

**SUPPLEMENTAL APPROPRIATIONS
JUSTIFICATION**

FISCAL YEAR 2008



**DEPARTMENT OF STATE &
U.S. AGENCY FOR INTERNATIONAL
DEVELOPMENT**

FY 2008 SUPPLEMENTAL APPROPRIATIONS JUSTIFICATION

DEPARTMENT OF STATE

RESOURCE REQUEST SUMMARY

(\$ in thousands)

Appropriation	FY 2008 Supplemental
President's Budget, FY 2008 GWOT Supplemental	
Diplomatic and Consular Programs	1,881,608
Iraq Operations	1,881,608
Contributions to International Organizations	53,000
Total, President's Budget, FY 2008 GWOT Supplemental	1,934,608
FY 2008 GWOT Supplemental Amendment	
Diplomatic and Consular Programs	401,400
Iraq Operations	239,000
Worldwide Security Upgrades	162,400
Embassy Security, Construction, and Maintenance	160,000
Contributions for International Peacekeeping Activities	723,600
Total, FY 2008 GWOT Supplemental Amendment	1,285,000
FY 2008 GWOT Supplemental, State Operations	
Total, FY 2008 GWOT Supplemental, State Operations	3,219,608

FY 2008 SUPPLEMENTAL APPROPRIATIONS – STATE OPERATIONS

DIPLOMATIC AND CONSULAR PROGRAMS (D&CP)

(\$ in thousands)

Appropriation	FY 2008 Supplemental
Diplomatic and Consular Programs	401,400
Iraq Operations	239,000
Worldwide Security Upgrades	162,400

Diplomatic and Consular Programs: \$401,400,000

This supplemental funding request provides \$401.4 million for Diplomatic and Consular Programs as follows:

- \$239.0 million for the U.S. Mission in Iraq to address increased costs identified since the submission of the FY 2008 request, particularly in the areas of Mission Operations, Logistics Support, Security, and Provincial Reconstruction Teams; and
- \$162.4 million for security costs associated with activities of the U.S. Mission in Afghanistan.

Diplomatic and Consular Programs – Iraq Operations

(\$ in thousands)

Funding / Program Activities	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate
Beginning Balance	632,716	937,135	402,613*
FY 2006 Supplemental	1,327,275	-	-
FY 2007 Supplemental	-	750,000	-
FY 2008 President's Budget	-	-	[65,000]
FY 2008 GWOT Supplemental (PB)	-	-	1,881,608
FY 2008 GWOT Supplemental Amendment	-	-	239,000
Total Funding	1,959,991	1,687,135	2,523,221
Less transfer to EDCS for terrorism rewards	-	(8,500)	-
Less for CRC Reserved allocation	-	(26,000)	-
Total Funding	1,959,991	1,652,635	2,523,221
U.S. Mission Basic Operations	26,141	71,614	121,135
REO / ITAO/ Other Support Activities	50,812	44,915	74,541
Logistics Support	142,164	194,718	423,969
Security	682,749	543,845	868,695
Overhead Cover	100,000	33,435	110,000
Information Technology	20,990	23,579	17,804
PRT Operations	-	337,916	907,077
Total Program Activities	1,022,856	1,250,022	2,523,221
Ending Balance	937,135	402,613	-

* FY 2007 carryover of \$403 million will be obligated by early December 2007.

Overview

Iraq remains critical to our national security and success in the war on terror. On January 10, 2007, President Bush unveiled a new approach in Iraq that is rooted in six fundamental elements: Iraqis in the lead, protecting the population, isolating extremists, creating space for political progress and moderation, diversification of political and economic efforts, and improved regional cooperation and support. While the approach to achieve success in Iraq has changed, the strategic goal remains: a unified democratic, federal Iraq that can govern, defend, and sustain itself, and that is an ally in the war on terror. The U.S. Embassy in Baghdad must position itself with the required personnel and other resources to meet the challenges that support this approach. The resources identified in the FY 2008 supplemental are essential to this effort.

The U.S. Mission in Iraq's important and complex relationship with the Iraqi government is led by over 1,000 direct-hire Americans under Chief of Mission (COM) authority, representing

12 agencies. The Department of State operates the U.S. Embassy in Baghdad, as well as regional embassy offices (REOs) in al-Hillah and Basra. The Embassy conducts business on a broad range of bilateral and multilateral issues directly with the Iraqi government. The Embassy furthers U.S. economic and commercial interests and provides opportunities for political reporting, public diplomacy outreach, and interagency coordination on matters of interest in Iraq. The Embassy also supports many non-traditional endeavors such as support to the Iraqi High Tribunal, which prosecutes former regime members, reconstruction and economic transition efforts, and rule of law programs supporting capacity development in the legal and judicial arenas. There are a number of programs to train police, to assist the various ministries, and to oversee funds provided by Congress for assisting Iraq.

The Embassy also is responsible for Provincial Reconstruction Teams (PRTs) located throughout Iraq. The Department has more than doubled the number of PRTs, adding 15 teams embedded with military brigades. The PRTs and the DOD brigades work jointly to improve the capacity of local institutions to govern effectively.

Mission Programs

The size and scope of U.S. Embassy operations in FY 2008 are impacted by three major considerations: the move into the New Embassy Compound (NEC), ongoing requirements for security, and support for reconstruction efforts to rebuild Iraq. The security situation in Iraq remains serious with attacks targeting both military and civilian targets throughout Iraq. These include attacks against U.S. Government (USG) facilities and the International Zone (IZ) itself.

U.S. Mission operations will continue to move to normalization in FY 2008. Requirements for operational and logistics support for the move into the NEC are included in the FY 2008 request. Construction and certification of the originally planned NEC structures are expected to be completed in 2007, and planning for the NEC move is ongoing. Moving into the Baghdad NEC is one of the largest such undertakings in the Department's history.

PRTs are a key element of the new U.S. strategy for Iraq, aimed at accelerating the transition to Iraqi self-reliance. The decision to expand the size and reach of the PRT program supports the current surge and builds on the success of the PRTs in strengthening Iraqi capacity and self-sufficiency. PRTs use a decentralized approach to promote reconciliation, to support the USG's counterinsurgency strategy, to foster economic development, and to build provincial capacity.

Mission Staffing

Embassy Baghdad will transition to the NEC in FY 2008. In addition, the REOs and 25 PRT locations will need continued staffing and support.

The recent Embassy Baghdad Organization and Staffing report, as submitted to Congress on August 3, 2007, will result in more effective management of Embassy operations in Iraq and a reduction in the number of COM personnel in Baghdad. The review also recognizes the continuing requirement for personnel to support activities not envisioned in the early stages of planning for the NEC, including those of temporary organizations such as the Special Inspector

General for Iraq (SIGIR), the Regime Crimes Liaison Office (RCLO), the Iraq Transition Assistance Office (ITAO), and the Office of Provincial Affairs. The current security environment also contributes to the need for more personnel than was originally planned.

The supplemental request includes funding for U.S. direct hire allowances, locally engaged staff (LES), a third-country national (TCN) staff to complement the LES staff, and ITAO staffing. With the opening of the NEC, the Embassy needs to provide additional temporary housing for American employees, TCNs, and contract employees.

Diplomatic and Consular Programs – Iraq Operations

(\$ in thousands)

Operations / Program Activities	FY 2008 Estimate
D&CP – Iraq Operations	
U.S. Mission Operations / Other Support Activities	195,676
General Mission Operations	121,135
ITAO Operational Costs and Support	53,449
REO Operational Costs	1,884
Offshore Support Units	13,858
Public Diplomacy Programs	5,350
Logistics Support	423,969
Operations and Maintenance	105,469
Contracts	181,000
Temporary Housing	137,500
Security	978,695
Static (Local) Guards	151,638
Compound/Mancamp for Static Guards	164,000
Regional Security	167,268
Personal Security Details	301,368
Armored Vehicles	41,200
Physical and Technical Security	8,700
Equipment	6,435
Other Support / Operations	28,086
Overhead Cover	110,000
Information Technology	17,804
Radios, Iridium Phones	4,806
Bandwidth	12,998

Operations / Program Activities	FY 2008 Estimate
Provincial Reconstruction Teams	907,076
Salaries	187,631
Operations	63,775
Support	72,098
Information Technology / Communications	60,296
Vehicles	3,301
Security	516,750
Leases	3,225
Total, D&CP – Iraq Operations	2,523,221

Mission Operations

The supplemental request of \$2,120.6 million, plus estimated available carryover of \$402.6 million, will fund general operations and other support requirements, logistics support, security, information technology, and PRT operations through FY 2008. The majority of the funds estimated to be carried over from FY 2007 will be used to cover the nonrecurring costs that are expected to occur as a result of having to, in effect, operate an embassy in two places during the move into the NEC, as well as to provide temporary housing for the additional staffing required as detailed in the Embassy Baghdad Organization and Staffing report mentioned earlier. These and other one-time costs, originally expected to be incurred in the latter part of FY 2007, are now expected to be incurred in FY 2008 and to be fully obligated by early December 2007. Most of the remaining carryover from FY 2007 is PRT-related, and will be used to continue to support the 20 PRTs for which the funding was requested, as well as to establish and support an additional 5 PRTs which were not included in the FY 2007 request for funds. Further details on the request are provided below.

U.S. Mission Operations / Other Support Activities: \$195,676,000

The FY 2008 estimate for U.S. Mission operations and other support activities is \$195.7 million, which includes carryover of \$3.7 million. The amount requested is \$192.0 million, \$24.0 million above the original request of \$168.0 million. This amount will allow for current levels of continuing operations at existing facilities, including support at the REOs, through the end of FY 2008. The estimate also includes NEC move costs, including support for the physical move and equipment procurement, as well as support associated with monitoring Department assistance programs in Iraq. Estimates are as follows:

- General Mission Operations: \$121.1 million, of which \$2.6 million is carryover, for basic allowances and operational support costs for direct hire Department of State positions, FSN/TCN personnel salaries, travel, transportation, communications, NEC move costs, NEC equipment procurement, and onsite translator/linguist services, recruitment incentives for

posts and domestic offices providing detail employees to Iraq positions, and continued critical operation of the USG cell phone network for a 1-year period (cost-shared with DOD).

- ITAO Operational Costs and Support: \$53.4 million, of which \$939 thousand is carryover, for salaries, allowances, and other support requirements for ITAO, which assumed the remaining functions of the Iraq Reconstruction Management Office. Most ITAO personnel are 3161 hires or USG agency detailees. ITAO supports the new Iraqi government through ministerial capacity building, the development of democracy, and rule of law initiatives. ITAO will continue coordination of reconstruction efforts.
- REO Operational Costs: \$1.9 million for costs associated with operating the REOs.
- Offshore Support Units: \$13.9 million, of which \$191 thousand is carryover, in offshore Iraq operational support units at the U.S. Embassies in Jordan and Kuwait, for support in the Bureau of Near Eastern Affairs and other Department bureaus, and for support from the Financial Management Center in Charleston, South Carolina. These units reduce the number of personnel that must be stationed in Baghdad.
- Public Diplomacy Programs: \$5.3 million for grants and public diplomacy programs, including local staffing.

Logistics Support: \$423,969,000

The FY 2008 estimate for logistics support is \$424.0 million, which is \$135.0 million above the original request of \$204.0 million, and includes carryover of \$85.0 million. This amount for estimated obligations includes the following:

- Operations and Maintenance (O&M) and other support: \$105.5 million, of which \$2.5 million is carryover, for the O&M contract for the NEC, including contracted personnel and an initial stock of building maintenance parts/supplies; maintenance oversight and maintenance in classified access areas; and fuel procurement costs for IZ operations, required to continue COM operations in the Embassy Annex until full operations can be moved to the NEC. The estimate also includes operating costs for the USAID facility to cover FY 2008, during which time other COM offices and agencies (e.g., Embassy Rule of Law offices, RCLO, COM Baghdad PRT personnel, etc.) are scheduled to move out of the Embassy Annex.
- Contracts: \$181.0 million, of which \$20.0 million is carryover, \$40 million above the original request of \$121.0 million, for continuing life support services at existing facilities in Baghdad and at the REOs provided under the LOGCAP contract. The LOGCAP contract provides food services, morale and recreation program support, power generation and other life support services, warehousing, property/supply services, vehicle maintenance, customs/shipping, housing support, and procurement and travel services. The carryover amount will be used to cover dual life support costs expected to be incurred for a period of time until the move into the NEC is completed.

- Temporary Housing: \$137.5 million, of which \$62.5 million is carryover, and \$75.0 million is for temporary secure housing on the NEC property for direct hire, TCN, and contractor personnel, and for NEC office renovations. The existing NEC housing will provide accommodations for 639 people (619 apartments). As the Embassy Baghdad Organization and Staffing report detailed, temporary housing with overhead cover is needed for 250 additional staff including American staff, short-term staff, official visitors, TCN staff, contractors, and DOD personnel seconded to/working with Embassy offices on the NEC. Temporary housing also is required for 350 contracted maintenance staff. The security environment necessitates an anti-ram wall around the entire east end of the NEC property, along with an on-site dining facility for the personnel working and living at the NEC. There are still no viable options in Baghdad to a full service dining facility for COM personnel. Additional classified office space is needed to accommodate changes in staffing noted in the report, including DOD personnel working out of the new and interim office buildings. The carryover funds will be used to continue the above projects begun in the latter part of FY 2007. The additional funding requested, which is based on the latest cost estimates from the Bureau of Overseas Building Operations and is net of available funding provided in the FY 2007 supplemental, will be used to complete the housing, dining, and office space requirements.

Security (including Overhead Cover): \$978,695,000

The FY 2008 estimate for security is \$978.7 million, which includes carryover of \$81.0 million and \$80.0 million above the original request of \$817.7 million, and includes costs for the following:

- Static (Local) Guards: \$151.6 million for local guard protection of the embassy operations in Baghdad. Local guards are the second line of defense, providing ongoing security support and concerted protection against attacks. This includes the local guard force protecting the compounds, special protective details for travel outside the compounds, and the related equipment necessary for conducting operations.
- Compound/Mancamp for Static Guards: \$164.0 million, of which \$48.8 million is carryover, for housing for the local guards in Baghdad.
- Regional Security: \$167.3 million for personal protective security teams in support of REO operations. The support provided by the personal protective security teams is commensurate with the protection provided to personnel in Baghdad.
- Personal Security Details: \$301.4 million, of which \$17.2 million is carryover, for personal security details. The Baghdad personal protective security teams protect persons traveling outside of the NEC. The principal component of this request is a workforce of personal protective security teams equipped with specialty skills, such as handling explosive detection dogs and providing medical support.
- Armored Vehicles: \$41.2 million for armored vehicles. Vehicles in Iraq have a much shorter than normal lifecycle, currently estimated at 1.5 years, and are operating in areas

where they are susceptible to improvised explosive device attacks. The vehicles are used to support additional movements within the NEC and other embassy operations sites.

- **Physical and Technical Security:** \$8.7 million for physical and technical security. This includes security measures to protect the Embassy and the REOs, including explosive detection dogs, medical support, vehicle barriers to protect against suicide bombers, x-ray machines, and bomb detection devices.
- **Equipment:** \$6.4 million for equipment. This amount includes the acquisition of bulletproof vests, weapons of mass destruction masks, and ammunition.
- **Other Support/Operations:** \$28.1 million for other support/operations. This amount includes the costs of special agents on travel detail to Iraq, background investigations for U.S. citizens going to Iraq, Foreign Affairs Counterterrorism training, support from other Washington-based operations and from the Amman and Kuwait security offices, and diplomatic courier support.
- **Overhead Cover:** \$110.0 million to support the continued construction and installation of overhead cover and other physical security measures for Mission facilities. This amount includes carryover of \$15.0 million and is \$80.0 million above the original request of \$15.0 million.

Information Technology: \$17,804,000

The FY 2008 estimate for information technology is \$17.8 million, including carryover of \$5.0 million, and includes costs associated with:

- **Radios, Iridium Phones:** \$4.8 million for radios and iridium phones, to include the maintenance, repair, and replacement of all secure and nonsecure voice and data communications equipment and associated infrastructure for the Chancery and the Palace Annex.
- **Bandwidth:** \$13.0 million, of which \$5.0 million is carryover, for contract costs associated with bandwidth for secure voice and data transmission.

Provincial Reconstruction Teams: \$907,076,000

The FY 2008 estimate for PRT costs is \$907.1 million, of which \$227.9 million is carryover. Funds are being used to support the original 10 PRTs, to augment the 10 new PRTs, and to standup an additional 5 PRTs which were not part of the original surge plans through FY 2008. Specifically, the funds requested will be used to provide staff salaries, life and other operational support, offices and housing (and furnishings for both), vehicles, and communications equipment. Funding also will cover movement security support costs for the PRTs that are not collocated with a brigade combat team or on a forward operating base.

PRTs include both civilian and military personnel working side-by-side on a priority joint mission. The PRTs harness civilian and military resources against a common strategic plan. Although the State Department has the lead in recruiting and hiring staff for all of the PRTs, expanding the PRTs is an intensive interagency effort, and requires full interagency support to deploy the new staff to Iraq as quickly as possible.

The 10 original PRTs that are deployed across Iraq include 7 American PRTs (Ninewa, Kirkuk, Salah ad Din, Diyala, Baghdad, Anbar, and Babil) and 3 Coalition PRTs (British – Basra; Italian – Dhi Qar; and Korean – Erbil). The new PRTs are embedded with military brigade combat teams and are rolling out in phases. The rollout began in the second quarter of FY 2007 in Baghdad and Anbar. The augmentation of existing PRTs began in the summer and will continue throughout calendar year 2007.

A further breakdown of the estimate for PRTs is as follows:

- Salaries: \$187.6 million, of which \$48.3 million is carryover, for salaries. These include basic Iraq salaries and allowances for State Department PRT surge personnel, including travel. These funds also will be used to reimburse other USG civilian agencies for the salaries and allowances of their personnel serving in Iraq on the new PRTs.
- Operations: \$63.8 million for ongoing operational/infrastructure requirements of the original PRTs.
- Support: \$72.1 million, of which \$25.7 million is carryover, for life, operational, and medical support for the new PRTs. Where these services are provided by DOD, reimbursement will be made in accordance with the terms of the PRT Support Memorandum of Agreement (MOA) signed by the State Department and DOD on February 22, 2007. Included in life support are lodging, food, water, bath and sanitation, and any morale, recreational, and welfare facilities or services (e.g., laundry services, food service operations, postal operations, check cashing, and mail order service). Included in operational support are facilities and facilities services (e.g., office space, office supplies, and related equipment and services), logistics and infrastructure support (e.g. facilities upkeep and management), and basic utilities/services (e.g., power, water, sewer, fire protection, drainage, waste management, hazardous material management, and environmental services). Containerized housing units will be used to provide housing and office space for the PRTs.
- Information Technology/Communications: \$60.3 million, of which \$27.5 million is carryover, for information technology/communications for both the existing and new PRTs. Funds will be used to reimburse DOD for costs of communications services and equipment provided under the PRT Support MOA to the State Department, and to provide communications on those PRTs where State provides the support. This equipment will include devices to allow access to the State network through the Internet, emergency radios on State frequencies, radios for vehicles, and classified and unclassified computers.

- Vehicles: \$3.3 million, of which \$2.6 million is carryover, for transportation of PRTs on and around PRT locations, where PRTs are not collocated with U.S. military units and where DOD is not providing ground transportation.
- Security: \$516.8 million, of which \$123.8 million is carryover, for adequate movement security required to support the full engagement of the PRTs. Security cost estimates for FY 2008 are based on support for 4 PRTs (and 7 smaller, co-located, Provincial Stabilization Teams – PSTs) operating from four different sites – Basra, Erbil, Dhi Quar, and al-Hillah. The main components of the FY 2008 costs are: personnel and equipment costs to provide protective details, guards, and support personnel related to PRT personnel and mission requirements; and training, equipment, and other infrastructure, which encompass the ancillary costs for the operations of protection details, including housing, life support, weapons and ammunition, incremental armored vehicles, communications, and security clearance costs. Aviation support also is a major component of the security cost, and funds will be used to provide transportation and protective support (including quick reaction and medical evacuation forces) for PRT-related operations.
- Leases: \$3.2 million to lease additional space in Baghdad related to surge activities.

Diplomatic and Consular Programs – Worldwide Security Upgrades

(\$ in thousands)

Diplomatic and Consular Programs – Worldwide Security Upgrades	FY 2008 Supplemental
D&CP - Worldwide Security Upgrades	162,400
Afghanistan Security Operations	162,400
High Threat Protection Teams	38,000
Secure Facilities	80,000
Other Agencies' Unbudgeted Security Costs	36,500
Fully Armored Vehicles	7,900

Afghanistan Security Operations: \$162,400,000

Afghanistan is one of the key countries in the Global War on Terror. U.S. diplomatic and reconstruction efforts in Afghanistan are central to combating terrorism. Operating in a critical threat environment requires responsive and effective security support for U.S. personnel. There were 120 bomb attacks in 2006 with many taking place on the limited number of routes to the airport, which are needed by the Embassy for the transport of supplies and movements by U.S. Mission personnel.

High Threat Protection Teams: \$38,000,000

Afghanistan requires five additional High Threat Protection teams to support movement security of U.S. personnel. These teams will support increased movement requirements related to U.S. engagement of the Afghan government at the local level, support for the election process, and Reconstruction Zone Opportunities work, as recently discussed at Camp David and at the Peace Jirga.

Secure Facilities: \$80,000,000

The request is for overhead cover and physical security measures, a new firing range, and man camp extensions to support increased personnel requirements. The majority of the funding (approximately \$75 million) will be used for overhead cover and the man-camp. Overhead cover is required for the 154 temporary buildings (trailers) on the USAID and Embassy compounds (84 and 70, respectively). This will be done on a prioritized basis, taking into consideration the greatest concentration of personnel. The local guard man-camp (Camp Phoenix) is physically separated from the embassy, and has a single access to both enter and exit. In the last sixty days, there have been indirect fire and IED attacks in close proximity to the man-camp. This is a critical weakness in the Department's security posture that needs to be addressed amid the increased number of the attacks performed by the Taliban and Al-Qaeda in Kabul. An attack on the compound or on the road leading to it would significantly impact the ability to provide guard

support to the embassy. The man-camp will be built on a secure a site closer to the embassy grounds. The firing range is required to maintain weapons proficiency in a secure environment.

Other Agencies' Unbudgeted Security Costs: \$36,500,000

The intention during formulation of the President's FY 2008 budget request was that other agencies would budget for their shares of security operations to be distributed through the International Cooperative Administrative Support Services (ICASS) system. However, security costs, especially in Afghanistan, have risen significantly above those anticipated when the original ICASS cost estimates were developed. Reasons for this change include an evolving threat environment that has increased operational costs and higher than expected local guard contract costs. The Department re-competed the local guard contract in FY 2007, and projected costs for FY 2008 are being developed. This additional unanticipated amount is being requested centrally by State on behalf of all ICASS agencies. The request is made with the understanding that affected ICASS agencies will budget for these local guard costs as part of their FY 2009 requests.

Embassy and PRT Fully Armored Vehicles: \$7,900,000

The request is for new and replacement armored vehicles (Category 5 four-wheel drive) for PRT and Embassy operations. Embassy personnel must travel regularly to oversee reconstruction, counter-narcotics, and stability activities. To operate safely by road in the provinces, particularly to protect against the threat posed by improvised explosive devices, the PRTs need secure transportation. American officers posted to NATO-led PRTs receive no transportation assistance, and these vehicles are critical to their security. The additional vehicles would enhance their ability to reach remote areas safely. Replacement vehicles are also needed due to attacks on vehicles and poor road infrastructure that decreases the life cycle of vehicles because of above-average wear and tear.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

(\$ in thousands)

Embassy Security, Construction, and Maintenance	FY 2008 Supplemental
Embassy Security, Construction, and Maintenance	160,000
Afghanistan Housing	160,000

Afghanistan Housing: \$160,000,000

Funding of \$160.0 million is required to provide secure and ample housing for U.S. Mission staff. Kabul faces serious security concerns. The post currently has only 146 permanent-construction apartments and the Marine House. All other American employees live in container-type structures. The container-type structures are not hardened and provide little protection from incoming fire. Requiring some American employees to continue to live in these container-type structures, while others are in hardened structures, would create a dual standard. Even with overhead cover, employees in the containers would not be afforded the same security as those in the hardened structures. This serious security issue will be further exacerbated, as USG direct-hire staffing (excluding guards and other contract personnel) is projected to increase from 874 to 1,014 employees by 2012, including some 100 positions not on the compound.

The requested funding will provide for an additional 220 staff apartments and 80 TDY quarters as well as site work, perimeter security, a utility building, and a permanent dining facility. These will be located on the CAFE site across the street from the embassy. The CAFE site is connected to the main compound by a pedestrian tunnel under the street. The result will be a total of 366 permanent-construction staff apartments and 80 TDY quarters.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

(\$ in thousands)

Contributions to International Organizations	FY 2008 Supplemental
Contributions to International Organizations	53,000
CY 2007 UN Assessment Iraq / Afghanistan	53,000

U.S. Assessments for UN Activities Related to GWOT: \$53,000,000

The United Nations (UN) promotes peace and security through the work of the Security Council, including so-called “special political missions” (SPMs) that oversee elections and coordinate the UN’s work in troubled areas. The two largest of such missions are the UN Assistance Mission in Afghanistan (UNAMA) and the UN Assistance Mission in Iraq (UNAMI). The missions exist as direct offshoots of U.S. efforts to combat terrorism. They coordinate such diverse issues as human rights, rule of law, drugs, legal, and police and military issues. Through the UN’s efforts in these key countries, the United States is able to leverage contributions from across the international community to support stabilization activities. The United States pays 22 percent of the UN regular budget, which includes the cost of these missions, with all other UN members paying the balance of 78 percent.

The FY 2008 funding request of \$53.0 million would be used to pay U.S. assessments toward the costs of the UN Assistance Mission in Afghanistan and the UN Assistance Mission in Iraq in 2007.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

(\$ in thousands)

Contributions for International Peacekeeping Activities		FY 2008 Supplemental
Contributions for International Peacekeeping Activities		723,600
Darfur – Anticipated FY 2008 Shortfall		723,600

Darfur Mission: \$723,600,000

By December 2007 the Department expects to receive assessments for infrastructure and start-up costs – and by July 2008 for follow-on operating costs – for the new UN-AU hybrid peacekeeping operation in Darfur (UNAMID). These initial assessments will be based on a gradually expanding force level, as UNAMID begins operations in Darfur by partnering with the 7,700 African Union peacekeepers on the ground (almost all of whom will be integrated into UNAMID immediately). While it will take time to build up toward authorized force levels of nearly 26,000 military and police officers (preferably to be achieved toward the beginning of FY 2009), UN expenses during the early phases of UNAMID deployment will also include well over \$800 million in projected one-time infrastructure costs.

Based on preliminary UN estimates, UN costs for the Darfur operation to be assessed before the end of our FY 2008 will be about \$3.4 billion; the U.S. share will be about \$884 million.

The President's request for the existing UN Mission in Sudan (UNMIS), which was expected to include limited Darfur operations within an integrated mission, was \$391.1 million. Based on the budget approved by the UN General Assembly (UNGA) for the 2007-2008 UN peacekeeping financial year, the U.S. share of ongoing UNMIS operations in South Sudan will be about \$230 million in FY 2008. This will leave only about \$160 million for Darfur operations, which will now be funded separately through UNAMID. Based on these estimates, the Darfur-related shortfall is estimated at \$724 million.

FY 2008 Supplemental Requirements- Foreign Assistance
(in millions of dollars)

Program/Need	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Afghanistan	339.0	500.0
Economic Support Fund (ESF)	339.0	495.0
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	-	5.0
Pakistan	-	60.0
Economic Support Fund (ESF)	-	60.0
Mexico/Central America	-	550.0
International Narcotics Control and Law Enforcement (INCLE)		550.0
Emergency Food Aid	-	350.0
PL 480	-	350.0
Refugee Assistance	35.0	195.0
Migration and Refugee Assistance (MRA)	35.0	195.0
Disaster Assistance	-	80.0
International Disaster and Famine Assistance (IDFA)	-	80.0
West Bank	-	375.0
International Narcotics Control and Law Enforcement (INCLE)	-	25.0
Economic Support Fund (ESF)	-	350.0
North Korea	-	106.0
Economic Support Fund (ESF)	-	106.0
Iraq	931.0	25.0
Economic Support Fund (ESF)	772.0	25.0
International Narcotics Control and Law Enforcement (INCLE)	159.0	-
Sudan	-	70.0
Economic Support Fund (ESF)	-	70.0
USAID Operating Expenses	61.8	-
TOTAL REQUEST	1,366.8	2,311.0

FY 2008 Supplemental Requirements- Foreign Assistance
(in millions of dollars)

Account	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Economic Support Fund (ESF)	1,111.0	1,106.0
Afghanistan	339.0	495.0
Pakistan	-	60.0
North Korea	-	106.0
Iraq	772.0	25.0
West Bank/Gaza	-	350.0
Sudan	-	70.0
International Narcotics Control and Law Enforcement (INCLE)	159.0	575.0
West Bank/Gaza	-	25.0
Iraq	159.0	-
Mexico/Central America	-	550.0
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	-	5.0
Afghanistan	-	5.0
USAID Operating Expenses (USAID OE)	61.8	-
Afghanistan	16.0	-
Iraq	45.8	-
PL480, Title II	-	350.0
Migration and Refugee Assistance (MRA)	35.0	195.0
International Disaster and Famine Assistance (IDFA)	-	80.0
TOTAL REQUEST	1,366.8	2,311.0

AFGHANISTAN (\$500 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Child Survival and Health (CSH)	100,772	0	65,900	0	0
Development Assistance (DA)	166,800	0	0	0	0
Economic Support Funds (ESF)	478,709	732,000	693,000	339,000	495,000
International Narcotics Control and Law Enforcement (INCLE)	209,740	42,000	274,800	0	0
International Military Education and Training (IMET)	1,138	0	1,700	0	0
Migration and Refugee Assistance (MRA)*	37,800	16,000	0	0	0
International Disaster and Famine Assistance (IDFA)*	0	16,000	0	0	0
P.L. 480 Title II Food Assistance*	29,996	30,000	0	0	0
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	21,575	15,000	21,650	0	5,000
TOTAL	1,046,530	851,000	1,057,050	339,000	500,000

*Humanitarian assistance numbers are not included for FY2008 as the requirements will depend on the circumstances.

Summary of requirement

The FY 2008 Global War on Terror request submitted to Congress in February 2007 reflects only a portion of the current needs for U.S. assistance to Afghanistan. While the coalition has had successes in countering the insurgency raging in Afghanistan's south and east, the Taliban and its supporters continue to pose a significant threat to the country. In addition, lack of governance increasingly threatens gains made on the military front, and the political leadership of northern Afghanistan has become increasingly vocal about its perceived exclusion from reconstruction efforts. At this juncture, it is clear that the next two years before Afghanistan's 2009 elections are critical to the country's stability and state-building process. In response to these circumstances, \$500 million in additional emergency funding is requested to advance U.S. diplomatic, military and reconstruction objectives in Afghanistan.

The United States, along with other donors, has invested billions of dollars to help establish and strengthen Afghanistan's central government. However, provincial government is anemic, irrelevant, and predatory in many parts of the country. The inability of the Afghan government to provide good governance to its citizens poses a serious threat to creating a stable, democratic Afghanistan. Poor governance provides space for warlords and drug barons to operate unhindered, and the vacuum of authority creates fertile ground for violent insurgents to recruit poor, rural youth to their cause. The vacuum of governance in Afghanistan is a direct threat to U.S. troops and counter-narcotics efforts and must be addressed in the near term.

This supplemental request aims to strengthen the bonds between citizen and state by improving service delivery, justice administration, and the effectiveness, capacity, and transparency of provincial governance. The request also complements Department of Defense efforts to strengthen Afghanistan's army and police forces. As the Government of Afghanistan, Coalition and NATO forces clear areas dominated by insurgent activity, it is vital that the Afghan Government be ready and able to extend its presence and provide services and justice to the population in order to legitimately govern contested spaces. It is imperative to strengthen the legitimacy and effectiveness of Government of Afghanistan in advance of the 2009 elections.

\$495 million Economic Support Fund (ESF)

Governing Justly and Democratically (\$275 million)

Building a stronger connection between the Afghan people and their government is a key element of U.S. counterinsurgency efforts. This will require the government to work in partnership with local leaders and traditional institutions to address the population's unmet needs and expectations relating to security, development, services and justice. Supplemental funding will support a wide array of good governance programs that focus on creating greater public trust and confidence in the Government of Afghanistan by improving government effectiveness, provincial management, service delivery, justice administration and responsiveness to citizen needs. These programs will generate immediate benefits for the local population so as to boost confidence in the government prior to the 2009 elections. Funding will also be used to directly support the 2009 elections through activities including national voter registration, assistance to the Independent Electoral Commission, and support to candidates, political parties and civil society organizations. As preparations for national elections need to begin at least one year ahead of the polling, supplemental funding is urgently needed to leverage other donor contributions and ensure that the elections are not delayed. Lastly, support will be provided to Government of Afghanistan programs that have proven successful and require immediate funding to continue. For instance, \$40 million will be provided to support the launch of the next phase of the National Solidarity Program, which will undermine insurgents and warlords by empowering Community Development Councils and funding basic services projects chosen by the communities themselves; \$25 million will also be provided to the Afghanistan Reconstruction Trust Fund for outreach to local leaders; and \$50 million will support the continuation of the Provincial Governance Fund that will fund the implementation of Provincial Development Plans.

Investing in People (\$50 million)

The delivery of basic social services such as health and education are among the most visible signs of good governance and are consistently cited as key priorities for rural Afghans. Supplemental resources are requested to immediately strengthen the service delivery capacity of the Government of Afghanistan, particularly in insecure areas. Funding will be used for clinic construction and health service provider training, infectious disease eradication, and improved maternal and child health. Funding will also be utilized to mobilize communities to support education and improve access to education through school rehabilitation and teacher training.

Economic Growth (\$170 million)

Power (\$115 million)- Urgent funding is requested to ensure that 100 megawatt capacity diesel fuel generators become operational in Kabul. Supplemental funds will be used for shipping, installation, and final balance of plant activities to ensure that the generators are properly connected to Kabul's existing distribution systems. Funding will also pay for the construction of bulk storage, maintenance, and fuel treatment facilities. The generators must remain on a tight schedule - shipped, installed, connected to existing distribution systems— in order to be operational by winter 2008/2009, in advance of the 2009 elections. Emergency funding is also being requested to support urgent requirements of the Northern Electrical Power System.

Roads (\$50 million)- Supplemental funding is needed urgently to commence the rehabilitation of the Dushi-Bamiyan road, which will provide an alternate strategic transport route to Kabul. Currently, the only way to reach Afghanistan's capital directly from northern Afghanistan is through the Salang Pass, which is often closed because of avalanches and inclement weather and is therefore a chokepoint for fuel, grain, and other essential commodities destined for the capital. Opening an additional route to the north will assist U.S. efforts to stabilize the capital, and tie the country together through commerce. Additionally, extending the road to Bamiyan Province will assist one of the poorest parts of the country and help transform an area that has largely been bypassed by foreign assistance.

Trade (\$5 million)- Supplemental funding is also requested on an emergency basis to support the creation of Reconstruction Opportunity Zones (ROZs) in designated areas of Afghanistan. The Administration has finalized a legislative proposal, currently being prepared for introduction to Congress, which would allow the President to designate certain areas in Afghanistan and Pakistan as a ROZ in order to qualify for duty-free access to the U.S. market. Funding would assist the Government of Afghanistan in implementing this legislation, which was identified as a top priority by both Afghan and Pakistani leaders. Establishing ROZs will reconnect economically-isolated areas that are home to violent extremism to external markets and will create employment alternatives for a working-age population that may otherwise be drawn to narcotics trafficking, terrorism and banditry. Certain goods produced within an ROZ would have duty-free access to the U.S. market, thus increasing the ROZ's attractiveness as an employment-generating investment location. Second, designation of an area as a ROZ could establish it as a focal point for supporting efforts by the Government of Afghanistan, as well as the international donor community, to make infrastructure improvements and remove administrative barriers to investment.

\$5 million Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)

Peace and Security (\$5 million)

This request will meet currently unfunded FY 2008 resource requirements for the Afghan Presidential Protection Service, which continues to be of critical importance for the protection of Afghan leadership and containment of terrorist elements. The U.S. focus remains on establishing effective leadership and building a management core within the Presidential Protection Service. The U.S. is making progress to establish a professional protective corps of officers that have the knowledge and ability to be sustained independently without U.S. assistance.

PAKISTAN (\$60 Million)

Account <i>(\$ in thousands)</i>	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Child Survival and Health (CSH)	33,285	0	39,800	0	0
Development Assistance (DA)	95,327	0	18,000	0	0
Economic Support Funds (ESF)	283,673	110,000	382,900	0	60,000
Foreign Military Financing (FMF)	297,000	0	300,000	0	0
International Military Education and Training (IMET)	1,992	0	2,000	0	0
International Narcotics Control and Law Enforcement (INCLE)	24,000	0	32,000	0	0
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	9,977	0	10,300	0	0
TOTAL	732,900	110,000	785,000	0	60,000

Summary of requirement

U.S. support to the Government of Pakistan's efforts to recast its relationship with the Federally Administered Tribal Areas (FATA) is a key element of the Global War on Terror. Despite Pakistan military successes against terrorists and militants in FATA, the U.S. and Pakistan agree that there can be no purely military solution to the problem. A weak economy, rampant unemployment, inadequate government presence, and lack of social services fuel social and political instability in the region. Countering extremist influences in FATA requires a robust economic development program implemented with the support and assistance of the U.S. and the international community. Without U.S. support, the frontier region will become an increasing threat to U.S. interests in Afghanistan and the region as it will continue to serve as a terrorist sanctuary.

The U.S. Department of State and Agency for International Development have prepared a five-year, \$750 million development strategy for Pakistan's frontier region that supports the Government of Pakistan's ten-year, \$2 billion FATA Sustainable Development Plan. The FY 2008 budget request for Pakistan only includes \$90 million for the Frontier Strategy, leaving a funding gap of \$60 million, for which supplemental funding is urgently required to meet the annual U.S. pledge of \$150 million towards the strategy.

The Frontier Strategy supports short- and medium-term service delivery and addresses the capacity constraints of government agencies to deliver essential services with speed and effectiveness. The objectives of the strategy are to improve economic and social conditions in FATA communities, extend the legitimacy and writ of the Government of Pakistan in FATA, and support permanent, sustainable change in the region. The strategy strengthens and expands ongoing U.S. efforts to improve infrastructure, extend democracy and good governance, provide education and health, and catalyze economic growth.

\$60 million Economic Support Fund (ESF)

Governing Justly and Democratically (\$13 million)

Supplemental funding will be used to continue building the capacity of FATA authorities and local leaders to plan, administer, implement, and monitor development assistance programs. Funds will support programs to strengthen the strategic communication capacity of the FATA Secretariat, and improve planning and coordination between civilian and security organizations. Support will also be provided to strengthen planning, procurement and financial management of FATA agencies, including indigenous non-governmental organizations.

Investing in People (\$15 million)

Supplemental funding will be used to improve the delivery of health and education services in FATA, in order to improve well-being and counter extremist indoctrination in madrassas. Funding will also include adult literacy programs, teacher education, and grants to foster community support for education. Improving human capital and well-being is vital to U.S. efforts to win hearts and minds in the border region.

Economic Growth (\$32 million)

Funding is requested to support local economic development, including infrastructure rehabilitation, credit, and vocational training. Activities will include employment generation, skills development and youth programs for the 14 to 30 age cohort. Assistance will be also provided to develop the key agriculture and livestock sector, which employs a majority of the region's population. Funding will also support long-term efforts to launch Reconstruction Opportunity Zones, medium-sized enterprises, and cross-border trade with Afghanistan. By opening remote regions to economic opportunity and trade, al-Qaeda, the Taliban and other violent extremists will have less power to recruit the poor and destitute.

MEXICO AND CENTRAL AMERICA SECURITY COOPERATION INITIATIVE (\$550 Million)

Mexico

Account* (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Development Assistance (DA)	12,282	0	0	0	0
Economic Support Fund (ESF)	11,350	0	14,000	0	0
Child Survival and Health (CSH)	3,720	0	2,500	0	0
Andean Counterdrug Initiative	0	0	0	0	0
Nonproliferation, Anti-Terrorism, Demining & Related Programs (NADR)	1,295	0	420	0	0
Foreign Military Financing (FMF)	0	0	0	0	0
International Military Education & Training (IMET)	45	0	388	0	0
International Narcotics Control and Law Enforcement (INCLE)	36,678	0	27,816	0	500,000
TOTAL	65,370	0	45,124	0	500,000

*Does not include PL-480 Title II

Central America

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Development Assistance (DA)	62,238	0	49,606	0	0
Economic Support Fund (ESF)	8,000	0	10,000	0	0
Child Survival and Health (CSH)	43,392	0	36,600	0	0
Andean Counterdrug Initiative	4,000	0	1,000	0	0
Nonproliferation, Anti-Terrorism, Demining & Related Programs (NADR)	742	0	1,280	0	0
Foreign Military Financing (FMF)	9,350	0	4,800	0	0
Intl. Military Education & Training (IMET)	4,926	0	4,102	0	0
Intl. Narcotics Control and Law Enforcement (INCLE)	2,200	0	8,470	0	50,000
TOTAL	134,848		146,458		50,000

*Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama

Summary of requirement

The \$550 million supplemental request to fund the Mexico and Central America Security Initiative would provide \$500 million in assistance to enhance Mexico's ability to address trans-national threats, including criminal gangs and drug traffickers that have an impact on U.S. national security, as well as support strengthened justice systems and rule of law programs in Mexico. In addition, the request would provide \$50 million for Central America to ensure comprehensive regional efforts against trafficking, robust security cooperation, improved

policing and gang prevention. The Initiative seeks to reinforce three strategic pillars for cooperation; counter narcotics and border security (Mexico \$306 million/Central America \$17 million); public security and law enforcement (Mexico \$56 million/Central America \$26 million); and institution building and rule of law (Mexico \$101 million/Central America \$7 million) and program support (Mexico \$37 million).

President Bush has stressed that the whole region, including the United States, has a shared responsibility for combating the crime and violence that so gravely affect all of the citizens of the region. The U.S. has far-reaching geographic, economic, and demographic links to Mexico and Central America and a compelling national security interest in helping regional governments pursue collective action to address our common security concerns. Increased security in the region will benefit the U.S. by promoting prosperity, human development and stability, and reducing the incentives for illegal immigration. Growing violence and impunity risk undermining democratic institutions and affecting economic growth for our closest neighbors.

The Mexico and Central America Security Cooperation Initiative has important implications for the Global War on Terror. Weak border security, weak rule of law and strong transnational crime networks all heighten the risk of terrorism. The Initiative will facilitate the secure flow of goods, services, and people across the one of the world's most active borders. More broadly, it will remove one of the major barriers to the region's economic and political development.

Mexico's request for cooperation and Central America's collective willingness to work together with the United States represent an important, unprecedented opportunity to address security in coordination with our neighbors who, taken together, form a bridge running from the Andes up to the border of the United States.

\$550 million International Narcotics Control and Law Enforcement (INCLE)

Peace and Security (\$426.9 million)

Mexico- U.S. Government assistance to Mexico (\$387 million) would: a) provide technologies such as gamma-ray scanners, density measurement devices, and commodity testing kits to prevent the cross-border movement of illicit drugs, firearms, financial assets, trafficked people; b) supply additional transport and light aircraft to rapidly reinforce law enforcement operations nation-wide; and c) administer programs to support an improved judicial and prison system to convict, sentence, and keep in secure facilities those who commit crimes.

Central America- U.S. Government assistance to Central America (\$39.9 million) would support a regional approach to detecting and deterring trafficking and smuggling narcotics, arms and persons and improve border security. Funds would support stockpile management and destruction of small arms and light weapons. To address the proliferation of gangs and gang violence all five elements of the U.S. Strategy on Criminal Gangs would be implemented. This includes improved law enforcement and an improved process for repatriation. The package of assistance would also improve policing and promote preventative and community policing through technical assistance, training, and non-lethal equipment. In addition, supplemental funds would be used to expand technical assistance to Central America on prison management.

Governing Justly and Democratically (\$86.1 million)

Mexico- U.S. Government assistance to Mexico (\$79.1 million) would support a stronger prosecutorial system and a more efficient judicial system, including programs to improve transparency and support respect for human rights. A key component will be to procure information systems to strengthen analytical capabilities and interconnectivity across Mexico's law enforcement agencies. Additional support would go to the demand reduction work of the Mexican National Network for Technological Transfers in Addictions.

Central America- U.S. Government assistance to Central America (\$7 million) includes policy and diplomatic initiatives to support close cooperation among the Central American countries on security cooperation; capacity enhancement for all justice sector actors, and a gang prevention program. To strengthen the rule of law, the U.S. will seek to improve criminal justice systems by increasing training for prosecutors, defenders, and court managers, while also expanding technical assistance.

Program Support (\$37 million)

Mexico- These funds will support the U.S. Government's management of the program. This includes additional staff, equipment, and technical assistance and evaluation costs needed to ensure that the Mexico program is properly managed.

P.L. 480, TITLE II (\$350 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
P.L. 480, Title II	1,214,711	450,000	1,219,400	0	350,000

Summary of requirement

Based on current information available, the P.L. 480 Title II emergency food needs in FY 2008 are anticipated to require \$350 million in additional funding. Although other donors have been increasing their global food aid contributions, it is not enough to adequately address the most urgent needs.

The amount of emergency food assistance that specific countries will actually require can only be accurately assessed closer to harvest time or in the wake of natural disasters, such as earthquakes and hurricanes.

The Bureau for Democracy, Conflict and Humanitarian Assistance's (DCHA) Office of Food for Peace humanitarian emergency food aid allocations are based on ongoing prioritization and reprioritization of needs as the situation in countries facing food security emergencies evolve and information about the situations is assessed.

Of the \$350 million requested, an estimated \$75 million is to address humanitarian needs in the Darfur region of Sudan, including refugees from the violence who are in Chad. This request also provides an estimated \$275 million to address critical food situations elsewhere, particularly in southern Africa, the Horn of Africa and Kenya. Because current funding may be needed in the immediate future to meet urgent needs in some of these countries, some of the requested funding may be used to replenish costs incurred prior to passage of this supplemental funding.

\$350 million P.L. 480 Title II

Humanitarian Assistance (\$350 million)

Southern Africa - Food aid requirements are increasing due to the accelerating economic deterioration in Zimbabwe, combined with a poor 2007 harvest as a result of drought and policy-related issues. An estimated \$135 million may be needed to meet additional needs in southern Africa.

Horn of Africa and Kenya- An estimated \$110 million is needed to address increasing food insecurity in the Horn of Africa and Kenya. Food security, which improved this past year in Kenya, is again in danger due to poor spring rainfall. In Somalia, poor spring rains, as well as continued insecurity, are increasing needs. In Ethiopia, insecurity is increasing food aid needs in the Ogaden.

Sudan- An estimated \$75 million is estimated for the Darfur region of Sudan and those displaced from Darfur who are now in Chad. Increased insecurity and population displacement in Darfur,

combined with lower-than-anticipated returns of displaced persons elsewhere and increasing displacement in Chad, are resulting in greater food aid requirements than expected.

Other unforeseen requirements- An estimated \$30 million in contingency funding is requested for possible needs elsewhere where weather or deteriorating food security may occur, such as West Bank/Gaza or areas of South Asia hit by severe floods that may affect harvests and increase emergency food aid needs.

MIGRATION AND REFUGEE ASSISTANCE (\$195 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Migration and Refugee Assistance (MRA)	833,033	130,500	773,500	35,000	195,000

Summary of requirement

The Bureau of Population, Refugees and Migration (PRM) requires an additional \$195 million in supplemental funding for Migration and Refugee Assistance (MRA) in FY 2008 to maintain ongoing life-sustaining programs and meet new refugee challenges. The supplemental request responds to new challenges related to major new outflows of refugees from Iraq, new violence in Lebanon, and sharply deteriorated humanitarian conditions in Gaza. Failure to receive the \$195 million in supplemental funding will impede durable solutions for Iraqi refugees, and have repercussions for other U.S. Government (USG) foreign policy objectives in the Middle East (Iraq and with regard to Palestinian refugees). Effective response is not possible absent this additional funding now.

\$195 million Migration and Refugee Assistance (MRA)

Humanitarian Assistance (\$195 million)

Iraq - \$160 million in supplemental MRA is needed to ramp up life-sustaining assistance to 2 million refugees, with a particular focus on health services and education including USG support for a major initiative to enroll 150,000 Iraqi refugee children in schools in Jordan and Syria. These activities would support the protection and solutions and assistance and recovery program elements.

Since the formulation of the FY 2008 budget in 2006, the number of Iraqi refugees fleeing violence has increased substantially, severely straining neighboring countries' abilities to provide basic social services. A more robust USG humanitarian response is necessary to meet basic needs. Iraqis that are now leaving are generally from the lower socio-economic sectors of Iraqi society and have fewer resources to draw upon than those who fled the violence earlier. As a result, they are more vulnerable and reliant upon host government and donor support. At the same time, those who took refuge in neighboring countries earlier are depleting their savings, and are increasingly reliant upon external assistance. All these factors contribute to an increased number of Iraqi refugees needing assistance at levels higher than were anticipated at the time the FY 2008 budget was developed. Particularly hard hit have been the education and health sectors in Jordan, Syria, and Lebanon. Responding now to these needs is critical to avoiding disorder and potential instability in neighboring countries. Failure to respond could result in border closings that block the right to asylum, potentially resulting in *refoulement* of refugees.

Palestinian Refugees - \$35 million in supplemental MRA is required for Palestinian refugees in Gaza and West Bank and for Palestinian refugee camps in Lebanon. These funds will assist Palestinian refugees in Gaza and West Bank, a population that is a prime target for extremist

recruitment, and who are critical to achieving the President's goal to secure peace in the Middle East. Funding will be used to contribute to the United Nations Relief and Work Agency's (UNRWA) relief services to the most vulnerable Palestinians. Additional funds are expected to be required for UNRWA's West Bank and Gaza Emergency Appeal in 2008, but the Department would look to other resources to support those efforts. Relief services include food and cash assistance and shelter rehabilitation. It is anticipated that funding will also support Palestinian refugee camp rehabilitation in Lebanon, helping to stabilize Lebanon, a key ally in the Middle East, and undercutting the access and influence of extremist elements.

The West Bank and Gaza have experienced a deepening economic crisis and a further fraying of the coping mechanisms of Palestinian society. At the same time, the takeover of Gaza by Hamas in 2007 has exacerbated the situation for vulnerable Palestinians in ways that could not have been foreseen when the FY 2008 budget was developed. The near complete closure of Gaza to all but urgent humanitarian supplies has collapsed what remained of the Gaza economy and reduced nearly the entire 1.4 million population to food aid dependency. In Gaza, 745,000 beneficiaries rely on UNRWA for 50 percent of their food needs; in the West Bank, 85,000 families depend on UNRWA's food aid. With refugees comprising 70 percent of the 1.4 million residents of Gaza and 30 percent of the over 2.5 million residents of the West Bank, UNRWA's role in providing humanitarian relief in the current crisis is irreplaceable. Failure to respond to additional needs risks further radicalizing the region, undercuts USG efforts to forge a peace process, and will cost lives. The United States' commitment not to abandon the people of Gaza depends almost entirely on robust support for UNRWA's programs.

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE (\$80 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
International Disaster and Famine Assistance (IDFA)	361,350	165,000	297,300	0	80,000

Summary of requirement

The Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) requires an estimated \$80 million in additional International Disaster and Famine Assistance (IDFA) funding for humanitarian assistance requirements in Iraq or to replenish costs incurred there to meet urgent needs.

\$80 million International Disaster and Famine Assistance (IDFA)

Humanitarian Assistance (\$80 million)

Iraq: An estimated \$80 million in supplemental IDFA will fund multi-sectoral interventions to provide assistance to internally displaced populations (IDPs) and host communities, such as the provision of emergency relief supplies, support for water and sanitation infrastructure, creation of safe protective spaces for women and children, and emergency health care. In addition, USAID is working with Government of Iraq (GOI) ministries and with U.N. agencies to build local capacity for addressing the needs of IDPs.

The humanitarian community estimates that there are approximately 2.2 million IDPs in Iraq, including 1 million newly displaced persons since February 2006. In light of the continued deterioration in security, it is widely believed that the numbers of IDPs will continue to increase over the next 12 to 24 months. These populations will continue to strain local resources, including the capacity of host communities to absorb IDPs. The fluctuating security situation also contributes to the increasing cost of doing business in Iraq for USAID and its partners. USAID is hoping to expand its geographic outreach.

WEST BANK AND GAZA (\$375 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Economic Support Fund (ESF)	50,000	0	63,500	0	350,000
Child Survival and Health (CSH)	0	0	10,000	0	0
International Narcotics Control and Law Enforcement (INCLE)	0	0	3,500	0	25,000
TOTAL	50,000	0	77,000	0	375,000

Summary of requirement

The \$375 million supplemental request supports a critical and immediate need to support a new Palestinian Authority (PA) government that both the U.S. and Israel view as a true ally for peace. PA President Abbas responded to Hamas' June 2007 violent takeover of Gaza by calling for a state of emergency and forming a new government under the leadership of "independent" Salam Fayyad—ending Hamas' control of the PA. Prime Minister Fayyad's government has accepted the Quartet's foundational principles for peace, is open and explicit about being a partner of the U.S. and Israel, and is committed to the path of peace and reconciliation. In his July 16 speech, the President made clear the USG's full support for this Palestinian government.

Providing \$375 million in supplemental assistance would advance U.S. interests in promoting a peaceful solution to the Israeli-Palestinian conflict, especially as momentum builds toward the international meeting in support of the peace process called for by President Bush. Consistent with the priorities PM Fayyad presented at the September Ad Hoc Liaison Committee meeting, USG funds would provide immediate, demonstrable improvements in the lives of Palestinians by supporting the PA's efforts to extend the rule of law, achieve economic revival, improve governance, and avoid a fiscal crisis.

Now that the USG can work with PA ministries, it can implement high-impact capacity-building and infrastructure projects that will assist the PA's efforts to overcome dire economic conditions—over two thirds of Palestinian families live on less than \$2.60/day, Palestinian GDP has declined 40 percent over six years, and the PA will soon be unable to cover its monthly salary and other expenditures. U.S. assistance will help enable PM Fayyad's government to deliver on its promises to improve the lives of Palestinian people, thereby building a constituency for peace.

Prospects for peace with Israel have also created an urgent need for the PA to professionalize its security forces, and the PA and Israel are beginning to cooperate in the security realm. USG assistance will improve the Palestinians' ability to immediately and effectively deliver on security and law and order, which is vital to achieving real progress on the political front. Supplemental funds will enable the USG to further develop PA security capacity, which in turn will enhance Israel's security and improve Palestinians' movement and access—key components of lasting peace.

\$350 million Economic Support Fund (ESF)

Governing Justly and Democratically (\$40 million)

USG assistance will build confidence in the PA government, strengthen moderate elements in Palestinian government and civil society, and accelerate governance reforms by improving the management and administrative skills of key ministries, installing responsible financial and accounting systems, and increasing response to constituent needs. USG support will help to establish a government oversight mechanism that ensures transparent, accountable and effective disbursement of funds and delivery of services. This mechanism will also ensure that the PA can transparently and effectively utilize budget support provided by both the USG and other donors. USG assistance will also help the PA improve budget preparation and implementation processes, financial controls, tax policy and tax administration. These improvements are a top priority for Prime Minister Fayyad and have been identified by the World Bank as critical to ensuring the sustainability of the new PA government. In addition to support for the central government, targeted support will also be provided through technical assistance and in-kind grants to local government officials, media and non-governmental organizations that offer viable democratic alternatives. Programs will assist democratic political parties and strengthen electoral processes to support future municipal, legislative or presidential elections. USG programs will also assist PM Fayyad to initiate community safety projects that empower local officials to address security issues in their communities and strengthen the capacity of the judiciary to prosecute crime and enforce the law.

Investing in People (\$20 million)

Immediate improvements in the delivery of quality health care services through the PA Ministry of Health (MOH) will meet a critical need among Palestinians and immediately build confidence in the current government. USG assistance will support the MOH's capacity-building efforts, improve the quality of clinical services at public hospitals and clinics, and promote good governance and more effective management practices within the MOH. Technical assistance and training will improve clinical, management, and administrative skills. The project will also upgrade health infrastructure and equipment for MOH facilities.

Economic Growth (\$280 million)

\$280 million of ESF will be used to support the economic growth objectives of the new PA government through job creation, infrastructure, trade and investment, and agriculture activities, as well as budgetary support:

- Project-assistance (\$130 million)—Meeting immediate Palestinian economic needs will bolster support for PM Fayyad's government by demonstrating that moderates can deliver jobs and provide hope for a better economic future. USG assistance will provide immediate employment opportunities through emergency jobs and micro-credit programs; promote debt and equity infusions into Palestinian businesses, foster links between Palestinian businesses and the OPIC guarantee facility; facilitate trade between Palestinian entrepreneurs and Israeli border authorities, satisfying Israeli border security requirements and support the Agreement on Movement and Access; and generate export opportunities and increased employment in the agricultural sector through immediate investment in agribusinesses and assistance to the Ministry of Agriculture to implement

policy reforms. USG assistance will also create jobs and build infrastructure in critical areas such as education, roads, and water to demonstrate immediate visible support and provide essential services to Palestinians. Activities will include water distribution systems, school construction, roads, and community and municipal infrastructure.

- Cash Transfer (\$150 million)—PM Fayyad’s government needs immediate budgetary support in order to meet PA political and financial obligations. The PA has \$1 billion in arrears that continues to accrue monthly, and faces an expected monthly budget deficit of \$100 million beginning in January 2008. The 2008-2010 Medium Term Expenditure Framework (MTEF) being prepared by the PA is expected to identify significant requirements to finance capital investment. The \$150 million cash transfer would help the PA avoid an immediate fiscal crisis and leverage budgetary contributions from other donors at the December 2007 donors’ conference for the Palestinians. It will also send a clear message to the Palestinian people that the United States genuinely supports those who fight for peace and rejects Hamas’ message of hate. This assistance would be conditioned on continued acceptance of the Quartet’s foundational principles of peace. Priority uses for this transfer will be finalized in consultation with the PA and could include paying utility costs (as has been done on prior occasions with U.S. budget assistance) and reimbursing the PA for commodity purchases.

Program Support (\$10 million)

\$10 million is required for program management and security to effectively implement, manage, and oversee the urgent project assistance. The additional funds would be needed primarily for security-related costs (security escort services, vehicles, and security drivers) associated with increased travel into the West Bank to monitor and manage the new projects.

\$25 million International Narcotics Control and Law Enforcement (INCLE)

Peace and Security (\$25 million)

Supplemental funding in the amount of \$25 million is for training and equipping of the Presidential Guard (PG) and National Security Forces (NSF), including support for training cadre, instructor development, and local training needs. And includes funding for INL operating costs to carry out these activities, including administrative support, travel, program oversight, end-use monitoring, local staff, and a security package.

NORTH KOREA (\$106 Million)

Account (\$ in thousands)	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Economic Support Fund (ESF)	0	25,000*	2,000	0	106,000
Democracy Fund (DF)**	~990	0	0	0	0
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)	20,000	0	0	0	0
TOTAL	20,990	25,000	4,900	0	106,000

*FY 2007 supplemental funding transferred to ESF pursuant to an FY 2007 Presidential determination under Section 610/614 of the Foreign Assistance Act of 1961 to purchase and deliver heavy fuel oil (HFO) to North Korea under the terms of the Six Party Talks.
 **This figure is not yet final.

Summary of requirement

As part of the February 13, 2007 agreement on Initial Actions on the Implementation of the Joint Statement, the Democratic People’s Republic of Korea (DPRK) committed to shut down and seal its Yongbyon nuclear facility for the purposes of eventual abandonment, invite back International Atomic Energy Agency (IAEA) monitors, provide a declaration of all nuclear programs, and disable all its existing nuclear facilities. To date, the DPRK has met its commitments with respect to the Yongbyon facility and is allowing IAEA monitoring and verification. The United States is encouraging the DPRK to complete all of its commitments by the end of year. –The other Six Party Talks members -- United States, South Korea, China, Russia, and Japan (after abduction issues are settled) – have agreed to provide the DPRK with a combined total of one million metric tons of Heavy Fuel Oil (HFO) or the equivalent in other assistance on an “action for action” basis as the DPRK meets its commitments to the agreement. Of this total, the United States would provide HFO or equivalent energy or economic assistance up to the equivalent to one quarter of the total one million tons of HFO as the DPRK meets all of its commitments.

\$106 million Economic Support Fund (ESF)

Peace and Security (\$106 million)

The cost for the U.S. one quarter share of the tonnage committed is estimated at no less than \$131 million based on rising HFO prices plus shipping charges. The President made a determination under Section 610/614 of the Foreign Assistance Act of 1961 to transfer \$25 million in FY 2007 supplemental funds to the Economic Support Fund account to be used for the first tranche of this requirement. The supplemental is for the remaining requirements under the February 13, 2007 agreement.

Authority is requested to spend these funds notwithstanding any other provision of law given multiple restrictions on assistance to the DPRK.

IRAQ (\$25 Million)

Account* <i>(\$ in thousands)</i>	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Economic Support Fund (ESF)	122,750	1,554,000	298,000	772,000	25,000
International Narcotics Control and Law Enforcement (INCLE)	20,048	150,000	75,800	159,000	0
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)	12,350	7,000	16,000	0	0
International Military Education and Training (IMET)	1,138	0	2,000	0	0
Democracy Fund (DF)	0	250,000	0	0	0
TOTAL	156,286	1,961,000	391,800	931,000	25,000

*Refugee assistance (MRA) and disaster assistance (IDFA) funding is not reflected in this chart.

Summary of requirement

The \$25 million request to establish an Iraqi-American Enterprise Fund supports a critical juncture in Iraq's transition to self-reliance. A robust private sector is a key component to sustaining stability in Iraq. To date, USG economic assistance has created a strong foundation for a vibrant private sector in Iraq with job creation programs, agriculture sector reform, micro loans to establish small businesses, and economic policy reform to remove obstacles to economic growth. Iraq is now prepared to build on this foundation.

The non-oil economy, while better established and more diverse than other major oil exporting countries, is in massive need of recapitalization if it is to become competitive and grow. The Enterprise Fund will work with Iraqi businesses and entrepreneurs to facilitate foreign investor participation in the development of Iraq's private sector.

\$25 million Economic Support Fund (ESF)

Economic Growth (\$25 million)

Managed by a trusted board of successful entrepreneurs, the Enterprise Fund, initiated with \$25 million in ESF, would make equity investments in small, medium or large enterprises, support lending programs, and offer technical assistance. In offering credit and investment capital to businesses, the Enterprise Fund also contributes to the development of financial institutions such as commercial banks and local capital markets. The largest areas of activity for the Fund will be its initiation and management of direct investments in companies with great potential, including attracting others to participate and ultimately buy-out the investments the Fund undertakes.

Lending includes core capital loans for established enterprises that prefer not to offer equity as a means to grow; mezzanine finance to assist companies going public; lending to micro, SME, and other middle market companies and for mortgages. It would also provide technical assistance in marketing, administration, accounting and financial reporting, and other business services. The

Fund is expected to generate returns on investments to become self-sustaining. The planned lifetime of the Fund would be between 10-15 years with flexibility to review the date of closure.

Through its activities, the Fund is expected to help disseminate Western business best practices, promote economic and regulatory policy reforms, as well as attract private capital and technology for investment in the region by demonstrating real potential for profit.

Delay in starting this program would be a set back at a critical juncture when violence has dropped, presenting opportunities to revitalize the economy.

It is anticipated that the membership of the Fund's governing board will be majority American with robust Iraqi participation. Limited non-Iraqi board membership may be encouraged so as to attract additional investment and expertise, especially from around the region. Specific authority is requested to establish this Fund.

SUDAN (\$70 Million)

Account* <i>(\$ in thousands)</i>	FY 2007 CR	FY 2007 Supp	FY 2008 Request	FY 2008 GWOT Emergency Request	FY 2008 Additional Supp Requirements
Child Survival and Health (CSH)	23,791	0	0	0	0
Development Assistance (DA)	70,000	0	0	0	0
Economic Support Fund (ESF)	45,000	0	245,900	0	70,000
Foreign Military Financing (FMF)	0	0	100	0	0
International Military Education and Training (IMET)	96	0	300	0	0
International Narcotics Control and Law Enforcement (INCLE)	9,800	0	24,000	0	0
Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR)	3,725	0	4,000	0	0
Peacekeeping Operations (PKO)	84,000	150,000	41,400	0	0
Transition Initiatives (TI)	8,000	0	5,000	0	0
TOTAL	244,412	150,000	320,700	0	70,000

*Food aid (PL 480), International Disaster and Famine Assistance (IDFA), Contributions to International Peacekeeping (CIPA), Migration and Refugee Assistance (MRA), and Emergency Refugee and Migration Assistance (ERMA) funding is not reflected in this chart.

Summary of requirement

South Sudan and the Three Areas will require additional support for upcoming national elections that must take place by July 2009 according to the 2005 Comprehensive Peace Agreement between north and south Sudan. This will be the first legitimate election for Sudan since its authoritarian government assumed power through a coup in 1989. Timely and effective elections will be critical in the peaceful transformation of post-conflict Sudan as anticipation builds towards the 2011 referendum. Elections will occur at all levels: President of the Government of National Unity (GNU) and Government of Southern Sudan (GOSS), members of both upper and lower houses of the National Parliament and members of the Southern Sudan Legislative Assembly, state governors, members of state legislative assemblies, county commissioners, payam administrators (payams are clusters of towns within counties) and city council members.

If the elections in Sudan are not conducted in a free and fair manner, it is likely that there will be a resumption of conflict between the north and south. Recent estimates from United Nations Office for Project Services place the cost of the elections at nearly \$400 million due to the high costs and logistical complexity of conducting elections in a post-conflict environment such as Sudan.

\$70 million Economic Support Fund (ESF)

Governing Justly and Democratically (\$70 million)

The USG has already made significant investments in the Governing Justly and Democratically sector to ensure that the February 2008 national census, the cornerstone for all future elections in Sudan, is conducted without fraud or violence, and enfranchises a population that has had little opportunity for political representation. To support the critical electoral process in Sudan in 2009, the USG will commit significant resources in 2007 and 2008 to support political party strengthening, draft the electoral law, provide support to the electoral commission once it is formed, promote civic education, and provide ongoing support to elections related institutions and processes. For the upcoming elections to unfold without violence in a free and fair manner, supplemental funds will support upcoming national elections through essential elections infrastructure, such as electoral commission buildings, ballots, ballot boxes, poll monitors and logistical support including transport. Funds would also be used to support civic education campaigns on issues such as voting procedures and voting rights so that Sudanese society is prepared to exercise its right to vote in a peaceful manner, as well as possible conflict resolution and infrastructure projects that will help support successful elections.