

AFGHANISTAN (\$980 Million)

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

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

Summary

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

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

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

\$839 million Economic Support Fund (ESF)

Peace and Security (\$214 million)

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

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

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

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

Governing Justly and Democratically (\$295 million)

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

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

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

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

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

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

Investing in People (\$135 million)

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

Economic Growth (\$170 million)

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

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

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

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

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

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

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

Program Support (\$25 million)

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

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

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

Peace and Security (\$46 million)

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

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

Governing Justly and Democratically (\$78 million)

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

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

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

Program Support (\$5 million)

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

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

Peace and Security (\$12 million)

The Afghan Presidential Protection Service is of critical importance for the protection of Afghan leadership and containment of terrorist elements. The U.S. focus remains on establishing effective leadership and building a management core within the Presidential Protection Service. Additional funding is needed in FY 2009 to continue to build the institutional capacity of this professional protective corps.

PAKISTAN (\$497 Million)

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

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

Summary

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

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

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

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

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

\$429.5 million Economic Support Funds (ESF)

Economic Growth (\$421.5 million)

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

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

Humanitarian Assistance (\$8 million)

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

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

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

Peace and Security (\$60.5 million)

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

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

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

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

Program Support (\$5 million)

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

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

Peace and Security (\$2 million)

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