# Budget of the United States Institute of Peace

## Fiscal Year 2005

# TABLE OF CONTENTS

**Section** **Page**

**OVERVIEW**.....1
- Appropriation Request for FY 2005 ..... 1
- Proposed Appropriation Language ..... 2
- Authority and Mission ..... 3
- Organization ..... 4
- Background ..... 4

**MEANS AND STRATEGIES—HIGHLIGHTS**.....5
- Education and Public Understanding ..... 5
- Zones of Conflict Operations ..... 9
- Program Support Services ..... 10

**FY 2005 PLAN**.....10
- Explanation of Changes, 2004-2005 ..... 11
- Federal Budget Constraints ..... 12

**BUDGET JUSTIFICATION**.....12
- Middle East/Muslim World ..... 14
- Modernizing Financial Management ..... 18
- Continuing Basic Capabilities ..... 20

**PRESIDENT'S MANAGEMENT AGENDA**.....21

**PERFORMANCE REPORT**.....22
- Iraq ..... 25
- Afghanistan ..... 27
- Arab-Israeli Conflict ..... 28
- The Philippines ..... 29
- E-Government ..... 29

**PROGRAM EVALUATION**.....30

**PROGRAMS**.....32
- Education ..... 32
- Professional Training ..... 34
- Grants ..... 34
- Jennings Randolph Fellowship Program ..... 35
- Research and Studies ..... 36
- Publications ..... 36
- Jeannette Rankin Library ..... 37
- Public Affairs ..... 37
- Virtual Diplomacy ..... 37
- Rule of Law ..... 38
- Religion and Peacemaking ..... 38
- Post-Conflict Stability Operations ..... 39
- Program Support Services ..... 39

**CHANGES IN RECEIPTS ESTIMATES .... ……..…….……...40**

**APPENDIX……..……..….42**

**LIST OF TABLES AND EXHIBITS:**

**FY 2005 Congressional Request ..... 1**
**Net Summary of Requirements ..... 2**
**History of USIP Appropriation ..... 5**
**Summary Explanation of Change, 2004-2005 ..... 11**
**Summary of Positions and Resources by Goal, 2004-2005 ..... 14**
**Population Distribution in the Muslim World ..... 15**
**USIP Muslim World Initiative Framework ..... 17**
**Personnel Summary, 2003-2005 ..... 20**
**USIP Iraq Post-Conflict Stability Operations Framework ..... 26**
**USIP Performance Results ..... 31**
**Sources of Foreign Users of USIP Web ..... 31**
**Grant Program Summary ..... 35**
**Number of Fellowships Awarded ..... 35**
**New Publications ..... 36**
**Changes in Receipts by Source ..... 41**

***FY 2005 Congressional Request***
*($ in thousands)*

| | FY 2003 Actual | FY 2004 Actual | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| United States Institute of Peace | 16,256 | 17,099 | 22,099 | 5,000 |

## *OVERVIEW*

War, terrorism, nuclear proliferation, and social and cultural conflicts divide the world's people. Lack of fundamental human capacities for resolving conflicts—educating emerging generations of leaders, training, basic and applied research, information, and problem-solving skills such as negotiation, conciliation, mediation, arbitration—diverts nations from peace.

The United States Institute of Peace (USIP) FY 2005 budget request supports the American people's heritage, ideals, and concerns for peace. The plan supports the Administration's vision for cooperation, dialogue, and a collaborative approach to promoting peace, providing effective options for managing conflict abroad without recourse to violence at the international, national, and community levels.

This request proposes innovative approaches to human capacity building for peace and working with public and private partners to manage and resolve international conflicts. The budget emphasizes engaging the Muslim world as part of the Administration's strategy to promote democratization of the "greater Middle East" to help resolve the region's many problems.

While focusing on reform in Middle Eastern and South Asian countries, the Institute's request strives to improve basic American and foreign capabilities that translate into advancements in education, training, and research in the prevention, management, and peaceful resolution of international conflicts. The plan also makes investments in the infrastructure that supports USIP's programs, allowing the Institute to boost coordination and reduce duplication and inefficiencies.

### Appropriation Request for FY 2005

The President's FY 2005 budget includes $22.1 million for USIP, $5 million above the amount (adjusted for rescission) in the FY 2004 omnibus appropriations act.

The Nation's need for the Institute's services is especially acute today. The 9/11 terrorist attacks on America highlighted the importance of Institute efforts to promote international understanding. The wars in Iraq and Afghanistan have further highlighted the value of the Institute's work to strengthen the ability of schools to teach about international conflict and

conflict management and to equip practitioners with skills, strategies, and tools in conflict mediation, negotiation, and resolution. The war on terrorism has put considerable pressure on the Institute's modest resources at a time when our unique expertise is increasingly recognized and valued.

The Institute has responded in a number of ways to the greatly increased demand for its services, including development of a strategic plan to guide our operations in the coming years. This exercise reviewed the Institute's internal organization, management procedures, and program priorities. The plan calls for emphasis on the Muslim world and improved use of technology to upgrade financial management and better program coordination.

The following table summarizes net requirements by major function.

**Net Summary of Requirements**
***($ in thousands)***

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Education and Public Understanding | 11,346 | 11,550 | 14,019 | 2,469 |
| Zones of Conflict Operations | 2,659 | 2,973 | 3,831 | 858 |
| Program Support Services | 3,021 | 3,701 | 4,249 | 548 |
| **Total Direct Obligations** | 17,026 | 18,224 | 22,099 | 3,875 |
| Deduct Carry Forward In | -215 | -361 | -- | 361 |
| Deduct Recoveries | -186 | -139 | -- | 139 |
| Deduct Transfers/Reimbursements | -381 | -125 | -- | 125 |
| Deduct Miscellaneous Receipts | -349 | -500 | -- | 500 |
| Add Balances Out | 361 | -- | -- | -- |
| **Appropriation Total** | 16,256 | 17,099 | 22,099 | 5,000 |

*Reconciliation to direct appropriation includes balances applied, grants, transfers, and reimbursements, and miscellaneous receipts received from or in connection with interest earnings, fees, and other sources (e.g., publications sales) through the Endowment of the United States Institute of Peace. In addition, in FY 2004 the Institute received $10,000,000 in the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106) and a State Department grant ($3M) to facilitate the Philippines peace process.*

## Proposed Appropriation Language

UNITED STATES INSTITUTE OF PEACE

For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, $22,099,000. (*Department of Labor, Health, Human Services, Education, and Related Agencies Appropriations Act).*

**Authority and Mission**

Addressing the needs of educators, students, scholars, practitioners, and the public to understand the complexities of international conflicts and approaches to peace is a vital dimension of American education and international diplomacy. The Institute advises the Congress, White House, National Security Advisor, secretaries of State and Defense, and other U.S. officials on international conflict resolution matters that affect U.S. education and training and policy.

This important work is fulfilled, in part, through the United States Institute of Peace Act enacted as Title XVII of the Defense Authorization Act of 1985, P.L. No. 98-525 (Oct. 19, 1984), as amended, establishing the Institute as an independent, nonpartisan federal institution to promote the prevention, management, and peaceful resolution of international conflicts. The Higher Education Authorization Act of 1998, P.L. No. 05-244 (October 7, 1998), authorized appropriations for FY 1999 at $15,000,000 and "of such sums as may be necessary" for each of four succeeding years [FY 2000 – FY 2003]). The language in the FY 2004 LHHS appropriations bill provides: "For necessary expenses of the United States Institute of Peace as authorized in the United States Institute of Peace Act, $17,200,000."

The Institute's mission (see Appendix) is to promote international peace through a wide range of activities in the United States and abroad: education programs at the secondary through graduate levels; fellowships; professional training; applied research and analysis; conferences and workshops; facilitating dialogue; and grants to non-profit organizations and educational institutions; library and information services; and publications. The Institute's mission also is to promote better understanding within the United States of the world's diversity, complexity, and interconnectedness. USIP develops curriculum and provides educational resources that further international appreciation and cross-cultural dialogue. The United States Institute of Peace appropriation funds the above activities.

In FY 2005, the Institute will emphasize the following goals, which support the *United States Institute of Peace Strategic Plan 2003-2009.*

- ***Educate and train*** scholars, students, and teachers; practitioners—including policymakers, military officers and civilian police, and international leaders; and representatives from religious, ethnic, and scientific communities in conflict management skills and about current international conflicts.

- ***Directly contribute to the prevention and resolution of violent conflicts***— especially in the Muslim world, helping to improve relations between the United States and Muslims abroad.

- ***Promote post-conflict stabilization, reconstruction, and reconciliation***— with current emphasis on Iraq, Afghanistan, and the Philippines.

***FAST FACT: "Whenever people are given the choice and help, they opt for peace and freedom, and democracy and the rule of law—not conflict, war, and terrorism," says USIP President Richard H. Solomon. "The Institute's mission commits us to support those who work and sacrifice for peace through the spread of democracy. Helping to encourage such brave voices is the right thing to do and very much in the National Interest."***

## Organization

USIP's bipartisan board of directors is appointed by the President and confirmed by the Senate. The board appoints the USIP president, the highest-ranking position in the Institute. Other senior officers include the executive vice president, vice president, chief financial officer, and directors of the offices that manage the Institute's operations.

## Background

President Reagan established the Institute, signing the United States Institute of Peace Act in 1984. Since then, the Institute has become an increasingly critical contributor to America's foreign relations. The Institute maintains productive partnerships across government—with Congress, the National Security Council (NSC), and other agencies such as the State, Defense and Education departments, Library of Congress, and U.S. Agency for International Development—and with international organizations such as the United Nations, the Organization for Security and Cooperation in Europe, and the Organization of American States. Its activities form a bridge to the private sector and recognize the important role of our non-governmental partners—including universities, civic groups, community and faith-based organizations, academic and professional associations, and other non-profit institutions.

The independent federal leadership that USIP provides is crucial to its ability to innovate and flexibly implement its broad range of educational and training activities. Much of the Institute's activity would not be feasible for other federal entities. Some participants would not take part under official U.S. government sponsorship, such as bringing together Iraqi Sunni and Shi'a grassroots leaders to discuss constitution-making, facilitating private negotiations on human rights commitments between warlord factions in Afghanistan, or meetings of Albanian and Serb leaders in unofficial "Track Two" dialogue promoting reconciliation in the Balkans. The Institute also explores issues that others cannot without creating confusion about U.S. policy. This is the case in the behind-the-scenes work that the Administration tasked USIP with in facilitating peace talks between the Philippines government and Muslim separatist rebels; training that the NSC asked the Institute to do regarding negotiations on the final status of Kosovo; and bringing together Israeli and Palestinian jurists to discuss collaborative legal approaches to local dispute resolution.

The following table displays the 10-year history of the USIP appropriations for the period 1995-2004.

**History of USIP Appropriation**
*($ in thousands)*

| Fiscal Year | Funding | Current Dollars (1995) | Real Change (+/-) |
|---|---|---|---|
| 1995 | 11,482 | -- | - |
| 1996 | 11,491 | 11,211 | -271 |
| 1997 | 11,160 | 10,571 | -640 |
| 1998 | 11,160 | 10,394 | -177 |
| 1999 | 12,152 | 11,140 | 746 |
| 2000 | 12,951 | 11,560 | 420 |
| 2001 | 15,000 | 13,075 | 1,515 |
| 2002 | 15,096 | 12,952 | -123 |
| 2003 | 16,256 | 13,581 | 629 |
| 2004 | 17,099 | 13,917 | 336 |

*Current dollars estimates based on Department of Labor Consumer Price Indexes and average of OMB and CBO 2004 estimates.*

## *MEANS AND STRATEGIES—HIGHLIGHTS*

This appropriation supports the following major lines of activity: **Education and Public Understanding**, **Zones of Conflict Operations,** and **Program Support Services**.

### Education and Public Understanding

The Institute emphasizes initiatives to strengthen and improve secondary and higher education and professional development in conflict resolution, peace studies, and international relations. Our Education Program prepares youth for the difficult work of making peace in conflict-ridden countries and stimulates emerging generations of leaders to pursue careers in international conflict management. Professional Training Program participants include diplomats, government officials, civic leaders, NGO representatives, and military personnel from the United States and abroad, making the Institute very active in preparing the peacemakers of today and educating those of tomorrow. Expanding education and training in peaceful approaches to conflict management is based on improving teaching capacities and academic programs for emerging generations in the United States and abroad and professional skills development. Increasing public awareness and understanding about peaceful resolution of international conflicts requires information activities such as publications, media, and outreach. Highlights include:

- *EDUCATION*: The impact of educational institutions that promote stereotyping and hostility is one of the most challenging obstacles to reconciliation—especially in the Middle East, South Asia, and Southeast Asia. The Institute's Education Program prepares educators and professionals to work in areas directly related to the challenges of political and ethnic violence. In its relationships with educational institutions, the Institute seeks to build local capacity to deal with conflicts, develop curricula that

promote mutual respect and a shared vision of the future, and promote civil structures that support the transition from war to peace and from repressive political systems to democracy. The program also works with educators to convene workshops and seminars on conflict analysis and management and the role that educators play promoting reconciliation and tolerance. For example, Institute-produced teaching guides cover a wide range of topics, including international terrorism, the U.S. military's role in international peacekeeping, and America's response to the changing nature of international conflict. The Institute is also focused on increasing support for Israeli and Palestinian educators. For example, in partnership with the Middle East Children's Association, a joint Israeli-Palestinian NGO, the Institute trained Israeli and Palestinian teachers and teacher trainers in inter-communal relations, drawing on lessons learned from other conflicts such as Northern Ireland, South Africa, Macedonia, Tajikistan, Indonesia, and Lebanon. The Institute hosted an international symposium on sustained dialogue in inter-group conflicts, focusing on moving conflict from violence to non-violent means of settling disputes.

- *NATIONAL PEACE ESSAY CONTEST*: Today more than ever it is critical for the American people to understand other cultures, languages, and beliefs. To succeed in today's global environment, students increasingly need to complement their academic and career learning with the international skills that allow them to work with people from other countries. The Institute attracts young people to activities that promote interest in international affairs and issues of war and peace through the annual National Peace Essay Contest open to American students in grades 9–12. Fifty thousand high school students throughout the Nation have participated. First-place state winners receive college scholarships, compete for national awards, and earn a trip to Washington, D.C., where U.S. senators, representatives, and staff meet with students on Capitol Hill and three national winners are chosen and given additional honors and scholarship support.

***FAST FACT: National Peace Essay Contest winners in 2003 included an Iowa high school student who compared the justification for the Vietnam war and the 1990-91 Gulf war; an Ohio student who compared the conditions and conduct of the Vietnam war and the global war on terrorism; a West Virginia student who studied the relationship of peace and stability; and an Alaska student who analyzed the Russo-Japanese war of 1904-05 and the East Timor conflict.***

- *COLLEGE AND SECONDARY SCHOOL TEACHERS*: The Institute's seminars and workshops around the United States for college and secondary school faculty develop greater understanding of peace and conflict issues, help participants enhance teaching skills and strategies, and expand conflict studies in the classroom. Typical topics include the nature and sources of international conflict in the post-9/11 world, new approaches to managing conflict, effective ways to teach about conflict and peacemaking, and research on international conflict management that cut across disciplines and enhance teaching.

- *PROFESSIONAL TRAINING:* USIP training participants are trained in handling all phases of conflict, from preventive action to post-conflict stabilization and reconciliation. As an example, the Institute trains hundreds of military personnel, diplomats, and non-governmental organization employees in peacekeeping skills. These personnel, American and foreign, are at work today in managing many of the world's conflicts such as the Balkans and East Timor. Institute training is state-of-the-art: courses require collaborative planning and teamwork; negotiation and mediation exercises; computer-driven simulations involving negotiation and policy-making; and dialogue with U.S. policy-makers.

- *PARTNERSHIPS:* Grants leverage substantial support and participation of universities, nonprofit organizations, and the NGO community. The Institute's grants ensure that the best and broadest range of innovative contributions to conflict resolution is funded. Grants support research, education, training, and information sharing on international peace and conflict resolution through partnerships around the world with secondary and higher education institutions; public and private education, training and research institutions, and libraries. USIP's strategy is to focus these partnerships in ways that support long-term U.S. strategic interests. In keeping with this paradigm of joint public-private partnership, the Institute's role is that of catalyst and facilitator, as well as a provider of resources. About 80 percent of grants support cutting-edge research and studies in the United States. Examples include a grant to Ohio State University supporting examination of possibilities for reconciliation on the Korean peninsula and a University of Pennsylvania study of the psychological complications among political victims of torture.

- *RANDOLPH FELLOWSHIPS:* A key goal of the Institute's work is to help bridge the gaps among government, higher education, NGO's, the international community, and the media in promoting creative approaches to prevent, manage, and resolve international conflicts. The Jennings Randolph Fellowship Program is the centerpiece of the Institute's commitment to mobilizing the best intellectual talent from around the globe to conduct research on important issues concerning international conflict and peace by providing fellowships to outstanding scholars, policymakers, journalists, and others. Current fellows' research topics include, for example, the crisis of education in the Muslim world; prospects for post-Ba'ath democratization in Iraq; state-mosque relations in Iraq; business's role in peacemaking; Kashmir; and pre-emptive strategies in the war on terrorism, with special attention to Colombia.

- *DISSERTATION RESEARCH:* The Peace Scholar Fellowship program enables outstanding doctoral-level graduate students, from anywhere in the world enrolled in American universities, to conduct doctoral dissertation research on international peace and conflict management. Since 1988, the Institute has awarded over 150 Peace Scholar Fellowships. Alumni pursue successful careers in higher education and research, government, NGOs, and the media. They constitute an international network of experts on the analysis, management, and prevention of conflicts. The Peace Scholar

Fellowship program contributes to maintaining an important national resource, the preeminence of American universities as leading centers of knowledge on international conflict resolution. Current research topics include ethics of private humanitarian aid (University of Chicago), genocide in Rwanda (University of California), human rights claims in Colombia (New York University), tolerance and radicalism among Turkish-Islamic organizations in Europe (Boston University).

- *FACULTY DEVELOPMENT:* Although the Institute does not directly administer university and secondary-level teacher exchange programs, it cooperates with U.S. nonprofits and local and state governments, federal agencies, and foreign partners in the design and implementation of such programs. Teacher programs provide U.S. and foreign participants with the opportunity to engage in professional development, learn about best practices abroad, improve foreign language skills, and deepen their understanding of the cultural context of instruction. An example of such collaboration includes the Institute's collaboration with the federally funded Fulbright program.

- *RESEARCH AND ANALYSIS:* The Institute serves as a bridge among government, higher education and research, and the policy community by enhancing understanding of complex international issues through investments in basic and applied research and policy analysis, focusing broadly on several areas—cross-cultural negotiation, coercive diplomacy, civilian-military relations, human rights implementation, and political violence. Ongoing research on regional challenges span the globe, but special efforts emphasize Africa, the Asia-Pacific region, and the Middle East. Examples include groundbreaking theoretical advances such as Hebrew University professor of international relations Raymond Cohen's *Negotiating Across Cultures* and George Mason University professor of anthropology Kevin Avruch's *Culture and Conflict Resolution*.

- *RESEARCH ASSISTANTSHIPS:* The Institute, committed to the advancement of higher education and the benefit of students and faculty, each year supports 12-15 research assistantships for baccalaureate and graduate level students through a cooperative program with the Consortium of Universities of the Washington Metropolitan Area (CUWMA). Students assist staff and fellows researching important issues concerning international conflict and peace. The program provides a forum for participants to share common ideas and concerns and promotes cooperation and communication among the Institute, universities, and the community, and promotes the Institute as a center for higher education and research.

- *CLASSROOM USE OF USIP MATERIAL*: The Institute provides a wide range of publications and educational materials for use at the graduate, undergraduate, and high school levels. At least 150 colleges and universities have adopted Institute books and reports for classroom use, such as the seminal books *Herding Cats: Multiparty Mediation in a Complex World* and *Managing Global Chaos: Sources of and Responses to International Conflict*. "Peace and Conflict 101" products include online simulations on conflicts in Africa, Colombia, Sri

Lanka, Cambodia, Vietnam, and Northern Ireland and teaching aides such as the guide the Institute developed in the aftermath of 9/11 to assist teachers in helping their students identify and understand terrorism.

- *PUBLIC OUTREACH*: The Institute's Jeannette Rankin Library and outreach activities help to ensure that educators, media, policy makers, and the public have access to information on conflict resolution studies and educational programs and practices around the world and share expertise in conflict resolution with colleagues in the United States and abroad. The Institute also hosts hundreds of meetings each year on issues of peace and conflict resolution for audiences in Washington, D.C., and around the United States.

**Zones of Conflict Operations**

USIP operations on the ground in zones of conflict abroad emphasize post-conflict stability, peacemaking, policy development and support, the management of international conflicts, and facilitative dialogues to promote peace among parties to conflicts. Examples include:

- *IRAQ STABILIZATION:* The Institute has provided significant post-conflict ground support in Iraq. USIP's Professional Training Program director served as the coalition coordinator for humanitarian assistance in Iraq. Building on collaboration with leaders of Iraq's exile community for two years before the war, the Institute's Rule of Law Program director worked throughout the spring and summer in Iraq with jurists and coalition officials on rebuilding the legal system and on the design of post-war justice in Iraq, applying the Institute's extensive experience in the field—including the landmark text *Transitional Justice: How Emerging Democracies Reckon with Former Regimes*. (See page 24 for further discussion about Iraq operations.)

- *PHILIPPINES PEACE PROCESS*: The Institute, in close collaboration with the State Department, is providing operational support for the U.S. commitment to facilitate a political settlement to the decades-long Muslim separatist rebellion in the southern Philippines—base of the Abu Sayyaf terrorist group and the Jemaah Islamia, organizations linked to al-Qaeda and Osama bin Laden. Teams of USIP experts have visited the Philippines to facilitate the peace process, and to consult with the parties on conflict management, education, good governance, and post-conflict implemen-tation. The USIP teams included special U.S. envoy Gen. (ret.) Anthony Zinni and a group of former U.S. ambassadors to the Philippines, headed by the Institute's president. In September, a USIP team trained 70 Filipino negotiators, civil servants, and future leaders in consensus building in preparation for continuation of peace talks in Malaysia.

- *AFGHANISTAN RECONSTRUCTION*: The Institute brought a broad cross-section of Afghani judicial officials and experts to the United States to explore options for rebuilding and reforming Afghanistan's criminal justice system, in the first effort to develop consensus

among diverse elements within the Afghani legal system. Institute contributions to Afghani legal training, law reform, and consensus building are ongoing.

- *MIDDLE EAST PEACE:* The Institute buttresses the Middle East peace process by facilitating interfaith dialogue among top religious leaders in Israel and the Occupied Territories. The principal purpose of these activities is to reinforce the commitment of religious leaders to peace and non-violence and to counter ideas that political violence is justifiable on religious grounds. The Institute is sponsoring the preparation of a handbook on interfaith dialogue for use in the Middle East. The Institute is also encouraging the development of teaching and curriculum in support of peace and reconciliation in the Middle East, particularly among Palestinians and Israelis. The Institute's education efforts with Israeli and Palestinian teachers promote non-violent approaches to resolving differences, focusing on breaking the cycle of hatred and intolerance that this long-standing conflict has produced. Other similar activities in the region include projects on the religious issues surrounding the future of Jerusalem, promotion of democratic values within an Islamic context in Iran, and a project to foster dialogue among religious leaders from Iran and the United States.

- *BALKANS PEACEMAKING*: The Institute organized regular meetings of religious community leaders and an agreement for exchanges among theological schools in Macedonia, as well as the most extensive collaboration between Serbs and Albanians since the NATO/Yugoslavia war. More than 100 young leaders from Serbia and Kosovo have been working together for over a year under Institute guidance preparing a joint campaign against organized crime and corruption.

**Program Support Services**

- *STRENGTHENING FINANCIAL MANAGEMENT:* USIP relies on a number of systems spread across the Institute and the government to support program operations. The Institute's growth has placed considerable strain on its financial management capability. The board of directors instructed the Institute to add personnel and systems improvements in order to ensure a secure and updated financial management capability.

- *REINFORCING INFORMATION SERVICES:* Consistent with objectives for greater operational efficiency and public outreach via the use of information technology, the Institute made significant technology related improvements (hardware, software) during FY 2003.

## *FY 2005 PLAN*

The following table exhibits the major elements of changes from the comparable FY 2004 appropriation level to the FY 2005 request.

**Summary Explanation of Change, 2004-2005**
***($ in thousands)***

| | 2004 Appropriation (Comparable) (1) a/ | Price Increases (2) | Federal Pay/Benefits Changes (3) | Other Net Built-in Changes (4) | Total Current Services (5) | Reductions (6) | Increases (7) | Net Increase/ Decrease (8) | 2005 Request (9) |
|---|---|---|---|---|---|---|---|---|---|
| Education & Public Understanding | 10,837 | 61 | 527 | 278 | 11,703 | -165 | 2,481 | 2,316 | 14,019 |
| Zones of Conflict Operations | 2,789 | 16 | 84 | 3 | 2,892 | - | 939 | 939 | 3,831 |
| Program Support Services | 3,473 | 20 | 177 | 1,448 | 5,118 | -1,078 | 209 | -869 | 4,249 |
| Total, USIP Enacted | 17,099 | 97 | 788 | 1,729 | 19,713 | -1,243 | 3,629 | 2,386 | 22,099 |

*a/ For comparative purposes, excludes balances, endowment, transfers, reimbursements, and grants funds received, and miscellaneous receipts from or in connection with fees and other payments (e.g., publications sales).*

## Explanation of Changes, 2004-2005

USIP's FY 2005 request of $22,099,000—$5,000,000 above the amount provided in the FY 2004 omnibus appropriations act (adjusted for rescission)—reflects the Institute's role in the Administration's "greater Middle East" peace initiative. The request reflects a total net increase of $3,875,000 above estimated overall resources of $18,224,000 in FY 2004, including:

*Non-Recurring Costs:* The Institute's FY 2005 plan includes estimated non-recurring costs related to -$361,000 in direct carryover applied; -$139,000 in prior year recoveries; -$125,000 for transfers and reimbursements; and a total of -$500,000 in miscellaneous receipts, inestimable in FY 2005.

*Current Services Changes/Cost Increases:* Cost increases related to continuation of basic capabilities include overseas and domestic price increases; federal pay raises; and built-in program requirements (e.g., evaluation of the USIP Press, software training for publications staff, digital library information, public outreach, grants staff travel, bringing fellows' stipends up to subsistence levels, and annualization of costs related to improving financial management). These changes total $2,614,000, for which the request level allows $1,371,000—$97,000 for price increases; $788,000 for the anticipated January 2005 federal pay raise and related benefits related to FY 2004; $270,000 for one-third adjusted annualization of remaining estimated built-in requirements related to improving financial management; and $216,000 for other built-in requirements.

*Program Enhancements:* The Institute's request includes program enhancements of $3,629,000 to help Arab and Muslim governments adopt human rights and fundamental freedoms—particularly women's empowerment—and greater political participation, rule of law, openness, and capacities for settling disagreements without violence.

*Program Reductions:* The FY 2005 USIP budget reflects the Administration's commitment to redirect resources to high priority programs. The Institute's budget includes program reductions totaling $1,243,000, including:

- *LIBRARY*: Reduced services, including deferring full development of digital resources such as collection of peace agreements signed by the major contending parties ending conflicts worldwide since 1989 and truth commissions and related bodies' documents, decrees, and final reports;

- *FELLOWSHIPS*: Reduction in fellowship travel allowances provided to scholars, policymakers, journalists, university students, and others to conduct research on international conflict and peace; and

- *FINANCIAL MANAGEMENT:* Deferring planned FY 2005 full implementation of Integrated Financial Management System until FY 2007.

**Federal Budget Constraints**

The Institute develops and delivers its programs, products, and services in ways that ensure the most efficient use of limited resources through a disciplined setting of priorities and effective management controls. There is a continuing increase in demand for our services in a world with many difficult conflicts underway or threatening, and with significant opportunities for assisting the Nation in activities designed to prevent violent conflict and to promote post-conflict reconciliation. Responding to the full range of these challenges is achievable only by enhancing basic capabilities. It is impossible to reconcile support for U.S. education and leadership abroad—including America's worldwide effort, with allies and friends, to counter the forces of international terror—with budgets that do not provide capacity and buying power. USIP's programs are a cost-effective way of addressing international conflicts, especially compared to large-scale military commitments or substantial economic aid programs alone. The Institute's progress in fulfilling its congressional mandate produces savings for the Nation—including smaller expenditures for military interventions, lower risks of combat casualties, and reduced costs of conflict-related humanitarian assistance programs.

## *BUDGET JUSTIFICATION*

Education and prevention or mitigation of conflict drive the development of overall U.S. international effectiveness. This request seeks the resources necessary to support programs that

affirm the U.S. commitment to peace so that America's world leadership role and interest in promoting international cooperation over conflict are recognized and achieved.

Building human development and educational capacity for promoting peace entails reaching diverse audiences—in the United States and many locations around the world, in many professions and academic disciplines. It entails bridging many communities: the U.S. government, educators and researchers, foreign diplomatic, military, and political officials, and other policy and academic leaders, practitioners, and the public.

The Institute's dual capacities—to expand education and public understanding in the United States about international conflicts, and to conduct peace operations in zones of conflict abroad—are mutually supporting. This flexibility enables the Institute to devote resources both to long-range basic and applied education, training, and research, and to support the current U.S. peacemaking agenda. The Institute's work thus strengthens overall U.S. effectiveness in promoting international peace and cooperation. Examples include:

*Promoting International Affairs Education:* America's success across a broad spectrum of international pursuits depends upon the ability to manage conflict and resolve disputes. USIP's education, research, fellowships, grants, and publications programs promote among college and secondary school students, teachers, and policymakers a global perspective, informed and independent thinking about world affairs, and critical understanding about important issues as they affect the Nation and other countries. The Institute's programs not only provide learning in the skills necessary to successfully manage conflict, but provide a distinctive educational foundation for a variety of professional careers in international affairs. In addition to traditional academic understanding, these programs provide simulated exercises to apply negotiation, mediation, and arbitration concepts.

*Promoting Peace in the Asian "Arc of Crisis":* The crisis-prone region that runs from Afghanistan, the central Asian republics through India and Pakistan, to the southeast Asian archipelago has become a critical battleground between the forces of democracy and moderation on the one hand and of extremism and intolerance on the other. The Indo-Pakistan conflict over Kashmir could turn into an unprecedented catastrophe now that both countries possess actionable nuclear capabilities. The Institute is devoting increasing attention to how to promote stability in this enormously important region—especially in the Philippines where the Administration has tasked the Institute to support the peace talks between the government and Muslim rebels in the region.

The table below shows resources generally attributable to each of the Institute's program goals, as laid out in its enabling legislation and *Strategic Plan*.

**Summary of Positions and Resources by Goal, 2004-2005**
**($ in thousands)**

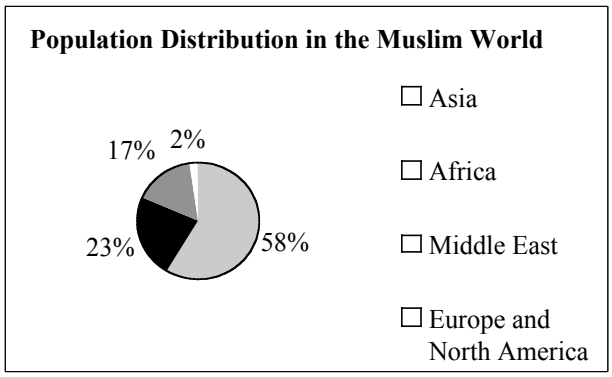
| Goals | FY 2004 Estimate | | FY 2005 Estimate | | Increase/ Decrease (-) | |
|---|---|---|---|---|---|---|
| | Positions | Funds | Positions | Funds | Positions | Funds |
| ***EDUCATION AND PUBLIC UNDERSTANDING*** | | | | | | |
| *Educate emerging generations about the nature of current international conflicts* | 41 | 8,016 | 45 | 9,378 | 4 | 1,362 |
| *Train professionals in conflict management skills* | 14 | 3,339 | 17 | 4,295 | 3 | 956 |
| ***Subtotal, Education and Public Understanding*** | 55 | 11,355 | 62 | 13,673 | 7 | 2,318 |
| ***ZONES OF CONFLICT*** | | | | | | |
| *Directly contribute to prevention/resolution of violent conflicts in the Muslim world, and improve relations between the United States and that world* | 3 | 745 | 3 | 1,014 | - | 269 |
| *Develop integrated national program for post-conflict stabilization, reconstruction, and reconciliation* | 6 | 2,422 | 8 | 3,050 | 2 | 628 |
| ***Subtotal, Zones of Conflict Operations*** | 9 | 3,167 | 11 | 4,064 | 2 | 897 |
| ***PROGRAM SUPPORT SERVICES*** | 19 | 3,702 | 19 | 4,362 | - | 660 |
| **Total Resources by Goals** | 83 | 18,224 | 92 | 22,099 | 9 | 3,875 |

The Institute's FY 2005 plan emphasizes: **Engaging the Muslim World, Improving Financial Management,** and **Continuing Basic Capabilities.**

## Middle East/Muslim World

The Institute's Muslim world initiative is integral to the Administration's greater Middle East peace plan. In the wake of 9/11, it has become clear that many of the most serious challenges to U.S. national security and international peace and stability are related in various ways to countries with predominantly Muslim populations. These challenges include, most particularly, terrorism, proliferation of weapons of destruction, internal domestic political strife, and risk of large-scale international conflict. Radical Islamist movements represent the largest, and often

the sole, alternative to most entrenched regimes today (Egypt, Saudi Arabia, Indonesia, Pakistan, the Philippines).




| Region | Muslim Population (est.) |
|---|---|
| **Asia:** including Indonesia, Bangladesh, Pakistan | 810,400,000 |
| **Africa:** including Nigeria, Algeria, Sudan | 320,000,000 |
| **Middle East:** including Egypt, Iran, Saudi Arabia, Turkey | 230,800,000 |
| **Europe and North America** | 26,000,000 |

One out of every five people in the world is a Muslim. Islamic countries have extremely young populations. More than 39 percent of people in Saudi Arabia, Nigeria, Pakistan, Ethiopia, and Sudan are under the age of 15. Educational attainments in the Islamic world are well below global standards. Ten million Arab children between the ages of 6 and 15 are currently not in school. Many educational systems in Muslim countries widen the gap between rich and poor while rich students attend excellent private schools, poor children receive grossly inadequate schooling, creating breeding grounds of anti-American hatred and fanaticism and raising the prospect of internal conflicts or civil wars in a number of countries critical to U.S. interests.

Research shows conflict resolution education and skills development have positive impact on individuals, institutions, and societies. Decades of evaluation and analysis suggest that improvements in national capacities for negotiation, conciliation, mediation, and arbitration; knowledge of the history, nature, elements of peace processes; and techniques to promote peaceful economic, political, social, and cultural relations in the world boost respect for democratic values, individual and human rights, and the rule of law. Recognition of the role played by such experience compels investment in peace operations, necessary to reach future generations of opinion molders, agenda setters, and decision makers. Ultimately, such development in human capacities is critical to long-term international security and transitions to democracy.

The culture and the beliefs of the Islamic people are compatible with the values and the aspirations of freedom and democracy, which have many advocates in the greater Middle East and the Muslim world. Arab voices of tolerance and moderation speak of the imperative of improved education, greater political participation, the rule of law, openness, and wider international cooperation. Morocco recently called for greater protection of women's rights. In Jordan, the government is taking steps to increase freedom of the press. In Bahrain, elections were held last year and women were able to run for office for the first time. Egypt has called for expanded political participation. Saudi Arabia has issued an Arab charter for political reform.

These changes demonstrate that true democracy comes from brave and forward-looking people. Those of us privileged to live in freedom have an opportunity and responsibility to support these historic steps. USIP's initiative has two principal goals: first, enhance U.S. policy toward and relations with the Muslim world and, second, help the Nation prevent, manage, and resolve violent conflicts. The Institute concentrates on these priority areas in order to maximize impact:

- ***Supporting U.S. Regional Transformation Goals***
- ***Promoting Better U.S.-Muslim World Relations***
- ***Enabling Peacemaking and Post-Conflict Stabilization***

Given the complex and multifaceted challenges facing the United States, the Institute has been developing the key components of a sustainable long-term national strategy and associated policy of engagement toward the Muslim world. This includes generating practical policy guidance for the war on terrorism.

The challenges of transforming Iraq and Afghanistan into success stories and, therefore, positive examples of reform and development for the rest of the Middle East, have become major test cases of U.S. intentions toward the Muslim world. Much rides on the success of the U.S. led post-conflict stabilization missions in Afghanistan and Iraq. A major setback in the reconstruction efforts underway in both countries would have profound regional consequences and would seriously compromise the credibility of U.S. intentions around the world. The Institute has devoted considerable effort to supporting the success of both missions.

With the Institute's efforts organized and coordinated through interagency and international working groups, USIP's premier programs—Education, Training, Grants, Jennings Randolph Fellows, Research and Studies, Religion and Peacemaking, Publications, Library, and Rule of Law—all contribute to these priorities in promoting activities focused on the Muslim world.

For example, the Catholic archbishop of Washington, D.C., led an Abrahamic faith delegation to Iran for two weeks of discussions with Iranian religious leaders. This successful visit opened the door to further interfaith dialogue between American and Iranian religious leaders. In collaboration with the International Center for Religion and Diplomacy, the Institute is organizing a reciprocal visit to the United States by an interfaith delegation from Iran focusing on religious issues and reinforcing more moderate Iranian religious thought and promoting peaceful coexistence. A workshop in Iran for American Muslim scholars and Iranian Muslim scholars on the compatibility of Islam and democracy will reinforce voices advocating democratic reforms in Iran.

The Institute is co-sponsoring with the State Department and the Center for the Study of Islam and Democracy a workshop for Muslim scholars from the United States and Nigeria on Islam and democracy, focusing particularly on the introduction of repressive interpretations of Sharia in several of Nigeria's northern states. USIP and Notre Dame University in Indiana are

collaborating in comparative scholarly research to examine and increase understanding of how extremists distort Islam to promote violent conflict in Central Asia and the Caucasus.

The Institute is working with the Ministry of Foreign Affairs of Egypt on training diplomatic cadets at Egypt's Institute of Diplomatic Studies on negotiation and communications skills. Our goal is to use skills training as a vehicle to create enduring relationships between American institutions and Egyptian diplomats at the start of their careers. Training involves problem-solving, communication, negotiation, dealing with people in difficult situations, and working with third parties, using presentations, exercises, and simulations.

In FY 2005, the Institute will continue its efforts in these priority areas, seeking to enhance better relations between America and Muslim countries and communities. Each component will draw on the full spectrum of USIP programs and serve as focal points for program coordination.

**USIP Muslim World Initiative Framework**

| GOALS | FOCUS | TARGET AUDIENCE | PROGRAMATIC ACTIVITIES | OUTCOME/ PRODUCT |
|---|---|---|---|---|
| Support Regional Transformation Goals | *"Pivotal States" (Egypt, Saudi Arabia, Iran, Pakistan, Turkey, Indonesia)* | *Government*<br>*Media/Civil Society Orgs*<br>*Educators*<br>*Moderate Religious Leaders* | *Policy Dialogues*<br>*Grant Support*<br>*Education*<br>*Inter-Faith Dialogues*<br>*Long Term Strategy Guidance*<br>*Public Diplomacy Guidance*<br>*Counter Terrorism/Proliferation Policy Guidance* | ***Policy Guidance***<br>***Capacity-Building***<br>***Curriculum Reform***<br>***Joint Declarations***<br>***Memos to USG***<br>***Published Reports*** |
| Promote Better U.S.-Muslim World Relations | *Muslim World Countries/Diaspora Organizations* | *Policy Elites*<br>*Scholars/Opinion Makers*<br>*Lawmakers*<br>*Media* | *US-MW Policy Forum*<br>*"New Faces" Conference*<br>*Peace Scholars*<br>*Parliamentary Training*<br>*Public Diplomacy* | ***Recommendations***<br>***US-MW Network***<br>***Regular Exchanges*** |
| Support Peacemaking and Post-Conflict Stabilization | ***Israeli-Palestine***<br>***Afghanistan***<br>***Sudan***<br>***Philippines***<br>***India-Pakistan***<br>***US-Iran*** | ***Government***<br>***Lawmakers***<br>***Religious Leaders***<br>***Educators***<br>***Civil Society*** | ***Training***<br>***Facilitated Dialogues/Track II***<br>***Rule of Law Guidance***<br>***Inter-Faith Dialogues***<br>***Education Workshops***<br>***Grant Support*** | ***Trained Officials/NGOs***<br>***Enhanced Contacts***<br>***Policy Guidance***<br>***Curriculum Reform***<br>***Capacity-Building*** |

*Excludes Iraq activities resourced separately under the Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106).*

Under the unifying theme of "Bridging the Divide," the key elements of this initiative include:

- Reinforcing Moderate Islam: The Institute will bring American Muslim scholars and religious leaders into closer interaction with counterparts in the Muslim world abroad to encourage more liberal interpretations of Islamic concepts.
- Education and Training: USIP will deliver curriculum-building and training activities aimed at increasing peacebuilding capacities in the Muslim world—primarily the Middle East.
- Interfaith Relations: USIP will develop course materials for use by seminaries and theological schools worldwide on Christianity, Judaism, and Islam, and train young religious leaders in key Muslim countries about the other faiths, to dispel stereotypes and misinformation.
- Curriculum Development: The Institute will help academic institutions in the Muslim world build capacity for curricula and for establishing research, student clubs, and public programs to foster democracy, human rights, security, and conflict resolution. While most attention will be focused on the universities themselves, the Institute will work with U.S. and UN officials and with the local Ministry of Education to promote better education in these areas.
- Palestinian-Israeli Dialogue and Cooperation: Joint American, Israeli, and Palestinian seminars aimed at developing cross-border dispute resolution centers.
- Muslim World Peace Fellows Program: Scholars/policy analysts from the Muslim world will be funded to spend 9-12 months in residence at the Institute to work on topics related to "bridging the divide" or promoting peace in the Muslim world. (A complementary program supporting U.S. scholars/policy analysts to study in Muslim countries could also be administered.)
- U.S.-Muslim World Policy Forum: A conference bringing together leading scholars/analysts/ opinion makers from U.S. and Muslim world research/policy institutes to discuss divisive issues and identify possible cooperation.
- U.S.-Muslim World New Faces/Young Leaders/Successor Generation: Actions to promote mutual understanding and personal relationships among a new generation of leaders (under 35 years of age) in the United States and the Muslim world.

**Modernizing Financial Management**

The Institute's financial management system requires upgrading to meet the requirements of heightened operations abroad and increased reporting needs. The Congress has put into place a legislative framework for federal financial management that establishes expectations for government financial reporting, internal controls, and production of sound cost and operating performance information. The Institute, as a matter of policy and good management, follows responsible management practices and satisfies applicable legislative requirements. However, the Institute's fiscal management is more complex than a typical federal agency because it combines in

a single consolidated set of operations both the Institute (a congressionally established federal corporation) and the USIP endowment (a Washington, D.C., not-for profit corporation qualified under Sec. 501 (c) 3 of the Internal Revenue Code). In addition, the Institute sells publications to the public; provides reimbursable services to federal agencies; and undertakes fundraising for the building of a permanent headquarters authorized by the Congress.

While the Institute's record of financial management has been deemed strong and effective, as evidenced by successive favorable external audit reports since its inception, increased demands placed upon the Institute have put that in jeopardy unless additional resources and systems are added. Fundamentally, the Institute seeks a unified replacement budget and financial accounting system. USIP plans to replace these outmoded and inflexible systems with modern enterprise data support architecture that will provide standardization, reduce risks, produce timely and accurate financial information needed for management decision-making, and provide greater accountability.

The Institute therefore is implementing the Integrated Financial Management System (IFMS) in an organization-wide, multi-year effort to modernize the Institute's management of its financial resources. This entails reengineering the Institute's underlying financial infrastructure, using government and industry best practices and acquiring enabling technology to provide management information systems and controls to support the Institute's *Strategic Plan*. The Institute has begun adding necessary personnel and is investing in related information technology to ensure a secure and updated financial management capability.

***FAST FACT: USIP each year processes 35,000 financial transactions in the United States and abroad, involving complex mixtures of appropriation, endowment, and other funds. Currently, information about these transactions is spread across multiple systems at the Institute and its accounting service provider, the General Services Administration. These systems only interact manually.***

The Institute's FY 2005 budget invests to streamline financial management and related systems, enhancing coordination across the programs and eliminating unnecessary and duplicate systems. With the funding requested, USIP will continue systems design and development in FY 2005 but, owing to federal budget constraints, defer until FY 2007 fully installing the IFMS' basic components: Core Financial, Travel Management, Budget Formulation, Grants and Contract Administration, Human Resources Management, and Fixed Assets Management.

Under the IFMS, integrated financial data systems will provide consistent information to decision makers in "real-time." The IFMS will dramatically improve USIP's operating processes, greatly enhancing the ability to share information and increase connectivity among programs. The system will align budget plans with strategic plans and enable program directors to manage performance more effectively. Managers and staff will enjoy faster response times and more complete and reliable solutions to financial information needs. The IFMS will serve the expanding market of our

programs, products, and services, improving communication efficiency by reducing the difficulties involved in reconciling information from one system to another.

**Continuing Basic Capabilities**

As a global power with worldwide interests, it is imperative that the United States now and for the foreseeable future be able to promote and facilitate peace worldwide. USIP manages over a dozen programs that serve the American people and the government through a wide range of conflict management capabilities. Effectively managing these programs that ultimately help to make our homes, communities, states, and the Nation safer requires necessary investments in the infrastructure that maintains our basic operations, as well as taking steps to enhance coordination, reduce duplication, and ensure the efficient use of resources.

Throughout its history, the Institute has responded with uncommon agility to major conflicts in any part of the world as problems emerge, such as Iraq, the Philippines, Afghanistan, Africa, and the Balkans. As international crises arise, however, the Institute must also ensure sufficient continuing capability to conduct other multiple ongoing, small-scale efforts in education and training, policy development, and practical conflict management where violent conflict threatens or rages placing American interests at risk—in the Middle East, East Asia, sub-Saharan Africa, and Latin America.

The increased demand for Institute services due to the proliferation of conflicts and the increased expertise and relevance of our programs has put considerable pressure on human and budgetary resources. As in past years, we have responded to this growing demand in a number of ways, including regular review of organization and procedures, elimination of some projects, more precise setting and adherence to priorities and, where possible and appropriate, collaboration with other public and private institutions. In short, the success of the Institute's programs has generated more demand for its services at a time when its expertise is increasingly critical to today's international challenges.

*Personnel:* The table below presents the Institute's changing levels of employment.

**Personnel Summary, 2003-2005**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| *Compensable Work Years (Full-time Employment - FTEs)* | 77 | 83 | 92 | 9 |

## *PRESIDENT'S MANAGEMENT AGENDA*

Through its *Strategic Plan*, the Institute's leadership has made fulfilling the President's Management Agenda (PMA) to improve public management one of USIP's primary goals. The PMA includes several major themes, chief among them the need for agencies to exercise disciplined financial management and to link budget with performance to develop a results-driven approach to management. Establishment of the IFMS will help fulfill the PMA at the Institute.

With the hiring of a chief financial officer and budget director, USIP is already acquiring upgraded capability to implement IFMS—effective planning, financial accountability, budget/performance integration. When we are able to fully implement IFMS, the Institute will have consistent organization-wide processes that will allow managers to access and assemble vital information—and to act on that information—quickly and effectively. IFMS will help us meet the Institute's objectives, specifically in these key areas:

**Improved Financial Management**—The PMA's goal is to push agencies to improve their financial management. For many organizations, the first step is to ensure timely, accurate, and complete financial information—what IFMS will provide the Institute. As implementation continues, the Institute will add new tools to enable managers to maintain "clean" financial opinions and to act on them in the management of assets, logistics, procurement, and other key areas. IFMS will put real-time financial management data on managers' desktops.

**Budget/Performance Integration**—As part of its drive toward results-based management, the PMA asks agencies to match performance information to financial decision-making processes to ensure that decisions both reflect and support successful programs. IFMS will provide the information that USIP personnel need to assess performance and locate problem areas. When IFMS' budget formulation capabilities come online, the Institute will have ready-made tools available to help managers link performance metrics to budget formulation and strategic planning.

***FAST FACT: In keeping with the Institute's strategic operating paradigm of joint public-private partnerships, the Institute in FY 2003 managed, monitored, or executed 193 ongoing and new grants to cooperating U.S. and foreign nonprofit organizations (e.g., NGOs, universities, think-tanks, community organizations, and associations). This work included partnership agreements totaling $7,001,195, including the competitive review of 767 proposals for new grants and the award of 73 new grants ($2.8 million).***

**Competitive Sourcing**—The PMA insists that agencies analyze their businesses and identify and capture cost savings. USIP already competitively sources the majority of its business through grants and contracts. IFMS will provide USIP managers with the real-time financial reporting, planning, and cost accounting capabilities they will need to analyze their business and identify savings. IFMS will deliver comprehensive information access to leaders and managers in an instant rather than weeks—helping managers and staff identify areas for

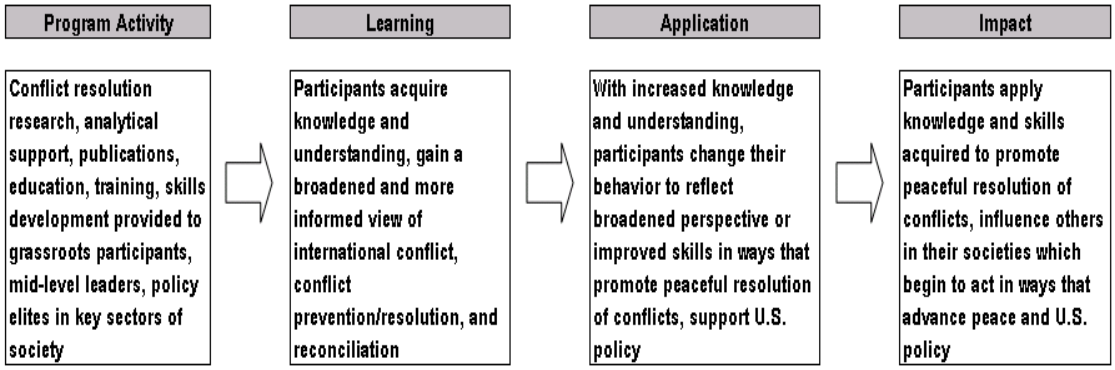
improvement and coordinate organization-wide efforts to capture solutions and install them as permanent practices.

**Strategic Management of Human Capital**—People are the Institute's most valuable resource and sound workforce planning and management are critical to peace operations. The PMA requires government organizations to assess their organizational structures and develop plans to streamline operations and business processes. For USIP, this means building a human capital infrastructure that can fulfill the Institute's mission. The core HR module will support the entire personnel function across the organization and allow HR and administrative staff to spend their time working to ensure that the right people are deployed to critical tasks quickly and effectively.

**Expanding E-Government**—USIP embraces the President's E-Government Strategy. The Institute's goal is to make information more accessible and more focused on citizens and results, which includes expanding use of the Internet, to make it easy to interact with the Institute, and streamline business transactions. The Institute has identified high-payoff, organization-wide e-government initiatives to integrate operations and information technology investments, eliminating redundant systems and significantly improving quality of service. The long-term vision for IFMS is to provide easy-to-use online tools to help individuals better access Institute programs. Ultimately, IFMS would enable citizens, for example, to apply for grants and contracts online through streamlined processes. Other features include the ability of managers to create program profiles through which they can review online the status of transactions and receive fiscal information about program enhancements and changes. IFMS will significantly reduce the amount of time staff spend trying to identify, access, and manage financial data and increase their ability to assess program performance and pinpoint duplicative services, which will create opportunities for more efficient resource allocation.

## *PERFORMANCE REPORT*

Promotion of peaceful resolution of international conflicts is a critical element in fostering long-term U.S. strategic and diplomatic effectiveness. The Institute's programs provide essential underpinning and continuity for American efforts to improve education and human development in managing by political means conflicts that affect U.S. interests. If people are provided greater knowledge about the nature of international conflict and improved conflict-resolution skills, they are more likely to effectively manage international conflicts without violence. The resulting change in dealing with conflicts will reduce the costs of interventions and free up resources for reconstruction and reconciliation. Ultimately, such change will move nations closer to more peaceful, friendly, and sympathetic relations.




This budget request for FY 2005 is accompanied by information throughout that serves as performance reporting consistent with the Government Performance and Results Act (GPRA) of 1993 (P.L. 103-62) as well as USIP's traditional biennial report to Congress. GPRA continues to serve as an important mechanism to focus all of USIP on doing the right things—and doing them well. Performance measures and targets touch nearly every aspect of the Institute's multifaceted mission.

During the past two years, the Institute assigned high priority to actions in response to the 9/11 terrorist attacks on America, the global war on terrorism, and the tensions in U.S.-Muslim world relations. Other areas of special attention included promoting the rule of law (Africa), reconciling religious and ethnic conflict (Balkans, Philippines), and limiting the spread of weapons of mass destruction (India/Pakistan). The Institute's education, training and public information programs targeting students, scholars, teachers, and international affairs practitioners also expanded during these years. In addition, the Institute intensified development of Internet capabilities, including distance learning.

The Institute has increased its role in on-the-ground conflict management by providing support and technical counsel to parties in conflict and implementing specific conflict management measures. Recent examples include assisting officials in Iraq and Afghanistan on constitution-making; helping officials in Bosnia develop a Truth and Reconciliation Commission; facilitating dialogue between Albanians and Serbs in Kosovo; assisting Rwanda in implementing genocide-related legislation and prosecutions; and arranging dialogues between Israeli and Palestinian jurists about ways to improve the coordination between their two legal systems.

The Institute's work on post-conflict reconstruction takes into account political, economic, educational, and social welfare aspects of post-conflict reconstruction. For example, the Institute has designed a computer simulation that helps leaders understand the complex dynamics of transitional societies and improve their decision-making skills in this environment. Our emphasis is on developing the practical skills and professional capacity of key local actors to build a stable post-conflict environment. The Institute aims to make physical and economic reconstruction more effective by helping to manage the conflicts that led to physical damage and economic destruction in the first place.

The Institute aims to build U.S. knowledge about conflict management capabilities in strife-torn countries. Examples include the following:

- USIP's Summer Institute for Secondary School Teachers enhances substantive expertise and teaching skills for high school social studies teachers. Through a competitive process, each year approximately 25 American teachers are selected from across the United States to travel to Washington, D.C., for a week-long seminar during the summer. Seminar topics explore the sources and responses to international conflict, and demonstrate teaching strategies that reflect the best practices in the field.
- USIP trained Defense Institute of International Legal Studies students (senior government, military officials) from 21 countries preparing to assume leadership roles in conflict and post-conflict operations on skills in conflict analysis, problem solving, negotiation, and cross-cultural communication in the context of complex humanitarian and peace operations.
- An Institute fellow on assignment from the U.S. Army developed policy proposals for major changes in the training regimen for American commanders leading post-conflict peacekeeping forces, while another fellow analyzed the use of constabulary forces for post-conflict security in order to expedite the departure of regular U.S. military forces and promote the establishment of the rule of law.
- USIP mobilized a task force of lawyers who have worked in post-conflict interventions from Somalia to Afghanistan to design a model legal code for UN use in intervention situations, such as Liberia.

In FY 2004, USIP is focusing its post-conflict stabilization efforts on education, religion, public security, and the rule of law, completing work requested by the NSC on how to create and train the constabulary forces required to stabilize post-conflict situations, how to provide rule of law quickly after a conflict, and how to reinforce both U.S. and international capacity for post-conflict peace operations. The Institute will (1) support post-conflict reconstruction and peacebuilding, particularly in the Muslim world and in other pivotal areas, and (2) build capacity in the next generation of practitioners to operate in the new security environment, including the war on terrorism.

During this period, the Institute will:

- Collaborate with U.S. universities and educators to develop educational programs in the Philippines, Indonesia, India, Pakistan, and the Middle East that support moderate academics and other opinion makers in their work on conflict resolution, human rights, and democracy-building, and develop curriculum in conflict resolution for use in colleges and universities; and
- Support development of a graduate-level program in conflict management and peacemaking, aimed at increasing the competencies among professionally oriented students

of foreign affairs and conflict resolution to deal with terrorism and other aspects of international conflict and thereby preparing the next generation of young leaders, and the educators who instruct them, to meet these challenges.

***Iraq***

Drawing on its experience in other regions of conflict such as the Balkans, the Institute has already begun to undertake programs in Iraq aimed at building capacity among moderate Iraqis to create a democratic, multi-ethnic, and religiously tolerant society. An Institute director served as the Coalition Provisional Authority (CPA)'s immediate post-war coordinator for humanitarian assistance. USIP conducted post-conflict operations on the ground to advance transitional justice. The Iraqi Governing Council's ambassador to the United States Rend Rahim Francke is an alumnus of USIP programs. In addition, the Institute:

- Contributed to the U.S. post-conflict stabilization campaign by collaborating with the Academic Consortium for Cooperation and Conflict Resolution—a consortium of three American institutions and three universities in northern Iraq—to build educational capacity and to provide means for faculty and political party representatives to work with each other and American partners to assess the needs of universities in Iraq and to design and implement multidisciplinary conflict resolution curriculum through law, social science, psychology, and journalism.
- Helped provide the 40 participants in the Women Waging Peace colloquium with training on making policy presentations to American officials. The group included women from over 20 conflict areas. For the first time, Iraqi women participated. Some of the Iraqi women from the WWP group met in Washington with President Bush. The training significantly raised the level of confidence of the Iraqi women, and was useful in their later Washington meetings.
- Working with the Iraq Foundation, USIP is facilitating dialogue among leading members of Iraq's Sunni and Shi'a communities to diminish the likelihood of post-conflict inter-religious violence. Workshops for Sunni and Shi'a leaders focus on decreasing tensions and formal and informal ways to manage disputes.
- Sponsored a public-information workshop on the dynamics of religion and politics in Iraq. Understanding how religious factors bear on interim governing processes and efforts to build a stable democracy are critical to the process of Iraq's reconstruction. Attended by over 100 people, speakers included Graham Fuller, author of *The Future of Political Islam*, Congressional Research Service Middle East specialist Kenneth Katzman, Iraq specialist Faleh Abdul-Jabar, and Francke (then executive director of the Iraq Foundation). USIP published Fuller's paper as a special report: *Islamist Politics in Iraq after Saddam Hussein*.
- Through a grant to the Washington Kurdish Institute, USIP is supporting research on the impact of transnational Kurdish networks' activities in Iraq, Iran, and Turkey.

*2004 Iraq Supplemental:* The Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, FY 2004 (P.L. 108-106), which provided the Institute $10 million for peace operations, supports USIP's Iraq work.

Less than a year ago, the Iraqi people lived under the absolute power of a dictator and his decades-long apparatus of terror, intimidation, and torture. Today Iraq prepares for full self-government. A coalition of nations led by the United States is working with Iraq's new Governing Council to prepare the way for a transition to full Iraqi sovereignty. Iraqis are preparing fundamental laws, which will guarantee certain basic rights. Step by step, Iraqis are assuming more responsibility for their own security and their own future.

The United States stands with them—through the Institute, its staff and programs and other actors—answering the Iraqi Governing Council and the international community's call for support for the people of Iraq in making the transition to democracy and continuing to ensure that the critical work to resolve the conflict is done. The Institute is developing strategies, in close collaboration with the CPA, to maximize budgetary and program management flexibility to meet the challenges that result from this temporary infusion of resources for Iraq.

### USIP Iraq Post-Conflict Stability Operations Framework

***Education***—Partnering with Columbia University and other U.S. institutions of higher education on a series of workshops at universities throughout Iraq. In order for Iraq's universities to fulfill their social responsibility as leaders in the national attempt to bridge ethnic, religious, and regional divides, professors at the universities again must connect with one another as accomplished, motivated, and dedicated academics, not merely as ideological rivals who represent unfamiliar and recalcitrant institutions, divided and silenced under a generation of near-ubiquitous Ba'athist control and constraint through fear, intimidation, and force.

***Training***—Training Iraqi diplomats, military officers, defense officials, and senior police officers; conflict management training and problem-solving dialogues for Iraqi provincial leaders; and debriefing U.S. personnel returning from Iraq in order to transfer "lessons learned" to newly assigned personnel and create an accessible historical record of these lessons learned.

***Grants***—Supporting inter-ethnic community partnerships to strengthen moderate Islam, encourage civil society, and promote research, education, and training in conflict management, coalition building, and negotiation;

***Inter-ethnic Dialogue***—Developing leaders at the local grassroots level to defuse ethnic, tribal, and religious tensions;

***Institutional Development***—Creating institutions devoted to furthering religious tolerance and ethnic co-existence;

***Regional Stability***—Facilitating semi-official multilateral dialogue with Iraq's neighbors Iran and Syria;

***Public Services***—Supporting development of effective public order/police programs, structures, doctrine, and tactics to deal with establishment of the rule of law in postwar Iraq;

***Transitional Justice***—Facilitating public education and discussion about truth and reconciliation, constitutional process, and atrocities.

These long-term positive societal shifts in perspective in Iraq are achievable by engaging educators at universities and practitioners in substantive learning activities with U.S. counterparts that emphasize the importance of collaboration and encourage productive interaction. The Institute is introducing Iraqi academics and professionals in multiple disciplines to the principles of current conflict resolution theory and practice. Professors engaged in the study of law, political science, sociology, public administration, education, journalism, and other disciplines will be invited to utilize their own disciplinary backgrounds to examine the nuances of contemporary conflict inside Iraq while gaining exposure to current developments in the field of international conflict resolution.

***FAST FACT: USIP's approach is "to go beyond traditional think tank programs to apply understanding of conflict management processes to real world problems, to climb into the trenches with those trying to bring peace to their parts of the world and work directly with them," says USIP President Richard H. Solomon. The Institute—which was created by Congress—brings with it "a growing wealth of knowledge and expertise in the techniques of managing conflict and building peace. Our mandate commits us to support those who work and sacrifice for international peace."***

***Afghanistan***

Two years after the overthrow of the brutal Taliban regime, the Afghan people are building a decent, just and free society. The Institute is focused on preventing recurrence of conflict and, more importantly, creating an environment that will be conducive to democratization and rule of law resistant to efforts by al-Qaeda and Taliban forces to return to power. The Institute is working with U.S. policymakers, international organizations, and members of the NGO community to contribute to rebuilding the rule of law in Afghanistan. President Karzai and the Loya Jirga approved a constitution that reflects the values of tolerance and equal rights for women.

The Institute provided significant analysis useful in helping policymakers comprehend the relationship between civil strife and terrorism. Pulitzer Prize-winning *Newsweek* correspondent Roy Gutman's research as a Jennings Randolph Fellow at the Institute resulted in the report *Beyond the Radar Screen: Afghanistan's Civil War and the Rise of International Terrorism.* Other Institute analysis on Afghanistan included: *Unfinished Business in Afghanistan: Warlordism, Reconstruction, and Ethnic Harmony,* and *The Road Ahead: Lessons in Nation Building from Japan, Germany, and Afghanistan for Postwar Iraq*.

Under the initiative Free Voices in Afghanistan, the Institute supported the Karzai government's message of peace, reconciliation, and reconstruction, promoting independent radio, TV, and newspapers and greater public understanding of the complexity of the post-conflict process in Afghanistan. United Nations political affairs officer in Afghanistan Rina Amiri conducted a USIP public briefing on the subject, "Can Afghan Women Feed the Hunger for Democracy?" Ahmed Rashid, a Pakistani journalist and best-selling author, described

prospects for free and independent media in Afghanistan at a USIP public briefing, organized in partnership with the international media nonprofit Internews.

USIP grants to cooperating institutions promoting peace in Afghanistan through educational workshops, seminars, and research and publications included partnerships with the Asia Society, Brookings Institution, CARE USA, Eastern Mennonite University, and Woodrow Wilson International Center. The critical work performed through these partnerships ranged from promoting post-conflict social and economic regeneration; understanding Pakistan's relationship to Afghanistan's security interests; human rights development; war crimes documentation; and parliamentary training; to analysis of connections between political violence and Islamic identity.

In FY 2004, the Institute is supporting U.S. policy on Afghanistan by working with educators and government officials on incorporating conflict resolution perspectives in curricula—strengthening attitudes of openness and tolerance, and furthering the understanding of democracy—in Afghanistan and Pakistan. USIP is commissioning two works on (1) the role of education in the Afghani conflict and (2) the role of the media. These will be included in a book on internal conflicts in South Asia—the first of its kind to look at these topics across the whole region.

***Arab-Israeli Conflict***

There is much at stake for the Nation in the peace process between Israel and the Palestinian authority. Besides the direct benefits that would accrue from resolving this conflict, U.S. efforts are also widely seen as the key indicator of America's attitudes and policy toward the Muslim world. Promoting a broadly acceptable political solution to this conflict, as the Institute has been endeavoring to help do through its analysis and encouragement of rule of law, civil society, and education, would dramatically lessen the suspicion and hostility that many Muslims abroad feel toward the United States.

Just as democratic reform is the key to the future for the people of the greater Middle East, democratization is also essential to a peaceful resolution of the long-standing Arab-Israeli conflict. The Institute's programs advance America's goals of recognition and security for Israel and a viable, independent Palestinian state. The Institute focuses on education, training, and dialogue that increase understanding of behavior and actions that undermine the long-term viability of a two-state solution. Good examples include facilitating religious dialogue among Christians, Jews, and Muslims, a special initiative on Palestinian-Israeli legal dialogue, and supporting collaboration in educational reform.

The goal is to build professional relationships between the Israeli and Palestinian legal communities to enable them to jointly explore a range of common problems—a process they had not been able to start without outside facilitation and which no other international party had

undertaken. Through roundtable discussions and working groups in Israel and the Palestinian territories, members of the two legal communities and American experts discuss practical legal issues affecting the daily interaction of their two systems, consider relevant examples of legal relations between neighboring countries around the world, and develop proposed solutions to common problems. More than 120 members of the two legal communities have participated to date. Agenda topics range from traffic accidents between Israelis and Palestinians to intellectual property rights and representation in each other's courts.

***The Philippines***

At the time of Philippine President Arroyo's State Visit to Washington in May 2003, Deputy Secretary of State Richard Armitage announced that the Administration had tasked USIP to facilitate sensitive peace talks between the Philippines government and the Muslim rebel Moro Islamic Liberation Front (MILF), in Kuala Lumpur. The Institute's on-the-ground involvement in this peace process is coordinated with the State Department and the Philippines and Malaysian governments.

The Institute has been consulting with the parties concerned in order to keep the peace process moving forward. A USIP team headed by General Zinni and former ambassador Richard Murphy visited Manila to meet with a wide range of concerned parties prior to the peace talks between Philippine government and representatives of the MILF hosted and mediated by the Malaysian government. Another team trained 70 Filipino negotiators in consensus building, while other USIP experts consulted in the Philippines about NGO involvement in the peace process and how the Institute could support them. The Institute expects to play an increasingly active role with the various parties in supporting the peace process.

***E-Government***

The Institute intensified ongoing efforts to increase the reach of programs via the Internet. Redesigning the website entailed creating new templates for 15 programs, cleaning up thousands of pages of HTML coding, adding new functions throughout to improve future site maintenance, reorganizing the structure and improving navigation, and adding new content to areas that were underdeveloped. Improvements included:

- A centralized resource page providing quick access to Institute reports and online materials such as the Institute's digital collections on peace agreements and truth commission collections.
- Enhanced application forms for those looking for funding for research, education, training, and the dissemination of information through the Institute's Grant and

- Fellowship Programs. (Streamlined online application procedures for the Peace Scholar program have improved efficiency; 80 percent of 340 fall 2003 applicants applied online, reducing costs for printing application forms.)
- Enhanced online event "webcasting" for those unable to attend programs in person, as well as event summaries, transcripts, and special multimedia resources.

## *PROGRAM EVALUATION*

The purpose of the Institute's programs is clear, addressing the mutually supporting needs of (1) expanding education and public understanding about international conflict and peace and (2) operations contributing directly to the prevention and resolution of violent conflicts abroad. The Institute targets its limited resources on key audiences, achieving significant multiplier effects.

USIP strives to assess achievement of its goals, making measurement of program effectiveness a management priority. Quantitative measures, combined with qualitative feedback and anecdotal reporting, provide input that is helpful both in terms of measuring effectiveness and in refining methods and techniques to improve future programming.

Evaluation efforts demonstrate that the Institute's programs have significant professional and personal impact on participants and are achieving program goals. The Institute has begun to intensify collection and analysis of evaluation information for reporting and management purposes. Each program employs approaches appropriate to the character of its work.

***FAST FACT: The Institute conducts 50-60 separate training programs for 1,500-2,000 participants each year. When asked about the usefulness of the training, the participants—on average—rate the Institute's programs 9 or higher on a scale of one to 10, with 10 the highest rating.***

Professional training participants are pre-tested and later asked to evaluate their training experience and to identify ways to improve content and process. Subsequently, the Institute contacts training participants four to six months after the completion of programs to evaluate the effectiveness of the programs over time and to determine the extent to which the training increased the participants' job effectiveness. In addition, partner organizations typically request continued training help from the Institute a further measure of outsiders' positive rating of the Institute's training programs. Education activities are similarly evaluated.

## USIP Performance Results

| | |
|---|---|
| **Outcome Desired** | • The United States and other countries develop the capabilities to prevent, resolve, and manage international conflict.<br>• Local and regional instabilities do not threaten the security and well being of the United States or its partners in peace. |
| **Goal** | • The Institute educates and trains students, scholars, teachers, and international affairs practitioners in the methods, techniques, and nature of conflict prevention, resolution, and management. |
| **Target** | • Maintain current percentage of "excellent" ratings in program evaluations. |
| **Result** | • Sample of Institute programs (e.g., Training) received an average score of 9 out of 10 for perceived value to the participant. |
| **Data Requested** | • Participants in Institute programs are regularly asked to rate program effectiveness. |
| **Impact** | • The high value that participants place on the Institute's programs demonstrates that knowledge and skills gained by participants have a positive effect on their professional lives.<br>• Results indicate progress toward the Institute's strategic goals by indicating participants have greater understanding that translates into changed attitudes and behavior that reduces hostility, increases conflict-resolution effectiveness, and contributes to more positive perspective on the United States. |
| **Data Availability and Collection** | • In general, data availability and collection are good; however, more resources put into tracking alumni of the Institute's programs would better support both. |
| **Impact of Performance Shortfall** | • Not applicable. |
| **Data Reliability** | • The data sample is reliable, comprising responses from 1,500-2,000 participants in training programs. |

**Sources of Foreign Users of USIP Web**

*Week of Aug. 29-Sept. 8, 2003. Source: Nielson, MORI ratings*

| Country | Foreign Audience Pct. |
|---|---|
| Australia | 15% |
| United Kingdom | 13% |
| Canada | 10% |
| Netherlands | 6% |
| Belgium | 6% |
| Italy | 5% |
| Mexico | 4% |
| Russia | 4% |
| Singapore | 4% |
| Germany | 4% |
| France | 4% |
| Switzerland | 4% |
| Israel | 4% |
| South Africa | 4% |
| Sweden | 3% |
| Japan | 3% |
| New Zealand | 3% |
| Poland | 2% |
| Argentina | 2% |

Another internal program evaluation study, to examine the results of religious and inter-ethnic dialogues, will provide the Institute a model performance measurement framework for examining grassroots effects of such programs in building tolerance and promoting peaceful coexistence.

A principal product of most fellowships is a book or report that the Institute considers for publication after peer review in order to distribute more widely results of their work. Since 1986, the Institute has published 97 books and over 230 reports. The Institute evaluates the effectiveness of these publications by measuring the extent of sales, frequency of use in college courses, and published reviews. In FY 2005, the Institute will implement a formal review and evaluation of USIP Press operations.

USIP's grantee organizations submit performance reports as part of their grant agreements, providing the Institute quantitative data about the program, participants, and performance. The information is made available to the public via *The Grant Program, 1986-2003*, a compendium

of information about the program since its inception. The Institute requires that an external reviewer evaluate grants of a substantial size after the end of the grant period. When a previous grant recipient applies for another grant, an external reviewer evaluates the performance under the previous grant before the Institute considers the new application.

Quantifying outputs allows the Institute to draw conclusions about outcomes. Lessons learned and policy analyses that arise from Institute projects are summarized in the books and reports published by the Institute each year. The Institute disseminates this output to audiences through book sales, free publications both in paper form and electronically via the Institute's website, through faculty seminars, and through the many media outlets that report on our activities. Quantifiable measurements have shown steady growth over the history of the Institute, thereby reinforcing its growing relevance as well as improving effectiveness of its public outreach and education functions.

***FAST FACT: Effective reach via the web typically is measured by the frequency other sites 'link' to a site. Industry researcher Marketleap Inc. uses this scale—Limited Presence: 0-1,000 references, Average Presence: 1,001 to 5,000, Above Average Presence: 5,001 to 20,000, Contender: 20,001 to 100,000, Player: 100,001 to 500,000, 900 lb Gorilla: 500,001 and up. The Institute's site www.usip.org is categorized a contender, with 75,000 other links to us on the web—up 38 percent in FY 2003.***

The Internet is becoming an increasingly effective medium for reaching the public and specialized audiences such as grantees and researchers. Use of the Institute's website *www.usip.org* has grown exponentially since its creation in 1995. The web allows us to serve broader audiences and to interact with them in new ways, consistent with e-government goals. In 2002, the Institute averaged approximately 1,000 visitors per day to its website. In FY 2003, users from approximately 163 foreign countries accessed Institute information via the web as traffic doubled to 2,000 visitors per day.

## *PROGRAMS*

### Education

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Education | 1,196 | 1,202 | 1,614 | 412 |

The Institute's education effort encompasses cross-cultural learning, exposure to global issues and challenges, and internationalization of ideas in the classroom, in the workplace, and in the virtual world. The Education Program improves the quality of teaching and learning by secondary school, undergraduate, and graduate school students and faculty engaged in conflict resolution studies and peacemaking in the United States and abroad, including learning about

effective conflict resolution studies and practices abroad that we might adapt to improve education at home. The program focuses on:

- Identifying and promoting the best ideas and practices in conflict resolution and international politics for faculty, students, and practitioners;
- Aiding faculty and teaching institutions in the United States and zones of conflict in developing and disseminating effective methods of teaching to counter intolerance and extremism and promote ideas and practices that advance democracy and conflict resolution; and
- Engaging students in the study and understanding of conflict and conflict management in order to strengthen their constructive participation in resolving conflicts and interest them in careers in international relations.

For example, "Violent Conflict and the Environment," an educational partnership with the Indianapolis Peace and Justice Center and Butler University, focused on how resource scarcity, including conflict over water, minerals, and oil, can contribute to or exacerbate conflict between peoples or states.

**Professional Training**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Professional Skills Training | 1,298 | 1,376 | 1,943 | 567 |

The Professional Training Program focuses on training foreign affairs, defense, and public safety professionals, officials of international organizations, such as the United Nations, and leaders and staff of NGOs, civic groups, and other non-profit organizations in the United States and abroad in conflict prevention, management, and resolution techniques. The program's goals include:

- Conducting high-quality training programs (both through face-to-face delivery and distributed learning methods—the web, DVD, CDROM) that help practitioners acquire and improve the skills needed for dealing with conflict in all its phases, from origins to resolution, recovery, and reconstruction;
- Contributing to the effectiveness of conflict prevention, management, and resolution efforts by developing basic and advanced training techniques and curricular materials, and by organizing conferences and symposia on training techniques and practices; and
- Employing training as a conflict management tool by, during training activities, facilitating dialogues on co-existence and coalition building between parties to conflicts.

For example, the Institute is working with the Kenyan Peace Support Training Centre and Defence Staff College of Kenya to prepare training for their faculty in "Managing International Conflict – Skills Training for Humanitarian and Peace Operations." Our objective is to equip participants to improve the quality of their own training presentations for senior civilian and military officials from African countries selected to plan, command, or support various international humanitarian and peacekeeping operations.

**Grants**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Grant Program | 3,365 | 4,027 | 4,813 | 786 |

Through grants to nonprofit institutions and individuals, the Institute funds research to expand society's knowledge; provide analysis useful to policymakers and the public; train diplomats, policymakers, and other professionals; encourage dialogue among people in conflict; and enrich relevant curricula at both university and high school levels.

## Grant Program Summary
*($ in thousands)*

| Category | FY 2003 Actual | | | FY 2004 Estimate | | | FY 2005 Estimate | | |
|---|---|---|---|---|---|---|---|---|---|
| | Unsolicited | Solicited | Total | Unsolicited | Solicited | Total | Unsolicited | Solicited | Total |
| Research & Studies | 1,200 | 700 | 1,900 | 1,225 | 700 | 1,925 | 1,565 | 895 | 2,460 |
| Education & Training | 750 | 550 | 1,300 | 800 | 600 | 1,400 | 1,020 | 765 | 1,785 |
| Library & Information Services | 50 | -- | 50 | 50 | -- | 50 | 65 | -- | 65 |
| **Total** | **2,000** | **1,250** | **3,250** | **2,075** | **1,300** | **3,375** | **2,650** | **1,660** | **4,310** |

## Jennings Randolph Fellowship Program

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Fellowships | 1,997 | 2,035 | 2,152 | 117 |

The Jennings Randolph Fellowship Program provides in-residence fellowships, study and internships, and institutional support to enable outstanding scholars, diplomats, military officers, journalists, similar international affairs professionals, and graduate students to conduct research and education projects that focus on the nature of international conflict and methods for achieving peace. The fellows participate in training, education, and outreach programs during their residencies and research and write reports and books that reach policymakers, students, and teachers.

### Number of Fellowship Awards

| | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Senior Fellows | 16 | 14 | 11 | 12 | 10 | 13 | 13 | 12 | 12 | 12 |
| Peace Scholars | 14 | 10 | 10 | 9 | 5 | 10 | 10 | 10 | 10 | 20 |
| Guest Scholars | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| USG Fellows | 1 | 2 | 3 | 1 | 2 | 2 | 2 | 2 | 3 | 3 |
| TOTAL | 33 | 28 | 26 | 24 | 19 | 27 | 27 | 26 | 27 | 37 |

## Research and Studies

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Research and Studies | 1,419 | 1,392 | 1,785 | 393 |

The Institute produces timely and rigorous analyses and policy options for government officials and non-government practitioners engaged in the prevention, management, and resolution of international conflicts. Recent studies have examined issues such as the post-military phase in Iraq, including vetting of Ba'ath party members, a security gap, settlement of property disputes, refining civil-military planning for humanitarian assistance, developing cross-cultural negotiation skills, new approaches to implementing human rights policies, and developing the techniques of coercive diplomacy.

## Publications

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Publications | 1,348 | 1,272 | 1,307 | 35 |

The Institute develops, produces, and disseminates—through print and electronic forms—the results of the Institute's research, workshops, and other activities. In addition, through the web, the Institute helps train conflict management practitioners, gathers information from its audiences, encourages innovation and interactivity, and helps build a community of peacemakers around the world. Periodicals and reports are delivered free to selected recipients, and specially designed electronic versions are prepared for our website. Books are marketed through advertisements and various forms of promotion, including an extensive online version of our catalog. Our materials reach tens of thousands of readers across the globe, informing policymaking and enhancing understanding of conflict prevention and resolution.

**New Publications**

| | FY 1995 | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Books** | 9 | 6 | 9 | 8 | 7 | 9 | 5 | 8 | 7 | 7 | 7 |
| **Reports** | 10 | 10 | 17 | 16 | 25 | 23 | 22 | 24 | 25 | 25 | 25 |
| **Web-only Reports** | - | - | - | - | - | 8 | 10 | 15 | 57 | 66 | 75 |
| **Periodicals** | 6 | 6 | 8 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| **Brochures, etc.** | 43 | 40 | 47 | 44 | 45 | 51 | 68 | 68 | 64 | 64 | 64 |
| | | | | | | | | | | | |
| **TOTAL** | 68 | 62 | 81 | 74 | 83 | 97 | 111 | 121 | 159 | 168 | 177 |

**Jeannette Rankin Library Program**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Library | 478 | 346 | 420 | 74 |

The Jeannette Rankin Library Program promotes knowledge critical to the work of diplomats and other practitioners; scholars, educators, and students; libraries; and the public about peaceful means to prevent, manage, and resolve international conflicts. Via the Internet, cooperative networks, informal collaboration, and outreach, the Library Program connects institutions with similar interests and related collections, and supports the information needs of other groups and the public at large. Through the publication of guides, bibliographies, user aids, and primary documents, the Library Program promotes public information in the fields of international conflict management.

**Public Affairs**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Public Affairs | 369 | 420 | 467 | 47 |

Public Affairs extends the work of the Institute to the wider American public and specific audiences in order to educate and inform them about the prevention and resolution of violent conflict. These efforts include press outreach, event planning, speaking engagements, and site visits to the Institute.

**Virtual Diplomacy**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Virtual Diplomacy | 398 | 194 | 233 | 39 |

The Institute assists analysts and practitioners in understanding and applying information and communications technology to international affairs and conflict management through the Virtual Diplomacy Initiative. The Institute works to promote international linkages that focus on the effects of new telecommunications technologies, such as the Internet and satellite technology, and to identify and share best practices in the use of technology in conflict resolution education.

**Rule of Law**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Rule of Law | 1,178 | 1,228 | 1,746 | 518 |

The Rule of Law Program supports research, conferences, consultation, writing, and technical assistance that advances post-conflict reconstruction of justice systems, justice and accountability in transitions from war to peace and from authoritarian to democratic governance, the treatment of war crimes and terrorism by international and national bodies, the application of international humanitarian law, constitutional process, legal dialogue between parties in conflict, and the translation of international standards into national laws and practices. Research strongly suggests that societies that uphold the rule of law (elections; freedom of speech, expression and thought) are less likely to be aggressors and more likely to contribute to international peace. The Institute takes a hands-on and pro-active approach to its mission. Rule of Law staff frequently travel to countries in transition from totalitarianism to democracy to offer guidance on implementing commonly accepted rule of law principles.

**Religion and Peacemaking**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Religion and Peacemaking | 530 | 488 | 823 | 335 |

The Institute facilitates the work of faith-based organizations in the resolution of international disputes, including improved relations among Christians, Muslims, Jews, and others worldwide, and ways to support peaceful coexistence and democratic pluralism—particularly within Islam—including the role of religious leaders as peacemakers. Strategies include bringing prominent religious leaders together in interfaith dialogue, training religious leaders in war-torn areas in conflict management techniques, and publishing and disseminating books and reports to guide peacemaking by religious leaders. The Institute works to encourage the participation of faith-based and community organizations in international conflict resolution. Projects include, for example, Islam and Democracy, The Role of Faith in Peacemaking: An Islamic Perspective, Peacemaking by Faith-based NGOs, Catholic Peacemaking, The Sources of Conflict Resolution in Judaism, and Mennonite International Peacemaking.

**Post-Conflict Stability Operations**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Post-Conflict Stability Operations | 430 | 542 | 681 | 139 |

Post-Conflict Stability Operations constitute the body of coordinated activity—grants, fellows, study groups, staff work on the ground—that the Institute intensively applies to helping achieve greater peace and stability in active zones of conflict abroad. We focus on the highest priority U.S. interests, transferring lessons learned in previous U.S. interventions (for example, the Balkans) to current post-conflict situations required for homeland security and the war against terrorism (Afghanistan, Iraq), and applying experience gained in facilitated dialogue, strategic nonviolent conflict, and post-conflict reconstruction to other critical areas of the Muslim world. (Funds above reflect only resources directed at post-conflict operations that are coordinated centrally; the Institute's other programs also contribute to post-conflict operations.)

Over the past decade, the Institute has been deeply involved in helping the states, communities, and ethnic groups of the former Yugoslavia emerge from the wreckage of violent and deadly conflict and rebuild their societies. The Institute has been extremely active in this volatile region and has convened numerous workshops for Balkans community leaders and government officials in the Balkans to help them plan for the peaceful co-existence of various ethnic and religious communities that have traditionally been enemies.

**Program Support Services**

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| Program Support Services | 3,021 | 3,702 | 4,249 | 547 |

Program Support Services includes costs for the general management, administration, and coordination of the Institute's programs. The customers are USIP executive and program operating elements. The Institute maintains these expenses at the minimum level necessary for fulfilling its congressional charter, keeping such costs in reasonable proportion to the remainder of the budget.

Services are provided in several broad areas: *Human Resources*, including personnel and payroll systems, support, processing, staffing and classification, and employee and labor relations; *Budget and Financial Management*, including accounting and fiscal services, payments, debt management, workforce costs management, and review and negotiation of rates for services; and *Administrative Operations*, including supplies, communications, utilities, property and material management, contracting and acquisitions, and travel management, and rental and maintenance of office space.

*Information Technology*: The Institute's information technology (IT) operations support basic computing and information systems. In FY 2003—continuing in FY 2004—the Institute made a major commitment to upgrade its technological information infrastructure (workstations, software, etc.). The major IT related expense in FY 2005 is continuing development of the IFMS ($383,000).

*Homeland Security*: Review of internal homeland security issues at the Institute identified as the most pressing need an IT-related concern—development of an offsite data archiving, retrieval, and recovery capability. The Institute's plan includes $100,000 to complete steps (to begin in FY 2004) toward building a secure offsite backup, storage, access, and data retrieval and protection capability to safeguard the Institute's critical enterprise information, minimize vulnerabilities, and better systems security against viruses, network intrusions, and cyber warfare attack.

*Facilities:* The Institute continues to occupy rented space in the central business district of Washington, D.C. The Institute is continuing to develop plans for a permanent headquarters facility on federal property on the National Mall at 23rd Street and Constitution Avenue in Washington, D.C. The Institute's legislation has placed it in a position to raise private sector funding for a headquarters facility that will substantially enhance the Institute's ability to promote its education and training, policy development, and peacebuilding programs. As noted in previous years, if necessary, some of the Institute's miscellaneous receipts (i.e., book sales, endowment earnings) may be utilized for the expenses of developing the headquarters (such as architectural, legal, and fundraising costs). While expenses for the headquarters are not included in this budget submission, discussions are ongoing with the Administration and Congress about federal funding for the project.

The Institute has completed much of the technical analysis of the building site and has selected and contracted with a design architect. The selection was based on a solicitation for submission of qualifications from a range of nationally prominent architects. The site development work has included a boundary survey and soil borings that have identified the location of the bedrock under the site and the nature of the subsoil and utility lines.

An architectural firm has prepared an architectural program that combines an examination of the Institute's space needs and the size and characteristics of a building that can be built on this particular site. The design architect has completed the development of initial design concepts for the building. In November 2002 the Commission of Fine Arts unanimously approved the concept design for the project.

## *CHANGES IN RECEIPTS ESTIMATES*

In addition to appropriated funds, USIP derives support from endowment interest earnings, refunds, book sales, and other revenues and fees. In FY 2003, these miscellaneous receipts totaled $730,000 (est.). The table below displays receipts estimates by source.

## Changes in Receipts by Source
***($ in thousands)***

| | FY 2003 Actual | FY 2004 Estimate | FY 2005 Estimate | Increase/ Decrease (-) |
|---|---|---|---|---|
| **USIP Endowment** | $349 | $500 | -- | ($500) |
| **Other Revenues (Grants, Transfers, etc.)** | 381 | 3,125 | -- | (3,125) |
| | | | | |
| **Total, Receipts** | 730 | 3,625 | -- | (3,625) |

*Excludes hospitality funds and capital campaign for new headquarters. Receipts deriving from endowment earnings and other sources are not estimable in FY 2005.*

# APPENDIX

## ***THE INSTITUTE'S MISSION STATEMENT***

The mandate of the United States Institute of Peace, as established by Congress, is to support the development, transmission, and use of knowledge to promote peace and curb violent international conflict. To this end, the United States Institute of Peace Act (Section 1702 (b)) directs the Institute to serve the American people and government through the "widest possible range" of

> education and training, basic and applied research..., and peace information services on the means to promote international peace and the resolution of conflicts among the nations and peoples of the world without recourse to violence.

Recognizing the changing nature of world conflict since the end of the Cold War and the immediate and continuing challenge of building a peaceful 21st century, the Institute carries out its broad congressional mandate through the following interconnected and mutually reinforcing activities:

1. Research and analysis regarding the dynamics of conflict and the development of policy-relevant approaches to conflict management and peacemaking.
2. Support for policymakers in the Administration and Congress through assessments and development of options on how to prevent and resolve international conflicts by political and other nonviolent means.
3. Activities in zones of conflict around the world designed to prevent, manage, and resolve international or internal disputes by promoting dialogues among parties to conflicts, and by providing technical assistance and support to authorities, disputants, and interested third parties.
4. Education programs for emerging generations in high schools and universities in the United States, and in zones of conflict around the world, on nonviolent means of managing conflict. These programs expand understanding of the dynamics of conflict and peace building, and attract students to varied careers that employ conflict management skills.
5. Training international affairs professionals from the United States and abroad in the techniques of conflict prevention, management, and peacebuilding.
6. Information activities designed to increase public awareness and understanding about the nature of international conflicts and approaches to their management through public programs, publications, the press, and various forms of electronic outreach.