Governance   | 3,221         | 4,500         | 11,531        |
| Political Competition and Consensus-Building                    | 993           | 2,500         | 4,500         |
| Civil Society   | 930           | 2,000         | 2,000         |
| <b>Investing in People</b>                                      | <b>55,332</b> | <b>63,964</b> | <b>56,475</b> |
| Health  | 50,703        | 55,464        | 42,675        |
| Education   | 2,811         | 6,500         | 5,000         |
| Social Services and Protection for Especially Vulnerable People | 1,818         | 2,000         | 8,800         |
| <b>Economic Growth</b>  | <b>7,397</b>  | <b>15,980</b> | <b>15,429</b> |
| Infrastructure  | 907           | 2,000         | 2,743         |
| Agriculture   | 2,519         | 4,731         | 4,400         |
| Private Sector Competitiveness                                  | 1,402         | 5,130         | 5,084         |
| Environment   | 2,569         | 4,119         | 3,202         |
| <b>Humanitarian Assistance</b>                                  | <b>10,038</b> | <b>7,210</b>  | <b>7,100</b>  |
| Protection, Assistance and Solutions                            | 3,552         | 75            | 1,000         |
| Disaster Readiness  | 6,486         | 7,135         | 6,100         |
| <b>Program Support</b>  | <b>859</b>    | <b>-</b>      | <b>-</b>      |
| Program Support   | 859           | -             | -             |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total   | P&S   | GJD    | IIP    | EG     | HA    | PS |
|--|---------|-------|--------|--------|--------|-------|----|
| <b>TOTAL</b>   | 106,835 | 7,300 | 20,531 | 56,475 | 15,429 | 7,100 | -  |
| Child Survival and Health                                      | 29,575  | -     | -      | 29,575 | -      | -     | -  |
| Development Assistance   | 39,060  | 1,100 | 20,531 | 5,000  | 10,929 | 1,500 | -  |
| Foreign Military Financing                                     | 1,000   | 1,000 | -      | -      | -      | -     | -  |
| International Military Education and Training                  | 800     | 800   | -      | -      | -      | -     | -  |
| International Narcotics Control and Law Enforcement            | 800     | 800   | -      | -      | -      | -     | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 3,600   | 3,600 | -      | -      | -      | -     | -  |
| Public Law 480 (Food Aid)                                      | 32,000  | -     | -      | 21,900 | 4,500  | 5,600 | -  |

**Peace and Security:** Funding will continue to support Department of State programs for Bangladeshi civilian, police, and military counterparts to enhance their capacity and willingness to prevent terrorist activity and violent extremism, ensure that the military remains apolitical, and enhance the capacity of Bangladeshi security forces to police its porous land and sea borders. U.S. assistance will continue providing essential equipment to the border security forces and training in the tactics, operation, and

maintenance of this equipment. U.S. assistance also will support efforts to disrupt terrorist financial operations, train specialized counter-terrorist units in the police and military and assist in the development of comprehensive strategic trade controls over weapons of mass destruction and related commodities. Additional programs will support efforts to fight trafficking in persons and strengthen local capacity to investigate and prosecute financial crimes and money laundering.

**Governing Justly and Democratically:** To support more effective and responsive democratic institutions in Bangladesh, U.S. Agency for International Development (USAID) programs will promote comprehensive anti-corruption reforms; strengthen the institutions of governance, particularly at the local level; and support democratic political parties. U.S. assistance will support civil society, labor rights and media groups; promote greater respect for basic human rights; and fund comprehensive outreach initiatives to influential community leaders, including religious leaders. Program results and future initiatives in this arena will be heavily influenced by the outcome of the Government of Bangladesh's stated commitment to hold general elections late in 2008.

**Investing in People:** The enormity of the social and demographic pressures confronting the people of Bangladesh also threatens peace and security in this country. The United States will address these needs through focused interventions in areas not targeted by other donors. USAID programs will help prepare the country's nine million three to six-year olds to succeed in primary school through early childhood educational interventions, including providing educational television programming and creating a network of preschools in disenfranchised communities.

In health, USAID-administered assistance will fund basic health services that reach approximately 20 million people every year that would not otherwise have access to healthcare. Assistance also will fund programs that increase access to clean water and hygienic sanitation facilities, improve nutrition, and support reproductive health services. Funding will support bilateral HIV/AIDS programs with programmatic emphasis on a range of interventions related to care, treatment, and prevention. A primary goal in the health sector is the transition of greater responsibility for provision of health services to the public and private sectors with a concurrent gradual reduction in dependence on U.S. assistance.

**Economic Growth:** In spite of robust economic growth since the early 1990s, chronic poverty continues to affect a large portion of the population. Progress in economic growth is hampered by a high degree of market isolation, poor economic governance, a tepid enabling environment and an excessive government role in the economy. Economic growth also is negatively affected by the relatively frequent natural disasters that occur in Bangladesh, such as Cyclone Sidr, which impacted Bangladesh in November 2007 and caused significant economic damage. To expand economic opportunities and equitable growth in Bangladesh, USAID programs will: improve the training and skills of the workforce, especially unemployed youth, women, and the landless rural poor; increase private sector growth; expand access to economic and social infrastructure through changes in policy and law; and support sustainable natural resource management that contributes to income generation. U.S. assistance also will support efforts to improve food policy and increase agricultural sector productivity to create the necessary foundations for further economic advancement among the

marginalized and landless rural poor.

**Humanitarian Assistance:** Cyclone Sidr affected 8.9 million people and caused an estimated 3,500 deaths, well below that of the over 100,000 deaths during the last major cyclone in the 1990s. The cyclone also caused a significant loss of livelihoods and assets. The experience of Cyclone Sidr demonstrates the benefits of disaster mitigation and readiness programs implemented between these two major cyclones, especially with regard to reducing deaths. In view of the chronic vulnerability of Bangladesh to flooding and other natural disasters, USAID will implement disaster mitigation and readiness programs.

### **Overview of Major Changes**

The overall FY 2009 request level is comparable to the FY 2008 level, but includes a significant increase for the Governing Justly and Democratically Objective and a decrease in the Investing in People Objective, particularly for programming under maternal and child health. This shift seizes upon the opportunity to make further good governance reforms that build upon positive steps taken by Bangladesh's 2007 caretaker government.

## India

### Program Overview

The United States and India are undertaking an ambitious and multi-faceted strategic partnership forged by common strategic interests and guided by shared values. U.S. assistance will aim to improve India's ability to achieve sustainable growth and reduce poverty by decreasing child and maternal mortality; addressing the rise of infectious diseases, such as HIV/AIDS, tuberculosis and polio; and promoting clean energy and climate change improvements. U.S. foreign assistance also will help diminish the conditions that promote extremism by focusing on the poorest and most underserved segments of the population and by increasing cooperation with the Government of India on security and counter-terrorism issues.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>   | 116,576 | 86,821   | 77,765  |
| Child Survival and Health                                      | 53,411  | 58,947   | 60,065  |
| Development Assistance   | 15,676  | 10,547   | 900     |
| Economic Support Fund  | 4,875   | -        | -       |
| Global HIV/AIDS Initiative                                     | 8,971   | -        | -       |
| International Military Education and Training                  | 1,501   | 1,237    | 1,200   |
| International Narcotics Control and Law Enforcement            | -       | -        | 400     |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,108   | 2,684    | 1,700   |
| Public Law 480 (Food Aid)                                      | 31,034  | 13,406   | 13,500  |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>  | 116,576 | 86,821   | 77,765  |
| <b>Peace and Security</b>                           | 2,609   | 3,921    | 3,300   |
| Counter-Terrorism                                   | 731     | 1,984    | 1,000   |
| Combating Weapons of Mass Destruction (WMD)         | 377     | 700      | 700     |
| Stabilization Operations and Security Sector Reform | 1,501   | 1,237    | 1,200   |
| Counter-Narcotics                                   | -       | -        | 400     |
| <b>Governing Justly and Democratically</b>          | 617     | -        | -       |
| Rule of Law and Human Rights                        | 617     | -        | -       |
| <b>Investing in People</b>                          | 97,820  | 77,353   | 73,565  |

| (\$ in thousands)                   | FY 2007 | FY 2008  | FY 2009 |
|-------------------------------------|---------|----------|---------|
|                                     | Actual  | Estimate | Request |
| <b>TOTAL</b>                        | 116,576 | 86,821   | 77,765  |
| Health                              | 94,683  | 77,353   | 73,565  |
| Education                           | 3,137   | -        | -       |
| <b>Economic Growth</b>              | 15,530  | 5,547    | 900     |
| Macroeconomic Foundation for Growth | 1,060   | -        | -       |
| Trade and Investment                | 50      | -        | -       |
| Infrastructure                      | 8,442   | 300      | 900     |
| Agriculture                         | 2,675   | 4,000    | -       |
| Private Sector Competitiveness      | 575     | -        | -       |
| Economic Opportunity                | 665     | 1,247    | -       |
| Environment                         | 2,063   | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total  | P&S   | GJD | IIP    | EG  | HA |
|--|--------|-------|-----|--------|-----|----|
| <b>TOTAL</b>   | 77,765 | 3,300 | -   | 73,565 | 900 | -  |
| Child Survival and Health                                      | 60,065 | -     | -   | 60,065 | -   | -  |
| Development Assistance   | 900    | -     | -   | -      | 900 | -  |
| International Military Education and Training                  | 1,200  | 1,200 | -   | -      | -   | -  |
| International Narcotics Control and Law Enforcement            | 400    | 400   | -   | -      | -   | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,700  | 1,700 | -   | -      | -   | -  |
| Public Law 480 (Food Aid)                                      | 13,500 | -     | -   | 13,500 | -   | -  |

**Peace and Security:** U.S. foreign assistance will provide military training and counter-narcotics and counter-terrorism programs. Department of State funding will support programs to enhance military professionalism and facilitate cooperation and interoperability during joint exercises and military operations between the United States and India. Department of State counter-narcotics assistance will continue successful demand reduction programs that support India's efforts to decrease drug use and increase awareness in the population. Non-proliferation and anti-terrorism programs administered by the Department of State will improve Indian law enforcement officials' ability to respond to terrorist threats. The export control and border security program will bring strategic trade control systems up to international standards to prevent the proliferation of weapons of mass destruction and related technologies.

**Investing in People:** India faces major obstacles to improving the health of its people. U.S. foreign assistance will help to integrate health services and nutrition to improve the survival of children and their mothers, stem global disease threats (particularly HIV/AIDS, polio and tuberculosis), improve urban health, and enhance the ability of women to voluntarily decide the number and spacing of

births. The U.S. Agency for International Development (USAID) will implement programs under this objective.

Linkages with the President's Emergency Plan for AIDS Relief (PEPFAR): India will receive significant support to scale up integrated prevention, care and treatment programs throughout the country and support orphans and vulnerable children.

**Economic Growth:** U.S. assistance will implement key elements of the U.S.-Indian Energy Dialogue, including improving access to electricity services and increasing environmentally sound and efficient technologies and approaches. USAID activities will contribute to clean energy and global climate change initiatives by assisting India in developing clean coal technology, efficient electricity distribution, and rural electrification.

### **Overview of Major Changes**

The FY 2009 request for India is lower than the FY 2008 levels. Reductions in funding for Economic Growth activities reflect the conclusion of funding for the three-year Agricultural Knowledge Initiative.

## Kazakhstan

### Program Overview

U.S. assistance to Kazakhstan is intended to promote responsive government and professional security forces that will be able to effectively employ the country's abundant natural resources to create sustainable economic growth and prosperity for a larger segment of the population. In addition, the United States will build upon an already productive relationship to enhance stability and help Kazakhstan continue its development as a regional leader in combating extremism, weapons of mass destruction (WMD) proliferation, illegal narcotics and trafficking in persons.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>   | 26,798            | 22,251              | 18,950             |
| Child Survival and Health                                      | -                 | 893                 | 800                |
| Foreign Military Financing                                     | 3,205             | 1,339               | 2,000              |
| FREEDOM Support Act  | 20,000            | 14,879              | 13,500             |
| Global HIV/AIDS Initiative                                     | 270               | -                   | -                  |
| International Military Education and Training                  | 1,217             | 952                 | 750                |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 2,106             | 4,188               | 1,900              |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>TOTAL</b>  | 26,798            | 22,251              | 18,950             |
| <b>Peace and Security</b>                           | 9,545             | 7,693               | 5,800              |
| Counter-Terrorism                                   | 793               | 1,488               | 400                |
| Combating Weapons of Mass Destruction (WMD)         | 2,163             | 2,182               | 1,500              |
| Stabilization Operations and Security Sector Reform | 5,747             | 3,201               | 2,750              |
| Counter-Narcotics                                   | 450               | 512                 | 1,000              |
| Transnational Crime                                 | 392               | 310                 | 150                |
| <b>Governing Justly and Democratically</b>          | 5,718             | 4,762               | 4,261              |
| Rule of Law and Human Rights                        | 537               | 670                 | 263                |
| Good Governance                                     | -                 | -                   | 500                |
| Political Competition and Consensus-Building        | 1,015             | -                   | 500                |
| Civil Society                                       | 4,166             | 4,092               | 2,998              |
| <b>Investing in People</b>                          | 2,927             | 3,243               | 2,640              |

| (\$ in thousands)                   | FY 2007 | FY 2008  | FY 2009 |
|-------------------------------------|---------|----------|---------|
|                                     | Actual  | Estimate | Request |
| <b>TOTAL</b>                        | 26,798  | 22,251   | 18,950  |
| Health                              | 2,882   | 3,193    | 2,600   |
| Education                           | 45      | 50       | 40      |
| <b>Economic Growth</b>              | 7,732   | 6,553    | 6,249   |
| Macroeconomic Foundation for Growth | 1,290   | 956      | 1,331   |
| Trade and Investment                | 1,025   | 994      | 806     |
| Financial Sector                    | 1,576   | 842      | 1,053   |
| Infrastructure                      | 390     | 627      | 1,464   |
| Agriculture                         | 556     | 100      | 430     |
| Private Sector Competitiveness      | 2,620   | 2,800    | 1,165   |
| Economic Opportunity                | 275     | 234      | -       |
| <b>Program Support</b>              | 876     | -        | -       |
| Program Support                     | 876     | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total  | P&S   | GJD   | IIP   | EG    | HA | PS |
|--|--------|-------|-------|-------|-------|----|----|
| <b>TOTAL</b>   | 18,950 | 5,800 | 4,261 | 2,640 | 6,249 | -  | -  |
| Child Survival and Health                                      | 800    | -     | -     | 800   | -     | -  | -  |
| Foreign Military Financing                                     | 2,000  | 2,000 | -     | -     | -     | -  | -  |
| FREEDOM Support Act  | 13,500 | 1,150 | 4,261 | 1,840 | 6,249 | -  | -  |
| International Military Education and Training                  | 750    | 750   | -     | -     | -     | -  | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,900  | 1,900 | -     | -     | -     | -  | -  |

**Peace and Security:** The United States will assist Kazakhstan in this objective by focusing on stabilization operations, security sector reform, and cooperative activities to combat terrorism and the proliferation of WMD. The Department of State will fund programs to help establish a professional, rapidly-deployable North Atlantic Treaty Organization and U.S.-compatible military capable of combating terrorism and protecting its territory. U.S. assistance through the Department of State will also support the elimination of excess and obsolete military stockpiles and ensure that Kazakhstan has the ability to control dual-use items. In addition, Department of State programs will further U.S. efforts to combat the proliferation of WMD through activities that improve the controls on illicit trade and enhance the interdiction capabilities of the Government of Kazakhstan (GOK).

Counter-terrorism, transnational crime, and counter-narcotics assistance through the Department of State will help address threats to Kazakhstan's security and improve law enforcement capabilities. Programs will improve the capacity of law enforcement to combat trafficking in persons and migrant smuggling. To counter drug trafficking, funds will be invested in improving detection, tracking, and interdiction capabilities and reducing demand. U.S. programs also will continue to support

Kazakhstan's Border Guard Institute and Customs Academy and equip model ports of entry. U.S. assistance will continue to support counter-narcotics checkpoints and provide training and equipment to selected border posts. In addition, the United States will work with Kazakhstan to dismantle transnational drug networks by tracking illicit transactions and proceeds.

**Governing Justly and Democratically:** In order to assist Kazakhstan in improving political rights and civil liberties, the United States will invest significant resources to strengthen the framework for a representative multi-party system, support greater governmental accountability and transparency, and allow for the continued growth of independent media and civil society. U.S. Agency for International Development (USAID) programs will contribute to the development and implementation of democratic reforms by increasing the public's access to unbiased information and promoting public engagement on policy issues. USAID programs also will support local civic activism and coalition-building among non-governmental organizations, as well as legal and regulatory reforms necessary for the further development of civil society and the media. To strengthen the rule of law, USAID programs will support for judicial reform and continued respect for freedom of association, religion, speech, and democratic dissent.

**Investing in People:** During the past two years, the GOK has sought to improve its record on health expenditures by significantly increasing the health budget and committing to partnerships with international organizations, such as the World Bank. However, the quality and efficiency of health programming remains quite poor. To address this issue, USAID will focus on health system reform to ensure the provision of quality, client-oriented, cost-effective primary health care services, and programs to promote increased community involvement in the health system. USAID will fund programs to prevent the spread of HIV/AIDS, expand the use of the Directly Observed Treatment Short-Course strategy for tuberculosis control, and improve maternal and child health.

**Economic Growth:** Due to its significant hydrocarbon resources and historically high export prices, Kazakhstan continues to enjoy increasing revenues and expanded investment in the oil and gas sector. U.S. assistance will seek to broaden economic growth beyond the hydrocarbon sector and to a larger portion of the population by promoting private sector competitiveness, small- and medium-sized enterprise development, reform of the trade and investment enabling environment, and improved macroeconomic and fiscal policies through USAID and other agencies. Through USAID programming, the United States also will support the development of regional energy markets linking Central and South Asia and promote a global energy security by facilitating the transit of Kazakh oil through the Baku-Tbilisi-Ceyhan pipeline into the European market. Most U.S. economic assistance programs will be implemented through the Program for Economic Development, a cost-sharing partnership between the United States Government and the GOK. In FY 2009, the last year of the agreement, the cost of programming will be split equally between both governments.

### **Overview of Major Changes**

The overall request for Kazakhstan in FY 2009 decreases slightly from FY 2008 levels. The largest

objective decrease is in the Peace and Security Objective, with decreases in the counter-terrorism and weapons of mass destruction areas.

## Kyrgyz Republic

### Program Overview

The Government of the Kyrgyz Republic (GOK) recognizes the importance of advancing reform and welcomes U.S. assistance in improving security, promoting economic development, and addressing social issues. Progress on strengthening democratic institutions and fighting corruption has been somewhat uneven and additional work is required to ensure a full democratic transformation. Another important focus of U.S. assistance is strengthening the GOK's capabilities to fight terrorism, halt narcotics trafficking, and combat other transnational threats.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>   | 34,262  | 30,610   | 27,565  |
| Child Survival and Health                                      | -       | 595      | 675     |
| Foreign Military Financing                                     | 1,425   | 843      | 900     |
| FREEDOM Support Act  | 30,183  | 25,046   | 23,400  |
| Global HIV/AIDS Initiative                                     | 160     | -        | -       |
| International Military Education and Training                  | 1,161   | 1,142    | 1,000   |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,333   | 2,984    | 1,590   |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>  | 34,262  | 30,610   | 27,565  |
| <b>Peace and Security</b>                           | 5,169   | 6,201    | 4,622   |
| Counter-Terrorism                                   | 583     | 1,984    | 650     |
| Combating Weapons of Mass Destruction (WMD)         | 900     | 1,132    | 1,072   |
| Stabilization Operations and Security Sector Reform | 3,386   | 2,310    | 2,225   |
| Counter-Narcotics                                   | 300     | 775      | 675     |
| <b>Governing Justly and Democratically</b>          | 9,894   | 10,820   | 9,443   |
| Rule of Law and Human Rights                        | 1,832   | 1,999    | 1,450   |
| Good Governance                                     | 3,456   | 3,035    | 2,950   |
| Political Competition and Consensus-Building        | 719     | 1,042    | 1,121   |
| Civil Society                                       | 3,887   | 4,744    | 3,922   |
| <b>Investing in People</b>                          | 5,665   | 4,542    | 4,300   |
| Health  | 3,976   | 3,071    | 2,900   |

| (\$ in thousands)                    | FY 2007 | FY 2008  | FY 2009 |
|--------------------------------------|---------|----------|---------|
|                                      | Actual  | Estimate | Request |
| <b>TOTAL</b>                         | 34,262  | 30,610   | 27,565  |
| Education                            | 1,689   | 1,471    | 1,400   |
| <b>Economic Growth</b>               | 11,767  | 8,347    | 8,500   |
| Macroeconomic Foundation for Growth  | 1,358   | 516      | 621     |
| Trade and Investment                 | 1,348   | 1,543    | 1,545   |
| Financial Sector                     | 837     | 479      | 605     |
| Infrastructure                       | 2,285   | 1,145    | 992     |
| Agriculture                          | 3,305   | 2,814    | 2,901   |
| Private Sector Competitiveness       | 1,262   | 1,380    | 1,357   |
| Economic Opportunity                 | 1,372   | 470      | 479     |
| <b>Humanitarian Assistance</b>       | 750     | 700      | 700     |
| Protection, Assistance and Solutions | 750     | 700      | 700     |
| <b>Program Support</b>               | 1,017   | -        | -       |
| Program Support                      | 1,017   | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total  | P&S   | GJD   | IIP   | EG    | HA  | PS |
|--|--------|-------|-------|-------|-------|-----|----|
| <b>TOTAL</b>   | 27,565 | 4,622 | 9,443 | 4,300 | 8,500 | 700 | -  |
| Child Survival and Health                                      | 675    | -     | -     | 675   | -     | -   | -  |
| Foreign Military Financing                                     | 900    | 900   | -     | -     | -     | -   | -  |
| FREEDOM Support Act  | 23,400 | 1,132 | 9,443 | 3,625 | 8,500 | 700 | -  |
| International Military Education and Training                  | 1,000  | 1,000 | -     | -     | -     | -   | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,590  | 1,590 | -     | -     | -     | -   | -  |

**Peace and Security:** The United States can best assist the Kyrgyz Republic in this objective by focusing on security sector reform, counter-narcotics efforts, and cooperative activities to combat the proliferation of weapons of mass destruction (WMD). Supporting military and border security restructuring, reform, and operations will have an immediate and lasting impact on peace and security in the Kyrgyz Republic and the region. Department of State funding will support programs to improve the Kyrgyz military's and border guards' readiness to combat numerous cross-border threats. Training and equipment funded by the Department of State for the GOK's Security and Armed Forces will help improve overall governmental security capacity. Counter-narcotics programs will help the Ministry of Internal Affairs and the Drug Control Agency to improve interdiction capabilities. Department of State and other U.S. agency law enforcement reform programming will help the GOK fight trafficking in persons, financial crimes, money laundering, and narcotics smuggling. The Department of State also will work to prevent the proliferation of WMD by helping to secure the Kyrgyz Republic's vulnerable borders.

**Governing Justly and Democratically:** Despite progress made in a number of areas, the Kyrgyz Republic continues to lag in areas such as the rule of law and combating corruption. The U.S. Agency for International Development (USAID) will focus on promoting good governance at the local and national levels and strengthening the functioning of the parliament and directly elected local governments. USAID work with the media and a broad spectrum of civil society organizations will promote increased citizen engagement with the government and greater access to information. To build a greater role for political parties in the governing system, USAID will support training and technical assistance to political parties to strengthen their internal management capacity and ability develop issue-based platforms as well as support electoral reforms. Through the Department of State and USAID, support will be provided to critical rule of law reforms that will improve the efficiency and effectiveness of the criminal justice system, provide the framework for private sector development, and maintain engagement with marginalized communities.

**Investing in People:** Low levels of investment by the GOK in public health make the country one of the most vulnerable in the region for health threats and hinder achievement of its health, social, and other transition goals. Due in part to U.S. assistance, public health system reform in the Kyrgyz Republic has become a model for other Eurasian countries, making the most efficient use of the limited funding for health care. USAID will continue to support GOK efforts to institute health system reforms and ensure the provision of quality, client-oriented, cost-effective primary health care services, with an emphasis on assisting with problems in maternal and child health care. USAID programs will work to prevent the spread of HIV/AIDS, tuberculosis, and other diseases as part of the effort to protect the most vulnerable populations in the Kyrgyz Republic. To help reform the educational system, which has severely deteriorated since the Soviet era, USAID will fund activities to improve teacher training, reform governmental school financing mechanisms, develop an independent higher education accreditation body, and develop merit based university placement.

**Economic Growth:** The Kyrgyz Republic's economy is overwhelmingly agrarian. Therefore, USAID economic assistance programs will support Kyrgyz efforts to build agribusiness competitiveness, improve local processing capacity, and expand export markets for Kyrgyz agricultural products. Linked to the success of agribusiness is the need to strengthen trade and investment. USAID and other U.S. agency programs will help foster regional cooperation in trade policy to lower trade barriers, reduce trade associated costs, and increase the gains from international trade. To cultivate greater private sector competitiveness, USAID will assist in the development of the business and economic enabling environment by advising on improved laws, regulations, and macroeconomic policies. In order to meet growing demand for electricity in South Asia and to increase revenue, USAID and Department of State programs will promote policy and institutional reforms needed to improve energy sector performance and enable Kyrgyz participation in a regional energy market.

**Humanitarian Assistance:** Kyrgyz health and social welfare agencies are unable to adequately meet the needs of the Kyrgyz Republic's most vulnerable populations. Humanitarian assistance provided by the Department of State through Freedom Support Act funding will help to temporarily meet some of the basic needs of orphans, the elderly, and other institutionalized populations, while the GOK builds its capacity. This humanitarian assistance will identify areas where governmental services

need improvement. In addition, humanitarian assistance will include disaster preparedness activities to improve GOK response in the event of emergency.

### **Linkages with the Millennium Challenge Corporation**

The Millennium Challenge Corporation (MCC) approved a Threshold country program for the Kyrgyz Republic in August 2007; implementation will begin in early 2008 after ratification by the parliament of the Kyrgyz Republic. The program will support the GOK's efforts to fight corruption and improve the rule of law through judicial, criminal justice, and law enforcement reform.

### **Overview of Major Changes**

The FY 2009 request for the Kyrgyz Republic decreases from the FY 2008 levels. Reductions under Peace and Security are the most significant. However, these decreases are somewhat offset by increases in Department of Defense security assistance to the Kyrgyz Republic not reported in this document.

## Maldives

### Program Overview

Of critical importance in the Maldives is the continued implementation of democratic reforms announced in 2003. The lack of separation of powers in this island nation hinders democratic development. U.S. assistance priorities include the development of professional and accountable security forces.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)                             | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>                                  | 169     | 186      | 195     |
| International Military Education and Training | 169     | 186      | 195     |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>  | 169     | 186      | 195     |
| <b>Peace and Security</b>                           | 169     | 186      | 195     |
| Stabilization Operations and Security Sector Reform | 169     | 186      | 195     |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)                             | Total | P&S | GJD | IIP | EG | HA |
|---|-------|-----|-----|-----|----|----|
| <b>TOTAL</b>                                  | 195   | 195 | -   | -   | -  | -  |
| International Military Education and Training | 195   | 195 | -   | -   | -  | -  |

**Peace and Security:** Department of State funded assistance will support security sector reform, restructuring, and operations. Activities will focus on professionalization, increased awareness of human rights, and enhanced interoperability with U.S. forces. Because security services play an important role in the country's political reform process, the U.S. supports engagement with the security services as they transition into an independent role within a democratic system.

### Overview of Major Changes

The FY 2009 request is comparable to the FY 2008 level.

# Nepal

## Program Overview

With a peace process underway following the democratic movement in April 2006, a historic window of opportunity has opened in Nepal to ensure its transition to a peaceful, democratic, and prosperous state. However, progress is tenuous as the country struggles to build a viable and representative government, restore law and order, and address the grievances of the country's ethnic minorities and disadvantaged groups. U.S. foreign assistance in FY 2009 will focus on consolidating gains in Nepal's peace process, promoting security-sector reform and the rule of law, strengthening democratic institutions, improving the government's ability to deliver services to rural households, and bolstering the country's weak economy as it struggles to recover from the devastation wrought by a decade-long Maoist insurgency.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|--|---------|---------|----------|---------|---------|
|  | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>   | 42,476  | 5,000   | 40,373   | -       | 38,182  |
| Child Survival and Health                                      | 18,090  | -       | 19,891   | -       | 13,667  |
| Development Assistance   | 10,447  | -       | 9,136    | -       | -       |
| Economic Support Fund  | 6,250   | 5,000   | 9,423    | -       | 13,015  |
| International Military Education and Training                  | 793     | -       | 752      | -       | 800     |
| International Narcotics Control and Law Enforcement            | -       | -       | 30       | -       | 10,000  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 840     | -       | 1,141    | -       | 700     |
| Public Law 480 (Food Aid)                                      | 6,056   | -       | -        | -       | -       |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|---|---------|---------|----------|---------|---------|
|   | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>  | 42,476  | 5,000   | 40,373   | -       | 38,182  |
| <b>Peace and Security</b>                           | 3,152   | 1,500   | 2,923    | -       | 15,215  |
| Counter-Terrorism                                   | 840     | -       | 1,141    | -       | 700     |
| Stabilization Operations and Security Sector Reform | 793     | -       | 782      | -       | 11,700  |
| Transnational Crime                                 | -       | -       | -        | -       | 1,000   |
| Conflict Mitigation and Reconciliation              | 1,519   | 1,500   | 1,000    | -       | 1,815   |
| <b>Governing Justly and Democratically</b>          | 6,943   | 3,500   | 6,500    | -       | 6,000   |
| Rule of Law and Human Rights                        | 3,210   | 500     | -        | -       | 1,000   |
| Good Governance                                     | -       | -       | -        | -       | 1,700   |

| (\$ in thousands)                            | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|--|---------|---------|----------|---------|---------|
|  | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>                                 | 42,476  | 5,000   | 40,373   | -       | 38,182  |
| Political Competition and Consensus-Building | 1,084   | 3,000   | 4,000    | -       | 2,675   |
| Civil Society                                | 2,649   | -       | 2,500    | -       | 625     |
| <b>Investing in People</b>                   | 18,720  | -       | 19,891   | -       | 13,667  |
| Health                                       | 17,720  | -       | 19,891   | -       | 13,667  |
| Education                                    | 1,000   | -       | -        | -       | -       |
| <b>Economic Growth</b>                       | 5,865   | -       | 11,059   | -       | 3,300   |
| Macroeconomic Foundation for Growth          | -       | -       | 1,000    | -       | 900     |
| Trade and Investment                         | -       | -       | 1,059    | -       | 900     |
| Infrastructure                               | 441     | -       | -        | -       | -       |
| Agriculture                                  | 3,424   | -       | 1,500    | -       | 1,500   |
| Private Sector Competitiveness               | 2,000   | -       | 2,000    | -       | -       |
| Economic Opportunity                         | -       | -       | 2,500    | -       | -       |
| Environment                                  | -       | -       | 3,000    | -       | -       |
| <b>Humanitarian Assistance</b>               | 7,411   | -       | -        | -       | -       |
| Protection, Assistance and Solutions         | 7,411   | -       | -        | -       | -       |
| <b>Program Support</b>                       | 385     | -       | -        | -       | -       |
| Program Support                              | 385     | -       | -        | -       | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total  | P&S    | GJD   | IIP    | EG    | HA | PS |
|--|--------|--------|-------|--------|-------|----|----|
| <b>TOTAL</b>   | 38,182 | 15,215 | 6,000 | 13,667 | 3,300 | -  | -  |
| Child Survival and Health                                      | 13,667 | -      | -     | 13,667 | -     | -  | -  |
| Economic Support Fund  | 13,015 | 4,715  | 5,000 | -      | 3,300 | -  | -  |
| International Military Education and Training                  | 800    | 800    | -     | -      | -     | -  | -  |
| International Narcotics Control and Law Enforcement            | 10,000 | 9,000  | 1,000 | -      | -     | -  | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 700    | 700    | -     | -      | -     | -  | -  |

**Peace and Security:** The U.S. Agency for International Development (USAID) will strengthen national expertise in conflict resolution; support civil society and community capacity to participate in governance and ensure peace; and support the reintegration of ex-combatants as part of a disarmament, demobilization and reintegration program. The Department of State will build the capacity of national law enforcement to uphold the rule of law and assist the Government of Nepal in restoring law and order throughout the country and provide funding to develop the professionalism of the Nepalese army and police as well as promote increased respect for human rights and civilian authority.

**Governing Justly and Democratically:** The Department of State will support a program to improve the capacity and operations of Nepal's civil and criminal justice sector institutions and enhance cooperation between the judicial sector and law enforcement agencies. USAID will support activities to develop the capacity of Nepal to conduct free, fair, and credible elections. In pursuing this objective, U.S. assistance will be used to improve internal democratic practices of political parties and enhance their ability to engage effectively with their constituents. USAID will fund activities to increase civil society participation and democratic governance at the local level by training community groups to utilize principles of participation, representation, transparency, and accountability in the management of their natural resources. This program will create an appreciation for the principles of good governance and respect for the rule of law at the grassroots level.

**Investing in People:** USAID programs will strengthen the Government's ability to provide basic services to its citizens, a key post-conflict priority. Programs will reduce maternal and child mortality by scaling-up proven interventions like community-based treatment for childhood illnesses, and field testing of new interventions for maternal and newborn survival. Voluntary family planning services will be enhanced through training, strengthened systems and policies, and increasing commodity availability. HIV/AIDS transmission will be reduced with prevention services; voluntary testing and counseling; and care, support and treatment. The health program will target remote communities and ensure equitable access to services for disadvantaged groups.

**Economic Growth:** U.S. assistance in the economic growth area is essential for consolidating democratic gains. There is an urgent need to address widespread frustration over lack of income opportunities, particularly among youth. USAID will introduce new agriculture production technologies and establish marketing channels aimed at increasing income and employment in rural areas. These activities, focused on facilitating a private sector entrepreneurial spirit, will increase household incomes and support long-term goals of sustained, broad-based rural development, poverty reduction, and food security. USAID also will implement a vocational education program that will combine literacy, skills training and targeted scholarships for disadvantaged youth, including internally displaced persons, low caste groups, ethnic minorities, and girls. This inclusive program will aim to build a functionally literate and employable workforce in rural areas with the lowest performing primary schools and to reach the most marginalized communities.

### **Overview of Major Changes**

The overall level of the FY 2009 request is comparable to the FY 2008 level. However, several strategic shifts have occurred to best support the peace process. Compared to FY 2008, there will be a decrease in support for health activities and efforts to create greater economic opportunities for Nepalese. There will be a significant increase in support for rule of law and justice sector activities.

## Pakistan

### Program Overview

The United States supports the Government of Pakistan in fulfilling its vision of a moderate, democratic, and prosperous country that is at peace with its neighbors and which contributes to regional stability. Funds requested will continue to support Pakistan's participation in the war on terror, allow for ongoing cooperation to forge positive relationships with neighboring Afghanistan and India, and contribute toward improving the quality of life of Pakistani citizens. As combating the threat of extremism and terrorism involves a multi-pronged strategy, in FY 2009 U.S. assistance will focus on counter-terrorism activities, economic growth, education, health, good governance, and earthquake reconstruction.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|--|---------|---------|----------|---------|---------|
|  | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>   | 734,354 | -       | 738,096  | 60,000  | 826,255 |
| Child Survival and Health                                      | 22,385  | -       | 29,816   | -       | 27,855  |
| Development Assistance   | 95,327  | -       | 29,757   | -       | -       |
| Economic Support Fund  | 283,673 | -       | 347,165  | 60,000  | 453,200 |
| Foreign Military Financing                                     | 297,000 | -       | 297,570  | -       | 300,000 |
| International Military Education and Training                  | 1,992   | -       | 1,903    | -       | 1,950   |
| International Narcotics Control and Law Enforcement            | 24,000  | -       | 21,822   | -       | 32,000  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 9,977   | -       | 10,063   | -       | 11,250  |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|---|---------|---------|----------|---------|---------|
|   | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>  | 734,354 | -       | 738,096  | 60,000  | 826,255 |
| <b>Peace and Security</b>                           | 332,969 | -       | 329,515  | -       | 342,600 |
| Counter-Terrorism                                   | 9,529   | -       | 9,563    | -       | 10,500  |
| Combating Weapons of Mass Destruction (WMD)         | 448     | -       | 500      | -       | 750     |
| Stabilization Operations and Security Sector Reform | 317,692 | -       | 316,952  | -       | 323,650 |
| Counter-Narcotics                                   | 5,300   | -       | 2,500    | -       | 7,700   |
| <b>Governing Justly and Democratically</b>          | 28,712  | -       | 39,843   | 17,910  | 55,221  |
| Rule of Law and Human Rights                        | 5,020   | -       | 7,843    | -       | 10,600  |
| Good Governance                                     | 19,100  | -       | 25,400   | 15,110  | 33,200  |

| (\$ in thousands)   | FY 2007 | FY 2007 | FY 2008  | FY 2008 | FY 2009 |
|---|---------|---------|----------|---------|---------|
|   | Actual  | Supp    | Estimate | Supp    | Request |
| <b>TOTAL</b>  | 734,354 | -       | 738,096  | 60,000  | 826,255 |
| Political Competition and Consensus-Building                    | 4,592   | -       | 2,550    | -       | 2,000   |
| Civil Society   | -       | -       | 4,050    | 2,800   | 9,421   |
| <b>Investing in People</b>                                      | 240,708 | -       | 240,138  | 14,795  | 259,575 |
| Health  | 63,229  | -       | 86,900   | 6,560   | 96,066  |
| Education   | 124,448 | -       | 153,238  | 8,235   | 163,509 |
| Social Services and Protection for Especially Vulnerable People | 53,031  | -       | -        | -       | -       |
| <b>Economic Growth</b>  | 24,339  | -       | 78,600   | 27,295  | 118,859 |
| Trade and Investment  | -       | -       | 6,000    | -       | 6,709   |
| Infrastructure  | 500     | -       | 12,700   | 7,575   | 17,500  |
| Agriculture   | 2,030   | -       | 19,300   | 4,080   | 23,800  |
| Private Sector Competitiveness                                  | 15,008  | -       | 30,000   | 15,640  | 59,850  |
| Economic Opportunity  | 6,801   | -       | 10,600   | -       | 11,000  |
| <b>Humanitarian Assistance</b>                                  | 100,000 | -       | 50,000   | -       | 50,000  |
| Protection, Assistance and Solutions                            | 100,000 | -       | 50,000   | -       | 50,000  |
| <b>Program Support</b>  | 7,626   | -       | -        | -       | -       |
| Program Support   | 7,626   | -       | -        | -       | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total   | P&S     | GJD    | IIP     | EG      | HA     | PS |
|--|---------|---------|--------|---------|---------|--------|----|
| <b>TOTAL</b>   | 826,255 | 342,600 | 55,221 | 259,575 | 118,859 | 50,000 | -  |
| Child Survival and Health                                      | 27,855  | -       | -      | 27,855  | -       | -      | -  |
| Economic Support Fund  | 453,200 | -       | 52,621 | 231,720 | 118,859 | 50,000 | -  |
| Foreign Military Financing                                     | 300,000 | 300,000 | -      | -       | -       | -      | -  |
| International Military Education and Training                  | 1,950   | 1,950   | -      | -       | -       | -      | -  |
| International Narcotics Control and Law Enforcement            | 32,000  | 29,400  | 2,600  | -       | -       | -      | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 11,250  | 11,250  | -      | -       | -       | -      | -  |

**Peace and Security:** Efforts will continue to support Pakistan's ability to counter extremist organizations and narcotics trafficking, with a focus on the Pakistan-Afghanistan frontier. The Department of State will improve the human and material capacity of Pakistan to secure its borders, facilitate counter-terrorism efforts, and reduce illicit trafficking of narcotics, weapons and people. This request also continues to assist Pakistan's force modernization and traditional defense capabilities. U.S.-funded equipment upgrades and acquisitions will enhance Pakistan's border security and counter-terrorism capabilities and force modernization through equipment upgrades and acquisitions. Equipment may include fixed and rotary wing aerial transport and communications,

surveillance, and ground support. Programs also will support the maintenance of U.S.- origin equipment to ensure flight safety and continued equipment operation. This equipment will have a direct impact on the war on terror and enhance U.S.-Pakistani interoperability. Other programs will raise the quality and professionalism of officers and enlisted personnel by focusing on defense management, civilian control of the military, human rights, and the rule of law.

**Governing Justly and Democratically:** Democratization and respect for rule of law and human rights are critical to promoting moderation, combating the spread of extremism, and laying the foundation for political stability. Specific emphasis will be placed by the U.S. Agency for International Development (USAID) on justice sector reform, local government and decentralization, elections and political processes, civic participation and the media. Once elections are held in 2008 and appointed officials are installed, national and provincial assemblies and local governments will be strengthened through support to the Pakistan Institute for Parliamentary Services. The Institute is jointly created and funded by the Government of Pakistan and USAID. Furthermore, USAID will build upon existing Government of Pakistan initiatives that address gender equity and improve access to justice. Assistance will help reduce gender-based violence and the exploitation of women by building the capacity of service organizations, particularly in the legal sector, as well as addressing broader issues of justice reform.

**Investing in People:** Pakistan faces major challenges in meeting the health and education needs of its large population. The country continues to have terrorist-linked charities and madrassas eager to step in and provide services that the government does not provide. USAID will help Pakistan to improve the quality of and access to basic and higher education in public schools, colleges, and institutions; primary healthcare; and water and sanitation services. USAID also will assist Pakistan to prevent HIV/AIDS, control the spread of tuberculosis, and eradicate polio. Other USAID programs will include the renovation of and equipment provision for health facilities, as well as construction, training, and professional development in the education sector. Scholarship programs supported by the U.S. Department of State will provide the opportunity for students from disadvantaged areas to obtain advanced degrees in agriculture, business, and cultural exchanges for students enrolling in U.S.-based programs.

**Economic Growth:** USAID will develop transport, power, irrigation and water infrastructure, establish vocational training, and improve local employment opportunities in Pakistan's western frontier with Afghanistan. Economic growth programs administered by USAID in the rest of the country will focus on strengthening industrial competitiveness and providing an enabling environment for economic growth that encourages women's participation. Funding also will support the President's Reconstruction Opportunity Zone initiative, pending Congressional legislation. In addition to the extension of trade preferences for qualifying products produced within the zones, the program will provide infrastructure upgrades and technical assistance to participating enterprises. Program funding also will support monitoring and enforcement of Reconstruction Opportunity Zone transshipment and production regulations.

**Humanitarian Assistance:** The October 2005 earthquake caused massive loss of life, extensive

damage to health and education facilities, and destroyed livelihoods in affected areas of Northwest Frontier Province and Azad Kashmir. Funds will be used by USAID to rebuild hospitals and schools, strengthen the systems and capacities of public health workers and district government officials, and rebuild livelihoods for affected Pakistanis. This includes training for people in earthquake-resistant technology and other income generating programs.

### **Overview of Major Changes**

Pakistan's overall FY 2009 funding levels represent an increase from the FY 2008 budget levels. This increase demonstrates the commitment to peace, security, and economic development in Pakistan's western frontier regions. The biggest budget increases are requested for Governing Justly and Democratically, Investing in People and Economic Growth. Increased funding for rule of law, good governance, and civil society will help improve public administration and service delivery at the national, provincial, and district levels. Increases for both health and education will complement good governance programs by expanding access and strengthening the quality of key social services such as health care and basic education. The remaining increase bolsters support for infrastructure and private sector competitiveness, areas which are vital in improving the quality of life for Pakistanis in the border region and the rest of the country. An increase in funding for Peace and Security will support efforts to strengthen border security and counter-narcotics programs along Pakistan's western frontier with Afghanistan.

## Sri Lanka

### Program Overview

The decades-long conflict in Sri Lanka between the Government of Sri Lanka and the U.S.-designated terrorist organization, Liberation Tigers of Tamil Eelam (LTTE), is preventing the country from transforming into a prosperous, stable democracy. With the abrogation of the ceasefire agreement in early 2008, accompanied by the assassinations of Tamil and Sinhalese Ministers, hostilities are likely to increase in 2008. Peace would reduce the threat of regional terrorism and stabilize Sri Lanka as a partner for the United States in South Asia. The liberation of the east from LTTE control in July 2007 presents strategically important opportunities for the United States to advance human rights by promoting economic, political, and social development.

Addressing good governance, decentralization, and poverty in the south, as well as key democratic and economic opportunities for Tamils and Muslims, especially in the east, is necessary to solidify support for peace and eliminate the rhetoric of extreme elements.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>   | 23,166  | 7,397    | 6,500   |
| Development Assistance   | 3,557   | 5,241    | 4,000   |
| Economic Support Fund  | 3,000   | -        | -       |
| Foreign Military Financing                                     | 990     | 422      | 900     |
| International Military Education and Training                  | 483     | 571      | 600     |
| International Narcotics Control and Law Enforcement            | -       | 20       | 350     |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,050   | 1,143    | 650     |
| Public Law 480 (Food Aid)                                      | 14,086  | -        | -       |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>  | 23,166  | 7,397    | 6,500   |
| <b>Peace and Security</b>                           | 4,023   | 2,656    | 2,900   |
| Counter-Terrorism                                   | 250     | 893      | 200     |
| Combating Weapons of Mass Destruction (WMD)         | 400     | 250      | 450     |
| Stabilization Operations and Security Sector Reform | 1,873   | 1,013    | 1,850   |
| Conflict Mitigation and Reconciliation              | 1,500   | 500      | 400     |

| (\$ in thousands)                          | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>                               | 23,166  | 7,397    | 6,500   |
| <b>Governing Justly and Democratically</b> | 2,350   | 1,988    | 1,350   |
| Rule of Law and Human Rights               | 600     | 638      | 400     |
| Good Governance                            | 700     | 685      | 650     |
| Civil Society                              | 1,050   | 665      | 300     |
| <b>Economic Growth</b>                     | 2,507   | 2,753    | 2,250   |
| Financial Sector                           | 200     | 100      | -       |
| Infrastructure                             | 57      | -        | -       |
| Private Sector Competitiveness             | 1,450   | 2,318    | 1,250   |
| Economic Opportunity                       | 800     | 335      | 1,000   |
| <b>Humanitarian Assistance</b>             | 14,086  | -        | -       |
| Protection, Assistance and Solutions       | 14,086  | -        | -       |
| <b>Program Support</b>                     | 200     | -        | -       |
| Program Support                            | 200     | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total | P&S   | GJD   | IIP | EG    | HA | PS |
|--|-------|-------|-------|-----|-------|----|----|
| <b>TOTAL</b>   | 6,500 | 2,900 | 1,350 | -   | 2,250 | -  | -  |
| Development Assistance   | 4,000 | 400   | 1,350 | -   | 2,250 | -  | -  |
| Foreign Military Financing                                     | 900   | 900   | -     | -   | -     | -  | -  |
| International Military Education and Training                  | 600   | 600   | -     | -   | -     | -  | -  |
| International Narcotics Control and Law Enforcement            | 350   | 350   | -     | -   | -     | -  | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 650   | 650   | -     | -   | -     | -  | -  |

**Peace and Security:** Sri Lanka is at a crossroads, and U.S. assistance can play a role in bringing the major players in the conflict back to the negotiating table. Department of State funded activities will focus on stabilization operations and security sector reform. These programs include military training, maritime capacity enhancement, and funding for communications and surveillance equipment, all of which will strengthen the Sri Lankan Navy's capabilities and help demonstrate to the LTTE that war is costly. Department of State funds also will be used to support a police force that is better able to maintain the rule of law and relate more effectively to the local community, especially in the east. Assistance also will increase cooperation between law enforcement and civil society groups (including international organizations) that provide victim assistance. In addition, U.S. assistance will be used to train police and prosecutors in order to increase investigations, arrests, prosecution, and convictions of trafficking crimes. Nonproliferation and anti-terrorism funds will support Department of State programs directed at counter-terrorism initiatives focused on denying terrorist sponsorship and supporting government capabilities. These funds also will combat the

proliferation of weapons of mass destruction by assisting the Government of Sri Lanka to develop an effective strategic trade control system to detect, deter, prevent and interdict the illicit transfer of weapons of mass destruction, missile delivery systems, and related technology and weapons. U.S. Agency for International Development (USAID) administered assistance for conflict mitigation and peace and reconciliation processes will be directed to the Sri Lankan Government's Peace Secretariat, national level peace negotiations and advocacy, and local level conflict mitigation and reconciliation activities in order to solidify support for peace at the local level. Furthermore, USAID development assistance will continue to invest in community early warning systems by monitoring local hotspots in order to preempt violent outbreaks. This will be done through activities designed to resolve multi-ethnic land disputes, water usage, access to land, human rights violations, and service delivery in the areas of health and education.

**Governing Justly and Democratically:** Conflict has weakened Sri Lanka's democratic institutions and civil society and contributed to increased human rights abuses. USAID programs will strengthen governance and enhance public commitment and participation in the peace process. Assistance will focus on enabling citizens at the local level to participate in decision-making processes on issues impacting their communities. Assistance also will be used to build the decision-making capacity of local authorities to address weaknesses and to enhance authorities' capacity to provide humanitarian assistance and basic protection for civilians. U.S. assistance also will aim to increase civil society's role in monitoring and preventing human rights abuses, holding the government accountable, fostering conflict prevention dialogues, advocating for democratic and economic reforms (including combating corruption and protecting minority rights), and participating more actively in public decision-making.

**Economic Growth:** A sustainable peace in Sri Lanka will depend on equitable distribution of the benefits of economic growth. Despite consistently positive economic growth over the last 20 years, the proportion of the population stuck in poverty remains the same because this growth has been largely confined to the Western Province. Other regions – particularly the east and north – have lagged or even regressed in terms of growth and development, largely due to the presence of armed conflict. Continued divergence between economic and social indicators in the Western Province from those in the rest of the country will only prolong hostilities. U.S. assistance will target the most vulnerable populations from the conflict in strategic areas outside of the Western Province. USAID programs will be directed toward livelihoods and workforce development in demand-driven markets, including: workforce readiness and job creation, particularly among the young-adult population in conflict-affected areas, and the development of niche markets and improved value-chains for products from the conflict-affected areas. The private sector is eager to partner with the United States in workforce development efforts.

### **Linkages with the Millennium Challenge Corporation**

The Millennium Challenge Corporation (MCC) Compact was put on hold in early 2007 pending improvements in the overall human rights and security situations, and in December the MCC decided

not to reselect Sri Lanka for 2008 compact eligibility.

### **Overview of Major Changes**

Compared to FY 2008, Sri Lanka's FY 2009 overall funding request is slightly lower, reflecting a decrease in the Governing Justly and Democratically and Economic Growth Objectives.

## Tajikistan

### Program Overview

Support to strengthen border security, counter-narcotics efforts, democratic reform, health, education, and economic growth is key to improving Tajikistan's role as a bulwark against regional threats, such as terrorism and drugs. The Government of Tajikistan (GOT) is intent on improving its infrastructure, especially hydro-power, so it can expand its export and trade options to growing markets in South Asia. Tajikistan, a strong supporter in the war on terror, took over responsibility for controlling its border with Afghanistan after the withdrawal of Russian border forces in 2005 and plays a key role in counter-narcotics and counter-terrorism efforts.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>   | 36,360  | 31,914   | 28,582  |
| Child Survival and Health                                      | -       | 1,239    | 724     |
| Foreign Military Financing                                     | 250     | 372      | 675     |
| FREEDOM Support Act  | 23,915  | 25,789   | 25,233  |
| Global HIV/AIDS Initiative                                     | 354     | -        | -       |
| International Military Education and Training                  | 359     | 538      | 500     |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 3,004   | 3,976    | 1,450   |
| Public Law 480 (Food Aid)                                      | 8,478   | -        | -       |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007 | FY 2008  | FY 2009 |
|---|---------|----------|---------|
|   | Actual  | Estimate | Request |
| <b>TOTAL</b>  | 36,360  | 31,914   | 28,582  |
| <b>Peace and Security</b>                           | 10,967  | 11,736   | 8,620   |
| Counter-Terrorism                                   | 2,404   | 2,976    | 650     |
| Combating Weapons of Mass Destruction (WMD)         | 600     | 1,000    | 800     |
| Stabilization Operations and Security Sector Reform | 2,234   | 4,860    | 3,780   |
| Counter-Narcotics                                   | 5,300   | 750      | 1,250   |
| Transnational Crime                                 | 429     | 2,150    | 2,140   |
| <b>Governing Justly and Democratically</b>          | 5,767   | 5,969    | 5,295   |
| Rule of Law and Human Rights                        | 1,100   | 1,700    | 1,600   |
| Good Governance                                     | 1,097   | 1,242    | 795     |
| Political Competition and Consensus-Building        | 600     | 428      | 700     |

| (\$ in thousands)                    | FY 2007 | FY 2008  | FY 2009 |
|--------------------------------------|---------|----------|---------|
|                                      | Actual  | Estimate | Request |
| <b>TOTAL</b>                         | 36,360  | 31,914   | 28,582  |
| Civil Society                        | 2,970   | 2,599    | 2,200   |
| <b>Investing in People</b>           | 4,645   | 5,496    | 5,524   |
| Health                               | 3,112   | 4,002    | 4,024   |
| Education                            | 1,533   | 1,494    | 1,500   |
| <b>Economic Growth</b>               | 4,736   | 7,863    | 8,343   |
| Macroeconomic Foundation for Growth  | 206     | 553      | 379     |
| Trade and Investment                 | 612     | 1,009    | 1,774   |
| Financial Sector                     | 283     | 587      | 675     |
| Infrastructure                       | 228     | 894      | 603     |
| Agriculture                          | 3,219   | 3,544    | 3,885   |
| Private Sector Competitiveness       | 86      | 965      | 927     |
| Economic Opportunity                 | 102     | 311      | 100     |
| <b>Humanitarian Assistance</b>       | 9,643   | 850      | 800     |
| Protection, Assistance and Solutions | 9,643   | 850      | 800     |
| <b>Program Support</b>               | 602     | -        | -       |
| Program Support                      | 602     | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total  | P&S   | GJD   | IIP   | EG    | HA  | PS |
|--|--------|-------|-------|-------|-------|-----|----|
| <b>TOTAL</b>   | 28,582 | 8,620 | 5,295 | 5,524 | 8,343 | 800 | -  |
| Child Survival and Health                                      | 724    | -     | -     | 724   | -     | -   | -  |
| Foreign Military Financing                                     | 675    | 675   | -     | -     | -     | -   | -  |
| FREEDOM Support Act  | 25,233 | 5,995 | 5,295 | 4,800 | 8,343 | 800 | -  |
| International Military Education and Training                  | 500    | 500   | -     | -     | -     | -   | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 1,450  | 1,450 | -     | -     | -     | -   | -  |

**Peace and Security:** While Tajikistan has enjoyed nearly a decade of peace and stability, border control remains a major challenge due to inexperience, lack of funds, and inadequate capacity. The United States, through Department of State programs, will assist Tajikistan in maintaining peace and security by focusing resources on counter-terrorism and counter-narcotics efforts, border management, security sector reform, and combating the proliferation of weapons of mass destruction. Ongoing support will ensure that border guards, customs, and other security agencies operate effectively to prevent illicit trafficking in narcotics and weapons of mass destruction technology and the movement of terrorists across Tajikistan's borders. Assistance also will foster the development of a professional military and an improved law enforcement capacity, a necessary step for advancement in other sectors of national development. The U.S. Agency for International Development will bolster GOT efforts to fight trafficking in persons.

**Governing Justly and Democratically:** Tajikistan's democratic institutions are weakest in the areas of political rights, media freedom, judicial independence, and civil liberties. Programs funded by the Department of State will work to improve the legal and regulatory framework for non-governmental organizations and media operations, and promote a wider range of mechanisms for citizens to express their views. To protect civil liberties, the United States will provide access to legal information and advice, especially for emerging civil society and independent media organizations. Programs through USAID will strengthen the capacity of civil society groups, increase access to information, and promote democratic activism that increases national and local government accountability. USAID programs also will focus on increasing political plurality and citizen participation in politics in preparation for parliamentary elections in 2010. Through advocacy and public outreach, programs will promote the rule of law, with a particular focus on improvements in the criminal justice system and outreach to the Muslim community.

**Investing in People:** Tajikistan's needs in health and education are so severe that they jeopardize progress in other priority objectives. To address these needs effectively, USAID will focus on improving the quality of services, increasing community involvement, and strengthening systems in both the health and education sectors. This approach will improve indigenous capacity to provide these services. Specific programs will focus on health sector reforms related to financing, voluntary family planning, medical education, and primary health care delivery. Maternal and child health will remain another priority focus. The United States also will provide technical assistance with HIV/AIDS prevention, including implementation of HIV/AIDS grants from the Global Fund, and assistance with the expansion of the Directly Observed Treatment Short-Course strategy for tuberculosis control. Investments in education will help the GOT reform the basic education system and will provide scholarships for promising Tajik students to attend regional or U.S. institutions.

**Economic Growth:** Despite economic growth averaging 10% in recent years, Tajikistan is one of the world's poorest countries and its economy remains fragile. In order to encourage economic growth and reform, Tajikistan needs to focus on trade and investment, agricultural sector productivity, and private sector competitiveness. To foster progress in these areas, USAID and other agencies will strengthen the GOT's capacity to undertake further structural reforms, eliminate corruption, reduce regulatory barriers, and improve the investment climate. Programs also will work to improve the business environment by strengthening property rights, improving economic policymaking, building agricultural production, and reforming trade and customs practices. U.S. assistance will help Tajikistan develop a modern and open electricity sector, support electricity trade to Afghanistan, and create a transparent regional energy market to link Central and South Asia. The United States also will work to strengthen the financial sector and access to capital by improving the banking practices of the National Bank and promoting microfinance institutions.

**Humanitarian Assistance:** Located in one of the world's most active seismic zones, the risk of earthquakes in Tajikistan is very high and Tajikistan suffers on average 500 disasters per year, including mudslides, rockslides, floods, and avalanches. Humanitarian aid relieves suffering by providing basic necessities and mitigating suffering caused by natural disasters. Department of State

assistance will provide medicines, food, and basic necessities to vulnerable populations. It also will provide for the implementation of small-scale reconstruction projects to restore shelter and basic services to orphans, elderly and other institutionalized populations, and pre-position disaster readiness supplies.

### **Overview of Major Changes**

The FY 2009 request for Tajikistan decreases slightly compared to FY 2008. Among program objectives, the reduction under Peace and Security is the most significant. This reduction takes into account significantly increased security assistance funding available from other non-Department of State accounts. Some funding is shifted to priority programs under the Economic Growth Objective to build on the significant improvement in Tajikistan's economy.

## Turkmenistan

### Program Overview

In recent months the Government of Turkmenistan (GOT) has implemented a number of reforms that signal a significant change of course from the repressive and isolationist policies of its past. President Berdimuhamedov, who ascended quickly to the presidency following the death of the former leader, has initiated changes in a number of areas including internal security, education, foreign policy, and economic policy. This unprecedented period of openness presents an opportunity for the United States to influence and assist the new government in defining the future of Turkmenistan with the goal of creating a more stable, democratic, and prosperous nation. The U.S. will use assistance funds to help Turkmenistan meet international human rights standards, facilitate citizen involvement in governmental decision-making, promote private sector businesses, and improve government provision of health, education and law enforcement services. In addition, the United States will continue to support Turkmen efforts to expand its oil and gas export options.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>   | 10,874            | 7,188               | 9,475              |
| Child Survival and Health                                      | -                 | 397                 | 275                |
| Foreign Military Financing                                     | 250               | -                   | 150                |
| FREEDOM Support Act  | 9,350             | 5,455               | 8,000              |
| Global HIV/AIDS Initiative                                     | 250               | -                   | -                  |
| International Military Education and Training                  | 424               | 286                 | 300                |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 600               | 1,050               | 750                |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>TOTAL</b>  | 10,874            | 7,188               | 9,475              |
| <b>Peace and Security</b>                           | 1,724             | 1,621               | 1,480              |
| Counter-Terrorism                                   | -                 | -                   | 200                |
| Combating Weapons of Mass Destruction (WMD)         | 600               | 1,050               | 550                |
| Stabilization Operations and Security Sector Reform | 924               | 486                 | 450                |
| Counter-Narcotics                                   | 200               | 85                  | 190                |
| Transnational Crime                                 | -                 | -                   | 90                 |
| <b>Governing Justly and Democratically</b>          | 2,927             | 2,245               | 2,945              |

| (\$ in thousands)                            | FY 2007 | FY 2008  | FY 2009 |
|--|---------|----------|---------|
|  | Actual  | Estimate | Request |
| <b>TOTAL</b>                                 | 10,874  | 7,188    | 9,475   |
| Rule of Law and Human Rights                 | -       | 300      | 350     |
| Good Governance                              | 300     | -        | 350     |
| Political Competition and Consensus-Building | 400     | -        | 35      |
| Civil Society                                | 2,227   | 1,945    | 2,210   |
| <b>Investing in People</b>                   | 4,218   | 2,249    | 2,125   |
| Health                                       | 2,386   | 1,441    | 1,575   |
| Education                                    | 1,832   | 808      | 550     |
| <b>Economic Growth</b>                       | 1,551   | 1,073    | 2,925   |
| Macroeconomic Foundation for Growth          | -       | 258      | 350     |
| Trade and Investment                         | 145     | 100      | 400     |
| Financial Sector                             | -       | -        | 325     |
| Infrastructure                               | 250     | 112      | 400     |
| Agriculture                                  | 1,039   | 603      | 1,150   |
| Private Sector Competitiveness               | 117     | -        | 300     |
| <b>Program Support</b>                       | 454     | -        | -       |
| Program Support                              | 454     | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)  | Total | P&S   | GJD   | IIP   | EG    | HA | PS |
|--|-------|-------|-------|-------|-------|----|----|
| <b>TOTAL</b>   | 9,475 | 1,480 | 2,945 | 2,125 | 2,925 | -  | -  |
| Child Survival and Health                                      | 275   | -     | -     | 275   | -     | -  | -  |
| Foreign Military Financing                                     | 150   | 150   | -     | -     | -     | -  | -  |
| FREEDOM Support Act  | 8,000 | 280   | 2,945 | 1,850 | 2,925 | -  | -  |
| International Military Education and Training                  | 300   | 300   | -     | -     | -     | -  | -  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 750   | 750   | -     | -     | -     | -  | -  |

**Peace and Security:** U.S. programs implemented through the Department of State will improve Turkmenistan's control over its borders with Iran and Afghanistan with special focus on controlling the illicit traffic of narcotics and weapons of mass destruction technology and equipment. In addition, assistance will facilitate participation in joint stabilization operations that help keep Turkmenistan as a valuable ally in the war on terror and serve to support U.S. efforts to stabilize Afghanistan.

**Governing Justly and Democratically:** U.S. resources will focus on increasing Turkmenistan's exposure to international standards and practices, providing comparative legal information and support for the development of new legislation, and enhancing opportunities for discussion of democratic reforms. U.S. Agency for International Development (USAID) and Department of State programs will strengthen civil society, improve access to information, increase governmental

accountability and transparency, enhance the rule of law, and increase respect for human rights. Programs that improve local governance and citizens' knowledge of their rights under the law also will be supported.

**Investing in People:** Due to the previous government's neglect of public health issues, Turkmenistan is perhaps the most vulnerable country in the region to HIV/AIDS, tuberculosis and other health threats. Further, the education system is unable to train the experts needed to tackle problems. In active partnership with the United States, Turkmenistan is reforming its practices to improve the level of health services and working to attract other donor resources. USAID programs will focus on improving the delivery of quality primary health care, promoting healthy lifestyles, fighting infectious diseases, and improving the lives of mothers and children. Significant new resources also will help to meet the immediate educational needs of Turkmen youth through USAID programs that provide advice on curriculum development, support teacher training, and offer educational policy guidance. In addition, the Department of State will provide an increased number of university scholarships for Turkmen students to attend U.S. and regional institutions.

**Economic Growth:** The GOT has indicated that it intends to make changes to its economic and agricultural policies that will broaden participation of the private sector and increase foreign direct investment. The requested resources will allow the United States to provide an enhanced level of technical assistance for the development of a diverse market-based economy through USAID and the U.S. Trade and Development Agency. The agricultural sector will be a significant focus of both USAID and Department of Agriculture programming. Funding will help farmers increase profitability through training in new agricultural techniques, marketing, water usage, and effective group advocacy with local government. U.S. assistance will support expert advice to the GOT on macroeconomic reform and trade policy. USAID also will support programs to promote harmonization of customs and border control policies to foster increased trade with neighboring countries. A specific focus will be the continuation of USAID and Department of State efforts to establish an efficient and transparent market for excess electricity that can be sold to Afghanistan or other countries in South and Central Asia. A portion of assistance in this objective also will be used to explore the possibility of market diversification for Turkmenistan's natural resources and to reform the legislation regulating the energy sector.

### **Overview of Major Changes**

The FY 2009 request for Turkmenistan represents an increase from FY 2008. This is a reflection of the fundamental changes that have occurred in Turkmenistan over the last year. Increased funding for Turkmenistan will enable the United States to explore new broad cooperation with the government that was impossible under the prior regime, including work in education and human rights. Funding increases will focus on the Governing Justly and Democratically and Economic Growth Objectives, where resources will be used to reverse the damaging policies of the former leader and pave the way for reform.

## Uzbekistan

### Program Overview

In Uzbekistan, many civil society organizations and community-based groups face repression in carrying out activities addressing social, economic, and political needs. Despite difficulties in the operating environment, the United States will work in Uzbekistan to pursue democratic reforms and respect for human rights, promote regional stability, support counter-terrorism efforts, improve farmer productivity, and address health concerns. The United States will continue to engage directly with the Uzbek people through health programs and possibly agricultural capacity building programs. In addition, the United States will invite Uzbek participation in regional activities and challenge the Government of Uzbekistan (GOU) to change course by supporting individuals working for improved human rights and democratic and economic reform.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>   | 15,528            | 10,190              | 7,940              |
| Child Survival and Health                                      | -                 | 892                 | 790                |
| FREEDOM Support Act  | 15,000            | 8,405               | 7,000              |
| Global HIV/AIDS Initiative                                     | 40                | -                   | -                  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | 488               | 893                 | 150                |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                   | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|---|-------------------|---------------------|--------------------|
| <b>TOTAL</b>  | 15,528            | 10,190              | 7,940              |
| <b>Peace and Security</b>                           | 693               | 1,427               | 710                |
| Counter-Terrorism                                   | -                 | 893                 | -                  |
| Combating Weapons of Mass Destruction (WMD)         | 618               | 114                 | 260                |
| Stabilization Operations and Security Sector Reform | 75                | -                   | -                  |
| Counter-Narcotics                                   | -                 | 200                 | 200                |
| Transnational Crime                                 | -                 | 220                 | 250                |
| <b>Governing Justly and Democratically</b>          | 5,585             | 3,908               | 3,510              |
| Rule of Law and Human Rights                        | 2,230             | 1,436               | 1,135              |
| Good Governance                                     | 370               | -                   | -                  |
| Civil Society                                       | 2,985             | 2,472               | 2,375              |
| <b>Investing in People</b>                          | 4,332             | 3,406               | 2,515              |

| (\$ in thousands)                    | FY 2007 | FY 2008  | FY 2009 |
|--------------------------------------|---------|----------|---------|
|                                      | Actual  | Estimate | Request |
| <b>TOTAL</b>                         | 15,528  | 10,190   | 7,940   |
| Health                               | 4,202   | 3,177    | 2,315   |
| Education                            | 130     | 229      | 200     |
| <b>Economic Growth</b>               | 3,568   | 1,049    | 1,045   |
| Macroeconomic Foundation for Growth  | 112     | -        | -       |
| Trade and Investment                 | 100     | 80       | 75      |
| Agriculture                          | 3,212   | 849      | 850     |
| Private Sector Competitiveness       | 114     | -        | -       |
| Environment                          | 30      | 120      | 120     |
| <b>Humanitarian Assistance</b>       | 750     | 400      | 160     |
| Protection, Assistance and Solutions | 750     | 400      | 160     |
| <b>Program Support</b>               | 600     | -        | -       |
| Program Support                      | 600     | -        | -       |

#### Request by Objective by Account, FY 2009

| (\$ in thousands)   | Total | P&S | GJD   | IIP   | EG    | HA  | PS |
|---|-------|-----|-------|-------|-------|-----|----|
| <b>TOTAL</b>  | 7,940 | 710 | 3,510 | 2,515 | 1,045 | 160 | -  |
| Child Survival and Health   | 790   | -   | -     | 790   | -     | -   | -  |
| FREEDOM Support Act   | 7,000 | 560 | 3,510 | 1,725 | 1,045 | 160 | -  |
| Nonproliferation, Antiterrorism,<br>Demining and Related Programs | 150   | 150 | -     | -     | -     | -   | -  |

**Peace and Security:** Security assistance to Uzbekistan is limited because the Secretary of State has been unable to determine, as required by Congress, that Uzbekistan has made progress on commitments to reform included in the 2002 strategic partnership agreement. However, the United States continues limited cooperation in situations where such activities are important to the national security of the United States. Despite occasional uncooperative behavior, Uzbekistan remains a stakeholder in regional stability and supports the war on terror. Department of State funded programs will help Uzbekistan with counter-terrorism, including the proliferation of weapons of mass destruction and related technologies. In addition, the Department of State will support efforts focused on the detrimental effects of drug use and provide alternative activities for youth. The U.S. Agency for International Development (USAID) will work with non-governmental organizations to prevent trafficking in persons and improve care for victims, as well as to encourage the GOU to facilitate and materially support the work of these organizations.

**Governing Justly and Democratically:** Uzbekistan lags behind on all democracy indicators, particularly political rights, civil liberties, and independent media. Unfortunately, the GOU is not interested in reform in these areas. USAID programs will continue to develop local capacity to protect human rights. Department of State and USAID programs will provide access to legal information and advice, especially on the legal rights of non-governmental organizations and media

operators. The United States also will focus on breaking the GOU's blockade of information by providing increased access to objective information through satellite television and the internet, as well as increasing linkages with organizations outside of the country. USAID and Department of State programming will further the U.S. goal of improving the rule of law by training defense lawyers, providing legal assistance to reform minded activists and working with the government to implement promised legal reforms. USAID programming also will be used to promote Uzbek citizens finding solutions to their housing problems through support of a new institution, condominium associations.

**Investing in People:** U.S. assistance has provided the GOU with a model for reform should it choose to pursue new directions in health or education. USAID programs will support GOU and other donor efforts to modernize and restructure the public health system and support efforts to establish more efficient, integrated health systems to address HIV/AIDS and tuberculosis. Maternal and child health will remain another priority focus. Health-related assistance supported by USAID will fight corruption and improve GOU effectiveness in the sector. Funding will be used to maintain and reinforce previous USAID investments in the areas of education finance reform and teacher training.

**Economic Growth:** Fundamental shortcomings in legislation governing foreign direct investment, law enforcement, regulatory quality issues, and the business environment hamper Uzbekistan's overall economic progress. High unemployment, the unpredictable occasional closure of the borders to trade, and limited regional economic integration all contribute to an unstable situation in the region. Given the lack of political will, U.S. resources will bypass the GOU and focus on activities that improve the capacity of Uzbek businessmen and farmers. If it is deemed permissible under the current Congressional restrictions, and in the interest of the United States, USAID will implement a new agribusiness competitiveness program that will work with farmers to improve marketing and production skills, as well as assisting them in engaging with local government and agricultural enterprises.

**Humanitarian Assistance:** Department of State assistance will provide basic necessities and medical assistance to vulnerable populations including orphans, the physically handicapped, the elderly, and isolated poverty-stricken populations.

### **Overview of Major Changes**

The FY 2009 request for Uzbekistan declines from FY 2008 levels. Funding for high priority programs in the Governing Justly and Democratically Objective declines slightly from FY 2008 but represents the largest objective of the overall bilateral budget. Peace and Security funding decreases significantly as the GOU has continued to obstruct U.S. efforts in some parts of this sector.

## South and Central Asia Regional

### Program Overview

U.S. regional assistance is designed to support the development of fully sovereign, stable, democratic states in South and Central Asia that are integrated into the world economy and cooperating with one another, as well as the United States and our partners to advance regional prosperity, security, and stability. To further this strategy, the United States will work to establish a sustainable north-south electricity trade, diagnose and troubleshoot barriers to regional trade and transportation, support the establishment of sustainable independent regional media and promote additional intra-regional educational and research efforts.

### Resources to Advance Transformational Diplomacy

#### Request by Account by Fiscal Year

| (\$ in thousands)  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>   | 5,190             | 6,996               | 14,807             |
| Child Survival and Health                                      | 988               | -                   | -                  |
| Development Assistance   | -                 | 3,420               | 2,700              |
| Economic Support Fund  | 1,500             | -                   | 5,500              |
| FREEDOM Support Act  | 2,470             | 2,976               | 6,207              |
| Global HIV/AIDS Initiative                                     | 232               | -                   | -                  |
| Nonproliferation, Antiterrorism, Demining and Related Programs | -                 | 600                 | 400                |

#### Request by Program Area by Fiscal Year

| (\$ in thousands)                                  | FY 2007<br>Actual | FY 2008<br>Estimate | FY 2009<br>Request |
|--|-------------------|---------------------|--------------------|
| <b>TOTAL</b>                                       | 5,190             | 6,996               | 14,807             |
| <b>Peace and Security</b>                          | 400               | 1,230               | 400                |
| Counter-Terrorism                                  | -                 | -                   | 400                |
| Combating Weapons of Mass Destruction (WMD)        | 400               | 600                 | -                  |
| Stabilization Operation and Security Sector Reform | -                 | 630                 | -                  |
| <b>Governing Justly and Democratically</b>         | 900               | 200                 | 1,807              |
| Civil Society                                      | 900               | 200                 | 1,807              |
| <b>Investing in People</b>                         | 1,588             | 656                 | 1,700              |
| Health   | 1,238             | -                   | -                  |
| Education  | 350               | 656                 | 1,700              |
| <b>Economic Growth</b>                             | 1,583             | 4,910               | 10,900             |
| Trade and Investment                               | 480               | 1,050               | 1,800              |
| Infrastructure                                     | 853               | 3,860               | 9,100              |

| (\$ in thousands)    | FY 2007 | FY 2008  | FY 2009 |
|----------------------|---------|----------|---------|
|                      | Actual  | Estimate | Request |
| <b>TOTAL</b>         | 5,190   | 6,996    | 14,807  |
| Economic Opportunity | 250     | -        | -       |
| Program Support      | 719     | -        | -       |

### Request by Objective by Account, FY 2009

| (\$ in thousands)   | Total  | P&S | GJD   | IIP   | EG     | HA |
|---|--------|-----|-------|-------|--------|----|
| <b>TOTAL</b>  | 14,807 | 400 | 1,807 | 1,700 | 10,900 | -  |
| Development Assistance  | 2,700  | -   | -     | -     | 2,700  | -  |
| Economic Support Fund   | 5,500  | -   | -     | 1,000 | 4,500  | -  |
| FREEDOM Support Act   | 6,207  | -   | 1,807 | 700   | 3,700  | -  |
| Nonproliferation, Antiterrorism,<br>Demining and Related Programs | 400    | 400 | -     | -     | -      | -  |

**Peace and Security:** The Department of State will support activities in this sector to build counter-terrorism technical capacity of partner nations and also promote, where possible, regional cooperation, coordination and communication regarding shared counter-terrorism objectives. A key focus will be to limit terrorist transit throughout the region. In consultation with partner nations, the Department of State will support training and consultations covering an array of counter-terrorism subjects, such as "Airport and Border Security, Identifying and Preventing the Use of Fraudulent Travel Documents, and Preventing Attacks on Soft Targets."

**Governing Justly and Democratically:** Regional programs in this area will work to improve the media environment and to foster new regionally relevant independent commercial television. The United States will continue to support USAID efforts to promote satellite broadcasting of locally produced independent programming that addresses issues of interest and concern to South and Central Asians. In addition, programs will support increased access to the internet and promote expanded free expression via the web.

**Investing in People:** The South and Central Asia region includes 13 countries with widely varying capacities to educate their citizens. Department of State resources in this area will support institutions of higher education that have been selected to host regional research programs, exchanges, and scholarship students from throughout Central and South Asia. Programming in this area will support faculty training, curricular development, and assistance with U.S. accreditation for the American University of Central Asia. U.S. funds also will support English language training for business sector professionals and journalists at the Central Institute of English in Hyderabad, India. Needs of non-educated, disaffected youth in South and Central Asia also will be addressed through partnerships with local education, humanitarian and development organizations to implement programs for youths from ages 15 to 24 who will gain livelihood and leadership skills. Emergent and promising youth leaders also will participate in cross-border activities. To speed integration into the regional and global workforce, seed funds will be provided for local software programmers to develop "teach

yourself” English language programs.

**Economic Growth:** Department of State and USAID programs to promote regional economic growth will focus on facilitating electricity trade between South and Central Asia, exploring ways to improve transportation and communications using innovative technology, and promoting trade and investment in the region.

The Department of State will work to attract essential private sector investment into trans-regional electricity infrastructure, by partially mitigating investment risks through the establishment of a capital investment guarantee fund. Other USAID and Department of State programs will continue to work directly with governments in the region to install infrastructure, negotiate transfer and other agreements, and reform internal energy regulations and other activities necessary to establish a broader electricity market between South and Central Asia.

The United States, along with multilateral institutions, has been engaged in trade policy reform, trade facilitation and investment climate analysis and promotion across the Central-South Asia divide; however, FY 2009 funds are needed to take advantage of new opportunities to foster important, growth promoting trade. The Department of State will formulate solutions to overcome transportation obstacles identified by previous programs in partnership with other donors. This request also will help to develop indigenous private sector institutions and promote investment by private international firms.

With requested communications resources, the Department of State will facilitate high speed fiber-optic interconnections, marking a major improvement in business infrastructure, as well as information access. Targeted regional training and technical assistance in a variety of civil aviation-related areas will help open the region to the rest of the world and complement parallel and ongoing customs reform and security projects.

### **Overview of Major Changes**

Previously, U.S. regional programs in South and Central Asia were presented in three different narratives: South Asia Regional programs funded by the Development Assistance account; Central Asia Regional programs funded by the Freedom Support Act; and South and Central Asia Regional programs funded by the Economic Support Fund. For FY 2009, the description of these programs is combined in order to give a more complete presentation of regional efforts and illustrate clearly how these programs work together to promote regional integration. The request for the Central Asia, and the South and Central Asia Regional Programs has increased while the request for the South Asia Regional Program is unchanged from FY 2008. Additional resources for regional programs in FY 2009 will accelerate the pace of integration between the countries of South and Central Asia, contribute directly to improved security in Afghanistan and Pakistan, and contribute to the overall effort to combat terrorism worldwide.