

**FY 2009
SUPPLEMENTAL JUSTIFICATION**



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

**FY 2009 SUPPLEMENTAL APPROPRIATIONS SPENDING PLAN
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FY 2009 SUPPLEMENTAL APPROPRIATIONS JUSTIFICATION

DEPARTMENT OF STATE AND U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

COMBINED RESOURCE REQUEST SUMMARY FOR STATE OPERATIONS AND FOREIGN OPERATIONS

(\$ in thousands)

| Account | FY 2009 Supplemental Request |
|---|------------------------------------|
| Development Assistance | 38,000 |
| Economic Support Fund | 2,874,500 |
| Peacekeeping Operations | 50,000 |
| Foreign Military Financing Program | 98,400 |
| International Narcotics Control and Law Enforcement | 389,500 |
| International Military Education and Training | 2,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs | 122,000 |
| Assistance for Europe, Eurasia and Central Asia | 242,500 |
| Migration and Refugee Assistance | 293,000 |
| International Disaster Assistance | 200,000 |
| P.L. 480, Title II | 300,000 |
| USAID Operating Expenses | 152,600 |
| USAID Capital Investment Fund | 48,500 |
| Diplomatic and Consular Programs | 594,315 |
| Embassy Security, Construction, and Maintenance | 898,728 |
| SIGAR | 7,201 |
| Contributions for International Peacekeeping Activities | 836,900 |
| Total | 7,148,144 |

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FY 2009 SUPPLEMENTAL APPROPRIATIONS JUSTIFICATION

DEPARTMENT OF STATE

RESOURCE REQUEST SUMMARY FOR STATE OPERATIONS

(\$ in thousands)

| Appropriation | FY 2009 Supplemental Request |
|--|---|
| | |
| Diplomatic and Consular Programs | 594,315 |
| Iraq Operations | 150,000 |
| Afghanistan Operations | 123,900 |
| Afghanistan Operations (Other Agencies) | 137,600 |
| Pakistan Operations | 36,462 |
| Worldwide Security Protection | 117,983 |
| Ongoing Operations | 28,370 |
| | |
| Embassy Security, Construction, and Maintenance | 898,728 |
| | |
| SIGAR | 7,201 |
| | |
| Contributions for International Peacekeeping Activities | 836,900 |
| | |
| Total | 2,337,144 |

FY 2009 SUPPLEMENTAL APPROPRIATIONS – STATE OPERATIONS

DIPLOMATIC AND CONSULAR PROGRAMS (D&CP)

(\$ in thousands)

| Appropriation | FY 2009 Supplemental Request |
|--|---|
| Diplomatic and Consular Programs | |
| Iraq Operations | 150,000 |
| Afghanistan Operations | 123,900 |
| Afghanistan Operations (other agencies) | 137,600 |
| Pakistan Operations | 36,462 |
| Worldwide Security Protection | 117,983 |
| Ongoing Operations | 28,370 |
| Total, Diplomatic and Consular Programs | 594,315 |

Diplomatic and Consular Programs: \$594,315,000

This supplemental funding request provides \$594.3 million for Diplomatic and Consular Programs as follows:

- \$150.0 million for the U.S. Mission in Iraq to address costs identified since the submission of the FY 2009 request, particularly in the areas of Mission Operations, Logistics Support, Security, and Provincial Reconstruction Teams.
- \$261.5 million for costs associated with expanding the civilian activities of the U.S. Mission in Afghanistan, including \$137.6 million for other agencies.
- \$36.5 million for costs associated with activities of the U.S. Mission in Pakistan.
- \$118.0 million for costs associated for Worldwide Security Protection.
- \$28.4 million to support increased counterterrorism and diplomatic operating costs.

Diplomatic and Consular Programs – Iraq Operations

(\$ in thousands)

| Funding/Program Activities | FY 2007 Actual | FY 2008 Estimate | FY 2009 Available/Requested |
|-----------------------------------|-------------------|---------------------|--------------------------------|
| Beginning Balance | 944,139 | 439,802 | 1,142,641 |
| FY 2007 Supplemental | 750,000 | - | - |
| FY 2008 Bridge | - | 575,000 | - |
| FY 2008 Supplemental | - | 1,150,000 | - |
| FY 2009 Bridge | - | - | 518,500 |
| FY 2009 Supplemental Request | - | - | 150,000 |
| Total Funding Appropriated | 1,694,139 | 2,164,802 | 1,811,141 |
| Less for Terrorism Rewards | 8,500 | 20,000 | - |
| Less for BPMA Transfer | - | 26,000 | - |
| Less reprogramming to Pakistan | - | - | 27,459 |
| Total Funding Available | 1,685,639 | 2,118,802 | 1,783,682 |
| U.S. Mission Basic Operations | 68,428 | 86,443 | 202,900 |
| REO/ITAO/Other Support Activities | 44,915 | 39,537 | 77,700 |
| Logistics Support | 194,733 | 299,366 | 405,000 |
| Security | 577,269 | 285,076 | 566,871 |
| Information Technology | 23,579 | 16,934 | 21,041 |
| PRT Operations | 336,913 | 248,805 | 510,170 |
| Total Program Activities | 1,245,837 | 976,161 | 1,783,682 |
| Ending Balance | 439,802 | 1,142,641 | - |

Overview

Iraq's transition remains critical to U.S. national security. The strategic goal has remained the same: a unified democratic, federal Iraq that can govern, defend, and sustain itself, and that is an ally to the U.S. The U.S. Embassy in Baghdad must retain the required personnel and other resources to meet the challenges that support this approach.

The U.S. Mission's important and complex relationship with the Iraqi government is led by more than 1,200 direct-hire Americans under Chief of Mission (COM) authority, representing 12 agencies in addition to the Department of State. The Department of State operates the U.S. Embassy in Baghdad, as well as two Regional Embassy Offices (REOs), in Hillah and Basrah. There are also 28 Provincial Reconstruction Teams (PRTs) throughout Iraq. Four of these

operate as Provincial Support Teams (PSTs); that is, they carry out the same functions as PRTs, but are located outside of their target provinces.

The size and scope of U.S. Mission operations in FY 2009 are being impacted by three major considerations: completion of the move into the New Embassy Compound (NEC), ongoing support requirements for security and capacity-building efforts to stabilize Iraq, and the potential impact on operations associated with the implementation of recent agreements with the Government of Iraq related to the future U.S. presence in the country. The security situation in Iraq has improved but remains challenging, with continuing attacks against military and civilian targets throughout Iraq, including attacks against U.S. Government (USG) facilities and the International Zone.

U.S. Mission operations are expected to continue to normalize during FY 2009. The NEC was certified for occupancy in April 2008. All COM personnel have completed the move into NEC housing and office spaces, including the Chancery and the two annex office buildings. The decommissioning and return of the Republican Palace to the Iraqi Government took place on December 31, 2008.

D&CP – Iraq Operations

(\$ in thousands)

| Appropriations | FY 2009 Supplemental Request |
|--|---|
| D&CP – Iraq Operations | |
| U.S. Mission Basic Operations | 74,900 |
| REO/ITAO/Other Support Activities | 9,500 |
| Logistics Support | 11,600 |
| Security | 30,000 |
| PRT Operations | 24,000 |
| | |
| Total, D&CP – Iraq Operations | 150,000 |

Mission Operations

The supplemental request of \$150.0 million will fund general operations and other support requirements, logistics support, security, information technology, and PRT operations through FY 2009. The majority of the funds requested will be used to cover costs as the mission consolidates its operations and either relocates a number of support facilities or temporarily leases the current locations. As the security requirements in the International Zone continue to change additional funding will be needed to provide enhanced perimeter security. Further details on the request are provided below.

U.S. Mission Operations / Other Support Activities: \$84,400,000

The amount requested is \$84.4 million for potential annual lease costs for current mission and contractor facilities in Iraq and for current levels of continuing operations at the Embassy and Regional Embassy Offices (REOs) through the end of FY 2009. Estimates are as follows:

- **General Mission Operations: \$74.9 million.** The Department requires \$74.9 million for mission operations, of which \$62.0 million is primarily for anticipated lease costs of facilities supporting the U.S. Mission in Iraq. With the move to the NEC, mission management is in discussions with the Government of Iraq concerning the location of mission support facilities, such as the current Landing Zone Washington in the heart of the International Zone, a planned new Landing Zone Fernandez located adjacent to the New Embassy Compound, current local guard and security contractor facilities, and other facilities of mission support contractors. All of these facilities in the past have been occupied at no cost to U.S. Government and support contractors. The balance of \$12.9 million is for basic allowances and operational support costs for direct hire Department of State positions, Locally Employed Staff (LE Staff) and Third Country National (TCN) personnel salaries and recruitment incentives for posts/domestic offices providing detail employees to Iraq positions.
- **ITAO Operational Costs and Support: \$6.0 million.** Funding is required for salaries, allowances, and other support requirements for the Iraq Transition Assistance Office (ITAO). Most ITAO personnel are temporary appointments in the excepted service of the civil service under 5 U.S.C. 3161 or are on detail from another USG agency. ITAO supports the 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: \$0.7 million.** The Department requires additional funding for costs associated with operating the REOs, including fuel, managing office/billeting requirements, and local staff.
- **Offshore Support Units: \$1.9 million.** An additional \$1.9 million is required for 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. These units reduce the number of personnel that must be stationed in Baghdad.
- **Public Diplomacy Programs: \$0.9 million.** Additional funding is required for local staffing and staffing from other U.S. Embassies to support Public Diplomacy programming.

Logistics Support: \$11,600,000

The amount requested is \$11.6 million for Operations and Maintenance costs at the New Embassy Compound (NEC), including for contracted personnel and additional building and compound needs, including maintenance, supplies, and protection for vehicle areas.

Security: \$30,000,000

The amount requested is \$30.0 million for security costs associated with Overseas Protection Operations and emerging Physical and Technical Security requirements.

- **Static (Local) Guards: \$25.0 million.** Funding is needed for Static Guard expenses, including:
 - Costs associated with transitioning the Worldwide Personal Protective Service (WPPS) Baghdad and Al-Hillah task orders from Blackwater to new vendors;
 - Additional aviation personnel to take over activities (refueling and air traffic control) previously performed by the Department of Defense;
 - Additional Baghdad Embassy Security Force (BESF) costs due to International Zone transition.
 - Physical security upgrades to the Baghdad WPPS camp due to the changing security perimeter in the former International Zone.
 - WPPS protective personnel will be reequipped with low-profile equipment in accordance with RSO's policy of lowering the overall WPPS profile.
 - Replace formaldehyde leaking wall panels in the BESF camp.
 - Fund the BESF contract to the end of the option year or fiscal year.
- **Physical and Technical Security: \$5.0 million.** The Department requires funding in the third and fourth quarters of FY 2009 to support emerging physical security requirements due to the evolving disposition of military forces and Regional Embassy Offices/PRTs.

Provincial Reconstruction Teams (PRTs): \$24,000,000

The request for PRTs is \$24.0 million as follows:

- **Salaries: \$22.1 million.** Additional funding is required for salaries, which includes basic Iraq salaries and allowances for State Department PRT 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 at the PRTs.
- **Operations: \$1.9 million.** Resources are needed for ongoing operational/infrastructure requirements at the PRTs including funding of bilingual/bicultural advisors for the PRT program.

D&CP – Afghanistan Operations

(\$ in thousands)

| Appropriations | FY 2009 Supplemental Request |
|---|------------------------------------|
| D&CP – Afghanistan Operations | |
| U.S. Mission Operations/Other Support Activities | 106,900 |
| Staffing Surge and Operations (including Provincial Reconstruction Teams) | 84,800 |
| Public Diplomacy | 22,100 |
| Interagency Staffing Surge | 137,600 |
| Afghanistan Air Mobility | 17,000 |
| O&M Costs | 17,000 |
| Total, D&CP – Afghanistan Operations | 261,500 |

Overview

The Department’s policy is to use all instruments of government to prevent Afghanistan from again being used as a launching pad to attack the U.S. Increased U.S. diplomatic and reconstruction efforts in Afghanistan will be needed to help restore communities broken by years of war and insurgency. The success of the mission in Afghanistan depends on increased U.S. military and civilian operations that strengthen the Afghan partners’ ability to take charge of their own security and prosperity, while depriving terrorist insurgents of necessary resources.

To support these goals, Embassy Kabul’s current staff of over 400 Americans, from 11 agencies, works in close, daily cooperation with U.S. Military and Coalition forces. The request for additional civilian staff and operational support will allow the Department and other agencies to complement increased military operations with expanded civilian reconstruction efforts at the provincial and district level, as well as in Kabul.

Currently there are 394 occupants being accommodated in both permanent and temporary housing in Kabul. The Department is actively considering a range of strategic options to increase berthing and office space to house approximately 567 personnel by the end of 2011. These options include placing additional trailers on current space available in the compound, utilizing the Ministry of Health property adjacent to the embassy compound, and the possibility of doubling up in current housing and as additional units are brought online. As the FY 2009 supplemental is being considered by Congress, the Department will continue to look at additional options to accommodate the growth in personnel.

The funds requested will build on efforts begun in FY 2008 to develop a robust diplomatic engagement that complements military operations in the region. Success cannot be achieved by the military alone. Building civilian capacities of the Department and other U.S. agencies is essential to stabilizing Afghanistan communities and building resistance against the appeal of insurgents. The Department and other agencies require additional personnel for deployment with

the Provincial and District Reconstruction Teams and support staff to execute this strategy in full.

Staffing Surge and Operations: \$84,800,000

The FY 2009 request includes full-year requirements for U.S. direct-hire allowances, LE Staff, and third-country national (TCN) staff to complement the LE Staff. It also includes requirements for PRT salaries and allowances, reimbursements to other agencies for their PRT detailees, U.S. temporary appointment PRT staff, and contracted local Afghan PRT staff.

Security costs are requested within the Worldwide Security Protection program, and construction requirements are identified in the Embassy Security Construction and Maintenance account. Justification is provided in those chapters of this request.

The FY 2009 estimate for additional U.S. Mission operations and other support activities funding is \$84.8 million.

U.S. Mission Operations

- New Staffing: \$7.1 million (Overseas: \$6.8 million, Domestic: \$0.4 million). Additional funding is requested for salaries, basic allowances, life support, and travel for new overseas positions in Kabul supporting the Political and Management offices, and domestic support positions for resources and logistical coordination.
- Locally Engaged Staff: \$3.0 million. Additional funding is requested for salaries, allowances, and other support requirements for 106 LE Staff both in Kabul (33) and in the PRTs (73).
- Life Support - All Positions: \$8.0 million. Additional funding is requested for costs associated with new positions in Kabul and the PRTs. The request includes life support contracts for all Afghanistan employees.
- Annualization of FY 2008 Supplemental: \$12.2 million. Additional funds are required to maintain LE Staff salaries and incentives and training costs funded in the FY 2008 supplemental.
- Travel: \$7.3 million. Funding is necessary for in-country travel for Embassy and PRT personnel and international travel to support Afghanistan programs and Mission operations.
- FSI Training: \$2.5 million. Funds will provide training for the Department of State and other agencies to support activities within Afghanistan. The Department will provide training for PRT, security, public diplomacy, Foreign Service officers, and domestic support positions.

Provincial Reconstruction Teams

Beyond Embassy Kabul, the Department will surge its civilian presence by expanding PRTs throughout Afghanistan. These teams will be building on established success with new programs to promote better governance, economic development, and stable conditions for effective reconstruction efforts. These expanded programs will operate in close cooperation with Afghan partners, although security and political and development conditions in each province will influence staffing and program decisions.

At the center of these expanded PRT operations, the Embassy will create a strategic planning cell to design an integrated national campaign across USG civilian and military entities. At the brigade and task force level, small groups will work with PRTs to translate national goals and plans to the national, provincial, and district levels. Rule of Law experts will be assigned to selected PRTs, to key non-U.S. led PRTs, and to each U.S. brigade.

- New Staffing: \$39.4 million. As the centerpiece of efforts to enhance civilian support for military operations, the Embassy plans to expand PRT operations with 110 new temporary-appointment, Department staff to support a range of different programs including:
 - One Regional Embassy Office in Herat with eight State/USAID positions;
 - Four full-scale PRTs with a varying numbers of State, USAID, and USDA representation in three provinces and an urban mission within Kabul's city limits;
 - Twenty District Reconstruction Teams with two American positions from State and USAID and Afghan employees to provide capacity building at the district level;
 - Six Tribal Engagement Teams, primarily in Pashtun areas, operating out of existing U.S. platforms, with one State and two USAID positions; and
 - Four Fly-Away Teams with State, USAID, and USDA participation to assess needs rapidly and organize community programs for essential services.
- Annualization of FY 2008 Supplemental: PRT Support: \$5.3 million. The request includes full-year costs of life and operational support for PRT positions funded in the FY 2008 supplemental request.

Public Diplomacy Programs: \$22,100,000

The Department is requesting \$22.1 million in supplemental funding to enhance its Public Diplomacy efforts in seven key Afghanistan provinces and Kabul. Funding at this level will support up to 10 new American direct hire positions (three in Kabul and seven at the PRTs), thereby making it possible to optimize Public Diplomacy operations and increase the Department's ability to achieve substantial and sustainable results. The positions include a new English language officer, a Deputy Public Affairs Officer, an Assistant Cultural Affairs Officer and seven Public Diplomacy Officers at the PRTs. New programs would be designed to

demonstrate a positive U.S. commitment, create hope through expansion of a variety of broadcast mediums and training, and develop crucial international support for Afghanistan, all with the hope of ensuring Afghans that the U.S. is on their side and committed to Afghanistan for the long term.

Specific projects include:

- American Corners/Internet Access Training Programs (up to 10 American Corners, 10 IATPs);
- Training of Afghan media staff and country-wide media tours for Kabul-based journalists;
- Outreach/media tours to build support (primarily in Europe)for the Afghanistan mission;
- English teaching programs;
- University journalism programs;
- Provincial level public diplomacy grants; and
- Development of linkages between universities in Afghanistan and the U.S.

Interagency Staffing Surge: \$137,600,000

As part of a coordinated approach to building Afghanistan Government capacity, the Department is also requesting resources to expand U.S. Government civilian efforts in agriculture, justice, customs and border management, health, finance, and aviation. These civilian capacity-building efforts are essential complements to the military operations to stabilize communities at the provincial level and strengthen Afghan Government capacity.

Afghanistan Air Mobility: \$17,000,000

Operations and Maintenance (O&M): \$17.0 million. The FY 2009 supplemental request includes \$17.0 million to continue aviation support to the post initiated with FY 2008 supplemental and FY 2009 bridge funding. Funding was provided for the acquisition of two light/medium fixed-wing and four light/medium rotary-wing aircraft. The request includes full-year costs for operations and maintenance for the six aircraft.

D&CP – Pakistan Operations

(\$ in thousands)

| Appropriations | FY 2009 Supplemental Request |
|--|------------------------------------|
| D&CP – Pakistan Operations | |
| Staffing Surge | 5,562 |
| Public Diplomacy | 30,900 |
| Total, D&CP – Pakistan Operations | 36,462 |

Overview

Pakistan presents enormous dangers and enormous rewards for U.S. diplomacy. The change in the Government of Pakistan has brought challenging new opportunities for improved bi-lateral cooperation and engagement, while the ongoing insurgency in the Federally Administered Tribal Areas and North-West Frontier Province continues to threaten Pakistan’s stability and vital U.S. national security interests. To manage these challenges, Embassy Islamabad and its three constituent posts (Karachi, Peshawar, and Lahore) require additional resources to support essential new programs, and to expand existing operations that capitalize on increased engagement with Pakistan. Additional security personnel and equipment, security improvements around the Diplomatic Enclave, and additional administrative funding (including new LE Staff and equipment) are required to support the management and oversight of the expanded programs. Funding covers interim space configuration changes and improvements to safely accommodate U.S. employees while new permanent facilities are designed and built.

Staffing Surge: \$5,562,000

The FY 2009 supplemental funding requested for U.S. Mission operations and other support activities is \$5.6 million, including:

- Locally Engaged Staff: \$1.2 million. Funds for additional 78 LE Staff positions to implement new programs and provide administrative support.
- Annualization of FY 2008 Supplemental: American Staff and LE Staff: \$3.8 million. Full-year support costs for initial 31 American direct-hire positions and LE Staff.
- Travel: \$0.4 million. Increased in-country travel among the U.S. Mission’s locations to coordinate and monitor developing programs.
- FSI Training: \$0.2 million. Funds will support training for the Department of State’s and other agencies’ activities within Pakistan.

Public Diplomacy Programs: \$30,900,000

The Department is requesting an additional \$30.9 million in supplemental funding to enhance its key Public Diplomacy efforts in Pakistan. This funding level would allow the Department to focus its programs on specific high target areas that would provide the greatest return on its investment. In addition to supporting four positions (two American and two LE Staff), the funds would be used for projects including outreach to key influencers that have immediate results, expand English language opportunities, enhance communications and journalism programs, translate books, and counter violent extremism through concentrated advertising campaigns. The combination of these efforts would demonstrate U.S. commitment to a long-term, multi-faceted partnership with the Pakistani people.

Specific projects include:

- Youth TV and radio programming/media training;
- Multi-media campaign to counter violent extremism;
- Programs to support public relations capacity;
- Support for moderate local programs and organizations;
- Public awareness outreach; and
- Expansion of English language programs and opportunities.

Diplomatic and Consular Programs – Worldwide Security Protection

(\$ in thousands)

| Diplomatic and Consular Programs – Worldwide Security Protection | FY 2009 Supplemental Request |
|---|------------------------------------|
| D&CP - Worldwide Security Protection | |
| Afghanistan Security Operations | 101,545 |
| Pakistan Security Operations | 9,078 |
| Life Safety Program | 7,360 |
| Total, D&CP – Worldwide Security Protection | 117,983 |

Afghanistan Security Operations: \$101,545,000

The protective operations activity in Kabul has increased significantly over the last year. With additional personnel and the opening of a new regional Embassy office in Herat, the Department will require dedicated security personnel support. Security personnel will also need to visit provincial reconstruction teams (PRT) more frequently so that security officers can liaise with the PRT commanders and gain a better understanding security conditions in the field. It is anticipated that there will be eight to 10 possible new PRTs and other teams located throughout Afghanistan. Increased security personnel, including 31 U.S. full-time employees (FTE) and non-career positions, will be required not only for these new operations, but also for existing operations as well to address increasing threats from the Taliban.

Workload will also increase because of the projected staff increases. Currently, there are approximately 3,600 PSCs in country, working for or connected to USAID projects, and this number is anticipated to grow as USAID receives increased funding.

- **Security Staffing: \$6.6 million.** The Department seeks funding for an additional 11 FTE and one LE Staff to support the increased number of PRTs and Embassy mission personnel. Of the 11 FTE positions, nine are for Assistant Regional Security Officers, one is for an office management specialist, and one is for a security technician specialist.
- **Contract Oversight: \$9.0 million.** The Department requests funding for 20 limited non-career appointment Security Protective Specialists to provide for direct WPPS contractor oversight of protective details in Kabul, which will parallel Iraq WPPS contractor oversight operations currently on-going.
- **Regional Embassy Office - Herat: \$71.1 million.** The Department’s request supports security requirements to open a Regional Embassy Office in Herat including physical security (\$5.5 million), a guard force, protective details, as well as a quick reaction force team (\$65.6 million).
- **Physical Security - Kabul: \$7.3 million.** Physical security upgrades are also required in Kabul due to increased staffing and the number of PRTs (\$5.0 million). In addition, the

Department requires equipment to support increased security for field missions and other security measures including explosive detection systems, electronic countermeasures, and Iridium Blue Force Tracker (\$2.0 million). Blue Force Tracking is a U.S. military term used to denote a Global Positioning System using Iridium satellites to track the movements of USG personnel and provides officials with location information about friendly (and hostile) military forces. The Department must also replace one tactical armored vehicle (a Bearcat) at a cost of \$0.3 million. The replacement cycle for these vehicles in Afghanistan is one year.

- **Training and Administrative Support: \$7.5 million.** The Department must augment its training to accommodate increased number of personnel being sent to post (\$4.5 million). Funding primarily will support expanded Foreign Affairs Counter Threat course capacity. This course is mandatory for all personnel in Afghanistan and Pakistan. In addition, the Department requires additional personal services contractors to provide increased administrative support domestically (\$3.0 million).

Pakistan Security Operations: \$9,078,000

In response to critical security threats in Pakistan that have increased significantly in recent months, the Department requires a heightened security stance not only in Islamabad but throughout the country. Supplemental funds are being sought for security operations to cover recurring costs initially funded through the reprogramming of Iraq supplemental funds for additional personnel and an on-going heightened security posture in country.

Recurring requirements by post are:

- **Islamabad: \$0.5 million** – Supports LE Administrative Staff and two mobile patrols-rapid reaction forces.
- **Peshawar: \$1.0 million** – Supports administrative support staff including one Office Management Specialist FTE, surveillance detection specialists, and two mobile patrols-rapid reaction force.
- **Karachi: \$0.6 million** – Support administrative staff including one Office Management Specialist FTE and one mobile patrol-rapid reaction force.
- **Lahore: \$1.1 million** – Supports administrative staff including one Office Management Specialist FTE, one Assistant Regional Security Officer FTE, and one mobile patrol-rapid reaction force.
- **High Threat Protection: \$5.9 million** – Supports two protective security teams in Peshawar, including salary, training, equipment, travel and insurance costs. Each detail consists of a Shift Leader, three Protective Security Specialists (PSS), one PSS/Emergency Medical Technician, one PSS/Translator, and two PSS/Defensive Marksmen, for a total of 16 personnel. There is a two-person management and administration section consisting of a project manager and an administrative and logistics specialist. Logistics support will include

living space and equipment, medical services, vehicle maintenance, armory and ammunition, weapons, and vehicle fuel. Funding also provides for training and mobilization/demobilization costs.

Life Safety Program: \$7,360,000

The Department requests \$7.4 million for contract personnel, equipment, travel and software to support counterinsurgency initiatives in Pakistan and Afghanistan. Both missions have expanded operations and funding is necessary to establish permanent, requisite capabilities in the Blue Force Tracker program.

- Contract Personnel: \$5.9 million - One program manager and nine associate field engineers.
- Equipment: \$1.0 million - Nine tempest systems and six large screen monitors, 300 tracker devices, antennas, airtime, and software.
- Travel: \$0.4 million – In-country travel and per diem for nine personnel.

Diplomatic and Consular Programs – Ongoing Operations

(\$ in thousands)

| Diplomatic and Consular Programs – Ongoing Operations | FY 2009 Supplemental Request |
|--|------------------------------------|
| D&CP – Ongoing Operations | |
| Office of the Coordinator for Counterterrorism (S/CT) | 7,270 |
| Office of the Secretary | 8,500 |
| Bureau of Administration | 12,600 |
| Total, D&CP – Ongoing Operations | 28,370 |

D&CP Ongoing Operations: \$28,370,000

Office of the Coordinator for Counterterrorism: \$7.3 million.

The Office of the Coordinator for Counterterrorism (S/CT) must sustain a high tempo of operations for dealing with ongoing challenges in Pakistan, Afghanistan, Iraq, Yemen, India and other key countries. Additional resources are required to support critical regional initiatives, counter-radicalization efforts, vital capabilities assessments, and required travel.

- Personnel: \$1.3 million – New domestic S/CT personnel are needed to provide oversight of counter-terrorism programs and budgets, and staff growing programs; cover key regional desks currently understaffed; and increase S/CT’s engagement in Homeland Security issues. An additional six civil service and two Foreign Service positions are requested, plus \$0.2 million for support of those personnel.
- Regional Strategic Initiative (RSI): \$2.0 million – The Department created the RSI program to better address the transnational threats that terrorism poses and promote cooperative counterterrorism (CT) strategies in high-priority regions. Working under the NSC’s regional CT guidance, RSIs serve as the “connective tissue” between USG strategic policy objectives and cooperative operational requirements around the world. This program provides a more effective tool for S/CT to facilitate multiple countries working together on regionally-focused CT programs, coordinated with Regional Bureaus and Chiefs of Mission. RSI’s current budget is \$0.7 million. \$2.0 million is requested to fund more effective operations of the RSI programs, including regional meetings, contract support, and travel funds, to administratively support RSI Foreign Assistance programs. The \$2.0 million would be split among eight RSIs to provide operational funds for bi-annual RSI meetings overseas and in Washington, DC, to include travel, lodging, and per diem for participants, both USG and foreign. RSIs currently exist for East Africa, Trans-Sahara, Western Mediterranean, Eastern Mediterranean, Iraq, Southeast Asia, South Asia, and Western Hemisphere. Funds would also support contract personnel in Washington, DC for the purpose of ensuring continuity and program follow-up between meetings, and coordination with the interagency community on RSI-related activities.

- Assessments/Sustainment Programs: \$2.0 million – The request includes an increase for S/CT to lead more cohesive expanded assessments that cover multiple objectives, such as terror financing capabilities, law enforcement, counter-radicalization, border security, and terrorist interdiction, in partnership with INL, PM, ISN, DS and other bureaus and outside agencies.
- Travel: \$2.0 million – S/CT participation in bilateral, multilateral, and interagency meetings is critical to its leadership and ability to fulfill its mission. Additional funding will allow new personnel to expand coverage of program reviews, interagency meetings, international conferences, where S/CT will lead discussions on critical counterterrorism challenges.

Office of the Secretary: \$8.5 million

In order to be successful in its efforts to take on new and expanded responsibilities in this new era of diplomacy, the Department must have adequate resources to support new policy positions. The requested funding will support the new Deputy Secretary of State for Resources and Management, the Special Representative to Afghanistan and Pakistan, the Special Envoy to the Middle East, the Special Envoy for Climate Change, the Special Envoy for North Korea, and the U.S. Ambassador to the United Nations, a cabinet-level position. These funds will support 65 domestic positions including IT equipment and communications equipment.

American Red Cross Building: \$10.2 million

The likely enacted FY 2009 Omnibus Bill includes an increase of 525 positions, the first year of implementation of the Administration's Foreign Service Initiative that seeks to increase Foreign Service staff by twenty five percent through FY 2012. The Department must be able to accommodate this hiring surge and ensure that adequate space is available to house new hires. Therefore, it is imperative that the Department acquire the American Red Cross (ARC) building now, to implement both the FY 2009 hiring surge and the continuation of the Administration's staffing initiative in FY 2010 and beyond. ARC has offered the Department an opportunity to acquire a large portion of their building located across the street from the Harry S Truman Building (HST). This project will provide the required swing space to accommodate offices that will be displaced by the HST Phase 1C renovation. The Department will also face critical space shortfalls with the planned destruction and reconfiguration of office space currently located in Rosslyn, VA. Funding requested would allow the Department to seize this favorable opportunity to acquire the building and provide a smooth transition for hundreds of employees.

American Pharmacists Association Building: \$2.4 million

The Department is implementing a congressionally-directed request to co-locate all Public Diplomacy elements with its central offices at the Harry S Truman (HST) building. This will be accomplished by relocating the Bureau of International Information Programs from State Annex 44 to the American Pharmaceutical Association building adjacent to the HST building in the summer of 2009. Recently revised moving costs include an additional \$2.4 million to fund installation of computer networks and specialized equipment. This investment is essential for the

Department to fully leverage desktop software and capabilities in the new building. The requested funding is urgently needed for equipment and make-ready costs required to ensure that the American Pharmaceutical Association Building schedule remains in tact for the projected June move-in date.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

(\$ in thousands)

| Embassy Security, Construction, and Maintenance | FY 2009 Supplemental Request |
|---|------------------------------|
| Embassy Security, Construction, and Maintenance | |
| Afghanistan | 87,028 |
| Pakistan | 806,200 |
| Mail Screeners | 5,500 |
| Total, Embassy Security, Construction, and Maintenance | 898,728 |

Embassy Security, Construction, and Maintenance: \$898,728,000

Funding of \$898.7 million is required to provide secure facilities and housing for U.S. Mission staff, including:

- Afghanistan: \$87.0 million. The request includes \$87.0 million for the acquisition of a 30- to 40- acre site. The Department is working to develop both short and long-term facility strategies for this location and is currently negotiating with landowners of adjacent sites regarding potential purchase for Embassy expansion.

Currently there are 394 occupants that are being accommodated in both permanent and temporary housing in Kabul. The Department is actively considering a range of strategic options to increase berthing and office space to house approximately 567 personnel by the end of 2011. These options include placing additional trailers on current space available in the compound, utilizing the Ministry of Health property adjacent to the embassy compound, and the possibility of doubling up in current housing and as additional units are brought online. As the FY 2009 supplemental is being considered by Congress, the Department will continue to look at additional options to accommodate the growth in personnel.

- Pakistan: \$806.2 million. Given the deteriorating security situation, the Department urgently requires new secure and safe facilities at several posts in Pakistan. The FY 2009 supplemental request includes: \$111 million for the construction in Islamabad of a new annex to accommodate 330 desks; \$405 million for the renovation or replacement of the existing chancery to accommodate 645 desks; \$5 million for marine security guard quarters; \$18 million for general service office (GSO) facilities (to include temporary swing space for the CAFE, offices, demolition, warehouse additions, support facilities, utility building, commissary/GSO, service Compound Access Control, and roads and perimeter wall); \$108 million for permanent housing of 156 units; \$36 million for 80 units of temporary duty quarters and community support; and \$53.5 million to support the necessary infrastructure to include all utilities, parking and roads.

The request also includes \$29.6 million for the acquisition, mitigation, and development of sites for the future construction of new consulate facilities in Lahore, and \$40.1 million for a new embassy compound and housing in Peshawar.

- Mail Screening: \$5.5 million. The request also includes funds for the deployment of mobile mail screening units to protect USG employees at various high risk facilities.

**SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN
RECONSTRUCTION (SIGAR)**

(\$ in thousands)

| Special Inspector General for Afghanistan Reconstruction | FY 2009 Supplemental Request |
|---|---|
| Special Inspector General for Afghanistan Reconstruction | 7,201 |

Special Inspector General for Afghanistan Reconstruction: \$7,201,000

The Office of the Inspector General for Afghanistan Reconstruction (SIGAR) is requesting \$7.2 million in FY 2009 supplemental funding. This would bring SIGAR’s total FY 2009 funding to \$23.2 million. Previous appropriations have allowed SIGAR to hire 38 professional staff, including 10 auditors and five inspectors. These funds will allow SIGAR to hire an additional 31 professional positions and nine locally employed staff positions (interpreters) which are critical to the effective audit, investigations, and inspections activities related to the reconstruction of Afghanistan. Since 2001, the United States has committed almost \$32 billion in humanitarian and other aid to Afghanistan. This amount constitutes the largest single contribution of any nation to Afghanistan reconstruction. Given the oversight responsibility mandated to SIGAR, these supplemental funds will provide for the detailed assessments, evaluation, and analysis necessary to effectively oversee this funding, as well as for costs of supporting staff in Kabul.

- Personnel Compensation: \$4.3 million. SIGAR employs personnel appointed to the excepted service and assigned to either the Washington metropolitan area or Afghanistan under 13-month appointments. Base salaries for the 31 professional positions are \$2.4 million. An additional \$1.9 million supports compensation above basic pay (including overtime, post-differential, danger, and holiday pay), plus expenditures for benefits as well as incentives to recruit and retain personnel, such as extended assignment incentives, and relocation and other expenses related to permanent change of station.
- Travel and Transportation: \$2.2 million. As a result of the agency’s mandate, SIGAR is required to conduct audits, inspections, and investigations throughout the United States and Afghanistan. Additionally, personnel deployed to Afghanistan will require housing and associated services for 20 staff in country. This request includes costs for International Cooperative Administrative Support Services (ICASS) charges for 25 staff at Embassy Kabul, regional rest breaks, and travel to and from Afghanistan and within the United States.
- Rent, Communications, and Utilities: \$0.3 million. This request includes additional office space in the Washington metropolitan area (\$0.1 million) and IT equipment/services for personnel in both the United States and Afghanistan (\$0.2 million).

- Contractual Services and Supplies: \$0.4 million. SIGAR requires \$0.2 million for nine interpreters in Afghanistan, (six in Kabul, one in Bagram, and two in Kandahar). SIGAR will procure interpreter services via government contracts with foreign nationals over a 12-month period. This category also includes \$0.2 million for shipping costs to and from Afghanistan, professional liability insurance, and training required to maintain professional certifications in Auditing, Investigation, and Engineering.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES (CIPA)

(\$ in thousands)

| Contributions for International Peacekeeping Activities | FY 2009 Supplemental |
|--|-------------------------|
| Contributions for International Peacekeeping Activities | |
| UN Mission in the Democratic Republic of Congo | 163,838 |
| UN Mission in the Central African Republic and Chad | 218,533 |
| Sustain Existing Operations | 454,529 |
| FY 2009 CIPA Supplemental Request | 836,900 |

Since the submission of the FY 2009 budget to Congress, further information has become available on the pace of downsizing and completion of a few key successful UN peacekeeping operations as well as the transition and increase of several missions.

The Department of State is requesting \$836.9 million in supplemental funds in order to sustain U.S. peacekeeping contributions through FY 2009. Failure to obtain the funding outlined in this supplemental request would strain critical UN peacekeeping operations because of insufficient funding. Deployments and reimbursements to troop-contributing countries – primarily poor developing countries – will be significantly delayed jeopardizing the mission. Requested supplemental funding will support the following.

MONUC (Democratic Republic of Congo): \$163,838,000

When an October 2008 offensive by one rebel group threatened MONUC operations in eastern Congo, the UN Secretariat asked the Security Council to authorize an increase in MONUC's troop ceiling. In December 2008, the UN Security Council renewed and extended MONUC's mandate which reinforced the previous Security Council decision to increase the mission's military and police ceiling. The additional funding will support the increased cost associated with the enhanced presence in eastern Congo, including deployment of a mandated increase in military and police strength by 3,085 personnel. The mission has an extensive mandate to help implement a peace process to resolve the Congo's multifaceted conflicts, protect civilians, and maintain the security of humanitarian operations, disarm, demobilize, and reintegrate ex-combatants, train the Congolese armed forces, and support their operations against recalcitrant armed groups. The requested amount provides \$44 million toward the expansion of the mission, and \$119.8 million toward covering estimated shortfalls.

MINURCAT (Transition from Police Mission to Military Peacekeeping Operation, Central African Republic and Chad): \$218,533,000

The Department's initial FY 2009 request was based on the small police mission's slow start. However, on January 14, 2009 the UN Security Council adopted a resolution extending the

mission until March 2010 and authorized a UN peacekeeping presence of 5,200 troops to replace the European Union forces scheduled to begin draw down in March 2009. This follow-on force, under UN command and control, will entail significantly higher costs than the current UN police mission resulting in an estimated \$126.0 million increase for the USG's share of assessed costs. In addition, the request supports \$92.5 million toward covering estimated shortfalls for FY 2009.

Sustain Existing Operations: \$454,529,000

This supplemental request includes a significant down payment towards long-standing arrearages and shortfalls for U.S. peacekeeping assessments. The U.S. cannot continue to advocate for peacekeeping operations while failing to fund assessed contributions. This \$454.5 million will cover the \$51.0 million FY 2008 shortfall and \$403.5 million to pay for FY 2009 estimated shortfalls. The UN General Assembly budgets from June 2008 for all peacekeeping missions are substantially higher than FY 2009 budget estimates. This request will allow the USG to pay its share of UN peacekeeping assessed costs during FY 2009 to ensure that established missions carry out their mandates and meet their benchmarks.

A portion of these funds may be used to pay UN assessments attributable to a logistics and support package to the African Union Mission in Somalia (AMISOM) called for by UN Security Council Resolution 1863.

A key element in sustaining existing missions is to address accumulated cap-related arrears from FY 2005 through FY 2009 totaling about \$174 million. These funds will help address these arrears as well. Language authorizing payment of these arrearages was in the FY 2009 President's Budget.

With the enactment of this request, CIPA is estimated to have no arrears at the end of FY 2009.

FY 2009 SUPPLEMENTAL APPROPRIATIONS JUSTIFICATION

DEPARTMENT OF STATE AND U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

RESOURCE REQUEST SUMMARY FOR FOREIGN OPERATIONS

(\$ in thousands)

| Account | FY 2009 Supplemental Request |
|---|---|
| Development Assistance | 38,000 |
| Economic Support Fund | 2,874,500 |
| Peacekeeping Operations | 50,000 |
| Foreign Military Financing Program | 98,400 |
| International Narcotics Control and Law Enforcement | 389,500 |
| International Military Education and Training | 2,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs | 122,000 |
| FREEDOM Support Act | 242,500 |
| Migration and Refugee Assistance | 293,000 |
| International Disaster Assistance | 200,000 |
| PL 480 | 300,000 |
| USAID Operating Expenses | 152,600 |
| USAID Capital Investment fund | 48,500 |
| Total | 4,811,000 |

DEMOCRATIC REPUBLIC OF THE CONGO (\$10 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 23,418 | 0 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 18,846 | 12,500 | 10,000 | 41,000 | 0 |
| Foreign Military Financing (FMF) | 397 | 0 | 0 | 600 | 0 |
| Global Health and Child Survival (GHCS) | 43,903 | 0 | 0 | 33,519 | 0 |
| International Narcotics Control and Law Enforcement (INCLE) | 1,488 | 0 | 0 | 1,700 | 0 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 0 | 0 | 0 | 300 | 0 |
| International Military Education and Training (IMET) | 477 | 0 | 0 | 500 | 0 |
| P.L. 480, Title II | 9,930 | 0 | 0 | 12,000 | 0 |
| Peacekeeping Operations (PKO) | 5,455 | 0 | 20,000 | 5,500 | 10,000 |
| TOTAL | 103,914 | 12,500 | 30,000 | 95,119 | 10,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961

Summary

The United Nations mission (French acronym MONUC) is presently the only reliable security force in the Democratic Republic of the Congo (DRC). A well-trained DRC military is critically needed in advance of MONUC's eventual departure. Supplemental resources will be used to continue to reform the Armed Forces of the DRC (FARDC) and support efforts of the Government of the DRC to create a professional rapid reaction force (RRF) that protects the population against illegal armed groups operating inside its borders, respects and defends human rights, contributes to stability in the region, and is properly maintained and supported by the Government. Funds will be used to develop key functional areas of the FARDC (personnel, budget, training, and logistics) and to establish a model, professional unit from which Congolese military trainers will be drawn as part of the longer-term reform of the military.

\$10 million Peacekeeping Operations (PKO)

Peace and Security (\$10 million)

Supplemental resources will be used to support two phases of military training to develop the RRF. The first phase will focus on command-and-control training for the RRF commanders and training for a cadre of 30 instructors. The second phase will involve training for the entire 650-person RRF, including the commanders and the cadre of instructors who will have participated in the first phase of training. Funds will cover the costs of trainers, advisors, training materials, individual and unit equipment (including vehicles, communications equipment and fuel) and logistics support. Funds will also be used to refurbish infrastructure at the second-phase training site, and to transport personnel and equipment.

KENYA (\$38 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 32,125 | 0 | 5,000 | 42,750 | 38,000 |
| Economic Support Fund (ESF) | 0 | 12,000 | 25,000 | 0 | 0 |
| Global Health and Child Survival (GHCS) | 541,263 | 0 | 0 | 520,240 | 0 |
| International Narcotics Control and Law Enforcement (INCLE) | 0 | 0 | 0 | 100 | 0 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 5,777 | 0 | 0 | 5,500 | 0 |
| International Military Education and Training (IMET) | 524 | 0 | 0 | 750 | 0 |
| Foreign Military Financing (FMF) | 198 | 0 | 0 | 100 | 0 |
| P.L. 480, Title II | 6,951 | | | | |
| TOTAL | 586,838 | 12,000 | 30,000 | 569,440 | 38,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The political accord following the post-election violence in 2008 has presented an unparalleled opportunity for Kenyans to address longstanding unresolved issues. To address the root causes of the post-election violence requires additional resources to bolster prospects for success and sustainability of the political accord, which is critical to the future stability of Kenya and, therefore, to U.S. interests. The supplemental funds requested will continue to address fundamental underlying causes of the post-election violence and support national and local reform efforts to improve governance and economic opportunities. Funds being requested will: (1) support peace and reconciliation efforts still needed in specific areas where the potential for renewed unrest remains high; (2) support the political accord and constitutional, electoral and institutional reforms that will improve governance, transparency and accountability, including at the local level; and (3) promote economic development opportunities, especially for youth, to address poverty and inequality.

\$38 million Development Assistance (DA)

Peace and Security (\$1.5 million)

Community-based and faith-based organizations, as well as the National Steering Committee on Conflict Management and Peace Building, require ongoing additional support for programs related to peace and reconciliation, in addition to the \$5 million that has thus far been allocated from previous funding sources. A range of demographic segments, in particular women and youth, will receive support.

Governing Justly and Democratically (\$13 million)

To support reforms emanating from the National Accord, resources will target key government and non-government institutions at both the national and local levels to improve governance, anti-corruption efforts and strengthen meaningful engagement with citizens, constituents, and civil society. Activities will focus on improving accountability and transparency by building the capacity of government agencies and civil society to inform their constituents and be accountable to the citizenry. There will also be specific actions to support electoral, constitutional, and other reforms to improve the governance structure to prevent another election crisis in 2012 and develop new leaders for the future. By focusing on key underlying governance issues, these activities will complement other efforts to support the National Accord, and local and national peace building efforts.

Economic Growth (\$21.5 million)

Seventy-five percent of Kenya's youth are either unemployed or underemployed. Youth played an active role in the two-month post-election violence. Robust support will be provided to address the multiple factors that impede the ability of Kenyan youth to develop viable entrepreneurial skills, engage as citizens in local and national issues that affect them and act as positive forces for change in their communities. The development of viable livelihood skills will span the range of productive enterprises available in Kenya, including agriculture, microenterprise, marketing and public service. Resources will target skills development, training opportunities, access to finance, marketing development, and other skills to assist them in having lucrative employment and self-reliance.

Program Support (\$2 million)

Human resource requirements to ensure timely and effective implementation of these substantial and important programs demand hiring of additional international and local staff. Funds will assist in providing personal services to oversee programs through rigorous monitoring and evaluation as well as documentation of best practices so that some of these activities may serve as potential models for adoption by the Government of Kenya.

SOMALIA (\$40 Million)

| Account <i>(\$ in thousands)</i> | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------------|-------------------------------|--|-----------------------------------|---|
| Development Assistance (DA) | 10,419 | 0 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 0 | 0 | 0 | 20,250 | 0 |
| Global Health and Child Survival (GHCS) | 748 | 0 | 0 | 8,480 | 0 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 754 | 0 | 0 | 0 | 0 |
| Peacekeeping Operations (PKO) | 2,281 | 0 | 67,000 | 11,600 | 40,000 |
| TOTAL | 14,202 | 0 | 67,000 | 40,330 | 40,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The recent withdrawal of Ethiopian forces from Somalia and the elevation of moderate Islamist leader Sheikh Sharif Sheikh Ahmed to the Presidency of the Transitional Federal Government (TFG) are important developments that present the United States Government (USG) with a unique opportunity to help restore some stability to Somalia. The progress made on the political front remains fragile, and Somalia is facing one of the worst humanitarian crises in the world. Supplemental funding will be used to support and expand the African Union Mission to Somalia (AMISOM), so that it can better provide security for participants in the Somali peace process and protect humanitarian access within its area of operations. It may also be used for security sector reform in Somalia, particularly with respect to counterterrorism and counterinsurgency missions. The success of these efforts will be critical to the stabilization of the security situation in South-Central Somalia and the successful implementation of the Somali peace process, also known as the Djibouti Process. The Administration's request includes language to allow up to \$50 million to be transferred to the Peacekeeping Operations account from the Contributions to International Peacekeeping Activities account, in case additional bilateral funds are required to support AMISOM.

\$40 million Peacekeeping Operations (PKO)

Peace and Security (\$40 million)

Funding will first and foremost be used to provide non-lethal equipment, logistical support, and semi-permanent basing facilities to newly deploying and existing AMISOM units. Increased USG support will improve operational effectiveness, bring some of these units closer to the United Nations standards and support new troop contributions. Funding may also be directed towards Security Sector Reform (SSR) efforts. Some funding will pay for equipment and logistical support for training efforts for Somali troops by Tanzania, Uganda, Rwanda, and other nations in the region that will implement the training activities. Training may also be conducted or facilitated by USG contracted trainers.

ZIMBABWE (\$45 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|---|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 4,729 | 0 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 0 | 5,000 | 15,000 | 26,000 | 45,000 |
| Global Health and Child Survival (GHCS) | 22,483 | 0 | 0 | 19,433 | 0 |
| TOTAL | 27,212 | 5,000 | 15,000 | 45,433 | 45,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

To be successful, Zimbabwe's transition will require a significant infusion of capital and program investment in both the short- and long-term. The supplemental funding requested will support Zimbabwe's transitional government which was agreed to under the Global Political Agreement. Specific objectives for this funding include assisting in drafting a new constitution; conducting preparatory work for new elections; helping to reform governmental institutions and processes; strengthening local government; supporting economic stabilization and recovery; and providing a humanitarian safety-net for those most adversely affected by economic instability.

Non-humanitarian assistance will be closely linked to genuine progress on governance and democracy, and the achievement of donor-agreed principles and benchmarks. Any approved assistance would be targeted only toward reform-minded elements of the new transition government and a variety of civil society and other private entities to press the government for reforms in accordance with the Hague "Principles for International Engagement with Zimbabwe."

These reforms include: (1) full and equal access to humanitarian assistance; (2) commitment to macroeconomic stabilization; (3) restoration of the Rule of Law, including enforcement of contracts, an independent judiciary, and respect for property rights; (4) commitment to the democratic process and respect for internationally accepted human rights standards, including a commitment to freedom of expression, freedom of print and broadcast media, freedom of assembly, and freedom of association; and (5) commitment to timely elections held in accordance with international standards, and in the presence of international election observers.

It is hoped that stabilization can proceed at faster rates than in most transitional countries. This is due to Zimbabwe's historically higher development achievements relative to other African transitional states, its proximity to South Africa, its societal resilience, and an infrastructure base that has managed to survive the onslaught of Robert Mugabe's destructive policies. With a substantial, well-managed transition budget programmed for quick-impact implementation, future U.S. foreign assistance can advance more quickly into traditional development programs with a goal of eventual "graduation."

\$45 million Economic Support Fund (ESF)

Governing Justly and Democratically (\$9.1 million)

Funding is targeted at re-establishing and strengthening democratic institutions, processes and systems, and to build peaceful consensus on democratic reform. Institutional reform programs will include provincial and local government assistance aimed at enhancing efficiency within the branches of government while improving interaction between them. This assistance will complement on-going technical assistance at the legislative and executive level. Funding will also support preparatory elections activities. The next elections are expected to be held within 18-24 months. Illustrative activities include assistance to repeal and/or revise unjust laws, promote national dialogue and referenda on key issues, advocate for the protection of human rights, institutionalize a credible electoral system, strengthen civil society's ability to advocate on its own behalf, and create the environment and journalistic skills for free media to operate.

Investing in People (\$18 million)

Increased social assistance, primarily safety net support, will be provided to protect the vulnerable Zimbabwean population during the process of stabilization. Social assistance will be centered around improving rural livelihoods through income-generation activities; creating employment opportunities for youth and the general populace (through quick win projects such as public works initiatives); improving national and local level safety net structures; and, assisting returnees to return and reintegrate into society. In addition, funding will support emergency health interventions aimed at maintaining the collapsing public and private health care system. Toward this end, planned assistance would be more humanitarian rather than developmental, and would be focused on procurement of essential commodities, in-service training, logistics management, control of potential epidemics, and maternal and child health.

Economic Growth (\$17.9 million)

Demonstrated commitment to political and economic reform will open the way for International Financial Institutions to undertake a large-scale macro-economic recovery program. USAID will provide targeted technical assistance in support of monetary and fiscal policy reform (e.g., establishment of effective budgetary policy and revenue collection systems) and economic revitalization, specifically for the agricultural sector.

BURMA (\$13 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|---|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 717 | 0 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 12,895 | 0 | 5,300 | 13,750 | 13,000 |
| Global Health and Child Survival (GHCS) | 2,083 | 0 | 0 | 2,100 | 0 |
| TOTAL | 15,695 | 0 | 5,300 | 15,850 | 13,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

Supplemental funding of \$10 million is requested for continued cyclone response in Burma. This funding will meet ongoing humanitarian needs, demonstrate U.S. commitment to the Burmese people, and support individual and community recovery in the cyclone-affected area.

In addition, humanitarian assistance programs along the Thailand-Burma border support over 140,000 people in refugee camps, approximately 500,000 displaced persons inside Burma along the border with Thailand, and approximately one million displaced persons and migrants on the Thailand side of the border. Three million ESF (plus an additional \$3 million in Migration Refugee Assistance requested separately) is required to support critical life-sustaining assistance programs.

\$13 million Economic Support Fund (ESF)

Humanitarian Assistance (\$13 million)

Supplemental funding would support a program inside Burma to provide community-based socio-economic recovery, livelihoods rehabilitation, and other post-disaster assistance in a continuing humanitarian response to the May 2008 cyclone. The assistance would be delivered through non governmental organization (NGO) partners already operating or recently working in Burma. No assistance will flow to or through the Burmese government, its bureaucracy, or regime-affiliated organizations. The humanitarian assistance would be delivered in a manner that empowers communities and non-governmental civil society organizations to provide goods and services. Programs would build on current post-Nargis response activities that support livelihood rehabilitation and restoration, including cash-for-work activities to rehabilitate villages and communities, income generation, management and skills training for survivors, and cross-village training to maximize associational networks and develop trust. The programs may support community-based infrastructure tied to livelihood activities, but would not support major infrastructure or reconstruction.

On the border, \$3 million is requested to stabilize funding for humanitarian activities for Burmese refugees and migrants in Thailand and internally displaced persons (IDPs). Last year's

cost increases due to commodity prices and exchange rates forced this program to cut service provision across its entire program, including cutting food rations. Supplemental funding will be used to improve access to health and education services for the neediest refugee and migrant populations in Thailand. These resources will support IDPs, including health clinics and health surveillance and information systems, and training for health workers. Assistance will also be provided to increase organizational capacity and management skills of non-governmental organizations and refugee, migrant, and IDP community leaders; to improve coordination and foster long-term planning and advocacy on IDP issues amongst stakeholders working on refugee issues through information-sharing forums; and to raise awareness of migrant rights and obligations through national institutions in Thailand. The principal implementer is the International Rescue Committee.

NORTH KOREA (\$142 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Economic Support Fund (ESF) | 53,000 | 53,000 | 15,000 | 2,000 | 95,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 0 | 0 | 0 | 0 | 47,000 |
| TOTAL | 53,000 | 53,000 | 15,000 | 2,000 | 142,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The United States seeks the earliest possible peaceful and verifiable denuclearization of the Korean Peninsula and is committed to peace, security, and regional stability in Northeast Asia. The United States also looks forward to improvements on the Korean Peninsula that will lead to a situation where individuals in North Korea can live in freedom and prosperity. The North Korean rocket launch on April 4 reiterates the importance of denuclearization. FY 2009 supplemental funding for Phase III of the Six-Party Talks will ensure that the United States is prepared to take timely and effective action to implement the dismantlement of North Korea's nuclear facilities. It will also ensure the United States is in a position to provide North Korea with continued, timely energy assistance if North Korea takes the needed steps to fully denuclearize.

\$95 million Economic Support Fund (ESF)

Economic Growth (\$95 million)

Supplemental ESF funds will support the purchase and shipment of heavy fuel oil (HFO) to be provided in return for nuclear dismantlement actions by North Korea leading to full denuclearization. This cost estimate provides for the purchase and delivery of four shipments of 50,000 tons of heavy fuel oil and will require accompanying notwithstanding authority.

\$47 million Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)

Peace and Security (\$47 million)

Supplemental NADR funds appropriated for the Nonproliferation and Disarmament Fund (NDF) will support State Department Phase III dismantlement activities; specifically, labor (\$28 million), equipment (\$9 million), program support costs in Pyongyang and Embassy Beijing (\$2 million), and logistical support inside North Korea (\$8 million). Logistical support would include travel, training, equipment, translation, examining methods to disable and dismantle nuclear-related facilities, and removal of fissile material from North Korea.

GEORGIA (\$242.5 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | *FY 2009 Request | FY 2009 Supp Request |
|---|---------------------|-----------------|---------------------|----------------------------|
| Assistance for Europe, Eurasia and Central Asia (AEECA) | 0 | 0 | 0 | 242,500 |
| Economic Support Fund (ESF) | 0 | 315,000 | 0 | 0 |
| FREEDOM Support Act (FSA) | 50,091 | 0 | 52,000 | 0 |
| Foreign Military Financing (FMF) | 9,000 | 0 | 11,000 | 0 |
| Global Health and Child Survival (GHCS) | 750 | 0 | 850 | 0 |
| International Military Education and Training (IMET) | 761 | 0 | 1,000 | 0 |
| Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) | 3,210 | 0 | 2,200 | 0 |
| TOTAL | 63,812 | 315,000 | 67,050 | 242,500 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

Major economic, social and political consequences from the August 2008 conflict with Russia continue to resonate in Georgia. Additional U.S. assistance to help stabilize Georgia's economy and increase public confidence in democratic governance remains critical. This supplemental request will allow the U.S. Government to meet its formal \$1 billion commitment to Georgia, and supports significant needs highlighted in the World Bank's Joint Needs Assessment (JNA): 1) resettlement of internally displaced persons (IDPs) and other social needs that place an unsustainable burden on Georgia's fiscal resources; and, 2) immediate core investments – infrastructure for health, education, housing, transport and energy – to address new conflict-related problems. This request also builds on efforts to consolidate democratic and economic reforms, restore border security and law enforcement capabilities, and strengthen democratic institutions and the rule of law.

\$242.5 million Assistance for Europe, Eurasia and Central Asia (AEECA)

Peace and Security (\$20.5 million)

The August 2008 conflict with Russia revealed deficiencies in the infrastructure, resources and skills of the Georgian law enforcement sector, including gaps in Georgia's ability to maintain border security and the Ministry of Internal Affairs' (MOIA) ability to operate in a crisis situation. The Georgian Coast Guard suffered substantial losses of infrastructure and equipment that hampers Georgia's ability to address threats, enforce maritime-related laws, and prevent trafficking in persons and illicit goods. Following the departure of the Russian army from Shida Kartli, it became essential to ensure an effective law enforcement presence, robust patrolling, public-police partnerships, and timely criminal investigations to enable successful reconstruction efforts, as well as safe return of IDPs to their homes. U.S. assistance through the Department of State's Bureaus of International Narcotics and Law Enforcement (INL), Political-Military Affairs (PM), and International Security and Nonproliferation (ISN) as well as the Department of Homeland Security's Georgia Border Security and Law Enforcement (GBSLE) program has

begun to restore the Coast Guard's capabilities; enhance the effectiveness of the border police on the Russian-Georgian border and at border checkpoints; and improve the professionalism and capabilities of law enforcement personnel. This supplemental assistance will build on the USG's efforts in this sector, support government securing of green border areas, and improve the capabilities, professionalism and interoperability of law enforcement organizations. "Legacy minefields" will be cleared to reduce threats to civilian populations and quickly return the land to productive use, providing much needed economic benefit to those involved in agricultural activities.

Governing Justly and Democratically (\$20 million)

While the Rose Revolution ended Georgia's worsening democratic performance, public dissatisfaction and protests gained momentum in November 2007. The conflict with Russia further exposed weaknesses in the country's democratic institutions and illuminated the need to increase transparency, accountability and responsiveness to the public; enhance the public's access to information through impartial media sources; increase independence and efficiency within the judiciary; and develop the capacity of the public sector, civil society and media. U.S. assistance will work to address these weaknesses while deepening support for needed reforms. Supplemental funding will expand assistance in four key areas: civil society, media development, governance, and rule of law. Assistance will improve curriculum development to enable a next generation of leaders, journalists, public policy experts and advocates to grow, and expand core assistance efforts related to transparency in government, judiciary and court administration into the regions.

Investing in People (\$68.5 million)

While relatively little direct damage was sustained to Georgia's health and education infrastructure during the August conflict, significant stress was placed on both sectors due to large numbers of individuals displaced by the conflict and their loss of homes and livelihoods. U.S. assistance, through the United States Agency for International Development (USAID), State's Bureau for Population, Refugees and Migration (PRM), and the U.S. Embassy's Public Affairs Section, has begun to support improvements for IDP housing and living conditions, to increase the quality of and access to healthcare services and infrastructure, to enhance the government's capacity to provide adequate social services to the citizens of Georgia, and to promote better healthcare and education opportunities for disabled and orphaned children. Supplemental funding will improve the living conditions of approximately 5,000 additional "old caseload" IDPs (those IDPs who were displaced from Abkhazia and South Ossetia during the conflicts of the early 1990s), and continue technical assistance to the Ministry of Health to increase the government effectiveness and transparency in providing quality health and social services. U.S. assistance would mobilize further access to credit to enable hospital investors to renovate, upgrade and construct hospitals.

Economic Growth (\$133.5 million)

The August conflict and the global financial crisis have severely constrained Georgia's economic growth, which in turn threatens the country's political and economic stability. Georgia's current

account deficit rose to an estimated 23% of GDP in 2008. After six years of positive fiscal balance, Georgia's fiscal balance deteriorated to a deficit of 2% of GDP in 2008 and is estimated to decline to 3% of GDP in 2009. Additionally, the Joint Needs Assessment indicates that infrastructure systems nationwide "are in need of major overhaul" and recommends that the government develop, restore, and improve primary and secondary transportation and energy infrastructure. The USG has focused on key interventions to stabilize the economy, enable the Government of Georgia to meet its budgetary commitments, and begin to expand energy diversification and municipal infrastructure. The requested supplemental funding will address, on a larger scale, crucial transportation and electricity infrastructure needs, further increase access to financial services, promote rural development, and continue to support the Government of Georgia's economic reform agenda. U.S. assistance will help improve electrical power system stability by lessening Georgia's dependence on the Enguri hydropower station in disputed Abkhazia; complement existing Millennium Challenge Corporation (MCC) funding by extending the new road network from Akhaltsike (where MCC-funded construction will end) to Batumi, thereby completing an alternative east-west transport corridor; further increase Georgia's agricultural competitiveness; assist the government to make rapid improvements to revenue and budget administration systems; further streamline regulations and strengthen regulatory capacity; and other programs that will support Georgia's economic recovery. U.S. assistance would also provide mechanisms to enhance trade financing for businesses and expand financing to business start-ups and microenterprises in rural areas, including those owned by IDPs and other vulnerable populations.

IRAQ (\$482 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Estimate | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|------------------------------|-------------------------------------|
| Democracy Fund (DF) | 0 | 75,000 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 4,960 | 424,000 | 102,500 | 0 | 449,000 |
| International Military Education and Training (IMET) | 242 | 0 | 0 | 0 | 2,000 |
| International Narcotics Control and Law Enforcement (INCLE) | 0 | 85,000 | 0 | 0 | 20,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 15,975 | 0 | 4,500 | 20,000 | 11,000 |
| TOTAL | 21,177 | 584,000 | 107,000 | 20,000 | 482,000 |

*Section 7042(a) of P.L. 111-8 prohibits funding appropriated in P.L. 111-8 to be made available for assistance to Iraq, except NADR funds for the removal and disposal of landmines and other unexploded ordnance, small arms and light weapons in Iraq. FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

President Obama has stated that Iraq's future, and the long-term success of Iraq, depends upon decisions made by the Iraqi people. As the United States responsibly withdraws our troops from Iraq, continued U.S. civilian efforts are needed to ensure we consolidate the security gains our troops have made and help Iraq assume full responsibility for its own country. Better, more accountable governance and stronger adherence to the rule of law will contribute to improved security and stability. U.S. programs will help support Iraqi national elections planned for late this year or early 2010, facilitate real political accommodation, spur private sector growth and diversify the economy, and improve financial management of the Iraqi budget process so the Iraqi people can make wise investments in the country's physical and human infrastructure. The FY 2009 supplemental represents a shift in how the United States will be providing its assistance to Iraq, emphasizing technical assistance to enable Iraqis to assume even more responsibilities. Reflecting that shift, the supplemental funding requested is intended to: promote local and national governance reforms which will enable Iraqi leaders to govern more justly, transparently, and effectively; assist newly elected provincial and national officials to form cohesive governments locally and nationally, and learn to work with the opposition; bolster Iraq's private sector through both micro-lending and macroeconomic reforms; and provide counter-terrorism and capacity building assistance at the provincial level to help Iraq contribute to regional as well as internal stability.

\$449 million Economic Support Fund (ESF)

Peace and Security (\$45 million)

ESF funding is requested for the Quick Response Fund (QRF), an important mechanism to strengthen U.S. relations with local Iraqi leaders, provide tools for newly-elected local officials to build their own capacity and leverage resources; encourage expansion of civil society; and

help provide essential services to the local population. These programs are done in partnership with Iraqis and, for projects with governmental entities, will require Iraqi matching funds. With the supplemental funds requested, Provincial Reconstruction Teams will rely on the QRF to support local entities with small grants and procurements. These grants and procurements will be directed at promoting more responsible and accountable local governments and increasing the self-reliance of the Iraqi people.

Governing Justly and Democratically (\$262 million)

In January 2009, Iraq held successful provincial elections that sent a powerful message about how far the Iraqi people have come in pursuing their aspirations to live in a peaceful, stable, democratic country. U.S. assistance funding was critical in supporting efforts to build and sustain a robust civil society. Supplemental funding is necessary to continue to support credible elections, further the development of just and accountable democratic institutions in Iraq, including civil society and independent media, and local and national political institutions including the legislature (\$112 million). This funding will also support political competition and consensus building as Iraqis address some very difficult political challenges. The USG seeks to encourage reconciliation and increase competence by strengthening nascent democratic institutions into ones that are sustainable, responsive to the public, and have the consent of the Iraqi people. Because credible, transparent, free and fair electoral events in late 2009 and 2010 are critical to progress and stability throughout the country, the majority of this funding will be dedicated to supporting credible elections. U.S. programs will support training of election monitors, get-out-the-vote and voter education campaigns, non-partisan capacity building for a broad range of political parties, supporting the media's ability to report freely and objectively on elections, and extensive support to Iraq's Independent High Electoral Commission, deferring however to the Iraqi government to assume the bulk of the logistics cost. These funds will also be used to improve anti-corruption measures in the provinces; to support the development of a more robust civil society and independent media; and to assist the Council of Representatives' capacity for consensus building, executive oversight, policy analysis, bill drafting, and other legislative and capacity building activities.

In addition to traditional governance and democracy building programs, supplemental funds will also be used to improve the capability and effectiveness of Iraqi government officials and institutions at the local, provincial, and national levels. The Local Governance Program (\$55 million) and the Community Action Program (\$35 million) are necessary to support the success and stability of local governments in a federalist system that: balances local and national interests; improves oversight of the delivery of essential services; and is responsive to the public. At the national level, ministerial capacity development programs (\$60 million) will continue to support critical civil service reforms, such as civil service reform legislation, and improve core national ministry public sector functions including transparent financial management systems, effective public budgeting, and procurement. These programs also will strengthen the capacity of provincial Directors General from line ministries, as part of a comprehensive approach, to enhance linkages between local, provincial, and central structures of government following the successful provincial elections in January 2009.

Investing in People (\$8.5 million)

Funding is requested for the Marla Ruzicka Iraq War Victims Fund (\$3.5 million) to assist civilian victims of armed conflict. Funding will also support programs to continue assisting Iraqi widows (\$5 million).

Economic Growth (\$120.5 million)

The Iraqi economy has experienced tremendous growth the past few years, but is in a precarious position because of falling oil prices, the worldwide financial crisis, and the planned withdrawal of U.S. troops that impacts Iraqis with jobs supporting our soldiers. A diverse economy will help Iraq become stable, prosperous, and peaceful. Funding is requested to reinforce broad-based economic growth and diversification, encourage commerce and trade, and expand market access to create jobs and provide legitimate sources of income. Programs will facilitate the long-term shift to a market-based economy by improving access to capital and human resource development. Funding is also requested to help promote policy, legal, and regulatory reforms (\$50 million) necessary to improve the Iraqi government's ability to create an effective legal and regulatory regime which is necessary for economic growth. Additionally, the Provincial Economic Growth program (\$27.5 million) will continue its support to micro-enterprises and expand lending operations to small and medium enterprise (SME) at private Iraqi banks through the Iraqi Company for SME Finances, a lending facility established with the support of nine Iraqi banks. Funds will also continue to support Iraq's World Trade Organization (WTO) accession efforts and help integrate Iraq into the world economy. Funding for agriculture (\$43 million), the largest non-government source of employment in Iraq, will support cooperatives, associations, and the Agricultural Bank to assist in modernizing credit services for production, processing, and marketing. This funding will also build capacity through training, joint government-industry activities, demonstrations, study tours, and seminars to promote the transfer of necessary skills and technology. Additionally, this funding will be used to continue building up Iraq's agricultural extension services.

Program Support (\$13 million)

Funding is requested to support monitoring, evaluation, and reporting of USAID's ongoing programs (\$8 million), and to analyze the economic, security, and political situation across provinces (\$5 million).

\$20 million International Narcotics Control and Law Enforcement (INCLE)

Peace and Security (\$5 million)

The Department is requesting funds to support the hiring of dedicated subject matter experts to work specifically on police transition planning. These planners will coordinate with military counterparts from Multinational Forces-Iraq (MNF-I) and will be involved in overseeing the current program of support to MNF-I, defining future requirements based on on-the-ground assessments, defining statements of work for a future program, and engaging with the military

and with bilateral and multilateral partners. The increase in State Department staff is a critical element of the interagency process underway to craft the way forward for future USG engagement in assisting the Government of Iraq as it continues to professionalize its civilian security forces.

Governing Justly and Democratically (\$12 million)

Funding is requested for programs that will continue to help the Iraqi government build capacity as it erects a more effective and fair criminal justice system with broad legitimacy and consent of the Iraqi people. Assistance to the judiciary (\$9 million) focuses on judicial training, judicial security, and court administration. Judicial training programs are designed to improve the functioning of judges and investigators in Iraq's criminal justice system. Additionally, rule of law advisors (\$3 million) will provide technical assistance to the judiciary at both the federal and provincial levels, advising judges and prosecutors in order to improve coordination and management of cases.

Program Support (\$3 million)

The State Department Bureau of International Narcotics and Law Enforcement Affairs (INL) is undertaking a wide range of projects in Iraq related to the development of the criminal justice system. To ensure appropriate project development and management, as well as effective enforcement of internal controls and oversight, it needs sufficient staffing and related support. Supplemental funds will be used to pay salaries, benefits, and related expenses (e.g., travel, office supplies) of direct-hire staff to carry out program planning, design, implementation, monitoring, and evaluation.

\$2 million International Military Education and Training (IMET)

Peace and Security (\$2 million)

Funding is requested to continue military education and training for Iraqi Security Forces (\$2 million) to further develop the values and the capacity of a professional Iraqi military.

\$11 million Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)

Peace and Security (\$11 million)

With the Iraqi Government concluding a bilateral Security Agreement with the United States and with the anticipated drawdown of U.S. combat troops, supplemental funds requested will be critical for training Iraqi Security Forces to provide stability to Iraq, protect U.S. diplomats and other civilians in Iraq (\$6 million), and improve terrorist interdiction capabilities (\$0.5 million). Supplemental funds also will build the capacity of the Government of Iraq to improve border security and export controls (\$2 million), control the spread of WMD technologies, equipment, and material (\$1 million), and properly dispose of nuclear waste (\$1.5 million).

LEBANON (\$98.4 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Economic Support Funds (ESF) | 44,636 | 0 | 0 | 67,500 | 0 |
| Foreign Military Financing (FMF) | 6,943 | 0 | 32,500 | 62,200 | 98,400 |
| International Narcotics Control and Law Enforcement (INCLE) | 496 | 0 | 0 | 6,000 | 0 |
| International Military Education and Training (IMET) | 1,428 | 0 | 0 | 2,130 | 0 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 4,745 | 0 | 0 | 4,600 | 0 |
| TOTAL | 58,248 | 0 | 32,500 | 142,430 | 98,400 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

U.S. assistance to Lebanon supports the government's ability to exercise sovereignty over all Lebanese territory. To accomplish this, the United States Government (USG) will work to enhance and professionalize the Lebanese Armed Forces (LAF) through training and equipping them to be the credible source of security throughout the country. Hizballah's militias and militant groups in Palestinian refugee camps, such as Nahr al-Barid and Ain al-Helwa camps, routinely act outside government authority to destabilize Lebanon and the region and prevent the Government of Lebanon from maintaining a monopoly over the use of force. Hizballah's incursion into Israel in the summer of 2006 provoked an Israeli military response that devastated Lebanon's infrastructure and raised tensions across the Middle East. Supplemental security assistance funds will help maintain and expand current efforts to enhance the government's ability to prevent or respond to activities of militant groups. As part of a longer term U.S. goal of strengthening the LAF, a key institution of the Lebanese state, this supplemental funding will help ensure that the U.S. can continue to provide robust security assistance until security goals are met. It is vital that the Government of Lebanon (GOL) be ready and able to extend its presence, provide services, and extend its judicial authority in order to legitimately govern contested spaces.

\$98.4 million Foreign Military Financing (FMF)

Peace and Security (\$98.4 million)

The LAF remains thinly stretched, unable to fully implement United Nations Security Council Resolution 1701, and ill-equipped to respond effectively to emerging crises. Supplemental funding will continue to address urgent LAF requirements and programs supported with FY

2009 Bridge Supplemental funds aimed to improve the stability and security of Lebanon. These efforts include providing the LAF new capabilities specific to its counterterrorism and border security missions not addressed with previous funding as well as sustaining a comprehensive training program—launching this summer—designed as the core of international security sector reform efforts in Lebanon.

Supplemental funding will provide additional equipment and training to improve the Lebanese government's ability to prevent cross-border smuggling now that the government plans to expand a pilot border security program, including secure communications equipment, additional tactical unmanned aerial vehicles for border surveillance, and individual equipment including night vision systems to enhance the LAF's night and inclement weather capabilities. Without these items, the undermanned LAF will be unable to monitor the entirety of its smuggling-plagued border with Syria or deal with the myriad of criminal syndicates and militant groups moving everything from cigarettes to long-range rockets across the frontier. In addition, supplemental assistance will fund the acquisition and refurbishment of a small number of armed coastal patrol crafts to help the LAF prevent smuggling across its maritime boundary.

Assistance will also anchor nascent efforts to address the LAF's critical lack of ground and air fire support assets. This is a key weakness in the fight against Fatah al-Islam militants that led to the leveling of the Nahr al-Barid refugee camp in summer 2007. This assistance will provide funding to programs to upgrade and purchase a limited number of new armored vehicles, artillery assets, and close air support aircraft with precision weaponry.

Supplemental funding also will focus on continuing to improve LAF mobility by purchasing additional trucks and armored vehicles as well as spare parts that will allow the LAF to cover more ground with fewer troops. The equipment will help the Lebanese government maintain law and order, prevent demonstrations from erupting into violence, and contain or confront threats from armed groups throughout the country.

Finally, after two years of preparation, supplemental funds will allow the launch of a CENTCOM-directed comprehensive training program in mid-2009 that over the course of several years will transform the LAF into a lean but credible force capable of confronting internal threats to Lebanon's security and supporting political progress towards the disarmament of all militant groups in Lebanon. The program will provide basic and advanced skills, restructure the LAF, and serve as an important first step toward comprehensive security sector reform in Lebanon. Supplemental funding will also fund trainers, basic training equipment, and supplies to ensure effective U.S. manage and monitor the program.

WEST BANK AND GAZA (\$715 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|---------------------------------|
| Economic Support Fund (ESF) | 217,986 | 171,000 | 150,000 | 75,000 | 556,000 |
| International Narcotics Control and Law Enforcement (INCLE) | 0 | 25,000 | 50,000 | 25,000 | 109,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 0 | 0 | 0 | 0 | 50,000 |
| TOTAL | 217,986 | 196,000 | 200,000 | 100,000 | 715,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The United States is committed to a comprehensive peace between Israel and its Arab neighbors, including a two-state solution to the Israeli-Palestinian conflict. With the requested FY 2009 Supplemental funds the United States will coordinate with the Palestinian Authority (PA) to address critical humanitarian, budgetary, security, economic and social development, and infrastructure needs. While the funds will respond to immediate and urgent needs, this assistance is a foundational part of the longer-term approach to fostering conditions in which a Palestinian state can be fully realized.

Based on a rapid damage and needs assessment, the PA has drafted a \$2.8 billion “Early Recovery Plan” for Gaza. Implementation of this plan will bolster the Palestinian Authority’s leadership. The PA has identified priority projects which require financial resources beyond the PA’s current ability. At the March 2009 Sharm al-Sheikh Donors Conference, which brought together the international community and the PA to address this plan and the multi-year overarching Palestinian Reform and Development Plan (PRDP), the U.S. Government (USG) pledged over \$900 million toward the priorities set out by the PA, including \$200 million in ESF budget support for the Palestinian Authority.

In Gaza, \$156 million in project funding will address basic human needs and assist families in Gaza to avoid dependence on humanitarian distributions. In all cases, USG assistance programs in Gaza will work with private sector and organizations, and public international organizations, to meet humanitarian objectives and will be carried out in a transparent, accountable manner through proven project mechanisms.

Implementation of programs in Gaza is dependent on the establishment of a durable ceasefire, the creation of an operating environment in which Hamas does not interfere with USG-funded programs and activities, and the ability to move essential materials and commodities into Gaza. We will work with the Palestinian Authority and our implementing partners to follow established safeguards that will ensure that our funding is only used where, and for whom, it is intended.

\$556 million Economic Support Fund (ESF)

Investing in People (\$347 million)

In order to maintain the level of support for PA programs and priorities in the West Bank, FY 2009 supplemental funding of \$93 million will continue Investing in People programs in the West Bank to help improve the quality of Palestinian service delivery systems. Funding will focus on health, water supply and sanitation, and education, including essential infrastructure investments. Our support for integrated institutional capacity building will improve the quality of services at PA-controlled public and approved non-governmental hospitals, clinics and health education institutions, promote more effective management practices, and improve community health. Additional investments in basic education and complementary youth-oriented programs will support the development of a democratic Palestinian society and equip Palestinian youth to find employment in the private sector.

Budget support to the PA through a \$200 million cash transfer will assist with the PA's single highest priority and avoid fiscal insolvency which could lead to the collapse of the PA as a governing authority. This \$200 million in USG budget support is expected to follow the model of previous FY 2008/2009 cash transfers by paying PA debt to private sector creditors.

In Gaza, USAID will provide \$54 million in humanitarian assistance for basic human needs and job creation programs to provide immediate livelihood support to Gazan families while restoring essential services provided by NGO and other private sector actors. The Palestinian Authority, United Nations agencies, international organizations and NGO post-conflict assessments have revealed extensive damage to private property and facilities. An estimated 60 percent of agricultural land was damaged or destroyed; 700 private sector production facilities were damaged or destroyed, resulting in an estimated \$140 million dollars in damage; two private schools were destroyed and fourteen were damaged; and as many as six NGO and private hospitals and numerous clinics were damaged. USAID will assist in restoring essential services provided by NGO and private sector organizations, and assist in reviving private sector operations disrupted or destroyed during the conflict in order to address basic human needs and provide relief to the general population. Through labor intensive projects USAID will assist private sector partners, non-public sector schools, and health facilities in cleaning up and restoring their operations. Support will be provided to reopen private schools and provide tuition assistance for students in private schools to relieve the economic burden on families in Gaza and ensure the continued existence of the schools.

Economic Growth (\$80 million)

To support PA priorities in the West Bank, FY 2009 supplemental funding of \$60 million in Economic Growth assistance will increase employment opportunities and improve the prospects for social stability in the West Bank through programs that develop private enterprises and promote investment. Efforts to improve the movement of people and goods will bolster the economy and promote trade. USG support for road construction and renovation efforts, and other transport-related infrastructure, will help ease the movement of goods and services throughout the West Bank.

In Gaza, priority programs will provide \$20 million in supplemental funding to support household-level economic recovery, reduce food insecurity, and support microenterprises operating at the household level. The household economic revitalization will increase low scale agricultural and livestock production to improve household food security and to increase food supplies in local markets. Home-based enterprises will be restarted through strategic grants and credit programs to generate household income and reduce dependency on humanitarian assistance distributions. Destruction of local food production has caused a significant increase in food prices. USAID, working through local NGOs and private producer cooperatives, will repair and replace destroyed agricultural infrastructure and restore local food production capacity and create needed employment opportunities. The repair and replace program will also help small and medium size companies to renew operations and generate employment.

Governing Justly and Democratically (\$51 million)

Building on the assistance programs initiated last year, FY 2009 supplemental funding of \$30 million in Governing Justly and Democratically assistance for West Bank programs will support essential governance and rule of law programs in order to increase public confidence in the credibility of Palestinian Authority (PA) institutions. Technical assistance and in-kind grants will be provided to local governments, private broadcast media, and non-governmental organizations. These programs work to improve the ability of civil society and local governments to respond to citizen needs. Assistance will enhance the PA's ability to provide law and order by strengthening PA justice sector institutions and increasing the public's confidence in the justice system. As needed, funding will be provided to electoral assistance programs. Funding will also support programs that strengthen management systems and improve the skills of staff in key Palestinian ministries, and increase the ability of the PA to respond effectively to constituent needs.

In Gaza, USAID will provide \$6 million in supplemental funding to address basic human needs, working with non-Hamas municipalities and communities with which USAID has partnered in the past and which have experienced extensive damage. Assistance will focus on small-scale community improvement and rebuilding projects. Funding will also allow replenishment of \$15 million in West Bank program funds that were used to provide early humanitarian assistance grants to NGOs during the conflict and immediate-post conflict period.

Humanitarian Assistance (\$73 million)

In order to maintain the level of support for PA programs and priorities in the West Bank, building on the assistance programs initiated last year, FY 2009 supplemental funding of \$12 million will be used for Humanitarian Assistance in the West Bank, including the provision of health commodities such as medicines, medical supplies, and equipment. These supplemental funds will also allow the United States to extend its current grant with the World Food Program (WFP) beyond the summer of 2009 to provide food aid to the neediest Palestinians.

In Gaza, USAID will provide \$61 million in supplemental funding for direct humanitarian assistance through NGO and international organization partners. Funding will allow continued

food assistance in Gaza and replenishment of the WFP program for funding directed to current Gaza emergency distributions in order to maintain our level of commitment to the PA for West Bank programs. USAID will provide urgent medical assistance, including health commodities such as pharmaceuticals, medical supplies, medical equipment and spare parts, to approved NGO partner organizations that are providing clinic, hospital and rehabilitation care services. USAID will provide direct grants and in-kind support through approved NGO partner organizations for “non-food item” humanitarian assistance.

Program Support (\$5 million)

Supplemental funding of \$5 million will be used for essential Program Support costs. Funds are required for program management and security to effectively implement, manage, and oversee this large scale and quick-impact assistance program.

\$109 million International Narcotics Control and Law Enforcement (INCLE)

Peace and Security (\$109 million)

This supplemental request fulfills existing security assistance requirements and responds to new opportunities in the Palestinian Territories, supporting efforts by the Deputy Envoy for Security, LTG Dayton. The bulk of the request is to sustain and accelerate the critically important and effective effort to train, equip, and garrison the Presidential Guard and Special Battalions of the National Security Forces to crackdown on terrorism and bolster and backstop the efforts of the Palestinian Civilian Police to maintain law and order. In addition, the request contains funds to begin developing new programs that the European Union and other donors are not supporting, but have been identified by the Special Envoy for Middle East Peace, Senator Mitchell, as critical to the overall effort to create a competent and professional Palestinian Authority Security Force. Accordingly, the principal areas of focus for supplemental security assistance will be to fully develop two more National Security Force Special Battalions; train a second Presidential Guard battalion; train, equip, and support civil defense first responders; sustain and expand security and law enforcement-related specialized training; develop a border integrity capability; and augment program development and support funding to address expanded logistical, administrative, and related requirements of the program.

This supplemental request also provides law enforcement-related training and equipment to enhance border integrity along the Gaza border. This assistance is intended to help further stabilize and control this border following the Gaza conflict. Funding would be used for training in a full range of border integrity disciplines and will provide non-lethal equipment to these trained forces.

\$50 million Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)

Peace and Security (\$50 million)

Programs funded with NADR will support border security programs to prevent smuggling in Gaza.

AFGHANISTAN (\$980 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|---|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 148,651 | 0 | 0 | 0 | 0 |
| Economic Support Fund (ESF) | 540,502 | 859,000 | 455,000 | 707,000 | 839,000 |
| Global Health and Child Survival (GHCS) | 63,517 | 0 | 0 | 52,000 | 0 |
| International Military Education and Training (IMET) | 1,618 | 0 | 0 | 1,400 | 0 |
| International Narcotics Control and Law Enforcement (INCLE) | 272,574 | 35,000 | 101,000 | 250,000 | 129,000 |
| Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) | 21,626 | 5,000 | 0 | 31,550 | 12,000 |
| P.L. 480, Title II (Food Aid) | 9,930 | 0 | 0 | 12,000 | 0 |
| TOTAL | 1,058,418 | 899,000 | 556,000 | 1,053,950 | 980,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The United States is committed to success in Afghanistan. That success, however, cannot be achieved by military means alone and must be complemented by a comprehensive and robust civilian effort on economic development, reconstruction, improved governance, the development of modern institutions, and effective counter-narcotics programs. Our counter-insurgency strategy must integrate population security with building effective local governance and promoting economic development. Civilian assistance efforts will align with and support the priority missions of our military forces: securing Afghanistan's south and east against a return of al Qaeda and its allies and providing a space for the national government to effectively establish civilian control. This complements the Department of Defense requested increases for the Afghanistan Security Forces Fund to provide the Afghan National Army and Police with the mentoring needed to expand rapidly and take the lead in effective counterinsurgency operations.

On February 17, President Obama said that Afghanistan “has not received the strategic attention, direction and resources it urgently requires.” The President ordered a strategic review of U.S. policy in order to define “a comprehensive strategy and the necessary resources to meet clear and achievable objectives in Afghanistan and the region” and in March, the Administration concluded its policy review. Implementation of this new strategy will require significant resources beginning with this FY 2009 supplemental request. If fully funded, the President’s request for Afghanistan will begin to provide the critical foreign assistance necessary to achieve our strategic objectives in Afghanistan.

This new assistance strategy for Afghanistan represents a major shift from a mix of long and short-term reconstruction/development activities throughout the country to activities focused on countering the insurgency, primarily in the south and east. This FY 2009 supplemental foreign assistance request is prioritized to reflect the new strategy and to complement the expanded efforts of the military to stabilize fragile areas in Afghanistan. This strategy also anticipates other donors focusing their activities in the more permissive areas of the north and west. The United States will assist the people of Afghanistan to ensure that Afghanistan does not serve as a base for attacks against the United States and others and to diminish the Taliban's ability to attract support at the local level. Increased funding for Afghanistan's south and east is critical to help build good governance, stimulate licit economic growth through agriculture and alternative development programs, enhance the rule of law, and help stabilize communities through short-term job creation programs. The United States will continue programs to build governance capacity at the national level and enhance sub-national programs in the south and east. This balanced approach will support the President's comprehensive strategy to employ all elements of U.S. national power to fulfill achievable goals in Afghanistan.

\$839 million Economic Support Fund (ESF)

Peace and Security (\$214 million)

Counter-narcotics and stabilization programs, especially in the south and east, are a critical component of our assistance for Afghanistan. Alternative development programs will strengthen and promote legal alternatives to the illicit economy for farmers and non-farmers in poppy producing regions. U.S. programs will assist 30,000 farmers per year who will shift from poppy production to legal crops.

In addition, the U.S. Agency for International Development (USAID) will fund new stabilization programs that will strengthen counter-insurgency (COIN) efforts in critical and priority districts. The programs will help stabilize at-risk communities through projects focused on targeted segments of the population, community-based initiatives, and capacity building to help mitigate conflict and isolate extremist influences. Technical assistance, analysis, and independent monitoring and evaluation will enhance the effects of the stabilization program.

These stabilization programs include expanding the district centers construction program to help build a visible, tangible Afghan government presence at the local level. Currently, the United States is building 17 district centers and five training centers. USAID will expand this program to an additional 25 districts. The district centers are critical venues for citizens to discuss their concerns with local officials, which will enhance the accountability and legitimacy of local governments.

The Department of State also will fund small, quick-impact projects as a flexible mechanism to enable Provincial Reconstruction Teams (PRTs) to support the activities of local neighborhood organizations, government organizations, and community-based organizations, including non-profits, small businesses, professional associations, charitable organizations, and educational institutions.

Governing Justly and Democratically (\$295 million)

The Afghan government must deliver security, basic services and the rule of law to earn the trust of its people. U.S. assistance for good governance programs will enhance the legitimacy and effectiveness of the Afghan government at the national, provincial, district, and municipal level, primarily in the south and east. U.S. programs will assist the Afghan government in combating corruption, which is essential to restoring citizen confidence in its elected leaders, promoting the government's accountability, and promoting the government's legitimacy.

At the national level, USAID technical assistance will improve the institutional capacity of key Afghan ministries in critical areas of financial management, budgeting, procurement, audit, human resource management, planning and organizational development, monitoring, and evaluation. In addition, USAID will continue to build the institutional capacity of Parliament to develop legislation, to form political consensus, and to improve the public's understanding of Parliament through direct constituent communications. The United States will support Afghan government efforts to address anti-corruption and outreach, including assistance for the High Office of Oversight and the government media centers. The United States will provide funding to the Afghanistan Reconstruction Trust Fund (ARTF), a facility administered by the World Bank to provide multilateral assistance to the Afghan government for reconstruction projects.

At the sub-national level, USAID will expand ongoing social outreach programs, with eastern and southern border districts as a priority, in order to strengthen the relationship of Provincial Councils and district officials with their constituencies. Furthermore, USAID will provide technical assistance to selected provincial capitals and to the city of Kabul. This assistance will include programs focused on participatory planning and budgeting, enhancing municipal transparency in decision making, improving relationships with constituents and non-governmental leaders, and developing and managing small infrastructure activities.

The implementation of successful Presidential and provincial council elections is a critical milestone for Afghanistan during 2009. Elections will remain a top priority and requested supplemental assistance will allow us to increase support for Presidential and other elections. Due to the exceptionally high profile of national elections, USAID will provide additional funding for security to protect the Independent Elections Commission (IEC) headquarters, the provincial and district voting centers, and IEC staff and technical advisors.

USAID will continue to foster the rule of law by expanding access to legal and prosecutorial services and other legal resources through non-governmental organizations (NGOs) and the Ministry of Justice (MOJ). In addition, USAID will strengthen the capacity of the MOJ secretariat to manage the provision of legal and prosecutorial services. USAID also will train appeals courts to review corruption cases, improve court infrastructure, and enhance security for courts and judges.

The United States will make targeted investments in information systems and evaluations. With the assistance proposed in more provinces, municipalities, districts and regional growth centers, we anticipate increased data collection, processing, and analysis to allow enhanced coordination between PRTs and Kabul, and between USAID and DoD.

Investing in People (\$135 million)

USAID will provide social and economic services and protection to vulnerable populations and will significantly expand cash-for-work programs that target unskilled labor for low-tech labor intensive activities. This program will provide short-term jobs for urban and rural families, including women in vulnerable areas with the intention of providing income to these families, improving infrastructure, and increasing food production. These programs will target southern and eastern provinces threatened by drought conditions or potential political instability. Since these activities are implemented in the most insecure environments, these programs have high security costs. Illustrative cash for work activities include canal cleaning, road rehabilitation, snow removal, flood protection, public building rehabilitation, and orchard/tree planting. PRT staff will be instrumental in executing these programs.

Economic Growth (\$170 million)

Robust economic growth and the creation of new jobs are critical to combat the insurgency's appeal. The United States will support a broad program to promote policy reform, support new business development, and build the skills of Afghan economic officials and entrepreneurs.

Under this new strategy, increased resources will develop the agricultural sector, which employs 80 percent of the Afghan workforce. Programs will focus on small and medium-size landholders to expand agricultural production, support commercial agriculture activities, promote widespread adoption of improved technologies, and improve marketing skills. The United States will invest more heavily in farm-to-market roads, irrigation, rural electrification, and cold storage to help Afghan farmers improve their access to markets.

In addition, USAID will assist the Afghan government's development of monetary and fiscal policies to help mitigate the impact of high inflation rates, particularly in the energy and food sectors, and improve the administration, structure, and efficiency of its public spending. USAID will assist the expansion of the new Central Business Registry beyond Kabul to lessen the bureaucratic steps needed to start a new business.

A significant number of refugees and displaced persons are expected to return and settle in urban areas. USAID will provide technical assistance to develop a new national land registry (cadastre) to over 21 provinces in Afghanistan.

USAID will expand workforce development programs to provide viable alternatives to illicit activities and recruitment by the insurgency. USAID will spur the creation and expansion of micro and small and medium enterprises (SME) by training entrepreneurs, including women, in business management, linking local firms to new markets, and improving the competitiveness of targeted industries. In addition, USAID will enhance training and provide capital to microfinance, SME, and credit union organizations that serve both urban and rural areas to expand the outreach of financial services to new and underserved populations. USAID will also train bank loan officers to help improve micro and SME access to financial services. Additional

funding will be provided to develop business education program to train accountants, financial managers, and other skilled professionals in the financial sector.

Finally, USAID will provide technical assistance for Afghanistan's efforts to coordinate and reform its trade and tariff policies, participate in international trade negotiations, and implement regional and international trade agreements. These activities will help to stimulate the growth of the private sector in Afghanistan, contribute to its long-term goal of World Trade Organization (WTO) accession, and speed the implementation of regional agreements, such as the South Asia Free Trade Area (SAFTA).

Program Support (\$25 million)

Funding will provide program development and support for program administration and oversight.

\$129 million International Narcotics Control and Law Enforcement (INCLE)

Consistent with the President's new strategy, supplemental INCLE funds will support counter-narcotics and law enforcement efforts primarily in the south and east of Afghanistan.

Peace and Security (\$46 million)

U.S. counter-narcotics assistance will expand in the south and east, building upon the comprehensive effort in Helmand to integrate counter-narcotics efforts into broader security and governance activities. Funding will sustain current reductions in poppy cultivation achieved through pre-planting campaigns and eradication efforts, with incentives to farmers, communities and provinces to stay or become poppy-free. This will be accomplished through the Good Performers Initiative, an incentive program that provides high-impact development assistance to provinces and communities that demonstrate proven resolve in countering the narcotics industry, and Quick Impact Projects that provide essential commodity items (wheat, vegetable oil, and salt), Town Hall Kits (generators and rugs), and other immediate assistance in order to provide an emergency stop-gap until other medium and long-term development projects can take effect.

Funding will support the public information and outreach initiatives of Afghanistan's Counter-narcotics Advisory Teams, which currently operate in seven provinces and have played a vital role in dramatically reducing poppy cultivation in Nangarhar, Balkh and Badakhshan. U.S. assistance for drug prevention and drug treatment programs will build residential and outpatient drug treatment facilities and provide project monitoring by anti-drug experts. The Department of State will assist community coalitions, which support shuras, village councils, and town-hall meetings on drug issues, youth summits, social campaigns, and policy change.

Governing Justly and Democratically (\$78 million)

The Department of State will provide training, infrastructure, equipment, and institutional development for Afghanistan's central and provincial justice institutions. Particular focus will be on strengthening the criminal justice system by training legal practitioners, increasing

transparency of the case process and adjudication, and strengthening communication between justice institutions focused on criminal law. U.S. assistance will build Afghanistan's anti-corruption capacities; improve legal education, legal awareness and legal defense; and support a trust fund for the justice sector. Funding also will support education and rehabilitation assistance for women and children who are living in women's prisons in all major provinces of Afghanistan, and assisting the Afghan government to ensure that female prisoners are being housed under the basic humanitarian conditions as established by the International Committee of the Red Cross. U.S. assistance also will address gender-based violence, including prevention, support, recovery, and safe haven, and will continue and expand legal and psychological counseling, shelter, mediation, and social work services to Afghans at risk for or victimized by gender-based violence.

Funds will provide technical assistance to the Afghan Central Prison Directorate (CPD) to identify the most critical needs related to external security, internal prison management, emergency response, and the health and well-being of inmates. Funding will augment the efforts to rebuild, equip, staff and provide training at Pol-i-Charki prison. Funds also will improve prison industries and prisoner rehabilitation programs at provincial prison facilities, including improved financial controls; and, support justice sector security needs, including training, equipment, advisors and their support, with special attention to the Central Narcotics Tribunal, which has become a target for narcotics trafficker assassinations.

Program Support (\$5 million)

Funding will provide program development and support for program administration and oversight.

\$12 million Non-proliferation, Anti-Terrorism, Demining and Related Programs (NADR)

Peace and Security (\$12 million)

The Afghan Presidential Protection Service is 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. Additional funding is needed in FY 2009 to continue to build the institutional capacity of this professional protective corps.

PAKISTAN (\$497 Million)

| Account (\$ in thousands) | FY 2008 Actual | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|---------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Child Survival and Health (CSH) | 29,816 | 0 | | 27,855 | |
| Development Assistance (DA) | 29,757 | 0 | | 0 | |
| Economic Support Fund (ESF) | 347,165 | 0 | 150,000 | 453,200 | 429,500 |
| Foreign Military Financing (FMF) | 297,570 | 0 | | 300,000 | |
| International Military Education and Training (IMET) | 2,103 | 0 | | 1,950 | |
| International Narcotics Control and Law Enforcement (INCLE) | 21,822 | 0 | | 32,000 | 65,500 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 9,725 | 0 | | 11,250 | 2,000 |
| TOTAL | 737,958 | 0 | 150,000 | 826,255 | 497,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

As with the request for Afghanistan, this is the first budget request that funds the President’s new strategy for Pakistan. Goals of this strategy include supporting a stable ally and assisting the people of Pakistan to ensure that Pakistan does not serve as a base for attacks against the U.S. and others, as well as diminishing the extremists’ ability to attract support at the local level. The Administration is seeking urgent new funding to help stem the rapidly deteriorating security and economic conditions confronting Pakistan, an essential partner in the fight against extremism and militancy. Failure to address these conditions could lead to a further opening for extremists.

The new government of President Asif Ali Zardari demonstrated courage last year in accepting the terms of an International Monetary Fund (IMF) Stand-by Arrangement that stabilized a collapsing economic situation but required politically difficult steps for implementation, including the elimination of energy subsidies and serious cut-backs in social safety net spending for Pakistan’s poorest citizens. The Fund is urging international donors to help the Government of Pakistan fill a \$4 billion shortfall in its budget. Four hundred million of this supplemental request will go towards filling this shortfall as well as encouraging other donors to pledge sufficient funds at the upcoming Donors’ Conference in Tokyo on April 17th.

The Government of Pakistan is increasing its engagement in the Federally Administered Tribal Areas (FATA) and the Northwest Frontier Province (NWFP). However, civilian law

enforcement agencies lack the capacity to hold areas that have been cleared of insurgents, a critical shortcoming in the government's counter-insurgency efforts. Funding requested in this supplemental request will be used to provide immediate support for FATA and NWFP police agencies as the first phase of a long-term program to enhance Pakistan's law enforcement capabilities.

In addition to law enforcement assistance, there is an urgent requirement to help the civilian population most seriously affected by the growing insurgent violence in the FATA and NWFP. In Bajaur and Mohmand agencies, and in Swat, hundreds of thousands of citizens have been forced to flee their homes and seek shelter in refugee camps or with friends and families. Supplemental funding will provide urgently needed assistance to these individuals and create economic opportunities in areas of the country that are the most vulnerable to extremism.

\$429.5 million Economic Support Funds (ESF)

Economic Growth (\$421.5 million)

To help address Pakistan's economic crisis and balance of payment deficit, a total of \$400 million will be used to supplement the Government of Pakistan's \$7.65 billion 23-month Standby Agreement with the IMF. The IMF estimates that Pakistan needs \$4 billion over two years from donors to strengthen Pakistan's resilience to potential shocks, help finance the expanded social safety net programs, allow for higher spending on development programs, and finance foreign reserves through budget support. These supplemental funds will support filling these IMF-identified gaps and help the Government of Pakistan meet IMF benchmarks, while also encouraging other donors to assist.

To stimulate economic activity, create jobs and improve service delivery, additional ESF will be used to expand USAID's Community Rehabilitation Infrastructure Support Program (CRISP) (\$21.5 million). The program will focus on restoring irrigation channels, repairing road and bridges, rehabilitating potable water supply and distribution systems and installing off-grid energy sources such as micro-hydro and solar units. These funds will support urgently needed activities throughout Pakistan in areas that are particularly vulnerable to the appeal of extremism.

Humanitarian Assistance (\$8 million)

As a result of instability on the border regions there have been serious displacements of populations within Pakistan. The situation is especially acute in the FATA and NWFP, including Bajaur, Mohmand and Swat, where thousands of displaced families have taken refuge in camps and with host families, thus placing serious strain on the local population where these Internally Displaced Persons (IDP) have relocated. To support the government's plans to provide emergency aid to those impacted by the situation, these funds will provide household equipment and supplies, immediate livelihood support and other basic needs to vulnerable families and children in these areas. This ESF funding will complement other efforts funded with Migration and Refugee Assistance (MRA) and International Disaster Assistance (IDA) to ensure that the U.S. has a comprehensive and integrated approach to the conflict. The emergency humanitarian assistance funding (funded through MRA and IDA) will meet the first order needs of IDPs while

they are in camps or living with families, while the ESF resources will focus on the second order needs as IDPs resettle and need assistance with livelihoods and rebuilding their lives.

\$65.5 million International Narcotics Control and Law Enforcement Funding (INCLE)

Peace and Security (\$60.5 million)

Over the past year, an intensified insurgency and an increase in terrorist incidents have altered the security landscape throughout Pakistan particularly in the FATA and the settled areas of the NWFP. To counter this development the USG will intensify efforts to train and equip law enforcement entities in these areas.

FY 2009 supplemental funding will expand the Air Wing's support of the Frontier Corps, helping them better respond to the realities on the ground and improve their capacity to use aircraft in tactical counter-narcotics, law enforcement, and border security operations. Funding will support the operations and maintenance of five additional Huey II helicopters, for a total fleet of 14. This will allow moving from the Quetta base up to 10 helicopters at a time to Peshawar to support Frontier Corps operations in the NWFP and FATA. This funding will also allow Narcotic Affairs Section to hire a Deputy Aviation Advisor to assist with expanded maintenance and operations at the Quetta base. Supplemental funding will enable installation of technical upgrades to the Squadron's fixed-wing aircraft to improve information gathering capabilities and flight safety (\$22.5 million).

The immediate need to re-establish security and stability in the NWFP requires supplemental funding to support the continued development of an elite police force within the NWFP police through expanded training, acquisition of non-lethal equipment, construction and renovation of police stations in Peshawar and other locations in the insurgency-affected region, and the establishment of a new police training center for use by multiple Pakistani police agencies from the border region. Funds also will allow expansion of assistance to include other law enforcement agencies in the NWFP and FATA, including the NWFP police at large, Levy forces, and the Frontier Constabulary (\$35 million).

Security and equipment upgrades in current police training venues will be required as well as additional fully armored vehicles to support trainers who travel to these sites, many of which are located in high threat areas (\$3 million).

Program Support (\$5 million)

FY 2009 Supplemental funds will support program development, administration and oversight and allow the immediate hiring of Police Advisors and Trainers for the Law Enforcement Program, as well as staff in NAS Islamabad and in INL Washington.

\$2 million Nonproliferation, Antiterrorism, Demining and Related Programs (NADR)

Peace and Security (\$2 million)

Requested supplemental funds will provide four additional Crisis Response Team training courses for the Federal Investigative Agency's anti-terrorist team, a high priority of the Interior Ministry. This effort complements other police training programs, and will improve the security and investigative abilities of selected police forces.

MEXICO (\$66 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | *FY 2009 Request | FY 2009 Supp Request |
|--|-----------------------------|-------------------------|------------------------------------|-----------------------------|-------------------------------------|
| Development Assistance (DA) | 8,215 | 0 | 0 | 14,000 | 0 |
| Economic Support Fund (ESF) | 11,903 | 20,000 | 0 | 0 | 0 |
| Foreign Military Financing (FMF) | 0 | 116,500 | 0 | 2,000 | 0 |
| Global Health and Child Survival (GHCS) | 2,678 | 0 | 0 | 2,500 | 0 |
| International Narcotics Control and Law Enforcement (INCLE) | 26,553 | 215,500 | 48,000 | 477,816 | 66,000 |
| Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR) | 919 | 0 | 0 | 3,845 | 0 |
| International Military Education and Training (IMET) | 369 | 0 | 0 | 834 | 0 |
| TOTAL | 50,637 | 352,000 | 48,000 | 500,995 | 66,000 |

*FY 2009 country allocations have not been determined and will be transmitted to Congress at a later date as required by section 653 (a) of the Foreign Assistance Act of 1961.

Summary

The multi-year Merida Initiative (\$1.4 billion for Mexico) was announced on October 22, 2007. The Initiative aims to reduce drug demand, stop the flow of arms and weapons, and confront gangs and criminal organizations in Mexico and Central America. It is designed to build on activities already underway in the region and to complement U.S. domestic efforts to combat these threats.

\$66 million International Narcotics and Law Enforcement Fund (INCLE)

Peace and Security (\$66 million)

Given the escalating violence along the U.S.-Mexico border and drug cartels' vicious attacks to undermine President Calderon's government, there is a pressing need to provide the Government of Mexico (GOM) critical air mobility support to effectively combat the drug cartels.

FY 2009 Supplemental resources, in combination with prior year funds to be reprogrammed, will be used to acquire three Blackhawk helicopters for Mexico's civilian Public Security Secretariat (SSP) to provide them urgently needed air transport capacity and also to provide spare parts and other support. The GOM seeks to have an expanded SSP replace the Mexican military in conducting law enforcement operations as expeditiously as the security crisis permits. U.S. funding for this program will highlight our support for quickly moving primary responsibility for law enforcement operations back to the SSP. These helicopters will supplement the seven already purchased or on order by the GOM using its own resources, giving the SSP a total of ten. The helicopters will be used throughout Mexico, but particularly where drug trafficking organizations are challenging the GOM for control of major cities, including those on the U.S./Mexico border. The SSP is expanding its roster of trained and vetted personnel and will be ready to absorb and make use of these three helicopters upon their delivery.

The Department of State is committed to supplying the GOM with the resources required to increase SSP air mobility and will reprogram \$16 million in existing Merida funds provided in P.L. 110-252 to fully fund the acquisition of three Blackhawk helicopters (total cost of \$82 million), as well as spare parts and support costs.

MIGRATION AND REFUGEE ASSISTANCE (\$293 Million)

| Account (\$ in thousands) | FY 2008 Enacted | FY 2008 Supp | FY 2009 Bridge Supp | FY 2009 Enacted | FY 2009 Supp Request |
|---|----------------------------|-------------------------|------------------------------------|----------------------------|---------------------------------|
| Emergency Refugee and Migration Assistance (ERMA) | 44,636 | 31,000 | 0 | 40,000 | 0 |
| Migration and Refugee Assistance (MRA) | 1,023,178 | 315,000 | 350,000 | 931,000 | 293,000 |
| TOTAL | 1,067,814 | 346,000 | 350,000 | 971,000 | 293,000 |

Summary

Funds in the amount of \$293 million are requested to respond to new FY 2009 requirements that stem from events in late 2008 and early 2009 not anticipated in the FY 2009 request or the Bridge Supplemental.

\$293 million Migration and Refugee Assistance (MRA)

Humanitarian Assistance (\$293 million)

West Bank/Gaza and Lebanon: \$150 million - Additional support is needed in FY 2009 to respond to the heightened humanitarian crisis in Gaza resulting from the December 2008-January 2009 conflict. Gaza has seen massive internal displacement, food and fuel shortages, and extensive damage to health facilities, schools, homes, and basic infrastructure. Currently, the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is providing food assistance to 900,000 Palestinian refugees and thousands have had their homes destroyed. Funding will support early recovery/rehabilitation efforts, to begin in late 2009, related to UNRWA-managed school and health facilities, and refugee shelter. Additional support is required to support a portion of UNRWA's second year requirements for the reconstruction of the Nahr el Bared refugee camp in Lebanon and ongoing assistance to over 30,000 Palestinian refugees still displaced. The USG provided \$184 million to UNRWA in FY 2008; \$100 million to the regular budget and \$84 million to special appeals. To date in FY 2009, the USG has provided \$115 million to international organizations to support Palestinian refugees and conflict victims through FY 2009 MRA Bridge Supplemental and FY 2009 base funding, and the Emergency Refugee and Migration Assistance (ERMA) account. Requested funds include:

- \$125 million to support emergency needs in Gaza and the West Bank through international organization partners, including UNRWA, International Committee of the Red Cross (ICRC), among others; and
- \$25 million to support the reconstruction of the Nahr el Bared refugee camp in Lebanon and provide ongoing life-sustaining assistance to displaced refugees in Lebanon.

Iraq: \$108 million – Humanitarian requirements total over \$300 million to support Iraqi refugees, internally displaced persons (IDPs), and conflict victims in FY 2009; the Bureau of Population, Refugees, and Migration (PRM) has already identified \$196 million in FY 2009 Bridge Supplemental and FY 2008 carryover funds. The Bureau programmed over \$287 million in FY 2008 on Iraq-related humanitarian programs. The needs of displaced Iraqis remain

significant as there are an estimated 4.8 million Iraqi refugees, IDPs, and conflict victims in the region. Similar levels of funding are required in FY 2009 to respond to the following:

- Increased emphasis by major international and non-governmental partners on preparation for refugee returns;
- Need to support initiatives to improve services affecting local conditions (shelter, water/sanitation, healthcare) in areas of return and build local capacity to provide protection and reintegration assistance for returnees (emergency shelter and household items, legal aid, property restitution);
- Increasing reliance of Iraqi refugees on assistance from the international community to meet their basic needs due to significant cost of living increases in Jordan and Syria;
- Increased access to vulnerable Iraqis in Syria as more non-governmental organizations (NGOs) are now registered with the Syrian government and able to operate in the country, which will allow for expanded humanitarian assistance activities for Iraqis in Syria;
- The international community continues to look to the USG to meet assistance and protection gaps, particularly for Iraqis in neighboring countries.

Afghanistan: \$7 million – Additional funds are required to support the UN Humanitarian Response Plan and expanded program needs of the ICRC. Additional support is required to respond to a November 2008 Government of Afghanistan and UN High Commissioner for Refugees (UNHCR) plan for repatriation and reintegration needs of returning Afghan refugees. The plan focuses on health, education, livelihoods, and land allocation for returning refugees. Additional funds will also support UNHCR's Refugee Affected Hosting Area (RAHA) initiative in Pakistan and to assist Afghan refugees in an increasingly dire situation in Pakistan to reduce the possibility of conflict, further tensions, and threats of uncoordinated camp closures.

Africa: \$15 million - Three complex, interlocking conflicts in eastern Democratic Republic of Congo (DRC) have led to mass displacement, declining humanitarian indicators, and increased need, involving major humanitarian agencies in the response. Hostilities in eastern DRC between Congolese rebels and the DRC government have led to new displacements (250,000 IDPs and some 40,000 refugees in Uganda from August 2008 until February 2009). There is also new displacement of more than 150,000 and flight of 15,000 Congolese refugees into Southern Sudan as a result of Lord's Resistance Army attacks and the joint DRC/Uganda/southern Sudan military actions against the Lord's Resistance Army. In addition, joint DRC-Rwanda military action against Rwandan rebels (the FDLR – Democratic Front for the Liberation of Rwanda) in the DRC has led to both unexpected returns of FDLR refugee families from the DRC to Rwanda (over 3,000 returns to date) and possible accelerated returns of the over 50,000 DRCongolese refugees from Rwanda to the DRC.

Global Protection/Emergency Response Requirements/Food: \$10 million – Resources would respond to urgent food pipeline breaks in refugee feeding operations, particularly in Africa, that may occur in FY 2009.

Asia: \$3 million for Burmese refugees – Critical support is needed to assist Burmese refugees. In 2008, declines in purchasing power, rice shortages, and spikes in commodity and fuel prices impeded NGO partners' ability to respond to growing needs to support over 140,000 refugees in

camps along the Thai-Burma border, forcing them to make severe resource cutbacks. Funding will provide badly-needed essentials (food, soap, insecticide-treated mosquito nets, building supplies) and address nutritional deficiencies and other consequences of this continuing lack of resources.

INTERNATIONAL DISASTER ASSISTANCE (\$200 Million)

| Account (\$ in thousands) | FY 2008 Enacted | FY 2008 Supp | FY 2009 Bridge Supp | FY 2009 Enacted | FY 2009 Supp Request |
|---|----------------------------|-------------------------|------------------------------------|----------------------------|---------------------------------|
| International Disaster Assistance (IDA) | 429,739 | 240,000 | 200,000 | 350,000 | 200,00 |
| TOTAL | 429,739 | 240,000 | 200,000 | 350,000 | 200,000 |

Summary

As the U.S. Government's first responder to international disasters, the United States Agency for International Development's (USAID) Office of Foreign Disaster Assistance (OFDA), in the Bureau of Democracy, Conflict, and Humanitarian Assistance (DCHA), has responded to more than 225 natural and manmade disasters in the past three years. With the scope and duration of disasters expanding, OFDA is being called upon to respond to increasing needs. In FY 2008, OFDA spent \$553 million responding to 81 disasters in 63 countries. Based on developments over the last several months, the FY 2009 activity will exceed FY 2008 levels.

\$200 million International Disaster Assistance (IDA)

Humanitarian Assistance (\$200 million)

Since the enactment of the FY 2009 Bridge Supplemental, additional requirements have arisen across the globe. In East and Central Africa, increased insecurity, armed conflict, and poor rainy seasons have resulted in expanding needs in several countries. In Somalia, more than 3.2 million people, representing 43 percent of the population, now require humanitarian assistance as a result of the cumulative affects of drought, continued civil conflict, rising inflation, and ongoing food insecurity. In Ethiopia, political instability and insecurity in Somaliland, consecutive seasons of failed rains, exacerbated by endemic problems, have led to chronic food insecurity, and water shortages. In the Democratic Republic of Congo, renewed clashes between armed opposition groups and government forces have resulted in new displacement. In Southern Africa, a cholera outbreak in Zimbabwe has spread to all 10 provinces, and conditions for most Zimbabweans continue to deteriorate due to the country's collapsing economy and recent political violence. In the Middle East, South Asia and Central Asia, OFDA is addressing the needs of internally displaced persons from civil conflict in several locations, including Pakistan, and responding to winter emergencies in Tajikistan and Kyrgyzstan.

An additional supplemental of \$200 million would allow for an adequate response to these growing complex emergencies and/or replenish costs incurred.

P.L. 480, TITLE II (\$300 Million)

| Account (\$ in thousands) | FY 2008 Enacted | FY 2008 Supp | FY 2009 Bridge Supp | FY 2009 Enacted | FY 2009 Supp Request |
|--------------------------------------|----------------------------|-------------------------|------------------------------------|----------------------------|---------------------------------|
| P.L. 480 – Title II | 1,210,864 | 850,000 | 395,000 | 1,225,900 | 300,000 |
| TOTAL | 1,210,864 | 850,000 | 395,000 | 1,225,900 | 300,000 |

Summary

Humanitarian Assistance (\$300 million)

Since the FY 2009 Bridge Supplemental was enacted, unanticipated emergency food aid needs in Africa and elsewhere have risen. For example, in Zimbabwe, the upcoming April/May harvest will be poor due to limited seed and fertilizer availability. The continued economic decline is also compounding the situation, leading to continued increases in humanitarian needs. In Somalia, insecurity and another poor rainy season are leading to continued record-level humanitarian needs. In Kenya, poor rains in some areas and an increase in Somali refugees are raising needs. In parts of Ethiopia, unexpectedly high food aid needs are continuing due to high food prices and the impact of drought and crop and pasture failure in 2008.

USAID OPERATING EXPENSES and USAID CAPITAL INVESTMENT FUND (\$201.1 Million)

| Account (\$ in thousands) | FY2008 Enacted | FY2008 Supp | FY2009 Bridge Supp | FY2009 Enacted | FY2009 Supp Request |
|--------------------------------------|-------------------|----------------|-----------------------|-------------------|---------------------------|
| USAID Operating Expenses (OE) | 650,657 | 150,500 | 93,000 | 808,584 | 152,600 |
| USAID Capital Investment Fund (CIF)* | 87,287 | 0 | 0 | 35,775 | 48,500 |
| TOTAL | 737,944 | 150,500 | 93,000 | 844,359 | 201,100 |

*Also received \$38 million in the in the American Recovery and Reinvestment Act

\$152.6 million USAID Operating Expenses (OE)

Afghanistan Staffing Surge and Operations (\$140 million)

As part of a coordinated approach with the Department of State, the United States Agency for International Development (USAID) is requesting additional resources to significantly expand its civilian presence in Afghanistan to support and manage increased development efforts. This civilian increase is an essential complement to the military operations to stabilize communities at the provincial level and strengthen Afghan Government capacity. The request for additional civilian staff and operational support will allow USAID to expand reconstruction efforts at the provincial and district level.

Supplemental funding is requested to support the increase in USAID civilian staff supporting the Provincial Reconstruction Teams (PRTs), as part of the U.S. Government's overall efforts to strengthen civilian presence in the field. Based on the evolved PRT model for Afghanistan, USAID is requesting funding for 150 U.S. personnel and 200 local staff to expand reach at the provincial and district level and staff regional PRTs to mirror the ISAF/NATO structure and is in line with the new Afghanistan strategy. Supplemental funding of \$100 million is requested to support this staffing surge, which includes full year salaries and benefits, travel, security, and all support costs.

The significant expansion of USAID personnel in Afghanistan will require a concurrent expansion of the Agency's air wing to ensure the safe and secure transport of PRT and Kabul based staff. Based on current staff to flight seat capacity, supplemental funds in the amount of \$40 million are requested to service the increase in travel needs brought about by additional staff deployed to PRTs and project and site visits by Kabul-based personnel. More specifically, this funding will expand the number of aircraft to a total of nine, five fixed-wing and four rotary-wing.

Pakistan Operations (\$7.6 million)

Pakistan is currently undergoing a significant staffing increase to meet the management needs of an ever-increasing portfolio. Including funds requested in this supplemental, the program budget will have nearly tripled since FY 2008. In January 2009, 81 additional positions were approved,

bringing the total staffing ceiling to 243. Of the 81 approved positions, 16 are U.S. Direct-Hires (USDH) and were not fully funded in the FY 2009 base budget. These funds will be used to support the salaries, benefits, personnel support, ICASS and other operational costs associated with this increase in staff. Additionally, as the USAID/Pakistan Mission grows, programmatically and administratively, the support needs traditionally provided by Washington will also increase. Thus, a portion of these funds may be used to hire additional Washington-based support staff.

West Bank and Gaza Operations (\$5 million)

These funds are requested to appropriately monitor and manage increased programs and activities in the West Bank and Gaza, including those requested programs for which additional funding is requested in this supplemental. The request would fund security assets and logistics consisting of armored vehicles, personnel security details, and related costs for direct oversight of USAID funded programs and activities in West Bank and Gaza. The request also funds two U.S. and one local additional staff to meet program oversight and logistical support requirements for Gaza activities; expanded office and residential space and temporary duty support to contract for and mobilize expanded assistance levels; and related office furnishings, IT and telecommunication equipment for expanded operations.

\$48.5 million USAID Capital Investment Fund (CIF)

Capital Security Cost Sharing Program (\$19.87 million)

Supplemental funds are requested to pay in full the USAID FY 2008 Capital Security Cost Sharing Program (CSCS) bill. The FY 2008 CSCS bill was \$99.5 million and USAID has only been able to pay \$79.63 million of this bill, leaving a shortfall. USAID risks losing its right to occupy overseas buildings if it does not pay the \$19.87 million balance as authorizing language for the CSCS program states that new diplomatic facilities may not include space for any agency that has not provided the full amount of its funding share as required by this program.

Other New Office Buildings/Annexes (\$18.43 million)

Supplemental funds are requested for new office space overseas needed to accommodate the significant expansion of USAID's permanent Foreign Service Officer (FSO) corps launched under the Agency's Development Leadership Initiative (DLI). With an increase of at least 300 new FSOs in FY 2009 alone and projected additional increases through 2012, USAID must begin to expand its office space overseas to handle both training and permanent deployment of these new staff. The request will fund build-outs for interim office buildings in Abuja, Nigeria and Bangkok, Thailand and expansions/reconfigurations of new embassy compounds in Addis Ababa, Ethiopia; Amman, Jordan; Lima, Peru; and San Salvador, El Salvador.

Enterprise Disaster Recovery Project (\$10.2 million)

Supplemental funds are requested for the Enterprise Disaster Recovery Project, which enables USAID to plan and implement a solution for continued IT support for critical functions in the

event that IT systems or infrastructure fail. This funding will also allow the Agency to address the issue of records retention and management for data stored on the USAID network.

ASSISTANCE TO DEVELOPING COUNTRIES AFFECTED BY THE GLOBAL FINANCIAL CRISIS (\$448 Million)

| Account (\$ in thousands) | FY 2008 Estimate | FY 2008 Supp | FY 2009 Bridge Supp | FY 2009 Request | FY 2009 Supp Request |
|--------------------------------------|-----------------------------|-------------------------|------------------------------------|----------------------------|-------------------------------------|
| Economic Support Fund (ESF) | 0 | 0 | 0 | 0 | 448,000 |
| TOTAL | 0 | 0 | 0 | 0 | 448,000 |

Summary

The global financial crisis is severely affecting poor countries and represents a serious short-term threat to U.S. national security interests abroad. The rapid collapse of currency exchange rates, bank lending, trade flows, remittances, and commodity prices will cause a sharp drop in the incomes and purchasing power of many of the world’s poorest and most vulnerable populations in 2009. The World Bank estimates that the expected slowdown in economic growth will throw at least 50 million additional people into extreme poverty in 2009.

A sharp increase in global poverty has the potential to spark new humanitarian crises, erode the gains from a wide range of major U.S. taxpayer investments in development, reverse recent progress toward achieving the Millennium Development Goals, and de-stabilize countries that share common interests and are key partners of the United States in a wide range of international forums

Funds requested will: (a) provide a temporary safety net (e.g., health, education, cash-for-work programs) to highly vulnerable populations; (b) provide technical assistance to build the capacity of governments, financial institutions, and private enterprises to restore and sustain broad-based economic growth and (c) provide loans and loan guarantees to private financial institutions to help spur private lending and investment which is critical to employment, recovery, and growth.

The following criteria will generally be used to choose a limited number of recipient countries; selected countries will be those where:

1. 2007 per capita Gross National Income is \$3,705 or less (i.e., the funds will be directed only to countries in the World Bank’s “low income” or “lower middle income” group);
2. a sharp slowdown in economic growth is expected as a result of the crisis;
3. the slowdown will be expected to have severe impacts on highly vulnerable, poor populations;
4. those impacts will significantly raise the risk of social and political instability;
5. the recipient government has demonstrated strong commitment to improving good governance, including transparent and accountable management of public resources; and
6. the government, however, does not have the fiscal capacity to mitigate the impact of the crisis on their most vulnerable populations.

While the crisis continues to unfold and the relative severity of the impacts remains unpredictable, some of the countries that meet these criteria and are likely to be targeted for assistance under this request could include Guatemala, Haiti, Liberia, Mongolia, Tanzania, and Zambia.

\$448 million Economic Support Fund (ESF)

Economic Growth (\$448 million)

The net effect of the crisis in many of these countries will be to exacerbate food insecurity, fiscal stress, social and political instability, and other impacts of the food price crisis of 2008. Many developing country governments already carry large fiscal deficits and are unable to borrow funds for counter-cyclical safety net programs or other fiscal stimulus. As a result, even those countries that are best-governed and most committed to protecting the welfare of their populations have few effective policy tools with which to forestall potential humanitarian crisis and instability. In some of the countries, riots and other signs of instability have already manifested themselves in response to the crisis.

Therefore, a portion of the funds requested will provide a temporary safety net to highly vulnerable populations to forestall humanitarian crisis, avoid potential social or political instability, and preserve productive human and other resources needed for broad-based economic recovery and growth. This support will be provided through mechanisms – potentially including conditional cash transfers to public sector budgets -- that provide quick income support while encouraging local initiative, entrepreneurship and self-responsibility. Potential examples include mechanisms that provide cash for work on small-scale community infrastructure projects and other productive assets (e.g., restoring tree crop resources), and food vouchers conditioned on continued school enrollment for both girls and boys.

In addition, a portion of the funds requested will provide targeted technical assistance to local public and private institutions and civil society institutions to strengthen their capacity to meet the needs of vulnerable populations by providing immediate and adequate social insurance and other safety net services, while maintaining the highest global standards of transparency and accountability. Technical assistance to governments will improve the efficiency of fiscal management, including through better-targeted tax and expenditures programs and modernized public safety nets, which help recipients make the most of existing resources and increase their countries' resilience to future economic shocks.

Finally, a portion of the funds requested will finance the subsidy costs of loans and loan guarantees to private financial institutions to provide credit risk enhancement or liquidity, where necessary, to spur lending which is critical to employment, recovery, and growth. These loans and loan guarantees, implemented through USAID Development Credit Authority (DCA) and the Overseas Private Investment Corporation (OPIC) facilities, will provide credit to small and medium enterprises and microfinance institutions that generate large numbers of jobs for the poor, help maintain bank and non-bank financial institutions' solvency, expand regional and international trade finance, and re-launch critical infrastructure investments. To maximize the effectiveness of these loan and guarantee facilities, funds will also be used to provide technical assistance to banks, non-bank financial institutions, and regulatory authorities to strengthen

capacity to evaluate and manage risk, and to regulate financial sector activity in a way that revitalizes private credit and investment while maintaining or improving fiduciary standards and market stability. This technical assistance will be implemented through USAID and the Department of Treasury's Office of Technical Assistance, as appropriate.

FY 2009 Foreign Assistance Supplemental Request by Program and Account

(Dollars in Thousands)

| | FY 2009 Supp Request | DA | ESF | PKO | FMF | INCLE | IMET | NADR | FSA | MRA | IDA | PL 480 | AID Admin |
|--|----------------------------|--------|-----------|--------|--------|---------|-------|---------|---------|---------|---------|---------|--------------|
| FY 2009 Supp Request | 4,811,000 | 38,000 | 2,874,500 | 50,000 | 98,400 | 389,500 | 2,000 | 122,000 | 242,500 | 293,000 | 200,000 | 300,000 | 201,100 |
| Africa | 133,000 | 38,000 | 45,000 | 50,000 | - | - | - | - | - | - | - | - | - |
| Democratic Republic of the Congo | 10,000 | | | 10,000 | | | | | | | | | |
| Kenya | 38,000 | 38,000 | | | | | | | | | | | |
| Somalia | 40,000 | | - | 40,000 | | - | | | | | | | |
| Zimbabwe | 45,000 | | 45,000 | | | | | | | | | | |
| East Asia and Pacific | 155,000 | - | 108,000 | - | - | - | - | 47,000 | - | - | - | - | - |
| Burma | 13,000 | | 13,000 | | | | | | | | | | |
| North Korea | 142,000 | | 95,000 | | | | | 47,000 | | | | | |
| Europe and Eurasia | 242,500 | - | - | - | - | - | - | - | 242,500 | - | - | - | - |
| Georgia | 242,500 | | | | | | | | 242,500 | | | | |
| Near East | 1,295,400 | - | 1,005,000 | - | 98,400 | 129,000 | 2,000 | 61,000 | - | - | - | - | - |
| Iraq | 482,000 | | 449,000 | | - | 20,000 | 2,000 | 11,000 | | | | | |
| Lebanon | 98,400 | | | | 98,400 | | | | | | | | |
| West Bank and Gaza | 715,000 | | 556,000 | | | 109,000 | | 50,000 | | - | | | |
| South and Central Asia | 1,477,000 | - | 1,268,500 | - | - | 194,500 | - | 14,000 | - | - | - | - | - |
| Afghanistan | 980,000 | | 839,000 | | - | 129,000 | | 12,000 | | - | | | |
| Pakistan | 497,000 | | 429,500 | | - | 65,500 | | 2,000 | | | | | |
| Western Hemisphere | 66,000 | - | - | - | - | 66,000 | - | - | - | - | - | - | - |
| Merida - Mexico | 66,000 | | - | | | 66,000 | | - | | - | | | |
| Bureau of Population, Refugees, and Migration | 293,000 | - | - | - | - | - | - | - | - | 293,000 | - | - | - |
| Bureau of Population, Refugee, and Migration | 293,000 | | | | | | | | | 293,000 | | | |
| Democracy, Conflict and Humanitarian Assistance | 500,000 | - | - | - | - | - | - | - | - | - | 200,000 | 300,000 | - |
| Democracy, Conflict and Humanitarian Assistance | 500,000 | | | | | | | | | | 200,000 | 300,000 | |
| USAID Administrative Expenses | 201,100 | - | - | - | - | - | - | - | - | - | - | - | 201,100 |
| USAID Operating Expense | 152,600 | | | | | | | | | | | | 152,600 |
| USAID Capital Investment Fund | 48,500 | | | | | | | | | | | | 48,500 |
| Global Financial Crisis | 448,000 | | 448,000 | | | | | | | | | | |

