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Part 1

AFRICA: SEEDS OF HOPE ACT OF 1998

AUGUST 6, 1998.—Ordered to be printed

Mr. GILMAN, from the Committee on International Relations, submitted the following

REPORT

[To accompany H.R. 4283]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (H.R. 4283) to support sustainable and broad-based agricultural and rural development in sub-Saharan Africa, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE ACTION

MARKUP OF THE BILL

The bill was introduced on July 21, 1998 and referred to the Committee on International Relations. The Full Committee marked up the bill in open session, pursuant to notice, on July 22, 1998. On that date the Committee by voice vote ordered the bill reported to the House with the recommendation that the bill do pass.

ROLLCALL VOTES ON AMENDMENTS

Clause (2)(l)(2)(B) of rule XI of the Rules of the House of Representatives requires the record of committee rollcall votes on final passage or amendments during the committee's consideration of H.R. 4283. No such rollcall votes were taken.

BACKGROUND AND PURPOSE

H.R. 4283, the Africa: Seeds of Hope Act of 1998 was introduced on July 21, 1998 by Mr. Bereuter, Mr. Hamilton and Mr. Gilman making changes to the text of the precursor bill, H.R. 3636 (introduced by Mr. Bereuter and Mr. Hamilton). Senator DeWine introduced a companion bill, S. 2283. H.R. 4283 provides policy guid-

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ance for U.S. assistance programs to focus on the rural African entrepreneurs and continue relief feeding programs and strengthens the availability of food reserves for humanitarian assistance.

THE PROBLEM

According to the United Nations Food and Agriculture Organization (FAO), the number of people in sub-Saharan Africa with inadequate access to food has doubled to 215 million since 1973. If current trends continue, FAO estimates the number will increase by 50 million people over the next 12 years.

The U.S. Agency for International Development (AID) reports that over 75% of the people in sub-Saharan Africa are farmers tilling no more than five acres of land. Up to 80 percent of Africa's domestic food supply is produced by women. Because so many Africans depend on agriculture, both for their food and for their livelihoods, investments in small farmers and rural entrepreneurs (especially women) could make a critical difference to millions of people on the continent.

In most African countries, agriculture suffered from decades of neglect and poor management by colonial, military and socialist governments. Conflict and civil strife, crippling debt and lack of rural roads and infrastructure exacerbated these problems.

Lack of access to credit impeded agricultural development. Farmers require loans for seeds, tools and fertilizer long before they can generate income from the harvest. Most African farmers lack access to advanced agricultural methods that would help them increase production. The International Food Policy Research Institute cited the continuing neglect of Africa's small farmers as the "root cause" of the continent's chronic food insecurity.

Progress will be neither easy nor quick, but many signs of hope demonstrate that conditions in Africa can improve. Life expectancy rates are gradually improving and child mortality rates have dropped dramatically, though there is still much progress to be made. The number of students enrolled in primary schools and universities increased. More African nations held democratic elections than ever before.

Market-based economies are replacing highly-centralized economies and the residues of socialist administration. While overall economic progress is slow in some countries, ten sub-Saharan Africa's economies had growth rates of more than 10 percent per year in 1996.

Since the 1980s, non-governmental organizations (NGOs) blossomed throughout Africa. These groups demonstrate new and successful approaches to development and provide voices for communities that must be included in any effective development strategy.

TRADE AND AID

H.R. 4283 complements H.R. 1432, the African Growth and Opportunity Act. During the consideration of the African Growth Act, the U.S. government re-examined its policy emphasizing traditional aid programs for Africa. Both Congress and the Clinton administration joined in pursuing initiatives that urge more African governments to adopt market-based, private-sector growth policies based on open trade and investment opportunities for U.S. businesses.

Total U.S. trade with sub-Saharan Africa, at $22.6 billion in 1997, far exceeds trade with the former eastern bloc. Sub-Saharan Africa's trade with Russia, Poland, Hungary, and Ukraine combined totaled $11.8 billion in 1997. Such trade and investment opportunities help raise Africans' standard of living and offer the only long-term hope for the economy of the region.

Improvements in income through trade and investment will take time and will favor urban areas. The Africa: Seeds of Hope Act will complement this development by focusing on the need for broad-based growth in the area of economic activity that employs the largest number of Africans—agriculture. While the most promising prospects for the African economy are in cities under governments open to trade and investment, the international community cannot ignore the needs of farmers and people who live in rural areas. These people represent a majority of Africans, yet have the lowest incomes and suffer from the worst food shortages in the world. By focusing resources on farmers, the bill works to ensure the long-term political stability and economic growth of the region. In sum, H.R. 4283 is based on three principles: Service to the needs of small-scale farmers (most of whom are women), small-scale entrepreneurs, rural workers and communities; Consultation with hungry and poor people about decisions that affect their lives; and Participation of Africans, especially local communities, in planning and carrying out development programs.

U.S. ASSISTANCE PROGRAMS FOR AFRICA

U.S. bilateral assistance through AID's Development Fund for Africa (DFA) totals less than half of total U.S. aid to the continent.

Estimated U.S. Aid For Africa, Fiscal Year 1997

	Dollars in millions
Bilateral (incl. DFA, Peace Corps, etc.)	$1,030.7
Peacekeeping	13.0
African Development Foundation	11.5
Refugees	129.3
Emergency Refugee Account (ERMA)	37.0
Disaster Assistance (OFDA 1996)	62.0
World Bank (IDA)	405.0
UN Development Program (1996)	19.8
Total	1,709.3

The DFA is the main U.S. government assistance program for the poor of Africa. The DFA guidelines first appeared in the conference report (H. Rept. 100–498) accompanying the FY1988 appropriations legislation and were enacted into permanent law in 1990 (P.L. 101–513, Section 562) as Chapter 10 of Part I of the Foreign Assistance Act of 1961.

Under Chapter 10, part of the DFA is to be used to support food assistance and food security needs. Chapter 10 requires that the DFA be used to "promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector." Chapter 10 stresses local involvement and "grassroots" development, but it permits aid in support of economic policy reforms that promote several "critical sectoral priorities."

The priorities are *agricultural production* and natural resources, with an *emphasis on promoting equity in rural incomes*; health, with emphasis on maternal and child health needs; voluntary family planning services; education, with an emphasis on improving primary education; and income-generating opportunities for the unemployed and underemployed. In addition, Chapter 10 authorizes aid for regional integration and donor coordination.

The DFA, with its broad phrasing and support for long-term funding, gave AID flexibility in designing the Africa-assistance program. However, Congress included guidelines stating three activities should stand out (a minimum of 10% of DFA funds should be devoted to each): agricultural production, health, and voluntary family planning services.

The DFA was last earmarked by Congress in the FY1995 appropriations, and the Administration, in its proposed FY1999 Budget, no longer seeks a DFA earmark. Rather, the Budget notes that "beginning in 1996, development assistance for Africa has been appropriated under the Sustainable Development Assistance and Child Survival and Disease Programs accounts." (Budget Appendix, p. 947.) After FY1995, it became customary for analysts and others to refer to all Development Assistance for Africa as "DFA" even though there was no earmark, but whether this practice will continue remains to be seen. According to AID, the provisions of Chapter 10 govern the development assistance fund for Africa, whether or not there is an earmark.

FOOD ASSISTANCE PROGRAMS

Food aid to Africa fluctuates in response to the continent's needs. In FY1993, when a major drought afflicted eastern and southern Africa, food aid amounted to 43% of bilateral aid, but in FY1994, when conditions improved, it dropped to 27%. Most of Africa's food aid is in the form of emergency grants given under Title II of the P.L. 480 program. This program is implemented by AID in cooperation with the Department of Agriculture. On rare occasions, countries in a position to repay are given long-term, low-interest loans to purchase food under Title I of P.L. 480.

Some of Africa's poorest countries received U.S. food donations under Title III, entitled "Food for Development," which can be used in feeding programs or sold on the open market, with proceeds to be used for development purposes. Title III programs are underway in Ethiopia, Eritrea, and Mozambique. In addition, a few countries benefitted under Sec. 416(b) of the Agricultural Act of 1949, as amended, which permits donations of surplus food to developing countries, emerging democracies, and relief organizations.

Assistance under these programs can also help the U.S. farmer. The U.S. Department of Agriculture (USDA) forecasts that U.S. agricultural exports will fall to $55 billion in FY1998, $2.4 billion less than the $57.4 billion shipped last year. USDA's forecast reflects a decline in U.S. exports to East and Southeast Asian countries currently experiencing financial difficulties and increased global competition for U.S. corn and wheat exports. Agricultural exports are important to both U.S. farmers and the U.S. economy. Production from more than a third of harvested acreage is exported, including an estimated 55% of wheat, 43% of rice, 35% of soybeans, 18% of corn, and 32% of cotton. About 17% of the value of agricultural production is exported.

Exports generate economic activity in the non-agricultural economy as well. According to USDA, each $1.00 received from agricultural exports in 1996 stimulated another $1.38 in supporting activities to produce those exports. Agricultural exports generated an estimated 895,000 full-time civilian jobs, including 562,000 jobs in the non-agricultural sector. In contrast to the large, continuing overall trade deficit, U.S. agricultural trade consistently registers a large export surplus.

Nearly every state exports agricultural commodities, thus sharing in export-generated employment, income, and rural development. In 1996, the states with the greatest shares in U.S. agricultural exports by value were California, Iowa, Illinois, Texas, Nebraska, Kansas, Minnesota, Washington, Indiana, and Arkansas. These 10 states accounted for 58% of total U.S. agricultural exports. In addition, Florida, Georgia, Missouri, North Carolina, North Dakota, Ohio, South Dakota, and Wisconsin each shipped over $1 billion worth of commodities.

RECENT ADMINISTRATION POLICY

The Clinton Administration set its own "strategic objectives" for development aid. AID's FY1995 congressional presentation identified four of these—building democracy, stabilizing population growth, protecting the environment, and achieving broad-based economic growth—as most appropriate for Africa. It did not specifically include agriculture in its top priorities. During the past decade, AID's support for the agricultural sector has declined from 36% of the Africa Bureau budget to less than 15%. In 1985, the bureau employed 258 professional agricultural staff. Today, AID reports only 75 staff.

In the FY1998 presentation, the growth objective—rephrased as "broad-based economic growth with equity" was listed first, while "fostering democracy and participation" was listed as the fourth objective. A fifth objective is to provide "emergency relief to help nations make the transitions from crisis to long-lasting development." AID's annual presentations relate DFA expenditures in each country to these strategic objectives rather than to specific provisions of the DFA legislation.

AID officials testified that the United States has had a number of successes in promoting sustainable development and democracy, pointing to Ghana, Uganda, Zambia, Mali, and South Africa as examples where sustained AID projects and programs helped move the democratization process forward. Some programs have not been as successful, for example, in Zambia. AID also terminated assistance when there are persistent problems, as has happened with Togo, or directed aid solely through NGOs, as in Nigeria.

In agriculture, AID reports that the DFA helped liberalize agricultural markets, increase smallholder production; and facilitate the development of new seed varieties. AID used the DFA to assist governments undertaking macro-economic reforms, including reductions in the size of government bureaucracies and the privatization of government enterprises.

The Administration launched several development initiatives in Africa this year. The Greater Horn of Africa Initiative (GHAI), aimed at easing the perennial food insecurity in a region extending from Eritrea and Ethiopia to Tanzania, promotes collaboration and consultation on food security strategies. The Initiative for Southern Africa (ISA), which will total $300 million over five years, reflect's AID's recognition of the region's economic potential and its desire to reinforce South Africa's democratic transition as a model for the rest of the continent. In addition, the Leland Initiative is a 5-year $15 million program aimed at connecting 20 sub-Saharan countries to the Internet.

President Clinton made a number of announcements and proposals with respect to Africa assistance while visiting six countries in the region from March 22 through April 2, 1998. It appears that most of the funding for these initiatives will come from either existing programs or would be provided under the Administration's FY1999 foreign assistance request, which was submitted to Congress before the President's departure. Some initiatives extend over two years, so that additional funds would have to be requested in early 1999 for FY2000. The President's initiatives included the following:

$120 million over two years for an Education for Development and Democracy Program. ($26 million in DA and $10 million under the Economic Support Fund (ESF) had already been requested in the Administration's FY1999 Congressional Presentation on assistance to sub-Saharan Africa. The Administration plans that other resources will be contributed in FY1999 by the U.S. Information Agency ($5 million), the Peace Corps ($10 million) and the food aid program ($25 million).

$60 million over two years under the Africa Food Security Initiative to increase food production in Uganda, Mali, Malawi, Mozambique, and Ethiopia. (The FY1999 Congressional Presentation requests $21 million in Development Assistance (DA) for these countries under the Food Security Initiative. Notes indicate that another $10 million is being proposed in FY1999 under the bilateral aid requests for Malawi and Uganda, and that "various bilateral programs" will fund $25 million in obligations in FY1998.)

$35 million to finance 100% reductions in concessional debt for qualifying African states. (The Administration had already requested these funds, which would come from the Treasury Department's Special Debt Relief program, in its FY1999 budget.)

$30 million for the Africa Trade and Investment Policy (ATRIP) program. (These funds were included in the FY1999 Congressional Presentation, which states that ATRIP "will help African private and public sector partners to design and implement policy reforms that will make their countries attractive to international trade and investment.")

$30 million to help strengthen judicial systems in the Great Lakes-region of Africa. (Secretary of State Albright had first proposed the Great Lakes Justice Initiative (GLJI), as a means of promoting regional reconciliation, during her December 1997 Africa visit. $25 million is requested under the Economic Support Fund in the Administration's FY1999 Congressional presentation.)

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

CONSTITUTIONAL AUTHORITY STATEMENT

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee cites the following specific powers granted to the Congress in the Constitution as authority for enactment of H.R. 4283 as reported by the Committee: Article I, section 8, clause 1 (relating to providing for the common defense and general welfare of the United States); Article I, section 8, clause 3 (relating to the regulation of commerce with foreign nations); and Article I, section 8, clause 18 (relating to making all laws necessary and proper for carrying into execution powers vested by the Constitution in the government of the United States).

NEW BUDGET AUTHORITY AND TAX EXPENDITURES, CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, AND FEDERAL MANDATES STATEMENTS

The Committee adopts the cost estimate of the Congressional Budget Office as its submission of any new required information on new budget authority, new spending authority, new credit authority, or an increase or decrease in the national debt, which is set out below. It adopts the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act, also set out below.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 27, 1998.

Hon. BENJAMIN A. GILMAN,
Chairman, Committee on International Relations, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4283, the Africa: Seeds of Hope Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Craig Jagger and Joe Whitehill.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 4283—Africa: Seeds of Hope Act of 1998

Summary.—H.R. 4283 would provide direction to the Agency for International Development (AID), the Overseas Private Investment Corporation, and the U.S. Department of Agriculture (USDA) regarding the operation of programs encouraging agriculture and rural development in sub-Saharan Africa. The bill would emphasize assistance to women, small farmers, and small rural entrepreneurs. It would require AID and USDA to develop a plan that would coordinate research and extension activities of U.S. land-grant universities, international agricultural research centers, and national agricultural research and extension centers in sub-Saharan Africa. It also would provide guidance to AID on the administration of nonemergency food assistance programs. Because the bill would not substantially expand the Administration's authority to provide assistance, CBO estimates that spending targeted at Africa would continue under the bill at the current rate—approximately $1 billion per year in economic assistance, security assistance, and food aid. That spending would be subject to appropriation.

H.R. 4283 would affect direct spending through its impact on the Food Security Commodity Reserve (FSCR). As a result, pay-as-you-go procedures would apply to the bill. The FSCR consists of grain stocks that can be released to continue food-aid shipments (under a program known as P.L. 480) when U.S. supplies would otherwise be too tight to continue shipments or when recipient countries have unanticipated needs. Under H.R. 4283, beginning in fiscal year 2000, USDA could use funds that it receives as reimbursement for the value of grain released from the FSCR to purchase grain to restock the FSCR. That authority does not exist under current law. CBO estimates that enacting H.R. 4283 would increase spending by $76 million over the fiscal years 1999 through 2003 and by $344 million over the fiscal years 1999 through 2008.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government.—The estimated budgetary impact of H.R. 4283 is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By fiscal year, in millions of dollars				
	1999	2000	2001	2002	2003
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	17	18	20	21
Estimated Outlays	0	17	18	20	21

Basis of estimate.—H.R. 4283 would change several aspects of the Food Security Commodity Reserve and would rename it the Bill Emerson Humanitarian Trust (the Trust). The FSCR currently consists of grain stocks (currently all wheat) owned by the Commodity Credit Corporation (CCC)—a corporation within USDA. The government can release these FSCR stocks to continue grain shipments under the P.L. 480 food-aid program when U.S. supplies would otherwise be too tight to continue shipments or when recipient countries have unanticipated needs. When grain stocks are released from the FSCR, CCC must be reimbursed with appropriated food-aid funds for the costs of the grain released. Under current law, FSCR grain stocks cannot be replaced unless other CCC grain stocks are available or purchases from the market are authorized in an appropriate action.

Under H.R. 4283, beginning in fiscal year 2000, USDA would be allowed to keep and to use funds from P.L. 480 reimbursements to purchase grain to replace supplies released from the Trust. These purchases would be limited to no more than $20 million per year for fiscal years 2000 through 2003. (This limit would not restrict FSCR storage and other operating costs.) P.L. 480 reimbursements that were not used during a year would remain available for purchases in future years. H.R. 4283 would also authorize CCC to hold money—not just grain—in the Trust. Beginning in fiscal year 2004, purchases would not be restricted and accumulated funds from previous years could be spent.

Not only would USDA incur new purchase costs but storage costs would be higher as more grain would be in the Trust. Per-bushel rates for P.L. 480 reimbursement would vary for a number of reasons but would likely be in the $3.50 to 3.75 range; per-bushel storage costs would be about $0.25 per year. CBO estimates that these changes would increase outlays from direct spending by $76 million for fiscal years 1999 through 2003 and $344 million for fiscal years 1999 through 2008.

Currently, the FSCR contains about 90 million bushels (about 2.5 million metric tons) of wheat compared to the maximum authorized level of 4 million metric tons of grain. Wheat has been released from the FSCR six times in the 18 years that the FSCR has been in existence. The average release per year has been about 8.5 million bushels. CBO estimates that, under current law, USDA would continue to release grain from the FSCR but at somewhat less than the historical average rate (while under H.R. 4283, we expect releases to continue at about the historical rate).

Increases in costs for grain purchases would be limited by the $20 million annual limit through fiscal year 2003. After 2003, cumulative P.L. 480 reimbursements that had not been used in earlier years would be available for purchases. Therefore, CBO estimates that purchase costs would rise substantially in fiscal year 2004 and somewhat less in later years. Because of expected purchases, the amount of grain in the Trust would not change much relative to current FSCR levels but would be substantially higher after 10 years than CBO expects under current law.

CBO's estimated costs incorporate various adjustments to account for USDA's ability to hold money as well as grain in the Trust. CBO assumes that USDA would hold cash for short periods, mainly to facilitate more efficient management of grain stocks. Holding grain in the Trust is more supportive of farm prices than holding cash.

Pay-as-you-go considerations.—The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	0	17	18	20	21	90	42	44	45	47
Changes in receipts	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

[1] Not applicable.

Intergovernmental and private sector impact.—The bill contains no intergovernmental or private sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by.—Craig Jagger and Joseph C. Whitehill.

Estimate approved by.—Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Short Title

This section provides the Act may be cited as the "Africa: Seeds of Hope Act of 1998."

Sec. 2. Findings and Declaration of Policy

Subsection (a) makes the following 13 findings:

(1) The economic, security, and humanitarian interests of the United States and the nations of sub-Saharan Africa would be enhanced by sustainable, broad-based public and private sector agricultural and rural development in each of the African nations. The United States should support such development.

(2) According to the Food and Agriculture Organization, the number of undernourished people in Africa has more than doubled, from approximately 100,000,000 in the late 1960s to 215,000,000 in 1998, and is projected to increase to 265,000,000 by the year 2010. According to the Food and Agri-

culture Organization, the term “under nutrition” means inadequate consumption of nutrients, often adversely affecting children’s physical and mental development, undermining their future as productive and creative members of their communities.

(3)(A) Currently, agricultural production in Africa employs about two-thirds of the workforce but produces less than one-fourth of the gross domestic product in sub-Saharan Africa, according to the World Bank Group.

(B) Africa’s food imports are projected to rise from less than 8,000,000 metric tons in 1990 to more than 25,000,000 metric tons by the year 2020.

(4) African women produce up to 80 percent of the total food supply in Africa according to the International Food Policy Research Institute.

(5) The most effective way to improve conditions of the poor is to increase the productivity of the agricultural sector. Productivity increases can be fostered by increasing research and education in agriculture and rural development.

(6)(A) In November 1996, the World Food Summit set a goal of reducing hunger worldwide by 50 percent by the year 2015 and encouraged national governments to develop domestic food plans and to support international aid efforts.

(B) Since then, several agencies of the United Nations, including the International Fund for Agricultural Development (IFAD), whose mission is to provide the rural poor and women in the developing world with cost-effective ways of overcoming hunger, poverty, and malnutrition, have undertaken a cooperative initiative on Africa.

(7) Although the World Bank Group recently has launched a major initiative to support agricultural and rural development, only 10 percent, or $1,200,000,000, of its total lending to sub-Saharan Africa for fiscal years 1993 to 1997 was devoted to agriculture.

(8)(A) The future prosperity of the United States food processing and agricultural sector is increasingly dependent on exports and the liberalization of global trade.

(B) Africa represents a huge potential market for United States food and agricultural products.

(9)(A) Increased private sector investment in African countries and expanded trade between the United States and Africa can greatly help African countries achieve food self-sufficiency and graduate from dependency on international assistance.

(B) Development assistance, technical assistance, and training from bilateral governmental and multilateral entities, as well as nongovernmental organizations and land-grant universities, can facilitate and encourage commercial development in Africa, such as improving rural roads, agricultural research and extension, and providing access to credit and other resources.

(10)(A) Several United States private voluntary organizations have demonstrated success in empowering Africans through direct business ownership and helping African agricultural producers more efficiently and directly market their products.

(B) Rural business associations, owned and controlled by farmer shareholders, also greatly aid agricultural producers to increase their household incomes.

(11)(A) Over a decade ago, the Development Fund for Africa (DFA) was enacted into law "to help the poor majority of men and women in sub-Saharan Africa to participate in a process of long-term development through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant."

(B) In recent years, political change and economic recovery in Africa have amplified the importance of this policy objective while generating new opportunities for its advancement.

(C) Despite these developments, funding for the Development Fund for Africa has declined from a high of $811,000,000 for 1993 to approximately $635,000,000 for 1997.

(12)(A) United States bilateral development and humanitarian assistance to sub-Saharan Africa is approximately one-tenth of 1 percent of the total annual budget of the United States Government.

(B) Funding for agricultural development worldwide by the United States Agency for International Development has declined from 36 percent of its total budget in 1988 to 15 percent in 1997.

(13) The United States Agency for International Development has initiated an Africa Food Security Initiative in an effort to improve child nutrition and increase agricultural income in Africa.

Subsection (b) contains a declaration of policy that consistent with title XII of part I of the Foreign Assistance Act of 1961 (relating to Famine Prevention and Freedom from Hunger), the U.S. government should support governments of sub-Saharan African countries, American and African nongovernmental organizations, universities, businesses, and international agencies, to help ensure the availability of basic nutrition and economic opportunities for individuals in sub-Saharan Africa, through sustainable agriculture and rural development.

TITLE I—ASSISTANCE FOR SUB-SAHARAN AFRICA

Sec. 101. Africa Food Security Initiative

Subsection (a) adds new requirements carrying out the African Food Security Initiative (AFSI). Under the Initiative, AID plans to spend $30 million to facilitate agricultural policy reforms, improvements in rural infrastructure, and adoption of new technologies. AID reports the program will focus on Ethiopia, Mali, Uganda, Malawi and Mozambique where the governments have implemented political reforms and achieved substantial civil stability. AID plans to expand this initiative to Zambia, Tanzania, Guinea, Ghana, Angola, Rwanda and Eritrea.

This subsection contains three additional requirements for the Administrator to carry out the Initiative. Under this subsection, the Administrator shall:

(1) emphasize programs and projects that improve the food security of infants, young children, school-age children, women

and food-insecure households, or that improve the agricultural productivity, incomes, and marketing of the rural poor in Africa;

(2) solicit and take into consideration the views and needs of intended beneficiaries and program participants during the selection, planning, implementation, and evaluation phases of projects; and

(3) ensure that programs are designed and conducted in cooperation with African and United States organizations and institutions, such as private and voluntary organizations, cooperatives, land-grant and other appropriate universities, and local producer-owned cooperative marketing and buying associations, that have expertise in addressing the needs of the poor, small-scale farmers, entrepreneurs, and rural workers, including women.

Subsection (b) contains a sense of Congress that if there is an increase in funding for sub-Saharan programs, the AID Administrator should proportionately increase resources to the Initiative, or any comparable or successor program, for fiscal year 2000 and subsequent fiscal years in order to meet the needs of the countries participating in such Initiative.

Sec. 102. Microenterprise Assistance

For technical reasons, AID exceeded its $135 microenterprise funding directive in FY97, by spending $160 million on such projects. The Committee is disappointed that only 38% of this amount was used for poverty lending programs which provide loans under $300 targeted at the poorest people, especially women. The picture was considerably brighter in Africa. In FY96 AID spent roughly 20% of its budget on African microenterprise projects. Approximately $9 million went towards credit programs, 80% of which was devoted to poverty loans averaging $130 each. Eighty-five percent of recipients were women. Repayment rates for these loans averaged 96%.

Subsection (a) requires the AID Administrator, to the extent practicable, to use credit and microcredit assistance to improve the capacity and efficiency of agriculture production in sub-Saharan Africa of small-scale farmers and small rural entrepreneurs. In providing assistance, the Administrator should take into consideration the needs of women, and should use the applied research and technical assistance capabilities of United States land-grant universities.

Subsection (b)(1) requires the Administrator to continue to work with other countries, international organizations (including multilateral development institutions), and entities assisting microenterprises and to develop a comprehensive and coordinated strategy for providing microenterprise assistance for sub-Saharan Africa. Subsection (b)(2) recommends that the Administrator encourage the World Bank Consultative Group to Assist the Poorest to coordinate the strategy described above.

Sec. 103. Support for Producer-owned Cooperative Marketing Associations

African state-run marketing associations have been some of the worst innovations in African agriculture. By imposing controlled prices and wielding monopoly power over the price of inputs, state-run associations devastated the livelihood of African farmers across the continent. Conversely, producer-owned associations can offer lower-priced inputs and better marketing that actually improves productivity and pricing. Subsection (a) outlines four purposes for this section:

(1) to support producer-owned cooperative purchasing and marketing associations in sub-Saharan Africa;

(2) to strengthen the capacity of farmers in sub-Saharan Africa to participate in national and international private markets and to promote rural development in sub-Saharan Africa;

(3) to encourage the efforts of farmers in sub-Saharan Africa to increase their productivity and income through improved access to farm supplies, seasonal credit, technical expertise; and

(4) to support small businesses in sub-Saharan Africa as they grow beyond microenterprises.

Subsection (b)(1)(A) authorizes the Administrator to utilize relevant foreign assistance programs and initiatives for sub-Saharan Africa to support private producer-owned cooperative marketing associations in sub-Saharan Africa, including rural business associations that are owned and controlled by farmer shareholders. Subsection (B) imposes three requirements in carrying out this subsection: that the Administrator—

(i) shall take into account small-scale farmers, small rural entrepreneurs, and rural workers and communities;

(ii) shall take into account the local-level perspectives of the rural and urban poor through close consultation with these groups, consistent with section 496(e)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(e)(1)—relating to consultations with local private voluntary organizations); and

(iii) should take into consideration the needs of women.

Subsection (b)(2) encourages the Administrator to:

(A) cooperate with governments of foreign countries, including governments of political subdivisions of such countries, their agricultural research universities, and particularly with United States nongovernmental organizations and United States land-grant universities, that have demonstrated expertise in the development and promotion of successful private producer-owned cooperative marketing associations; and

(B) facilitate partnerships between United States and African cooperatives and private businesses to enhance the capacity and technical and marketing expertise of business associations in sub-Saharan Africa.

Sec. 104. Agricultural and Rural Development Activities Of the Overseas Private Investment Corporation

Subsection (a) sets out the purpose of this section to encourage the Overseas Private Investment Corporation (OPIC) to work with United States businesses and other United States entities to invest in rural sub-Saharan Africa, particularly in ways that will develop the capacities of small-scale farmers and small rural entrepreneurs, including women, in sub-Saharan Africa.

Subsection (b) contains the sense of the Congress that:

(1) OPIC should exercise its authority under law to undertake an initiative to support private agricultural and rural development in sub-Saharan Africa, including issuing loans, guaranties, and insurance, to support rural development in sub-Saharan Africa, particularly to support intermediary organizations that—

(A) directly serve the needs of small-scale farmers, small rural entrepreneurs, and rural producer-owned cooperative purchasing and marketing associations;

(B) have a clear track-record of support for sound business management practices; and

(C) have demonstrated experience with participatory development methods; and

(2) OPIC should utilize existing equity funds, loan and insurance funds, to the extent feasible and in accordance with existing contractual obligations, to support agriculture and rural development in sub-Saharan Africa.

Sec. 105. Agricultural Research and Extension Activities

Subsection (a) requires the AID Administrator, in consultation with the Secretary of Agriculture and appropriate Department of Agriculture agencies, especially the Cooperative State, Research, Education and Extension Service (CSREES), to develop a comprehensive plan to coordinate and build on the research and extension activities of United States land-grant universities, international agricultural research centers, and national agricultural research and extension centers in sub-Saharan Africa.

Subsection (b) adds three additional requirements that the Plan must provide that:

(1) research and extension activities will respond to the needs of small-scale farmers while developing the potential and skills of researchers, extension agents, farmers, and agribusiness persons in sub-Saharan Africa;

(2) sustainable agricultural methods of farming will be considered together with new technologies in increasing agricultural productivity in sub-Saharan Africa; and

(3) research and extension efforts will focus on sustainable agricultural practices and will be adapted to widely varying climates within sub-Saharan Africa.

TITLE II—WORLDWIDE FOOD ASSISTANCE AND AGRICULTURAL PROGRAMS

SUBTITLE A—NONEMERGENCY FOOD ASSISTANCE PROGRAMS

Sec. 201. Nonemergency Food Assistance Programs

In late 1997, the Committee heard reports from major humanitarian relief organizations and Cardinal John O'Connor that AID planned to reduce funding for nonemergency food relief programs. Such programs include U.S. food aid donations to the Missionaries of Charity, founded by Mother Teresa. The Committee strongly supports these programs. While the Committee applauds AID's emphasis on providing food aid to projects designed to end food aid dependency, the Committee also believes that some food aid to chronically dependent communities of sick, elderly and handicapped persons should continue. On June 22, 1998, the Committee received a letter from the AID Administrator promising to "at least double the dollar value of these activities to more than $30 million in FY 1999." The Committee applauds this commitment. Should this commitment be implemented, the Committee will entertain proposals to modify the language of Subtitle A.

Subsection (a) sets forth three requirements for the AID Administrator to implement nonemergency assistance under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.). These provisions require that the Administrator shall ensure that:

(1) in planning, decision making, and implementation in providing such assistance, the Administrator takes into consideration local input and participation directly and through United States and indigenous private and voluntary organizations;

(2) each of the nonemergency activities described in paragraphs (2) through (6) of section 201 of such Act (7 U.S.C. 1721) (relating to the purposes of emergency and private assistance programs), including programs that provide assistance to people of any age group who are otherwise unable to meet their basic food needs (including feeding programs for the disabled, orphaned, elderly, sick and dying), are carried out; and

(3) greater flexibility is provided for program and evaluation plans so that such assistance may be developed to meet local needs, as provided for in section 202(f) of such Act (7 U.S.C. 1722(f)—relating to the effective use of commodities).

Subsection (b) requires that in providing assistance under the Agriculture Trade Development and Assistance Act of 1954, the Secretary of Agriculture and the AID Administrator shall ensure that commodities are provided in a manner that is consistent with sections 403 (a) and (b) of such Act (7 U.S.C. 1733 (a) and (b)—regarding adequate storage, no disruption of local production, and consultations with the World Bank).

SUBTITLE B—BILL EMERSON HUMANITARIAN INTERNATIONAL FOOD SECURITY TRUST ACT OF 1998

Sec. 211. Short Title

This section provides that this subtitle may be cited as the 'Bill Emerson Humanitarian International Food Security Trust Act of 1998'.

Sec. 212. Bill Emerson Humanitarian Trust Act

Subsection (a) amends Section 302 of the Food Security Commodity Reserve Act of 1996 (7 U.S.C. 1736f–1) to permit the Bill Emerson Humanitarian International Food Security Trust to hold funds as well as commodities. The Reserve was established by the Agricultural Act of 1980 (P.L. 96–494) which included the text of H.R. 6635, the Food Security Act of 1980, which Chairman Gilman was an original cosponsor. The current Food Security Commodity Reserve holds approximately 2.5 million metric tons of wheat (90 million bushels) and is limited to a total of four million metric tons. Commodities in the trust can be released when domestic supplies are tight or to meet unanticipated humanitarian needs in developing countries. Wheat from this reserve has been released six times since the Reserve was created in 1980. Changes made by this Act would allow the Reserve to continue providing commodities (or funds) at its current rate.

In addition to changing the name of the Reserve to the Trust, the Act allows the Trust to hold funds. Spending funds, instead of commodities from the Trust, would allow the United States to more rapidly and effectively respond to food emergencies around the world. Allowing the trust to hold funds also reduces costs by eliminating storage and administration expenses (current costs total 25 cents per bushel of wheat to store for one year). It is the Committee's understanding that funds held by the Trust are to be used to purchase commodities for the stated purposes of the Trust.

When the Africa: Seeds of Hope Act was initially introduced as H.R. 3636, the bill provided that funding used under current law to reimburse the CCC would be used instead to replenish the Trust. The Congressional Budget Office (CBO) advised the Committee that this would entail a scoring of several hundred million dollars. This bill limited the total amounts provided to the Trust to limit this score. Subsection (B) specifically limits funding for the replenishment of the Trust to a total of $80 million, divided equally between FY 2000–2003. The Committee understands that the initial CBO scoring of this provision totals $76 million through 2003 and $344 million through 2008.

It is the Committee's intent that the Secretary manage the resources of the Trust in a prudent manner to enable the U.S. to respond to humanitarian crises. Therefore, the Committee provided this subsection, which requires that the Secretary of Agriculture may release eligible commodities under subparagraph (A) only to the extent such release is consistent with maintaining the long-term value of the trust.

Subsection (b) makes conforming amendments to rename and conform the Act to accommodate the Bill Emerson Humanitarian Trust.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Report

This section requires that not later than 6 months after the date of enactment of this Act, the AID Administrator, in consultation with the heads of other appropriate agencies, shall prepare and submit to Congress a report on how the Agency plans to implement sections 101, 102, 103, 105, and 201 of this Act, the steps that have been taken toward such implementation, and an estimate of all amounts expended or to be expended on related activities during the current and previous 4 fiscal years.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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):

AGRICULTURAL ACT OF 1980

* * * * * * *

[TITLE III—FOOD SECURITY COMMODITY RESERVE

[SEC. 301. SHORT TITLE.

[This title may be cited as the "Food Security Commodity Reserve Act of 1996".]

TITLE III—BILL EMERSON HUMANITARIAN TRUST

SEC. 301. SHORT TITLE.

This title may be cited as the "Bill Emerson Humanitarian Trust Act".

SEC. 302. ESTABLISHMENT OF COMMODITY [RESERVE] *TRUST*.

(a) IN GENERAL.—To provide for a [reserve] *trust* solely to meet emergency humanitarian food needs in developing countries, the Secretary of Agriculture (referred to in this title as the "Secretary") shall establish a [reserve] *trust* stock of wheat, rice, corn, or sorghum, or any combination of the commodities, totaling not more than 4,000,000 metric tons for use as described in subsection (c).

(b) COMMODITIES *OR FUNDS* IN [RESERVE] *TRUST*.—

(1) IN GENERAL.—The [reserve] *trust* established under this section shall consist of—

(A) wheat in the reserve established under the Food Security Wheat Reserve Act of 1980 as of the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996;

(B) wheat, rice, corn, and sorghum (referred to in this section as "eligible commodities") acquired in accordance with paragraph (2) to replenish eligible commodities released from the [reserve,] *trust,* including wheat to replenish wheat released from the reserve established under the Food Security Wheat Reserve Act of 1980 but not replenished as of the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996; [and]

(C) such rice, corn, and sorghum as the Secretary may, at such time and in such manner as the Secretary determines appropriate, acquire as a result of exchanging an equivalent value of wheat in the [reserve] *trust* established under this section[.]*; and*

(D) funds made available under paragraph (2)(B).

(2) REPLENISHMENT OF [RESERVE] *TRUST*.—

(A) IN GENERAL.—[Subject to subsection (h), commodities] *Commodities* of equivalent value to eligible commodities in the [reserve] *trust* established under this section may be acquired—

(i) through purchases—

(I) from producers; or

(II) in the market, if the Secretary determines that the purchases will not unduly disrupt the market; or

(ii) by designation by the Secretary of stocks of eligible commodities of the Commodity Credit Corporation.

[(B) FUNDS.—Any use of funds to acquire eligible commodities through purchases from producers or in the market to replenish the reserve must be authorized in an appropriations Act.]

(B) FUNDS.—Any funds used to acquire eligible commodities through purchases from producers or in the market to replenish the trust shall be derived—

(i) with respect to fiscal year 2000 and subsequent fiscal years, from funds made available to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) that are used to repay or reimburse the Commodity Credit Corporation for the release of eligible commodities under subsections (c)(2) and (f)(2), except that, of such funds, not more than $20,000,000 may be expended for this purpose in each of the fiscal years 2000 through 2003 and any such funds not expended for the fiscal year allocated shall be available for expenditure in subsequent fiscal years; and

(ii) from funds authorized for that use by an appropriations Act.

(c) RELEASE OF ELIGIBLE COMMODITIES.—

(1) EMERGENCY ASSISTANCE.—

(A) * * *

(B) RELEASE FOR EMERGENCY ASSISTANCE.—If the eligible commodities needed to meet unanticipated need cannot be made available in a timely manner under normal means for obtaining eligible commodities for food assistance because of unanticipated need for emergency assistance as provided under section 202(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722(a)), the Secretary may in any fiscal year release from the [reserve] *trust*—

(i) up to 500,000 metric tons of wheat or the equivalent value of eligible commodities other than wheat; and

(ii) up to 500,000 metric tons of any eligible commodities under this paragraph that could have been released but were not released in prior fiscal years.

* * * * * * *

(2) EMERGENCY FOOD [ASSISTANCE.—Notwithstanding] *ASSISTANCE.—*

(A) IN GENERAL.—Notwithstanding any other provision of law, eligible commodities designated or acquired for the [reserve] *trust* established under this section may be re-

leased by the Secretary to provide, on a donation or sale basis, emergency food assistance to developing countries at such time as the domestic supply of the eligible commodities is so limited that quantities of the eligible commodities cannot be made available for disposition under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) (other than disposition for urgent humanitarian purposes under section 401 of the Act (7 U.S.C. 1731)).

(B) LIMITATION.—The Secretary may release eligible commodities under subparagraph (A) only to the extent such release is consistent with maintaining the long-term value of the trust.

(3) PROCESSING OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the [reserve] *trust* established under this section may be processed in the United States and shipped to a developing country when conditions in the recipient country require processing.

* * * * * * *

(d) MANAGEMENT OF ELIGIBLE COMMODITIES.—The Secretary shall provide—

(1) for the management of eligible commodities in the [reserve] *trust* established under this section as to location and quality of eligible commodities needed to meet emergency situations; [and]

(2) for the periodic rotation or replacement of stocks of eligible commodities in the [reserve] *trust* to avoid spoilage and deterioration of the commodities[.]*; and*

(3) subject to the need for release of commodities from the trust under subsection (c)(1), for the management of the trust to preserve the value of the trust through acquisitions under subsection (b)(2).

(e) TREATMENT OF [RESERVE] *TRUST* UNDER OTHER LAW.—Eligible commodities in the [reserve] *trust* established under this section shall not be—

(1) considered a part of the total domestic supply (including carryover) for the purpose of subsection (c) or for the purpose of administering the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

(2) subject to any quantitative limitation on exports that may be imposed under section 7 of the Export Administration Act of 1979 (50 U.S.C. App. 2406).

(f) USE OF COMMODITY CREDIT CORPORATION.—

(1) * * *

(2) REIMBURSEMENT *OF THE TRUST*.—

(A) IN GENERAL.—The Commodity Credit Corporation shall be reimbursed for the release of eligible commodities from funds made available to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) *and the funds shall be available to replenish the trust under subsection (b)*.

(B) BASIS FOR REIMBURSEMENT.—The reimbursement shall be made on the basis of the lesser of—

(i) the actual costs incurred by the Commodity Credit Corporation with respect to the eligible commodity; or

(ii) the export market price of the eligible commodity (as determined by the Secretary) as of the time the eligible commodity is released from the [reserve] *trust*.

(C) SOURCE OF FUNDS.—The reimbursement may be made from funds appropriated for subsequent fiscal years.

(g) FINALITY OF DETERMINATION.—Any determination by the Secretary under this section shall be final.

[(h) TERMINATION OF AUTHORITY.—

[(1) IN GENERAL.—The authority to replenish stocks of eligible commodities to maintain the reserve established under this section shall terminate on September 30, 2002.

[(2) DISPOSAL OF ELIGIBLE COMMODITIES.—Eligible commodities remaining in the reserve after September 30, 2002, shall be disposed of by release for use in providing for emergency humanitarian food needs in developing countries as provided in this section.]

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SECTION 208 OF THE AGRICULTURAL TRADE SUSPENSION ADJUSTMENT ACT OF 1980

TRADE SUSPENSION RESERVES

SEC. 208. Notwithstanding any other provision of law—

(a) * * *

* * * * * * *

(d)(1) * * *

(2) APPLICABILITY OF CERTAIN PROVISIONS.—Subsections (c), (d), (e), and (f)(2) of section 302 of the [Food Security Commodity Reserve Act of 1996] *Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.)* shall apply to commodities in any reserve established under paragraph (1), except that the references to "eligible commodities" in the subsections shall be deemed to be references to "agricultural commodities".

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SECTION 901b OF THE MERCHANT MARINE ACT, 1936

SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

SEC. 901b. (a) * * *

(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

(1) * * *

* * * * * * *

(3) carried out under the ❲Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f–1)❳ *Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1 et seq.)*;

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