

United States General Accounting Office Washington, DC 20548

May 9, 2003

The Honorable Richard G. Lugar Chairman The Honorable Joseph R. Biden, Jr. Ranking Minority Member Committee on Foreign Relations United States Senate

The Honorable Henry J. Hyde Chairman The Honorable Tom Lantos Ranking Minority Member Committee on International Relations House of Representatives

Subject: Central and Southwest Asian Countries: Trends in U.S. Assistance and Key Economic, Governance, and Demographic Characteristics

Following the terrorist attacks of September 2001, prosecuting the global war on terrorism became the United States' primary foreign policy priority. The United States focused its initial efforts on Afghanistan in Operation Enduring Freedom because the country harbored elements of Al Qaeda and other terrorist groups. As a result, countries in the region—Pakistan and the five Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—became frontline states in the war on terrorism, raising the profile of U.S. relations with these countries.

We performed this work under the authority of the Comptroller General; we are sending it to you because of your oversight responsibilities. This letter with its enclosures provides information on Afghanistan, Pakistan, and the five Central Asian republics. Specifically, this letter highlights changes in U.S. priorities, assistance, and presence in Central and Southwest Asian countries since September 2001, and the economic, political, and demographic environment in which these changes have occurred. Additionally, we prepared short profiles for the seven countries that address these changes and characteristics in more detail. Enclosure I presents our scope and methodology, and enclosures II through VIII include the country profiles. Enclosure IX provides the sources used to develop the country profiles.

Summary

Since the attacks of September 2001, the United States has broadened its priorities and increased its assistance and presence in Afghanistan, Pakistan, and the five Central Asian republics—countries with significant political and economic challenges that may affect the United States' priorities and programs in the region. While not specific to all countries in the region, the United States continues to focus on priorities that were in place prior to September 2001: political and

economic reform, nonproliferation, energy development, counternarcotics, and trafficking. However, since that time, the United States has emphasized enhanced security and counterterrorism relationships accompanied by increased military and economic assistance and U.S. military presence. For example, in fiscal year 2001 the United States provided about \$342 million in assistance to Afghanistan, Pakistan, and the five Central Asian republics. In fiscal year 2002, the United States planned to provide about \$1.9 billion in assistance for these countries, primarily for Afghanistan and Pakistan. Further, since September 2001, the United States has deployed forces to a number of military facilities in the region to support U.S. operations in Afghanistan. These expanded activities and investments occur in an environment generally marked by authoritarian regimes, poor economic outlooks, and large youth populations vulnerable to the appeal of radical movements.

Background

U.S. security assistance to these countries is primarily channeled through the Departments of Defense and State and includes foreign military financing, international military education and training, drawdowns of U.S. equipment and services, and cooperative threat reduction funds. Economic assistance is primarily channeled through the U.S. Agency for International Development (USAID) and the Department of State, and includes funds for child survival and disease programs; development assistance; peacekeeping operations; international narcotics and law enforcement; economic support; nonproliferation, antiterrorism, and demining; and assistance provided under the Freedom Support Act.² Economic assistance also includes funding for the Peace Corps and food aid.

The United States Has Expanded Its Priorities, Assistance, and Presence in a Region Characterized by Significant Challenges

According to Department of State officials, the United States has generally broadened its priorities in the countries of Central and Southwest Asia since September 2001. Before that time, U.S. priorities for the Central Asian republics, Afghanistan, and Pakistan generally included promoting nonproliferation, limiting narcotics production and trafficking, promoting economic and political reform, and in the case of the Central Asian republics, encouraging energy development. Since September 2001, the United States has continued to pursue these priorities while enhancing security relationships and emphasizing political and economic reform and development. In the cases of Afghanistan and Pakistan, the United States has removed or waived sanctions and restrictions on assistance to carry out the war on terrorism.

U.S. economic and security assistance to countries in the region has increased since September 2001. As figure 1 shows, for fiscal year 2002, the United States planned to provide about \$1.5 billion more in assistance than it provided in fiscal year 2001. Most of this increase—about \$1.3 billion—went to Afghanistan and Pakistan. Planned assistance in fiscal year 2002 to the five Central Asian countries more than doubled from assistance in the prior year—an increase of about \$232 million. Requested assistance for fiscal years 2003 and 2004 is lower than amounts budgeted in fiscal year 2002, but these amounts are generally higher than assistance provided in each fiscal year from 1993 through 2001.

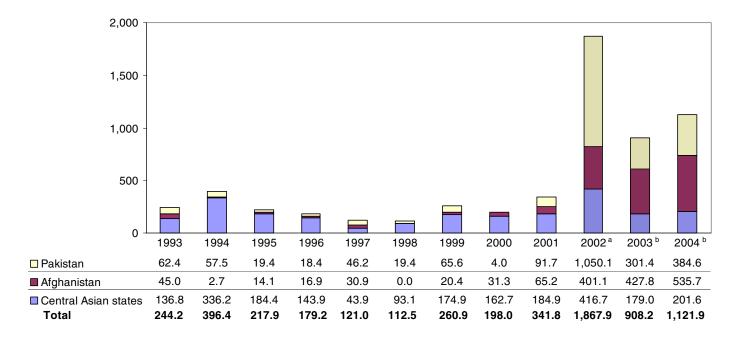
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¹At the time of our review, obligations data were not available for fiscal year 2002 assistance to Afghanistan, Pakistan, and the five Central Asian republics.

²The Freedom Support Act (P.L. 102-511) provides funds, in part, to support freedom and open markets in the independent states of the former Soviet Union, including Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Figure 1: U.S. Security and Economic Assistance to Central and Southwest Asian Countries, Fiscal Years 1993 through 2004

(Constant fiscal year 2002 dollars in millions)



Source: Departments of Defense and State and U.S. Agency for International Development.

Notes: GAO analysis of data from the Departments of Defense and State and the U.S. Agency for International Development. Amounts for fiscal years 1993 through 2001 are taken from *U.S. Overseas Loans and Grants,* which, according to USAID, is the complete historical record of all loans and grants authorized by the U.S. government since 1945. However, in discussions with Department of State and USAID officials, we learned that it does not include all assistance to these countries. For example, other State Department reports show about \$386 million in assistance to the Central Asian states for fiscal years 1992 through 2001, an amount we were unable to breakdown by year.

Assistance funds are shown as obligations for fiscal years 1993 through 2001, as budget authority for fiscal year 2002, and as requests for fiscal years 2003 and 2004. Exceptions to this include \$2 million and \$150 million in fiscal years 2002 and 2003, respectively, to Afghanistan, which are for drawdowns for defense articles, services, education, and training.

In addition to increases in U.S. assistance, U.S. military presence in the five Central Asian republics, Afghanistan, and Pakistan has expanded since September 2001. For instance, to conduct Operation Enduring Freedom, the United States used military facilities in Afghanistan, Kyrgyzstan, Pakistan, Tajikistan, and Uzbekistan, and secured overflight rights from these countries, as well as Kazakhstan and Turkmenistan. Prior to September 2001, the United States did not have military forces based in these countries. Moreover, since September 2001, the United States has concluded several agreements and declarations with countries in the area for the use of military infrastructure, rights to transit territories, and cooperation on political, economic, and security issues.

^aBudget authority amounts from U.S. Department of State budget documents.

^bRequested amounts from U.S. Department of State budget documents.

³According to congressional testimony by a Department of Defense official, overflight rights granted by Turkmenistan were for humanitarian assistance in support of Operation Enduring Freedom.

These Central and Southwest Asian countries are characterized by significant economic, political, and demographic challenges that could affect U.S. efforts in the area. These countries generally carry large amounts of debt and have demonstrated uneven progress in economic reform, despite some positive growth in both gross domestic product (GDP) and per capita GDP. Furthermore, various monitors of human rights and political freedoms, including the Department of State, have identified these countries as politically repressed and corrupt. For example, Freedom House rates all of these countries as not free for political rights and civil liberties. In addition, these countries have large youth populations; about 40 percent of the total population of these countries are under the age of 15, nearly twice that of the United States. According to National Intelligence Council documents and testimonies of U.S. officials, large youth populations, combined with poor economic prospects in politically repressive environments provide fertile ground for radical political movements and social unrest. In addition, China, India, Iran, and Russia have historic and current interests in these countries, which the United States must consider when pursuing its objectives.

Scope and Methodology

To obtain information about changes in U.S. priorities, assistance, and presence, we analyzed documents from the Departments of Defense and State and USAID, including USAID's *U.S. Overseas Loans and Grants*. We also interviewed officials from these agencies. To obtain information on other bilateral and multilateral assistance we relied on data from the Organization for Economic Cooperation and Development. To analyze economic, governance, and demographic information, we obtained data from the Central Intelligence Agency, the Library of Congress, the Asian Development Bank, the United Nations Development Program, Freedom House, Global Insight, the Heritage Foundation, and Transparency International.

We conducted our work from December 2002 to March 2003 in accordance with generally accepted government auditing standards.

Agency Comments and our Evaluation

We discussed this report with officials of the Departments of Defense and State and USAID who generally concurred with the information provided in this correspondence. They also provided technical comments, which we incorporated as appropriate. In particular, USAID emphasized its efforts in humanitarian assistance and social sector reform.

We are sending copies of this report to other committees and Members of Congress; the Secretaries of Defense and State; the Administrator, U.S. Agency for International Development; the Director, the Office of Management and Budget; and other interested parties. Copies will be made available to others on request. In addition, this report will be available at no charge on our Web site at http://www.gao.gov.

If you have any questions about this report, please contact me at 202-512-8979 or by E-mail at Christoffj@gao.gov. John Hutton, Muriel Forster, Michael Rohrback, Rebecca Gambler, Lynn Cothern, and Mary Moutsos made major contributions to this report.

Sincerely yours,

Joseph A. Christoff

Director, International Affairs and Trade

Hoseph A. Churtoff

Enclosures: 9

Scope and Methodology

To describe U.S. priorities in these countries, we reviewed congressional testimonies of U.S. officials from the Departments of Defense and State and USAID. We also reviewed Department of Defense country profiles and security cooperation guidance and Department of State congressional budget justifications, fact sheets, and other informational documents. We interviewed officials from the Departments of Defense and State and from USAID.

To describe U.S. presence in these countries, we reviewed information from Global Security Inc., the Peace Corps, and Department of Defense country profiles. We also interviewed officials from the Departments of Defense and State.

To describe U.S. security and economic assistance for fiscal years 1993 through 2001, we analyzed data reported as obligations by USAID in *U.S. Overseas Loans and Grants.* According to *U.S. Overseas Loans and Grants*, economic assistance includes child survival and disease funds, development assistance, Freedom Support Act funds, Economic Support Funds, security supporting assistance, food aid, Peace Corps funds, and international narcotics control assistance. Security assistance includes foreign military financing, international military education and training, and transfers of excess defense articles.

We used *U.S. Overseas Loans and Grants* because, according to USAID, it is the complete historical record of all loans and grants authorized by the U.S. government since 1945, and it provides the most consistent record of U.S. assistance to all seven countries in terms of obligations. However, in discussions with Department of State and USAID officials, we learned that *U.S. Overseas Loans and Grants* does not include all assistance to the countries we reviewed. For example, the Department of State's reports *U.S. Government Assistance to and Cooperative Activities with Eurasia* for fiscal year 2001 and *U.S. Government Assistance to and Cooperative Activities with the New Independent States of the Former Soviet Union* for fiscal year 2000 identifies about \$386 million in assistance over a 10-year period to the five Central Asian republics that is not included in *U.S. Overseas Loans and Grants*.

For data on security and economic assistance for fiscal years 2002 through 2004, we reviewed the Department of State's fiscal year 2004 congressional budget justification. For fiscal year 2002, we used budget authority amounts as reported in the fiscal year 2004 budget justification. For fiscal years 2003 and 2004, we used requested amounts as reported in the same document. For assistance provided to Afghanistan in fiscal year 2003, State Department officials told us to use assistance provided in fiscal year 2002 supplemental appropriations as reported in the fiscal year 2004 budget justification.

For security assistance, we also included data on obligations for cooperative threat reduction and U.S. equipment and services drawdowns for fiscal years 1993 through 2003, which was not included in *U.S. Overseas Loans and Grants* nor the Department of State's congressional budget justification. We obtained this data from the Defense Threat Reduction Agency and the Defense Security Cooperation Agency, respectively. In addition, we discussed and verified security and economic assistance amounts with State Department and USAID officials.

⁴The President's budget for fiscal year 2004 defines an obligation as a binding agreement that will result in the immediate or future payment of funds.

⁵The President's budget for fiscal year 2004 defines budget authority as the authority provided by law to incur financial obligations that will result in outlays.

Enclosure I

To describe foreign and multilateral aid flows to Afghanistan, Pakistan, and the five Central Asian republics for 1993 through 2001, we reviewed data on official development assistance from the Organization for Economic Cooperation and Development. At the time of our review, data on official development assistance for 2002 were not available. Official development assistance is defined as aid flows to a country provided by official agencies to promote economic development and welfare. In contrast to U.S. security and economic assistance, which is reported as obligations, official development assistance is reported as net disbursements (actual payments) and reflects total inflows of grants and loans minus total outflows of loan repayments.

To describe the economic, political, and demographic characteristics of these countries, we relied on numerous sources. We obtained maps of the individual countries from Central Intelligence Agency publications, along with information about land area, population under the age of 15, life expectancy, literacy, ethnic groups (with the exception of Pakistan, which we obtained from a Library of Congress publication), religions, type of government and legal system, and key transnational issues. We obtained information on population, population growth rates, and most economic and trade data from Global Insight and information on Afghanistan's external debt from the Asian Development Bank. We obtained data on the percentage of women holding seats in lower or single houses of governments from the United Nations Development Program. We obtained information on political rights and religious freedom from Freedom House and its Center for Religious Freedom. We compiled information on economic freedom from the Heritage Foundation, and on corruption from Transparency International. In all cases, we used the most recently available data from these sources.

⁶Transparency International's corruption index is a 10-point numerical scale with extremes of highly corrupt (0) and highly clean (10), but does not identify degrees of corruption within that scale. We therefore identified as corrupt all countries rated with scores of less than 3 on this 10-point index.

Afghanistan





Source: CIA.

LU.S. embassy

◆The U.S. has access to military facilities in Bagram, Kandahar, Khost, Lwara, Mazar-e Sharif, and Pul-i-Kandahar.

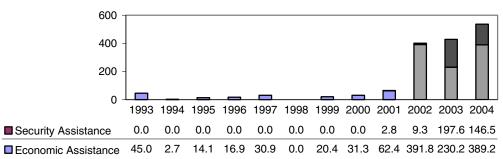
Afghanistan's land area is about 650,000 square kilometers (slightly smaller than Texas). The country is landlocked.

Afghanistan has been called the crossroads of Central Asia and is bordered by China, Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Following U.S. military action, the Taliban regime fell in Afghanistan in late 2001, and an interim government was installed to write a new constitution and prepare for national elections. The United States has removed sanctions affecting Afghanistan that were placed on the Taliban and Taliban-controlled areas of the country. U.S. priorities for Afghanistan are focused on conducting the war on terrorism, building security arrangements, fostering internal governance, and providing humanitarian and development assistance. Afghanistan's population is ethnically diverse. A majority of the population is Sunni Muslim, but the country has a significant Shi'a minority. Afghanistan's literacy rate is less than 50 percent for the total population, and is even lower among women. More than 40 percent of the population is under the age of 15. Afghanistan is economically underdeveloped and is the world's largest producer of opium.

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$226 million in total assistance, about \$224 million of which was economic aid. In fiscal year 2002, budgeted assistance totaled about \$401 million. Requested assistance for fiscal years 2003 and 2004 totals about \$964 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

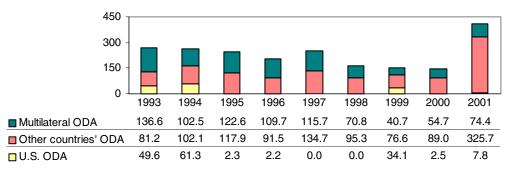


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

International aid flows totaled about \$2.1 billion from 1993 to 2001. Aid from the United States and other countries totaled about \$1.3 billion while multilateral aid totaled about \$828 million. Primary donors include Germany, the Netherlands, Sweden, Norway, the United Kingdom, the United States, the European Commission, and the United Nations.

Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)



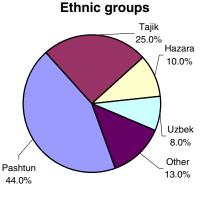
Source: Organization for Economic Cooperation and Development.

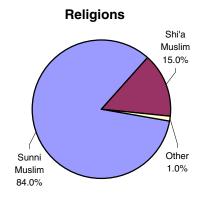
Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.

Enclosure II

Demographics

Key indicators	
Population (millions)	28.0
Growth rate	2.6
(percentage)	
Under 15 years old	42.0
(percentage)	
Life expectancy at	46.6
birth (years)	
Literacy (percentage)	36.0
male	51.0
female	21.0
Seats in lower or	N/A
single house held by	
women (percentage)	





Sources: Global Insight, CIA, and United Nations Development Program.

Note: N/A = not available.

Governance, Rights, and Freedoms

Type of government	Transitional
Type of legal system	Is in the process of being rebuilt in accordance with Islamic principles, international
	standards, rule of law, and Afghan traditions
Carrage CIA	

Source: CIA.

Afghanistan was not rated for religious freedom by Freedom House's Center for Religious Freedom. Afghanistan was also not rated for economic freedom by the Heritage Foundation or for corruption by Transparency International. Afghanistan was rated for political rights and civil liberties by Freedom House in its survey, *Freedom in the World*, 2001-2002. However, because of political changes in Afghanistan over the past year, we did not include the rating.

1996	1997	1998	1999	2000	2001	2002
9.4	10.0	9.6	10.0	9.8	9.1	11.1
6.0	6.0	-4.0	4.2	-1.8	-6.5	21.2
408	413	382	386	369	337	398
14.0	14.0	16.0	25.0	45.0	40.0	5.3
0.1	0.1	0.1	0.2	0.1	0.1	0.2
0.6	0.6	0.5	0.6	0.6	0.7	1.4
5,600	5,600	5,600	2,700	5,300	N/A	N/A
•	•	•	•	•		
N/A	N/A	N/A	N/A	N/A	N/A	N/A
	9.4 6.0 408 14.0 0.1 0.6	9.4 10.0 6.0 6.0 408 413 14.0 14.0 0.1 0.1 0.6 0.6 5,600 5,600 N/A N/A	9.4 10.0 9.6 6.0 6.0 -4.0 408 413 382 14.0 14.0 16.0 0.1 0.1 0.1 0.6 0.6 0.5 5,600 5,600 5,600 N/A N/A N/A	9.4 10.0 9.6 10.0 6.0 6.0 -4.0 4.2 408 413 382 386 14.0 14.0 16.0 25.0 0.1 0.1 0.1 0.2 0.6 0.6 0.5 0.6 5,600 5,600 5,600 2,700	9.4 10.0 9.6 10.0 9.8 6.0 6.0 -4.0 4.2 -1.8 408 413 382 386 369 14.0 14.0 16.0 25.0 45.0 0.1 0.1 0.1 0.2 0.1 0.6 0.6 0.5 0.6 0.6 5,600 5,600 5,600 2,700 5,300 N/A N/A N/A N/A N/A	9.4 10.0 9.6 10.0 9.8 9.1 6.0 6.0 -4.0 4.2 -1.8 -6.5 408 413 382 386 369 337 14.0 14.0 16.0 25.0 45.0 40.0 0.1 0.1 0.1 0.2 0.1 0.1 0.6 0.6 0.5 0.6 0.6 0.7 5,600 5,600 5,600 2,700 5,300 N/A N/A N/A N/A N/A N/A

Sources: Global Insight and Asian Development Bank.

- Major producer of opium and hashish. Political factions profit from the drug trade.
- Close ties with Pashtuns in Pakistan make the long border between Afghanistan and Pakistan difficult to control. Source: CIA.

Kazakhstan





▲U.S. embassy.

There was an average of 123 Peace Corps volunteers in Kazakhstan during fiscal year 2002.

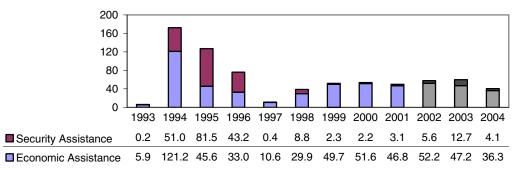
Kazakhstan's land area is about 2,720,000 square kilometers (about four times the size of Texas). The county is landlocked.

Kazakhstan has the largest landmass of the Central Asian republics and shares its borders with China, Kyrgyzstan, Russia, Turkmenistan, Uzbekistan, and the Caspian Sea. After the September 2001 attacks, Kazakhstan provided overflight rights and allowed for the transshipment of supplies to U.S. forces based in Uzbekistan and Kyrgyzstan. U.S. priorities for the country include promoting security cooperation, nonproliferation, internal reform, and energy development. Kazakhstan has significant oil and gas reserves. State Department officials estimate that Kazakhstan has the potential to be one of the world's top five oil exporters in 15 years. Kazakhstan's population is highly literate and nearly one third are under the age of 15. Most are Kazakh, though the country has a significant Russian minority. Islam and Russian Orthodox are the predominant religions. Key transnational issues include cultivation and trafficking of drugs, border security, and water and environmental problems.

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$586 million in assistance. Of this amount, \$193 million was for security assistance, including \$180 million for cooperative threat reduction. In fiscal year 2002, budgeted aid totaled about \$58 million. Requested assistance for fiscal vears 2003 and 2004 totals \$100 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

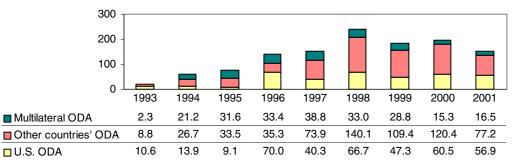


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

International aid flows totaled about \$1.2 billion from 1993 to 2001. Aid from the United States and other countries totaled about \$1 billion while multilateral aid totaled about \$221 million. Primary donors include Germany, Japan, the United States, and the European Commission.

Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)

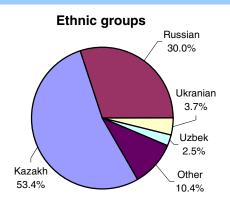


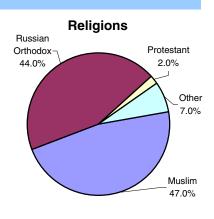
Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and

reflects total inflows of grants and loans minus total outflows of loan repayments.

Key indicators	
Population (millions)	14.8
Growth rate	0.0
(percentage)	
Under 15 years old	26.0
(percentage)	
Life expectancy at	63.4
birth (years)	
Literacy (percentage)	98.0
male	99.0
female	98.0
Seats in lower or	10.4
single house held by	
women (percentage)	

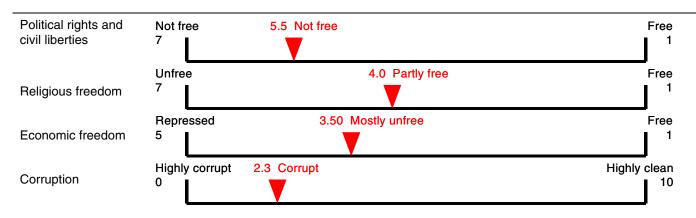




Sources: Global Insight, CIA, and United Nations Development Program.

Governance, Rights, and Freedoms

Type of government	Republic; current president expanded his powers by decree
Type of legal system	Based on civil law system
Source: CIA.	



Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Economics and Trade 1996 1997 1998 1999 2000 2001 2002 Key indicators Gross domestic product (GDP) (purchasing power parity, 2002 U.S. dollars in billions) 44.0 44.8 43.8 45.1 49.4 55.9 60.5 Real GDP growth rate (percentage) 0.5 1.7 -1.9 2.7 9.6 13.2 8.2 GDP per capita (purchasing power parity, 2002 U.S. dollars) 2,804 2,888 2,887 3,012 3,314 3,765 4,075 Inflation (consumer prices, percentage) 17.4 39.3 7.1 8.3 13.2 8.4 6.0 Exports (U.S. dollars in billions) 5.9 6.5 5.4 5.6 9.1 8.6 8.4 Imports (U.S. dollars in billions) 4.2 4.3 4.4 3.7 6.4 5.1 6.3 External debt/exports ratio (percentage) 98.2 119.3 182.7 215.3 137.7 173.4 210.6 Government expenditures as a percent 16.2 of GDP 19.8 19.1 15.6 15.0 15.0 16.8 Source: Global Insight.

- Significant cultivation and trafficking of cannabis; transshipment point for drugs from Southwest Asia to Russia, Western Europe, and North America.
- Working with China and Russia to settle boundaries, control migration, and limit illegal activities and trade.
- Water and environmental disputes with Tajikistan, Turkmenistan, and Uzbekistan (as a result of the shrinking of the Aral Sea); dispute with Kyrgyzstan over water and hydroelectric power.
 Source: CIA.

Kyrgyzstan





Source: CIA ▲ U.S. embassy

There was an average of 68 Peace Corps volunteers in Kyrgyzstan during fiscal year 2002.

◆The U.S. has access to military facilities in Manas and Osh.

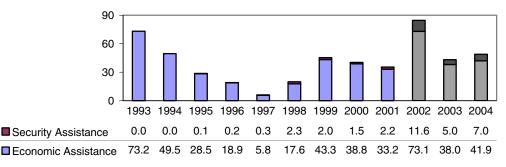
Kyrgyzstan's land area is about 200,000 square kilometers (slightly smaller than South Dakota). The country is landlocked.

Bordered by China, Kazakhstan, Tajikistan, and Uzbekistan, Kyrgyzstan has played an important regional role in the war on terrorism, providing base access and overflight rights for U.S. and coalition forces. U.S. priorities for Kyrgyzstan have focused on expanding security relationships and support for political and economic reform. Kyrgyzstan's population is highly literate and a majority is Kyrgyz. More than a third of the population is under the age of 15, and a majority of the population is Muslim. According to State Department officials, Kyrgyzstan is more politically advanced than most of its Central Asian neighbors but still has a poor human rights record. Kyrgyzstan is the only Central Asian republic to accede to the World Trade Organization, having done so in 1998. Kyrgyzstan has increasingly become a transshipment point for drugs; has periodically dealt with Islamic insurgents from Afghanistan, Tajikistan, and Uzbekistan; and has ongoing water and territorial disputes with Kazakhstan, Tajikistan, and Uzbekistan.

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$317 million in assistance, about \$309 million of which was economic aid. In fiscal year 2002, budgeted assistance totaled about \$85 million. Requested assistance for fiscal years 2003 and 2004 totals about \$92 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)



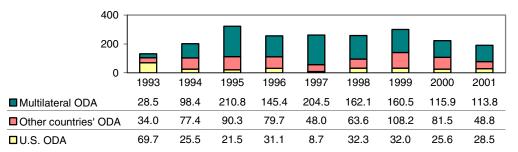
Sources: Departments of Defense and State and U.S. Agency for International Development.

Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

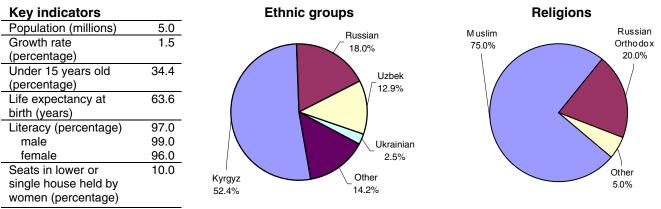
Between 1993 and 2001, international aid flows totaled about \$2.1 billion. Aid from the United States and other countries totaled about \$906 million while multilateral assistance totaled over \$1.2 billion. Primary donors include Japan, the United States, the Asian Development Bank, and the World Bank.

Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)



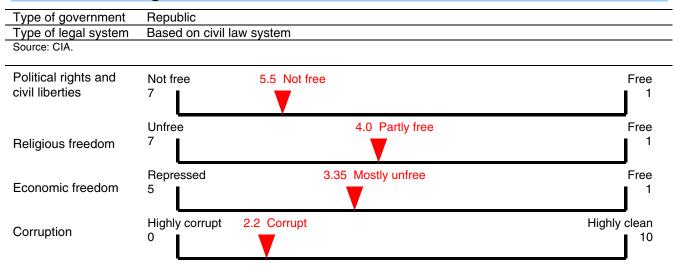
Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.



Sources: Global Insight, CIA, and United Nations Development Program.

Governance, Rights, and Freedoms



Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Economics and Trade							
Key indicators	1996	1997	1998	1999	2000	2001	2002
Gross domestic product (GDP)							
(purchasing power parity,							
2002 U.S. dollars in billions)	10.5	11.7	11.9	12.3	13.0	13.7	13.4
Real GDP growth rate (percentage)	7.1	9.9	2.1	3.7	5.4	5.3	-1.8
GDP per capita (purchasing power							
parity, 2002 U.S. dollars)	2,290	2,482	2,497	2,549	2,653	2,770	2,699
Inflation (consumer prices, percentage)	31.9	23.5	10.4	35.9	18.7	6.9	2.5
Exports (U.S. dollars in billions)	0.5	0.6	0.5	0.5	0.5	0.5	0.5
Imports (U.S. dollars in billions)	0.8	0.6	0.8	0.5	0.5	0.4	0.5
External debt/exports ratio							
(percentage)	137.9	151.6	250.3	363.9	347.5	368.0	362.6
Government expenditures as a percent							
of GDP	22.2	21.8	21.4	19.1	17.3	16.6	17.4

Source: Global Insight.

- Increasingly used as a transshipment point for drugs from Southwest Asia to Russia and Western Europe.
- Periodic target of Islamic insurgents from Afghanistan, Tajikistan, and Uzbekistan.
- Water and hydroelectric power disputes with Kazakhstan; territorial disputes with Tajikistan and Uzbekistan. Source: CIA.

Pakistan





providing basing and overflight rights for U.S. and coalition forces in Operation Enduring Freedom. The United States has waived sanctions imposed on Pakistan for its development and testing of nuclear weapons and in response to the 1999 military coup. U.S. priorities for Pakistan include promoting enhanced security cooperation and nonproliferation and encouraging political reform and economic development. Pakistan's population is predominantly Muslim and nearly 40 percent are under the age of 15. Pakistan has a poor economic outlook and is highly indebted. Key transitional issues include its continued conflict with India over Kashmir, drug trafficking, and its

long border with Afghanistan that is difficult to

Pakistan shares its borders with Afghanistan,

China, India, and Iran. Pakistan has become an

important U.S. partner in the war on terrorism,

- Source: CIA ▲ U.S. embassy; ■ U.S. consulates
- ◆The U.S. has access to military facilities in Jacobabad and other locations.

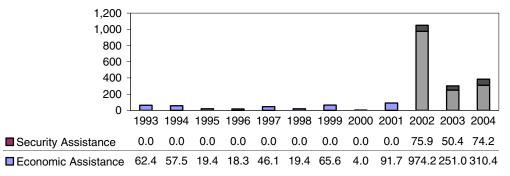
Pakistan's land area is about 800,000 square kilometers (about twice the size of California).

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$384 million in total assistance, all of which was economic assistance. In fiscal year 2002, budgeted assistance totaled about \$1 billion. Requested assistance for fiscal years 2003 and 2004 totals about \$686 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

control.

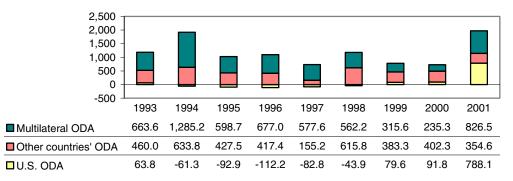


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

International aid flows totaled more than \$10 billion from 1993 to 2001. Aid from the United States and other countries totaled about \$4.5 billion while multilateral aid totaled about \$5.7 billion. Primary donors include Japan, the Asian Development Bank, the United Nations, and the World Bank.

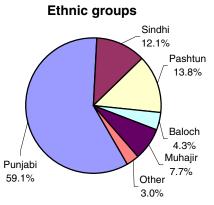
Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)

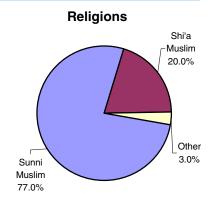


Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.

Key indicators	
Population (millions)	144.7
Growth rate	2.4
(percentage)	
Under 15 years old	39.9
(percentage)	
Life expectancy at	61.8
birth (years)	
Literacy (percentage)	43.0
male	55.0
female	29.0
Seats in lower or	21.1
single house held by	
women (percentage)	



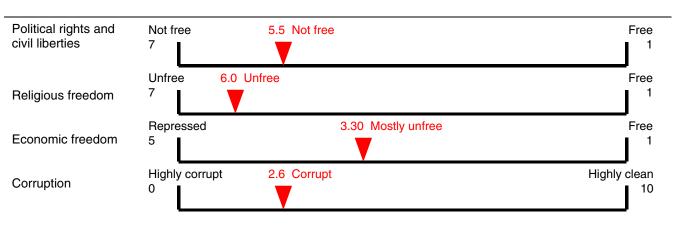


Sources: Global Insight, CIA, Library of Congress, and United Nations Development Program.

Governance, Rights, and Freedoms

n English common law with certain added provisions to accommodate its status as

Source: CIA.



Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Key indicators 1996 1997 1998 1999 2000 2001 2002 Gross domestic product (GDP) (purchasing power parity, 2002 U.S. dollars in billions) 308.5 319.7 346.1 354.8 311.7 331.3 367.5 Real GDP growth rate (percentage) 3.9 1.0 2.6 3.7 4.4 2.5 3.6 GDP per capita (purchasing power 2,426 2,540 2,429 2,506 2,509 parity, 2002 U.S. dollars) 2,460 2,458 Inflation (consumer prices, percentage) 10.4 11.4 6.2 4.1 4.4 3.1 4.0 9.3 Exports (U.S. dollars in billions) 9.3 9.2 10.5 9.6 9.0 8.9 Imports (U.S. dollars in billions) 14.1 13.6 12.2 12.0 11.3 12.0 14.4

Source: Global Insight.

(percentage)

of GDP

External debt/exports ratio

Key Transnational Issues

Government expenditures as a percent

Economics and Trade

• Key transshipment point for heroin from Southwest Asia to western markets.

320.4

24.3

• Continuing armed dispute with India over the status and sovereignty of Kashmir and disputes with India over maritime boundaries and Indus River water sharing.

323.7

22.6

336.5

23.1

376.7

22.7

• Close ties between Pashtuns in Afghanistan and Pakistan make long border difficult to control. Source: CIA.

372.8

23.4

389.9

23.6

310.5

24.4

Tajikistan





Source: CIA

- ▲ U.S. embassy
- ◆The U.S. has access to military facilities in Dushanbe, Khujand, Kulyab, and Kurgan-Tyube.

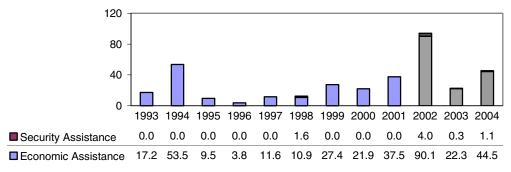
Tajikistan's land area is about 140,000 square kilometers (slightly smaller than Wisconsin). The country is landlocked.

Tajikistan shares its borders with Afghanistan, China, Kyrgyzstan, and Uzbekistan. Tajikistan provided access to bases for U.S. forces in the war on terrorism. U.S. priorities for Tajikistan include expanding security cooperation and encouraging political and economic reform. The country's 5-year civil war ended with a powersharing peace accord implemented in 2000. As a result, Tajikistan is the only Central Asian country in which a religiously affiliated political party is represented in parliament. Tajikistan is the poorest of the former Soviet republics, and international aid flows are an important source of economic support for the country. Like the other Central Asian republics, Tajikistan's population is highly literate, and a large percentage is under the age of 15. Majorities of the population are Tajik and Muslim. Tajikistan is a major transshipment point for drugs and has been used as a staging ground for Islamic insurgents into Uzbekistan.

U.S. Assistance

From fiscal year 1993 to 2001, the U.S. obligated about \$195 million in total assistance, of which about \$193 million was economic assistance. In fiscal year 2002, budgeted assistance totaled about \$94 million. Requested assistance for fiscal years 2003 and 2004 totals about \$68 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

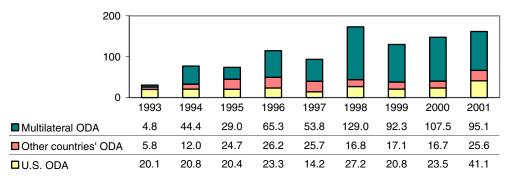


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

Between 1993 and 2001, international aid totaled about \$1 billion. Aid from the United States and other countries totaled about \$382 million. Multilateral assistance totaled about \$621 million. Primary donors include Germany, the Netherlands. Switzerland, the United Kingdom, the United States, the European Commission, and the World Bank.

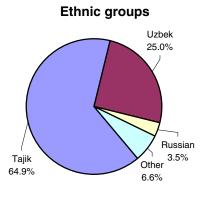
Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)

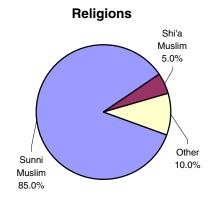


Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.

Key indicators	
Population (millions)	6.6
Growth rate	2.1
(percentage)	
Under 15 years old	40.4
(percentage)	
Life expectancy at	64.3
birth (years)	
Literacy (percentage)	98.0
male	99.0
female	97.0
Seats in lower or	12.7
single house held by	
women (percentage)	





Sources: Global Insight, CIA, and United Nations Development Program.

Governance, Rights, and Freedoms

Type of government	Republic	
Type of legal system	Based on civil law system	
Source: CIA.		
Political rights and civil liberties	Not free 6.0 Not free 7	Free 1
Religious freedom Not rated	Unfree 7	Free 1
Economic freedom	Repressed 3.95 Mostly unfree 5	Free 1
Corruption Not rated	Highly corrupt 0	Highly clean 10

Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Economics and Trade

Key indicators	1996	1997	1998	1999	2000	2001	2002
Gross domestic product (GDP)							
(purchasing power parity,							
2002 U.S. dollars in billions)	5.6	5.7	5.9	6.1	6.7	7.4	8.0
Real GDP growth rate (percentage)	-4.4	1.7	5.3	3.7	8.3	10.2	9.8
GDP per capita (purchasing power							
parity, 2002 U.S. dollars)	944	946	980	1,000	1,058	1,142	1,228
Inflation (consumer prices, percentage)	502.4	88.0	43.2	27.5	32.9	38.6	10.6
Exports (U.S. dollars in billions)	0.8	0.7	0.6	0.7	0.8	0.7	0.7
Imports (U.S. dollars in billions)	0.8	0.8	0.7	0.7	0.8	0.8	0.9
External debt/exports ratio							
(percentage)	112.6	148.3	201.2	182.4	152.1	196.3	233.0
Government expenditures as a percent							
of GDP	17.9	15.9	17.4	17.6	14.5	15.0	15.3
Source: Global Insight							

Source: Global Insight.

- Major transshipment point for drugs from Afghanistan to Russia and Western Europe.
- Water and environmental disputes with Kazakhstan, Turkmenistan, and Uzbekistan (as a result of the shrinking of the Aral Sea).
- Unresolved border and territorial disputes with China, Kyrgyzstan, and Uzbekistan. Source: CIA.

Turkmenistan





Source: CIA

▲ U.S. embassy

There was an average of 54 Peace Corps volunteers in Turkmenistan during fiscal year 2002.

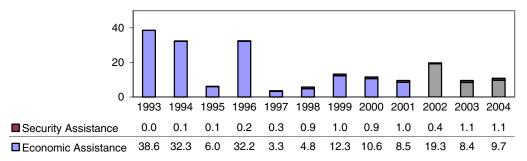
Turkmenistan's land area is about 490,000 square kilometers (slightly larger than California). The country is landlocked.

Turkmenistan borders Afghanistan, Iran, Kazakhstan, Uzbekistan, and the Caspian Sea. A former Soviet republic, Turkmenistan has declared itself as permanently neutral and has not provided formal military assistance in the war on terrorism. However, it aided the international community in transporting humanitarian relief to Afghanistan. U.S. priorities for Turkmenistan are focused on encouraging internal reform, strengthening security relationships, and promoting energy development. Turkmenistan has the world's fifth largest natural gas reserves, and it is the world's tenth largest producer of cotton. The country's population is highly literate. More than one-third of the population is under age 15, and more than three-quarters are Turkmen and Muslim. The country is not politically free—independent and opposition political activity are prohibited—and corruption is pervasive. It faces problems with drug trafficking and environmental disputes with its neighbors.

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$153 million in assistance, about \$149 million of which was economic aid. In fiscal year 2002, budgeted assistance totaled about \$20 million. Requested assistance for fiscal years 2003 and 2004 totals about \$20 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

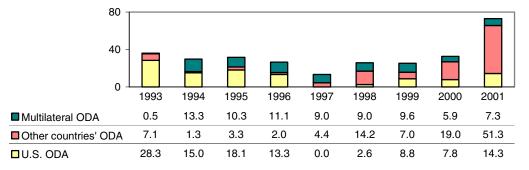


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

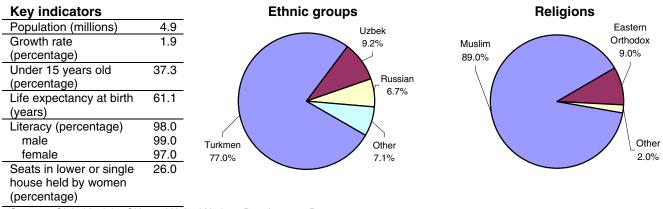
International aid flows totaled about \$294 million from 1993 to 2001. Aid from the United States and other countries totaled about \$218 million while multilateral flows totaled about \$76 million. Primary donors include Japan, Turkey, the United States, the European Commission, and the United Nations.

Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)

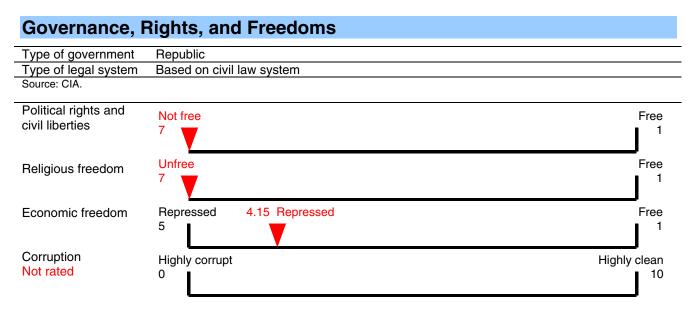


Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.



Sources: Global Insight, CIA, and United Nations Development Program.



Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Economics and Trade							
Key indicators	1996	1997	1998	1999	2000	2001	2002
Gross domestic product (GDP)							
(purchasing power parity,							
2002 U.S. dollars in billions)	15.9	14.0	14.7	17.1	20.2	24.2	28.1
Real GDP growth rate (percentage)	-6.7	-11.3	5.0	16.0	17.6	20.5	15.7
GDP per capita (purchasing power							
parity, 2002 U.S. dollars)	3,499	3,051	3,152	3,612	4,202	5,006	5,685
Inflation (consumer prices, percentage)	992.4	83.6	16.7	19.7	14.0	14.9	10.8
Exports (U.S. dollars in billions)	1.7	0.8	0.6	1.2	2.5	2.6	3.0
Imports (U.S. dollars in billions)	1.4	1.0	1.1	1.5	1.8	2.3	2.3
External debt/exports ratio							
(percentage)	39.5	175.2	284.9	172.7	64.1	68.7	66.0
Government expenditures as a percent							
of GDP	21.4	26.6	25.9	19.8	25.3	24.2	30.3
Occurred Olahal Include							

Source: Global Insight.

- Increasing transshipment point for drugs from Southwest Asia to Russia and Western Europe.
- Water and environmental disputes with Kazakhstan, Tajikistan, and Uzbekistan (as a result of the shrinking of the Aral Sea).
- Dispute with Iran about seabed and maritime boundaries in the Caspian Sea.
 Source: CIA.

Uzbekistan





Source: CIA

▲ U.S. embassy

There was an average of 54 Peace Corps volunteers in Uzbekistan during fiscal year 2002.

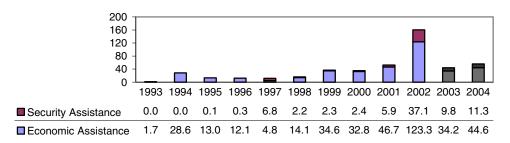
◆The U.S. has access to military facilities in Chirchik, Khanabad, and Tuzel. Uzbekistan's land area is about 450,000 square kilometers (slightly larger than California). The country is landlocked.

Uzbekistan is Central Asia's most populated country and borders Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan. After the September 2001 attacks, it became an important U.S. strategic partner in the war on terrorism, allowing the U.S. to base forces at its military facilities. In March 2002, the United States and Uzbekistan signed the Declaration on the Strategic Partnership and Cooperation Framework, which affirms a joint commitment to establish stability and security in Central Asia. U.S. priorities for Uzbekistan include enhancing security cooperation and encouraging political and economic reform. A former Soviet republic, Uzbekistan is strategically placed but politically repressed. The country carries a large amount of debt. Uzbekistan's population is highly literate, predominantly Uzbek and Muslim, and more than a third of the population is under age 15. Key transnational issues include increased drug trafficking, radical Islamic groups, and severe water and environmental problems.

U.S. Assistance

From fiscal year 1993 to 2001, the United States obligated about \$208 million in assistance, about \$188 million of this in economic aid. In fiscal year 2002, budgeted assistance totaled about \$160 million. Requested assistance for fiscal years 2003 and 2004 totals about \$100 million.

U.S. Security and Economic Assistance, Fiscal Years 1993-2004 (Total obligations, constant fiscal year 2002 U.S. dollars in millions)

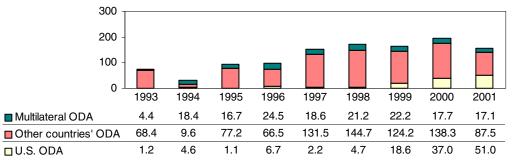


Sources: Departments of Defense and State and U.S. Agency for International Development. Note: Fiscal year 2002 assistance amounts are budget authority levels and fiscal year 2003 and 2004 amounts are requested levels from Department of State budget documents.

International Aid Flows

Between 1993 and 2001, international aid to Uzbekistan totaled about \$1.1 billion. Aid from the United States and other countries totaled about \$975 million and multilateral aid totaled about \$161 million. Primary donors include Germany, Japan, the United States, the European Commission, and the United Nations.

Bilateral and Multilateral Official Development Assistance, 1993-2001 (Net disbursements, constant 2002 U.S. dollars in millions)



Source: Organization for Economic Cooperation and Development.

Note: Official development assistance (ODA) is defined as aid flows to a country provided by official agencies to promote economic development and welfare. ODA is reported as net disbursements and reflects total inflows of grants and loans minus total outflows of loan repayments.

Key indicators		Ethnic groups	Religions
Population (millions)	25.8	Russian	
Growth rate (percentage)	1.6	5.5%	Muslim
Under 15 years old (percentage)	35.5	Tajik 5.0%	88.0%
Life expectancy at birth (years)	63.9	Kazakh 3.0%	
Literacy (percentage)	99.0	7	
male	99.0	Other	
female	99.0	6.6%	
Seats in lower or single house held by women (percentage)	7.2	Uzbek 80.0%	

Sources: Global Insight, CIA, and United Nations Development Program.

Governance, Rights, and Freedoms Type of government Republic Type of legal system Evolution of Soviet civil law Source: CIA. Political rights and Not free 6.5 Not free Free civil liberties 7 Unfree 6.0 Unfree Free Religious freedom 7 Free 4.25 Repressed Repressed Economic freedom 2.9 Corrupt Highly clean Corruption Highly corrupt 0 10

Sources: Freedom House, Center for Religious Freedom, Heritage Foundation, and Transparency International.

Economics and Trade								
Key indicators	1996	1997	1998	1999	2000	2001	2002	
Gross domestic product (GDP)								
(purchasing power parity,								
2002 U.S. dollars in billions)	61.9	63.4	66.3	69.1	71.8	75.1	79.3	
Real GDP growth rate (percentage)	1.6	2.5	4.4	4.3	4.0	4.5	5.7	
GDP per capita (purchasing power								
parity, 2002 U.S. dollars)	2,701	2,717	2,786	2,862	2,933	3,013	3,129	
Inflation (consumer prices, percentage)	54.0	71.0	29.0	29.1	24.9	27.3	25.1	
Exports (U.S. dollars in billions)	3.5	3.7	2.9	2.7	2.7	3.3	3.0	
Imports (U.S. dollars in billions)	4.2	3.8	2.7	2.6	2.5	3.1	2.8	
External debt/exports ratio								
(percentage)	67.4	70.2	120.6	157.7	170.1	154.7	175.6	
Government expenditures as a percent								
of GDP	39.9	32.5	33.1	31.0	29.5	27.0	25.6	
Source: Global Insight.								

Key Transnational Issues

- Increasing transshipment point for drugs from Afghanistan to Russia and Western Europe.
- Periodic incursions by radical Islamic groups based in Tajikistan and Afghanistan.
- Water and environmental disputes with Kazakhstan, Tajikistan, and Turkmenistan (as a result of the shrinking of the Aral Sea); border disputes with Kazakhstan and Kyrgyzstan. Source: CIA.

Sources

Map and land area: CIA World Factbook 2002, http://www.cia.gov/cia/publications/factbook/index.html.

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U.S. Assistance

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CIA World Factbook 2002, http://www.cia.gov/cia/publications/factbook/index.html.

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