

I. REQUEST BY APPROPRIATION ACCOUNT

Export and Investment Assistance
Bilateral Economic Assistance
Military Assistance
Multilateral Economic Assistance

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EXPORT AND INVESTMENT ASSISTANCE

Export-Import Bank of the United States
Overseas Private Investment Corporation
Trade and Development Agency

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Export-Import Bank

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
EXIM-Admin	67,856	72,467	73,200
EXIM-Dir Loan	(13,000)	(18,000)	(44,000)
EXIM-Inspector General	-	-	1,140
EXIM-Loan Act	509,566	-	125,700

The FY 2005 budget request of \$125.7 million in loan program funds—in combination with unused authority carried over from prior years--will support \$12 billion in export credit authorizations. The budget also requests \$73.2 million for administrative expenses.

Ex-Im Bank sustains and increases American jobs by financing the exports of U.S. goods and services that would otherwise not go forward. Ex-Im's strategy involves:

- matching foreign officially sponsored export credit competition.
- assuming commercial and political risks that U.S. exporters or private sector institutions are unwilling or unable to undertake.
- overcoming limitations in private sector export financing.

The Bank pursues its objectives by using tools such as direct loans, loan guarantees, working capital guarantees, and insurance. It will finance the export of all types of goods or services, including commodities, as long as they are not military-related (certain exceptions exist). Two of the Bank's major mandates are to increase the export of environmental goods and services, which are in strong demand among the developing nations, and to expand the amount of U.S. small businesses exports.

Overseas Private Investment Corporation

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
OPIC-Admin	39,626	41,141	42,885
OPIC-CF	23,844	23,858	24,000
OPIC-NOC	(302,851)	(264,000)	(254,000)

The Overseas Private Investment Corporation (OPIC) is the primary U.S. government agency focused on private sector investment in the developing world. OPIC helps U.S. businesses to invest in more than 150 countries, promoting development while serving important foreign policy goals. Serving as a catalyst for private sector development, OPIC continues to play a meaningful role in the development of the very regions where instability poses foreign policy and national security challenges to the nation. OPIC mobilizes and leverages private investment in sectors and regions most in need of development.

OPIC contributes to important U.S. goals at home and abroad while operating on a self-sustaining basis, at no net cost to the American taxpayer. OPIC does not receive direct appropriations, but instead is granted authority to spend its own earnings. These earnings are also the basis for OPIC's contribution (in the form of net negative budget authority) to the International Affairs budget. For FY 2005, this contribution is estimated to be \$187 million.

To continue this self-sustaining approach to government in FY 2005, OPIC requests the authority to spend \$42.9 million of its revenues for administrative expenses. The total includes \$41.9 million for baseline administrative needs and \$1 million for important information technology (IT) improvements. In addition, in FY 2005 OPIC requests \$24 million in credit funding to support an estimated \$900 million of direct loans and loan guarantees. The \$24 million credit-funding request is the same as approved in the FY 2004 budget. With the exception of FY 2002, when no credit funding dollars were authorized due to the availability of carry-over funding, OPIC has been authorized \$24 million in credit funding in every year since FY 2000.

OPIC's policy of making good corporate citizenship a key element of responsible risk management contributes to two other U.S. strategic goals: opening political systems and societies to democratic practices, the rule of law, good governance, and respect for human rights; and securing a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation. OPIC urges investors to avoid significant problems by adhering to recognized labor and environmental standards and anti-corruption laws. Investors also are encouraged to play a positive role in host communities by recruiting and training local citizens for professional and management positions, responding to local education and health needs, and maintaining transparency through community outreach programs.

OPIC seeks to align its activities with broader U.S. policy priorities. For example, supporting small business will remain an OPIC priority in FY 2005. OPIC has made significant progress in this area during the last year, building on a cooperation agreement with the Small Business Administration (SBA) the recently opened OPIC Small Business Center.

Iraq also is an emerging area of OPIC activity. OPIC's ability to mobilize private capital by mitigating risk will help in moving beyond simple grant assistance to genuine private sector led economic development. Recent legislation authorized OPIC to operate in Iraq, subject to congressional approval of projects. OPIC currently is developing a pipeline of projects for Iraq reconstruction, using its finance and political risk insurance programs.

Housing is another area in which OPIC can support American development goals. Between two and three billion people in the developing world have inadequate housing. OPIC's initiative in the area of housing finance has received increased emphasis under the new Administration. The focus has broadened from an original emphasis on Central America and the Caribbean to include new and important geographic regions such as Sub-Saharan Africa, the Balkans, and Eurasia.

Trade and Development Agency

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
TDA	46,706	49,707	50,000

The U.S. Trade and Development Agency (TDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits, and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

TDA's support of sound policy and decision-making in host countries fosters trade, investment, and sustainable economic development. In carrying out its mission, TDA targets beneficiary country economic sectors that may benefit from the purchase of U.S. goods and services. TDA delivers its funding through commercially oriented means. The agency's proposed development activities further the administration's key foreign assistance priorities while increasing U.S. private sector participation abroad.

In FY 2005, TDA increasingly will concentrate on priorities such as supply chain security and management, trade capacity building, reconstruction efforts, and the environment. Work on the environment involves projects designed to enhance or protect the environment or to assist industrial entities to meet environmental standards.

TDA will continue to introduce a broad range of U.S. firms to foreign commercial opportunities. The agency will work with other U.S. Government agencies to harness their expertise and resources for development objectives. Partner agencies include the Departments of Agriculture, Commerce, Energy, Homeland Security, State, and Treasury, as well as the U.S. Trade Representative.

BILATERAL ECONOMIC ASSISTANCE

United States Agency for International Development
Other Bilateral Economic Assistance
Independent Agencies
Department of State
Department of the Treasury
Complex Foreign Contingencies

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Program Overview
Child Survival and Health Programs Fund
Child Survival and Health Programs Fund Detail
Development Assistance
Development Assistance Detail
International Disaster and Famine Assistance
Transition Initiatives
Development Credit Program
USAID Operating Expenses
USAID Capital Investment Fund
USAID Office of the Inspector General

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United States Agency for International Development
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID	4,420,954	4,234,670	3,928,500
USAID-SUP	168,300	276,600	-

The Bush Administration’s National Security Strategy identifies development, diplomacy, and defense as the core, interdependent components of U.S. foreign policy. In the current complex national security environment, economic and political development plays a critical and pivotal role. Over the past two years, the War on Terrorism and the reconstruction of Iraq and Afghanistan have highlighted the importance of foreign assistance in U.S. national security policy.

The U.S. Agency for International Development (USAID) is moving in new directions to meet the evolving foreign assistance challenges. For the first time, the State Department and USAID have coordinated and integrated their foreign policy and development goals in a joint State/USAID five-year strategic plan. USAID is focused on performance-based management. The Agency applied the Performance Assessment Rating Tool (PART) to assess the following programs: Family Planning, Global Climate Change, Food Aid, Transition Initiatives, and Latin America and the Caribbean (Development Assistance and Child Survival and Health) programs. Furthermore, the Agency developed a generalized strategic budgeting model that takes into account country need, program performance and country commitment in key areas such as economic freedom, investment in people and ruling justly. The Agency integrated the results of the PART and strategic budgeting to develop country allocations. To continue these and other management improvements and to sustain improvements in implementation of its priority programs, USAID’s first management priority is the rebuilding of its foreign service through the Development Readiness Initiative, a program which builds on Secretary Powell’s Diplomatic Readiness Initiative and whose goal is to make the Agency more agile and better able to respond to foreign policy priorities. Management improvements that are led by a world-class foreign service and a dedicated civil service will lay the foundation for a strengthened U.S. role in international development

The FY 2005 budget request is the first under the joint State/USAID strategic plan and reflects the Administration’s integrated approach to foreign policy and national security. Using a formal strategic budgeting model, the FY 2005 budget request takes into account foreign policy considerations, the developmental needs of the country, the commitment of the host government, and the performance of the USAID program. The FY 2005 budget will enable USAID fulfill its mandate to:

- promote transformational development to bring far-reaching, fundamental changes to institutions of governance, human capacity, and economic structure that help countries to sustain further economic and social progress without continued dependence on foreign aid;
- strengthen fragile states through stabilization, reform, and recovery programming in selected failing, failed, and recovering states;
- provide humanitarian relief to meet immediate human needs in countries afflicted by violent conflict, crisis, natural disaster, or persistent dire poverty;
- support geo-strategic interests to achieve specific U.S. foreign policy goals in countries of high priority from a strategic standpoint; and

- address global and transnational issues including HIV/AIDS, other infectious diseases, biodiversity, climate change, direct support for international trade agreements, trafficking in persons, and counter-narcotics.

Program Pillars and Priorities

USAID structures its program around three functional pillars to concentrate and manage its technical capability and knowledge: (1) Economic Growth, Agriculture, and Trade, which includes environment and education; (2) Global Health, which includes child survival and maternal health, HIV/AIDS, infectious diseases, and family planning and reproductive health; and (3) Democracy, Conflict, and Humanitarian Assistance, which promotes good governance, prevention and mitigation of conflict, and human rights. The fourth pillar is the Global Development Alliance (GDA), which promotes public-private alliances to address all sectors of development, i.e., poverty, disease, and hunger. The GDA model allows USAID to leverage the resources of non-governmental organizations, the private sector, and other donors to achieve a much greater impact that is possible with USAID's limited resources alone.

The USAID priorities under the FY 2005 budget will:

- Continue the Development Readiness Initiative (DRI), which builds on Secretary Powell's Diplomatic Readiness Initiative, to increase the Agency's management and implementation capacity. Along with USAID's management reform initiatives, DRI will make the Agency more agile, better able to respond to changes national security interests, and is critical to the Agency's achievement of the following important foreign policy priorities in FY 2005.
- Support the foremost U.S. foreign policy goal of winning the War on Terrorism, with special emphasis on the reconstruction of Afghanistan and Sudan, as well as other front-line states in the Asia and Near East (ANE) and Africa (AFR) regions.
- Work in partnership with the Millennium Challenge Account (MCA), and help countries meet MCA eligibility. The MCA will select countries in need that demonstrate a commitment to ruling justly, investing in their people, and encouraging economic freedom to work in partnership towards their own strategies for strengthening development and reducing poverty. The Agency will develop a partnership with MCA for those countries meeting its eligibility criteria to create synergies and avoid duplication of efforts. Special emphasis will be given to helping countries with strong commitment to overcome hurdles that would permit them accession to MCA funding in the future.
- Promote economic growth to move countries with isolated and stagnant economies into the global trading system, and promote human rights and democracy building – thus providing hope and opportunities for people in the developing world. The USG is pursuing an increasing number of free trade agreements as necessary for spurring the trade and investment needed for economic growth in developing countries. These agreements will also open new markets for U.S. goods and services. USAID will provide the analysis, trade facilitation, and capacity building that governments and local organizations need for their country to participate effectively in those free trade negotiations and implementation of the signed agreements.
- Fully integrate its HIV/AIDS activities into the President's Emergency Plan for AIDS Relief under the leadership of the Office of the U.S. Global AIDS Coordinator. Priority will be given to scaling-up treatment programs, continuing prevention and care programs, and providing a contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

- Anticipate the need for humanitarian assistance in fragile and failing states and provide relief to areas affected by natural and man-made disasters.

For FY 2005, \$3.9 billion is requested for seven accounts that are managed by USAID: Child Survival and Health Programs Fund, Development Assistance, International Disaster and Famine Assistance, Transition Initiatives, Operating Expenses, Capital Investment Fund, and the Development Credit Authority's administrative expenses. However, USAID will actually manage over \$8.5 billion in program funds when you factor in accounts that are jointly managed with the Department of State [the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, Assistance for the Independent States of the Former Soviet Union, the Andean Counterdrug Initiative, and the Global AIDS Initiative] and \$1.185 billion in P.L. 480 Title II food aid that is appropriated through the U.S. Department of Agriculture.

Economic Growth, Agriculture, and Trade (EGAT)

The FY 2005 request for USAID's Economic Growth, Agriculture, and Trade pillar is \$1.121 billion from the Development Assistance (DA) fund. Assistance provided under this pillar will promote stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade. The request addresses global challenges and is designed to strengthen the performance results for local capacity building of governments, entrepreneurs, investors, traders, scientists, farmers, and parents' and community groups. Activities will support ten Presidential Initiatives in trade and investment, agriculture, education, and environment. USAID will revitalize agricultural programs worldwide to pursue programs that reduce hunger and provide for technology transfers, including biotechnology. Funding for basic education, higher education, and training will continue to improve the skills of the labor force. This pillar also addresses strategic issues in energy, urban development, and gender. The interrelationship and interdependence of economic growth, environmental sustainability, and the development of a country's human capital will be highlighted in this pillar.

Increased emphasis will be given to trade and agriculture as important contributors to economic growth, especially in Africa and Latin America. Economic Growth programs (\$316 million) will promote trade-led growth and development, in particular through support for implementation of the Central America Free Trade Agreement (CAFTA) and consolidation of the gains achieved in the Trade for African Development (TRADE) Initiative. Agriculture programs (\$268 million) will reduce hunger and provide for technology transfers, including biotechnology. Improved agricultural systems are an important contributor to economic growth, especially in Africa and Latin America. Education programs (\$262 million) will focus on improved access and quality of basic education principally in Africa and Latin America, continue efforts to improve teacher training, and support vocational training to improve the skills of the labor force to participate in the expanding global economy. Environment programs (\$275 million) will continue to address global climate change, biological diversity, forest and natural resource management, water and sanitation, and increase renewable and clean energy services.

Global Health

The FY 2005 request for the Global Health pillar is \$1.420 billion in the Child Survival and Health Programs Fund. Investing in the health of the world's population contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security. In addition, protecting human health and nutrition in developing and transitional countries directly affects public health in the U.S. by preventing the spread of infectious diseases.

As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, USAID works to eliminate these threats and improve the health and livelihoods of people across the globe. The request for HIV/AIDS is \$600 million and will focus on priority

countries in sub-Saharan Africa, the Caribbean Basin, and South Asia. The request also includes funding for the USG contribution to the Global Fund for AIDS, Tuberculosis, and Malaria. USAID programs are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief.

The remaining \$820 million is proposed for child survival and maternal health, family planning and reproductive health, programs for vulnerable children, and the prevention of other infectious diseases. The request will be used to address the primary causes of maternal and child mortality, and to improve health care systems, primarily in sub-Saharan Africa and South Asia. Particular support also will be given to the prevention and control of tuberculosis and malaria, and programs to combat anti-microbial resistance and disease surveillance.

Democracy, Conflict, and Humanitarian Assistance

The FY 2005 request for USAID's Democracy, Conflict, and Humanitarian Assistance pillar totals \$1.8 billion and is comprised of \$208 million DA, \$385.5 million International Disaster and Famine Assistance (IDFA), \$62.8 million Transition Initiatives (TI), and \$1.185 billion P.L. 480 Title II Food Aid from the USDA Appropriation.

Promoting democratic governance, supporting countries in transition, stabilizing fragile states and responding to humanitarian crises remain high priorities in U.S. foreign assistance. Democracy and good governance are necessary conditions to spur development, reduce poverty, and preserve and foster investment in poor countries undergoing transformational development, as well as in fragile states and countries transitioning to democracy.

Democracy and Governance programs, funded with Development Assistance (DA) resources (\$208 million), continue to strengthen democratic systems of governance by encouraging credible and competitive political processes, supporting vibrant and politically active civic organizations, engendering respect for the rule of law, promoting security, fighting corruption, and fostering human rights. Programs in Afghanistan, Sudan, Pakistan, and Indonesia remain a priority.

Conflict Mitigation funds from DA are integrated into transformational development programs to help address the causes and consequences of violent conflict, which can reverse economic growth, destroy investments and shrink living standards in many countries. USAID will promote conflict management and mitigation by addressing the longer-term root causes of conflict and mitigating the conditions that can lead to violent conflict.

International Disaster and Famine Assistance (IDFA) programs (\$385.5 million) provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds for famine prevention and relief. The new IDFA account was created by combining the former International Disaster Assistance (IDA) account and the essential elements of the previously proposed Famine Fund. IDFA programs support health interventions, agriculture and food security, nutrition, and water and sanitation. In addition, they target drought-affected populations and help to avert famine in places such as Ethiopia. IDFA funds complement DA funds in fragile states emerging from complex emergencies, including Afghanistan, Iraq, Liberia, Sudan, and the Democratic Republic of Congo. The requested funding will enable USAID to maintain its unique capability to respond rapidly when international emergencies occur, and to expand its repertoire of programs to address emerging food security problems that could lead to famine conditions.

Transition Initiatives (TI) funding (\$62.8 million) responds to immediate and pressing crises and supports governments that are shifting away from authoritarian rule, emerging from violent conflict. TI funding

promotes reconciliation in post-conflict situations and helps citizens realize the benefits of peace through fast, flexible programs that deliver tangible benefits. Illustrative programs are found in Iraq, Afghanistan, Angola, Sudan, and Venezuela.

Global Development Alliance

The Global Development Alliance (GDA) is USAID's preeminent business model and the first pillar of its strategic approach. U.S. foreign aid is measured by the Official Development Assistance (ODA) that the government provides through USAID, Peace Corps, multilateral institutions, and programs sponsored by the Department of State and the Department of Defense. But many nongovernmental sources also provide aid to foreign countries and organizations: foundations, corporations, private and voluntary organizations, colleges and universities, religious organizations, and individuals. In fact, nearly \$33.6 billion in aid from private sources -- three times the official U.S. assistance figure -- are provided on an annual basis. The growing levels of private assistance open opportunities for USAID to develop stronger partnerships that can build synergies that hold the potential for leveraging more substantial resources for development than would otherwise be available from ODA alone.

The GDA is a fundamental reorientation in how USAID sees itself in the context of international development assistance, in how USAID relates to its traditional partners, and in how it seeks out and develops alliances with new partners. The GDA model extends USAID's reach and effectiveness in meeting development objectives by combining its strengths and resources with those of the private sector.

FY 2005 represents the fourth year of GDA programming. It is a business model that has become increasingly integrated into USAID strategies and practices. With \$10 million, the GDA Secretariat will fund partnerships through the EGAT pillar programs and continue the process of institutionalizing the GDA business model in the Agency.

Meeting the Management Challenge

USAID is committed to improving its business operations to ensure it remains at the forefront of international development in this new era. To accomplish this, USAID is requesting \$623.4 million in Operating Expenses (OE) to fund the administrative costs of managing over \$8.5 billion in program funds. Consistent with the Secretary's commitment to rebuild the ranks of the Foreign Service, OE funding will support the Development Readiness Initiative (DRI) to address critical overseas workforce requirements. With additional staff under DRI, the Agency will be able to manage existing programs, maintain surge capacity, and meet new demands.

USAID is addressing the President's Management Agenda and is making improvements in the Agency's internal management practices by creating simpler, more efficient personnel, finance, procurement, information and administrative systems. Performance-based management is the focus of these improvements. Opportunities are being taken to streamline processes and find better and more effective ways of doing business that will benefit our customers as well as saving Agency dollars and time.

Child Survival and Health Programs Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,939,563	1,824,174	1,420,000

The protection of human health and nutrition in developing and transitional countries directly affects public health in the U.S. by preventing the spread of infectious diseases that know no borders. The Child Survival and Health Programs Fund (CSH) request will support programs that expand basic health services, and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations. Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security.

The CSH request for the Global Health pillar is \$1.420 billion and is focused on the following areas:

- USAID works to eliminate evolving health issues, especially the linkages between HIV/AIDS and other infectious diseases. As HIV/AIDS and other infectious diseases continue to threaten the health of families and children in developing countries worldwide, the Agency works to eliminate these threats. USAID programs are integrated within the overall policy and strategic direction of the President's Emergency Plan for AIDS Relief (PEPFAR).
- PEPFAR focuses on fourteen African and Caribbean countries. USAID will play a significant role in implementing PEPFAR, which will be managed by the Department of State's Global AIDS Coordinator. All USAID Mother to Child HIV Prevention activities in the focus countries will be financed out of the Department's Global HIV/AIDS Initiative appropriation.
- CSH funded HIV/AIDS programs (\$600 million) will focus on prevention, care, and treatment efforts, and the support of children affected by AIDS, including a \$100 million contribution to the Global Fund. New programming, in line with the PEPFAR, includes scaling-up treatment programs for those who have not previously had access to such life-extending interventions.
- Other Infectious Diseases (\$139 million) programs support the prevention and control of tuberculosis and malaria, combat anti-microbial resistance, and improve disease surveillance and response capabilities.
- Child survival and maternal health programs (\$325 million) reduce the number of deaths in children under the age of five and save the lives of women in childbirth. About 7 million of the nearly 11 million annual child deaths could be prevented simply by extending coverage of proven interventions, which have always been at the core of USAID's child survival program. These interventions include such things as immunization, pneumonia and diarrhea prevention and treatment, oral rehydration, polio eradication, micronutrient deficiencies, safe birthing and antenatal care, nutrition, breastfeeding, and the USG contribution to the Vaccine Fund. USAID is also working to revitalize nutrition efforts, including food fortification and food security, to make them fundamental components of all child survival and maternal health programs
- Funding for programs for vulnerable children (\$10 million) will continue to support the Displaced Children and Orphans Fund (DCOF) which strengthens the capacity of families and communities to provide care, support, and protection for orphans, street children, and war-affected children.

- Family planning and reproductive health programs (\$346 million) will help expand access to information and services regarding family planning practices. Such access will reduce unintended pregnancies, improve infant and child health, reduce their mortality rates, decrease maternal deaths associated with childbirth, and reduce abortion. These programs are integrated with programs that protect human health. Total funding for these programs remains at \$425 million, with \$346 million from CSH, and the balance of \$79 million from accounts co-managed with the Department of State (e.g., the Economic Support Fund, Assistance for Eastern Europe and the Baltic States, and Assistance for the Independent States of the Former Soviet Union).

USAID's health programs will continue to emphasize quality assurance in health care delivery, cutting waste and inefficiency, strengthening strategic planning and management systems, and developing host-country capacities. Further, USAID is helping health service delivery organizations manage the finances, drugs and human resources needed to deliver increasingly complicated therapies, such as those for HIV/AIDS and chronic diseases.

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	7,797	7,700	7,130
Benin	6,638	7,550	7,910
Burundi	750	880	1,731
Democratic Republic of Congo	15,916	22,050	20,022
Eritrea	5,600	5,050	5,605
Ethiopia	30,752	34,500	39,191
Ghana	19,150	18,620	18,560
Guinea	6,860	6,600	6,202
Kenya	36,488	34,100	31,962
Liberia	2,627	2,400	1,997
Madagascar	9,293	10,015	11,200
Malawi	17,480	19,400	18,900
Mali	13,821	14,300	13,974
Mozambique	22,601	19,700	19,730
Namibia	7,601	2,150	2,150
Nigeria	47,911	42,550	43,724
Rwanda	16,168	13,350	13,406
Senegal	15,167	14,325	15,873
Sierra Leone	784	300	-
Somalia	250	100	-
South Africa	28,565	23,328	24,011
Sudan	700	11,500	11,000
Tanzania	25,040	21,200	19,856
Uganda	41,114	34,460	34,294
Zambia	37,904	34,200	34,100
Zimbabwe	11,923	11,100	11,369
Africa Regional	82,258	29,292	31,830
REDSO/ESA	10,452	12,500	11,009
West Africa Regional	19,461	19,300	21,464
Subtotal - Africa	541,071	472,520	478,200
East Asia and the Pacific			
Burma	2,000	-	-
Cambodia	22,100	29,860	25,300
Indonesia	31,955	34,000	32,300
Laos	1,000	-	-
Philippines	22,920	29,350	28,000
Thailand	1,500	-	-
Vietnam	5,300	6,600	5,700
Regional Development Mission / Asia	-	16,620	15,500

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Subtotal - East Asia and the Pacific	86,775	116,430	106,800
Europe and Eurasia			
Central and Eastern Europe Regional	250	250	250
Central Asian Republics	1,000	1,000	1,000
Russia	3,000	3,000	3,000
Ukraine	1,750	1,750	1,750
Subtotal - Europe and Eurasia	6,000	6,000	6,000
International Organizations			
International Organizations/Partnerships	386,935	570,360	244,408
Subtotal - International Organizations	386,935	570,360	244,408
Near East			
Iraq	40,000	-	-
Subtotal - Near East	40,000	-	-
South Asia			
Afghanistan	45,975	21,000	22,000
Bangladesh	27,600	36,000	36,300
India	47,438	48,300	43,400
Nepal	19,899	24,840	23,350
Pakistan	15,645	25,600	21,050
Sri Lanka	300	300	300
Subtotal - South Asia	156,857	156,040	146,400
Western Hemisphere			
Bolivia	18,594	15,302	16,139
Brazil	10,300	9,850	7,638
Dominican Republic	12,508	12,700	11,354
Ecuador	-	-	351
El Salvador	9,800	7,150	8,871
Guatemala	12,017	11,400	9,723
Guyana	4,200	1,700	1,700
Haiti	19,207	19,626	16,525
Honduras	13,400	12,777	10,777
Jamaica	3,713	3,117	4,339
Mexico	5,200	3,700	3,230
Nicaragua	9,830	7,805	6,913
Paraguay	1,959	2,125	1,907
Peru	19,912	17,282	13,037

Child Survival and Health Programs Fund
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Caribbean Regional	4,233	3,733	4,637
Central American Regional	4,950	4,950	6,708
International Mother & Child HIV Prevention	4,000	-	-
LAC Regional	7,194	12,128	4,622
South America Regional	2,300	2,155	1,829
Subtotal - Western Hemisphere	163,317	147,500	130,300
Global			
Asia-Near East Regional	11,097	2,280	2,900
Democracy, Conflict & Humanitarian Assistance	64,555	5,130	2,050
Global Health	324,900	328,020	299,342
Other Programs	152,746	14,594	-
Program & Policy Coordination	5,310	5,300	3,600
Subtotal - Global	558,608	355,324	307,892
Total	1,939,563	1,824,174	1,420,000

Development Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
DA	1,479,972	1,376,829	1,329,000

The Development Assistance (DA) request reflects the President's commitment to promoting sustained economic growth in developing and transitional countries, with measurable goals and concrete benchmarks for achieving these goals. This request will support the key factors for sustainable economic growth: trade and investment, agriculture, education, environment, health, and democracy. The Administration's FY 2005 DA request includes funding for two of the three program pillars, with a limited amount for the Global Development Alliance.

The DA request for the Economic Growth, Agriculture, and Trade (EGAT) pillar is \$1.121 billion and will focus on building stronger economies that are soundly-governed, broadly-based, and integrated into the global trading system. The economic growth pillar programs also encompass environment, energy, gender, urban development, and education activities. The request will support Presidential Initiatives in trade and investment, agriculture, environment (e.g., water, energy, biodiversity, forestry, global climate change, and illegal logging), and education.

- Economic Growth (\$316 million) programs focus on trade and investment, by strengthening private markets, providing access to economic opportunity for the rural and urban poor, and supporting micro-enterprise lending -- thereby, increasing the capacity of developing countries to participate in, and benefit from, global trade and investment. This request promotes stronger linkages between trade and development by increasing the capacity of developing countries to participate in and benefit from trade and investment. Specific Presidential Initiatives include the Central America Free Trade Agreement (CAFTA), the Trade for African Development (TRADE) Initiative, and the Digital Freedom Initiative.
- Agriculture (\$268 million) programs will strengthen agricultural capability in developing countries, especially in sub-Saharan Africa under the President's Initiative to End Hunger in Africa and in South Asia, and will encourage public and private donors and development partners to do the same. Programs will mobilize science and technology to reduce poverty and hunger; develop global and local trade opportunities for farmers and rural industries; increase knowledge at the local level; and promote sustainable agriculture and sound environmental management.
- Education programs (\$262 million) include \$212 million for basic education programs that will strengthen pre-primary, primary and secondary education, and teacher training. Efforts are focused primarily in Africa and Latin America with two Presidential Initiatives, African Education and the Centers for Excellence in Teacher Training. Programs also include targeted work in South Asia and the Near East. USAID's programs strongly emphasize the need to ensure equitable access for girls, especially in Africa and the Near East. DA will also fund programs for higher education, and workforce training (\$50 million). Education is an important long-term investment in sustaining democracies, improving health, increasing per capita income and conserving the environment.
- Environmental programs (\$275 million) will improve management of natural resources by investing in programs that provide conservation of biological diversity, renewable and clean energy, access to clean water and sanitation, watershed management, and environmentally sound urbanization. USAID manages five Presidential Initiatives that are key components of sustainable economic growth. The Water for the Poor Initiative will improve sustainable management of water resources and accelerate the international efforts to halve by 2015 the proportion of people who are unable to reach or afford

safe drinking water. The Congo Basin Forest Partnership Initiative promotes economic development, poverty alleviation, improved governance, and natural resource management. The Clean Energy Initiative provides access to affordable, reliable, clean and efficient energy. The Global Climate Change Initiatives promotes economic growth that minimizes the growth in greenhouse gas emissions, thereby helping to reduce the planet's vulnerability to climate change. The Initiative Against Illegal Logging is the most comprehensive strategy yet undertaken by any nation to address this critical challenge and reinforces the U.S. leadership role in the protection of the world's environment. Through this initiative, the Sustainable Forest Products Alliance supports efforts to reduce the flow of illegally-logged timber into world markets. The initiative focuses on three critical regions – the Congo Basin, the Amazon Basin and Central America, and South and Southeast Asia.

The DA request for the Democracy, Conflict, and Humanitarian Assistance (DCHA) pillar is \$208 million, and will focus on promoting good governance and stability as necessary pre-conditions for sustaining or preserving development investments in all sectors.

- This request is based on the premise that democratic governments are more likely to observe international laws, stand firm with the United States in the War on Terrorism, and pursue policies to reduce poverty, hunger, and suffering.
- DA resources will strengthen democratic systems of governance by supporting elections, encouraging credible and competitive political processes, encourage vibrant and politically active civil societies, engender respect for the rule of law, promote security, and tackle anti-corruption and foster human rights.
- In countries vulnerable to, or emerging from, civil conflict, USAID will pursue solutions to conflict and state failure, remove the immediate obstacles to peace, and provide technical assistance to tackle underlying causes of conflict that may jeopardize USAID's long-term development goals. The Agency's work in the areas of democracy and governance, as well as economic growth, will complement the conflict prevention and mitigation programming in that the strength and health of political, economic, and social institutions are a critical factor in determining whether conflict will emerge.
- In addition to the DA request, the FY 2005 request for the DCHA pillar includes \$385.5 million in International Disaster and Famine Assistance (IDFA), \$62.8 million in Transition Initiatives (TI), and \$1.185 billion in P.L. 480 Title II Food Aid funding (which provides commodities and ancillary funds for enhancing food security in the developing world).

Development Assistance
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
Africa			
Angola	4,568	3,600	4,544
Benin	9,403	7,430	7,077
Burundi	4,400	1,782	1,543
Democratic Republic of Congo	11,376	8,015	7,427
Djibouti	2,000	-	-
Eritrea	4,560	1,240	781
Ethiopia	19,686	18,263	15,529
Ghana	20,716	14,879	11,500
Guinea	16,717	11,827	10,888
Kenya	14,183	10,010	12,171
Liberia	3,758	-	545
Madagascar	10,504	9,506	10,379
Malawi	9,849	11,737	10,295
Mali	26,581	24,296	20,793
Mozambique	27,567	24,261	18,319
Namibia	4,851	5,726	6,558
Nigeria	23,385	13,601	15,590
Rwanda	6,555	4,810	5,121
Senegal	15,014	12,781	10,548
Sierra Leone	3,007	3,727	3,269
Somalia	3,122	899	986
South Africa	34,393	28,678	26,789
Sudan	18,171	50,263	70,000
Tanzania	12,769	7,000	7,132
Uganda	27,183	27,182	20,450
Zambia	15,676	13,677	11,150
Zimbabwe	2,919	746	1,246
Africa Regional	59,656	69,827	77,423
Anti-Corruption Initiative	-	6,000	7,500
Competitive Initiative Funds	-	36,000	39,500
Congo Basin Forest Partnership	15,000	15,000	15,000
REDSO/ESA	23,774	17,172	16,579
Regional Center for Southern Africa	21,115	18,999	18,363
West Africa Regional	18,232	14,846	14,405
Subtotal - Africa	490,690	493,780	499,400

Development Assistance
(\$ in thousands)

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
East Asia and the Pacific			
Cambodia	3,687	2,000	2,200
Indonesia	39,016	31,291	32,742
Laos	1,000	-	-
Philippines	28,209	22,068	26,076
Thailand	1,250	-	-
Vietnam	7,671	3,000	4,500
Regional Development Mission / Asia	-	9,800	12,500
Subtotal - East Asia and the Pacific	80,833	68,159	78,018
Near East			
Lebanon	-	400	-
Morocco	6,644	5,400	6,000
Yemen	2,000	-	-
Subtotal - Near East	8,644	5,800	6,000
South Asia			
Afghanistan	43,817	150,000	150,000
Bangladesh	21,391	18,850	19,187
India	34,495	25,739	25,400
Nepal	10,247	11,274	11,000
Pakistan	34,500	42,350	29,000
Sri Lanka	6,150	4,750	6,624
Subtotal - South Asia	150,600	252,963	241,211
Western Hemisphere			
Bolivia	12,082	12,032	14,454
Brazil	7,967	7,876	6,993
Dominican Republic	8,631	10,982	8,324
Ecuador	7,127	6,821	6,953
El Salvador	26,334	28,605	17,342
Guatemala	14,810	11,099	6,647
Guyana	2,180	2,750	4,957
Haiti	13,999	8,119	7,963
Honduras	24,112	22,367	19,925
Jamaica	13,713	13,234	17,532
Mexico	10,440	17,855	13,915
Nicaragua	23,460	27,206	25,311
Panama	5,499	5,322	5,446
Paraguay	3,895	4,140	4,040
Peru	16,437	15,036	10,492

Development Assistance
(\$ in thousands)

	FY 2003	FY 2004	FY 2005
	Actual	Estimate	Request
Amazon Environmental Initiative	-	10,000	-
Caribbean Regional	8,775	3,935	11,799
Central American Regional	24,383	16,487	21,582
LAC Regional	36,734	41,574	32,500
South America Regional	-	2,400	5,525
Subtotal - Western Hemisphere	260,578	267,840	241,700
Global			
Asia-Near East Regional	38,982	24,818	18,571
Democracy, Conflict & Humanitarian Assistance	190,472	77,220	77,700
Economic Growth, Agriculture and Trade	182,759	150,810	150,600
Global Development Alliance	29,800	15,000	10,000
Legislative and Public Affairs	750	1,960	1,400
Other Programs	40,192	12,499	-
Program & Policy Coordination	5,672	5,980	4,400
Subtotal - Global	488,627	288,287	262,671
Total	1,479,972	1,376,829	1,329,000

International Disaster and Famine Assistance

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IDFA	288,115	253,993	385,500
IDFA-SUP	143,800	220,000	-

The International Disaster and Famine Assistance (IDFA) account funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance to victims of natural and man-made disasters, and funds famine prevention and relief activities. IDFA funding supports USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

IDFA program objectives are to: (1) meet the critical needs of targeted vulnerable groups in emergency situations; (2) increase adoption of disaster prevention and mitigation measures in countries at risk of natural and man-made disasters; (3) reduce the economic impact of disasters on individual livelihoods by supporting and enhancing local capacities and coping mechanisms; and (4) support early intervention to either pre-empt famine or mitigate the impact.

To accomplish these objectives, USAID has a well-established management structure and is staffed with disaster relief experts who draw on public and private sector resources to respond within hours following a disaster declaration. USAID deploys assessment teams to identify needs and disaster assistance response teams to coordinate emergency responses and facilitate information flows. USAID also provides search and rescue teams, ground operations teams, medical assistance, shelter, potable water, sanitation assistance, and emergency and therapeutic feeding.

In FY 2003, USAID responded to 63 disasters in 53 countries, 48 natural disasters and 15 complex emergencies. Civilians continue to suffer the horrifying consequences of conflict and natural disasters and look to the international community for life-saving and life-sustaining support.

Increasing emphasis is being placed on applying preparedness and mitigation lessons learned to deal with complex emergencies. While it is not possible to predict which countries will need humanitarian assistance in the future, countries such as Afghanistan and Sudan continue to be a cause for concern.

- Afghanistan. In FY 2003, USAID assisted Afghanistan's citizens through programs in nutrition and food security, primary health care, water and sanitation, shelter and rehabilitation. USAID and its partners have been particularly successful in the shelter sector, with partner organizations providing winter shelter to vulnerable households in urban and rural settings throughout the country. USAID-funded removal of snow from the Salang Tunnel allows for the uninterrupted movement of humanitarian aid and private commerce during the winter months between the south and north of the country. IDFA programs in Afghanistan will continue in FY 2004.
- Sudan. Continued involvement by the United States in trying to end Sudan's nearly 20 years of war is now starting to yield results. The USAID-funded Sudan Task Force has been intimately involved in efforts to bring representatives of the Government of Sudan and the Sudan People's Liberation Movement together to create a framework for the cessation of hostilities. An end to fighting could permit the return of millions of internally-displaced persons to their homes. The Task Force also has played an important role in getting the warring factions to allow for major improvements in humanitarian access to parts of Sudan. Once a final peace settlement is negotiated, FY 2004 IDFA programs will play an important role in the reconstruction of that country. \$100 million of the FY 2005 request is for new programs to assist the peace process in Sudan.

USAID works closely with the Departments of State and Defense to coordinate American relief efforts. In many disaster situations, 24-hour coverage is provided to ensure a speedy and appropriate response and the transmission of accurate information between the disaster site and participating USG agencies. Satellite communication equipment augments USAID's ability to target emergency assistance accurately and to coordinate with U.S. private voluntary organizations (PVOs), non-governmental organizations (NGOs), other USG agencies, and other donors.

Effective humanitarian assistance requires that relief, mitigation, transition, and development programs within USAID support each other. USAID collaborates with other assistance providers in the international community to coordinate programs and share the burden of relief costs. PVOs and NGOs are critically important partners in these efforts and play an essential role in raising resources, providing assistance, and implementing programs in the field.

The FY 2005 request includes \$50 million for famine prevention and relief and is intended to support early intervention to either pre-empt famine or mitigate its effects.

Transition Initiatives

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
TI	61,675	54,676	62,800

The Transition Initiatives (TI) account funds humanitarian programs that provide fast, flexible interventions in conflict-prone and post-conflict countries. These funds will support programs in countries or situations where the nature of governance is shifting from authoritarian rule to more open societies. TI supports USAID's Democracy, Conflict, and Humanitarian Assistance pillar.

Transition programming covers countries moving from war to peace, countries' making the turn from civil conflict to national reconciliation or countries in which political strife has not yet erupted into violence and the possibility exists to prevent or mitigate conflict and broaden democratic participation. Strategies are tailored to meet the unique needs of each transition situation, and changing conditions are quickly reflected in new or modified strategies.

The FY 2005 request will support programs administered by USAID's Office of Transition Initiatives (OTI). This office addresses the opportunities and challenges facing conflict-prone countries and those making the transition from the initial crisis stage of a complex emergency (frequently handled by USAID's Office of U.S. Foreign Disaster Assistance) toward a more stable political and economic situation. OTI works on the ground to provide fast, flexible, short-term assistance targeted at key transition needs. Its ability to assist local partners in addressing the root causes of conflict is instrumental in bridging the gap between emergency relief and long-term development.

TI programs support U.S. foreign policy priorities in assisting transition countries, usually during the critical two-year period when they are most vulnerable to renewed conflict or instability. These short-term, high-impact projects involve local, national, international, and non-governmental partners and are designed to increase momentum for peace, reconciliation, and reconstruction. Tailored strategies are initially tested on a small scale and applied more broadly only when it is clear that they are having a high impact. OTI's ability to assist local partners in transforming the underlying situation may well play a key role in avoiding future large expenditures for military and humanitarian intervention.

FY 2004 funds will be used for programs in Afghanistan, Angola, Burundi, Democratic Republic of Congo, Iraq, Sri Lanka, Sudan, Venezuela, and Zimbabwe. OTI also plans to initiate programs in Bolivia, Liberia, and possibly other countries as transition opportunities develop.

In FY 2005, USAID expects to continue programs in Angola, Bolivia, Burundi, Democratic Republic of Congo, Iraq, Liberia, Sri Lanka, Sudan, and possibly Venezuela depending on events in the next few months. Transition opportunities may also suggest programs in additional countries.

Development Credit Authority

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID DCA	7,542	7,953	8,000

The Development Credit Authority (DCA) allows USAID to use credit as a flexible development tool for a wide range of development purposes. Credit promotes broad-based economic growth in developing and transitional economies. It is often the best means to leverage private funds for development purposes.

This program augments grant assistance by mobilizing private capital in developing countries for sustainable development projects. DCA is not intended for sovereign credit activities.

For FY 2005, the Administration is requesting \$21 million in transfer authority from USAID managed program accounts to provide loan guarantees in every region and in every economic sector targeted by USAID. DCA augments grant assistance by mobilizing private capital in developing countries for sustainable development projects thereby supporting the capacity of host countries to finance their own development.

In FY 2005, USAID will assist Missions in supporting such activities as rural electrification, agribusiness lending, and loans for higher education and privatized health clinics.

USAID anticipates that demand for credit resources among the geographic regions in FY 2005 may be as follows: Africa - \$5 million; Asia and the Near East - \$6 million; Europe and Eurasia - \$5 million; and, Latin America and the Caribbean - \$5 million.

Activities funded through DCA add value to USAID's overall efforts by creating competitive and efficient markets, improving policies and increasing transparency within financial institutions, increasing employment, and demonstrating to financial institutions in developing countries that mobilizing local private capital to fund activities in their own countries can be a profitable, worthy venture. In FY 2003, 42 activities approved under DCA leveraged \$266 million in loan guarantees and loan portfolios.

To conform to the Federal Credit Reform Act of 1992, the \$8 million appropriation request for credit administrative expenses reflects the total costs of development, implementation, and financial management of all USAID credit programs.

USAID Operating Expenses

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID OE	568,282	600,536	623,400
USAID OE-SUP	24,500	40,000	-

For FY 2005, the Administration is requesting \$623.4 million in Operating Expenses (OE) to fund the administrative costs of managing over \$8.5 billion in program funds. The OE budget covers the costs of salaries and benefits, overseas and Washington operations, and central support, which includes security, information technology, and human capital initiatives. The request includes funding for new initiatives and reforms to further streamline and improve operational efficiency, while maintaining proper oversight of existing programs.

Consistent with the Secretary's commitment to rebuild the ranks of the Foreign Service, USAID will continue its Development Readiness Initiative (DRI) and fill critical skill gaps identified through a comprehensive workforce analysis. Under DRI, USAID will hire staff, over and above anticipated attrition in FY 2005 to address critical overseas workforce requirements, manage existing programs, maintain surge capacity, and meet new demands. DRI will allow the Agency to focus on recruiting, training, and retaining a high-quality workforce that can more flexibly respond to crises and emerging priorities overseas.

Overseas, USAID will open two missions in Africa, "right-size" missions worldwide, and fund critical overseas mission needs. USAID will provide resources for overseas security requirements to safeguard our overseas employees and facilities against global terrorism. The Agency will enhance physical security measures, improve emergency communications systems and provide armored vehicles. The Agency also will fund increases in International Cooperative Administrative Support Services.

To address significant management challenges, USAID will fund information technology support for a joint DOS/USAID procurement system, the installation of a joint financial management platform for two separate systems, and the establishment of a secure Agency IT environment. Joint financial management and procurement systems will serve both agencies' needs and provide better integration of budget and performance.

USAID Capital Investment Fund
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID CIF	42,721	81,715	64,800
USAID CIF-SUP	-	16,600	-

For FY 2005, the Administration is requesting \$64.8 million in no-year funding for the Capital Investment Fund (CIF) to provide USAID with greater flexibility to manage investments in information technology and facility construction. The CIF provides funding for the capital investment portion of both information technology and facility construction while the Operating Expense account funds the non-capital investment portion, which includes the annual operating and maintenance costs of information systems and facilities infrastructure.

The Facility Construction (\$28.7 million) component will fund the construction of new office facilities co-located on new embassy compounds through the Department of State's proposed new Capital Cost-Sharing Program and relocation and communication costs for these offices. The Secure Construction and Counterterrorism Act of 1999 requires USAID to co-locate on new embassy compounds. These funds will support USAID's ability to locate staff in secure work environments.

The Information Technology (\$36.1 million) component will fund the implementation of worldwide accounting and procurement systems modernization, full participation on E-Government initiatives, and development of a joint enterprise architecture with the Department of State. A joint information technology Enterprise Architecture will allow managers to modernize both agencies' business practices while eliminating duplicate investments. These activities support Presidential Management Agenda initiatives, Agency transformation goals, and the efficiency of overseas staff.

USAID Inspector General Operating Expenses

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
USAID OIG	33,084	34,794	35,000

The FY 2005 request for the USAID Office of the Inspector General (OIG) covers operating expenses, including salaries, and support costs of OIG personnel.

The goals of the OIG are to:

- Assist USAID to implement its strategies for sustainable development and provide USAID managers with information and recommendations that improve program and operational performance.
- Work with USAID to protect and maintain the integrity of the Agency and its programs by investigating allegations of federal criminal violations and serious administrative violations involving USAID programs and personnel.

The OIG's mandate involves USAID programs and personnel operating in over 80 different countries around the world.