
The Security Assistance Budget Request for FY 1996

By

U.S. Department of State

[The following material is extracted from the Department of State's *Congressional Presentation for Foreign Operations, Fiscal Year 1996 (FY 1996 CPD)*. This document has been expanded from prior years when it was titled *Congressional Presentation for Security Assistance Programs*; it now includes *all* foreign operations program appropriations accounts which comprise U.S. Budget Function 150, i.e., the programs administered by the Department of State or for which the State Department provides policy guidance. The *FY 1996 CPD* presents a general introduction to these foreign operations programs, together with separate budget requests and supporting information for each of the programs. Also, as in the past, individual summaries of all country and regional programs are included. The excerpted material below contains the Introduction to the *FY 1996 CPD* and the requested funding and program descriptions for the four security assistance programs, i.e., Foreign Military Financing (FMF), International Military Education and Training (IMET), Economic Support Fund (ESF), and voluntary Peacekeeping Operations (PKO).]

INTRODUCTION

The imperative of American engagement and leadership in the world is a central lesson of this century. American engagement and leadership are just as important today because we confront an interdependent world in which the line between our concerns at home and our interests abroad is increasingly blurred. The prosperity of our entrepreneurs, workers and farmers relies on their ability to gain access and compete in the global marketplace. The security of every American will be directly affected by the success or failure of democratic reform in the former Soviet empire. The safety of future generations depends on keeping weapons of mass destruction from falling into the wrong hands.

The critical test of our leadership is our willingness to dedicate the resources necessary to protect the security and prosperity of our people. Our budget request demonstrates our determination to shape a world conducive to American interests and consistent with our core values—a world of open societies and open markets. The programs in this request represent only a tiny fraction of federal spending. Yet the benefits they provide in making the American people more secure and prosperous are enormous. The funding provided by this budget supports the additional jobs created by exports, the greater security guaranteed through our alliances and our nonproliferation efforts, cleaner air and water, and less crime in our streets. The investment of resources made through this budget will advance our nation's most fundamental interests now and in the future.

This Congressional Presentation sets forth the Administration's request for FY 1996 foreign operations programs which are administered by the Department of State or for which the State Department provides policy guidance. For those programs which are implemented by the U.S. Agency for International Development (USAID), additional programmatic detail can be found in the USAID Congressional Presentation. Program descriptions and supporting information for the following programs are included in this volume:

International Organizations and Programs
Economic Support Fund
Assistance for Central Europe
Assistance for the New Independent States

International Narcotics Control
 Migration and Refugee Assistance
 Emergency Migration and Refugee Assistance
 Antiterrorism Assistance
 Nonproliferation and Disarmament Fund
 International Military Education and Training
 Foreign Military Financing
 Voluntary Peacekeeping

FY 1996 FOREIGN OPERATIONS BUDGET
 (DOLLARS IN THOUSANDS)

ACCOUNT	FY 1994 ACTUAL	FY 1995 ESTIMATE	FY 1996 REQUEST
International Organizations and Programs	\$ 362,628	\$ 374,000	\$ 425,000
Assistance for the New Independent States	1,153,885	719,400	788,000
Assistance for Eastern Europe & the Baltics	383,000	359,000	480,000
Peacekeeping Operations (PKO)	82,435	75,000	100,000
Supplemental - Haiti costs	0	27,200	0
Economic Support Fund (ESF)	2,107,403	2,368,600	2,494,300
Supplemental - Haiti costs	0	82,300	0
Nonproliferation and Disarmament Fund	10,000	10,000	25,000
International Military Education & Training	22,250	25,500	39,781
Foreign Military Financing (FMF) - Grant	3,055,832	3,151,279	3,262,020
Foreign Military Financing (FMF) - Loan	38,118	47,917	89,888
Migration and Refugee Assistance (MRA)	670,728	671,000	671,000
Emergency Migration and Refugee Assistance (ERMA)	79,261	50,000	50,000
Anti-Terrorism Assistance	15,244	15,244	15,000
International Narcotics Control	101,000	105,000	213,000

While this volume is organized by appropriation accounts, the programs set forth herein were developed within the framework of our critical foreign policy objectives as described in the companion volume *International Affairs Budget Request Fiscal Year 1996*. That volume provides an overview of the entire International Affairs budget request and the foreign policy objectives which they serve.

BUILDING DEMOCRACY

The Cold War, which brought security at a great price, has now been replaced by the struggle to create and strengthen democratic institutions of government and market economies in key regions of the world. We are dedicated to building a new international system with democracy as its foundation. The United States will clearly benefit from the consolidation of democracy as free societies, accountable governments and open markets emerge around the world. These benefits will include the diminished threat of war, dramatic expansion of economic opportunities and cooperation on a range of global and regional issues of direct concern to the American people.

The FY 1996 request for Foreign Operations includes funds to encourage continued democratic reform in the New Independent States (NIS) of the former Soviet Union, under the FREEDOM Support Act (\$788 million), in the nations of Central and Eastern Europe, under the

Support for Eastern European Democracy (SEED) Act (\$480 million); and in other Countries in Transition through the use of Economic Support Funds (ESF) (\$210.5 million), as well as certain other small programs.

New Independent States

The New Independent States are undergoing profound changes as they develop new institutions of statehood while concurrently transforming their economies and political systems. The U.S. objective in supporting democratic reform in the NIS is clear: to achieve enduring, normal, and productive bilateral relations with each state by strengthening democratic institutions, and to encourage their effective integration into the global economy.

In FY 1996 we must continue to support reform in the NIS countries that have already made strong commitments to and progress toward economic and political restructuring. Moreover, we must provide enhanced support and encouragement to those countries on the verge of substantial reform—Ukraine, Armenia, Georgia and Belarus.

Each nation of the region is struggling to dismantle the principal legacy of Communism—its system of political and economic centralization. The NIS lack many of the institutions essential for a market economy and democratic politics. However, previous levels of capital investment in people, durable goods for productive sectors, and physical infrastructure have created the basis for significant growth, especially as organizational, legal, and regulatory infrastructure become available to foster its efficient use. Funds in the amount of \$788 million are requested for the FY 1996 NIS program.

Central Europe

Democratic reform in Central Europe (CE) is as important to U.S. interests now as when the SEED Act was passed in 1989. The process of political and economic transformation in the region is jeopardized today by conflict in the Balkans, crime, ethnic tensions, unemployment and other social dislocations. The fate of the region has in a sense become even more critical to the United States, as these countries become examples, particularly for reformers further east, that democracy and economic prosperity can be built from the ruins of Communism.

After severe economic contraction, most CE economies are now beginning to experience growth. However, only cautious optimism is in order. A great deal must still be done to further privatize and restructure the old State-owned industries and several countries that face renewed macroeconomic imbalances. High unemployment is a serious problem throughout the region and significant segments of the populations have grown weary of the transition process or have yet to experience its benefits.

Democratic institutions in Central Europe have been established, but they remain fragile. Credible and transparent elections have been held, but power is fragmented among so many parties in some countries that governing coalitions are unstable. CE countries continue to struggle with fundamental issues—the proper role of the government vis-a-vis the private sector, freedom of the judiciary and the broadcast media, and minority rights. Participatory structures for local government are still rudimentary. Central European governments also face pressing social issues, such as those related to housing, health and humanitarian assistance. There is an urgent need for social sector restructuring throughout the region in order to solidify popular support for continued reform and reduce heavy burdens on weak budgets.

The SEED program remains transitional in nature, though its “sunset” will be ultimately determined by the progress achieved in each country of the region. The program is reducing assistance in some countries of the Northern Tier. This will allow a gradual shift in U.S.

assistance resources to those in the Southern Tier, which have further to go in their transitions. Still other countries, notably Albania and parts of the former Yugoslavia, whose state of development is quite different from those covered in the original SEED Act, will need assistance for many years to come. The shift of resources from north to south will be carefully monitored to assure that programs are not withdrawn from countries before democracy and market economies are finally established.

For FY 1996, \$480 million is requested for SEED funds to advance these objectives. Approximately \$239 million will support the region's economic reform processes. The SEED program will continue to promote adoption of market-oriented policy frameworks. Continued emphasis will also be placed on small business development to spur job creation and broad-based economic growth. Additional assistance will be provided to restructure the financial sectors of the CE countries, and to establish the legal, regulatory and institutional frameworks conducive to private investment.

Included in the proposed SEED economic reform program request is \$30 million to facilitate economic reconstruction, encourage regional integration, and promote cooperation in the volatile Southern Balkan region. U.S. assistance will stimulate and support much larger international and International Financial Institution (IFI) funding for the upgrading or completion of weak transportation and trade links between Albania and the Former Yugoslav Republic of Macedonia (FYROM), and between the FYROM and Bulgaria. The resulting initiative will permit a much larger volume of trade to flow through alternative routes around Serbia-Montenegro, and boost intra-regional commerce, cooperation and stability. Most of the countries of south-central Europe would benefit from enhanced trade routes. U.S. assistance will be coordinated with other donors in implementing this new program.

In FY 1996, approximately \$73 million will support the region's continued democratic development. Programs will focus on building stronger political parties and institutions and provide training in coalition-building. The program will work through USIA to develop a strategic approach to strengthening key training institutions that support democracy and markets. In the field of public administration, the program will help build democratically oriented public administration at the central and local levels. Approximately \$101 million will be devoted to programs in the areas of environment, health, housing and entitlement reform. Much greater attention will be given in the coming years to support CE countries through this critical phase of social sector reform.

Finally, if conditions permit, reconstruction will be required throughout Bosnia. The FY 1996 budget request therefore includes approximately \$60 million to support this effort, and this will leverage additional resources from other international donors. Activities will include major infrastructure repair, a microenterprise lending program, programs to stimulate economic activity combined with reform of financial structures and assistance to the Bosnian Federation government in public administration.

Other Countries in Transition

The FY 1996 request of \$210.5 million will support programs which reflect the multifaceted nature of democratic development in a small number of Other Countries in Transition (CIT). Programs proposed under this category will help strengthen and consolidate democratic processes and institutions in countries that have recently embarked on a democratic course, or where democracy is critically threatened. Assistance to Other Countries in Transition may take the form of direct support for the democratic process (e.g. institution building, electoral support, judicial training), but may also include fast disbursing financial support and programs to support privatization and the economic growth necessary to sustain democratic gains.

Latin America and the Caribbean: In FY 1996, U.S. CIT assistance to Latin America and the Caribbean will focus on those nations where it is critical to the consolidation of democracy, supportive of human rights, and promotes economic reform and broad-based, sustainable economic growth. In many nations of the region, endemic corruption severely undermines democratic institutions. Governance and Administration of Justice programs will provide technical assistance, training, and basic equipment to help strengthen these critical pillars of a democratic society.

Africa: This new era provides a unique opportunity to re-orient U.S. policy objectives in Africa to meet a host of global challenges. This includes providing strong and visible encouragement for the movement to freedom and free markets in Africa. The continent's recent democratic gains must be reinforced by sustainable economic growth, and the peace and stability that democracy brings can lead to desperately needed private investment. Promoting government accountability, human rights and the rule of law, and building more skilled workforces will help empower Africans to play a greater role in the global economy. Given the pervasive poverty and tremendous challenges Africa faces, continued economic assistance will be necessary to achieve economic recovery. Africa is a region where our core values are at the forefront of the U.S. policy agenda. While the bulk of U.S. assistance to Africa is provided through use of "non-democracy" funds, CIT programs can have a tremendous multiplier effect in promoting democratic progress and growth in the region.

East Asia and the Pacific: The East Asian and Pacific region includes both new democracies, such as Cambodia, and countries under authoritarian rule, such as Burma and China. The process of consolidating democracy is complex, and in FY 1996 U.S. assistance in the region will help to strengthen institutions of representative government, enhance democratic civil military relations, and promote vibrant civil societies.

As a Country in Transition, Cambodia merits the continued support of the international community. The proposed FY 1996 program of \$39.5 million will support implementation of transparent and credible legal, regulatory, and judicial reforms. Cambodia's fledgling National Assembly also needs administrative and technical assistance, and its civil society requires strengthening to ensure that democratic culture develops alongside democratic institutions. And the country's democracy cannot thrive without broad-based economic growth. FY 1996 programs will support the establishment of a market oriented policy framework, improvement in policy formulation, and implementation in key economic ministries. U.S. programs will also seek to involve the country's rural communities in the national shift to market economics and democratic governance by rehabilitating important road links.

Multilateral Democracy Programs

The FY 1996 request of \$4.6 million will enable the U.S. to maintain its leadership in encouraging the international community to address problems in democratic development and human rights protection. The FY 1996 program includes support for the UN Voluntary Fund for Advisory Services and Technical Cooperation, the UN Voluntary Fund for the Victims of Torture, and the OAS Fund for the Strengthening of Democracy.

PROVIDING HUMANITARIAN ASSISTANCE

Assisting developing countries to meet urgent humanitarian needs created by disasters, food shortages, and refugee problems is a key objective of American foreign policy. Humanitarian crises threaten political stability and undermine progress toward sustainable development in impacted countries. These crises can likewise produce widespread disruptive regional effects. Responding to such crises with humanitarian assistance helps minimize attendant suffering and loss of life and mitigates their impact on affected populations.

Equally important, U.S. assistance acts as a catalyst to mobilize resources in the broader international donor community and to influence the responses of international donor organizations, including private and voluntary organizations, to acute humanitarian crises. Moreover, humanitarian assistance gives expression to the fundamental compassion and generosity of the American people and their interest in alleviating human suffering, wherever it occurs. There has been an unprecedented surge in the demands for humanitarian assistance to those fleeing civil unrest, political oppression, extreme physical hardship, and the horrors of genocide. Particularly when high-profile images of human suffering are brought into our homes through electronic journalism, it is the nature of the American public not to turn away from those in need.

Migration and Refugee Assistance (MRA) and Emergency Refugee and Migration Assistance Fund (ERMA)

Refugee crises worldwide are of intense humanitarian concern. The U.S. national interest is best served by multilateral efforts aimed at mobilizing resources for humanitarian assistance and the political resolution of refugee crises in ways that lead to increased stability. Resolutions of such crises are necessary if sustainable development and democratic institutions are to prosper. There are currently nearly 20 million refugees worldwide—a 30 percent increase since 1989. In addition there are many more displaced persons who are of concern to the United Nations High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC). Since the end of World War II, the United States has been a leader in refugee and migration affairs. The State Department's Bureau of Population, Refugees, and Migration (PRM), successor to the Bureau of Refugee Programs, manages the refugee and migration program. We have used this leadership position to leverage greater support from other donors and to assert our influence in international policymaking bodies and among private and voluntary organizations (PVO). Securing U.S. diplomatic and political objectives require that we maintain the relative priority of international humanitarian assistance within the International Affairs Budget.

The international donor community is under increasing pressure to provide life sustaining aid to the growing number of refugees and conflict victims worldwide. The magnitude of requirements related to continuing crises in the former Yugoslavia and the Horn of Africa, coupled with new emergencies such as Rwanda, must be addressed while we continue to support the ongoing humanitarian assistance programs of the international relief agencies. Reductions in the level of U.S. contributions in support of these organizations could risk an increase in human suffering, greater regional instability, and an erosion of the stature of the United States as a leader in refugee and migration affairs.

In addition to refugees, an estimated 100 million people live outside their country of origin. Pressures including high population growth rates, rising unemployment, and income disparities have brought about increasing migration flows. The United States seeks to encourage the creation of legal migration channels and the rapid integration of legal immigrants into host countries' societies and to discourage uncontrolled immigration and alien smuggling.

The Migration and Refugee Assistance account includes four major elements: overseas assistance, primarily through international organizations; refugee admissions into the United States; support for refugee resettlement in Israel; and the PRM Bureau's administrative expenses. The fourth element reappears in FY 1996. For fiscal years 1994 and 1995, the Congress required the funding of the Bureau's administrative expenses under the State Department's Diplomatic and Consular Programs account.

The Emergency Refugee and Migration Assistance Fund (ERMA) is a no-year appropriation, drawn upon by the President to meet "unexpected urgent refugee and migration needs" whenever the President determines that it is "important to the national interest" to do so. The Migration and

Refugee Assistance Act of 1962, as amended, provides permanent authorization for the account of up to \$100 million.

PROMOTING PEACE

Although the Cold war is over, today's uncertain environment still presents a variety of threats to our security including:

- Efforts by rogue regimes to build or acquire weapons of mass destruction.
- Attempts by regional powers hostile to U.S. interests to dominate their respective regions through aggression intimidation or terror.
- Internal conflicts among ethnic, national, religious or tribal groups that undermine regional stability, impede democratic reform and stifle economic growth.
- Transnational criminal enterprises which thrive where national governments are either weak or complicit.

American military power serves as the principal means by which we protect our interests against these threats. At the same time, however, in order to avoid the costs of armed conflict and preserve international peace and stability, we seek to prevent conflict through diplomacy, peacekeeping and the strengthening of our alliances and coalition partners.

The Administration's proposed budget for our programs designed for the pursuit of peace and stability totals \$6.6 billion. Our bilateral programs to promote regional peace and security, including economic support and military financing assistance and training, are \$5.7 billion of this total. Peacekeeping, assessed and voluntary, represents \$545 million. Nonproliferation and disarmament activities are \$90 million, and activities to combat narcotics, crime, and terrorism total \$240 million.

Regional Peace and Security

The Administration requests a total of \$5.564 billion for programs designed to promote regional peace and stability, including economic and military assistance and defense training activities. The greater part of this budget proposal—\$5.2 billion—is intended to sustain and accelerate the Middle East peace process. It includes economic and military support for the Camp David countries, the Israeli-Palestinian accord, and modest support for other regional players and for regional programs. \$39.8 million is proposed for the International Military Education and Training program, which emphasizes professional military education and technical training, as well as affording present and future military and civilian leaders an appreciation of democratic values, respect for human rights, and a proper role for the military in a democratic society. Approximately \$310 million is proposed for Europe, including the Partnership for Peace and other security assistance for Central Europe, and assistance programs for Greece, Turkey, Cyprus and Ireland. \$14 million is intended to continue to ensure U.S. access to Pacific fisheries under the South Pacific Tuna Treaty, and \$10 million to continue our assistance to demining activities in a dozen countries.

Middle East Peace

Advances toward a comprehensive peace in the Middle East demonstrate the value of prudent and steadfast efforts to resolve regional conflicts. The Arab-Israeli conflict has continued too long, and the toll in human and economic terms has been great. In the past year, we have witnessed a profound transformation in the landscape of the Arab-Israeli conflict that would have been

unimaginable only a few years ago. Recent gains must be secured by continued United States commitment and support for the peace process. This budget therefore includes traditional amounts of economic and military support for Israel, Egypt, and other countries which are important to the peace process—notably Jordan—to meet the legitimate security needs of these countries and to promote continued economic reform and broad-based economic growth. The commitment of this Administration to Israel's security is strong and unshakable. Our assistance is intended to strengthen a free and democratic Israel as well as to facilitate a negotiated peace and stability in the region. Our assistance to Egypt reinforces its moderating influence in the region and helps it play a critical role in the negotiation process, while our assistance to Jordan is based on a recognition of Jordan's vital role in advancing regional peace since signing a peace treaty with Israel in October 1994.

Our \$75 million request for the West Bank and Gaza is intended to continue to promote Palestinian self-government through economic development and institution building. Our assistance for this process, along with that of the other donors, is essential for the formation of the political, economic, and institutional infrastructure necessary for self-government and economic viability.

Europe and the NIS

Regional security issues survive and in some respects have been heightened by the end of the Cold War. Regional and ethnic conflict in the former Soviet Union and Central Europe are serious threats to global security and stability. The United States must continue to exercise leadership in this area, to include modifying and developing cooperative mechanisms to address the threats we face in the post-Cold War era. In particular, we must take concrete steps to build a new European security architecture that preserves and builds on NATO's vital role. Deep political, military, economic, and cultural links make Europe's security and prosperity vital to our own. We need to maintain strong relations with Western Europe, while helping to consolidate the new democracies of Central Europe and the New Independent States of the former Soviet Union.

NATO remains the anchor of American engagement in Europe and the linchpin of transatlantic security. NATO has always been more than a transitory response to a temporary threat. It has been a guarantor of European democracy and a force for European stability. That is why its mission has endured, and why its attraction is strong to Europe's new democracies. In earlier years, NATO welcomed new members who could contribute to its strength. Today, the alliance would welcome expansion to the East. Under American leadership the alliance agreed in December, 1994 to begin a steady and deliberate process that will lead to its further expansion.

The Administration therefore includes \$60 million in military assistance for partner countries under the Partnership for Peace program, designed to begin the process of integrating these nations into the western alliance. In addition to these funds, the Department of Defense budget request contains \$40 million for Partnership for Peace activities more appropriately conducted under DoD authorities. Collectively, this \$100 million comprises the President's Warsaw Initiative, designed to support the Partnership for Peace.

In addition to the Partnership for Peace program, \$25 million is proposed for Central European defense infrastructure, peacekeeping, and related programs. These funds will continue the process of equipping and training the Baltic Peacekeeping Battalion, and will support the reorientation of Central European militaries to defensive postures, regional cooperation based on uniform standards of equipment, and expanded military cooperation with U.S. and NATO forces both bilaterally and through the Partnership for Peace.

International Military Education and Training

The International Military Education and Training (IMET) program, providing military education and training on a grant basis to students from allied and friendly nations, is an extremely cost effective component of U.S. foreign policy. It offers foreign military students an opportunity to establish and improve self-sufficiency in their military forces, enhances military professionalism, strengthens their own training capabilities, and provides for U.S. access and influence in a sector of society which often plays a critical role in the transition to democracy. Expanded in scope, IMET shares with foreign students defense management concepts and American values, i.e., democracy, respect for human rights, military justice, and an understanding of the principle of civilian control of the military. In addition to training Defense Ministry personnel, expanded IMET provides training for foreign officials from ministries other than Defense, members of national legislatures responsible for oversight and management of the military, and NGO personnel.

Peacekeeping

Well-planned peacekeeping operations are a useful and cost effective option for dealing with some conflicts and humanitarian crises. Peacekeeping clearly is not a substitute for a strong national defense and vigorous alliances; but it has a demonstrated capacity, under appropriate circumstances, to separate adversaries, maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation may occur and democratic elections may be held. Thus it can reduce the likelihood of interventions by regional powers, prevent small conflicts from proliferating, facilitate the birth and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows.

The United States, as a global power, always has the option of acting unilaterally to pursue and protect its interests, and when the stakes warrant, we will do so independently or through a coalition or alliance. More often, however, we will wish to intervene without bearing all or most of the costs, or making a substantial deployment of our military forces. Multilateral peacekeeping provides such an alternative. It complements, without detracting from, unilateral and coalition options. In so doing, it provides a means of ensuring that the burden and cost of maintaining world order does not fall disproportionately on the United States.

Voluntary Peacekeeping Activities

While the bulk of funding for multilateral peacekeeping operations goes to the United Nations and falls outside the scope of this budget presentation, it is sometimes in the United States interest to support, on a voluntary basis, peacekeeping activities that are not UN mandated and/or are not funded by UN assessments. In such a way, we can help support regional peacekeeping operations for which neighboring countries take primary responsibility, as in Liberia, or peacekeeping operations or observer missions where we and a few other parties have a particular interest, as in the Sinai or the former Soviet Union. The FY 1996 budget requests \$100 million in funds for voluntary contributions to peacekeeping operations.

Nonproliferation and Disarmament

The United States is guided by the principle that arms control and prevention of the proliferation of weapons of mass destruction are critical to the national security. Following the demise of the Soviet Union, in fact, proliferation of such weapons poses the principal direct threat to the survival of the United States.

The objectives of our nonproliferation programs are to reduce the risk of war by limiting and reducing destabilizing forces, inhibiting the spread of weapons of mass destruction and delivery

systems, and building confidence through measures which enhance transparency. In addition to enhancing our security directly, these measures also support other important American interests, including economic and political reform in Russia and the other newly independent states, our economic interests in Asia and the Pacific, and our broader political efforts to resolve long-standing disputes in the Middle East and South Asia.

The most dramatic example of the importance of our nonproliferation efforts in recent times is that of the North Korean nuclear program, which in 1994 was poised to produce hundreds of kilograms of plutonium that could be used in nuclear weapons. The stage was set for a crisis that would imperil security throughout Northeast Asia, and undermine our global nonproliferation effort. Since then, we have concluded an Agreed Framework which freezes this program and provides for its dismantlement.

International Narcotics and Law Enforcement

International narcotics trafficking and organized crime constitute one of the most persistent and serious challenges to our foreign and domestic interests in the post Cold War era. Global narcotics trafficking generates an enormously disruptive illicit economy of hundreds of billions of dollars annually, spawns widespread corruption and intimidation, and condemns countless drug users to a painful, sick, dangerous, and unproductive existence. It saps the strength of industrialized societies, and threatens the very survival of emerging democracies. Driven by both supply and demand forces, the threat must be fought through an integrated global response of enforcement, public awareness/demand reduction, and economic support initiatives.

The end of the Cold War also leaves American interests increasingly threatened by new as well as traditional organized crime forces. Rich, violent, and predatory international crime organizations are quick to exploit political, economic, and social vacuums in countries in transition. As we witness in the former Soviet Republics, old criminal networks are becoming more powerful and new groups emerge faster than authorities can keep pace. Such groups threaten the consolidation of democracy in Central Europe, the NIS, Africa, and Asia.

The Administration's budget proposes \$213 million to fund international counternarcotics activities, and \$12 million for international criminal justice programs.

Anti-Terrorism Assistance

Neither has the end of the Cold War brought a respite from terrorism. The social and economic disruptions following the wrenching changes of the past several years have in fact spawned new types of terrorist groups. While radical leftist terrorism has generally been discredited, the social, political, and economic dislocations they exploited remain or have increased. Terrorism based on religious or ethnic ideals has increased, while state support for terrorism, as in Iran, persists. The World Trade Center bombing is a vivid reminder that the United States is also vulnerable to terrorism.

The Administration's budget proposes \$15 million for anti-terrorism activities. This program provides training and equipment to foreign police and security officials to enhance cooperation and strengthen the local government's anti-terrorism capabilities. The ultimate objective of the program is to strengthen our ability to work closely with foreign governments as might be necessary to respond to specific terrorist threats and crisis management needs, to protect the lives and safety of Americans abroad, and to assist U.S. carriers operating internationally with airport and aircraft security. While training is the primary ATA activity, up to 25 percent of the budget may be programmed for equipment, primarily in the field of aviation security.

FOREIGN MILITARY FINANCING

PROGRAM SUMMARY (DOLLARS IN MILLIONS)

	1994 Actual	1995 Estimate	1996 Request
FMF Grant	3,055.832	3,151.279	3,262.020
FMF Loans (BA)	38.118	47.917	89.888
FMF Loan Amount	769.500	619.650	765.000

American leadership requires that we be ready to back our diplomacy with credible threats of force. To this end, the U.S. military remains the most powerful and effective fighting force in the world. When our vital interests are at stake, we are prepared to defend them alone. Sometimes, however, we can achieve better results at lower costs to human life and national treasure by leveraging our power and resources through alliances and multilateral institutions. We have a strong stake therefore in helping our allies and coalition partners to strengthen their defense so that they can share the common defense burden.

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

A grant and loan program, FMF is distinguished from FMS, the system through which government-to-government sales occur. In general, FMF provides financing for FMS sales. Select countries, however, are eligible to use FMF for procurement through direct commercial contracts outside of FMS channels.

By meeting the demand for U.S. systems, FMF also contributes to a strong U.S. defense industrial base—a critical element of the national defense. FMF also finances sales of defense items that lengthen production runs which can result in lower unit costs for DoD purchases while creating jobs.

FY 1996 FMF

The FMF requested for FY 1996 will go to support two of the Administration's foreign policy objectives: Building Democracy, in the case of Haiti and Cambodia, and Promoting Peace, particularly Regional Peace and Security goals of the Partnership for Peace and the Baltic Peacekeeping Battalion. Our continuing commitment to assist those who take risks for peace in the Middle East is reflected in our FMF proposals for Israel and Egypt as well as other key states in the region.

The following table depicts the FMF request for FY 1996. Detailed justifications for the proposed programs are found in the Country and Program Papers section.

FY 1996 BUDGET REQUEST FOREIGN MILITARY FINANCING

(dollars in millions)

PROGRAM NAME	FY 1994 Actual	FY 1995 Estimate	FY 1996 Request
Sub-Saharan Africa			
Ethiopia	0.200		
Ghana	0.285		
AF Totals:	0.485	0.000	0.000
East Asia & Pacific			
Cambodia			3.000
EAP Totals:	0.000	0.000	3.000
Europe and the NIS			
Baltic Battalion			5.000
CE Defense Infrastructure			20.000
Greece (loan)	[283.500]	[255.150]	[315.000]
Greece (loan subsidy BA)	15.139	19.731	37.000
Partnership for Peace			60.000
Poland		1.000	
Portugal (loan)	[81.000]		
Portugal (loan subsidy BA)	1.312		
Turkey (loan)	[405.000]	[364.500]	[450.000]
Turkey (loan subsidy BA)	21.667	28.186	52.890
EUR Totals:	38.118	48.917	174.890
Latin America			
Belize	0.160		
Bolivia	2.967	2.829	
Caribbean Peacekeeping			3.000
Columbia	7.700	10.000	
Dominican Republic	0.300		
Eastern Caribbean	0.390		
Ecuador	0.130		
Guyana	0.180		
Haiti		3.000	7.000
Jamaica	0.300		
Trinidad & Tobago	0.100		
ARA Totals:	12.227	15.829	10.000
Near East			
Egypt	1300.000	1300.000	1300.000
Israel	1800.000	1800.000	1800.000
Jordan	9.000	7.300	30.000
NEA Totals:	3109.000	3107.300	3130.000
Non-Regional:			
Demining	2.500	5.000	10.000
Defense Admin Costs	23.558	22.150	24.020
Non-Regional Totals:	26.058	27.150	34.020
GRAND TOTALS:	3185.888	3199.196	3351.908

DEFENSE ADMINISTRATIVE COSTS

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

	1994 Actual	1995 Estimate	1996 Request
FMF Grant	23.491	22.150	24.020

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

OBJECTIVES:

- Cost-effectively sustain the necessary workload associated with worldwide administration of FY95 and prior IMET.
- Support administrative costs for all security assistance activities incurred by the Unified Commands.
- Support administrative costs incurred by the Military Departments and DSAA headquarters for all security assistance activity not related to Foreign Military Sales.
- Fund operating costs of non-FMS activities of overseas security assistance offices (SAO).

JUSTIFICATION:

The proposed program level represents the projected costs required to prudently but effectively accomplish the managerial and administrative actions—headquarters, personnel management, budgeting and accounting, office services and facilities, including support for non-FMS functions of the Overseas Security Assistance Offices (SAOs) necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA.

The initiation and expansion of security assistance relationships with many new democracies around the world, but principally in Central Europe, the New Independent States, and South Africa, require the establishment of security assistance organizations (SAOs) in an increasing number of locations over the next few years. The FY 1996 request for Defense Administrative costs will fund the establishment of these SAOs and is essential to the effective management of security assistance programs with these new defense partners.

EFFECTIVENESS MEASUREMENT:

- Resources expended for Defense Administrative Costs are judged effective if the relative quality, timeliness, and consistent accomplishment of all managerial and administrative actions necessary to carry out this segment of our security assistance mission are maintained or improved.

FMF ADMINISTRATIVE COSTS
(Dollars in Thousands)

	Actual FY 1994	Estimated FY 1995	Proposed FY 1996
Departmental and Headquarters Administrative Expenses a/	6,603	6,735	7,020
SAO Administrative Expenses a/	16,888	15,415	17,000
Total Budget Authority	23,491	22,150	24,020

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

DEMINING

PROGRAM DESCRIPTION AND BUDGET REQUEST:

DESCRIPTION: Provide FMF for the global demining assistance program.

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

	1994 Actual	1995 Estimate	1996 Request
FMF	2.500	5.000	10.000
UNOCHA	(0.500)	(1.000)	
OAS	(0.350)	(0.200)	
Cambodia	(0.750)	(1.300)	
Eritrea	(0.200)	(0.460)	
Ethiopia	(0.300)	(0.300)	
Mozambique	(0.400)	(0.000)	
Namibia	(0.000)	(0.270)	
Rwanda	(0.000)	(0.300)	
Unallocated		(1.170)	

OBJECTIVES:

Promote national and regional security, political stability, and economic development by reducing civilian landmine casualties and their tragic human, social, and economic costs. Restore national infrastructure which has been rendered unusable by landmines, and return mined areas, including farmland, to productive use. The specific objectives are to:

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

-
- Develop an indigenous landmine clearance training program capable of training selected host nation personnel to conduct, supervise, and teach landmine clearance operations.
 - Develop the institutional capacity necessary to manage and administer the program locally, including identification and training of host nation personnel for program leadership.
 - Encourage cooperation between governments, international organizations, and other agencies involved in addressing local landmine problems.

JUSTIFICATION:

The Demining Program is designed to help landmine-infested countries address their mine problem. The goal of the program is to establish indigenous, sustainable mine awareness and mine clearance training programs in countries that are experiencing adverse humanitarian effects from landmines. The program assists the host country to develop all aspects of mine awareness and mine clearance training programs, with the caveat that no U.S. personnel will physically clear landmines or enter active mine fields.

With some 100 million uncleared landmines world-wide, including as many as 10 million each in Afghanistan, Cambodia, and Angola, landmines are a large-scale problem which require long-term solutions. The U.S. program is designed to give indigenous personnel the skills to remove the landmine threat, as well as the expertise to administer the program over time. Local populations will benefit directly from cleared fields for crops, cleared roads for travel, and cleared infrastructure for critical restorations. They will also gain confidence in their governments, which are actively solving the landmine problem. This increases local stability and complements U.S. foreign policy initiatives.

FMF has played a critical role in the implementation of USG demining assistance programs. We have designed programs wherein FMF funds for demining are used primarily to provide equipment to complement comprehensive demining training programs funded by DoD Operations and Maintenance (O&M) funds for humanitarian assistance. These two funding sources have been closely coordinated through the Interagency Working Group for Demining.

Recent FMF allocations for demining assistance have been made to Cambodia, Eritrea, Ethiopia, Mozambique, Namibia, and Rwanda, as well as to the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA) to assist with their mine clearance and mine awareness programs and to the Organization of American States to assist with their demining programs in Central America. We also expect to soon begin a comprehensive demining assistance program in Angola, perhaps the most densely mined country in the world.

We estimate that landmines globally cause approximately 500 casualties per week, mostly among innocent civilians, particularly farmers and children. While mine awareness education campaigns help, tremendous population pressures in many of these countries force countless civilians to live and farm in areas that are known to contain landmines. If demining is not accomplished by indigenous deminers trained and equipped through this program, many of these mines will only be cleared one arm and one leg at a time.

EFFECTIVENESS MEASUREMENT:

The success of USG demining assistance programs is not based on the number of mines cleared in a given country. (U.S. personnel will not actively be involved in mine clearance operations.) Country programs will be considered successful upon:

- Development of indigenous mine awareness and clearance capability through the graduation of local instructors.
- Effective use of equipment transferred for local mine awareness and clearance programs.
- Hand-off of the program to the host government (or other local entity such as a United Nations peacekeeping force) for program management and administration.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

	1994 Actual	1995 Estimate	1996 Request
IMET	22.250	26.350 ¹	39.781

International Military Education and Training (IMET) provides military education and training on a grant basis to students from allied and friendly nations. It is recognized as one of the most cost effective components of U.S. security assistance. Since 1950, IMET and its predecessor programs have trained more than 550,000 foreign officers and enlisted personnel in areas ranging from professional military education to basic technical and nation building skills. This training has enabled U.S. friends and allies to establish and improve self-sufficiency in their military forces, as well as to strengthen their own training capabilities.

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

The Foreign Operations, Export Financing and Related Programs Appropriations Act, 1991, expanded the scope and purposes of the IMET program. Expanded IMET's principal objectives are: fostering greater respect for, and understanding of, the principal of civilian control of the military, improving military justice systems and procedures in accordance with internationally accepted standards of human rights, and increasing professionalism and responsibility in defense management and resource allocation. Expanded IMET education is available not only to military and defense officials, but also to civilian officials from non-defense ministries, legislatures, and non-government organizations (NGOs).

IMET requested for FY 1996 will enable the United States to build upon our investments in English language training, professional military education and Expanded IMET in the 26 new country programs instituted since 1991, primarily in Central Europe and the NIS. It will also restore some of the programs in Asia, Latin America, and Africa reduced since FY 1994 that are

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

important to the success of our regional security strategies. The IMET request will also continue training and education assistance for Middle East countries important to regional peace efforts.

The following table shows the FY 1996 IMET request. Detailed justification for the proposed programs are found in the Country and Program Papers section.

FY 1996 BUDGET REQUEST INTERNATIONAL MILITARY EDUCATION AND TRAINING

(DOLLARS IN MILLIONS)

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
Sub Saharan Africa			
Benin	0.099	0.100	0.150
Botswana	0.364	0.450	0.475
Burundi		0.100	0.125
Cameroon	0.100		0.100
Cape Verde		0.075	0.100
Central African Republic		0.175	0.125
Chad	0.225	0.175	0.100
Comoros			0.075
Congo	0.109	0.175	0.165
Cote d'Ivoire	0.150	0.150	0.160
Djibouti	0.106	0.120	0.150
Eritrea	0.082	0.200	0.250
Ethiopia	0.113	0.250	0.300
Gambia	0.100		
Ghana	0.229	0.200	0.250
Guinea	0.088	0.175	0.175
Guinea-Bissau	0.102	0.075	0.100
Kenya	0.288	0.280	0.350
Lesotho		0.050	0.075
Madagascar			0.100
Malawi	0.125	0.125	0.250
Mali	0.134	0.155	0.150
Mozambique		0.125	0.125
Namibia	0.220	0.150	0.250
Niger	0.200	0.200	0.300
Rwanda	0.075		
Sao Tome & Principe		0.075	0.075
Senegal	0.450	0.600	0.600
Seychelles			0.060
Sierra Leone		0.050	0.120
South Africa	0.104	0.250	0.500
Swaziland		0.050	0.080
Tanzania	0.114	0.100	0.175
Uganda	0.128	0.150	0.200
Zambia	0.075	0.100	0.150
Zimbabwe	0.241	0.250	0.250
AF Totals:	4.021	4.280	6.610

FY 1996 BUDGET REQUEST INTERNATIONAL MILITARY EDUCATION AND TRAINING

(DOLLARS IN MILLIONS)

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
East Asia & Pacific			
Cambodia	0.122	0.200	0.300
Indonesia			0.600
Malaysia	0.318	0.500	0.600
Mongolia	0.050	0.100	0.100
Papua New Guinea	0.050	0.125	0.175
Philippines	0.876	1.195	1.400
Singapore	0.010	0.020	0.020
Solomon Islands	0.008	0.100	0.125
South Korea	0.021	0.010	0.010
Thailand	0.895	1.000	1.600
Tonga	0.015	0.050	0.200
Vanuatu	0.015	0.050	0.095
Western Samoa	0.015	0.050	0.050
EAP Totals:	2.395	3.400	5.275
Europe and the NIS			
Albania	0.165	0.200	0.400
Austria	0.010	0.015	0.015
Belarus	0.100	0.100	0.275
Bosnia & Herzegovina		0.070	0.200
Bulgaria	0.300	0.400	0.700
Croatia		0.065	0.200
Czech Republic	0.500	0.500	0.700
Estonia	0.152	0.200	0.385
Finland	0.010	0.015	0.015
Georgia	0.063	0.075	0.250
Greece	0.100	0.050	0.050
Hungary	0.700	0.700	0.950
Kazakhstan	0.090	0.100	0.375
Kyrgyzstan	0.050	0.050	0.225
Latvia	0.195	0.200	0.385
Lithuania	0.150	0.200	0.385
Malta	0.018	0.065	0.075
Moldova	0.057	0.050	0.225
Poland	0.700	0.700	0.950
Portugal	0.500	0.500	0.800
Romania	0.312	0.465	0.700
Russia	0.471	0.700	1.075
Slovakia	0.296	0.350	0.525
Slovenia	0.113	0.125	0.300
Spain	0.049	0.050	0.050
The FYRO Macedonia		0.125	0.250
Turkey	1.006	1.000	1.000
Turkmenistan	0.050	0.050	0.225

FY 1996 BUDGET REQUEST INTERNATIONAL MILITARY EDUCATION AND TRAINING

(DOLLARS IN MILLIONS)

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
Ukraine	0.600	0.600	0.950
Uzbekistan		0.050	0.225
EUR Totals:	6.757	7.770	12.860
Latin Amer & Carib			
Argentina	0.102	0.100	0.300
Bahamas	0.011		0.100
Belize	0.050	0.040	0.250
Bolivia	0.439	0.350	0.500
Brazil	0.096	0.100	0.200
Chile	0.097	0.100	0.300
Columbia	0.900	0.600	0.900
Costa Rica	0.101	0.050	0.150
Dominican Republic	0.308	0.200	0.500
Eastern Caribbean	0.239	0.200	0.300
Ecuador	0.379	0.300	0.400
El Salvador	0.400	0.400	0.450
Guatemala	0.036	0.200	0.250
Guyana	0.005	0.075	0.150
Haiti			0.400
Honduras	0.524	0.325	0.400
Jamaica	0.201	0.170	0.450
Mexico	0.201	0.200	1.000
Nicaragua		0.100	0.200
PACAMS	0.524	0.425	0.600
Paraguay	0.089	0.125	0.150
Peru		0.325	0.500
Suriname		0.050	0.050
Trinidad & Tobago	0.010		0.050
Uruguay	0.167	0.100	0.250
Venezuela	0.195	0.250	0.300
ARA Totals:	5.074	4.785	9.100
Near East			
Algeria	0.056	0.075	0.075
Bahrain	0.056	0.075	0.100
Egypt	0.800	1.000	1.000
Jordan	0.800	1.000	1.200
Lebanon	0.304	0.400	0.475
Morocco	0.528	0.800	0.800
Oman	0.054	0.110	0.110
Tunisia	0.500	0.800	0.800
NEA Totals:	3.098	4.260	4.560

FY 1996 BUDGET REQUEST INTERNATIONAL MILITARY EDUCATION AND TRAINING

(DOLLARS IN MILLIONS)

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
South Asia			
Bangladesh	0.182	0.175	0.258
India	0.152	0.200	0.364
Maldives		0.050	0.080
Nepal	0.106	0.100	0.138
Sri Lanka	0.100	0.100	0.175
SA Totals:	0.540	0.625	1.015
Non-Regional			
General Costs	0.364	0.380	0.361
Non-Regional Totals:	0.364	0.380	0.361
GRAND TOTALS:	22.250	26.350	39.781

ECONOMIC SUPPORT FUND

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

	1994 Actual	1995 Estimate	1996 Request
ESF	2,107.403	2,368.600	2,494.300

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

ESF provides balance of payments support directly through cash transfers, or through financing of commodity imports for acquisition of critical raw materials and capital goods when foreign exchange is not readily available. Where building democracy and economic stability is the primary concern, ESF finances infrastructure or other capital projects, and developmental projects that benefit the disenfranchised and encourage free market and democratic initiatives. ESF also finances programs designed to enhance the administration of justice [AOJ] as well as police training through the International Criminal Investigative Training Assistance Program [ICITAP] administered by the Department of Justice.

Economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, ESF's fast-disbursing balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. In the short term, however, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security and

independence of key allies and friends. The largest share of the ESF request—\$2.113 billion—remains focused on supporting Middle East peace by providing assistance to foster economic stability and development in Israel, Egypt and other Arab countries pledged to support the peace process.

LAW ENFORCEMENT AFFAIRS

In FY 1996 ESF funding will support a major new initiative designed to promote international cooperation in combating organized crime. The International Criminal Justice (ICJ) program addresses the growing threat to our national security interests posed by international criminal activity, by building greater cooperation among nations to eliminate organized criminal groups, strengthening national law enforcement institutions in newly emerging democracies, and creating organizations which will aid in combating organized crime. Key benefits of the ICJ program will include deterring alien smuggling at its source, increasing international cooperation to combat money laundering, supporting the United Nations program to reestablish the Somali national police and judicial system, and improving coordination of U.S. positions and programs in the field. For FY 1996, we are seeking \$12,000,000 in Economic Support Funds (ESF) and will likely continue the strategy adopted in FY 1995 of supplementing these funds with allocations from other appropriations for Central Europe and the New Independent States (NIS).

The following table shows the ESF proposal for FY 1996. Detailed justification for the proposed programs are found in the Country and Program Papers section.

ECONOMIC SUPPORT FUND PROGRAM SUMMARY

(DOLLARS IN MILLIONS)

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
Sub-Saharan Africa			
Africa Regional Fund	2.900	4.400	14.350
Angola			10.000
Djibouti	1.000		
Eritrea	2.000		
Ghana	1.000		
Mozambique	3.100		
Rwanda		3.000	
Sao Tome & Principe	0.500		
South Africa	3.000		
Uganda	0.500		
Subtotal, AF:	14.000	7.400	24.350
East Asia & Pacific			
Asia Regional Fund			8.810
Cambodia	14.861	19.500	39.520
Mongolia			10.000
South Pacific Tuna	14.000	14.000	14.000
Subtotal, EAP:	28.861	33.500	72.330
Europe and the NIS			
Cyprus	14.999	15.000	15.000
Ireland Fund		19.600	29.600
The FYRO Macedonia	5.000		
Turkey	119.978	55.750	100.000
Subtotal, EUR	139.977	80.350	144.600

COUNTRY	FY 1994 ACTUAL	FY 1995 ENACTED	FY 1996 REQUEST
Latin Am & Carib			
Bolivia	24.995	11.750	
Colombia	1.022		
El Salvador	44.291	16.000	
Guatemala	0.300	2.000	
Guyana	1.000		
Haiti	21.830	79.900	90.270
LAC Regional Fund	5.845	10.000	27.550
Nicaragua	9.999	6.000	
Panama	3.953		
Peru		5.500	
Subtotal, ARA:	113.235	131.150	117.820
Near East			
Egypt	814.930	815.000	815.000
Israel	1200.000	1200.000	1200.000
Jordan	9.000	7.200	7.200
Lebanon	3.639	4.000	4.000
ME Multilaterals	1.000	3.000	5.000
ME Regional (MERC)	5.000	7.000	7.000
Morocco	2.971		
Tunisia	0.985		
West Bank-Gaza	27.500	75.000	75.000
Subtotal, NEA	2065.025	2111.200	2113.200
South Asia			
Afghanistan	1.995		
Subtotal, SA	1.995		
Global			
AOJ/ICITAP			10.000
Crime		5.000	12.000
Subtotal, Global:	0.000	0.000	22.000
Total Country Pgms:	2364.561	2368.600	2494.300
Rescissions/Transfer out	-269.700		
Reappropriations/ Transfers in	12.541		
Total Bdgt Authority	2107.403	2368.600	2494.300

PEACEKEEPING OPERATIONS

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

	1994 Actual	1995 Estimate	1996 Request
PKO	82.435	74.150 ^a	100.000

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

The Foreign Assistance Act of 1961, Part II, Chapter 6, as amended, authorizes assistance to friendly countries and international organizations for peacekeeping operations and other efforts at conflict resolution which further U.S. national security interests. For FY 1996 we propose a funding level of \$100 million for voluntary peacekeeping activities.

The number of situations requiring peacekeeping operations has risen dramatically since the end of the Cold War. This trend can be expected to continue in the years ahead. Potential flash points exist in Central and East Asia, Europe, Africa and Latin America. Well-planned peacekeeping operations are a useful and cost effective option for dealing with some conflicts and humanitarian crises. Peacekeeping clearly is not a substitute for a strong national defense and vigorous alliances; but it has a demonstrated capacity, under appropriate circumstances, to separate adversaries, maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants and create conditions under which political reconciliation may occur and democratic elections may be held. Thus, it can reduce the likelihood of interventions by regional powers, prevent small conflicts from proliferating, facilitate the birth and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows.

While the bulk of funding for multilateral peacekeeping operations [i.e., an additional \$445M FY 1996 request for UN-sponsored operations] goes to the United Nations and falls outside the scope of this budget presentation, it is sometimes in the United States interest to support, on a voluntary basis, peacekeeping activities that are not UN mandated and/or are not funded by UN assessments. The Peacekeeping Operations (PKO) account provides the flexibility to, in the appropriate circumstances, proactively support conflict resolution, multilateral peace operations, sanctions enforcement and similar efforts outside the context of assessed UN peacekeeping operations. The PKO account promotes increased involvement of regional organizations in conflict resolution, which can sometimes result in more politically or cost-effective operations. The account is also used to encourage fair-share contributions to joint efforts where there is no formal cost sharing mechanism available. As a result we are often better able to assist countries in creating an environment of security and stability essential to their more rapid social, economic, and political progress. Key objectives of the fund are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives.
- Encourage fair-share contributions to peacekeeping efforts from those countries that can and should pay while facilitating the participation of poorer countries when resource constraints would otherwise prevent their taking part.
- Minimize or avoid the use of U.S. troops by supporting the deployment of foreign troops for peacekeeping operations

In addition to supporting long-term, non-assessed commitments such as the Multinational Force and Observers (MFO) in the Sinai, and Organization for Security and Cooperation in Europe (OSCE) initiatives, this funding will be used to promote regional involvement in the resolution of neighboring conflicts. Further, the funding request addresses potential operations in Europe and the New Independent States of the Former Soviet Union. Finally, PKO funding will be used to support monitoring and enforcement of United Nations sanctions activities around the world.

The following table lists FY 1996 proposals for PKO funding. Program papers providing descriptions and detailed justifications are included under Regional and Country Programs.

PEACEKEEPING OPERATIONS

PROGRAM SUMMARY (DOLLARS IN MILLIONS):

PROGRAM	FY 1994 Actual	FY 1995 Enacted	FY 1996 Request
Africa Regional		5.000	18.000
Cambodia	2.000		
Europe		3.710	25.000
OSCE	0.620	4.000	7.000
ECOWAS	6.690		
Haiti (OAS)	13.000		
Haiti (Multinational Force)	8.000	27.200	
Haiti (Sanctions)	1.190		
Haiti (ICITAP)	7.000		
MFO - Sinai	16.700	16.090	17.000
New Independent States			5.000
Organization of African Unity	2.000	1.150	5.000
Sanctions Assistance Monitors	11.235	17.000	23.000
Somalia	4.000		
Tanzania	1.000		
UNFICYP	6.000		
War Crimes Tribunal	3.000		
PKO Total	82.435	74.150^b	100.000

SANCTIONS ASSISTANCE MONITORING

PROGRAM DESCRIPTION AND BUDGET REQUEST:

DESCRIPTION: Establish, train and equip a cadre of Sanctions Assistance Monitors (SAMs). Funding will also be used for technical assistance to and training costs for host country governments.

	1994 Actual	1995 Estimate	1996 Request
PKO	16.800	21.400	23.000

OBJECTIVE:

- Assist front line states in enforcement implementation and monitoring of multilateral economic Sanctions.

JUSTIFICATION:

Multilateral economic sanctions are increasingly a tool of choice in foreign policy. During 1994, the Department Of State managed U.S. sanctions policies against Serbia-Montenegro, Haiti, Iraq, Iran, Cuba, UNITA (Angola), North Korea, and Libya. In the case of Serbia-Montenegro, managing the sanctions enforcement program has required coordination and funding of a sizable multilateral enforcement effort. Under UN and CSCE auspices, the United States has provided

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

commodities and services related to sanctions enforcement. We anticipate a continuing need for sanctions enforcement funding.

In FY93 and FY94, the Department Of State funded sanctions enforcement efforts against Serbia-Montenegro from reprogrammed Peacekeeping Operations Account funds. The Department of the Treasury has funded a significant portion of these expenses. We must regularize funding to ensure that the goals of this program are executed efficiently. Enforcement of economic sanctions will continue to be an important component of U.S. foreign policy. Maintaining a separate source of funding for this purpose is essential, since excess funds will not be available from other sources.

EFFECTIVENESS MEASUREMENT:

The program will be considered successful if it leads to better enforcement of sanctions by front line states, and fewer sanctions violations on the sanctioned state's borders.