
LEGISLATION AND POLICY

The FY 1998 Security Assistance Budget Request

By

U.S. Department of State

[The following material is extracted from the Department of State's *Congressional Presentation for Foreign Operations, Fiscal Year 1998 (FY 1998 CP)*. This annual document supports funding requests for U.S. Budget Function 150 which includes all of the foreign operations program appropriations accounts (including security assistance) administered by the Department of State or for which the State Department provides policy guidance. The *FY 1998 CP* presents a general introduction to these foreign operations programs, together with separate budget requests and supporting information for each of the programs. Individual summaries of all country and regional programs are also included. The excerpted material below contains the Introduction to the *FY 1998 CP* and the requested funding and program descriptions for the four U.S. funded 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

America's national security depends on a strong national defense, effective intelligence capabilities, and proactive engagement in International Affairs. New global relationships, advances in technology and communications, new forms of regional instability, and an obligation to safeguard our nation from the dangers posed by weapons of mass destruction and preventable environmental degradation—all form the basis of a new, more complex International Affairs policy agenda. Our success in pursuing this agenda will materially impact the lives of this and future generations of Americans.

To succeed, America must lead. Although International Affairs programs and activities comprise barely one percent of all federal budget expenditures, they are the substance of US relationships with the rest of the world. Funds distributed over four cabinet departments, nine agencies, and several foundations and international organizations are the conduits of American influence.

The *Congressional Presentation for Foreign Operations* provides the fiscal year 1998 budget request and justification for the Function 150 accounts of the federal budget within the jurisdiction of the U.S. Senate and U.S. House of Representatives Committees on Appropriations, Subcommittees on Foreign Operations. This *Presentation* includes an explanation of U.S. foreign policy objectives, strategies, resources, and performance indicators by function and region.

The *Congressional Presentation* was prepared and completed through the cooperative efforts of International Affairs agencies who were represented on interagency teams led by the Department of State. The result is a comprehensive budget package that includes an integrated explanation of the resources necessary to maintain American global leadership through functional programs and regional strategies worldwide. The *Congressional Presentation for Foreign Operations* is not designed to supersede more detailed budget justifications prepared by individual Function 150 agencies; rather it seeks to serve as a comprehensive summary of International Affairs program accounts within the jurisdiction of the Foreign Operations Subcommittee.

In FY 1998, the Administration is requesting \$19.451 billion for Function 150, the International Affairs category of the federal budget. Of this amount, \$13.324 billion is proposed for programs and activities within the jurisdiction of the Subcommittees on Foreign Operations. The FY 1998 budget is designed to prevent further erosion in America's diplomatic leadership by providing an 8.8 percent increase over the FY 1997 appropriated level of \$12.250 billion for Function 150 Foreign Operations programs.

Resources recommended in the Function 150 Foreign Operations budget are targeted toward programs that support six underpinning objectives of American foreign policy. These key objectives are:

- Promoting U.S. prosperity through trade, investment, and employment—creating jobs by developing export markets;
- Building democracy—achieving economic stability and democratic transition in Central Europe, the New Independent States, and in other geostrategic regions;
- Fostering sustainable development—making long-term investments, through bilateral and multilateral programs in economic growth; child survival; disease prevention; population; and environmental protection;
- Securing peace—advancing the progress of peace in the Middle East, Asia, Central America, and Africa;
- Providing humanitarian assistance—providing food, shelter, and relief to refugees and other victims of hardship, as has long been the tradition of America.
- Strengthening Diplomacy—providing a reliable worldwide network of communications, representation, and oversight through effective U.S. and overseas management.

By advancing these objectives, the FY 1998 budget proposes a new framework for American leadership adapted to the needs of the 21st Century.

FOREIGN MILITARY FINANCING

FOREIGN OPERATIONS RESOURCES

(Dollars in millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
FMF Grant	3,217.361	3,224.000	3,274.250
FMF Grant, FY 1996			
Supplemental	70.000	-	-
FMF Loans Subsidy (BA)	64.382	60.000	66.000
FMF Loan Amount	544.000	540.000	699.500

OVERALL U.S. OBJECTIVES

Hegemoriist aspirations of aggressive communism often inspired regional conflicts during the Cold War. In the post-Cold War era, regional and internal conflicts, fueled by more discrete problems such as ethnic discord, competing territorial claims and other sources of tension, persist and are among the greatest threats and barriers to the achievement of international peace, stability, and a world order based on the rule of law. Prudent investment of U.S. resources is essential to assist, through bilateral and collective efforts, in preventing or containing armed conflict, and in restoring peace and stability throughout the world. American leadership requires a readiness to back its diplomacy with credible threats of force. To this end, the United States can achieve better results at lower costs to human life and national treasure by leveraging its power and resources through alliances and multilateral institutions. Thus, the United States has a strong stake in helping its allies and coalition partners to strengthen their defense so they can share the common defense burden.

Foreign Military Financing (FMF) enables key friends and allies to improve their defense capabilities by financing acquisition of U.S. military articles, services, and training. As FMF helps countries provide for legitimate defense needs, it also promotes U.S. national security interests by strengthening coalitions with friends and allies, cementing cooperative bilateral foreign military relationships, and enhancing interoperability with U.S. forces. FMF supports regional security cooperation with key allies. It helps meet post-Cold War challenges, such as multilateral peacekeeping efforts and demining assistance programs, by financing equipment and services in support of 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. Finally, FMF will contribute to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments.

- Both a grant and loan program, FMF is distinguished from Foreign Military Sales (FMS), the system through which government-to-government military sales are made. In general, FMF provides financing for FMS. By enabling selected friends and allies to purchase needed U.S. defense goods and services, FMS has the beneficial byproduct of encouraging demand for U.S. systems, which also contributes to a strong U.S. defense industrial base—a critical element of the national defense strategy. FMF financing for equipment sales can lengthen production runs, which can result in lower unit costs for Department of Defense (DoD) purchases and create jobs for Americans. Key objectives of FMF are:
- To assist allies and friends in financing procurement of United States defense articles, and services to help strengthen their self-defense capabilities and meet their legitimate security needs;

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- To meet urgent humanitarian needs by improving the capability of the armed forces of foreign countries to respond to natural and manmade disasters, such as the indiscriminate use of anti-personnel landmines;
 - To promote self-defense and defense cooperation by assisting friendly countries to acquire U.S. defense articles and services;
 - To improve key capabilities of friendly countries to contribute to international peace-keeping;
 - To promote the effectiveness and professionalism of military forces of friendly foreign countries; and
 - To promote rationalization, standardization, and interoperability of the military forces of friendly foreign countries with U.S. Armed Forces.

STRATEGY

The vast majority of FMF goes to the Middle East to promote regional peace and security in helping to meet the legitimate security needs of parties engaged in the peace process. This assistance supports the long-standing U.S. policy goal of seeking a just, lasting, and comprehensive peace between Israel and her Arab neighbors, including the Palestinians. Additionally, FY 1998 FMF grant and loan programs will:

- Continue the President's Warsaw Initiative, a program that supports the Partnership for Peace (PFP), which strengthens practical cooperation between NATO and PFP Partners in Central Europe and the New Independent States (NIS). PFP's principal objective has been to establish strong security ties between NATO and PFP Partners, and to prepare Partners interested in joining NATO for the obligations of membership. FMF funds will also facilitate Partner participation in PFP joint peacekeeping exercises, which have already helped prepare some Partners to participate in NATO-led peacekeeping operations.
- Assist in the gradual enlargement of NATO by providing FMF loans to creditworthy Central European and Baltic States for acquisition of NATO-compatible equipment. Specifically, FMF loans will support, through equipment transfers, training, and exchange programs, the reorientation of CE and Baltic militaries to defensive postures, regional cooperation based on uniform standards of NATO-compatible equipment, and expanded military cooperation with NATO forces, both bilaterally and through the Partnership for Peace (PFP).
- Implement indigenous, sustainable landmine awareness and landmine clearance training programs in countries that are experiencing adverse humanitarian effects from landmines. This program has been very successful in developing an indigenous landmine clearance training program capable of training selected host country personnel to conduct, supervise, and teach landmine clearance procedures in Afghanistan, Angola, Cambodia, Laos, Eritrea, Ethiopia, Honduras, Mozambique, Namibia, Nicaragua and Rwanda. The relatively modest FMF assistance has enabled host country personnel to clear thousands of square meters of suspected minefields.
- Advance ongoing U.S. security interests in Southern Europe and meet NATO requirements on the Alliance's southern flank through sustainment of Turkey's and Greece's defense capabilities.

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- Develop the Royal Cambodian Armed Forces (RCAF) engineers' capability to build and improve civil infrastructure through training in road construction and repair.
 - Sustain Caribbean defense and maritime forces allowing these island nations to maintain small professional forces essential to regional peace and security. Because of the modest FMF assistance to the region, much of the success for recruiting and building a multilateral force that allowed the Aristide government to return to office can be attributed to the participation and professionalism of Caribbean defense forces. In addition, the assistance facilitated a successful transition to the United Nations peacekeeping operation in Haiti (UNMIH).
 - Bolster the capabilities of East African states (Eritrea, Ethiopia and Uganda) bordering Sudan to thwart Sudan-sponsored terrorism and the disruption of humanitarian assistance.
 - Support democratic Central European and Baltic states to focus on enhancing defensive capabilities by providing assistance that helps re-orient their militaries to defensive postures, rationalize their defense planning, and deter potential aggressors.
 - Through a U.S.-led multilateral effort, improve and expand the capabilities of African militaries to respond to limited peace and humanitarian operations on the continent.
 - Concentrate on assisting selected countries to improve their peacekeeping capabilities with emphasis on communication systems, peacekeeping education and training programs (e.g., training aids and support equipment), and interoperability, including possible provision of selected specialized equipment and repair parts.

PERFORMANCE INDICATORS

- Increased regional interoperability and cooperation with U.S. forces, including maintaining access to foreign military bases, facilities, and airspace.
- Improved ability of peacekeeping units to deploy to regional and international peace and humanitarian operations.
- Increased willingness to participate in regional/international peacekeeping and humanitarian assistance missions and regional conflict prevention mechanisms.
- Continued demonstration by Central Europe and New Independent States' militaries in the promotion of area stability, civilian control of the military, and military support for democratization.
- Strengthening of PFP, including increased participation in joint NATO missions such as international peace operations, search and rescue, and humanitarian operations.
- Increased interoperability of coalition partners, as measured by combined joint exercises.
- Continued support and willingness of regional states to seek a just, lasting, and comprehensive Middle East peace.
- Relinquishing demining responsibilities to host governments.

The following table depicts the FMF request for FY 1998. Detailed justifications for the proposed programs are found in the section on Regional and Country Programs.

FOREIGN MILITARY FINANCING PROGRAM SUMMARY

(Dollars in millions)

PROGRAM NAME	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
Africa (AF)			
Africa Crisis Response Force		3.000	5.000
East Africa Regional	5.000	4.750	5.000
AF Totals	5.000	7.750	10.000
East Asia/Pacific (EAP)			
Cambodia	1.000	1.000	1.000
EAP Totals:	1.000	1.000	1.000
Europe and the NIS (EUR/NIS)			
Baltic Battalion	0.750		
Estonia	(0.250)		
Latvia	(0.250)		
Lithuania	(0.250)		
CE Defense Loans (loan)		[242.500]	[402.000]
CE Defense Loan (subsidy BA)		20.000	20.000
Greece (loan)	[224.000]	[122.500]	[122.500]
Greece (loan subsidy BA)	24.438	3.230	12.850
Partnership for Peace	53.100	69.900 ^a	70.000
Turkey (loan)	[320.000]	[175.000]	[175.000]
Turkey (loan subsidy BA)	34.962	36.770	33.150
EUR/NIS Totals:	113.250	120.000	136.000
Latin America and Caribbean (ARA)			
Caribbean Regional	2.000	2.000	3.000
ARA Totals:	2.000	2.000	3.000
Near East (NEA)			
Egypt	1300.000	1300.000	1300.000
Israel	1800.000	1800.000	1800.000
Jordan	30.000	30.000	45.000
Jordan, FY 1996 Supplemental	70.000	0.000	
NEA Totals:	3200.000	3130.000	3145.000
Non-Regional:			
Demining	7.213	0.000 ^b	15.000
Defense Administrative Costs	23.250	23.250	23.250
Enhanced Int'l Peacekeeping			7.000
Ethiopia	0.030		
Non-Regional Totals:	30.493	23.250	45.250
Total, FW Grant	3217.361	3224.000	3274.250
Total, FW Grant supplemental	70.000	0.000	0.000
Total, FW Loan Subsidy BA	64.382	60.000	66.000
GRAND TOTALS:	3351.743	3284.000	3340.250

^a Includes a \$6.9 million transfer from SEED and the FREEDOM Support Act.

^b FY 1997 demining was appropriated under the Non-Proliferation, Antiterrorism, Demining, and Related Programs Account.

DEFENSE ADMINISTRATIVE COSTS

FOREIGN OPERATIONS RESOURCES

(Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
FMF Grant	23.204	23.250	23.250

OVERALL U.S. OBJECTIVES

The requested funding provides for the cost of administrative activities related to non-Foreign Military Sales (FMS) security assistance programs implemented by the Unified Commands, the Military Departments, and the Defense Security Assistance Agency (DSAA). FMF grants:

- Support the worldwide administration of International Military Education and Training (IMET);
- Finance administrative costs for all security assistance activities incurred by the Unified Commands;
- Finance administrative costs incurred by the Military Departments and DSAA headquarters for all security assistance activities not related to Foreign Military Sales; and
- Fund operating costs of non-FMS activities of overseas Security Assistance Organizations.

STRATEGY

The proposed program level represents the projected costs required to prudently, and effectively, accomplish the managerial and administrative actions necessary to manage and implement the non-FMS segments of security assistance programs, as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities, and support for non-FMS functions of Security Assistance Offices (SAOs). The Defense Administrative Costs account implements such non-FMS activities as: administration of the IMET program; management of drawdowns of military equipment and services; grant transfers of excess defense articles; as well as fulfilling responsibility for monitoring military items previously transferred under the former Military Assistance Program (MAP). The initiation and expansion of security assistance relationships with many new democracies around the world, but principally in Central Europe, the New Independent States, and South Africa, require the establishment of SAOs in an increasing number of locations. The FY 1998 request for Defense Administrative costs will fund the establishment and/or the continuing operating costs of these new SAOs and is essential to the effective management of security assistance programs with these new defense partners. The recent increases in IMET funding levels will also increase administrative workload and funding requirements.

In FY 1998, we will hold costs to the same level as FY 1996 and FY 1997, absorbing pay raises, inflation, and the increased costs associated with the additional SAO operating locations. The amount requested is the minimum essential funding to accomplish our mission.

PERFORMANCE INDICATORS

- Effective administration of grant military assistance programs within the requested budget level.

FMF ADMINISTRATIVE COSTS

(Dollars in Millions)

	Actual FY 1996	Estimated FY 1997	Proposed FY 1998
Departmental and Headquarters Administrative Expenses ^a	6.204	6.250	6.250
SAO Administrative Expenses ^a	<u>17.000</u>	<u>17.000</u>	<u>17.000</u>
Total Budget Authority	23.204	23.250	23.250

^a Excludes those Defense Security Agency (DSAA) and overseas Security Assistance Organization (SAO) costs related to FMS which are financed from sales under Sections 21, 11, and 29 of the Arms Export Control Act. See Overseas Military Program Management table for further details on SAO costs.

DEMINING

FOREIGN OPERATIONS RESOURCES

(Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
FMF Grant	7.213	7.000	15.000

OVERALL U.S. OBJECTIVES

The United States has a compelling interest to promote national and regional security, political stability, and economic development by reducing civilian landmine casualties and their tragic human, social, and economic costs in war-torn countries. In May 1996, President Clinton pledged to strengthen global efforts to clear minefields through developing better mine detection and mine-clearing technology, and to expand demining training programs in countries with landmine problems.

The reality of the problem is enormous: more than 400 million mines have been placed in the last 55 years, over 65 million of which have been placed during the last 15 years alone. Today, in about seventy countries, mainly in Africa and Asia, there are at least 120 million mines. Of these mines, at least 108 million are anti-personnel landmines (APL), which, together with other articles of war, are believed to injure or kill an estimated 500 persons every week.

While mine awareness education campaigns help, tremendous population pressures and limited arable land in many of these countries force countless civilians to live and farm in areas that are suspected to be contaminated with landmines or unexploded ordnance (UXOs). If

demining operations are not accomplished by indigenous deminers trained and equipped through a demining program, these anti-personnel mines will remain threats to everyday life and will continue to jeopardize stability and U.S. interests.

STRATEGY

The U.S. demining assistance concept calls for assisting the host nation with development of all aspects of mine awareness and mine clearance operations, including establishment of an indigenous demining capacity. The multi-pronged U.S. strategy for demining FMF:

- Provides funds for programs to help restore national infrastructure which has been rendered unusable by landmines, and returns mined areas, including farmland and roads, to productive use.
- Works with host governments, non-governmental organizations (NGOs), and international organizations to educate local populations about the dangers of landmines. Each USG demining program has an associated mine awareness program element, and leaves trained host nation personnel to continue to provide mine awareness education.
- Develops an indigenous mine clearance training program capable of training selected host nation personnel to safely detect, map, and record data, and destroy landmines, and to then train others in their country to do the same.
- Promotes the institutional capacity necessary to manage and administer the program locally, preferably in a national demining office, to include identification and training of host nation personnel for program leadership.

In particular, State provides FMF for defense articles and services including sustainment equipment, transportation, medical and other assistance needed to develop and maintain the operational capability of the host nation.

PERFORMANCE INDICATORS

FMF has played a critical role in the implementation of U.S. demining assistance programs by providing equipment to complement comprehensive demining training programs financed by DoD Operations and Maintenance (O&M) funds. The Interagency Working Group on Demining closely coordinates these two programs.

In 1996, IMF for demining assistance has been allocated to Angola, Cambodia, Eritrea, Ethiopia, Jordan, Laos, Mozambique, Namibia and Rwanda on a bilateral basis. FMF has also gone to the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA), to assist with their mine awareness and clearance programs. Funds have also been provided for the Organization of American States to assist with the Inter-American Defense Board's demining efforts in Central America.

There are many measures of effectiveness of USG demining programs. Some of these include:

- Roads cleared of landmines for internal transportation.
- Previously mined fields returned to agriculture.
- Greatly reduced casualties from mine accidents.

- Cleared infrastructure for critical restoration.
- Resettlement of refugees and displaced persons.
- Development of indigenous mine awareness and clearance capability after “train the trainer” program.
- Effective use of transferred equipment by local population.
- Formation of national demining office to manage program after expatriates depart.

These measures of effectiveness have been found to some degree in all host nations where the USG currently has demining programs, proving the efficacy of our strategy. The performance indicators contribute to local stability in a host nation, and the people gain confidence in their government, which they see as actively working to solve the landmine problem. This complements U.S. foreign policy initiatives as well as contributes to military-to-military contacts and country access.

ENHANCED INTERNATIONAL PEACEKEEPING CAPABILITIES (EIPC)

FOREIGN OPERATIONS RESOURCES *(Dollars in Millions)*

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
FMF	-	-	7.000

OVERALL U.S. OBJECTIVES

Enhanced International Peacekeeping Capabilities (EIPC) is a new global initiative which seeks to improve the peacekeeping readiness of selected countries which have demonstrated significant potential for greater contributions to international peacekeeping operations. The components of peacekeeping readiness include political commitment, adequate resource allocation, competent military leadership, appropriate training, effective logistics support, language proficiency, and interoperability. By enhancing international peacekeeping capabilities of selected countries, EIPC aims to reduce U.S. and international costs for peacekeeping missions, increase the pool of credible peace operations, reduce the demand for U.S. burdensharing, and encourage regional conflict prevention and resolution. EIPC provides a global framework for rationalizing development of regional peacekeeping initiatives. While most regional initiatives focus on rapidly energizing near-term peacekeeping capabilities, EIPC develops the country's intellectual and training base structure to facilitate host nation design and implementation of a comprehensive peacekeeping/humanitarian assistance training and education program.

STRATEGY

FY 1998 FMF for the EIPC, allocated regionally, will concentrate on assisting selected countries to improve their peacekeeping readiness. Key components of EIPC development

include: communications systems, education program training aids and equipment, and procedural and mechanical interoperability, including possible provision of selected specialized equipment and spare parts. EIEPC objectives are supported by complementary resources, including IMET and Excess Defense Articles (EDA) programs, CINC exercise and other CINC initiative programs, and international contributions from other sponsor countries.

PERFORMANCE INDICATORS

- Increased political willingness and military capacity from potential contributor countries to participate in peace operations.
- Increasing political commitment and integration of complementary programs by other sponsor governments to work with the United States in support of EIPC goals (increased PKO burdensharing, reduced PKO costs, increased regional capability to resolve problems regionally) in countries.
- Improved ability of political organizations and peacekeeping forces to quickly respond to regional and international peacekeeping or humanitarian crises.
- Improved capacity and effectiveness of national peacekeeping training programs to develop leaders, staffs, and units proficient in UN/MNF peacekeeping/humanitarian assistance missions.
- Increased regional cooperation in common peacekeeping training and education standards.
- Active participation in the International Association of peacekeeping training centers, exchange/harmonization of peacekeeping training programs with other internationally recognized.
- Participation in the U.N. stand-by arrangements system.
- Implementation of national policy that authorizes deployment of national PKO troop contingents beyond national boundaries.
- Battalion and company commanders of designated PKO units trained at a major international leaders' school or participants in sanctioned PKO missions.
- National U.N. stand-by arrangement designated units participate in CINC/regional PKO-related exercises/missions.
- Increased support for, and participation in, regional conflict prevention mechanism.

CENTRAL EUROPEAN DEFENSE LOANS

FOREIGN OPERATIONS RESOURCES (Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
FMF Loan Subsidy	-	20.000	20.000
FMF Loan Amount	-	242.500	402.000

OVERALL U.S. OBJECTIVES

In the interest of contributing to the stability of the European continent, the United States has a clear and compelling rationale for nurturing expanded defense cooperation with the friendly, democratic states of Central Europe (CE) and the Baltics. Through the Central European Defense Loans (CEDL) program, the United States can contribute to regional stability by providing concrete support for the ongoing military reform efforts of the democratic CE and Baltic governments. Specifically, the U.S. supports, through equipment transfers, training, and exchange programs, the reorientation of CE and Baltic militaries to defensive postures, regional cooperation based on uniform standards of NATO-compatible equipment, and expanded military cooperation with NATO forces, both bilaterally and through the Partnership for Peace (PFP). The CEDL program will assist in the gradual enlargement of NATO by providing FMF loans to creditworthy Central European and Baltic States for acquisition of NATO-compatible equipment.

This program is separate and distinct from proposed assistance to PFP partners under the "Warsaw Initiative" program. The latter encompasses all PFP partners, including the NIS states. Furthermore, assistance provided under the Warsaw Initiative is for immediate facilitating of Partner participation in PFP activities (e.g., C⁴I, communications equipment, NATO familiarization training, exercise support, etc.). The CEDL program, in contrast, will seek to remedy deeper infrastructure deficiencies (e.g., lack of airlift capability, incompatible radar and IFF [Identification, Friend or Foe] systems, etc.), and thereby serve the broader goal of improved NATO compatibility. The program will also focus on supporting the efforts of CE and Baltic states to develop dedicated, NATO-compatible peacekeeping units.

STRATEGY

Burdened by Soviet-trained and -equipped militaries and austere defense budgets, the CE states face manifold obstacles to closer integration with NATO. Through the CEDL program, the U.S. will support discrete, high priority projects in areas where NATO compatibility is deficient (e.g., radars, IFF, communications, transportation, etc.). Where possible, funding will be used to support transfers of NATO-compatible Excess Defense Articles (EDA). Assistance provided under this program will focus especially on enhancing defensive capabilities of CE militaries in order to assist their ongoing re-orientation to defensive postures, help them rationalize their defense planning, and allow them to deter potential aggressors.

By focusing on qualitative improvements in defense infrastructure, the CE defense loans will allow some of the over-sized, Soviet-equipped CE militaries to continue downsizing and restructuring their forces while maintaining essential defensive capability. CE defense loans, by aiding the modernization process, will allow CE militaries to continue moving away from

outdated, Warsaw Pact-era strategy and force structure toward a U.S. or European style, defensively oriented military. The program will support the trend toward smaller, more capable, and more professional militaries.

CE defense loans will enhance the defensive military capabilities of participating CE and Baltic states by assisting in the acquisition of equipment and training such as: NATO-compatible airfield navigational aids; air defense equipment; computers for Defense Ministry use; transportation equipment, including vehicles and aircraft; and interrogators; ground-based radar upgrades; search-and-rescue equipment; command, control and communications upgrades; and airfield radars, navigational aids and instrument landing systems.

Virtually all the non-combatant CE states already maintain, or are in the process of developing, dedicated peacekeeping units deployable to multinational peacekeeping operations. However, these units lack basic NATO-compatible equipment, including communications, and transportation, thereby limiting their ability to participate effectively alongside U.S. or NATO units in international peacekeeping operations. The CEDL program will seek to remedy some of these deficiencies.

PERFORMANCE INDICATORS

- NATO interoperability through CE acquisition of U.S. equipment;
- CE participation, alongside U.S. and NATO forces, in PFP peacekeeping exercises, in which CE participants draw on U.S.-provided training and equipment; and
- Deployment of CE peacekeeping units to U.N. or NATO peacekeeping operations.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

FOREIGN OPERATIONS RESOURCES

(Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
IMET	39.000	43.475	50.000

OVERALL U.S. OBJECTIVES

International Military Education and Training (IMET) is an instrument of national security and foreign policy—a key component of U.S. security assistance that provides U.S. training on a grant basis to students from allied and friendly nations. IMET is an investment in ideas and people which has an overall positive impact on the numerous individuals trained under the program. It is a program that, for a relatively modest investment, presents democratic alternatives to key foreign military and civilian leaders. The overall objectives of the program are:

- To encourage effective, mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security;

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- To improve the ability of participating foreign countries to utilize their resources, including defense articles and services obtained from the United States, with maximum effectiveness, thereby contributing to greater self-reliance; and
 - To increase the awareness of foreign nationals participating in such activities of basic issues involving internationally recognized human rights.

The IMET program exposes students to the U.S. professional military establishment and the American way of life, including regard for democratic values, respect for individual and human rights, and belief in the rule of law. Students are also exposed to U.S. military procedures and the manner in which the military functions under civilian control. A less formal, but 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 U.S. access and influence in a sector of society which often plays a crucial role in the transition to democracy.

The training and education provided under the IMET program is professional and non-political, reflecting both the U.S. tradition of civilian oversight and the operational, rather than Policy, role of the military. IMET has a positive effect on participants and recipient countries beyond actual training. The exposure to American society, the quality of instruction, and acknowledged professionalism of the U.S. military play an important part in support for U.S. policies and an orientation toward the United States. Furthermore, although nation-building is not an objective of the IMET program, it is nevertheless, an important byproduct. The associated skills and the increase in trained personnel have had a positive effect on the infrastructure of IMET recipient countries. The effect has been to stimulate nation-building which, in turn, has encouraged economic development. Similarly, English language instruction—which is essential to the training—contributes directly to the foreign participant's understanding of the United States, its people, and its values.

IMET is expanding and taking new directions in response to the changing global political scene. In the past few years, significant changes in the program have taken place to align program objectives with U.S. foreign policy interests in the post-Cold War environment. For example, a number of new and meaningful courses have been added to meet U.S. foreign policy objectives as important bilateral relations are developed with emerging democracies around the world. Some specific objectives of these programs are:

- To foster greater respect for and understanding of the principle of civilian control of the military;
- To improve military justice systems and procedures in accordance with internationally recognized human rights;
- To introduce military and civilian participants to the U.S. judicial system, the two-party system, the role of a free press and other communications media, minority problems, the purpose and scope of labor unions, the U.S. economic system, educational institutions, and the way in which all of these elements of American democracy reflect the U.S. commitment to the basic principles of internationally recognized human rights;
- To resolve the civil-military conflict that a country actually confronts, and bring together key military and civilian leaders in order to break down barriers that often exist between armed forces, civilian officials, and legislators of competing political parties; and

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- To modify existing civil-military mechanisms used by democracies to meet a country's own unique circumstances.

IMET objectives are achieved through a variety of military education and training activities conducted by the DoD for foreign military and civilian officials. These include: formal instruction involving over 2,000 courses taught at approximately 150 military schools and installations; on-the-job training; observer training; orientation tours for key senior military and civilian officials; and limited training conducted by U.S. military and civilian teams in foreign countries. Also, the U.S. Coast Guard provides education and training in maritime search and rescue, operation and maintenance of aids to navigation, port security, at-sea law enforcement, international maritime law, and general maritime skills. Furthermore, all students attending an IMET-sponsored course are exposed to a DoD-managed informational program: a specialized outside-the-classroom activity to assist the international student in acquiring an understanding of American society, institutions, ideals and values, including an awareness of the importance the United States places on the role of the military in a democratic society, and respect for internationally recognized human rights.

STRATEGY

In its relations with friendly countries, the United States pursues a host of foreign policy objectives associated with American political, economic, social, and security interests throughout the world. IMET serves such interests directly by providing an increased understanding of America among foreign militaries and key civilian officials, with a consequent improvement in mutually beneficial relations. From a military perspective, the principal value of IMET is to enhance the military efficiency and effectiveness of the participant nations. Professional military competence is improved at all levels, thereby promoting self-sufficiency as well as furnishing many of the skills essential to nation building. This in turn, provides a wide range of benefits to the United States in terms of collective security, stability, and peace. As foreign militaries improve their knowledge of U.S. military principles, military cooperation is strengthened. Similarly, opportunities for military-to-military interaction, information sharing, joint planning, and combined force exercises, as well as essential requirements for access to foreign military bases and facilities, are notably expanded. IMET fosters important military linkages throughout the world that are essential to preserving the security of U.S. friends and allies, as well as for advancing the global security of the United States.

The IMET program assists U.S. friends and allies in the professionalization of their militaries through their attendance in U.S. military educational programs. Additionally, the program reaches a sector of society, both military and civilian, who are essential to the transition to and sustainment of democracy. The IMET program uniquely supports the following efforts:

- Professionalization of militaries: IMET annually funds training for over 5,000 students from approximately 120 countries. The majority of students are military officers who attend U.S. professional military educational programs provided by DoD and Service schools in the United States. Such training has long been recognized by U.S. friends and allies as essential for the progression of their own military leaders, as evidenced by the number of students who ultimately rise to significant leadership positions in their respective countries.
- Democratization: The issues of military justice, to include internationally recognized human rights, effective defense resources management, and improved civil-military relations are specifically addressed under Expanded-IMET (E-IMET). The growing number of programs available to U.S. friends and allies under this initiative are provided to civilians who perform a defense-related function, militaries, parliamentarians, and non-

governmental organizations. Ultimately, the goal is to effect institutional change, culminating in a professional, apolitical military, under true civilian control.

- Strengthened regional relationships: IMET continues to strengthen regional friendships, while bolstering the U.S. military's forward presence. Furthermore, the training provided enhances the self-defense capabilities of U.S. friends and allies, while decreasing the chances for conflict that might require commitment of U.S. forces abroad.

PERFORMANCE INDICATORS

- Increased evidence and demonstration of militaries in fostering the promotion of civilian control of the military, improved civil-military relations, and support for democratization.

Continued opportunities for military-to-military interaction, information sharing, joint planning, combined force exercises, and access to foreign military bases, facilities, and airspace.

- Promulgation of military regulations which improve military justice systems and procedures in accordance with internationally recognized human rights.
- Increase in the number of U.S.-trained military and civilian personnel in military, defense ministry, and legislative leadership positions. Elevation of these people in positions of prominence within their government bureaucracy has a positive effect on support for U.S. policies.
- Continued improvement of governments to utilize their defense resources, including U.S.-origin equipment, with maximum effectiveness, thereby contributing to greater self-reliance.

The following table shows the FY 1998 IMET request. Detailed justification for the proposed programs are found in the section on Regional and Country Programs.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

PROGRAM SUMMARY

(Dollars in millions)

COUNTRY	FY 1996 Actual	FY 1997 Enacted	FY 1998 Request
Sub-Saharan Africa (AF)			
Angola	0.000	0.125	0.200
Benin	0.281	0.350	0.350
Botswana	0.454	0.450	0.500
Burundi	0.071	0.000	0.000
Cameroon	0.083	0.100	0.125
Cape Verde	0.064	0.100	0.100
Central African Republic	0.110	0.150	0.150
Chad	0.000	0.025	0.050
Comoros	0.064	0.075	0.075
Congo	0.162	0.175	0.175
Cote d'Ivoire	0.151	0.150	0.150
Djibouti	0.150	0.100	0.100

COUNTRY	FY 1996 Actual	FY 1997 Enacted	FY 1998 Request
Eritrea	0.261	0.375	0.400
Ethiopia	0.327	0.400	0.450
Ghana	0.257	0.260	0.285
Guinea	0.035	0.150	0.150
Guinea-Bissau	0.088	0.125	0.125
Kenya	0.297	0.300	0.400
Lesotho	0.072	0.075	0.075
Madagascar	0.102	0.100	0.100
Malawi	0.154	0.225	0.225
Mali	0.155	0.150	0.175
Mauritania	0.000	0.000	0.000
Mauritius	0.000	0.025	0.050
Mozambique	0.203	0.175	0.175
Namibia	0.190	0.200	0.200
Niger	0.011	0.000	0.000
Rwanda	0.243	0.300	0.300
Sao Tome & Principe	0.075	0.075	0.075
Senegal	0.637	0.650	0.675
Seychelles	0.031	0.075	0.075
Sierra Leone	0.134	0.115	0.115
South Africa	0.466	0.700	0.800
Swaziland	0.050	0.075	0.075
Tanzania	0.126	0.225	0.225
Togo	0.000	0.025	0.040
Uganda	0.189	0.300	0.350
Zambia	0.099	0.150	0.150
Zimbabwe	<u>0.224</u>	<u>0.275</u>	<u>0.350</u>
AF Totals:	6.016	7.325	8.015
East Asia & Pacific (EAP)			
Cambodia	0.403	0.500	0.600
Indonesia	0.577	0.600	0.800
Malaysia	0.613	0.600	0.700
Mongolia	0.070	0.325	0.325
Papua New Guinea	0.162	0.200	0.200
Philippines	1.210	1.250	1.350
Singapore	0.020	0.000	0.000
Solomon Islands	0.085	0.150	0.150
South Korea	0.009	0.000	0.000
Thailand	1.445	1.500	1.600
Tonga	0.085	0.100	0.100
Vanuatu	0.088	0.100	0.100
Western Samoa	<u>0.079</u>	<u>0.100</u>	<u>0.100</u>
EAP Totals:	4.846	5.425	6.025
Europe and the NIS (EUR/NIS)			
Albania	0.432	0.600	0.600
Austria	0.015	0.000	0.000
Belarus	0.279	0.300	0.300

COUNTRY	FY 1996 Actual	FY 1997-Enacted	FY 1998 Request
Bosnia & Herzegovina	0.259	0.500	0.600
Bulgaria	0.708	0.800	0.900
Croatia	0.218	0.350	0.425
Czech Republic	0.795	0.800	1.300
Estonia	0.386	0.500	0.650
Finland	0.014	0.000	0.000
Georgia	0.302	0.275	0.375
Greece	0.054	0.025	0.025
Hungary	1.034	1.000	1.500
Kazakhstan	0.388	0.400	0.550
Kyrgyzstan	0.231	0.250	0.325
Latvia	0.388	0.500	0.650
Lithuania	0.498	0.500	0.650
Malta	0.030	0.100	0.100
Moldova	0.273	0.250	0.350
Poland	1.021	1.000	1.500
Portugal	0.769	0.800	0.800
Romania	0.758	0.800	0.900
Russia	0.760	0.800	0.850
Slovakia	0.473	0.600	0.600
Slovenia	0.253	0.400	0.600
Spain	0.049	0.000	0.000
The FYRO Macedonia	0.249	0.300	0.400
Turkey	1.095	1.400	1.500
Turkmenistan	0.213	0.250	0.300
Ukraine	1.019	1.000	1.200
Uzbekistan	<u>0.293</u>	<u>0.250</u>	0.350
EUR/NIS Totals:	13.256	14.750	18.300
Latin America & Caribbean			
(ARA)			
Argentina	0.588	0.600	0.600
Bahamas	0.116	0.100	0.100
Belize	0.217	0.250	0.250
Bolivia	0.547	0.500	0.550
Brazil	0.200	0.225	0.225
Chile	0.301	0.400	0.450
Colombia	0.095	0.600	0.900
Costa Rica	0.196	0.150	0.200
Dominican Republic	0.507	0.500	0.500
Eastern Caribbean	0.507	0.400	0.450
Ecuador	0.547	0.425	0.500
El Salvador	0.535	0.450	0.500
Guatemala	0.000	0.225	0.225
Guyana	0.220	0.175	0.175
Haiti	0.169	0.300	0.300
Honduras	0.500	0.425	0.500
Jamaica	0.469	0.500	0.500
Mexico	0.992	1.000	1.000
Nicaragua	0.000	0.150	0.200

COUNTRY	FY 1996 Actual	FY 1997 Enacted	FY 1998 Request
PACAMS Paraguay Peru	0.500	0.500	0.550
Suriname	0.085	0.100	0.100
Trinidad & Tobago	0.083	0.100	0.125
Uruguay	0.380	0.275	0.300
Venezuela	<u>0.428</u>	<u>0.350</u>	<u>0.400</u>
ARA Totals:	8.717	9.350	10.250
Near East (NEA)			
Algeria	0.075	0.075	0.075
Bahrain	0.108	0.125	0.175
Egypt	1.009	1.000	1.050
Jordan	1.202	1.600	1.700
Lebanon	0.474	0.550	0.600
Morocco	0.830	0.800	0.900
Oman	0.119	0.150	0.200
Tunisia	0.816	0.800	0.900
Yemen	<u>0.050</u>	<u>0.050</u>	<u>0.075</u>
NEA Totals:	4.683	5.150	5.675
South Asia (SA)			
Bangladesh	0.326	0.300	0.375
India	0.357	0.400	0.475
Maldives	0.080	0.100	0.100
Nepal	0.140	0.200	0.225
Pakistan	0.000	0.000	0.000
Sri Lanka	<u>0.179</u>	<u>0.200</u>	<u>0.225</u>
SA Totals	1.082	1.200	1.400
Non-Regional			
General Costs	<u>0.400</u>	<u>0.275</u>	<u>0.335</u>
Non-Regional Totals	0.400	0.275	0.335
GRAND TOTALS:	39.000	43.475	50.000

ECONOMIC SUPPORT FUND

FOREIGN OPERATIONS RESOURCES

(Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
ESF	2,359.600	2,362.600	2,497.600

OVERALL U.S. OBJECTIVES

The Economic Support Fund (ESF) addresses economic and political foreign policy interests of the United States by providing economic assistance to allies and countries in transition to democracy, supporting the Middle East peace process, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID) implements most ESF-funded programs, with overall guidance from the Department of State. Key objectives of ESF are to:

- Increase the role of the private sector in the economy, reduce government controls over markets, enhance job creation, and improve economic growth.
- Assist in the development of effective and accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
- Develop and strengthen institutions necessary for sustainable democracy through support for the transformation of the public sector to encourage democratic development, including assistance and training to improve public administration, promote decentralization, strengthen local governments, parliaments, independent media and non-governmental organizations.
- Transition to transparent and accountable governance and the empowerment of citizens, working through their civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, and respect for human rights and fundamental freedoms.
- Strengthen capacity to manage the human dimension of the transition to democracy and a market economy, and to help sustain the neediest sectors of the population during the transition period.

STRATEGY

Economic dislocation and political strife continue to place great strains on many countries. Depending on the recipient country's economic situation, balance of payments or budgetary support may create leverage to bring about the adoption of more rational economic and fiscal policies required to sustain economic growth. In the short term, however, measures to create more rational and efficient economic structures and practices often exacerbate social and political tensions unless buffered by external assistance. In these circumstances, ESF can help to prevent or diminish economic and political dislocation that may threaten the security and independence of key allies and friends. The largest share of the ESF request remains focused on supporting Middle East peace by providing assistance to foster economic stability and development in Israel, Egypt, and other Arab countries pledged to support the peace process.

The United States has a strong stake in strengthening democratic development globally. The intensity of U.S. engagement will vary. In countries such as Haiti and Cambodia, where the United States has invested significant resources and international leadership, ESF will continue to support programs to sustain democratic transitions with a high level of engagement. In these and other countries in transition, ESF is used to address a full range of problems through an integrated strategy, including balance of payments and other economic

support measures designed to create employment and conditions conducive to international investment and trade, and through support for programs that nurture the formal institutions of democracy and the organizations of a vital civil society. ESF also finances programs to enhance the administration of justice as well as police training through the ICITAP [International Criminal Investigation Training Assistance Program] administered by the Department of Justice.

Integrated ESF-supported programs have effectively performed in countries in transition to democracy. Success is closely related to the degree that programs give people the hope that a radical break with a repressive or conflict-ridden past can be sustained. For example, ESF has:

- Continued U.S. support of programs for the “fledgling democracies” of Cambodia and Mongolia, strengthening democratic institutions such as legislative and electoral processes, improving access to health care and education, and maintaining or creating the critical infrastructure required to provide the stability needed to lay the foundation for thriving private sectors in new democracies.
- Provided assistance in Sub-Saharan Africa for elections, political party-building, and legislative training for countries in transition, such as Congo and Sierra Leone. The Africa Regional Democracy fund uses U.S. NGOs [non-government organizations] to provide training for legislatures, which enhances institutional independence, legislative oversight, and constituent representation in Togo and the Central African Republic. ESF also supports U.S. NGOs to provide assistance in training local human rights and civil society networks in Mali, Rwanda, and the Seychelles.
- Established a democracy fund in the Middle East to assist countries that receive little or no peace process-related assistance in transition to democracy.

Through regional accounts, ESF supports carefully-targeted programs to assist democratic forces in new or threatened democracies, and, in some cases, programs designed to strengthen pro-democratic forces. Typical areas of assistance include technical assistance to administer and monitor elections, capacity-building for non-governmental organizations, judicial training, and women’s participation in politics. For FY 1998, ESF for democracy will be used for a range of programs to help strengthen and consolidate democratic processes and institutions in countries that have recently embarked on a democratic course, or where democracy is threatened.

In FY 1998, a contribution of \$52 million of ESF will be made to the Bank for Economic Cooperation and Development in the Middle East and North Africa (MEDB). The MEDB is the result of a historic joint proposal by Egypt, Israel, Jordan, and the PLO, and is a key element of the effort to strengthen the economic foundation essential to a lasting peace in the Middle East. Based on President Clinton’s pledge of support, the U.S. has led the process to bring the MEDB to fruition. The Bank has been designed to address clearly identified economic need in the region in ways that cannot currently be met by existing bilateral or multilateral programs. It will leverage resources for investment and development, emphasizing co-financing with the private sector as well as existing financial institutions. The Bank will be small; its total capital will be \$5 billion, of which \$1.25 billion will be paid-in. The U.S. share will be 21 percent (\$262.5 million paid in five annual installments.)

PERFORMANCE INDICATORS

- Improved economic development through projects that promote broad-based economic growth.
- Strengthened democratic institutions and processes that reinforce a pluralistic society and accountable government.
- Passage of civil laws that ensure basic rights, support privatization and economic development for all citizens, and allow non-governmental organizations to work freely.
- Reduction in governmental censorship of the media, as measured by the increase in members of independent media.
- Increased economic restructuring, as measured by transfer of state-owned assets to the private sector, encouragement of private small business activity, and improvement of government fiscal policies.
- Through Department of Justice (ICITAP) programs, enactment of legislation or establishment of policies and procedures for overall management of a civilian police force or any of its component parts, such as an office of professional responsibility, handling crime scene evidence, use of force, or ethical standards of conduct for police.
- Promotion of sound environmental resource management.
- Improved national population, health, and education policies.
- Development of effective and accessible independent legal systems operating under the rule of law, as measured by an increase in the use of courts to decide allegations of human rights abuses or abuses of government authority.
- Increased private sector investment; return of flight capital; expanded regional infrastructure; acceleration of privatization of state owned enterprises; enhanced regional economic policy harmonization; and expansion of regional projects in the Middle East.

The following table shows the ESF proposal for FY 1998. Detailed justification for the proposed programs are found in the section on Regional and Country Programs.

FY 1998 ECONOMIC SUPPORT FUNDS

PROGRAM SUMMARY (Dollars in Millions)

PROGRAM	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
Sub-Saharan Africa (AF)			
Africa Regional Fund	12.000	9.000	15.000
Angola	-	5.000	10.000
Subtotal, AF:	12.000	14.000	25.000
East Asia & Pacific (EAP)			
Asia Regional Fund	2.500	7.000	6.250
Cambodia	29.500	35.000	37.000
East Asia Reg Security	-	-	0.250
Mongolia	4.000	7.000	7.000
South Pacific Fisheries	14.000	14.000	14.000
Subtotal, EAP:	50.000	63.000	64.500
Europe and the NIS (EUR/NIS)			
Bosnia: Missing Persons	-	1.300	-
Cyprus	15.000	15.000	15.000
Ireland Fund	19.600	19.600	19.600
Turkey	33.500	22.000	50.000
Sub-Total, EUR/NIS:	68.100	57.900	84.600
Latin Am. & Caribbean (ARA)			
Haiti	60.000	72.000	70.000
ICITAP/AOJ	7.000	7.500	10.000
LAC Regional Fund	28.300	22.700	31.000
Peru/Ecuador Peace	-	-	5.000
Subtotal, ARA:	95.300	102.200	116.000
Near East (NEA)			
Egypt	815.000	815.000	815.000
Israel	1200.000	1200.000	1200.000
Jordan	7.200	10.000	25.000
Lebanon	2.000	12.000	12.000
ME Multilaterals	3.000	3.250	5.000
ME Regional	7.000	7.000	7.000
ME Democracy	-	0.750	5.000
ME Development Bank	-	1.000	52.500
N. Iraq Monitor Force	-	1.500	-
West Back-Gaza	75.000	75.000	75.000
Subtotal, NEA:	2109.200	2125.500	2196.500
South Asia			
South Asia Democracy	-	-	3.000
Subtotal SA:	-	-	3.000
Other			
Human Rights & Democracy	-	-	8.000
Subtotal Other:	-	-	8.000
Total Budget Authority	2,359.600	2,362.600	2,497.600

PEACEKEEPING OPERATIONS

FOREIGN OPERATIONS RESOURCES

(Dollars in Millions)

	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
PKO	70.000*	65.000	90.000

OVERALL U.S. OBJECTIVES

The number of contingencies requiring peacekeeping operations has risen dramatically since the end of the Cold War. This trend is expected to continue, especially in politically charged regions in Central and East Asia, Europe, Africa and Latin America. The Foreign Assistance Act of 1961, Part II, Chapter 6, as amended, authorizes U.S. assistance to friendly countries and international organizations for peacekeeping operations and other conflict resolution efforts which further U.S. national security interests. Such support is a useful and cost-effective option for dealing with certain conflicts and humanitarian crises. Although peacekeeping is not a substitute for a strong national defense and vigorous alliances, it has demonstrated its capacity, under appropriate circumstances, to separate adversaries, maintain cease-fires, facilitate delivery of humanitarian relief, allow repatriation of refugees and displaced persons, demobilize combatants, and create conditions under which political reconciliation may occur and democratic elections may be held. Thus, peacekeeping operations can reduce the likelihood of interventions by regional powers, prevent the proliferation of small conflicts, facilitate the establishment and growth of new market economies, contain the cost of humanitarian emergencies, and limit refugee flows. Key objectives of peacekeeping funds are to:

- Promote peace and security by supporting multilateral peacekeeping initiatives;
- Encourage fair-share contributions to peacekeeping efforts from those countries with greater potential to pay, while facilitating increasing participation of poorer countries when resource constraints would otherwise prevent their taking part; and
- Encourage greater participation of foreign forces in international peacekeeping activities.

STRATEGY

While the bulk of funding for multilateral peacekeeping operations goes to the United Nations, it is sometimes in the U.S. interest to support, on a voluntary basis, peacekeeping activities that are not UN mandated and/or are not funded by UN assessments. In the appropriate circumstances, the Peacekeeping Operations (PKO) account provides the flexibility to 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 may result in more politically- or cost-effective operations. The account is also used to encourage fair-share contributions to joint efforts where no formal cost sharing

* In addition, in FY 96, \$26.2 million in ESF and SEED was transferred from USAID to State for PKO/Liberia (\$8.6 million), Bosnia/OSCE (\$11.6 million), and Bosnia Demining (\$6.0 million).

mechanism is available. As a result, the United States is often better able to assist countries in creating an environment of security and stability essential to their social, economic, and political progress.

Unlike U.S. contributions to the UN to support multilateral peacekeeping operations, this account supports, on a voluntary basis and where it is in the U.S. interest to do so, activities that are not UN mandated and/or not funded through UN assessments. For example, such support has included:

- Recruitment and building of a multinational force comprised of both military and international police monitors that allowed the Aristide government to return to office and facilitated a successful transition to a UN peacekeeping operation in Haiti (UNMIH/UNSMIH).
- Establishment of a joint Baltic Peacekeeping Battalion (BALTBAT) consisting of 700-800 soldiers from the three Baltic States. In coordination with Denmark, Finland, Norway, Sweden, France, the United Kingdom, and Germany, the United States has provided critically needed assistance to support deployment of the BALTBAT to regional as well as global peacekeeping operations. Although the BALTBAT is in its infancy, one Estonian and two Lithuanian platoons were successfully deployed to Croatia as part of a Danish battalion.
- As part of an overall UN sanctions enforcement effort, implemented a multilateral effort to assist the states neighboring Serbia and Montenegro in tightening sanctions enforcement to encourage a settlement in the former Yugoslavia.
- As part of a multilateral effort, assisted the Economic Community of West African States' peacekeeping force (ECOMOG) in Liberia in implementing the Abuja Peace Accord. Transportation and communication assistance from the United States has facilitated ECOMOG's quick deployment to begin disarmament and demobilization of the warring factions.
- In a multilateral role, provides assistance that permits Israel and Egypt to work toward progress in the peace process, secure in the knowledge that their common border is monitored by the Multinational Force and Observers (MFO) in the Sinai.

PERFORMANCE INDICATORS

- Continued security along the Egyptian-Israeli border.
- Increased regional involvement in conflict resolution, which can result in more politically- and cost-effective operations.
- Improved ability of peacekeeping forces to quickly respond to regional and international peace or humanitarian crises.
- Continued stability in countries emerging from social, economic, and political instability.

The following table depicts the PKO request for FY 1998. Detailed justifications for the proposed programs are found in the Country and Program Papers section.

PEACEKEEPING OPERATIONS

Program Summary
(Dollars in Millions)

PROGRAM	FY 1996 Actual	FY 1997 Estimate	FY 1998 Request
Africa Regional	12.700	2.000	10.000
ARA Regional	-	-	4.000
African Crisis Response Force	-	8.000	15.000
E. Slavonia/Bosnia Police	9.600	-	-
Europe Regional	3.000	-	14.000
Europe Regional/OSCE	5.400	18.600	11.000
Israel-Lebanon Monitor Group	0.992	1.200	2.000
N. Iraq Peace Monitor Group	-	1.500	-
Demining	1.287	-	-
Baltic Battalion	1.119	-	-
Haiti	12.066	15.200	15.000
MFO - Sinai	15.500	15.500	16.000
Organization of African Unity	3.000	3.000	3.000
Sanctions Assistance	6.036	-	-
PKO Total	70.000	65.000	90.000

GRANT EXCESS DEFENSE ARTICLES

Grant excess defense articles (EDA) enable the United States to meet many of its foreign policy objectives while simultaneously supporting our friends and allies in improving their defense capabilities. Providing EDA on a grant basis turns U.S. defense items which are in excess of our Approved Force Acquisition Objective and Approved Force Retention Stock, into instruments which meet many of our national security interests. Some of the objectives met by grant EDA are: strengthening coalitions; cementing bilateral foreign military relationships; enhancing interoperability; furthering legitimate modernization efforts of our allies; aiding in multilateral peacekeeping efforts; combating illegal narcotics production and narco-trafficking; and aiding in demining assistance programs. Furthermore, our Partnership for Peace (PfP) initiatives are greatly augmented by providing grant materiel which meets NATO standards; this equipment is readily and immediately accessible, and fulfills valid modernization and standardization needs of eligible PfP partners.

Grant EDA assists in preventing or containing armed conflict and in restoring peace and stability throughout the world—a prudent investment of no-longer needed Department of Defense items. EDA articles are transferred in an “as is, where is” condition to the recipient and are only offered in response to a demonstrated requirement. The grant EDA program operates at essentially no cost to the U.S. with the recipient responsible for any required refurbishment and repair of the items as well as any associated transportation costs. The vast majority of EDA items are of low to medium technologies which takes into account our proliferation concerns.

The list of each eligible country is accompanied by a justification statement providing the objective and proposed use of potential EDA. Appearance on the eligibility list simply permits a nation to be considered for grant EDA. Appearance on the list does not guarantee the transfer of any EDA nor does it circumvent or bypass in any way the comprehensive case-by-case review each potential EDA offer receives. Furthermore, all potential EDA transfers are subject to the same rigorous Conventional Arms Transfer Policy interagency review as any other government-to-government transfer.

Grant EDA has contributed to our foreign policy successes. This overage equipment has helped our Latin American and Caribbean friends combat the threat of illegal narcotics trafficking, and has permitted many South American and African nations to participate in support of U.S. and UN peacekeeping operations. Grant EDA supports the militaries of the newly democratic nations of Central Europe, and contributes to regional stability by supporting the ongoing military reform efforts of the democratic Central Europe and Baltic governments. Grant EDA has been instrumental in aiding demining activities in Southeast Asia and northern Africa. Finally, grant EDA has a positive global impact—furthering U.S. national security interests and supporting the growth and strengthening of democracies, promoting military reform, and fighting the spread of illicit narcotics.

FY 1997 GRANT EDA ELIGIBILITY LIST

The following countries were certified to Congress on 11 October 1996 as being eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act of 1961, as amended, for fiscal year 1997.

<u>Africa:</u>	Ethiopia	Rwanda
Angola	Ghana	Senegal
Benin	Guinea-Bissau	Sierra Leone
Botswana	Kenya	South Africa
Congo	Malawi	Tanzania
Cote D'Ivoire	Mali	Uganda
Djibouti	Mozambique	Zambia
Eritrea	Namibia	Zimbabwe
<u>American Republics:</u>	Dominica	Paraguay
Antigua-Barbuda	Dominican Rep.	Peru
Argentina	Ecuador	St. Kitts & Nevis
Bahamas	El Salvador	St. Lucia
Barbados	Grenada	St. Vincent & Grenadines
Belize	Guyana	Suriname
Bolivia	Haiti	Trinidad & Tobago
Brazil	Honduras	Uruguay
Chile	Jamaica	Venezuela
Columbia	Mexico	
Costa Rica	Panama	
<u>East Asia & Pacific:</u>	Malaysia	Thailand
Cambodia	Mongolia	Tonga
Indonesia	Papua-New Guinea	Vanuatu
Laos	Philippines	W. Samoa
	Solomon Islands	
<u>Near East & South Asia:</u>	India	Nepal
Bahrain	Israel	Oman
Bangladesh	Jordan	Sri Lanka
Egypt	Lebanon	Tunisia
	Morocco	
<u>Europe & Central Asia:</u>	Lithuania	
Albania	Poland	
Bosnia & Herzegovina	Portugal	
Bulgaria	Romania	
Czech Republic	Slovakia	
Estonia	Slovenia	
Former Yugoslav Rep. Of Macedonia	Turkey	
Greece		
Hungary		
Latvia		