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Algeria
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
IMET	115	125	200

National Interests:

The U.S. has an interest in increasing regional stability by promoting an open democracy, economic reform and security in Algeria. The proposed plan is a cautious, measured approach intended to encourage the Algerian military establishment to gradually move along a path toward greater respect for civilian authority.

Objectives & Justification:

Political violence wracked Algeria from 1992 and 1998 but has since diminished. Military operations against pockets of radical armed groups in rural areas are expected to continue for the foreseeable future. Major towns and cities and much of the south are free of violence. The government is stressing reconciliation, openly addressing human rights concerns, and accepting democracy training. Cabinet ministers with strong economic reform credentials have made some progress in guiding Algerian's transition to a market economy, but serious institutional and social barriers remain. Such developments present the U.S. with significant challenges, but also with major economic opportunities. Algerian support is essential to resolve regional tensions in the Middle East and Africa.

The International Military Education and Training (IMET) program will help military leaders in Algeria understand and increase their support for U.S. policy. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military. In FY 2001, Algeria's IMET funds allowed participation of Algerian officers in our Naval Staff College, Air Command and Staff College, and Army Command and General Staff College. In FY2002, IMET funds are planned for officer training at each of the war colleges, the command and general staff colleges, but also for an International Maritime Officers course, Combined Strategic Intelligence Training, and a security assistance management course. Placing Algerians in our prestigious war and staff colleges gives the U.S. an opportunity to train a professional Algerian military which respects human rights and understands and respects the principle of civilian control. In such a setting, these officers can establish essential contacts with U.S. counterparts whose influence can encourage reform within the Algerian military. IMET training ultimately will improve the Algerian military's interoperability with U.S. and NATO armed forces.

Bahrain
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
IMET	216	235	250

National Interests:

The United States has an enduring national interest in maintaining access to Bahraini military facilities as a means of ensuring its influence in the Persian Gulf region. A high priority in our bilateral relationship is maintaining strong political and military support for the Government of Bahrain as a way of ensuring stability in this critical Gulf emirate under the leadership of Amir Hamad bin Isa Al Khalifa. Bahrain has been a member of the coalition against Iraq since 1990 and has remained a steadfast supporter of our policies towards Iraq and Iran. Throughout its tenure as non-permanent member on the United Nations Security Council (1998-2000) and since, Bahrain has supported U.S. objectives throughout the region.

Objectives & Justification:

Bahrain's continued support for U.S. regional policies on Iraq and the Middle East Peace Process will be instrumental in advancing our broad foreign policy objectives in the Middle East. An expansion of Bahrain's International Military and Education Training (IMET) program, the continuation in FY 2002 of Excess Defense Article (EDA) transfers under Section 516 of the Foreign Assistance Act, and the approval of selected commercial arms sales will enable the Bahrain Defense Forces to assume greater responsibility for regional defense, while promoting interoperability with existing U.S. and Gulf Cooperation Council (GCC) forces in the region. Continued military-to-military contacts, joint military exercises, and the continuation of the U.S.-Bahrain Military Consultative Commission (MCC) will recognize Bahrain's invaluable support for U.S. force deployments and encourage the development of a professional military command committed to the principle of civilian control. Provision of grant EDA and IMET reflects the key support Bahrain provides to the U.S. Fifth Fleet and CENTCOM air assets in the region.

Egypt
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	727,267	692,603	655,000
FMF	1,300,000	1,293,592	1,300,000
FMF Supp	25,000	0	0
IMET	1,006	1,100	1,200

National Interests:

As the leading country of the Arab world and a key supporter of Mideast peace efforts, Egypt is an indispensable ally in the region. U.S. national security interests are served by supporting stability and prosperity in Egypt.

Objectives & Justification:

Egypt plays pivotal roles in the Arab world, Africa, the Muslim world and the Mediterranean basin. It is a key strategic ally in our efforts to contain the threat posed by Saddam Hussein's Iraq. The FY 2002 request of \$1.3 billion for Egypt in Foreign Military Financing (FMF) will continue to support a modern, well-trained Egyptian military that will help ensure stability in the region, enable Egypt to participate as a coalition partner in operations that further U.S. interests, and help maintain U.S. access to the Suez Canal and vital overflight routes used to support our forces in the Gulf. Under the cash-flow financing arrangements with Egypt, FMF will be used to cover ongoing costs of programs being implemented (20%); for maintenance of and ammunition for U.S. equipment in current inventory (30%); to supplement or upgrade equipment in service (15%); and for new programs (35%), including four fast missile craft, Identification Friend-or-Foe (IFF) systems, and 26 MLRS launchers forming two battalions.

Training of Egyptian military personnel provided by the FY 2002 International Military Education and Training (IMET) program will continue to play a critical role in ensuring that Egyptian defense forces are proficient in the use of newly-acquired U.S. military hardware and capable of supporting U.S. operations. Egypt will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act. Egypt will benefit from the transfer of numerous EDA articles ranging from spare parts to outdated U.S. M-60 tanks that will be specially outfitted for use in Egypt's ongoing humanitarian demining efforts.

Egypt needs to continue its economic development if it is to remain capable of sustaining its role as a reliable partner in the region. Economic Support Fund (ESF) assistance helps Egypt continue the process of transforming its economy into a globally competitive one that can provide jobs and opportunities for its people. At the same time, our assistance program in Egypt helps to alleviate poverty, supports the development of democratic institutions, expands U.S. exports, bolsters public health services and family planning, and helps Egypt protect its environment.

Of the ESF requested for FY 2002, 79% will be used for programs designed to accelerate economic growth, including technical assistance aimed at improving the business and investment climates; increasing agricultural productivity; increasing exports in targeted sectors; strengthening financial markets; and expanding access to power and telecommunications services. Roughly 7% of the ESF request will support programs related to the environment. The remainder will fund programs meant to reduce the fertility rate, improve health care, support democratic institutions, and increase access to schooling for girls.

Israel
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	949,056	840,000	720,000
FMF	1,920,000	1,980,000	2,040,000
FMF Wye	1,200,000	0	0

National Interests:

The United States has a significant interest in a stable, democratic, and economically and militarily strong Israel at peace with its neighbors. Maintaining the qualitative edge of the Israeli Defense Forces (IDF) in the regional balance of power enhances Israel's security, helps prevent regional conflict, and builds confidence necessary for Israel to take calculated risks for peace. Achieving progress toward comprehensive peace and an end to the Arab-Israeli conflict strengthens Israel's security by lowering regional tensions, encouraging the process of "normalization," and strengthening moderates in the region.

Reducing Israel's isolation in the region and in world fora and enhancing Israel's economic relationships (both regionally and in the world economy) serve the U.S. national interest by reducing Israel's political and economic dependence on the United States, and by fostering stability in a historically volatile region whose importance is vital to U.S. economic and security interests. Promoting market-oriented economic reform in Israel contributes to its economic growth; permits a gradual phasing-out of U.S. economic assistance; enhances Israel's ability to repay its debt to the United States; and opens new opportunities both for U.S. investment and for export sales.

Objectives & Justification:

The \$720 million in Economic Support Funds (ESF) requested for FY 2002 will continue to support Israel's economic and political stability. U.S. economic assistance is designed to help relieve the impact of economic burdens Israel has incurred due to its isolation in the region and the unstable situation in the Middle East. ESF may be used to purchase goods and services from the United States; service debt owed to, or guaranteed by, the U.S. government (USG); pay to the USG any subsidies or other costs associated with loans guaranteed by the USG; service Foreign Military Sales debt; and for other activities to support Israel's economic needs. The United States continues to work with the government of Israel on phasing out U.S. economic assistance, while encouraging Israel's continued efforts to increase the role of the private sector, promote productive investment, reform taxes, and promote more efficient use of its resources.

The United States maintains a steadfast commitment to Israel's security, to the maintenance of its qualitative military edge, and to strengthening Israel's ability to deter and defend itself. The annual Foreign Military Financing (FMF) that Israel receives constitutes an important part of U.S. support for these objectives. FMF represents about 25 percent of the Israeli defense budget and is crucial to Israel's multi-year defense modernization plan. The FY 2002 FMF request of \$2.04 billion will enable the Israeli government to meet cash flow requirements

associated with the procurement of U.S. origin systems such as F-16I fighter aircraft, the Apache Longbow attack helicopter, field vehicles, and advanced armaments. Israel's annual FMF level is expected to increase incrementally (by \$60 million each year) to a level \$2.4 billion in FY 2008, as ESF is phased out. Israel also will be eligible in FY 2002 to receive Excess Defense Articles under section 516 of the Foreign Assistance Act for defense maintenance, spare parts, support equipment and other needs.

Jordan
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	149,500	149,483	150,000
ESF Wye	50,000	0	0
FMF	74,715	74,630	75,000
FMF Wye	150,000	0	0
IMET	1,679	1,700	1,800
NADR-ECA	0	30	750
NADR-HD	1,511	947	900
Peace Corps	1,514	1,670	1,411

National Interests:

Jordan shares borders with Israel, the West Bank, Syria, Iraq and Saudi Arabia. Its critical location and cooperative government have made it a linchpin of regional stability and security. Jordan remains a pivotal country that has signed a peace treaty with Israel and continues to advocate strongly for comprehensive Middle East peace. U.S. economic and military assistance contributes to a more stable and prosperous Jordan by seeking to improve water resource management, ease the birth rate and improve health care, increase economic opportunities, and build a stronger defense capability. Promoting economic growth in Jordan will also permit a gradual decrease in U.S. assistance and open new opportunities for U.S. investment and export sales.

Objectives & Justification:

The FY 2002 Economic Support Funds (ESF) request of \$150 million will seek to address Jordan's most pressing development challenges: too little water, rapid population growth, and too few jobs. Accordingly, primary U.S. strategic objectives in Jordan will be to improve water resource management; improve access to, and the quality of, reproductive and primary health care; and increase economic opportunities for Jordanian citizens.

U.S.-funded water sector programs will aim to strengthen key water sector institutions, increase water-use efficiency, and improve wastewater quality for agricultural and industrial reuse. Funds will support ongoing projects, including: (1) rehabilitation of the Greater Amman water distribution system; (2) technical assistance for water policy implementation and water utility privatization; (3) completion of surface and ground water monitoring stations; (4) private sector management of a new wastewater treatment facility in South Jordan; (5) implementation of a build-own-transfer (BOT) wastewater treatment facility in the North Jordan Valley; and (6) design and construction of two wastewater treatment plants in South Jordan.

Population and health strategies are designed to improve maternal and child health by ensuring the availability of quality reproductive and maternal health care services, and promoting rationalized health care financing. Programs will include expansion of family planning services,

renovations of community clinics, nurse training, and support of government health care reform initiatives.

U.S. assistance to expand economic opportunities for Jordanians is designed to promote trade and investment, support the small and micro-enterprise sector, and advance Jordan's market-based economic restructuring program. Programs will engage the formal banking sector in lending credit to small entrepreneurs and providing financial services to start-up businesses as well as support activities associated with Qualified Industrial Zones. U.S. assistance also funds business development services for small and medium-sized firms, supports entrepreneurial and job training programs for Jordanian youth, and provides technical assistance and cash transfers to the government to support economic reform.

Jordan is critical to U.S. security interests in the region. U.S. security assistance programs – Foreign Military Financing (FMF) and International Military and Education Training (IMET) – buttress Jordan's ability to maintain secure, peaceful borders with Israel, Iraq and Syria. FMF also helps the Jordanian Armed Forces modernize and address readiness and sustainment requirements. For FY 2002, Jordan proposes to use the \$75 million FMF request to upgrade its air defense systems, enhance transportation, and augment command, control, and communication capabilities. Jordan also intends to modernize aging defense systems, including anti-tank missiles.

IMET training reinforces democratic principles of civilian control of the military, enhances interoperability with U.S. forces, promotes military professionalism, and reinforces among core supporters of the regime the importance of a strong, cooperative political/military relationship with the United States. In addition, Jordan will be eligible to receive U.S. Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act to help the government make maximum use of scarce funds for critically-needed equipment and spare parts.

The request for FY 2002 NADR funds for humanitarian demining will be used to continue an on-going program to prevent civilian casualties by removing landmines in the Jordan River Valley, along the Jordan-Syrian border, and in the Rift Valley. The demining program maintains a force of 380 combat engineers and is internationally recognized as one of the best such programs in the world.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance funds for a cooperative program in Jordan. FY 2002 NADR funding is focused initially on an assessment of Jordan's capabilities and needs.

Lebanon
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	15,000	34,879	32,000
IMET	582	575	600
NADR-HD	1,282	800	1,200

National Interests:

The United States has a strong interest in promoting a stable, independent, democratic, and economically strong Lebanon at peace with Israel and neighboring states. Lebanon is still recovering from its sixteen-year civil war, and is making slow progress toward rebuilding its civil institutions, re-establishing the rule of law, and implementing economic reform. In the wake of the withdrawal of Israeli forces from south Lebanon in spring of 2000, development needs have increased as the south rebuilds and the government tentatively begins to reestablish its presence there. A prosperous, independent and secure Lebanon will open new opportunities for U.S. investment and export sales, help weaken terrorism, and contribute to the fight against illegal drugs and counterfeiting.

Objectives & Justification:

The FY 2002 Economic Support Funds (ESF) request of \$32 million for Lebanon will be used to promote economic growth, build democracy, and protect the environment. In the area of reconstruction and economic growth, the flagship of USAID's program will continue to be the Rural Community Development Clusters, which now include 430 villages and almost 600 activities in basic infrastructure, income production, environment, and civil society. The clusters program has already been expanded to areas formerly under Israeli occupation, and will continue to increase there. USAID plans to continue the Dairy Improvement Program, which imports U.S. dairy cows and provides quarantine, inoculation, and nutritional and veterinary care. The Microcredit Program will continue to provide village banking loans -- targeted primarily at women -- through commercial agreements and NGO grants. USAID will also continue to assist the Lebanese government in implementing economic reform in three key sectors: agro-industry, finance and regional services, and tourism. A World Trade Organization (WTO) accession support program has also been put in place.

The democracy program will provide assistance and technical support to critical central and local institutions of the government of Lebanon that are directly linked to its ability to enact public policy and provide social services. USAID will seek to introduce and reinforce the concepts of transparency, accountability, and effectiveness of government. In addition, U.S. support for the American educational institutions in Lebanon will encourage the development of civil society. ESF will help provide these institutions with both programmatic support and grants for scholarships and core programs.

The environment program aims to help the Lebanese better understand their environmental problems, point the way to policy reforms, and illustrate environmental solutions.

The program promotes the development of wastewater and solid waste treatment activities in rural community development clusters, including treatment of potable water, soil conservation and environmental awareness campaigns.

The FY 2002 International Military and Education Training (IMET) program for Lebanon will reinforce the democratic principle of civilian control of the military and provide needed training to improve military standards. It will also consolidate progress made in recent years by the Lebanese leadership to develop the Lebanese Armed Forces as a unifying national institution. Lebanon will be eligible to receive grant Excess Defense Articles (EDA) in FY 2002. Grant EDA supplies much needed spare parts and equipment to maintain military readiness and support military operations. Finally, FY 2002 NADR funds will finance an on-going humanitarian demining program to remove land mines throughout Lebanon and thus help reduce the number of human casualties these devices cause.

Morocco
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
CSD	3,000	4,902	4,628
DA	7,250	5,685	6,185
FMF	1,500	2,488	3,500
IMET	904	955	1,000
Peace Corps	2,251	2,607	2,678

National Interests:

Morocco is a strategic anchor at the cusp of Africa, Europe, and the Arab world, seated on the south side of the Straits of Gibraltar. In July 1999, Mohammed VI acceded to the throne and has since voiced strong support for human rights and economic and political reform. However, he has inherited a Kingdom that is poor – a middle-ranked developing country – and a political system whose reform is real but new. American assistance plays a vital role at this moment of rapid political and economic change in Morocco. The United States seeks to support this democratic and free-market opening to encourage a Morocco that is stable, prosperous, and free. U.S. assistance will aid Morocco to grow in significance as a market and trading partner, serve as a positive political example in the region, and continue to play a constructive moderating role in the Middle East and Africa.

Objectives & Justification:

Development Assistance (DA) requested for FY 2002 will be targeted at promoting four strategic objectives: open markets, broad-based economic growth, population and health, and democracy. Child Survival and Disease (CSD) funds will be used to complement DA projects in the health and population area, as well as to finance programs to promote basic education among girls in rural provinces.

Under a six-year Country Strategic Plan developed by USAID in FY 1999, DA funds will support the Moroccan government's efforts to stimulate economic growth by improving the climate for private-sector investment. Development resources will be used to: facilitate the adoption of administrative reforms within the government; improve the administration of commercial courts; build the capacity of sectoral associations to deliver services to their members; implement field testing of innovative micro-finance products; and support activation of new agencies to promote investment and to support small and medium enterprises. Primary beneficiaries will be disadvantaged Moroccans and small and micro entrepreneurs who will gain business and employment opportunities, low-cost housing, skills training, and access to financial resources otherwise unavailable.

Continuing and new DA activities will also focus on improving water quality for household use, treating and reusing previously unused water discharges for agricultural purposes, and creating a public/private sector River Basin Agency dedicated to improving water availability. Morocco's economy is heavily dependent on rain-fed agriculture, and thus water conservation is

vital to future growth. The Moroccan government has developed a national strategy for environmental protection and sustainable development that emphasizes managing water demand and preventing the further degradation of existing water resources. Using DA funds, the United States will continue to work closely with the Moroccan government on this plan that has already had impressive results. For example, the annual water savings in one U.S.-funded irrigation program using laser leveling and water conservation measures is about 200 million cubic meters – enough water to supply the annual needs of a city the size of Fez. This success is serving as a model for other areas of Morocco.

In the health sector, U.S. assistance will build on decentralization by focusing on improving the capacity of health managers at the local level, including strengthening the ability of the private sector to play a more important role in the delivery of basic maternal and child health services. At the national level, the United States will continue to work with the Ministry of Health to identify and institute sustainable health care financing systems. With 35% of Morocco's population of 28 million under 15 years of age, there will be significantly increased population pressure in the next decade, as well as tremendous demands for new employment and services. With the requested DA and CSD funds, Morocco will continue to reduce its fertility rate, as well as decrease the mortality of children under five. Morocco's system for providing reproductive health care now serves as a model for other developing countries.

Continued CSD assistance will also be used to build upon notable past successes with policy reform at the national and provincial levels to build rural model schools focused on girls' education. While much progress has been made, on a national basis Morocco is still far from achieving expected levels for school attendance/retention and literacy, especially for females, because of the great disparity between urban and rural areas. By supporting new and existing rural schools and helping build strong school-community relationships, CSD funds will increase the participation of rural girls in primary schooling and thus prepare them to participate more fully in Morocco's democratic and economic development. U.S. assistance will also help the Ministry of National Education to change the curricula and materials at teacher training colleges, support local school improvement projects, and aid provincial teams to implement their education reform programs.

Along with Tunisia and Algeria, Morocco may receive U.S. assistance for FY 2002 under the U.S.-North Africa Economic Partnership and the Middle East Regional Democracy Fund. Justification for these programs is provided under the respective NEA regional program pages.

In addition to economic assistance, the United States provides military assistance to Morocco through the International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs. FY 2002 IMET funds will continue the current program of sending approximately 70 military students (90% of whom are officers) per year to the United States for professional military training. They attend both war colleges and other more operational courses. The program has been highly successful at helping to professionalize the officer corps and its graduates command key military positions. The program has had a substantial positive impact on the level of understanding between U.S. Armed Forces and those of Morocco. It has helped ensure smooth operations between the two in the many multilateral operations in which Morocco has participated, including Somalia, Bosnia, and Kosovo. It has also ensured extraordinary access with

the highest levels of the three Moroccan Armed Forces for the United States. Finally, the IMET program has been helpful in sensitizing Moroccan officers to international standards of human rights.

Morocco's FY 2002 FMF program will support sustainment of US-origin equipment. FMF assistance also supports interoperability with U.S. forces, since the equipment operates at NATO standards and facilitates joint exercises. FMF may also help transport and/or refurbish military items and spare parts from the United States obtained through the Excess Defense Articles (EDA) program.

Morocco will be eligible in FY 2002 to receive grant Excess Defense Articles under Section 516 of the Foreign Assistance Act. The transfer of EDA will assist Morocco in meeting defense requirements, modernizing aging equipment, and furthering interoperability.

Oman
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
IMET	230	250	275
NADR-HD	1,017	273	200

National Interests:

Oman occupies a strategic location on the underbelly of the Arabian Peninsula and on the southern shore of the Straits of Hormuz. As the Straits form a key naval chokepoint for a very large percentage of the world's oil and gas shipments, the Oman-U.S. relationship is critical to U.S. defense interests, not only in the Persian Gulf region, but also globally. Since concluding a bilateral agreement with Oman in 1980, the United States has had access to Omani military bases which has proved invaluable for U.S. combat support and readiness in the Gulf. Oman has been an active supporter of U.S. political and military initiatives vis-à-vis Iraq.

Objectives & Justification:

The United States has a critical interest in ensuring that Oman continues to participate in efforts to promote regional stability, as well as in retaining access to key Omani military facilities. As part of U.S. efforts to enhance bilateral military cooperation, the FY 2002 International Military Education and Training (IMET) program will finance U.S. training and education for Omani military personnel as the Omani armed forces shift toward Western doctrine, training, and acquisition. Oman will be eligible in FY 2002 to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. Omani access to EDA will help strengthen the defensive capabilities of the Sultan's Armed Forces and promote regional interoperability and coalition defense efforts. The U.S. humanitarian demining program training that began in March 2001 is progressing satisfactorily. In May 2001, the dog teams and deminers will finish training and begin active demining; FY 2002 NADR funds will continue demining activities in Oman.

Saudi Arabia
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
IMET	0	0	25

National Interests:

The United States has a very strong interest in maintaining regional stability in the Middle East, particularly in the Gulf, in order to assure continued free flow of oil to consumers around the world. Regional stability is directly enhanced by the close military to military relationship the United States and Saudi Arabia have built through a robust joint military exercise program and shared responsibilities – along with other coalition members – for Operation Southern Watch over Iraq. In addition to support for UNSC sanctions against Iraq, Saudi Arabia contributes to regional security through participation in the Gulf Cooperation Council and through its significant assistance-in-kind to deployed U.S. forces.

Objectives & Justification:

Extending the International Military Education and Training (IMET) program to Saudi Arabia will help current and future Saudi military leaders maintain a sophisticated level of military expertise geared toward interoperability with U.S. forces and the best possible maintenance and use of the weaponry and other systems U.S. corporations sell to the Kingdom. Greater exposure to training in the U.S. will help Saudi military personnel increase their support for U.S. values, ideals, and policies. The program increases awareness of international norms of human rights and fosters greater respect for the principle of civilian control of the military.

The relatively modest amount of IMET requested will permit the Saudi Government to purchase military training in the United States at considerably less cost than what we charge non-IMET eligible countries. While Saudi Arabia controls the world's largest oil reserves, it faces increasing budget pressure to meet the needs of its rapidly growing, young population of nearly 20 million. Its 1999 estimated per capita income of roughly \$9,000 is only slightly higher than that of its neighbor Oman. The Saudi military faces diminished funding and as a result has sought less expensive – and less effective – training in other countries such as Pakistan, leading to diminished experience with U.S. equipment and techniques and an increasing lack of interoperability with U.S. personnel. Providing military instruction at a reasonable cost also gives the U.S. an opportunity to help train and professionalize the Saudi military, and foster one-to one establishment of essential contacts with U.S. counterparts whose influence can encourage reform within the Saudi military.

Tunisia
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
FMF	3,000	3,483	3,500
IMET	906	955	1,000

National Interests:

Tunisia is a stable democratic country in the troubled Middle East region where U.S. national interest in facilitating Arab-Israeli peace and maintaining access to crucial energy supplies remains high. Located on the southern Mediterranean coast one hour from Italy, it is also a natural economic and strategic bridge from Europe to Africa. Tunisia has long been well disposed to the U.S. presence in the region, and looks to U.S. leadership in the political and economic sphere despite its colonial ties to France. The U.S. interest is to continue and, in some areas, intensify our efforts to ensure a strong, durable fabric of bilateral relations, and to promote regional stability in the southern littoral of the Mediterranean.

Objectives & Justification:

Our goal is to ensure active Tunisian participation in efforts to promote regional stability, particularly in the peace negotiations between Israel and its Arab neighbors, bilateral military cooperation, peacekeeping operations, and continued access of U.S. forces to Tunisian facilities. Foreign military financing (FMF) will be used for spare parts for U.S. military equipment, which makes up the bulk of the Tunisian military's inventory of major end items. Tunisia's U.S.-origin equipment typically dates from the 1960s and 1970s, and FMF funding and excess defense articles (EDA) are critical to its sustainment. Tunisia will be eligible to receive Excess Defense Articles (EDA) under section 516 of the Foreign Assistance Act. Provision of EDA will serve U.S. interests in assisting Tunisia to enhance military readiness and upgrade/maintain vital military equipment.

The FY 2002 IMET program will fund U.S. training and education for Tunisian military officers. Tunisia's IMET program promotes the U.S. goals of stability and democracy, and increases the familiarity of Tunisia's officer corps with U.S. military practices. IMET has been widely used to enhance Tunisian officers' English language skills, which, combined with FMF-provided material sustainment assistance, helps facilitate combined training exercises. Tunisian troops typically engage in 16-18 combined exercises with U.S. forces annually. Tunisian training with U.S. forces enhances their value as a potential coalition partner.

West Bank/Gaza
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	85,000	84,707	75,000
ESF Wye	400,000	0	0

National Interests:

U.S. assistance for the West Bank and Gaza addresses humanitarian needs, encourages broad-based economic development and supports the development of democracy among the Palestinian people. In light of the current economic situation in the West Bank/Gaza, U.S. assistance has been redirected to generate employment and respond to emergency needs, such as medical care. The UN estimates that by the end of 2001, approximately half of the Palestinian population will be living in poverty if no significant improvements take place in the current situation.

Objectives & Justification:

A significant portion of the \$75 million in Economic Support Funds (ESF) requested for the West Bank and Gaza in FY 2002 will be used to increase the availability of fresh water to residents of these areas. In addition, a major portion of the Wye River supplemental funding will be redirected to projects related to expanding the availability of water and treatment of wastewater. The United States focuses a major portion of its assistance to the Palestinians on water because Palestinian per capita water consumption rates are well below the WHO's minimum standard. In addition to the health problems caused, this inadequate supply of water limits economic development. Projects will include the continued work on major improvements in the treatment of wastewater and water management in Gaza, the creation of new sources of fresh water in the West Bank through the digging of wells, the development of wastewater treatment facilities in the West Bank; and the design and possible construction of a desalination plant in Gaza. The U.S. has already doubled the availability of fresh water to 260,000 residents in the Bethlehem-Hebron area.

To further promote economic development, ESF will continue to assist the development of small businesses and financial services through its micro-enterprise credit access program, which has provided thousands of loans to small businesses, including over 22,500 loans totaling \$7.4 million to the poorest segment of micro-borrowers. This lending is especially important in light of the limited credit currently available in the WB/G. The U.S. will also continue to assist Palestinian industry and trade associations and to support the development of a comprehensive regulatory framework to promote commercial transparency.

In order to promote democracy among the Palestinian people, ESF is used to strengthen the management and programs of Palestinian civil society organizations that work to shape Palestinian legislation and advocate on behalf of various constituencies, such as women's groups, medical organizations, etc. In addition, the program launched in FY 1999 to strengthen rule of law by supporting the legal profession will be continued in FY 2002.

In FY 2002, the U.S. will continue to expand the health care program launched on a pilot basis in FY 1999. This program in infant health care and birth spacing addresses health issues involving mothers and their newborn. In FY 2002, maternal-child health activities will be expanded to a greater number of rural villages.

Finally, inadequate access to basic services – along with high unemployment and low income levels – will be addressed through an expanded community development services program. This program, which is implemented through U.S. PVOs and local NGOs, is designed to revitalize community-level infrastructure, improve basic services and reach disadvantaged groups in rural areas, while at the same time generating greatly needed employment in these under-served communities.

Yemen
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	0	3,986	5,000
IMET	125	135	250
NADR-ECA	0	140	100
NADR-HD	1,236	1,023	750

National Interests:

Yemen is one of the poorest countries in the world. Its infrastructure is primitive and its current political formation dates back only to 1990 with the uniting of North and South Yemen. Yemen's population is overwhelmingly rural, traditional, and growing at an alarming rate. While Yemen has only limited petroleum and natural gas reserves, it controls one of the primary international strategic lines of communication and shipping—the Bab el Mandeb. Yemen is very open to continued improved relations with the United States and considers its fundamental interests and values as compatible with U.S. goals. Yemen is at the forefront of the Arab world in both democratic and economic reform and has taken significant strides toward opening its multi-party political system to full public participation, including women. U.S. assistance to Yemen will be critical in ensuring that its reformist policies continue on track and serve as an example to other Middle East countries.

Objectives & Justification:

Yemen is one of the world's least developed countries and suffers from high illiteracy rates, explosive population growth, high infant mortality, low worker skill levels, and an undiversified labor force structure. Despite these problems, Yemen is evolving into a multi-party democracy and has also embarked on an IMF-sanctioned economic reform program that includes a commitment to increase foreign investment and international trade. However, severe financial constraints limit the government's ability to finance basic education, health services and vocational training for the growing population.

The government of Yemen has consistently emphasized with donors its commitment to making investments in people to strengthen Yemen's human resource base. Therefore, as part of an overall, long-term strategy, Economic Support Funds (ESF) requested for FY 2002 will continue to focus on human resource development. Special emphasis will remain on graduate degree scholarships and short-term, in-service training programs in key sectors including basic education (particularly for girls and women), and health care delivery (with particular emphasis on maternal and child health and child spacing). This training, conducted both in Yemen and overseas, will be targeted toward both private and public sector leaders and potential decision makers who will be responsible for policy planning and managing Yemen's economic and social programs.

Consistent with the Yemeni government's expressed priorities, U.S. assistance will be targeted to areas that will maximize returns, be flexible enough to sustain Yemen's modernizing

economy, and support democratization efforts. For example, ESF will support girls' education efforts ranging from providing adequate classroom facilities to curriculum development and teacher training. This is also a critical time for providing further assistance to Yemen in the areas of health care and, in particular, family planning to reduce the burgeoning population growth rate. Given the importance of females in the delivery of social services as teachers, health workers, etc., a critical mass/pool of trained females must be established. Accordingly, 50% of the training opportunities will be targeted for female candidates.

A U.S.-funded scholarship program begun in the early 1980s has allowed over 900 Yemenis to receive degrees, over 700 of which were earned in the United States. While the total number of Yemeni students who have received U.S.-provided scholarships may be relatively small, the value of the enormous contribution made by this group to the whole of Yemen is incalculable. Most U.S.-educated Yemenis are firmly integrated into modern Yemeni society. They now hold key government positions (including cabinet ministers), or are prominent academics, journalists, policy makers and successful businessmen. In order to maximize return on investment, scholarship programs funded with FY 2002 ESF will focus on providing two-year master's degree scholarships.

The FY 2002 International Military Education and Training (IMET) program will enhance bilateral military cooperation and help secure Yemen's active participation in efforts to promote regional stability. IMET will fund U.S. training and education for Yemeni military personnel as the military force shifts toward Western practices and doctrine. Yemen initially became eligible to receive Excess Defense Articles (EDA) on a grant basis under section 516 of the Foreign Assistance Act (FAA) in 1999. In FY 2002, Yemen will again be eligible to receive EDA on a grant basis and hopes to use this program to help the development of a basic shore patrol/coast guard capability. This equipment will permit the Yemenis to acquire a rudimentary capability with which to monitor illegal trafficking through its waters, track environmental issues and enhance the safety of vessels passing through the Bab el Mandeb Straits. Additionally, the NADR demining program in Yemen is progressing at an excellent rate. Current projections for FY 2002 NADR funds are to train, equip and deploy two additional demining companies, bringing the total to eight active demining companies in Yemen.

Finally, as part of its efforts to prevent the proliferation of weapons of mass destruction, their delivery systems, related technologies, and other weapons, the United States plans to provide NADR Export Control and Related Border Security assistance funds for a cooperative program to help establish fully effective export controls in Yemen. FY 2002 NADR funding is focused primarily on an initial assessment of Yemen's capabilities and needs and establishing effective enforcement procedures and capabilities, including through the provision of equipment.

Iraq Opposition
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	10,000	24,914	25,000

National Interests:

Assistance to the Iraqi opposition directly supports U.S. efforts to bring about regime change in Iraq, a key U.S. policy priority. The ultimate goal of the United States is a new Iraqi government that represents the Iraqi people, respects human rights and the rule of law, and is committed to living peacefully with Iraq's neighbors.

Objectives & Justification:

The FY 2002 Economic Support Fund (ESF) request of \$25 million for the Iraqi Opposition Program will be used to support the Iraqi opposition, fund efforts to indict members of the current Iraqi government for war crimes and other offenses, and provide humanitarian relief to the people of Iraq.

In supporting the Iraqi opposition, the United States plans to continue to provide funding for the Iraqi National Congress (INC), an umbrella organization of opposition groups, but will also seek out other opposition groups that may be able to use our funding effectively. Funds for the INC will aid the organization to help it organize itself into a more effective voice of the Iraqi people, to assist it in garnering international support, and to implement programs that will help bring about new leadership in Iraq. These programs include information collection, support for war crimes charges against top regime leaders, television and radio broadcasting, and training and planning for instituting democracy and the rule of law following regime change.

In FY 2002, we plan to increase the proportion of ESF from the Iraqi Opposition Program devoted to bringing Iraqi regime criminals to justice. Funds will be used to assist non-governmental organizations in the preparation of case files and the gathering of witness testimony and documentary and video evidence. They will also be used toward translation of captured Iraqi documents and other materials, and acquisition and analysis of satellite imagery, all of which should contribute to the growing body of evidence of the Iraqi regime's crimes. As part of this effort, ESF will also be used for the surveying and treatment of Iraqi civilian victims of chemical and biological weapons attacks.

We intend to use some of the funds to provide humanitarian relief to the people of Iraq. With the anticipated changes to the UN sanctions regime, we believe that greater NGO activities inside of Iraq will be possible. We plan to compete much of the humanitarian relief program in order to find NGOs that have demonstrated the capacity to carry out large-scale programs of humanitarian assistance and choose the plan that will reach the most Iraqis effectively.

We intend to use a small portion of the funding to provide technical assistance to grant recipients to increase their level of performance and ensure compliance with applicable rules and regulations regarding the use of federal funding.

Middle East Democracy
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	6,000	3,986	7,000

National Interests:

The development of democratic culture in the Near East -- based on representative government, strong civil society institutions, and respect for individual human rights -- directly supports the U.S. goal of fostering democracy worldwide, in addition to enhancing U.S. interests in peace and stability in the region. More democratic countries in the region which respect the rule of law and embrace civil society should be able to transfer power peacefully, resist the spread of extremism, promote investment by increasing confidence in the business sectors, and enhance the stability of the Near East region as a whole.

Objectives & Justification:

Democratic reforms initiated during the last several years by nations in North Africa and the Middle East continue to move forward. Public participation in political life in many states is increasing through the growth of active non-governmental organizations (NGOs) and the expanded role of elected legislatures/advisory councils. To encourage this democratization movement and provide support for further change and openness, the \$7 million in FY 2002 ESF requested for Middle East Democracy will help to provide technical assistance, practical training, and other support in four key areas: strengthening of civil society and an independent press; promotion of rule of law, including reform of the judiciary; development of more representative and accountable governments through free and fair elections and other means; and greater social and political rights for women.

Recognizing that a vibrant civil society encourages greater citizen participation in government decision-making and increases government accountability and responsiveness to citizen concerns, the Democracy Fund will continue to aid local NGOs throughout the region. U.S. assistance will increase NGO effectiveness through training programs designed to improve their organizational and networking skills, while a small grants program in Morocco, Algeria, Tunisia, Oman and Yemen will continue to supply civil society groups with needed funds to carry out democracy-related projects. Respect for the rule of law and human rights is another cornerstone of a democratic society. Accordingly, the Democracy Fund will expand funding for judicial reform programs that seek to modernize legal codes and provide training for judges/court officials on administration of justice, anti-corruption, and protection of human and private property rights.

With increasingly active legislatures and elected advisory councils playing a more prominent role in several countries, the Democracy Fund will build upon efforts to improve the capacity and effectiveness of these bodies through in-country training and visits to the U.S. for a first-hand look on how U.S. legislators represent their constituents. Assistance will also be provided to help prepare for and conduct free and fair elections, including parliamentary elections

in Morocco and Algeria. A continuing theme in all Democracy Fund programs will be the active inclusion of women in both civil society and government. The Democracy Fund provides support for women's advocacy groups in Morocco and is initiating a new program in Oman to work with the local women's organization.

Middle East Multilaterals
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	2,800	2,990	3,000

National Interests:

The multilateral negotiations in the Middle East peace process grew out of the 1991 Madrid Peace Conference. Formal working groups were established in the areas of Arms Control and Regional Security, Environment, Regional Economic Development, Refugees, and Water Resources to promote discussion of regional issues among Israelis and Arabs and to bring to bear the expertise and resources of the international community to support concrete projects. Such projects directly contribute to long-term peace, regional stability, and prosperity in the Middle East. As co-sponsor of the peace process, it is imperative that the U.S. maintains its leadership role in funding multilateral peace process activities.

Objectives & Justification:

As the U.S. works with the parties in the region and others to encourage them to take steps to end the violence, restore confidence and resume negotiations, U.S. multilateral funding will be essential to help build an atmosphere of trust and cooperation in the region.

Water and environmental issues are key concerns confronting the countries of the Middle East, and the multilateral projects sponsored by the working groups on water and the environment will continue to focus on cooperative activities that support and complement the parties' bilateral contacts. Funds will be directed to ongoing initiatives in areas such as water data availability, desalination, solid and hazardous waste, and desertification.

The Refugees Working Group, working closely with bilateral donors and the United Nations Relief and Works Agency (UNRWA), exerts a stabilizing influence in the Middle East by helping coordinate humanitarian assistance to more than 3 million Palestinian refugees. The group works to build consensus among donors on targeted projects in vocational training, human resource development and job creation. The Arms Control and Regional Security Working Group plays a vital role in bringing Arab and Israeli security experts together to discuss issues of mutual concern. U.S. multilateral funding also supports programs to promote Arab-Israeli ties through economic partnerships, such as tourism cooperation, thereby contributing to both economic growth and regional stability.

Middle East Regional Cooperation
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	10,000	4,983	5,000

National Interests:

An important element of promoting peace in the Middle East is bringing Israelis and Arabs together at every level -- including policy makers, technical experts, etc. -- to work together on a wide range of issues. The Middle East Regional Cooperation (MERC) Program, which Congress initiated after Camp David, fosters mutually beneficial technical cooperation between experts from Israel and its Arab neighbors. MERC-supported projects strengthen Israeli-Arab ties by demonstrating that peaceful cooperation on topics of mutual interest can yield tangible benefits for all involved. Continued strong U.S. support for the MERC is necessary to promote broad-based Israeli-Arab cooperation and peaceful coexistence.

Objectives & Justification:

The MERC complements the work being done in the Multilateral Working Groups by broadening the base of cooperation among Israelis and Arabs to include academic and non-governmental organization (NGO) experts. Unlike the Multilateral Working Groups, which are directly controlled by participating governments as part of official multinational peace efforts, the MERC encompasses a much wider variety of groups and organizations outside the formal multilateral setting. The MERC is a highly competitive program that provides grants based on unsolicited project proposals from diverse groups including universities, government laboratories, and NGOs.

The FY 2002 ESF for the MERC will be used to implement programs designed to provide practical benefits to both Israelis and Arabs. MERC projects have included and will continue to encompass a wide range of important fields with the goal of increasing economic development, protecting the environment, and improving health conditions. Agriculture projects will remain focused on increasing productivity of livestock and crops, while health programs address issues such as cancer and a range of infectious diseases. As lack of fresh water is one of the most critical economic and environmental problems in the Middle East region, MERC projects will continue to address effective water management, wastewater treatment, and desertification prevention.

Multinational Force and Observers
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
PKO	15,902	16,000	16,400

National Interests:

Attaining a comprehensive peace between Israel and all of its neighbors is essential to protecting U.S. security interests in the Middle East and is a long-standing goal toward which we must sustain our vigorous diplomacy and support. The Egyptian-Israeli Peace Treaty and its security arrangements monitored by the MFO are the cornerstone of our efforts to achieve peace in the Middle East. The MFO is a key component of the Israeli-Egyptian peace treaty. It provides a measure of confidence and security that both parties consider essential.

Objectives & Justification:

The MFO is an important part of the peace between Egypt and Israel. In addition to an established system to monitor treaty compliance, the MFO offers an effective liaison system between the Egyptian and Israeli defense forces. The United States has a firm political commitment to finance one-third of the annual MFO budget, with the other two thirds provided by Israel and Egypt. Subject to Congressional authorization and appropriations, the U.S. is committed to support the MFO's mission until the Parties to the agreement that created the MFO mutually agree that it is no longer necessary. The MFO's long-standing effectiveness is apparent in the continued compliance with the treaty and in the excellent cooperation between Egyptian and Israeli officials in the treaty's liaison system.

US - North Africa Partnership
(\$ in thousands)

Account	FY 2000 Actual	FY 2001 Estimate	FY 2002 Request
ESF	5,000	3,986	5,000

National Interests:

The bloodshed that has torn apart Algeria was caused and prolonged, in part, by social tensions arising from an inefficient, state-dominated economy unable to generate sufficient jobs and housing for a rapidly growing population. In order to help address the causes of Algeria's violence, and help prevent its spread to other North African states, the United States seeks to engage the Maghreb governments in senior policy dialogue and technical assistance, with the goal of encouraging private-sector led growth. Stability in North Africa will also support U.S. interests in preventing terrorism, advancing Middle East peace negotiations, and ensuring security in the Mediterranean basin.

Objectives & Justification:

The U.S.-North Africa Partnership aims to improve the climate for private investment and trade in the Maghreb. Using \$5 million in FY 2000 Economic Support Funds (ESF) and \$4 million in FY 2001 ESF, the Partnership funded studies of barriers to private sector investment and entrepreneurship, and engaged North African governments in discussions on removing these barriers. The Trade and Development Agency (TDA) financed Partnership-funded investment studies helped identify opportunities for U.S. business in the region. The Partnership also funded consultants who helped Maghreb governments identify the reforms that are needed in their commercial law codes in order to facilitate the growth of the private sector and of international investment. USAID's Global Technology Network is helping U.S. businesses identify firms in the Maghreb that are potential purchasers. FY 2002 ESF funds would be used to continue these and similar programs. These activities will reinforce senior-level dialogus with North African governments aimed at encouraging economic reform.