

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED  
 PROGRAMS APPROPRIATIONS BILL, 1997

MAY 29, 1996.—Committed to the Committee of the Whole House on the State of the  
 Union and ordered to be printed

Mr. CALLAHAN, from the Committee on Appropriations,  
 submitted the following

REPORT

[To accompany H.R. 3540]

The Committee on Appropriations submits the following report in  
 explanation of the accompanying bill making appropriations for  
 Foreign Operations, Export Financing, and Related Programs, and  
 for sundry independent agencies and corporations for the fiscal  
 year ending September 30, 1997, and for other purposes.

INDEX TO BILL AND REPORT

	<i>Page</i>	
	<i>Bill</i>	<i>Report</i>
Summary of bill		
Foreign Assistance in a Changing World .....		3
Committee Recommendations .....		7
Title I—Export and Investment Assistance:		
Export-Import Bank of the United States .....	2	9
Overseas Private Investment Corporation .....	4	9
Trade and Development Agency .....	6	10
Title II—Bilateral Economic Assistance:		
Child Survival and Disease Programs Fund .....	6	11
Development Assistance .....	7	11
Development Fund for Africa .....		23
International Disaster Assistance .....	10	23
Debt Restructuring .....	11	24
Micro and Small Enterprise Development Program .....	11	25
Housing and Other Credit Guaranty Program .....	12	25
Payment to the Foreign Service Retirement and Disability Fund	13	26
AID Operating Expenses .....	13	26

Operating Expenses of the Agency for International Development—Office of the Inspector General .....	14	26
Economic Support Fund .....	15	27
International Fund for Ireland .....	15	30
Assistance for Eastern Europe and the Baltics .....	15	31
Assistance for the New Independent States of the Former Soviet Union .....	17	32
Independent Agencies:		
African Development Foundation .....	22	36
Inter-American Foundation .....	23	36
Peace Corps .....	23	36
State Department:		
International Narcotics Control .....	24	37
Migration and Refugee Assistance .....	24	37
Refugee Resettlement Assistance .....	25	39
Emergency Refugee and Migration Assistance Fund .....	25	39
Nonproliferation and Disarmament Fund .....	25	39
Nonproliferation, Anti-terrorism, Demining and Related Programs .....	26	40
Title III—Military Assistance:		
International Military Education and Training .....	27	42
Foreign Military Financing Program .....	28	43
Special Defense Acquisition Fund .....	46	
Peacekeeping Operations .....	31	47
Title IV—Multilateral Economic Assistance:		
International Financial Institutions Summary .....	47	
International Bank for Reconstruction and Development (IBRD) .....	32	48
Global Environment Fund .....	32	48
International Finance Corporation (IFC) .....	33	50
International Development Association (IDA) .....	49	
Inter-American Development Bank (IDB) .....	33	51
Multilateral Investment Fund .....	34	51
Asian Development Bank (ADB) .....	34	51
Asian Development Fund (ADF) .....	34	52
African Development Fund (AFDF) .....	52	
European Bank for Reconstruction and Development (EBRD) .....	35	53
North American Development Bank (NADBank) .....	35	53
Bank for Economic Cooperation and Development in the Middle East and North Africa .....	54	
Enhanced Structural Adjustment Facility .....	54	
Department of State:		
International Organizations and Programs .....	36	54
Title V—General Provisions .....	37	55
Miscellaneous Information:		
Comparison with budget resolution .....	61	
Five-year projection of outlays .....	61	
Assistance to State and local governments .....	62	
Inflationary impact statement .....	62	
Changes in the application of existing law .....	62	
Compliance with rule XIII—clause 3 .....	67	

#### SUMMARY OF THE BILL

The Committee has recommended foreign assistance and export financing funding at a level that is \$1,003,740,100 below the Administration's fiscal year 1997 request in discretionary budget authority. The resulting total of \$11,949,743,710 in discretionary appropriations is needed to meet the essential requirements of the

United States and its President in conducting foreign policy and meeting urgent humanitarian needs abroad.

The bill is \$256,290 below the Committee's fiscal year 1997 602(b) allocation for discretionary budget authority, and consumes almost all of its allocation for outlays.

#### FOREIGN ASSISTANCE IN A CHANGING WORLD

##### CONTINUED RETOOLING AND RESTRUCTURING OF FOREIGN AID

The Committee notes that revolutionary changes continue to sweep the globe, as they have since 1989. The demise of communism now appears less final than once thought, and the broad collapse of authoritarianism continues to be resisted in China and Vietnam. Other developments are more welcome. The trend toward democracy continues in Latin America and Africa, with some notable exceptions, such as Cuba. The intellectual victory of the free market system is tempered by local experience and the sometimes absence of the responsible self-restraint that sustained capitalism during most of this century.

The Committee continues to believe that these changes mandate a full review of America's foreign policy priorities and a complementary retooling and restructuring of the principal instruments of this policy. That has not happened, although the International Relations Committee and Secretary of State have attempted to begin this process.

The Committee notes, as it did last year, that the necessity to balance the federal budget by 2002 adds an additional imperative—the need to review the foreign operations budget with a careful eye to ensuring the most cost-effective use of these increasingly scarce dollars. The Committee further notes that while this year's bill continues this review, it by no means finishes it. The road ahead will be an arduous one and the decisions facing the Committee will be increasingly difficult, particularly if mandatory programs continue to evade scrutiny. Our actions in the area of foreign assistance are perhaps unique in that they directly affect not only the lives and security of all Americans but also that of billions of less fortunate human beings around the world.

##### THE PRIVATE SECTOR ROADS TO DEVELOPMENT: PROMOTING DURABLE ECONOMIC GROWTH

The Committee notes that today the old fashioned models of state-led development have been abandoned in much of Asia and Latin America, and are faltering in Africa. Now, after years of mixed signals, the World Bank looks to private investment as a key to economic growth in poorer nations. The Committee believes that genuine and sustainable development will be promoted far faster by the example and investment of real entrepreneurs than through the advice of development consultants or international conferences.

The Committee further notes that private infrastructure projects in areas such as energy and telecommunications are the fastest growing sector of American business abroad. At the same time, the Committee highlights the fact that these are the very same areas of investment so coveted by underdeveloped countries because they form the essential underpinnings of any developed economy. Fur-

thermore, the scale and scope of these projects are measured not in millions of dollars but rather in billions of dollars. It is obvious to the Committee that U.S. bilateral assistance will never be able to provide the resources necessary to sustain these critical building blocks for 21st century economies. The price is simply too high. The Committee expects that American business, working in cooperation with the government, can generate the expertise and dollars to make this kind of broad-based economic growth a reality. Furthermore, the Committee notes that this investment is a critical action forcing event which compels developing countries to adopt free market reforms in order to assure investor confidence; changes which are absolutely critical if these nations are to dramatically raise the living standards of their citizens.

The Committee is convinced that if American companies are to help serve as the accelerators of development growth in the developing world, then the United States government must be a part of this effort. The Committee would note that these mega-projects in the developing world involve a mix of private equity and financing plus insurance and guarantees from federal agencies. But neither the traditional exporters of manufactured goods nor the private infrastructure companies can compete overseas without limited support from the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank.

The Committee also notes that there are many near-term problems facing the developing world which still require immediate direct intervention and assistance by the United States through its more traditional humanitarian aid programs. But even here the Committee knows the help of the private sector, particularly private voluntary organizations, is essential. Furthermore, the Committee has not changed its view that the United States must continue to provide substantial assistance to the world's most needy, particularly its children. The Committee believes this must be one of its highest priorities.

#### MAKING CHILDREN A PRIORITY

The Committee strongly believes that even while the overall budget continues to be restricted, there is one priority which must remain unshaken and that is the Committee's commitment to helping the world's neediest citizens, its children. The Committee firmly believes that child survival must not be threatened even as other parts of the foreign assistance budget are being significantly reduced. As a result, for a second year, funding levels for child survival and efforts to combat infectious diseases are increased over the prior year's level. Equally important, the Committee is again recommending a separate account for these activities, the Child Survival and Disease Programs Fund. This special account, which includes basic education for children, will be funded at \$600,000,000 in fiscal year 1997. The Committee's action focuses these valuable resources on a singular priority, one which enjoys the support of all Americans, ensuring child survival.

#### FOREIGN AID IN A TIME OF TRANSITION

The Committee is committed to three broad-based development goals: assistance that; (1) is focused on the private sector; (2) sup-

ports privatization and the enhancement of market-based economies; and, (3) directly supports child welfare, education, nutrition, and other humanitarian needs. At the same time, the Committee is convinced that the United States cannot support development assistance in every country that believes it has a claim to such assistance. The Committee commends AID for taking the initiative to withdraw from certain countries that have sufficient resources and support from other developed nations. The Committee also believes AID, in consultation with Congress, must continue the process of withdrawing fully staffed missions from countries that have either advanced beyond the need for such assistance or refused to participate in market-based solutions to their problems.

#### SUSTAINING THE MIDDLE EAST PEACE PROCESS

The Committee notes that since 1985 United States taxpayers have committed at least \$5.1 billion each year to our Camp David peace partners, Israel and Egypt. This investment reflects the Committee's ongoing commitment to these nations. The Committee also believes it has proven critical in fostering peace and security in the region. The Committee notes that the Gulf conflict in 1990 and 1991 illustrated dramatically how potentially volatile this region remains. The Committee strongly believes that the United States' active involvement and leadership in the Middle East remains critical to maintaining the peace in this important strategic region. It does not believe that Middle East peace requirements can be permitted to crowd out all other foreign policy and humanitarian programs.

The Committee's actions in this bill continue its tradition of strong support for Israel and the success of the Middle East peace process. The Committee supports the Administration's full request for \$1.8 billion for military assistance and \$1.2 billion for economic assistance for fiscal year 1997. The Committee stresses that Israel remains a key friend and ally in the Middle East and its unremitting resolve to achieve peaceful agreements with the Palestinians and its Arab neighbors warrants the United States' continued strong support.

The Committee reaffirms its strong support for Egypt and recommends that Egypt receive the full Administration request of \$1.3 billion for military assistance and \$815 million in economic assistance. Egypt plays a critical role in the Middle East and remains a major contributor to the peace process.

#### HELPING THE SURVIVORS OF COMMUNISM IN RUSSIA AND ELSEWHERE

The Committee notes that bipartisan support for aid to Russia enabled President Clinton to gain approval of a \$2.5 billion package of aid in 1993. The Committee is disappointed to note that while our aid program was an important recognition of the historic changes that had occurred in Russia, there is insufficient evidence to date to suggest that it has had a far-reaching and positive effect on Russia's transition toward a free-market democracy. Indeed, some Russians assert that it derailed that transition. Furthermore, on the eve of critical elections in Russia, tensions in our bilateral relations are of great concern to the Committee.

Nonetheless, the Committee is convinced that our relations with Russia, Ukraine, and the nations of the Caucasus remain important. At the same time, it is clear to the Committee that it cannot indefinitely sustain the level of funding currently provided to Russia, nor should it. The Committee believes that United States assistance is of limited importance in determining Russia's destiny. More than many realized in 1993, Russia's future is in its own hands. Using the backlog of appropriations from the 1994, 1995 and 1996 appropriations acts, combined with the smaller amount of funds appropriated in this Act, the Committee recommends a smaller program of assistance, limited to the people and regions of Russia willing to encourage Russian democrats and entrepreneurs, that will best serve American national interests.

The Committee notes that other survivors of communism in Central and Eastern Europe are beginning to realize success in capitalism, and our aid programs are closing in Estonia and the Czech Republic. The major recipient of aid in the region this year is Bosnia, for which \$200 million is requested. As a result, the Committee recommendation for the region remains higher than anticipated last year prior to the Dayton Accords.

#### SUPPORTING COMMON SECURITY AND INTERNATIONAL MILITARY COOPERATION

The Committee notes that grant military assistance to our friends and allies has declined significantly over the past decade, reaching \$3.151 billion in fiscal year 1995. Of this amount, Israel and Egypt accounted for \$3.1 billion. Given the importance of maintaining our military aid commitments to Israel and Egypt while at the same time revitalizing the other elements of this program, the Committee expresses its continued support for security assistance as an important contribution to ensuring America's national security interests, particularly in strategic regions like the Middle East.

The Committee also supports the President's request for funding for the Warsaw Initiative. As the Committee noted earlier, helping the survivors of communism through this critical transition period remains a high priority for the Committee. The Committee continues to strongly support the President's request to help the Central and East European states develop the means to participate productively in the European security environment.

#### HELPING THE SURVIVORS OF NATURAL AND MAN-MADE DISASTERS

The Committee notes that humanitarian, disaster, and refugee assistance enjoy the strong support of a generous American people. The Committee has supported the President's budget request for each of these areas in the past, and continues to view these areas as high priorities.

The separate international disaster assistance program was funded at a level of \$181 million in fiscal year 1996. However, the Committee sees little prospect that this program can be reduced significantly in the near term. Therefore, the Committee recommendation provides the full request of \$190 million in fiscal year 1997 for this critical program and its lifesaving humanitarian activities. The Committee also notes that man-made disasters con-

tinue to ravage many countries and the human toll often dwarfs that of natural disasters.

#### CONTINUED PARTICIPATION IN INTERNATIONAL ORGANIZATIONS THAT SERVE AMERICAN INTERESTS

The Committee believes the United States can utilize international organizations such as the United Nations to further American interests. But at the same time, the Committee notes that the budget realities, dictated by the Congress' commitment to a balanced budget, forces the Committee to make difficult choices. It is the view of the Committee that administrative costs in New York, Geneva, and Vienna should be a lower priority than those international programs that deal directly with the pressing needs of the world's less fortunate people.

The Committee also notes that a number of international organizations already have proven track records of directly and indirectly promoting our national interests. As a result, the Committee believes that funding should be preserved for organizations such as the International Atomic Energy Agency, the World Meteorological Organization and others.

#### LOOKING TO THE FUTURE

The Committee is encouraged that in the first session, this Congress began to link foreign aid objectives to resources, and resources to policy. The Committee remains convinced that the United States can lead with fewer resources than were needed a decade ago. The Committee strongly believes that no price tag need be placed on leadership. Money matters in foreign policy, to be sure, but not nearly as much as consistent policy and constantly engaged leaders.

As noted earlier, the Committee notes that the budgetary resources for foreign aid are already extremely limited and are likely to be even more so in the future. From the Committee's perspective, this simply means it is now more imperative than ever that the Committee forge a strong bipartisan consensus which will shape how scarce resources can be most effectively used to help the world's less fortunate achieve the same level of prosperity and opportunity presently enjoyed by all Americans. Last year this bill received broad bipartisan support (although every member had strong reservations about individual items). This bill marks an essential second step in that direction.

#### COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of \$913,614,000, which is partially offset by collections of \$282,000,000. The subsidy appropriation for the Export Import Bank is \$726,000,000 and the Trade and Development Agency is funded at \$38,000,000. The Committee has provided \$102,000,000 for the Overseas Private Investment Corporation.

The Committee has recommended \$800,529,710 of the \$1,425,568,810 requested for the international financial institu-

tions. The overall reduction is \$632,039,100 below this year's request.

For development assistance, the Committee has recommended a total of \$1,958,500,000 of which \$600,000,000 is for child survival and disease prevention programs. Another \$1,150,000,000 is for longer-term development assistance. The Committee has also included \$190,000,000 for disasters worldwide. Much of all three categories of assistance is likely to be used in Africa, but the Committee did not provide a specific regional earmark. The Committee has included \$10,000,000 for debt restructuring for poor countries, with authority to transfer another \$12,000,000 from other development assistance programs.

The Committee has established a new account for child survival and disease programs. It is designed to ensure that there will not be reductions in these vital programs as the overall bilateral assistance program is constrained. The emphasis is on programs that directly affect younger children, including basic education, and on accelerating efforts to eradicate diseases that threaten younger children and caregivers alike. The account does not include population funding which will be funded through the development assistance account. It does provide for a grant to UNICEF at the current level of \$100,000,000, rejecting the requested reduction of \$10,000,000.

The Committee has included a total of \$590,000,000 in assistance to the new independent states of the former Soviet Union, and \$475,000,000 for Eastern Europe and the Baltics.

The Committee has recommended a total of \$705,000,000 for refugee programs.

For economic assistance under the Economic Support Fund, the Committee has recommended a total of \$2,336,000,000.

The Committee has recommended \$135,000,000 for a new Non-proliferation, Anti-terrorism and Demining account which includes funding for the Non-proliferation and Disarmament Fund, anti-terrorism assistance, demining activities, United States participation in the Korean Energy Development Organization (KEDO), and the U.S. voluntary contribution to the International Atomic Energy Agency (IAEA). This change eliminates two existing accounts (Anti-terrorism and the Nonproliferation and Disarmament Fund) and combines these activities with similar nonproliferation and anti-terrorism activities currently funded in the IO&P and FMF accounts. It also includes the recent budget amendment of \$50,000,000 for counterterrorism assistance to Israel. The resulting single budget account will provide improved flexibility and accountability for the administration in implementing these important priorities.

For Foreign Military Financing, the Committee has recommended a grant program of \$3,222,250,000 and a loan subsidy appropriation of \$35,000,000. The FMF loan value supported by the loan subsidy appropriation is limited to \$323,815,000.



## TITLE I—EXPORT AND INVESTMENT ASSISTANCE

## EXPORT-IMPORT BANK OF THE UNITED STATES

## SUBSIDY APPROPRIATION

Fiscal year 1996 level .....	\$744,551,000
Fiscal year 1997 request .....	736,551,000
Committee recommendation .....	726,000,000

## ADMINISTRATIVE EXPENSES

Fiscal year 1996 level .....	\$45,614,000
Fiscal year 1997 request .....	47,614,000
Committee recommendation .....	47,614,000

The Committee has recommended a subsidy appropriation for the Export-Import Bank of \$726,000,000 and an appropriation of \$47,614,000 for administrative expenses. The latter increase is needed to support the Export-Import Bank's increased activities involving small businesses and project finance, both of which require more staff resources than traditional Eximbank lending sectors.

The Committee has continued prior year language limiting the export of nuclear technology or fuel to certain countries. The Committee has included language making possible Export-Import Bank activity in Eastern Europe and the Baltics, and the Committee has required the notification of all tied-aid or mixed credit financing by the Bank.

The Committee provided for the request level of \$50,000,000 for a tied-aid "war chest", a reduction of \$50,000,000 from its 1996 capitalization. These funds, if not used for tied-aid purposes, may be used to support loans. The war chest has largely served its purpose of countering predatory finance offers by other nations at less cost than expected. At present, it is expected to continue to be effective with the recommended appropriation. If more funds are needed for the war chest, the Committee will promptly consider any additional requests from the President.

With the budgetary outlook indicating the Committee will be hard pressed to sustain appropriations for the Eximbank at current levels in future years, the Bank management is encouraged once again to begin consulting with the Committee regarding its plans for overcoming the likely gap between demand and federal resources in the near future. This consultation should begin immediately.

## OVERSEAS PRIVATE INVESTMENT CORPORATION

## SUBSIDY APPROPRIATION

Fiscal year 1996 level .....	\$72,000,000
Fiscal year 1997 request .....	72,000,000
Committee recommendation .....	72,000,000

## ADMINISTRATIVE EXPENSES

Fiscal year 1996 level .....	\$26,000,000
Fiscal year 1997 request .....	32,000,000
Committee recommendation .....	30,000,000

The Committee has recommended \$72,000,000 for the subsidy appropriation for the OPIC direct and guaranteed loan credit programs and has recommended \$30,000,000 for operating expenses. Although the subsidy appropriation is the same as last year and the request for 1997, the Committee is unable to recommend the requested 23 percent increase in administrative expenses.

The Committee has continued prior year language required by the Federal Credit Reform Act and addressing representation expenses and availability of funds.

The Committee recognizes the ongoing public debate about the future of elements of the export and investment assistance programs funded in title I. Although the Committee recommends no immediate change in the status of the affected agencies, it notes that the Overseas Private Investment Corporation did comply with the Committee's directive to report to it on the viability of a privatization program for OPIC's insurance programs. The report went beyond the Committee's directive to include all OPIC operations, concluding that a one-time negative budgetary impact would likely result from complete privatization.

OPIC and the Export-Import Bank continue to be vital supports for the export sectors which sustain America's current economic growth, but both institutions should focus on activities that cannot be undertaken by the private sector.

#### TRADE AND DEVELOPMENT AGENCY

Fiscal year 1996 level .....	\$40,000,000
Fiscal year 1997 request .....	40,000,000
Committee recommendation .....	38,000,000

The Committee has recommended funding for the Trade and Development Agency at the level of \$38,000,000. This reduction is made because of limited budgetary resources.

The Committee believes that this export agency has made significant contributions to non-traditional American exports in the service sectors such as consulting engineering. It is beginning to move away from its previous status as an all-grant agency. The Committee commends TDA for recognizing that it needs to recoup some or all of the costs of its tax-financed assistance, especially when large and profitable companies benefit from TDA grants.

To assist TDA, the Committee has included bill language which would allow it to accept reimbursements from agencies for the costs of grants. It would also extend the availability of funds from one to two years.

#### TITLE II—BILATERAL ECONOMIC ASSISTANCE

##### LATIN AMERICA AND THE CARIBBEAN

This year the Committee's highest priority in the bilateral economic assistance title is reversing the declining percentage of assistance provided to Latin America and the Caribbean region. While great strides have been made to consolidate peace and democracy in the region, and to commit to market-oriented economic policies, nearly half of the region remains in poverty.

Latin American and Caribbean nations will continue to need U.S. Government engagement in policy and trade matters as well as foreign assistance if they are to become full participants in the proposed Free Trade Area of the Americas and consumers of United States goods and services. Foreign aid levels allocated to the region have dropped precipitously over the past several years and the Committee firmly rejects the notion that they can be reduced further in 1997.

The Committee has included a general provision (section 561) providing for the equitable allocation of development and economic support fund assistance among nations of the Caribbean and Latin America. This will prevent the over-concentration of resources on a crisis country such as Haiti or El Salvador, at the expense of continuing programs in other countries.

FUNDS APPROPRIATED TO THE PRESIDENT

AGENCY FOR INTERNATIONAL DEVELOPMENT

DEVELOPMENT ASSISTANCE

The Committee, in order to give the President more flexibility, has recommended funding two accounts for development assistance programs currently administered by the Agency for International Development. The bill provides for an overall Development assistance account and an account for child survival, children's basic education, and disease prevention and treatment activities.

The President's budget request for bilateral development assistance totals \$1,960,000,000. The total Committee recommendation is \$1,958,500,000, or \$1,500,000 below the request. However, the Committee recommendation includes \$100,000,000 in funding for a grant to the United Nations Children's Fund (UNICEF) that in the past has been appropriated in "International Organizations and Programs" in title IV.

Therefore, on a comparable basis the Committee recommendation is \$101,500,000 below the budget request for development assistance, a reduction of approximately five percent. On the same basis, the recommendation reflects a reduction of one percent from the fiscal year 1996 enacted level.

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

Fiscal year 1996 level .....	\$0
Fiscal year 1997 request .....	0
Committee recommendation .....	600,000,000

The Committee has recommended \$600,000,000 for a new account, "Child Survival and Disease Programs Fund". It includes bilateral programs intended to reduce infant mortality and improve the health and nutrition of children, especially in the poorest nations, as well as an increase of \$27,000,000 for targeted global programs to end infectious diseases such as polio, tuberculosis, HIV/AIDS and measles. It also includes \$100,000,000 for the annual United States contribution to the United Nations Children's Fund (UNICEF), as well as funding for children's basic education at not to exceed \$98,000,000.

Funding for this account is derived from child survival programs and adult disease programs previously provided in the Development assistance account, the Economic Support Fund (other than Egypt), Assistance for Eastern Europe and the Baltic States, Assistance for the New Independent States of the Former Soviet Union, and the UNICEF portion of International Organizations and Programs.

Funding for child survival activities, basic education, and non-child disease programs would be allocated as follows:

Child survival .....	\$245,000,000
Non-child diseases .....	157,000,000
Children's basic education .....	98,000,000
Grant to UNICEF .....	100,000,000
<hr/>	
Total in this account .....	600,000,000
Child survival in Egypt-ESF and disaster assistance .....	55,000,000
<hr/>	
Total in all accounts .....	655,000,000

Funds in this account may be used for activities in the New Independent States of the Soviet Union, Eastern and Central Europe, sub-Saharan Africa, as well as other developing countries. Funds would not be used for noninfectious adult diseases.

Of the funds provided in this account, \$100,000,000 shall be provided as a contribution in grant form to the United Nations Children's Fund. However, this does not preclude the Agency for International Development from providing additional funding for specific UNICEF projects as may be appropriate.

The Committee supports increasing the proportion of child survival funding allocated to United States private voluntary organizations and indigenous non-governmental organizations.

The Committee intends that child survival funds in this account be used for traditional child survival programs.

The total for child survival programs from all accounts should be a minimum of \$300,000,000 in fiscal year 1997.

#### ERADICATION OF POLIO

The Committee recommendation includes \$25,000,000 for the program initiated by the Committee last year to eradicate polio. Funds should be used to provide for the delivery of vaccines, and the development of the infrastructure necessary to implement the program. This funding is meant to be in addition to the resources for the regular immunization program of the Agency for International Development and is intended to supplement other related activities. The Committee requests a report by December 1, 1996, on AID's plans to fully implement this program.

#### VITAMIN A, IODINE AND MICRONUTRIENT DEFICIENCY

The Committee supports continuation of programs for vitamin A deficiency, iodine deficiency and other micro-nutrient deficiencies and supports continuing these programs at the 1996 recommended level of \$25,000,000.

#### TUBERCULOSIS

The Committee continues to be extremely concerned about the global tuberculosis epidemic. By itself, tuberculosis is the largest

cause of death from a single infectious agent, and is responsible for one-quarter of the preventable deaths in the world.

The Committee notes that tuberculosis is preventable and easily cured. Modern tuberculosis treatments are among the most cost effective health interventions according to the World Bank. In addition, the Committee notes that the United States is also experiencing a deadly and costly rise in TB prevalence.

The Committee also recommends that AID strengthen its own program related to TB and coordinate its program with AIDS and other related programs.

AIDS PREVENTION AND CONTROL

The global HIV/AIDS pandemic is already having profound economic, political and social consequences in many nations. The World Health Organization (WHO) projects a doubling in number of those infected by the year 2000, with approximately 90% of these cases occurring in the developing world. Half of these cases are expected to occur among women under the age of 25.

The Committee supports the United States leadership in the United Nations AIDS program and that body's effort to increase the coordination of multilateral AIDS efforts. The Committee urges that support be increased for the global AIDS initiatives, specifically those that are directed toward women, children, and youth, and vaccine and microbicide development. Also, the Committee asks AID to examine how it can assist with the creation of appropriate care and secondary prevention programs in hardest hit nations.

The Committee urges the continuation of the AIDS Prevention and Control Program and recommends that \$117,500,000 be provided through this account for these activities. Within this level, support for non-governmental organizations and private voluntary organizations should be given priority, particularly those working in populations where rapid spread of HIV can still be prevented.

DISPLACED CHILDREN

The Committee continues to support programs for displaced children and urges the Agency for International Development to adequately fund this program in fiscal year 1997. The Committee urges AID to make the best effort to provide funding for the overall program of \$10,000,000.

DEVELOPMENT ASSISTANCE

Fiscal year 1996 level .....	\$1,675,000,000
Fiscal year 1997 request .....	1,006,000,000
Committee recommendation .....	1,150,000,000

The Committee has recommended \$1,150,000,000 for a general account for development assistance. The amount recommended is \$144,000,000 more than the amount requested by the Administration and \$525,000,000 less than the amount provided in fiscal year 1996. Funding in this account includes activities for agriculture, rural development, population, adult literacy and adult basic education, environment, energy, science and technology and other programs related to longer-term development. However, a different

mix of programs was provided in 1996 and in the budget request which partially explains the disparity in funding levels.

The Committee recommendation moves funding for child survival activities and disease prevention programs from this account to the new "Child Survival and Disease Programs Fund". The Development assistance account again includes activities that were funded in separate population and Africa region accounts prior to 1996.

In addition, the Committee recommendation includes bill language to provide for discretionary transfer authority to allow up to \$12,000,000 to be transferred from this account to "Debt restructuring". Such transfer, if proposed, would be subject to existing re-programming procedures.

The Committee is aware that reduced funding for "Development assistance" will require AID to target limited resources more effectively. For instance, the Committee notes that major funding is proposed for India in the 1997 budget request. While the Committee values the relationship between India and the United States, recent positive economic trends suggest that the assistance program for India can be reduced without affecting the good relations between the two countries.

#### RESTRICTIONS ON USE OF POPULATION FUNDS

The Committee has continued prior year language in the bill that requires that none of the funds appropriated in this bill or any unobligated balances be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. Further, the language indicates that in order to reduce reliance on abortions in developing countries, population funds shall be available only to voluntary family planning projects which offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision in the bill requires that in awarding grants for natural family planning under Section 104 of the Foreign Assistance Act, no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning.

The Committee has also continued prior year language that states that nothing in the Development assistance account portion of the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act. Sections 518 and 518A also address this matter.

#### LATIN AMERICA AND THE CARIBBEAN

The Committee is concerned the Agency for International Development did not adequately respond to last year's report language urging that greater emphasis be provided for programs in the Latin America and the Caribbean region. Therefore, the Committee is recommending bill language to provide that funding for this region (and for sub-Saharan Africa) should be provided, on a proportional

basis, at least at the level of the budget request for the region. The Committee has concluded that such language is necessary in order to establish a priority for this important and strategic region of the world.

The regional allocations for Latin America and the Caribbean and for sub-Saharan Africa for development assistance should be provided consistent with the bureau allocations identified on page 22 of the draft congressional presentation of the Agency for International Development. In applying the bill language, AID should not consider the grant to UNICEF contained in the Child Survival and Disease Programs account to be part of development assistance.

#### LATIN AMERICA AND THE CARIBBEAN: EL SALVADOR

The 1992 Peace Accords, negotiated with the support of the United States, brought an end to twelve years of war in El Salvador. The Committee believes that the ongoing implementation of those accords is critical to post-war development in El Salvador, and it strongly supports AID funding related to the peace accords and the strengthening of an accountable government. The United States has been an important actor in the peace process and should see the process through to completion.

The Committee recognizes and applauds the Salvadoran government's generally successful transition from war to peace. However, there are still aspects of the agreements that remain incomplete. The new police force needs to be more open and accountable. Important judicial reforms need to pass the National Assembly. Electoral reforms agreed to by the major political parties have not been enacted into law. In addition, while much progress has been made in land reform, the process of providing titles to individual property holders should continue.

#### LATIN AMERICA AND THE CARIBBEAN: HONDURAS

The current government of Honduras deserves greater consideration in its efforts to reduce poverty, increase economic growth, and uncover the fate of those who disappeared during the 1980's struggle for Central America. The Committee recommends that the United States Government direct additional assistance and trade concessions to Honduras and make available to civilian authorities in that country declassified documents on the cases of the disappeared.

#### LATIN AMERICA AND THE CARIBBEAN: JAMAICA

The Committee continues to have a special interest in Jamaica. Over the past five years, United States assistance has helped Jamaica undertake economic reforms, implement trade liberalization measures, improve access to health care, and combat the illicit flow of narcotics. In each of these areas, Jamaica has become a model of development and cooperation for other Caribbean nations. Earlier this year, for example, Jamaica successfully completed an IMF-sponsored reform program, allowing it to terminate its borrowing relationship with that institution.

The Committee is convinced that continued assistance to Jamaica, despite the budgetary situation, through bilateral aid, multilateral support, and debt reduction programs, will pay demonstrable dividends to the United States. The Committee is concerned, however, because elements of Jamaica's assistance program were severely cut during the fiscal year 1996 reallocation process, and, consequently, are reflected in low request levels for fiscal year 1997. Last year, in its report accompanying this bill, the Committee expressed its strong views that assistance to Jamaica should remain a priority. The Committee believes AID should make every effort to provide additional resources for Jamaica.

#### LATIN AMERICA AND THE CARIBBEAN: MEXICO

Relations between the United States and Mexico are not directly affected by appropriations recommended in this bill, although Mexico does benefit from funds provided indirectly, through the World Bank, the Inter-American Development Bank, and the International Monetary Fund. Nevertheless, the Committee encourages the Administration to give a higher profile to the issue of human rights in Mexico.

#### LATIN AMERICA AND THE CARIBBEAN: NICARAGUA

The completion of Nicaragua's transition from war to peace depends on a successful election and transition in the final months of 1996. The Committee urges the government of Nicaragua to adhere to its electoral calendar and to carry out scrupulously free and fair elections on schedule. In the interim, the Committee urges Nicaragua to implement the law passed in December 1995 to establish an impartial and independent ombudsman office to promote human rights.—

The Committee commends AID for establishing a Sustainable Development Scholarship Program in Nicaragua, and urges continuing support for this project. This program will provide scholarships for study in selected disciplines related to Nicaragua's development needs. It received \$700,000 during 1996 and is expected to receive at least the same amount during 1997.

#### LATIN AMERICA AND THE CARIBBEAN: GUATEMALA

The Committee commends the government of Guatemala for its commitment to negotiate a peaceful end to the civil war in Guatemala. The Committee supports the work of the United Nations Human Rights Verification mission (MINUGUA) to monitor compliance with the March 1994 human rights accord, and urges the government to fully comply the MINUGUA's recommendations, especially those related to strengthening the capacity of the criminal justice system to combat impunity.

The Committee urges the government of Guatemala to make progress in investigating and prosecuting outstanding human rights cases. Of particular concern are the threats and intimidations of judges, prosecutors and witnesses in these and other cases involving the Guatemalan military. The Committee continues to be concerned about human rights violations associated with the military-directed civil defense patrols and urges the government of



Guatemala to dissolve such patrols and to prevent their conversion into military-directed "peace and development" committees.

The Committee urges the Administration to expedite declassification of U.S. documents related to major human rights cases in Guatemala. The Committee also urges the Administration to ensure adequate funding for peace accord implementation once a final agreement is signed in Guatemala.

#### LATIN AMERICA AND THE CARIBBEAN: PARKS IN PERIL

The Committee notes its strong support for the existing AID Parks in Peril program, a partnership with the private sector to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean. Parks in Peril is currently working in 28 sites in twelve different countries, helping to protect 18,000,000 acres of land. The program has made measurable progress in turning "paper parks" into genuine protected areas with full-time personnel and long-term management plans. Funding for this program has stimulated significant private sector matching contributions in excess of \$5,000,000, both in the United States and overseas. The Committee encourages this trend, as the budget situation makes long-term federal funding problematic.

#### LATIN AMERICA AND THE CARIBBEAN: NEOTROPICAL MIGRATORY BIRDS

The Committee recommends that \$750,000 in fiscal year 1997 be provided to the National Fish and Wildlife Foundation for continued implementation of the Neotropical forest and grassland migratory bird conservation initiative. The decline in populations of Neotropical migratory birds has been linked to habitat loss and degradation in Central America and the Caribbean. Recent scientific evidence suggests that further decline of these 350 species could pose significant domestic economic and environmental problems, as these birds play a significant role in control of forest and agricultural pests. The Committee urges AID to make this program part of its budget request for fiscal year 1998 in order to provide the year-to-year continuity required to fully implement this program.

#### AFRICA: GREATER HORN OF AFRICA INITIATIVE

The Committee supports the Greater Horn of Africa initiative, which is designed to alleviate the food insecurity that has plagued that portion of the continent. It is designed to provide a coordinated, rational approach to providing food aid and promoting economic development in the region in order to prevent the crises of the past. The Committee particularly recommends active support for those countries that are taking necessary steps to help themselves, such as Ethiopia, Uganda, and Eritrea.

The Committee welcomes the recent revitalization of the Intergovernmental Agreement on Development (IGAD) and the decision to integrate conflict prevention/mitigation into the Greater Horn of Africa initiative.

Since food security is the fundamental underpinning of the Greater Horn of Africa initiative, AID program funding both re-

gionwide and within the individual countries of the Greater Horn should reflect this priority.

In keeping with the lessons learned in the Greater Horn of Africa, the Committee urges that AID require integrated strategic planning for every country experiencing an ongoing crisis and/or transitioning out of an ongoing crisis. All AID mechanisms, including development assistance, disaster assistance, Food for Peace, and global programs, should be integrated at the field level within a single strategic framework in an effort to maximize effective utilization of all resources. The role of USAID/Washington is to ensure support for field-driven integrated strategic plans.

#### SOUTH AFRICA INITIATIVE

The Committee supports the continuation of transitional assistance to South Africa. The Committee notes that the assistance package is intended to provide an infusion of resources to enable the new government to consolidate its new democracy and to promote full participation of the disadvantaged majority in the economic and social development of South Africa. Given other needs in sub-Saharan Africa, and South Africa's potential of attaining a strong and self-sustaining economy capable of meeting the needs of the South African population, the Committee understands that the AID grant portion of the enhanced assistance package to South Africa should be considered transitional, rather than long-term, just as aid that is being provided to the former Soviet Union, Eastern Europe and other countries that are now receiving United States foreign assistance is transitional.

However, the Committee is concerned about reports the AID mission in South Africa did not function in accordance with established procurement law and regulations. Such practices appear to have continued after the mission was told that changes were necessary. Accordingly, the Committee is recommending that all funds for South Africa be subject to reprogramming in order to adequately review AID programs and operations in that country.

#### NIGERIA

The Committee is very concerned about the human rights situation in Nigeria and encourages the United States Executive Directors at the African Development Bank and the International Bank for Reconstruction and Development to urge Nigeria to take steps to improve its human rights performance.

#### SUDAN

The Committee authorizes AID to use development and disaster assistance funds for capacity building purposes in areas of Southern Sudan outside the control of the government of Sudan. The Committee strongly encourages AID to make funds from these accounts available to non-governmental organizations for this purpose. The committee expects that these funds will not be used in areas controlled by Southern factions that have and continue to cooperate with the government of Sudan.

## SIERRA LEONE

The Committee commends the Government of Sierra Leone for its recent successful democratic elections, and for its valuable assistance in assisting refugees from Liberia. The Committee also urges the Administration to actively consider increasing assistance to that country in order to assist in the transition to democracy.

## KENYA

The Committee is gravely concerned about Kenya's lack of progress in embracing democracy and human rights. It strongly urges the government of Kenya to take immediate steps to ensure that the upcoming Presidential elections are free and fair.

## PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee has continued prior year language that requires that private voluntary organizations obtain not less than 20 percent of their total funding from sources other than the United States Government. In addition, the Committee has continued new language from last year's bill stating that support for private voluntary organizations should be made available at a level equivalent to that provided in fiscal year 1995.

The Committee continues to strongly support adequate funding for the Office of Private and Voluntary Cooperation (PVC) which leverages private resources by PVOs and cooperatives. PVC is the heart of the non-profit portion of the partnership between AID and the private sector. This office supports PVO micro-enterprise, child survival, and Vitamin A grants; strengthens cooperative development efforts; and administers the PL 480-funded Farmer-to-Farmer program. PVC also backstops the Advisory Committee on Voluntary Foreign Aid that was initially created by President Truman.

The Committee expects the Administration to make every effort to adequately fund this key office. If AID intends to increase funding for PVOs and cooperatives from 27 percent to 40 percent over the next five years, the PVC office needs to ensure that the private, non-profit sector is capable of effective management of its increased responsibilities. It also serves as a link between PVOs and the United States Government so that federally-funded PVO activity is generally consistent with foreign policy objectives.

As AID further reduces its staff and eliminates missions, it will have to rely more on potentially less costly private sector solutions, including PVOs, to maintain an American presence overseas and to consolidate development gains. When PVOs are willing to cooperate with the United States Government, PVC can help these not-for-profit organizations fill gaps in helping the less fortunate overseas as official funding levels continue to decline.

## BIODIVERSITY AND AID

The Committee reaffirms its commitment to the conservation of biodiversity and the protection of tropical forests, and requests that AID provide as high a level of funding as possible for these efforts. The protection of global biodiversity may prove critical to US secu-

riety and economic growth, and is particularly vital for the US agricultural and pharmaceutical industries.

AID conservation activities should continue to emphasize the use of NGOs as a cost-effective means of delivering biodiversity conservation programs. Furthermore, as it reduces its presence overseas, AID, through NGO partnerships, should remain active in regions that are significant in terms of global biodiversity, even in countries where missions have been closed or have never been located.

#### ENERGY AND ENVIRONMENTAL TECHNOLOGY PROMOTION

The Committee urges that the Office of Energy, Environment, and Technology be funded at an adequate level, no less than its fiscal 1995 core budget. AID did not comply with the Committee of Conference's directives last year, although public statements of AID senior officials stress the importance of the Office's activities. The Office promotes United States industrial leadership in the areas of power sector privatization, innovative technologies to reduce pollutants from fossil fuels, and renewable energy. The Committee reaffirms its support for an improved global environment through support for improved efficiency in energy production and use, especially in fossil fuels, recognizing that growing economies will require additional capacity for power generation from a wide range of sources.

The Committee again recommends that AID continue funding for projects which promote power sector efficiency, energy efficiency, and renewable energy, recognizing U.S. industrial leadership in these areas.

The projects should be developed and carried out in collaboration with United States industry and should be located in countries with the greatest potential for early success, without regard for the presence or absence of an AID field mission. Included in these efforts should be host country institutional capacity building, legal and regulatory reform, project preparation, innovative project financing, trade and reverse trade missions, training, technology transfer and collaboration.

#### WOMEN IN DEVELOPMENT

The Committee urges that not less than \$11,000,000 be provided for AID's Office of Women in Development. The Committee supports efforts to better integrate the concerns of women into AID's programs and policies, and encourages AID to undertake the institutional changes needed to support women in development. Investing in women is crucial to increasing family well-being, educating the next generation, and to achieving sustainable economic growth as well as to reducing poverty worldwide.

The Committee notes that women in developing countries with personal incomes or higher family incomes have fewer offspring than those who have no personal income or whose family incomes are stagnant. This fact should be incorporated into objectives relating to population and poverty. Once again, the Committee urges AID to concentrate on involving women at all levels in the planning

and implementation of child survival, population, and health programs.

#### MICROENTERPRISE

The Committee recommends that microenterprise funding be provided at least at the level of fiscal year 1996, and supports additional funding for the program above this level to the maximum extent possible. This program has proven its effectiveness in promoting economic growth in the poorest countries. Of these funds, at least fifty percent should be devoted to poverty lending programs, and a significant portion should be channeled through central mechanisms such as nongovernmental organizations. For purposes of implementing this program, poverty lending programs are defined as loans of under \$300 made to the poorest fifty percent of those living below the poverty line, or the institutional development of organizations primarily engaged in making such loans.

In addition, the Committee directs AID to monitor and report regularly to the Committees on Appropriations on the actual amount of microenterprise credit made available to the poverty target population as a result of each microenterprise project or program, and to monitor and report on the amount of funding allocated to institutions primarily engaged in making loans of under \$300 to the poverty target population.

#### HIGHER EDUCATION

The Committee notes that over the years a number of quality educational institutions have received both development and Economic Support Fund assistance, including the American University of Beirut, the Feinberg Graduate School of the Weizmann Institute, the Hadassah Medical Organization in Israel, the Lebanese American University, and the Beirut University College. The Committee recommends that best efforts be made to continue assistance for institutions of this nature, with the highest priority assigned to those lacking alternative sources of funding. The Committee notes that institutions such as Hadassah, which are open to all individuals regardless of ethnic or religious orientations and which are largely funded from outside sources, remain one of the most cost effective ways to leverage American foreign aid dollars.

The Committee also supports a proposal to establish an electronic interconnection using the internet and satellite networks involving colleges and universities in Latin America for the purpose of sharing educational resources, teaching courses via satellite and internet, and sharing in common research projects.

In addition, the Committee recommends that AID continue involving community colleges and Hispanic Serving Institutions (HSI's) in the delivery of vocational and occupational education and training elements of development assistance projects.

#### CASS SCHOLARSHIP PROGRAM

The Committee has supported the scholarship programs currently known as the Cooperative Association of States for Scholarships [CASS] since 1985. This program utilizes more than 30 community-based institutions around the United States offering 2 year

degrees in various technical and vocational fields. The Committee believes AID should continue funding for this program at the same level provided in fiscal year 1996.

#### SUSTAINABLE AGRICULTURE

The Committee continues to emphasize the importance of support for sustainable agriculture. Finding and implementing sustainable, environmentally safe, agricultural techniques and crops is critical to providing long-term indigenous food security in Africa and around the world.

The Committee has been made aware of the serious human health and environmental problems associated with the misuse and overuse of chemical fertilizers, pesticides, and herbicides. The Committee continues to request that AID give greater attention to non-chemical, organic, scientifically-based soil enhancers, pest control technologies, and poultry feed additives. The Committee strongly recommends that approximately one percent of the AID funds allocated to Egypt be used for a program to test organic, non-chemical agricultural products.

The Committee also supports the continuation of collaborative research support programs (CRSP), such as the small ruminants CRSP, which promote sustainable agriculture in the developing world in conjunction with the U.S. land grant system of higher education.

#### DAIRY DEVELOPMENT

The Committee continues to support dairy development, and recommends that the Agency for International Development make its best efforts to continue funding for this program at the current level. Throughout Central and Eastern Europe and Russia, cooperative programs have been carried out to support the emergency of member-owned dairy cooperatives, new collection and private extension systems for small farmers, and higher quality dairy products for better nutrition. The program has resulted in expanded exports of United States dairy technologies and investments in the Polish feed and dairy sectors.

#### DEVELOPMENT OF CREDIT UNIONS AND COOPERATIVES

The Committee strongly supports programs to develop credit unions and cooperatives overseas, especially in Central Europe and the New Independent States of the former Soviet Union. Credit unions teach free market skills, while self-sustaining cooperatives can help build markets for U.S. exports and promote U.S. products and technologies overseas.

#### REHABILITATION SERVICES FOR VICTIMS OF TORTURE

The Committee urges AID to incorporate support for treatment of torture as an integral part of its promotion of human rights and development. In identifying appropriate countries in which to provide such services, AID should give special consideration to the State Department's Country Reports for Human Rights Practices. The agency should also work with organizations such as the United

Nations Voluntary Fund for the Victims of Torture and the Center for Victims of Torture.

CONTINUATION OF PROGRAMS IN COUNTRIES WITHOUT AID MISSIONS

The Committee encourages AID to carry out regional programs in countries where AID has no formal mission. In a number of cases, private sector, environmental, AIDS and other programs can be carried out without the presence of a mission in a country, and many of these programs should continue.

DEVELOPMENT FUND FOR AFRICA

Fiscal year 1996 level .....	\$0
Fiscal year 1997 request .....	704,000,000
Committee recommendation .....	0

Funds provided under the unified Development assistance account for fiscal year 1997 are to be used to implement the tenth full year of the Development Fund for Africa (DFA). Recognizing that sub-Saharan African nations face unique development challenges, the DFA was created to permit the Agency for International Development to use development assistance resources in a more flexible fashion. As in 1996, the Committee does not recommend a separate development assistance account for Africa or any other region.

The Committee's recommendation does not indicate a lessening of interest on the part of the Committee on activities in Africa. The Committee expects that a significant portion of the resources provided for the Child Survival and Disease Programs Fund and the Development assistance account will be committed to programs in sub-Saharan Africa, and expects AID to provide close coordination between activities funded in those accounts and the Development Fund for Africa.

In addition, the Committee expects that AID should focus its limited resources on a smaller number of countries where the governments are committed to development policies that will promote equitable and sustainable economic growth. The Greater Horn of Africa initiative is a good example of such an effort.

The authorities available for the Development Fund for Africa shall apply in providing assistance to sub-Saharan African through "Development assistance".

INTERNATIONAL DISASTER ASSISTANCE

Fiscal year 1996 level .....	\$181,000,000
Fiscal year 1997 request .....	190,000,000
Committee recommendation .....	190,000,000

The Committee has recommended \$190,000,000 for the International Disaster Assistance account, the amount requested by the Administration and an increase of \$9,000,000 over the amount provided in fiscal year 1996. Activities to be funded under this account include relief, rehabilitation, reconstruction and capacity building.

ASSISTANCE FOR SUB-SAHARAN AFRICA

The Committee continues to recommend that \$100,000,000 in disaster assistance funds be used in sub-Saharan Africa, in such

countries as the Sudan. The Committee encourages AID to utilize funds made available for nongovernmental organizations in southern Sudan outside government control to include capacity building activities in addition to traditional relief programs.

#### DEBT RESTRUCTURING

Fiscal year 1996 level .....	\$10,000,000
(By transfer) .....	(5,000,000)
Fiscal year 1997 request .....	47,000,000
Committee recommendation .....	10,000,000
(By transfer) .....	(12,000,000)

The Committee has provided \$10,000,000 for debt restructuring for fiscal year 1997. This is the same as the 1996 level, but \$37,000,000 below the request. The Committee has not included bill language to expand the authorities available under this account to allow for the restructuring of debt generated by Commodity Credit Corporation loans and Public Law 480 loans. This issue should be addressed by the appropriate authorizing committee.

While the full budget request has not been provided for this activity, the Committee has provided discretionary transfer authority to allow for up to \$12,000,000 to be transferred to this account from "Development assistance." This would provide the full request for "Naples Terms" debt restructuring for the poorest countries. Any proposed transfer would be subject to the normal reprogramming procedures of the Committee. The Committee believes that debt restructuring is a component of development assistance, and that it is appropriate to provide the Administration with the flexibility to shift funds from traditional development assistance activities for this purpose.

The Committee supports the elimination of the debt overhang among Latin American and Caribbean countries as the highest priority for the use of funds appropriated in this account, particularly for countries that are implementing economic reforms. Similarly, the Committee is pleased to note that several countries—including Jamaica and Peru—have expressed interest in the debt buyback provisions first enacted as part of P.L. 104-107 and included in this Act. Jamaica was a successful participant in the Enterprise for the Americas Initiative (EAI) and, as of June 1995, has channeled the proceeds of earlier debt relief to over 71 environmental and sustainable resources activities. At no budget cost, this program is an effective way to reduce debt burdens and advance United States development goals. The Committee urges the Administration to move forward with this program with all deliberate speed.

The Committee notes that debt restructuring for Côte d'Ivoire is the largest component of the budget request, and would expect that if the discretionary transfer authority is utilized for this purpose, funds allocated for sub-Saharan Africa should be the source of the reprogramming for such transfer.

The Committee is concerned that at the same time debt is forgiven for a developing country, an additional debt burden not be placed on such nations. In last year's committee report, the Committee requested a report on the expected new debt that would be assumed by any country proposed for debt restructuring, and the reasons why such additional debt is desirable. Such a report has



not been submitted by the Administration. The Committee reiterates the need for such a report, and expects that it will be submitted prior to a notification for the obligation of funds from this account. A requirement for prior notifications of obligations from this account has been included in bill language.

#### MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM

##### SUBSIDY APPROPRIATIONS

1996 enacted .....	\$1,500,000
1997 budget request .....	1,500,000
Committee recommendation .....	1,500,000

##### ESTIMATED LEVEL OF GUARANTEED LOANS

1996 enacted .....	(\$16,700,000)
1997 budget request .....	(17,000,000)
Committee recommendation .....	(17,000,000)

##### OPERATING EXPENSES

1996 enacted .....	\$500,000
1997 budget request .....	500,000
Committee recommendation .....	500,000

The Committee is recommending \$1,500,000 in subsidy appropriations for the micro and small enterprise program. This level is the same as the 1996 enacted level and the budget estimate.

The proposed level of funding will provide \$17,000,000 in guarantee authority.

In addition, the Committee is recommending \$500,000 in administrative expenses, the same as the 1996 enacted level and the budget request.

#### HOUSING AND OTHER CREDIT GUARANTY PROGRAM

##### SUBSIDY APPROPRIATIONS

Fiscal year 1996 level .....	\$4,000,000
Fiscal year 1997 request .....	5,000,000
Committee recommendation .....	500,000

##### ESTIMATED LEVEL OF GUARANTEED LOANS

Fiscal year 1996 level .....	(\$33,700,000)
Fiscal year 1997 request .....	(42,000,000)
Committee recommendation .....	(10,000,000)

##### OPERATING EXPENSES

Fiscal year 1996 level .....	\$7,000,000
Fiscal year 1997 request .....	6,000,000
Committee recommendation .....	6,000,000

The Committee has provided \$500,000 for subsidy appropriations for the housing and other credit guaranty program. This program is directed primarily at more advanced developing nations, and the Committee believes that limited development assistance funding should be targeted for least developed countries or transition countries, specifically for housing activities. Therefore the Committee recommendation would provide only for the housing program requested for South Africa.

An appropriation of \$6,000,000 is recommended for operating expenses in order that the Agency for International Development retain the ability to manage and monitor the remaining loan portfolio of approximately \$2,800,000,000. The recommendation is \$1,000,000 below the enacted level but the same as the budget request.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY  
FUND

Fiscal year 1996 level .....	\$43,914,000
Fiscal year 1997 request .....	43,826,000
Committee recommendation .....	43,826,000

The Committee has provided the budget request for the mandatory payment to the Foreign Service Retirement and Disability Fund.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL  
DEVELOPMENT

Fiscal year 1996 level .....	\$465,750,000
Fiscal year 1997 request .....	495,000,000
Committee recommendation .....	465,750,000

The Committee has recommended funding for Agency for International Development operating expenses at a level of \$465,750,000 which is \$29,250,000 below the Administration's request and the same as the amount provided for fiscal year 1996.

The Committee recommendation continues prior year language limiting funding for publications.

It is the Committee's position that funds for a possible move of the Agency for International Development should be obligated only pursuant to an authorization of appropriations for said purpose, or upon a certification to the Congress by the Director of the Office of Management and Budget that such a move will result in savings to the government compared to other options. The Administration should take no steps to remove AID from its current buildings until a formal plan has been developed.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL  
DEVELOPMENT—OFFICE OF THE INSPECTOR GENERAL

Fiscal year 1996 level .....	\$30,200,000
Fiscal year 1997 request .....	30,000,000
Committee recommendation .....	30,000,000

The Committee has recommended \$30,000,000 for the Office of the Inspector General of AID for fiscal year 1997.

NEW MANAGEMENT SYSTEM

The Committee is very concerned with reports it has received from the Inspector General that the new management system of AID, particularly the AID-Worldwide Accounting and Control System (AWACS), is nonfunctional. In the latest Semiannual Report to the Congress, the Inspector General notes: "The designs and controls of AWACS have neither been documented nor tested. . . . the Agency has not yet demonstrated that AWACS is a reliable system capable of producing accurate accounting data. . . . basic system

controls and procedures do not exist. . . . Critical milestone dates for bringing the system on-line have been missed and basic internal controls are lacking. Originally scheduled to be fully operational by October 1, 1995, the implementation of AWACS in Washington and in all of the Agency's 44 accounting centers worldwide has yet to take place."

The Committee is also concerned that AID management has failed to keep the Committee informed of progress on, and problems with, AWACS and the other new management systems. Therefore the Committee requests that the Inspector General closely follow developments in this area in the coming year. It also requests that the Inspector General report regularly on this matter, including whether 1) the costs associated with the new management systems are worth the anticipated benefits; 2) AID should abandon efforts to develop its own financial management system, or turn to another agency or the private sector; and 3) procurement law and regulations have been followed in the purchase of goods and services for the new management systems.

ECONOMIC SUPPORT FUND

Fiscal year 1996 level .....	\$2,340,000,000
Fiscal year 1997 request .....	2,408,000,000
Committee recommendation .....	2,336,000,000

The Committee has recommended a total of \$2,336,000,000 for the Economic Support Fund, an amount that is \$72,000,000 below the request and \$4,000,000 less than the 1996 enacted level.

ISRAEL

The Committee recommends that not less than \$1,200,000,000 in Economic Support Funds be provided for Israel, which is the fiscal year 1996 level and the amount requested by the Administration. The Committee also requires in bill language that these funds be provided to Israel as a cash grant within thirty days of the signing of this act or by October 31, 1996, whichever is later.

EGYPT

The Committee recommends that not less than \$815,000,000 in Economic Support Funds be provided for Egypt on a grant basis, which is the fiscal year 1996 level and the amount requested by the Administration. Cash transfer may be provided with the understanding that Egypt will continue to implement significant economic reforms. The Committee also strongly recommends that not less than \$200,000,000 of the funds allocated for Egypt be used for Commodity Import Program assistance.

NON-MILITARY EXPORTS

The Committee strongly urges the President to ensure, in providing cash transfer assistance to Egypt and Israel, that the level of such assistance does not cause an adverse impact on the total level of non-military exports from the United States to each such country.

## CAMP DAVID ACCORDS

The Committee emphasizes that the recommended levels of assistance for Israel and Egypt are based in great measure upon their continued participation in the Camp David accords and upon the Egyptian-Israeli peace process.

## WEST BANK AND GAZA

The Committee supports providing the full request in fiscal year 1997 for assistance to the West Bank and Gaza. The Committee continues to believe that support by the United States for the economic and social development of Palestinians is an important contribution to the peace process.

## TELECOMMUNICATIONS AND ECONOMIC REFORM IN EGYPT

The Committee continues to support aid to Egypt which effectively utilizes the technology and expertise of the American private sector to promote continued economic reform and modernization in Egypt. The Committee continues to support the Telecommunication Sector Support Project (TSSP) as one such example of how American aid working in tandem with industry can become a growth multiplier in the underdeveloped world. This project can significantly improve the Egyptian telecommunications network while at the same time enabling Egypt to put its national telephone company in a position to become a private enterprise in due course. While mindful of sensitivities regarding the pace of reform in Egypt, the Committee again urges the government of Egypt to implement its National Telecommunications Policy as soon as possible in order to implement these important reforms.

## MIDDLE EAST REGIONAL COOPERATION

The Committee continues to support the Middle East Regional Cooperation program. The proposed Middle East and Mediterranean Desert Development Program for Combating Desertification through Sustainable Desert Development offers an excellent opportunity to expand these successful efforts throughout the region and provide a framework for regional cooperation in the 21st century.

## LEBANON

The Committee believes support for the people of Lebanon continues to be in the United States national interest. As Lebanon emerges from fifteen years of civil conflict, American support remains important. The Committee supports continued funding for Lebanon from both the Development assistance and Economic Support Fund accounts.

## ECONOMIC BOYCOTT OF ISRAEL

The Committee has once again included language in the bill addressing the Arab League boycott of Israel under Sec. 542

## CYPRUS

The Committee recommends that every effort be made to provide \$15,000,000 in Economic Support Funds for scholarships and

bicommunal projects in Cyprus. This amount is the same as the Administration's request and the same as that appropriated in the past several years. The Committee makes this recommendation as a demonstration of support for a peaceful reunification of the island in accordance with relevant United Nations resolutions and in the belief that greater bicommunal cooperation will facilitate such goals as the withdrawal of Turkish troops and demilitarization of the island. The Committee strongly urges the Administration to carry through on its pledge to make resolution of the Cyprus situation a top priority in 1997.

#### LATIN AMERICA AND THE CARIBBEAN

The Committee urges the administration to meet the fiscal year 1997 Economic Support Fund request for Latin America to the maximum extent possible. It remains the Committee's strong belief that given the importance of the region and the long history of United States support, it is essential that aid levels not be reduced further.

The Committee believes it remains in our country's interest to help our neighbors stabilize their economies and combat severe levels of poverty. In doing so, we help strengthen emerging democracies and create new markets for American exports. This growing trade activity supports millions of jobs here at home.

The Committee reiterates its longstanding view that our interests in this region of the world, in this time of transition, are vital and our obligations continue. It is essential that the people of Latin America and the Caribbean understand our commitment to the democratic development of this hemisphere.

#### HAITI

The Committee expects that U.S. assistance to Haiti will be implemented in a manner which significantly advances market-based economic policies and reforms, representative democracy and respect for the rule of law. The Committee emphasizes that funding for Haiti is being provided with the clear understanding that it will only be provided if the Haitian government is embarked upon a meaningful restructuring of the Haitian economy through open, free-market reforms. The privatization of parastatal companies, an urgent overhaul of public sector spending and fiscal policies, and strict accountability for the effective use of donor resources are expected core reforms which must be undertaken immediately.

The Committee also expects the administration to abide by its express written commitments to consult the Congress on the provision of aid to the Government of Haiti consistent with the terms of section 583 of P.L. 104-107 (the Dole amendment) and a similar provision in this bill, which requires thorough investigation of political violence and extrajudicial killings in Haiti.

#### RELIGIOUS FREEDOM

The Committee is concerned by the rising number of reports of anti-Christian persecution around the world. In particular, the Committee is concerned that in some cases these reports come from countries which receive United States foreign assistance. The Com-

mittee urges the Department of State to be attentive to this growing problem and to reiterate United States support for religious freedom around the world. The Committee also urges the Department of State to actively express the strong concern of the United States Government to countries where known cases of religious prosecution occur.

EXPROPRIATION

The Committee is concerned that without the full support of the United States Government, fair compensation for expropriated property will not be forthcoming. For example, in December 1995, the Dominican Government agreed to a settlement of an especially egregious expropriation by its military forces, but this agreement has yet to be implemented by that Government. Until the agreement is implemented, the Committee does not believe it is appropriate for the Dominican Republic to receive further United States assistance until a newly elected government in that country has addressed this issue. The Committee notes that assistance to the Dominican Republic is subject to special notification under the terms of section 520.

ZAIRE

The Committee has continued prior year language prohibiting Economic Support Funds to Zaire.

AVAILABILITY OF FUNDS

The Committee has continued language that funds in this account are to remain available for obligation for two years.

INTERNATIONAL FUND FOR IRELAND

Fiscal year 1996 level .....	\$19,600,000
Fiscal year 1997 request .....	0
Committee recommendation .....	19,600,000

The Committee recommends \$19,600,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Funding of this amount was requested for this activity through the Economic Support Fund, but the Committee recommendation would continue a separate account for assistance to Ireland. The amount is the same as the 1996 enacted level.

The International Fund for Ireland continues to meet the task of bringing new economic and commercial life to the areas of Northern Ireland that have suffered most severely from the division of Ireland and the strife of the last two decades. The Committee urges continued commitment by the European Community in their support for the Fund.

The Committee strongly urges the International Fund for Ireland to take every step possible to ensure that all recipients of Fund support are promoting equality of opportunity and non-discrimination in employment.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTICS

Fiscal year 1996 level .....	\$522,000,000
------------------------------	---------------

Fiscal year 1997 request .....	475,000,000
Committee recommendation .....	475,000,000

The Committee has recommended \$475,000,000 for Assistance for Eastern Europe and the Baltics for fiscal year 1997. This is the same as the budget request, but \$47,000,000 below the 1996 enacted level, which included a supplemental appropriation of \$198,000,000 for Bosnia. Of this amount, \$200,000,000 is provided for reconstruction efforts in Bosnia.

#### BOSNIA AND HERZEGOVINA

The Committee recommendation includes \$200,000,000 for assistance to Bosnia and Herzegovina, as proposed in the budget request. The Committee expects funds will be made available to private voluntary organizations (PVO's) to foster reconciliation and assist in the process of reconstruction in Bosnia. Many PVO's have been active in the region for a number of years, and are uniquely qualified to assist AID in implementing reconstruction programs.

The Committee has recommended bill language, similar to that enacted as part of the Bosnia supplemental appropriation in Public Law 104-122, that prohibits the use of funds for the construction or repair of housing or residences, unless directly related to the efforts of United States troops to promote peace in Bosnia and Herzegovina; requires the written approval of the Administrator of AID for loans and projects under the Economic Reconstruction Program; and subjects such funds to section 531.

#### ALBANIA

While the Committee commends the government of Albania for seeking to overcome decades of repression, it is concerned with reports regarding problems faced by religious and ethnic minorities. The Committee is especially concerned about reports that the Greek minority is experiencing difficulties in education and employment, and urges the government of Albania to seek to address these problems.

#### LEGAL INITIATIVES

The Committee encourages the Agency for International Development to continue to provide financial support for the Central and Eastern European Law Initiative (CEELI), a project of the American Bar Association. CEELI has received grants to help Central and East Europe and the NIS create new legal frameworks based on the rule of law rather than through Party doctrine or caprice.

Through a variety of program components, CEELI is making available legal expertise to assist countries that are in the process of modifying or restructuring their laws or legal systems. CEELI emphasizes long-term engagement country-by-country and supports projects that facilitate extensive consultations with policy-makers, legal scholars, judges, and attorneys. CEELI has focused work in several critical priority areas: constitutional reform; judicial restructuring; criminal law and procedure; and local government law reform, and has sought to emphasize projects involving reform of the legal profession and commercial law development.

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER  
SOVIET UNION

Fiscal year 1996 level .....	\$641,000,000
Fiscal year 1997 request .....	640,000,000
Committee recommendation .....	590,000,000

The Committee has recommended \$590,000,000 for Ukraine, Armenia, Georgia, Russia, and the new independent republics of the former Soviet Union. This is \$51,000,000 less than the request, and \$50,000,000 less than the enacted 1996 level. The recommendation is \$5,000,000 less than the amount recommended to the House in the 1996 bill.

The Committee has continued prior year language providing the funds “notwithstanding any other provision of law” and applying the provisions of section 498B(j) of the Foreign Assistance Act. The Committee has included long-standing language on territorial integrity, human rights, non-use of funds for enhancing military capacities, providing funds to the maximum extent feasible through the private sector, private voluntary organizations, and non-governmental organizations, and providing all funds subject to notification. The Committee also has included language making Mongolia eligible to receive funds provided in this section.

The Committee has specifically continued several new provisions from the 1996 Act, P.L. 104–107, relating to: Russian cooperation with Iran’s nuclear program, cost-sharing and regional experience, among grantees and contractors, interest earned by enterprise funds, and humanitarian assistance within Azerbaijan.

The Committee believes that few relationships are more important to the long-term security of the United States than the strategic relationship with Russia. If Russian reform fails and if Russia reverts to a dictatorship or collapses into anarchy, the potential of nuclear confrontation could return. The Russian people are struggling to build a free society and a market economy. Their success is important to America in reduced nuclear threat, lower defense budgets than would otherwise be possible, and open markets to fuel global prosperity and help create jobs.

At the same time, the Committee believes that the other nations of the NIS, including Ukraine, Armenia and Georgia, are important to United States security interests in the region. Over the past three years, despite adverse circumstances, Ukraine and Armenia have taken major steps in political and economic reform. The continued development of democratic and free-market institutions in Ukraine, Armenia and the other NIS nations are endangered by adverse developments in Russia. The Committee is encouraged that the United States is making a greater effort to develop more effective assistance programs for Ukraine, Armenia and other NIS countries that promote political and economic reform and that are specific to the needs of each individual country.

ROLE OF COORDINATOR

The Committee commends the Coordinator of U.S. Assistance to the New Independent States of the Former Soviet Union who has the concurrent responsibilities of Special Advisor to the President. The Committee has structured its bill in a way that the individual



holding these dual offices can continue to allocate the funds appropriated for any activities within his scope of responsibility as determined by the President's charter of April 4, 1995.

#### THE SITUATION IN THE RUSSIAN FEDERATION

The Committee is discouraged by the status of economic reform at this time in the Russian Federation. Nonetheless, economic reform and recovery in many of the cities and regions of Russia and the emergence of civic institutions and entrepreneurs across the eleven time zones of the Federation do give hope that Russia will succeed, events in the Kremlin notwithstanding. The Committee recognizes that continuing United States assistance to the central Government of the Russian Federation may not be warranted under certain circumstances. On the eve of the elections, the Committee concludes that it would not be prudent to anticipate negative developments in Russia that may not occur, but it commends the efforts of the Coordinator and AID to move toward a much smaller program of assistance to Russia that is directed toward localities and civic institutions that warrant continued support by the United States.

#### THE SITUATION IN UKRAINE

The Committee commends the Administration for its support during fiscal year 1996 for reform efforts in Ukraine, a struggling nation whose independence is key to a peaceful Europe. Although the Committee has not earmarked funds for Ukraine, or any other nation, it expects the Coordinator to allocate to Ukraine approximately the requested level of funding, subject to continuing progress in economic reform. The Committee is concerned about several programs that involve the use of United States funds to pay for recurring costs of gas or oil imports by the Ukraine government. It expects to be kept closely informed about events in Ukraine, and told well in advance of any new commitments to Ukraine.

#### THE SITUATION IN THE CAUCASUS

Many members of the House have contacted the Committee regarding the physical isolation of Armenia, and the failure of international efforts to resolve conflicts in the southern Caucasus region. The Committee continues from the 1996 bill two provisions affecting the region: the "Humanitarian Corridor Act" (Sec. 559) and the limited waiver of section 907 of the FREEDOM Support Act for certain humanitarian activities in Azerbaijan. The activities contemplated by proponents of both provisions, suspension of aid to nations blocking access to Armenia and more extensive assistance to displaced persons in Azerbaijan and in Nagorno-Karabagh, could, in fact, be undertaken by the President in the absence of both provisions. The Committee is aware of ongoing discussions among the nations of the Caucasus region that may lead to the lifting of the blockades of Armenia and compliance with section 907. In an effort to promote a settlement of conflicts in the region, the Committee recommends continuation of both provisions, and continues to advise the Executive branch to utilize them with caution, and only after full consultation with Congress.

The Committee has included a new subsection (m) within the account providing assistance to the Newly Independent States of the Former Soviet Union. The purpose of this subsection is to provide for the improved delivery of humanitarian assistance in Azerbaijan and for the delivery of humanitarian assistance in Nagorno-Karabagh. The provision clarifies that non-governmental organizations and private voluntary organizations not be precluded from using facilities, such as hospitals, or vehicles of the Government of Azerbaijan to provide humanitarian assistance to refugees and internally displaced persons in Azerbaijan.

The Committee intends that this provision also allow non-government organizations to use assistance funds to make necessary repairs to government facilities such as health clinics and housing that are used to care for refugees and internally displaced persons. The Committee also intends that government personnel be allowed to distribute commodities, such as doctors giving out medicine to needy civilians, and that commodities may be transferred to government personnel for distribution purposes.

The Committee expresses no view whatsoever on the political status of Nagorno-Karabagh.

#### ARMENIA

The Committee recognizes the important economic reforms being made by Armenia and strongly supports the continued maintenance of adequate levels of economic and humanitarian assistance to Armenia.

#### TRAINING, EXCHANGES, AND PARTNERSHIPS IN THE FORMER SOVIET UNION AND CENTRAL EUROPE

Training, exchanges, and Partnerships between the United States and the nations of Eurasia and Central Europe are essential to the process of sustaining democracy and serve the interests of the United States. The Committee endorses full funding for the Russian, Eurasian, and East European Research and Training Program (Title VIII) from the two appropriation accounts for the NIS and Central Europe. The Committee also supports funding for other graduate fellowship and training projects in both regions such as the Central and Eastern European Graduate Fellowship program. Student exchange programs, in general, are to be distributed in a balanced manner among high school, college, and graduate/post-graduate categories. Committee support for high school exchanges is contingent upon establishment by the Coordinator of a better balance between this form of exchange and those involving more advanced students.

The Committee also supports increased funding for institutional partnership projects in the former Soviet Union as well as their extension into Central Europe and the Baltic states. Such grass roots partnerships, especially medical partnerships, have been highly successful at relatively low cost in improving business management, agricultural reform, and improved health care.

The Committee continues to support the Russia-United States Science, Education and Economic Development project in Pushchino, Russia. Since the Committee previously endorsed this project in the 1994 statement of managers, the Pushchino Project

has fully met expectations and merits renewal for the final three years of the six year project.

#### RUSSIAN-AMERICAN AND OTHER ENTERPRISE FUNDS

The Committee expects to examine carefully any request for obligation of funds from this account for the Defense Enterprise Fund, which prior to this year was funded through the Cooperative Threat Reduction Program (Nunn-Lugar) in another appropriation bill. The use of U.S. funds for defense conversion in Russia is the subject of intense debate in Congress, and the Defense Enterprise Fund should take Congressional concerns into account before approaching the Committee for funding.

This Committee expects the Coordinator to continue his efforts to establish a Trans-Caucasus Enterprise Fund prior to September 30, 1997, as directed in the 1996 act. It encourages the participation of other institutions and private investors in the establishment of this enterprise fund.

In general, the Committee expects the Coordinators, officials of all enterprise funds, and AID to keep it closely informed about matters affecting enterprise funds. Aware of different operating procedures in each fund, the Committee encourages each enterprise fund to minimize administrative costs incurred in the United States. Furthermore, the Committee directs the Coordinators, in consultation with AID and the enterprise fund boards, to provide the Committee no later than November 1, 1996, with a written summary of their respective roles in policy, operations, and financial accountability.

The Committee reminds the enterprise fund boards that it opposes the use of regular appropriations to fund activities that require subsidy appropriations under the 1990 Credit Reform Act. Any use of "Notwithstanding any other provision of law" authority to evade the Credit Reform Act would be unwise.

#### MATCHING FUNDS FOR CIVILIAN SCIENTISTS AND ENGINEERS

The Committee suggests that the Coordinator and Special Advisor to the President seriously consider providing adequate funds to match private and Department of Defense funds in support of the R&D Foundation located at the National Science Foundation that supports civilian, non-defense research and development activities through private sector linkages between scientists and engineers in the United States and in the states of the former Soviet Union. The Foundation is authorized by section 511 of P.L. 102-511 and is governed by a Board of Directors.

To date, \$5,000,000 has been provided by the private Soros Foundation. In addition, the Soros Foundation has spent \$100,000,000 to support the faltering civilian and academic scientific institutions in Russia, Ukraine and other states of the former Soviet Union. The R&D Foundation is in no way connected with the Defense Department activities that employ scientists and engineers formerly engaged in designing weapons of mass destruction.

FUNDING OF PEACE CORPS ACTIVITIES IN THE NIS REGION

The Committee strongly supports Peace Corps programs in the NIS. The Committee recommends no less than \$12,000,000 for this purpose from funds appropriated for the region.

TREASURY TECHNICAL ASSISTANCE PROGRAM

The Committee expects that the Coordinators for the NIS and for Eastern Europe will transfer funds (both from this account and from "Assistance for Eastern Europe and the Baltic States") to the Treasury Department for the Treasury Technical Assistance Program rather than allocate funds for this program to individual AID missions in the former Soviet Union and Eastern Europe as is currently planned in 1997.

FARMER-TO-FARMER PROGRAM

The Committee encourages the Agency for International Development to continue VOCA's Farmer-to-Farmer programs in developing and newly democratic countries as a cost-effective way to transfer practical skills and know-how to farmers and their agribusinesses. The Committee supports sustained funding for such programs in the New Independent States so that VOCA volunteers can achieve a critical mass for maximum impact in key regions to demonstrate the benefits of private agriculture.

INDEPENDENT AGENCIES

AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 1996 level .....	[\$11,500,000]
Fiscal year 1997 request .....	12,500,000
Committee recommendation .....	11,500,000

The Committee has recommended funding for the African Development Foundation at a level of \$11,500,000, \$1,000,000 less than the amount requested by the Administration and the same as the amount provided in fiscal year 1996 through the "Development assistance" account.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both public and private.

INTER-AMERICAN FOUNDATION

Fiscal year 1996 level .....	[\$20,000,000]
Fiscal year 1997 request .....	20,000,000
Committee recommendation .....	20,000,000

The Committee recommendation provides \$20,000,000 for the Inter-American Foundation, the same amount provided in fiscal year 1996 through "Development assistance", and the same as the budget request.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both private and public.

PEACE CORPS

Fiscal year 1996 level .....	\$205,000,000
------------------------------	---------------

Fiscal year 1997 request .....	220,000,000
Committee recommendation .....	212,000,000

The Committee recommends Peace Corps funding of \$212,000,000. This is \$8,000,000 less than the request, but \$7,000,000 above the 1996 enacted level. When the recommended transfer of \$12,000,000 from the NIS account is factored in, consistent with prior year practice, the amount available to the Peace Corps will be \$220,000,000. Prior year language addressing purchase of motor vehicles, abortion, and ability of funds have been continued in the bill.

The Committee supports the work of the Peace Corps, but notes that the Corps has undertaken a process of consolidation after its expansion in recent years. The Peace Corps entered numerous new countries, five of which are in Eastern Europe, since 1989. While this rapid expansion was welcome at the time and reflective of a worldwide trend toward democracy, the new determination to move toward a balanced budget led the Peace Corps to anticipate probable future reductions in funding. The Committee commends the Director for his leadership in this regard. The Congress has traditionally taken the lead in ensuring adequate funding levels for the Peace Corps.

PROGRAMS IN THE NEW INDEPENDENT STATES

The Committee notes that much of the fiscal year 1996 Peace Corps program in the New Independent States was funded from the NIS account. The Committee encourages the Peace Corps to continue to work closely with the Coordinator for the NIS. The Committee expects that not less than \$12,000,000 for the fiscal year 1997 program in the NIS will be transferred from the NIS account.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Fiscal year 1996 level .....	\$115,000,000
(By transfer) .....	(20,000,000)
Fiscal year 1997 request .....	213,000,000
Committee recommendation .....	150,000,000

The Committee has recommended \$150,000,000 for the International Narcotics Control program. This is \$35,000,000 above the appropriated level for 1996.

The Committee is concerned that international narcotics control programs are not adequately coordinated with other United States government narcotics programs, both foreign and domestic. While the Committee is recommending an increase of this account, it believes more targeted, coordinated antinarcotic efforts may be a more effective strategy against international narcotics trafficking. The Committee requests that the Department of State report by March 1, 1997, on the degree to which programs in this account are coordinated with other government narcotics control programs; the nature of this coordination; the costs and benefits of a wide-ranging program versus a carefully targeted program; and the measurable results in all regions of the world that have occurred as a con-

sequence of the investments made in the program (as opposed to results generated by external factors) since its inception.

The Committee notes that section 520 applies to the use of narcotics control funds for countries such as Colombia and Peru.

#### MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1996 level .....	\$671,000,000
Fiscal year 1997 request .....	650,000,000
Committee recommendation .....	650,000,000

The Committee has recommended \$650,000,000 under the Migration and Refugee Assistance account, the amount requested by the President but \$21,000,000 below funding provided for fiscal year 1996. A limitation of \$12,000,000 is recommended for administrative expenses. Combined with the Emergency Refugee and Migration Assistance Fund and Refugee Resettlement Assistance, there will be a total of \$705,000,000 available in fiscal year 1997 for assistance to refugees. The Committee believes that in light of the world wide refugee emergency, funding for refugee assistance should not be below the budget request.

The Committee is concerned that the State Department make every effort to ensure that a potential increase in refugees from Tibet can be met within available funding. Since 1991, the United States has provided humanitarian assistance for Tibetan refugees living in exile, and the Committee would expect that such support be continued.

#### REFUGEES RESETTLING IN ISRAEL

The Committee strongly recommends continuation of the \$80,000,000 provided last year for the resettlement of Soviet, Eastern European and other refugees resettling in Israel. Large numbers of refugees are continuing to come to Israel from the former Soviet Union and Eastern Europe.

The Committee is concerned about an audit performed by the State Department Office of Inspector General on the grant provided to implement this refugee assistance. The audit raised questions about the degree to which the State Department has been monitoring the use of funds provided for this program, and the use of some of the funds provided through the grant. In last year's report, the Committee requested that the Department maintain proper oversight on this grant, and report on the steps it has taken to implement the recommendations made by the Inspector General. The Committee has not received such a report, and directs that it be provided to the Committee within one month of enactment of this Act.

#### RWANDESE REFUGEES

Approximately 1,700,000 refugees from Rwanda are currently living in refugee camps in eastern Zaire and Tanzania. In 1996, the United Nations High Commissioner for Refugees (UNHCR) will spend an estimated \$288,400,000 on such camps. This represents more than 20 percent of the budget available to UNHCR.

At the same time, these camps serve as a "government-in-exile" for many of those involved in the genocide that occurred in Rwan-

da. Elements of the former government of Rwanda have effectively formed a quasi-government within the camps, and appear to be collecting arms for activities against the new government in that country.

For both political and monetary reasons, the indefinite maintenance of these camps by the international community is not sustainable. The Committee is concerned that the funding drain on the budget of UNHCR represented by continued support for these camps will lead to diminished resources for other regions of the world.

The Committee supports efforts by the United Nations and others to remove from the camps those involved in genocide in Rwanda, or those exploiting the refugees for personal or political gain. It also urges the State Department to take steps to deal with this situation. In that regard, it urges the Secretary of State to involve his office directly in this effort by requiring the Special Coordinator for Rwanda and Burundi to report directly to him and not through intermediaries.

If effective steps cannot be taken in the near term, it may be necessary to consider reducing funding for the camps in order to prevent continuing indirect support for those involved in the genocide in Rwanda—and thus to reduce continuing support for those involved in planning armed conflict against the current government of Rwanda.

The Committee has included bill language subjecting funds for support of refugees from Rwanda to the regular notification procedures of the Committees on Appropriations.

#### EXTENSION OF REFUGEE STATUS

The Committee looks favorably upon a one year extension of existing law, which facilitates the granting of refugee status for certain historically persecuted groups in the former Soviet Union and Indochina. Furthermore, the Committee instructs the Administration to take into account the history of persecution of certain minorities, including Jews from the former Soviet Union, when deciding refugee applications from such groups.

#### REFUGEE RESETTLEMENT ASSISTANCE

Fiscal year 1996 level .....	\$5,000,000
Fiscal year 1997 request .....	0
Committee recommendation .....	5,000,000

The Committee recommendation includes \$5,000,000 for the targeted assistance program for refugee resettlement administered by the Department of Health and Human Services. There was no budget request for this item.

These funds will augment the 10-percent of the targeted assistance program which is set-aside for grants to localities most heavily impacted by the influx of refugees such as Laotian Hmong, Cambodians and Soviet Pentecostals, including secondary migrants who entered the United States after October 1, 1979.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE  
FUND

Fiscal year 1996 level .....	\$50,000,000
Fiscal year 1997 request .....	50,000,000
Committee recommendation .....	50,000,000

The Committee has recommended \$50,000,000 for the Emergency Refugee and Migration Assistance Fund.

ANTI-TERRORISM ASSISTANCE

Fiscal year 1996 level .....	\$16,000,000
Fiscal year 1997 request .....	17,000,000
Committee recommendation .....	0

The Committee has combined these activities with those funded in the following account and two programs previously funded in "International Organizations and Programs" in a new "Non-proliferation, Anti-terrorism, Demining, and Related Programs" account.

NONPROLIFERATION AND DISARMAMENT FUND

Fiscal year 1996 level .....	\$20,000,000
Fiscal year 1997 request .....	20,000,000
Committee recommendation .....	0

The Committee has combined these activities with those funded in the previous account and two programs previously funded in "International Organizations and Programs" in a new "Non-proliferation, Anti-terrorism, Demining, and Related Programs" account.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED  
PROGRAMS

Fiscal year 1996 level .....	\$0
Fiscal year 1997 request .....	0
Committee recommendation .....	135,000,000

In response to the increased emphasis the Congress and the President have placed on nonproliferation and anti-terrorism activities, as well as to provide the executive branch with more flexibility in administering funds for these activities, the committee has created a new account for "Nonproliferation, Anti-terrorism, Demining, and Related Programs".

This new account integrates funding for activities previously funded in "Anti-terrorism Assistance" and the "Nonproliferation and Disarmament Fund" into a single account for these similar activities. Demining activities which were previously funded in "Foreign Military Financing Program" are also included. Funding for two nonproliferation activities (the Korean Peninsula Energy Development Organization and the U.S. voluntary contribution to the International Atomic Energy Agency) are also in this new account. Finally, the President's request for \$50,000,000 for Israeli anti-terrorism assistance is similarly included.



## NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

	FY96—	FY97 request—	Committee
Anti-terrorism .....	\$16,000,000—	\$17,000,000—	\$15,000,000
NDF .....	20,000,000	20,000,000—	15,000,000
Demining— .....	6,000,000—	6,000,000—	6,000,000
IAEA— .....	43,000,000—	36,000,000—	36,000,000
KEDO— .....	22,000,000—	25,000,000—	13,000,000
Israel Anti-terrorism— .....	50,000,000—	50,000,000—	50,000,000
Total— .....	157,000,000—	154,000,000—	135,000,000

The committee fully funds the administration request for demining, the U.S. contribution to the IAEA, and anti-terrorism assistance to Israel.—

## ANTI-TERRORISM ASSISTANCE

The Committee recommends \$15,000,000 for anti-terrorism assistance. In fiscal year 1996 the administration requested \$15,000,000 for this account, however, the Congress provided \$16,000,000 to enable the administration to respond to certain immediate activities of concern to the Congress. The Committee believes that the additional \$1,000,000 provided for this program last year, as well as certain programmatic overlaps in activities which may be funded using Israeli anti-terrorism assistance, combine to justify the committee's recommended level of \$15,000,000 in fiscal year 1997 for this important and worthwhile program.

## NONPROLIFERATION AND DISARMAMENT FUND

The Committee recommends \$15,000,000 for the Nonproliferation and Disarmament Fund which is \$5,000,000 less than the administration request. The Committee strongly supports the core nonproliferation activities of the NDF which are currently funded at \$10,000,000. The Committee has however reduced the administration request for export control activities from \$10,000,000 to \$5,000,000. It is the Committee's view that this program, while worthwhile, does not meet the Committee's criteria for NDF funding only for urgent, unanticipated nonproliferation activities of immediate concern to the United States. Longer term programmatic activities, such as export controls, should be funded in the appropriate portion of the State Department budget where they will be subject to the normal conditions for legislative oversight and review. The Committee expects the administration to make this transition during this fiscal year and therefore has provided \$5,000,000 to facilitate this transition.

## DEMINING ACTIVITIES

The Committee strongly supports the administration's request of \$6,000,000 for demining activities. The Committee urges the administration to substantially improve interagency coordination of the U.S. government's demining activities and to unify, to the extent feasible, the budget for this important activity which enjoys strong support in the Congress. The Committee directs the Secretary of State, in consultation with the Secretary of Defense, to

provide a report to the Committees on Appropriations not later than January 15, 1997, which (a) details the interagency process for coordination of demining activities and identifies the principal agencies and offices in the U.S. government which have responsibility for demining policy or programmatic activities, (b) identifies all U.S. government funds which are utilized to support international humanitarian demining activities, and (c) details actions taken by the executive branch to improve the coordination of demining policy and activities in the U.S. government and, actions taken by the executive branch to integrate the budget for these various activities into a unified humanitarian demining budget.

#### KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

—The Committee also provides that not to exceed \$13,000,000 may be made available for the United States contribution to the Korean Peninsula Energy Development Organization (KEDO) and these funds may only be used for administrative expenses and heavy fuel oil costs. The Committee notes that in justifying a United States contribution to KEDO, the administration repeatedly briefed the Congress that the annual U.S. contribution to the heavy fuel oil portion of the Agreed Framework would be \$10,000,000 per year and that the remaining costs associated with the heavy fuel oil commitment were to be raised by the administration from other donor nations. The Committee fully supported the administration's 1996 request for heavy fuel oil and administrative expenses associated with KEDO (\$13,000,000) and recommends the same level for 1997. The Committee did not provide the additional funds requested this year for heavy fuel costs. The Committee has also repeatedly emphasized that in these tight budgetary times it could not justify additional funds for heavy fuel oil. In doing so, the Committee has strongly supported the administration's plan to enlist other international donors to share this commitment. The Committee notes, however, that while administration officials have repeatedly stated that this activity is a presidential priority, the United States international fundraising efforts to date do not reflect Presidential attention or priority. The Committee believes it is essential that other nations share the financial burden in responding to the North Korean nuclear threat. The United States already spends over \$2,500,000,000 per year to ensure stability and peace on the Korean peninsula and therefore the Committee fully expects other nations to fund the heavy fuel component of the Agreed Framework. The Committee did not waive the statutory provisions which currently prohibit the provision of assistance to North Korea.

### TITLE III—MILITARY ASSISTANCE

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 1996 level .....	\$39,000,000
Fiscal year 1997 request .....	45,000,000
Committee recommendation .....	45,000,000

The Committee recommends the administration request of \$45,000,000 for the International Military Education and Training

program. The Committee recommendation reflects its continued support for the IMET program, particularly those new programs initiated in the NIS and Central Europe since 1991.

The Committee continues prior year bill language prohibiting IMET funding for Zaire and Guatemala and language allowing expanded IMET only for Indonesia. With respect to Indonesia, the Committee strongly urges the administration to continue to carefully review candidates from Indonesia to make certain they have not been involved in previous human rights abuses. The Committee hopes that making expanded IMET available to Indonesia will substantially improve the human rights performance of the Indonesian military.

#### PERU

The Committee believes the Government of Peru has made considerable progress in the areas of political pluralization and meaningful free market reform. As a result of this laudable progress, the Committee has deleted Peru from the list of nations prohibited from receiving FMF funds. However, the Committee also emphasizes that it expects the Government of Peru to continue to improve its human rights performance and maintain its commitment to ongoing political and judicial reform. As a result, the Committee notes that the administration has not requested FMF funds for Peru in 1997 and the Committee supports this position. The Committee would further note that if FMF funds are requested in FY97 the request would be subject to the regular notification procedures of the Committees on Appropriations.

#### IMET, HUMAN RIGHTS AND ECONOMIC DEVELOPMENT

The Committee continues to support both the IMET program and its "Expanded IMET" component. The Committee supports a substantial human rights component in programs for all IMET countries, including information on international human rights conventions, human rights law in the recipient's country, American human rights law and policy, and appropriate behavior by military personnel. The Committee supports the holding of IMET field seminars that bring together elements of the military and indigenous human rights groups. The Committee also supports inclusion of a substantial number of civilian employees of foreign governments in IMET programs. The Committee believes that the IMET program and its expanded IMET component offer the military of other nations full exposure to how the United States military performs as a professional, highly respected institution in a civil, democratic society governed by the rule of law. It is the Committee's view that the attainment of such a military must be a fundamental objective of any underdeveloped nation in its pursuit of economic growth and prosperity and that the IMET program plays an important role in supporting this objective.

#### SCHOOL OF THE AMERICAS

The Committee urges the Department of Defense to continue its ongoing efforts to incorporate human rights training into the School of the Americas' regular training curriculum. The Commit-

tee further believes that the human rights component of the curriculum should be increased. The Committee also urges the Department of State and the Department of Defense to rigorously screen potential students to make certain they have not taken part in past human rights abuses. The Committee will continue to carefully review the activities of the School of the Americas and urges the Department of State and the Department of Defense to place increased emphasis on monitoring the human rights performance of its graduates.

In this regard, the Committee instructs the Secretary of Defense, in consultation with the Secretary of State, to prepare and submit to the Committees on Appropriations no later than January 15, 1997, a report which (a) details the overall selection process for potential students, (b) describes the process used to screen potential students to determine if they have participated in past human rights abuses, and (c) describes the long-term monitoring of School of the Americas' graduates in the area of human rights, to include cases of human rights abuses as well as cases where graduates make significant contributions to democracy-building and improved human rights practices.

#### FOREIGN MILITARY FINANCING PROGRAM

##### GRANTS

Fiscal year 1996 level .....	\$3,278,390,000
Fiscal year 1997 request .....	3,228,250,000
Committee recommendation .....	3,222,250,000

##### SUBSIDY APPROPRIATIONS

Fiscal year 1996 level .....	\$64,400,000
Fiscal year 1997 request .....	40,000,000
Committee recommendation .....	35,000,000

##### LOANS

Fiscal year 1996 level .....	(\$544,000,000)
Fiscal year 1997 request .....	(370,028,000)
Committee recommendation .....	(323,815,000)

The Committee has recommended \$3,222,250,000 in Foreign Military Financing grants, and \$35,000,000 as a subsidy appropriation for loans. The amount provided for the subsidy appropriation will support a loan program totaling \$323,815,000. Thus, the total program level of foreign military grants and loans for fiscal year 1996 is \$3,546,065,000. This program level is \$52,213,000 below the amount requested by the President for fiscal year 1997 and \$276,325,000 below last year's program level for grants and loans.

##### ISRAEL

The Committee recommends a total Foreign Military Financing Program of not less than \$1,800,000,000 in grants for Israel. These funds are to be disbursed within thirty days of enactment of this act or by October 31, 1996, whichever is later.

The Committee also recommends that to the extent that the Government of Israel requests that FMF grant funds for Israel be used for such purposes, and as agreed by Israel and the United States,

funds may be made available for advanced weapons systems of which not to exceed \$475,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development.

The Committee is concerned that Israel's technological military edge could erode as a result of the unrestrained sales of advanced military equipment to Israel's potential adversaries by other nations and the increasing sophistication and cost of advanced weapons systems. Therefore, the Committee continues to believe the United States must make every effort to carry out its long-standing policy of ensuring that Israel's technological edge is maintained.

#### EGYPT

The Committee recommends a total Foreign Military Financing Program for Egypt of not less than \$1,300,000,000 in Foreign Military Financing grants.

The Committee remains extremely concerned about the extent of cash flow financing of Egyptian arms acquisitions financed by FMF funds. The Committee directs the Secretary of Defense to submit to the Committees on Appropriations, no later than January 15, 1997, a report which provides a detailed description of the present status of Egyptian cash flow financed arms transfers as well as any plans to enter into future cash flow financing agreements with Egypt.

#### JORDAN F-16's

The Committee notes that the administration request for FMF grants includes \$30,000,000 for Jordan. These funds will be used to support the transfer of 16 F-16 fighter aircraft to the Government of Jordan. The Committee also notes that the overall downsizing of the U.S. defense industry is costing thousands of American defense-related jobs. The Committee therefore urges the Department of Defense to give priority consideration to American defense firms in awarding contracts for upgrades and other major improvements to these aircraft prior to their delivery to the Government of Jordan.

#### WARSAW INITIATIVE AND PARTNERSHIP FOR PEACE NATIONS

The Committee continues to support the President's January 1994 Warsaw Initiative to provide military assistance to Partnership for Peace (PFP) nations. The Committee believes the 1997 request will continue to enhance security and stability in Europe by promoting the standardization and interoperability, as well as the continued downsizing, of the armed forces of participating nations, particularly those of nations most likely to be considered for NATO membership. The administration's fiscal year 1997 request for \$60,000,000 will continue to support transfers of equipment to enhance the interoperability of PFP forces with NATO forces, to improve the capability of PFP nations to participate in NATO-led peacekeeping efforts, and to enable the new democracies in Central Europe to continue the process of reorienting their militaries in the post-Cold War era.

## PARTNERSHIP FOR PEACE NOTIFICATION

The Committee includes a provision stating that no FMF grant assistance shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations. The Committee would note that while Russia is a member of the Partnership for Peace, the Committee strongly believes it is still extremely premature to consider providing military assistance to Russia.

## ADMINISTRATIVE EXPENSES

The Committee has continued a limitation on administrative expenses of \$23,250,000, the level requested by the Administration and the same level approved for 1996.

## FOREIGN MILITARY FINANCING SURCHARGE

The Committee has included an overall limitation of Foreign Military Financing operating costs of \$355,000,000, unless notified through the Committee's fifteen day notification process. The Committee believes that it is important to retain this overall limitation, which is the same level included in last year's bill, in order to ensure that funds collected to pay for personnel dedicated to the operation of the FMF system are used for that purpose only.

## EXCESS SUBSIDY COSTS

The Committee has included prior year language allowing the subsidy costs of direct loans to be used to supplement funds available for grants under certain conditions and vice versa.

## FMF EXPENDITURE RATE

The Committee continues bill language that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services.

## LOANS

The Committee has included a provision in the bill limiting loans to \$323,815,000.

## PROCUREMENT AGREEMENTS

The Committee has continued prior year language requiring recipients of Foreign Military Financing to sign agreements with the United States prior to using FMF funds to finance the procurement of any item not sold by the United States under the Arms Export Control Act.

## ADMINISTRATIVE EXPENSES

The Committee expects the Department of Defense to carefully review administrative expenses in an effort to reduce expenditures.

## PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Zaire, Sudan, Liberia, and Guatemala. The administration did not request military assistance for these countries for fiscal year 1997.

## FMF LOANS FOR GREECE AND TURKEY

The Committee reaffirms that last year marked the graduation of both Greece and Turkey as annual FMF loan program recipients for the purpose of supporting major new weapons acquisitions. However, in last year's report the Committee noted that it would entertain future sustainment requests for either country based upon the request's individual merit. The administration's fiscal year 1997 request for FMF loans for Greece and Turkey is a significant reduction from the 1996 program level and is to be used to support upgrades or replacement parts for existing U.S. origin equipment currently in the inventories of the Turkish and Greek armed forces.

## SPECIAL DEFENSE ACQUISITION FUND

No language was requested by the administration for this account which continues to be drawn down. The Committee included language in the fiscal year 1994 bill which required that all receipts to the Fund be returned to the Treasury. This remains in effect and will produce a reduction in the deficit of approximately \$166,000,000 in fiscal year 1997.

## PEACEKEEPING OPERATIONS

Fiscal year 1996 level .....	\$70,000,000
Fiscal year 1997 request .....	70,000,000
Committee recommendation .....	65,000,000

The Committee recommends \$65,000,000 for voluntary contributions for International Peacekeeping Operations. This amount is \$5,000,000 below the level provided in fiscal year 1996 and the President's request.

This account funds voluntary contributions to help defray costs of peacekeeping activities undertaken on a voluntary basis by regional organizations such as the Organization for Security and Cooperation in Europe (OSCE) and the Organization for African Unity (OAU). It also funds one-third of the Multinational Force and Observers (Sinai), a critical component of the Egypt/Israel peace accords.

The Committee's recommendation assumes that the Administration will focus its support on high-priority, on-going peacekeeping operations and activities. Up to \$3,000,000 could be used to support implementation of the agreement between the Patriotic Union of Kurdistan and the Kurdistan Democratic Party.

## VOLUNTARY CONTRIBUTION TO WAR CRIMES TRIBUNAL

The Committee strongly supports the efforts of the War Crimes Tribunal in its work to ensure the impartial administration of justice regarding war crimes committed during the Bosnian conflict.

To further this effort, up to \$3,000,000 of the funds appropriated in this account may be provided to the Tribunal as a voluntary contribution.

#### TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

##### INTERNATIONAL FINANCIAL INSTITUTIONS

The budgetary situation forces the Committee to begin a process of choosing among the nine multilateral development banks (MDBs) it has traditionally supported. This year funding is requested for the first time for an eleventh institution, the Middle East Bank for Economic Cooperation and Development. The request includes two institutions that were not funded last year. The 1997 budget estimate of \$1,432,568,810 is more realistic than the 1996 request of \$2,303,865,000, but the Committee cannot recommend full funding this year under its reduced budget allocation for this appropriations bill. This allocation must accommodate several other high priority items: the \$200,000,000 annual reconstruction effort in Bosnia, a new \$50,000,000 counter-terrorism program for Israel, and an increase of \$35,000,000 for international narcotics control.

In approaching this dilemma, the Committee is keenly aware of the fact that the multilateral development banks have served American interests in many ways. Many of them have supported, and continue to support, American businesses in opening new markets and securing financing unavailable from commercial markets. The “leveraging effect” of more than \$20 made available to developing economies for every dollar appropriated by Congress has enabled the Committee to prudently reduce the size of its Foreign Operations Appropriations Acts over the past decade. These factors, the impact on American business and maximum “leveraging” ratios, have guided the Committee in its recommendations.

Another factor entered into the Committee’s deliberations: the growing role of the private sector in developing nations that have until recently chosen to undertake development through centrally planned or state-dominated economic models. Last year, the Committee heard dramatic testimony about the fast growing sector for American exports, private sector infrastructure projects, mostly in the areas of energy and telecommunications. Several successful participants in such projects have volunteered that certain of the MDBs had been vital to their undertakings which promote sustainable development abroad and good jobs in the United States. Reports from the private sector about the impact of new restrictions on United States firms seeking to bid on projects funded by the International Development Association (IDA) have also affected the Committee recommendations.

Finally, no major reevaluation of the role of the multilateral development banks has been undertaken and completed by the United States Government since the Reagan Administration in 1982. In prior years, the Committee has noted that the Reagan Administration concluded that “the value of the MDBs lies primarily in their cost effective contribution to LDC economic growth and stability.” This is still a valid point, but it may not be equally true for all of the institutions.



The present Administration and its industrial partners undertook a review of the MDBs as part of the Halifax Economic Summit last year. The Committee looks forward to consulting with the Treasury Department about its conclusions. In reviewing requests for the MDBs the Committee took into account the following criteria, as well as those discussed in previous reports.

To what extent does the institution promote private sector growth, and how long has it done so?

To what extent does the institution support American business interests?

To what extent does the institution share the attributes of a commercial bank, or does it extend credit on terms approaching a foundation making grants? Do the U.S. shares retain significant market value?

Does the institution focus on regions vital to the United States, or on regions where significant amounts of United States bilateral assistance is directed?

#### CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

##### PAID-IN CAPITAL

Fiscal year 1996 level .....	\$28,189,963
Fiscal year 1997 request .....	0
Committee recommendation .....	0

##### CONTRIBUTION TO THE GLOBAL ENVIRONMENT FACILITY

Fiscal year 1996 level .....	\$35,000,000
Fiscal year 1997 request .....	100,000,000
Committee recommendation .....	30,000,000

The Committee has no request for ordinary paid-in capital for the International Bank for Reconstruction and Development (IBRD) for which \$28,189,963 was provided for fiscal year 1996. The Committee recommends \$30,000,000 for the Global Environment Facility (GEF), administered by the IBRD. The recommendation is \$5,000,000 less than the 1996 enacted level, and the same as the amount agreed to by the House in two recorded votes on June 27, 1995.

The Committee views the restructured GEF as a potentially important multilateral funding mechanism for addressing global environmental problems such as the loss of tropical forests. The Committee expects to consider future requests for the GEF according to its success in meeting three policy objectives: (1) focus of GEF resources on conservation of the most biologically diverse ecosystems; (2) development of effective mechanisms for implementation of GEF projects in cooperation with private and voluntary organizations; and (3) substantial operating independence of the GEF with respect to the World Bank group and the United Nations.

#### CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 1996 level .....	\$700,000,000
Fiscal year 1997 request .....	934,503,100
Committee recommendation .....	525,000,000

The Committee is providing \$525,000,000 toward the U.S. contribution to the Tenth Replenishment of the International Development Association, a reduction of \$175,000,000 below the 1996 enacted level. The 1997 request for \$934,503,100 would have fully met all remaining pledges to IDA X. The recommended substantial reduction from the Administration's request will mean that the U.S. will be unable to fulfill its commitment to IDA X recently renegotiated with other donors in Tokyo. The Committee wishes to make clear that the decision to provide less than the full request is a result of necessary budgetary constraints and regret over the decision by other donors to deny American companies access to initial procurement under IDA XI.

#### EXPLANATION OF RECOMMENDATION

The Committee is concerned about the formation of an Interim Trust Fund within the International Development Association (IDA), because American companies will be denied the opportunity to bid on contracts and projects funded from this entity. Therefore the Committee has prohibited the obligation of any of the funds provided for IDA until the Secretary of the Treasury submits a report detailing efforts made by U.S. officials to oppose the formation of such Fund and discussing the adverse impacts of other potential alternatives to the Fund.

The exclusion of American contractors from the opportunity to bid on any project is highly unusual and contrary to long established practices of multilateral banks. The Committee expects to receive this report in a timely fashion and expects to be informed immediately of any future attempts to exclude American contractors from bidding on any World Bank projects. Despite the historical precedent for this Interim fund concept and the extent of U.S. arrears to the International Development Association, there is no justification for the exclusion of American companies especially given the prominent and pivotal role the U.S. has played in multilateral banks historically.

Punitive restrictions by IDA on procurement by U.S. companies cannot be ignored by the Committee in light of its uncomplaining provision of more than 20 percent of IDA funds over the past 35 years while receiving only 10 percent of IDA procurement.

The Committee, with exceptions, supports U.S. participation in this development program which is directed toward the poorest countries in the world, but also finances relatively well-off nations. The Committee recognizes that IDA could play an important role in building markets for U.S. exports, as well as enhancing the effectiveness of U.S. bilateral export promotion programs. This is not possible in 1997 as a result of the short-sighted and punitive position taken by certain other donors who lack appreciation of the historic sacrifices made by American taxpayers to finance nine previous replenishments of IDA, much less the generous attitude toward their countries by American taxpayers in the aftermath of World War II.

## IDA AND CHINA

The Committee continues to have serious reservations about China receiving IDA loans, given its current strong economic and financial status and its human rights record. Last year, the Committee was encouraged that the Treasury Department had committed to graduating China from IDA. The Committee is disappointed that Treasury has had only limited success at this effort and continues to oppose the eligibility of China to continue receiving IDA's loans. The Department should continue to use every opportunity to accelerate the graduation from IDA of China.

## FUTURE ROLE OF IDA

IDA, as the single largest source of external financing in the low-income nations for market-oriented policy reform, as well as for education, health and the environment, could play an indispensable role in helping the poorest countries become integrated into the global economy. The Committee notes that the Treasury Department did consult with Congress with regard to annual U.S. contributions to IDA XI.

## INTERNATIONAL FINANCE CORPORATION

Fiscal year 1996 level .....	\$60,900,000
Fiscal year 1997 request .....	6,656,000
Committee recommendation .....	6,656,000

The Committee recommends \$6,656,000 for the International Finance Corporation, the amount requested, and \$54,244,000 less than the 1996 level.

The Committee continues to be concerned about the negative environmental impacts of certain IFC investments and financing operations. The Committee reiterates that the U.S. executive director and Treasury Department officials should use their influence to bring IFC into compliance with section 521 of P.L. 101-240 (known as the Pelosi amendment).

## CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

## INTER-REGIONAL PAID-IN CAPITAL

Fiscal 1996 level .....	\$25,952,110
Fiscal 1997 request .....	25,610,667
Committee recommendation .....	25,610,667

## (LIMITATION ON CALLABLE CAPITAL)

1996 level .....	(\$1,523,767,142)
1997 request .....	(1,503,718,910)
Committee recommendation .....	(1,503,718,910)

## FUND FOR SPECIAL OPERATIONS

Fiscal 1996 level .....	\$10,000,000
Fiscal 1997 Request .....	31,411,000
Committee recommendation .....	10,000,000

The Committee has recommended funding for Inter-regional paid-in capital of \$25,610,667 for fiscal year 1997, the same amount as the President's request for the Inter-American Develop-

ment Bank. The Committee has recommended a limitation on callable capital of \$1,503,718,910 for fiscal year 1997. The Committee recommends \$10,000,000 for fiscal year 1997, the same as the amount provided in fiscal year 1996, for the soft-loan Fund for Special Operations. The Committee notes that Inter-American Development Bank management is considering a plan to make the FSO self-sustaining within a few years. Confirmation of this graduation policy will be of interest to the Committee.

#### MULTILATERAL INVESTMENT FUND

Fiscal year 1996 level .....	\$53,750,000
Fiscal year 1997 request .....	27,500,000
Committee recommendation .....	27,500,000

The Committee has fully funded the Administration's request of \$27,500,000 for the U.S. contribution to the Multilateral Investment Fund. It was not consulted about the Administration decision to cut the MIF request by almost 50 percent from the 1996 enacted level. The request is substantially less than the amount scheduled in agreements with Japan and other donors to the MIF. The Committee suggests that the Treasury Department explain to other donors that the reduction was undertaken solely for budgetary reasons and not because of lack of support of the MIF. The Committee notes that the Administration plans to seek appropriations in future year to meet United States commitments to the MIF.

The MIF has emerged as a cost-effective way of promoting micro-enterprise and private sector-led development among countries in Latin America and the Caribbean who have a proven commitment to economic reform.

#### CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

##### PAID-IN CAPITAL

Fiscal 1996 level .....	\$13,221,596
Fiscal 1997 request .....	13,221,596
Committee recommendation .....	13,221,596

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal 1996 level. ....	(\$647,858,204)
Fiscal 1997 request .....	(647,858,204)
Committee recommendation .....	(647,858,204)

#### ASIAN DEVELOPMENT FUND

Fiscal 1996 level .....	\$100,000,000
Fiscal 1997 request. ....	100,000,000
Committee recommendation .....	100,000,000

The Administration is requesting \$13,221,596 for paid-in capital and a limitation of \$647,858,204 on callable capital subscriptions (which do not require appropriations) of the Asian Development Bank. The Committee recommends an amount that is the same as the request and the 1996 enacted level.

The request for the soft-loan Asian Development Fund is \$100,000,000, the same as the amount provided in fiscal year 1996 but less than half of the amount scheduled to be requested this

year. The Committee is reluctant to exceed the request, and recommends the same.

The Committee has been informed that the Asian Development Bank is considering procurement limitations similar to those invoked by IDA against American (and, in this case, Singapore) firms. In this case, the hesitation to fund the institution in a more timely manner originated in the Executive branch, but putative procurement restrictions against American firms by the Asian Development Bank and Fund would drastically reduce the Committee's willingness to consider future requests.

#### AFRICAN DEVELOPMENT BANK

##### PAID-IN CAPITAL

Fiscal 1996 level .....	0
Fiscal 1997 request .....	\$16,000,000
Committee recommendation .....	0

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal 1996 level .....	(0)
Fiscal 1997 request .....	(\$112,000,000)
Committee recommendation .....	(0)

##### CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal 1996 level .....	0
Fiscal 1997 Budget Estimate .....	\$50,000,000
Committee recommendation .....	0

The Committee cannot agree to renew funding for the African Development Bank or Fund at this time. Although encouraged by the new management of the Bank and Fund, the Committee cannot appropriate funds in the absence of an agreement by the members of the Bank to fully reform its procedures and replenish its resources. The Committee requests that the Treasury Department keep it fully informed of the status of replenishment negotiations and reform measures undertaken by the Bank and Fund.

#### CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

##### PAID-IN CAPITAL

Fiscal 1996 level .....	\$70,000,000
Fiscal 1997 request .....	11,916,447
Committee recommendation .....	11,916,447

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal 1996 level .....	(\$163,333,333)
Fiscal 1997 request .....	(27,805,043)
Committee recommendation .....	(27,805,043)

The Committee is recommending \$11,914,447 for the European Bank for Reconstruction and Development. This amount is significantly less than the \$70,000,000 provided in fiscal year 1996 and the same as the President's request. A somewhat larger request is anticipated for fiscal year 1998 as part of the EBRD's planned first and only replenishment.

After a difficult start-up period, the EBRD has made exceptional progress in its aim of financing the private sector in Central and Eastern Europe. During 1995, more than 70 percent of EBRD's commitments went to the new private sector in the region. For the most part, this financing was available only through the EBRD.

As the Committee begins to cut back somewhat on its bilateral appropriations for Central Europe, it anticipates that market-rate credits from multilateral institutions such as the EBRD and the IBRD can finance the economic growth that is needed to support democracy and free markets in the region. The Committee is encouraged the EBRD has agreed that its forthcoming replenishment will be its first and last request for public sector funds. The EBRD expects to become the first multilateral bank to become self-sustaining and dependent on profits and private funds.

#### NORTH AMERICAN DEVELOPMENT BANK

##### PAID-IN CAPITAL

Fiscal 1996 level .....	\$56,250,000
Fiscal 1997 request .....	56,250,000
Committee recommendation .....	50,625,000

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal 1996 level .....	(\$318,750,000)
Fiscal 1997 request .....	(318,750,000)
Committee recommendation .....	(318,750,000)

The Administration is requesting \$56,250,000 for paid-in capital and a limitation of \$318,750,000 on callable capital subscriptions (which do not require appropriations) of the North American Development Bank. The request is the same as the 1996 enacted level. The Committee recommends \$50,625,000 in paid-in capital, an amount that is 90 percent of the request. The \$5,625,000 reduction is deferred until needed in future years, and does not reflect any reduction in the Committee's support for the NADBank. The deferred amount was intended to fund the third year of an economic development effort that is only now becoming operational. The \$11,250,000 already available for obligation and the amount deferred will fund a new program affecting non-border localities.

The North American Development Bank was created and is governed by the United States and Mexico as part of the North American Free Trade Agreement. This is the second year funding has been requested in this bill; an initial U.S. investment to mobilize NADBank was directly appropriated in the NAFTA Implementation Act.

The NADBank is unique among the multilateral development banks, as it is specifically designed to fund projects that will have either a direct or indirect impact on the United States and its citizens. It was designed to provide between \$2,000,000,000 and \$3,000,000,000 in financing for high priority environmental infrastructure projects, ninety percent of which are within 60 miles of the border and ten percent elsewhere when directly tied to NAFTA-related job displacement.

The primary purpose of NADBank is to finance environmental infrastructure projects along the U.S.-Mexican border, particularly

in the areas of wastewater treatment, drinking water, and municipal solid waste. Only projects certified by the U.S.-Mexican Border Environment Cooperation Commission, a new institution designed to assist border states and local communities in coordinating border clean-up, will be eligible for NADBank financing.

BANK FOR ECONOMIC COOPERATION AND DEVELOPMENT IN THE  
MIDDLE EAST AND NORTH AFRICA

PAID-IN CAPITAL

Fiscal 1996 level .....	0
Fiscal 1997 request .....	\$52,500,000
Committee recommendation .....	0

(LIMITATION ON CALLABLE CAPITAL)

Fiscal 1996 level .....	(0)
Fiscal 1997 request .....	(\$157,500,000)
Committee recommendation .....	(0)

The Committee has not provided funds for this proposed new institution.

INTERNATIONAL MONETARY FUND

CONTRIBUTION TO THE ENHANCED STRUCTURAL ADJUSTMENT  
FACILITY

Fiscal 1996 level .....	0
Fiscal 1997 request .....	\$7,000,000
Committee recommendation .....	0

The Committee is unable to recommend any funding in fiscal 1997 for the Enhanced Structural Adjustment Facility of the International Monetary Fund. The President requested \$7,000,000 for this purpose, less than 30 percent of the amount requested and denied in fiscal year 1996.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 1996 level .....	\$285,000,000
Fiscal year 1997 request .....	325,000,000
Committee recommendation .....	136,000,000

The Committee is recommending \$136,000,000 for International Organizations and Programs. This is \$149,000,000 below the fiscal year 1996 level and \$189,000,000 below the President's request. However, the Committee has shifted \$100,000,000 for a grant to UNICEF from this account to "Child Survival and Disease Programs Fund" under title II. It has also shifted funds for the International Atomic Energy Agency (IAEA) and the Korea Peninsula Energy Development Organization (KEDO) from this account to "Nonproliferation, anti-terrorism, demining and related programs" under title II. Therefore, on a comparable basis, the recommendation is approximately the same as the 1996 level.

The Committee recommendation includes bill language carried in the 1996 appropriations act that limits funding for the United Nations Population Fund (UNFPA) to a maximum level of \$25,000,000, the 1996 House-passed level. It also states that none of the funds provided to UNFPA shall be made available for activi-

ties in China, and that no funds may be made available to UNFPA unless the Secretary of State certifies that UNFPA activities in China have ended and that the organization has no plans to resume activities in China during fiscal year 1997.

#### CHINA AND HONG KONG

The Committee supports the creation of strong democratic institutions in Hong Kong and the protection of its status after transfer to China. It is concerned by increasing reports of limitations on freedom of the press leading up to the transfer of the Colony.

#### ORGANIZATION FUNDING LEVELS

The Committee is aware that the recommended funding level will require reductions in the request for contributions to many organizations. However, the highest priority should be given to funding for the United Nations Voluntary Fund for Victims of Torture at a level at least equal to the budget request. The Committee also supports the goals of the United Nations Development Program (UNDP) and supports funding for UNDP to the maximum extent possible.

#### TITLE V—GENERAL PROVISIONS

The Committee recommends that many of the general provisions carried in the fiscal year 1996 bill be dropped. These provisions are either addressed elsewhere in permanent law, have been considered by the authorizing Committee, or are no longer necessary.

The Committee has recommended the following new and revised general provisions.

#### PROHIBITION ON FINANCING NUCLEAR GOODS

The Committee has revised section 506 to exempt “Nonproliferation, Anti-terrorism, Demining and Related Programs” from the general prohibition on financing nuclear goods with funds appropriated under this Act. Previously, “International Organizations and Programs” had been exempt from this prohibition.

#### PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

The Committee has revised section 507, that prohibits direct funding to selected countries, by deleting Serbia from the list of prohibited countries. Serbia has been added to section 520.

#### TRANSFERS BETWEEN ACCOUNTS

The Committee has revised section 509 by deleting language exempting transfers from the regular notification procedure requirements.

#### DEOBLIGATION/REOBLIGATION AUTHORITY

The Committee has updated the authority of section 510 for another fiscal year regarding its application to bilateral economic assistance funds under title II and funds to carry out section 23 of the Arms Export Control Act.



## NOTIFICATION REQUIREMENTS

The bill continues the existing provision on congressional notifications in section 515. The text has been updated to reflect changes in the bill account structure, including the addition of the "Child Survival and Diseases Program Fund," "Debt restructuring," and "Nonproliferation, Anti-terrorism, Demining and Related Programs".

## LIMITATION OF AVAILABILITY OF FUNDS FOR INTERNATIONAL ORGANIZATIONS AND PROGRAMS.

The Committee has updated section 516 making funds that are returned or not made available for organizations and programs because of this section or similar provisions of law, available for obligation through September 30, 1998.

## POPULATION ASSISTANCE FUNDING LIMITATIONS

The Committee has replaced section 518A with new language regarding limitations on population assistance funding. Under section 518A, foreign private or nongovernmental organizations can receive population assistance funds appropriated under this Act only if the organization certifies that it will not perform abortions in any foreign country, except where the life of the mother would be endangered if the fetus were carried to term or in the case of forcible rape or incest. An organization further cannot receive funds under this Act until it certifies that it will not violate the laws of a foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in an effort in a foreign country to alter the laws or governmental policies concerning the circumstances under which abortion is permitted, regulated, or prohibited. If a foreign private or nongovernmental organization does not issue these certifications, it may receive population assistance appropriated under this Act for fiscal year 1997, but at a level not to exceed 50 percent of the funds made available to the organization in fiscal year 1995 at a rate of 8.34 percent per month for the first four months of fiscal year 1997. Organizations that did not receive funds in fiscal year 1995 must meet the certification requirements in order to receive funds in fiscal year 1997. Population assistance funds for fiscal year 1997 may be made available in an amount not to exceed 65 percent of the total amount appropriated for fiscal year 1995.

## SPECIAL NOTIFICATION REQUIREMENTS

The Committee has revised section 520, which requires prior notification through the Committee's notification process, by dropping Guatemala and Nicaragua from the notification requirements of this section and adding Serbia and South Africa. The Committee has also deleted language that exempted prior notification for development assistance for Nicaragua.

## RECIPROCAL LEASING

The Committee has updated section 524 on reciprocal leasing to change the effective date from 1996 to 1997.

## PROHIBITION ON BILATERAL ASSISTANCE TO TERRORIST COUNTRIES

The Committee has revised section 527 by deleting text that permitted the application of section 527 “notwithstanding any other provision of law.”

## DEBT-FOR-DEVELOPMENT

The Committee has revised section 530, that allows NGOs to deposit in interest bearing accounts appropriated funds or local currencies, by requiring that such interest earned shall be used for the same purpose for which the assistance was provided to the organizations.

## SEPARATE ACCOUNTS

The Committee has revised the requirement of section 531 concerning separate accounts for local currencies. The Agency for International Development would be required to take all “necessary” steps, rather than “appropriate” steps, to ensure that local currencies disbursed from a special account are used for the purposes agreed upon with the foreign government. A new reporting requirement has also been added requiring the AID Administrator to report annually, as part of the justification documents, on the use of local currencies for the administrative requirements of the U.S. Government.

## POW/MIA MILITARY DRAWDOWN

The Committee has updated section 534, which permits the drawdown of U.S. military equipment related to POW/MIA activities, to extend the drawdown authority for another fiscal year.

## MEDITERRANEAN EXCESS DEFENSE ARTICLES

The Committee has revised section 535, which requires that excess defense equipment provided to Greece and Turkey be provided at levels that closely approximate the ratio of foreign military financing provided to the two countries, by requiring that excess defense articles provided for the four-year period beginning on October 1, 1996 shall be provided consistent with the manner in which the President made available excess defense articles during the four-year period that began on October 1, 1992, pursuant to section 573(e) of the 1990 Foreign Operations Appropriations Act.

## AUTHORITY TO ASSIST BOSNIA AND HERZEGOVINA

The Committee has revised and updated section 539, which provides permissive authority for the drawdown of United States military equipment for Bosnia and Herzegovina. The Committee has deleted out-dated congressional findings relating to the U.N. arms embargo to any country of the former Yugoslavia and language concerning the lifting of the U.N. arms embargo or a unilateral lifting by the President. Section 539 continues the authority permitting the drawdown of U.S. military equipment for Bosnia and Herzegovina at an aggregate amount that totals \$100,000,000 for the combined two-year period of fiscal years 1996 and 1997.

RESTRICTIONS ON THE TERMINATION OF SANCTIONS AGAINST SERBIA  
AND MONTENEGRO

The Committee has revised section 540 by deleting subsection (d) that amended section 660(b) of the Foreign Assistance Act of 1961 relating to assistance for police training for sanctions monitoring and enforcement, and for the reconstitution of civilian police authority in a nation emerging from instability.

SPECIAL AUTHORITIES

The Committee has revised section 541, concerning special authorities, by increasing from \$40,000,000 to \$50,000,000 the amount available in fiscal year 1997 to the President under his contingency authority authorized in section 451 of the Foreign Assistance Act of 1961.

ANTI-NARCOTICS ACTIVITIES

The Committee has revised section 543 by making adjustments to references of provisions contained in section 534 of the Foreign Assistance Act of 1961. ESF funds for Administration of Justice programs may be provided consistent with section 534(b) (previously section 534) of the Foreign Assistance Act of 1961. In addition, the Committee has added two “notwithstanding” authorities, permitting the use of funds available under this section, notwithstanding section 534(c) and the second sentence of section 534(e) of the Foreign Assistance Act of 1961.

ELIGIBILITY FOR ASSISTANCE

The Committee has updated section 544 to continue the authority for another fiscal year permitting Public Law 480 food assistance without regard to country restrictions contained in this or any other Act.

LIMITATION ON ASSISTANCE FOR THE PLO FOR THE WEST BANK AND  
GAZA

The Committee has updated section 553 by changing references of the relevant presidential authority to section 604(a) of the Middle East Peace Facilitation Act of 1995.

LANDMINES

The Committee has revised section 556, concerning landmines, by deleting a proviso that amended section 1365(c) of the National Defense Authorization Act for Fiscal Year 1993.

HUMANITARIAN ASSISTANCE

The Committee has revised section 559 by adding the section title, “Humanitarian Assistance.”

EQUITABLE ALLOCATION OF FUNDS

The Committee has added a new provision, section 561, providing that no country in Latin America and the Caribbean region can receive more than 20 percent of funds appropriated by this Act for

development assistance and ESF provided for bilateral and Latin America and the Caribbean regional programs.

#### INTERNATIONAL DEVELOPMENT ASSOCIATION

The Committee has added a new provision, section 564, authorizing \$525,000,000 for a U.S. contribution to the tenth replenishment of the International Development Association.

#### LIBERIA

The Committee has revised section 567, that permits assistance for Liberia notwithstanding debt arrearages to the U.S. Government, by deleting the text of an amendment to Public Law 102-270.

#### GUATEMALA

The Committee has revised section 568, regarding military assistance to Guatemalan military forces, by deleting references to Guatemalan security forces.

#### SANCTIONS AGAINST COUNTRIES HARBORING WAR CRIMINALS

The Committee has revised section 569, concerning sanctions against countries harboring war criminals, by including a Presidential authorization to withhold bilateral assistance. In addition, a requirement that the Secretary of the Treasury instruct U.S. executive directors of the international financial institutions to oppose loans to such countries is modified by a provision stating that the Secretary should instruct U.S. executive directors to oppose loans to such countries.

#### LIMITATION ON ASSISTANCE FOR HAITI

The Committee has revised section 570 that prohibits non-humanitarian assistance to the Government of Haiti unless the President reports to Congress that the Government of Haiti is investigating extrajudicial and political killings and cooperating with U.S. authorities in such investigations. The President may waive this section because of national interest reasons, but only on a quarterly basis, and he may not delegate the authority to make the national interest determination. The Committee has deleted language permitting the waiver of this section if it was necessary to assure the safe and timely withdrawal of American forces from Haiti.

#### LIMITATION OF ASSISTANCE TO TURKEY

The Committee has included a new section 571 limiting Economic Support Fund assistance to Turkey to \$25,000,000.

#### REPORTS REGARDING HONG KONG

The Committee has included a new section 572 similar to section 576 in the 1996 act requiring reports on Hong Kong.

## PROVISIONS RETAINED FROM FISCAL YEAR 1996

The following general provisions from the fiscal year 1996 bill were retained in the fiscal year 1997 bill unchanged except for new section numbers where appropriate:

- Sec. 501. Obligations During Last Month of Availability.
- Sec. 502. Prohibition of Bilateral Funding for International Financial Institutions.
- Sec. 503. Limitation on AID Residential Expenses.
- Sec. 504. Limitation on Expenses.
- Sec. 505. Limitation on Representational Allowances.
- Sec. 508. Military Coups.
- Sec. 511. Availability of Funds.
- Sec. 512. Limitation on Assistance to Countries in Default.
- Sec. 513. Commerce and Trade.
- Sec. 514. Surplus Commodities.
- Sec. 517. Economic Support Fund Assistance for Israel.
- Sec. 518. Prohibition on Funding for Abortions and Involuntary Sterilizations.
- Sec. 519. Reporting Requirement.
- Sec. 521. Definition of Program, Project, and Activity.
- Sec. 522. Child Survival and AIDS Activities.
- Sec. 523. Prohibition Against Indirect Funding to Certain Countries.
- Sec. 525. Notification on Excess Defense Equipment.
- Sec. 526. Authorization Requirement.
- Sec. 528. Commercial Leasing of Defense Articles.
- Sec. 528A. Competitive Insurance.
- Sec. 529. Stingers in the Persian Gulf Region.
- Sec. 532. Compensation for U.S. Executive Directors.
- Sec. 533. Compliance with UN Sanctions Against Iraq.
- Sec. 536. Cash Flow Financing.
- Sec. 537. Authorities for the Peace Corps, The Inter-American Foundation and the African Development Foundation.
- Sec. 538. Impact on Jobs in the United States.
- Sec. 542. Policy on Terminating the Arab League Boycott of Israel.
- Sec. 544A. Earmarks.
- Sec. 545. Ceilings and Earmarks.
- Sec. 546. Prohibition on Publicity or Propaganda.
- Sec. 547. Use of American Resources.
- Sec. 548. Prohibition of Payments to UN Members.
- Sec. 549. Consulting Services.
- Sec. 550. Private Voluntary Organizations—Documentation.
- Sec. 551. Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism.
- Sec. 552. Withholding of Assistance for Parking Fines Owed by Foreign Countries.
- Sec. 554. Export Financing Transfer Authorities.
- Sec. 555. War Crimes Tribunals.
- Sec. 557. Restrictions Concerning the Palestinian Authority.
- Sec. 558. Prohibition on Payment of Certain Expenses.

Sec. 560. Withholding of Assistance to Countries Supporting Nuclear Power Plant in Cuba.

Sec. 562. Purchase of American-Made Equipment and Products.

Sec. 563. Limitation of Funds for North American Development Bank.

Sec. 565. Special Debt Relief for the Poorest.

Sec. 566. Authority to Engage in Debt Buybacks or Sales.

### MISCELLANEOUS INFORMATION

#### COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 602(b) of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

#### FISCAL YEAR 1997 APPROPRIATIONS [Dollars in millions]

	Budget authority	Outlays
Sec. 602(b):		
Discretionary .....	11,950	13,311
Mandatory .....	44	44
Total .....	11,994	13,355
This bill:		
Discretionary .....	11,950	13,297
Mandatory .....	44	44
Total .....	11,994	13,341

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended.

#### FIVE-YEAR PROJECTION OF OUTLAYS

In compliance with section 308(a)(1)(C) of the Congressional Budget Act of 1974 (Public Law 93-344 as amended), the following table contains five-year projections associated with the budget authority provided in the accompanying bill.

#### *Fiscal Year 1997 Appropriations*

Budget authority .....	<i>Millions</i> \$11,922
Outlays .....	11,605
Fiscal Year:	
1997 .....	5,088
1998 .....	3,656
1999 .....	1,162
2000 .....	719
2001 and future years .....	980

## ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(D) of the Congressional Budget Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying bill contain no budget authority or budget outlays for State or local governments.

## INFLATIONARY IMPACT STATEMENT

Clause 2(1)(4) of rule XI of the Rules of the House of Representatives requires that each committee report on a bill or resolution shall contain a statement as to whether enactment of the bill or resolution would have an inflationary impact on prices and costs in the operations of the national economy. The reductions in the bill will have a positive impact on reducing inflation.

## CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3, rule XXI of the Rules of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill which directly or indirectly change the application of existing law. Most of the language has been provided in previous measures including supplementals for the departments and agencies carried in the accompanying bill.

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 1997 have not yet been enacted. The bill allows funds appropriated in the bill to be obligated notwithstanding the lack of authorizations of appropriations.

2. The bill provides that a few of the appropriations shall remain available for obligation beyond the current fiscal year. In all cases it is deemed desirable to carry such language in order to provide for orderly administration of such programs and effective use of funds.

3. The bill contains a number of general provisions and other language which have been carried in the bill in past years.

4. Under "Export-Import Bank", the Committee permits up to \$50,000,000 be available for tied-aid grants purposes.

5. Under "Overseas Private Investment Corporation", the corporation is authorized to make expenditures, and it is stated that administrative expenses shall not include project-specific costs and other related costs. In addition, funds are authorized to be derived by transfer from the noncredit account. Funds are also authorized to be provided for direct loan obligations and loan guarantees. Finally, funds are authorized for administrative expenses by transfer from the noncredit account.

6. Funds are provided for the Trade and Development Agency, and the agency is authorized to receive reimbursements from corporations and other entities to cover the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection and to be available for obligation until September 30, 1997, for necessary expenses. However, funds would not be available to cover the direct or indirect costs of administration.

7. Under "Contribution to the International Finance Corporation", the Committee limits the amount that can be used to purchase capital stock and appropriates \$6,656,000.

8. A new account has been added providing \$600,000,000 for "Child Survival and Disease Programs Fund".

9. Under "Development Assistance", the Committee provides that not to exceed \$12,000,000 may be transferred to "Debt restructuring", subject to the regular notification procedures of the Committee.

10. Under "Development Assistance" the bill contains provisions relating to abortion that were carried in the 1996 act.

11. Under "Private and Voluntary Organizations", the Committee includes a provision that funds appropriated under title II should be made available to PVOs at a level which is equivalent to the level provided in fiscal year 1995. It also continues provisions continued from last year on minimum funds from private sources.

12. Under "International Disaster Assistance", funds are made available for rehabilitation and reconstruction assistance.

13. Under "Debt restructuring", funds are made available for modifying direct loans and loan guarantees, including the cost of selling, reducing, or canceling amounts, through debt buybacks and swaps, owed to the United States as a result of concessional loans made to eligible Latin American and Caribbean countries.

14. In title II, funds are provided for micro and small enterprise direct loans and loan guarantees, and administrative expenses are appropriated which may be transferred to the operating expenses account of the Agency for International Development.

15. In title II, funds are appropriated for the administrative costs of the housing guaranty program, and such funds may be transferred to the operating expenses account of the Agency for International Development. Program funds are limited to South Africa.

16. Under "Operating Expenses of the United States Agency for International Development", the Committee has placed a ceiling of \$1,475,000 on the amount of such funds that can be used to pay printing costs.

17. Under "Operating Expenses of the United States Agency for International Development", the Committee has placed conditions on the proposed move of the agency to a building in the Federal Triangle of the District of Columbia.

18. On page 22, under "Economic Support Fund", the Committee has continued the prohibition on the transfer of assistance to the Government of Zaire. The application of this provision should be the same as in prior fiscal years.

19. Under "International Fund for Ireland", up to \$19,600,000 is provided, which shall be expended at the minimum rate necessary to make timely payment for projects and activities.

20. Under "Assistance to Eastern Europe and the Baltic States", funds are provided notwithstanding any other provision of law for economic assistance; authority is provided for enterprise funds to deposit monies in interest-bearing accounts without the requirement that such interest be returned to the Treasury and without further appropriation by the Congress; funds are made available as if they were considered economic assistance under the Foreign As-



sistance Act; and funds for Bosnia are subject to certain conditions, including limitations on funds for housing.

21. Under "Assistance for the New Independent States of the Former Soviet Union", the Committee has included a provision regarding utilization of the private sector.

22. Under "International Narcotics Control", the Department of State is provided the authority to use section 608 of the Foreign Assistance Act, without regard to its limitations, to receive non-lethal excess property from an agency of the United States government for the purpose of providing it to a foreign country, subject to notification of the Committees on Appropriations.

23. Funding is provided for "Migration and Refugee Assistance", and a limitation of \$12,000,000 is provided for administrative expenses. Notification is required for funds for Rwandese refugees.

24. Under "United States Emergency Refugee and Migration Assistance Fund", funds are provided notwithstanding the limitations contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962.

25. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", funds are made available to countries other than the independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States; funds are made available notwithstanding any other provision of law; and the use of funds is made subject to the notification procedures of the Committees on Appropriations.

26. Under "International Military Education and Training", the Committee provides IMET for Indonesia only for expanded military education and training.

27. Under "Foreign Military Financing Program", the Committee has provided that not to exceed \$475,000,000 in FMF grants shall be available for the procurement in Israel of defense articles and defense services, that FMF grants for any non-NATO country participating in the Partnership for Peace Program shall be subject to the Committee's regular notification procedures, and that FMF loans for Greece and Turkey shall not exceed \$103,471,000 and \$147,816,000, respectively and included other provisions.

28. Funds are made available for the United States share of the paid-in portion of the increase in capital stock of the Inter-American Development Bank and a limitation is placed on callable capital subscriptions.

29. Funds are made available for the United States share of the paid-in portion of the increase in capital stock of the Asian Development Bank and a limitation is placed on callable capital subscriptions.

30. Under "Contribution to the European Bank for Reconstruction and Development", the Committee has limited to \$11,916,447 the amount appropriated that may be expended for the purchase of stock during fiscal year 1997 and placed a limit on callable capital.

31. The Committee has provided funds for the paid-in capital stock of the "North American Development Bank" and placed a limit on callable capital.

32. Under “International Organizations and Programs”, the Committee has prohibited and conditioned the funding of certain organizations and programs.

33. Under “International Organizations and Programs”, the Committee provides that not more than \$25,000,000 shall be available for UNFPA and imposes other limitations.

34. On pages 59 through 156, under “General Provisions”:

Sec. 506, regarding a prohibition on financing nuclear goods, is revised so that the prohibition applies to Nonproliferation, Anti-terrorism, Demining and Relating Programs instead of International Organizations and Programs.

Sec. 507, prohibiting direct funding for certain countries, is revised by deleting Serbia from the list of prohibited countries.

Sec. 509, regarding transfers between accounts, is revised by deleting language triggering notification procedure requirements for all transfers between accounts.

Sec. 510, regarding deob/reob authority, has been updated.

Sec. 515 continues the provision for congressional notification requirements, updating it to reflect the new bill account structure and account titles.

Sec. 516, limiting the availability of funds for international organizations and programs, has been updated to permit funds which are returned or not made available to organizations and programs because of the limitations of this section to remain available for obligation through September 30, 1998.

Sec. 518A, placing restrictions and limitations on population assistance, is revised. Under section 518A, foreign private or nongovernmental organizations can receive population assistance funds appropriated under this Act only if the organization certifies that it will not perform abortions in any foreign country, except where the life of the mother would be endangered if the fetus were carried to term or in the case of forcible rape or incest. An organization further cannot receive funds under this Act until it certifies that it will not violate the laws of a foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in an effort in a foreign country to alter the laws or governmental policies concerning the circumstances under which abortion is permitted, regulated, or prohibited. If a foreign private or nongovernmental organization does not issue these certifications, it may receive population assistance appropriated under this Act for fiscal year 1997, but at a level not to exceed 50 percent of the funds made available to the organization in fiscal year 1995 and apportioned at not more than 8.34% for the first four months of 1997. Organizations that did not receive funds in fiscal year 1995 must meet the certification requirements in order to receive funds in fiscal year 1997. Population assistance funds for fiscal year 1997 may be made available in an amount not to exceed 65 percent of the total amount appropriated for fiscal year 1995.

Sec. 520 has been revised by dropping Guatemala and Nicaragua from the notification requirements of this section, adding South Africa and Serbia, and deleting text that applied to only Nicaragua.

Sec. 524, regarding reciprocal leasing, has been updated.

Sec. 527, prohibiting bilateral assistance to terrorist countries, is revised by deleting text permitting the application of section 527 “notwithstanding any other provision of law.”

Sec. 530 continues the authority in debt-for-development programs for NGOs to deposit funds in interest bearing accounts and using the interest earned. Section 530 is revised to require that such interest shall be used for the same purpose for which the assistance was provided to the organizations.

Sec. 531, regarding separate accounts, is revised by requiring the Agency for International Development to take all “necessary” steps, rather than “appropriate” steps, to ensure that local currencies disbursed from a special account are used for the purposes agreed upon with the foreign government. A new reporting requirement has also been added concerning the use of local currencies for the administrative requirements of the U.S. Government.

Sec. 534 continues POW/MIA military drawdown authority for fiscal year 1997.

Sec. 535, regarding excess defense articles for Greece and Turkey, continues the requirement that such articles be provided at levels that closely approximate the ratio of foreign military financing provided to the two countries. It is revised by extending the authority for a four-year period beginning on October 1, 1996, to be provided consistent with the manner in which the President made available excess defense articles during the four-year period that began on October 1, 1992, pursuant to section 573(e) of the FY 1990 Foreign Operations Appropriations Act.

Sec. 539 continues the drawdown authority for defense articles for Bosnia and Herzegovina for another fiscal year, but limits the value of such articles to an aggregate total of \$100 million for the combined two-year period of fiscal years 1996 and 1997. Section 539 is also revised by deleting out-dated congressional findings relating to the U.N. arms embargo to any country of the former Yugoslavia and language concerning the lifting of the U.N. arms embargo or a unilateral lifting by the President.

Sec. 541 continues special authorities in prior year legislation and increases the President’s contingency authority to \$50 million.

Sec. 543, regarding anti-narcotics activities, is continued and revised by making adjustments to references of provisions contained in section 534 of the Foreign Assistance Act of 1961, including the addition of two “notwithstanding” authorities covering section 534(c) and the second sentence of section 534(e) of the Foreign Assistance Act of 1961.

Sec. 544, regarding eligibility for assistance, has been continued and updated.

Sec. 553, regarding limitations for the PLO for the West Bank and Gaza, is revised by changing references of the relevant presidential authority to section 604(a) of the Middle East Peace Facilitation Act of 1995.

Sec. 554, regarding export financing transfer authorities, has been updated.

Sec. 561, a new provision, provides that no country in Latin America and the Caribbean can receive more than 20 percent of funds appropriated by this Act for development assistance and ESF

provided for bilateral and Latin America and the Caribbean regional programs.

Sec. 564, a new provision, authorizes \$525 million for a U.S. contribution to the tenth replenishment of the International Development Association.

Sec. 568, regarding military assistance to Guatemala, is revised by deleting references to Guatemalan security forces.

Sec. 569, concerning sanctions against countries harboring war criminals, is revised by deleting a mandatory prohibition on bilateral assistance to such countries and substituting a permissive Presidential authorization to withhold such assistance. In addition, a requirement that the Secretary of the Treasury shall instruct U.S. executive directors of the international financial institutions to oppose loans to such countries is replaced by a provision stating that the Secretary should instruct U.S. executive directors to such institutions to oppose loans to countries harboring war criminals.

Sec. 570, placing limitations on non-humanitarian assistance to Haiti, is revised to require any Presidential waiver of restrictions of such assistance to be made on a quarterly basis and by directing that a determination to waive the restrictions must be made by the President and cannot be delegated. Language has been deleted that permitted the waiver of this section if it was necessary to assure the safe and timely withdrawal of American forces from Haiti.

Sec. 572, continues for an additional year the reports on Hong Kong carried as section 576 in the 1996 act.

#### COMPLIANCE WITH RULE XIII—CLAUSE 3

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman).

#### RECIPROCAL LEASING

The accompanying bill in section 524 would amend section 61(a) of the Arms Export Control Act and extend the leasing authority of that section through fiscal year 1997, as follows:

SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

(2) he determines that the articles are for the time not needed for public use;

(3) the President first considers the effects of the lease of the articles on the national technology and industrial base, particularly to the extent, if any, to which the lease reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the articles are leased; and

(4) the country or international organization has agreed to pay in United States dollars all cost incurred by the United States Government in leasing such articles, including reim-

bursement for depreciation of such articles while leased, the costs of restoration and replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

The requirement of paragraph (4) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

The President may waive the requirement of paragraph (4) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(A) may be exercised only if the President submits to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate, in accordance with the regular notification procedures of those Committees, a detailed notification for each lease with respect to which the authority is exercised; and

(B) may be exercised only during the fiscal year **[1996]** 1997 and only with respect to one country, unless the Congress hereafter provides otherwise.

The preceding sentence does not constitute authorization of appropriations for payments by the United States for leased articles.

#### REPORTS REGARDING HONG KONG

The accompanying bill in section 572 would amend section 301 of the United States-Hong Kong Policy Act of 1992 (22 U.S.C. 5731) by inserting an additional date, "March 31, 1997", for the submission of the mandated report, as follows:

SEC. 301. REPORTING REQUIREMENT.—Not later than March 31, 1993, March 31, 1995, March 31, 1996, *March 31, 1997*, March 31, 1997, March 31, 1998, March 31, 1999, and March 31, 2000, the Secretary of State shall transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report on conditions in Hong Kong of interest to the United States.

#### APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3 of rule XXI of the House of Representatives, the following table lists the appropriations in the accompanying bill which are not authorized by law:

#### EXPORT-IMPORT BANK TIED-AID GRANTS

SEC. 572 continues for an additional year the reports on Hong Kong carried as section 576 in the 1996 act.

#### TRADE AND DEVELOPMENT AGENCY

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

DEVELOPMENT ASSISTANCE

INTERNATIONAL DISASTER ASSISTANCE

DEBT RESTRUCTURING

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM ACCOUNT

HOUSING GUARANTY PROGRAM ACCOUNT

AID OPERATING EXPENSES

AID OPERATING EXPENSES, OFFICE OF INSPECTOR GENERAL

ECONOMIC SUPPORT FUND

INTERNATIONAL FUND FOR IRELAND

ASSISTANCE FOR EASTERN EUROPE AND THE BALTICS

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER  
SOVIET UNION

AFRICAN DEVELOPMENT FOUNDATION

PEACE CORPS

INTERNATIONAL NARCOTICS CONTROL

INTER-AMERICAN FOUNDATION

REFUGEE RESETTLEMENT ASSISTANCE

MIGRATION AND REFUGEE ASSISTANCE

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED  
PROGRAMS

INTERNATIONAL MILITARY EDUCATION AND TRAINING

FOREIGN MILITARY FINANCING PROGRAM

PEACEKEEPING OPERATIONS

GLOBAL ENVIRONMENT FUND

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL ORGANIZATIONS AND PROGRAMS





COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each roll call vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: May 29, 1996.

Measure: FY 1997 Foreign Operating Appropriations Bill.

Motion by: Mr. Wilson (Texas).

Description of Motion: Presidential certification regarding International Family Planning.

Results: Rejected 20 to 24.

*Members Voting Yea*

Mr. Chapman  
Mr. Coleman  
Mr. Durbin  
Mr. Fazio  
Mr. Frelinghuysen  
Mr. Hoyer  
Ms. Kaptur  
Mr. Kolbe  
Mrs. Lowey  
Mr. Obey  
Ms. Pelosi  
Mr. Porter  
Mr. Sabo  
Mr. Serrano  
Mr. Skaggs  
Mr. Stokes  
Mr. Torres  
Mr. Visclosky  
Mr. Wilson  
Mr. Yates

*Members Voting Nay*

Mr. Bonilla  
Mr. Bunn  
Mr. Callahan  
Mr. Forbes  
Mr. Istook  
Mr. Kingston  
Mr. Knollenberg  
Mr. Lewis  
Mr. Lightfoot  
Mr. Livingston  
Mr. McDade  
Mr. Miller  
Mr. Myers  
Mr. Nethercutt  
Mr. Neumann  
Mr. Packard  
Mr. Parker  
Mr. Riggs  
Mr. Rogers  
Mr. Skeen  
Mrs. Vucanovich  
Mr. Walsh  
Mr. Wicker  
Mr. Wolf

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997**

(1) Agency and item	(2) Appropriated, 1996 (enacted to date)	(3) Budget esti- mates, 1997	(4) Recommended in bill	(5) Bill compared with appro- priated, 1996	(6) Bill compared with budget estimates, 1997
<b>TITLE I - EXPORT AND INVESTMENT ASSISTANCE</b>					
<b>EXPORT-IMPORT BANK OF THE UNITED STATES</b>					
Limitation on Program Activity:					
Subsidy appropriations.....	744,551,000	736,551,000	726,000,000	-18,551,000	-10,551,000
Administrative expenses.....	45,614,000	47,614,000	47,614,000	+2,000,000	.....
Negative subsidy.....	-89,646,000	-58,000,000	-58,000,000	+31,646,000	.....
<b>Total, Export-Import Bank of the United States.....</b>	<b>700,519,000</b>	<b>726,165,000</b>	<b>715,614,000</b>	<b>+15,095,000</b>	<b>-10,551,000</b>
<b>OVERSEAS PRIVATE INVESTMENT CORPORATION</b>					
Administrative expenses.....	26,000,000	32,000,000	30,000,000	+4,000,000	-2,000,000
Insurance fees and other offsetting collections.....	-202,500,000	-224,000,000	-224,000,000	-21,500,000	.....
Direct loans:					
Loan subsidy.....	4,000,000	4,000,000	4,000,000	.....	.....
(Loan authorization).....	(79,523,000)	(80,000,000)	(80,000,000)	(+477,000)	.....
Guaranteed loans:					
Loan subsidy.....	68,000,000	68,000,000	68,000,000	.....	.....
(Loan authorization).....	(1,351,900,000)	(1,360,000,000)	(1,360,000,000)	(+8,100,000)	.....
<b>Total, Overseas Private Investment Corporation.....</b>	<b>-104,500,000</b>	<b>-120,000,000</b>	<b>-122,000,000</b>	<b>-17,500,000</b>	<b>-2,000,000</b>

<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>				
Trade and Development Agency				
Trade and development agency	40,000,000	40,000,000	38,000,000	-2,000,000
(By transfer)	(1,431,423,000)	(5,000,000)	(5,000,000)	(+5,000,000)
Total, title I, Export and investment assistance	636,019,000	646,165,000	631,614,000	-4,405,000
(Loan authorizations)	(1,431,423,000)	(1,440,000,000)	(1,440,000,000)	(+8,577,000)
<b>TITLE II - BILATERAL ECONOMIC ASSISTANCE</b>				
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>				
Agency for International Development				
Sustainable development assistance		1,006,000,000		-1,006,000,000
Child survival and disease programs fund			600,000,000	+600,000,000
Development assistance	1,675,000,000		1,150,000,000	+1,150,000,000
Development Fund for Africa		704,000,000		-704,000,000
International disaster assistance	181,000,000	190,000,000	190,000,000	
Debt restructuring	10,000,000	47,000,000	10,000,000	
(By transfer)	(5,000,000)		(12,000,000)	(+7,000,000)
Micro and Small Enterprise Development program:				
Subsidy appropriations	1,500,000	1,500,000	1,500,000	
Administrative expenses	500,000	500,000	500,000	
(Direct loan authorization)	(1,435,000)	(1,000,000)	(1,000,000)	(-435,000)
(Guaranteed loan authorization)	(16,700,000)	(17,000,000)	(17,000,000)	(+300,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997—Continued

(1) Agency and item	(2) Appropriated, 1996 (enacted to date)	(3) Budget estimates, 1997	(4) Recommended in bill	(5) Bill compared with appropriated, 1996	(6) Bill compared with budget estimates, 1997
<b>Housing and other credit guaranty programs:</b>					
Subsidy appropriations.....	4,000,000	5,000,000	500,000	-3,500,000	-4,500,000
Operating expenses.....	7,000,000	6,000,000	6,000,000	-1,000,000	.....
(Guaranteed loan authorization).....	(33,700,000)	(42,000,000)	(10,000,000)	(-23,700,000)	(-32,000,000)
Subtotal, development assistance.....	1,879,000,000	1,960,000,000	1,958,500,000	+ 79,500,000	-1,500,000
<b>Payment to the Foreign Service Retirement and Disability Fund.....</b>					
Operating expenses of the Agency for International Development.....	43,914,000	43,826,000	43,826,000	-88,000	.....
(By transfer).....	465,750,000	495,000,000	465,750,000	.....	-29,250,000
Operating expenses of the Agency for International Development Office of Inspector General.....	(3,000,000)	.....	.....	(-3,000,000)	.....
Subtotal, Agency for International Development.....	30,200,000	30,000,000	30,000,000	-200,000	.....
Other Bilateral Economic Assistance.....	2,418,864,000	2,528,826,000	2,498,076,000	+ 79,212,000	-30,750,000
<b>Economic support fund:</b>					
Camp David countries.....	2,015,000,000	2,015,000,000	2,015,000,000	.....	.....
Other.....	325,000,000	393,000,000	321,000,000	-4,000,000	-72,000,000
Subtotal, Economic support fund.....	2,340,000,000	2,408,000,000	2,336,000,000	-4,000,000	-72,000,000
International fund for Ireland.....	19,600,000	.....	19,600,000	.....	+ 19,600,000

Assistance for Eastern Europe and the Baltic States.....	522,000,000	475,000,000	-47,000,000	
Assistance for the New Independent States of the Soviet Union.....	641,000,000	590,000,000	-51,000,000	-50,000,000
Subtotal, Other Bilateral Economic Assistance.....	3,522,600,000	3,420,600,000	-102,000,000	-102,400,000
Total, Agency for International Development.....	5,941,464,000	5,918,676,000	-22,788,000	-133,150,000
African Development Foundation				
Appropriations.....	(11,500,000)	11,500,000	+11,500,000	-1,000,000
Inter-American Foundation				
Appropriations.....	(20,000,000)	20,000,000	+20,000,000	
Total, Funds Appropriated to the President.....	5,941,464,000	5,950,176,000	+8,712,000	-134,150,000
Peace Corps				
Appropriations.....	205,000,000	212,000,000	+7,000,000	-8,000,000
(By transfer).....		(5,000,000)	(+12,000,000)	(+7,000,000)
Department of State				
International narcotics control.....	115,000,000	150,000,000	+35,000,000	-63,000,000
(By transfer).....	(20,000,000)		(-20,000,000)	
Migration and refugee assistance.....	671,000,000	650,000,000	-21,000,000	
Refugee resettlement assistance.....	5,000,000	5,000,000		+5,000,000
United States Emergency Refugee and Migration Assistance Fund.....	50,000,000	50,000,000		
Anti-terrorism assistance.....	16,000,000		-16,000,000	-17,000,000
Nonproliferation and Disarmament Fund.....	20,000,000		-20,000,000	-20,000,000
Nonproliferation and anti-terrorism.....		135,000,000	+135,000,000	+135,000,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997—Continued**

(1) Agency and item	(2) Appropriated, 1996 (Enacted to date)	(3) Budget esti- mates, 1997	(4) Recommended in bill	(5) Bill compared with appro- priated, 1996	(6) Bill compared with budget estimates, 1997
Counter-terrorism assistance to Israel.....	50,000,000	50,000,000	.....	-50,000,000	-50,000,000
Total, Department of State .....	927,000,000	1,000,000,000	990,000,000	+63,000,000	-10,000,000
Total, title II, Bilateral economic assistance.....	7,073,464,000	7,304,326,000	7,152,176,000	+78,712,000	-152,150,000
(By transfer).....	(28,000,000)	(5,000,000)	(24,000,000)	(-4,000,000)	(+19,000,000)
(Loan authorizations).....	(51,835,000)	(60,000,000)	(28,000,000)	(-23,835,000)	(-32,000,000)
<b>TITLE III - MILITARY ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
International Military Education and Training.....	39,000,000	45,000,000	45,000,000	+6,000,000	.....
Foreign Military Financing Program:					
Grants:					
Camp David countries.....	3,100,000,000	3,100,000,000	3,100,000,000	.....	.....
Other.....	178,390,000	128,250,000	122,250,000	-56,140,000	-6,000,000
Subtotal, grants.....	3,278,390,000	3,228,250,000	3,222,250,000	-56,140,000	-6,000,000
(Limitation on administrative expenses).....	(23,250,000)	(23,250,000)	(23,250,000)	.....	.....
Direct concessional loans:					
Subsidy appropriations .....	64,400,000	40,000,000	35,000,000	-29,400,000	-5,000,000
(Loan authorization).....	(544,000,000)	(370,028,000)	(323,815,000)	(-220,185,000)	(-46,213,000)

FMF program level .....	(3,822,390,000)	(3,598,278,000)	(3,546,065,000)	(-276,325,000)	(-52,213,000)
Total, Foreign military assistance .....	3,342,790,000	3,268,250,000	3,257,250,000	-85,540,000	-11,000,000
Special Defense Acquisition Fund:					
Offsetting collections .....	-220,000,000	-166,000,000	-166,000,000	+54,000,000	.....
Peacekeeping operations .....	70,000,000	70,000,000	65,000,000	-5,000,000	-5,000,000
Total, title III, Military assistance programs .....	3,231,790,000	3,217,250,000	3,201,250,000	-30,540,000	-16,000,000
(Limitation on administrative expenses) .....	(23,250,000)	(23,250,000)	(23,250,000)	.....	.....
(Loan authorization) .....	(544,000,000)	(370,028,000)	(323,815,000)	(-220,185,000)	(-46,213,000)
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Paid-in capital .....	28,189,963	.....	.....	-28,189,963	.....
(Limitation on callable capital) .....	(911,475,013)	.....	.....	(-911,475,013)	.....
Contribution to the International Finance Corporation .....	60,900,000	6,656,000	6,656,000	-54,244,000	.....
Contribution to the Global Environment Facility .....	35,000,000	100,000,000	30,000,000	-5,000,000	-70,000,000
Total, contribution to the International Bank for Reconstruction and Development .....	(1,035,564,976)	(106,656,000)	(36,656,000)	(-998,908,976)	(-70,000,000)

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997—Continued**

(1) Agency and item	(2) Appropriated, 1996 (enacted to date)	(3) Budget esti- mates, 1997	(4) Recommended in bill	(5) Bill compared with appro- priated, 1996	(6) Bill compared with budget estimates, 1997
Contribution to the International Development Association .....	700,000,000	934,503,100	525,000,000	-175,000,000	-409,503,100
Total, World Bank Group .....	(1,735,564,976)	(1,041,159,100)	(561,656,000)	(-1,173,908,976)	(-479,503,100)
Budget authority .....	824,089,963	1,041,159,100	561,656,000	-262,433,963	-479,503,100
(Limitation on callable capital) .....	(911,475,013)	.....	.....	(-911,475,013)	.....
Contribution to the Inter-American Development Bank:					
Inter-regional paid-in capital .....	25,952,110	25,610,667	25,610,667	-341,443	.....
(Limitation on callable capital) .....	(1,523,767,142)	(1,503,718,910)	(1,503,718,910)	(-20,048,232)	.....
Fund for special operations .....	10,000,000	31,411,000	10,000,000	.....	-21,411,000
Enterprise for the Americas Multilateral Investment Fund .....	53,750,000	27,500,000	27,500,000	-26,250,000	.....
Total, contribution to the Inter-American Development Bank .....	(1,613,469,252)	(1,588,240,577)	(1,566,829,577)	(-46,639,675)	(-21,411,000)
Paid-in capital .....	13,221,596	13,221,596	13,221,596	.....	.....
(Limitation on callable capital) .....	(647,858,204)	(647,858,204)	(647,858,204)	.....	.....
Development fund .....	100,000,000	100,000,000	100,000,000	.....	.....
Total, contribution to the Asian Development Bank .....	(761,079,800)	(761,079,800)	(761,079,800)	.....	.....
Contribution to the African Development Fund .....	.....	50,000,000	.....	.....	-50,000,000



Contribution to the African Development Bank:							
Paid-in capital .....	16,000,000						-16,000,000
(Limitation on callable capital) .....	(112,000,000)						(-112,000,000)
<b>Total, contribution to the African Development Bank.....</b>	<b>(128,000,000)</b>						<b>(-128,000,000)</b>
Contribution to the European Bank for Reconstruction and Development:							
Paid-in capital .....	11,916,447	70,000,000	11,916,447	-58,083,553			
(Limitation on callable capital) .....	(27,805,043)	(163,333,333)	(27,805,043)	(-135,528,290)			
<b>Total, contribution to the European Bank for Reconstruction and Development.....</b>	<b>(39,721,490)</b>	<b>(233,333,333)</b>	<b>(39,721,490)</b>	<b>(-193,611,843)</b>			
North American Development Bank:							
Paid-in capital .....	56,250,000	56,250,000	50,625,000	-5,625,000			
(Limitation on callable capital) .....	(318,750,000)	(318,750,000)	(318,750,000)				
<b>Total, contribution to the Bank for Economic Cooperation and Development in the Middle East and North Africa:</b>	<b>52,500,000</b>						<b>-52,500,000</b>
<b>Paid-in capital .....</b>	<b>(157,500,000)</b>						<b>(-157,500,000)</b>
<b>(By transfer) .....</b>							
<b>(Limitation on callable capital) .....</b>							

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997—Continued**

Agency and item	(1)	(2)	(3)	(4)	(5)	(6)
	Appropriated, 1996 (Enacted to date)	Budget esti- mates, 1997	Recommended in bill	Bill compared with appro- priated, 1996	Bill compared with budget estimates, 1997	
<b>International Monetary Fund</b>						
Contribution to the enhanced structural adjustment facility.....		7,000,000			-7,000,000	
Total, contribution to International Financial Institutions.....	(4,718,447,361)	(4,200,200,967)	(3,298,661,867)	(-1,419,785,494)	(-901,539,100)	
Budget authority.....	1,153,263,669	1,432,568,810	800,529,710	-352,733,959	-632,039,100	
(Limitation on callable capital).....	(3,565,183,692)	(2,767,632,157)	(2,498,132,157)	(-1,067,051,535)	(-269,500,000)	
<b>International Organizations and Programs</b>						
International organizations and programs.....	285,000,000	325,000,000	136,000,000	-149,000,000	-189,000,000	
(By transfer).....	(30,000,000)			(-30,000,000)		
Total, title IV, contribution for Multilateral Economic Assistance.....	(5,003,447,361)	(4,525,200,967)	(3,434,661,867)	(-1,568,785,494)	(-1,090,539,100)	
Budget authority.....	1,438,263,669	1,757,568,810	936,529,710	-501,733,959	-821,039,100	
(By transfer).....	(30,000,000)			(-30,000,000)		
(Limitation on callable capital).....	(3,565,183,692)	(2,767,632,157)	(2,498,132,157)	(-1,067,051,535)	(-269,500,000)	

Grand total, all titles:									
New budget (obligational) authority .....	12,379,536,669	12,925,309,810	11,921,569,710	-457,966,959	-1,003,740,100				
(By transfer) .....	(58,000,000)	(10,000,000)	(29,000,000)	(-29,000,000)	(+ 19,000,000)				
(Limitation on administrative expenses) .....	(23,250,000)	(23,250,000)	(23,250,000)						
(Limitation on callable capital) .....	(3,565,183,692)	(2,767,632,157)	(2,498,132,157)	(-1,067,051,535)	(-269,500,000)				
(Loan authorizations) .....	(2,027,258,000)	(1,870,028,000)	(1,791,815,000)	(-235,443,000)	(-78,213,000)				
<b>TITLE I - EXPORT AND INVESTMENT ASSISTANCE</b>									
Export Assistance Appropriations .....	928,165,000	928,165,000	913,614,000	-14,551,000	-14,551,000				
Negative Subsidies and Offsetting Collections .....	-292,146,000	-282,000,000	-282,000,000	+ 10,146,000					
Total, Export Assistance .....	636,019,000	646,165,000	631,614,000	-4,405,000	-14,551,000				
<b>TITLE II - BILATERAL ECONOMIC ASSISTANCE</b>									
Bilateral Development Assistance .....	3,550,864,000	3,781,326,000	3,731,576,000	+ 180,712,000	-49,750,000				
Other Bilateral Economic Assistance .....	3,522,600,000	3,523,000,000	3,420,600,000	-102,000,000	-102,400,000				
Total, Bilateral Economic Assistance .....	7,073,464,000	7,304,326,000	7,152,176,000	+ 78,712,000	-152,150,000				
<b>TITLE III - MILITARY ASSISTANCE</b>									
Foreign Military Financing Program:									
Grants .....	3,278,390,000	3,228,250,000	3,222,250,000	-56,140,000	-6,000,000				
Direct loans, subsidy costs .....	64,400,000	40,000,000	35,000,000	-29,400,000	-5,000,000				
(Estimated level of direct loans) .....	(544,000,000)	(370,028,000)	(323,815,000)	(-220,185,000)	(-46,213,000)				
Subtotal, Foreign Military Financing Program:									
Budget authority .....	3,342,790,000	3,268,250,000	3,257,250,000	-85,540,000	-11,000,000				
(Program level) .....	(3,822,390,000)	(3,598,278,000)	(3,546,065,000)	(-276,325,000)	(-52,213,000)				

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1996 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1997—Continued**

(1) Agency and item	(2) Appropriated, 1996 (Enacted to date)	(3) Budget esti- mates, 1997	(4) Recommended in bill	(5) Bill compared with appro- priated, 1996	(6) Bill compared with budget estimates, 1997
Other, Military .....	109,000,000	115,000,000	110,000,000	+ 1,000,000	-5,000,000
Special Defense Acquisition Fund .....	-220,000,000	-166,000,000	-166,000,000	+ 54,000,000	.....
Total, Military Assistance Programs .....	3,231,790,000	3,217,250,000	3,201,250,000	-30,540,000	-16,000,000
<b>TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE</b>					
Contributions to International Financial Institutions .....	1,153,263,669	1,425,568,810	800,529,710	-352,733,959	-625,039,100
International organizations and programs .....	285,000,000	325,000,000	136,000,000	-149,000,000	-189,000,000
Total, contribution for Multilateral Economic Assistance .....	1,438,263,669	1,750,568,810	936,529,710	-501,733,959	-814,039,100
Grand total, all titles .....	12,379,536,669	12,925,309,810	11,921,569,710	-457,966,959	-1,003,740,100