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**RECENT ENVIRONMENTAL ACTIVITIES OF THE
AR 18'9 AGENCY FOR INTERNATIONAL DEVELOPMENT**

HEARING

BEFORE THE

**SUBCOMMITTEE ON HUMAN RIGHTS AND
INTERNATIONAL ORGANIZATIONS**

OF THE

**COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES**

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SEPTEMBER 26, 1990

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Deposition

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RECENT ENVIRONMENTAL ACTIVITIES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

WEDNESDAY, SEPTEMBER 26, 1990

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON HUMAN RIGHTS AND
INTERNATIONAL ORGANIZATIONS,
Washington, DC.

The subcommittee met, pursuant to call, at 10:05 a.m., in room 2200, Rayburn House Office Building, Hon. Gus Yatron (chairman of the subcommittee) presiding.

Mr. YATRON. The subcommittee will reconvene and come to order. We will now proceed with the hearing.

The Subcommittee on Human Rights and International Organizations meets today to review the recent environmental programs and related activities of the Agency for International Development to promote sustainable development in Africa, Latin America and Asia.

Two key areas of interest to the subcommittee will be tropical deforestation and biological diversity. In addition, we want to explore how A.I.D. is working to help developing countries meet their energy needs without contributing to global warming and other climate problems. Also important is the Agency's procedure to prevent negative environmental consequences of non-environmental projects.

The Agency for International Development continues to play a leading role in promoting environmental protection and natural resource conservation in developing countries. It devotes a significant portion of its budget to address a whole range of environmental issues in over 40 countries.

The Foreign Affairs Committee has become increasingly interested in ensuring that U.S. economic assistance to developing countries promotes sustainable growth. The link between environment and development has never been more clear. The underlying premise of much of A.I.D.'s environmental agenda is the fact that economic growth in most developing countries depends upon a sustainable natural resource base. However, this base is increasingly threatened by several interrelated problems such as poverty, population growth, land, air, and water pollution, international debt, unsound economic policies, and political instability.

A.I.D.'s programs are critical in contributing to the long-term economic prosperity of developing countries. They are also important to American economic and security interests. Many of the

basic elements, which sustain our food, pharmaceutical, industrial and military capacity are derived from natural resources in developing countries. In addition, concerns over global warming point to the urgency of ensuring that A.I.D.'s energy strategies do not contribute to this problem.

While A.I.D.'s environmental record is, overall, commendable, many areas of concern remain. We hope to discuss both the strengths and weaknesses of A.I.D.'s environmental efforts from the perspective of the recipients themselves, as we will hear from representatives from some key indigenous NGOs. First, however, we will hear from the Agency.

I would now like to call on the Ranking Member of the subcommittee, Mr. Bereuter, who continues to be an extremely effective leader on international environmental issues. The gentleman from Nebraska, Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman, thank you for your kind words.

I have a brief statement that I think we can complete before we need to vote.

Permit me first to thank you and congratulate you on scheduling today's hearing. It does allow the subcommittee to take advantage of this week's annual meetings at the World Bank to bring before us some of the world's leading experts from the NGOs who will be attending those meetings.

I regret that A.I.D. Director, Ronald Roskins, my constituent, is unable to testify. He assures me that he had genuinely hoped to testify but his schedule would not permit it, related to activities for the programs in Eastern Europe.

As you recognize, Mr. Chairman, today's hearings address an especially important topic. It does seem that A.I.D. is increasingly aware of environmental concerns, and this is reflected in its policies and proposed new initiatives. Preservation of the environment now figures prominently in A.I.D.'s formal program objectives.

There is no doubt, I would say, that their commitment is genuine. This year the Agency has budgeted \$286 million for environmental activities and it seeks to increase that amount to \$370 million for the next year. In addition, the Agency plans to add new environmental staff members and will provide training to hundreds of existing staff on environmental matters or environmental sensitivities and techniques.

Clearly A.I.D. has the potential to make important contributions on matters such as soil conservation, sustainable resource development, and environmental education. A.I.D. has also supported programs in tropical forestry, biodiversity preservation, and watershed and coastal zone management. In addition, A.I.D. is becoming increasingly active in debt for nature and debt for development swaps.

Mr. Chairman, I think we're fortunate today to hear first from A.I.D.'s Associate Director, Dr. Richard Bissell. He is known and respected by this subcommittee. I'd be interested to hear how A.I.D. balances its mission to foster environmental development with the need to preserve the environment.

We also have, of course, a distinguished panel of private witnesses whom I'm sure we're all looking forward to hearing from in today's hearings.

Thank you very much.

Mr. YATRON. Thank you very much, Mr. Bereuter.

Do any other members have any statements or comments they would like to make?

Mrs. MEYERS. No, Mr. Chairman. But I'm very pleased that we are holding this hearing this morning. Thank you, Mr. Chairman.

Mr. YATRON. Thank you very much, Mrs. Meyers.

We have a roll call on the Floor and I think perhaps before we introduce our first witness, we'll take a recess for about 10 minutes and we'll come right back and resume the hearing. Sorry for the inconvenience.

[Recess.]

Mr. YATRON. The subcommittee will resume its sitting. I want to welcome the Honorable Richard Bissell, Assistant Administrator for Science and Technology in A.I.D. I'm glad to have you before our subcommittee again and look forward to your statement. You may begin when you're ready. If you want to summarize your statement, the entire written text will be included in the record.

We welcome you back and you may proceed Mr. Bissell, whenever you're ready, sir.

STATEMENT OF RICHARD E. BISSELL, ASSISTANT ADMINISTRATOR, BUREAU FOR SCIENCE AND TECHNOLOGY, AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. BISSELL. Thank you very much, Mr. Chairman. It is a pleasure to be back.

When I was here a year and a half ago, I described an agency which I felt was at a turning point, in terms of internalizing and incorporating environmental issues into our development activities. I am back today to describe how that has truly occurred. I think that we have the foundation in place for future decades of growth that will help the cause of the environment and address environmental issues at the same time that we pursue our development mandate.

I have submitted a written statement. I appreciate your willingness to insert that in the record. I will take just a few moments to summarize what I think are our high points and then, perhaps more importantly, answer your questions about where A.I.D. is going with regard to environmental issues.

We recognize at A.I.D., as this committee does, the serious threat to our planet resulting from environmental degradation. A.I.D. is strongly committed in all ways to integrating concern for the environment into our development activities.

As evidence of our commitment to promote environmentally sound development, we have recently adopted an initiative to focus our environment program on issues which have the greatest relevance to today's problems.

Under this new initiative, launched by Administrator Roskens, A.I.D. will focus its resources in three categories: One is economic and environmental policy; two, environmental education, training,

and support for nongovernmental organizations; and, three, for a range of technical interventions. Under this last category of technical interventions, each major program bureau has developed three or four areas where their new environmental resources are to be concentrated.

In the context of this new focus, let me provide some examples of A.I.D.'s current activities, highlighting four program areas of particular concern to A.I.D. One is tropical deforestation and loss of biodiversity. Two is coastal zone management. Three is agricultural sustainability. And four is global climate change.

I will also discuss several important related issues, such as cooperation with nongovernmental organizations and other donors who bring a great deal of resources to the table.

Climate change is clearly an environmental threat with potentially widespread and devastating impact. Under some scenarios, climate change could lead to rapid rises in sea level, severe damage to coastal areas, dramatic changes in agricultural productivity, and unpredictable impacts on aquatic and terrestrial ecosystems.

To address these serious issues, A.I.D. plans to obligate for its climate change program \$225 million in fiscal year 1990. We have proposed a level of \$260 million in fiscal year 1991. In the interest of time, I refer you to my written statement for a description of those specific climate change activities. They include projects in forest management, reforestation, renewable energy, and energy conservation.

I would next like to mention biological diversity, which is a growing component of our environment program. Again, my written statement describes in considerable detail what we do in the way of activities.

What I want to touch on here is the rationale behind our efforts to conserve diversity. Tropical forests, located primarily in developing countries, once occupied 1.6 billion hectares globally, but they now cover only 900 million hectares. That is a serious loss for mankind.

Even more importantly, the continuing loss, of nearly 20 million hectares of forest each year threatens many species with extinction. A.I.D. has therefore supported, and will continue to support, the development and maintenance of park and protected areas to preserve critical habitat for threatened species. But in addition, A.I.D. will enhance its support for conservation activities outside the boundaries of protected areas.

Parks are the critical core of conservation efforts, but they are simply not sufficient. That is our experience. Efforts to promote the sustainable use of resources will, in the long term, have a greater impact on conserving biodiversity than simply creating parks, which often exclude people from resources that they believe are rightfully theirs.

Like rain forests, coastal zones are fragile ecosystems threatened by a variety of problems, including dredging, mining, dumping of industrial and domestic pollution, and sedimentation resulting from unsustainable agricultural practices.

In Central America, for example, seagrass and coral reefs are threatened by eroding croplands, being lost at rates of 500 metric

tons per hectare, compared with only 18 metric tons in the United States.

A.I.D.'s commitment to coastal zone management is best illustrated by our coastal resources management project. As a result of this project, for example, Ecuador, Sri Lanka, and Thailand are developing, or have begun implementing national coastal zone management plans. Prior to this project, these countries had no national plan to manage this valuable resource.

The central assumption in our coastal zone management efforts is that the body of experience in coastal management in the United States and in other developed countries can be adapted successfully to the needs of developing countries.

Given the importance of the agricultural sector to developing country economies, promotion of sustainable agricultural practices has profound effects across many other sectors, including energy and the environment.

We are currently working closely with the National Research Council to identify research priorities for sustainable agricultural development. Capping this effort at the end of the study process, Administrator Roskens will, early next year, convene a national select committee to develop a common agenda for promoting sustainable agriculture in A.I.D.-assisted countries. We expect widespread participation in that effort.

Finally, A.I.D. continues to leverage resources through collaboration with other donors. We are working closely with the OECD Committee on Development Assistance Cooperation to harmonize environmental practices among the major bilateral donors. We work individually with other donors within the OECD. For example, we are helping to plan a \$10 million forestry project in Indonesia with funding by Japan through the International Tropical Timber Organization. There are many other resources out there that we can help to leverage.

A.I.D. has also developed a close and productive working relationship with the NGO community, both here at home and abroad. Our collaboration with them has been a critical element in the success of A.I.D.'s environment program.

I expand on each of these areas of emphasis in my written statement. Let me simply end by underscoring our clear commitment to making environmental improvement a key objective in our development agenda—not on the margins, not separate from, but within our development agenda. With limited funds and expanding responsibilities, A.I.D.'s new environment initiative will help us to focus resources on local environment problems with global implications in those countries where we can have the greatest impact.

Thank you, Mr. Chairman. I look forward to your questions.

[The prepared statement of Mr. Bissell follows:]

STATEMENT OF

RICHARD E. BISSELL
ASSISTANT ADMINISTRATOR
BUREAU FOR SCIENCE AND TECHNOLOGY
AGENCY FOR INTERNATIONAL DEVELOPMENT

COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON HUMAN RIGHTS AND INTERNATIONAL ORGANIZATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 1990

Thank you Mr. Chairman. I appreciate the opportunity to testify before this subcommittee on the Agency for International Development's environment program. Concern for the environment in developing and developed countries continues to grow dramatically as the global impact of local environmental degradation becomes more evident. Depletion of stratospheric ozone, the potential for climate change, loss of biological diversity, destruction of tropical rain forests, and reduction in soil fertility and its effects on food production all graphically illustrate the complexity and urgency of protecting the environment.

Environmental Degradation and Constraints to Development

In the opportunities I have had to testify before your committee, we have discussed in detail the magnitude and consequences of environmental degradation. Allow me to briefly review the major issues in order to place A.I.D.'s environmental program in the proper context.

The long-term effects of environmental degradation are often global, but the causes are generally local. The most immediate and direct impacts are local as well. Rapid population growth, extreme poverty, inequitable access to and ownership of land and other resources, rapid urbanization, and inadequate policies threaten to alter irreversibly the functioning of ecosystems, which provide the environmental goods and services necessary for life.

World population is growing by over 80 million people each year, placing greater and greater stress on the environment. The

human population doubled in the 100 years between 1850 and 1950 from 1.25 to 2.5 billion. Population doubled again in only 37 years between 1950 and 1987. Another billion will be added before the end of this decade. The United Nations medium projection for world population is more than 8 billion people by 2025, before stabilizing at about 10 billion toward the end of the next century. Clearly, more people require more food, energy, shelter, and clothing, all of which must be supplied from the planet's resources.

Tropical forests, primarily located in developing countries, once occupied 16 million square kilometers globally, but now cover only 9 million. Latin America and Asia have already lost 40% of their original forests, and Africa a little more than half. Direct costs of this deforestation are losses of forest products such as timber, fuelwood, fibers, canes, resins, oils, pharmaceuticals, fruits, spices, and animal hides. More than one billion people are affected by the soil erosion, loss of agricultural productivity, and flooding caused by deforestation, with significant social and economic consequences.

In addition to these immediate human impacts, deforestation also results in the destruction of habitat critical to biological diversity. While tropical rainforests cover only seven percent of the earth's surface, they contain at least one-half of all wildlife species. Deforestation is proceeding at a rate of 20 million hectares per year, resulting in species extinction at rates 100 to 1000 times greater than levels of extinction prior to human intervention. At current rates of deforestation, roughly 5 to 10 percent of tropical forest species will become extinct per decade, averaging more than 100 species per day.

Loss of biodiversity limits the future availability of natural products for manufacturing and industry. Losses of genetic resources diminish the availability of new wild germplasm essential for breeding crop varieties with higher productivity and greater resistance to insects, disease, and adverse climate conditions. Loss of habitat critical to biodiversity threatens economically important environmental services such as the provision of clean water by watersheds, waste filtration and erosion protection by wetlands, and storm surge protection by mangrove forests and coral reefs. As with deforestation, the loss of biodiversity has significant direct and indirect effects on economies.

Habitat destruction is not limited to terrestrial ecosystems. Coral reefs, which rival tropical forests in productivity and diversity, are rapidly disappearing. Coral reef mining, sedimentation resulting from mismanagement of upland areas, dredging, discharge of industrial pollution, dumping of domestic sewage, overexploitation of selected corals for ornamentation,

and destructive fishing practices all destroy critical coral reef habitats and threaten biological diversity.

While acknowledging the limits of our ability to solve such complex and pervasive problems, A.I.D. is strongly committed to confronting these difficult issues and will continue to help developing countries conserve and protect their environment and natural resources. A.I.D. has long recognized the link between economic development and environmental protection, including the management of natural resources. A.I.D. is joined by a growing number of individuals and institutions which accept that environmental protection is an integral and critical component of economic growth. The global community is also acting in concert to combat environmental threats, exemplified by the adoption of stricter standards under the Montreal Protocol for eliminating production and use of chlorofluorocarbons.

Economic assistance and environmental issues are directly linked because deteriorating environments affect economies, and failing economies accelerate environmental degradation. This complex interaction is seen most graphically in the developing world. In many of these countries, for example, agriculture, forestry, and fisheries contribute significantly to GNP, and each depends simultaneously on both the exploitation and conservation of natural resource. USAID's assistance program is designed to balance these competing needs to yield the greatest increase in social welfare by optimizing environmental improvement and income growth. Protection of the environment and environmentally sound management of exploited energy and natural resources are critical to A.I.D.'s mandate to promote broad-based economic growth.

The recent events in Eastern Europe highlight the environmental consequences of failing economies. Equally important, these events demonstrate the importance of pluralism to rational management of natural resources. The events in Eastern Europe can not be divorced from the tremendous environmental problems in those countries. High levels of pollution and the inability of the central governments to improve the environment surely were contributing factors to the mass dissatisfaction which eventually resulted in the popular uprisings.

While environmental degradation in Eastern Europe is the result of complex factors developing over an extended period of time, one underlying cause is clear: misguided economic and regulatory policies. With centralized economies, the Eastern European nations could not harness the power of market forces or provide the social incentives necessary to reverse the extensive environmental damage caused over a 40 year period of misrule and neglect.

The judicious use of market forces must be an increasingly important and integral component of A.I.D.'s environment program. Although a free and open market is certainly no cure for the environment, as Western development has demonstrated, economic incentives and rational economic policies which promote conservation are essential to achieving significant change in developing countries.

Market forces and economic instruments are critical to ensuring that those who bear the cost of conservation also receive the resulting stream of benefits. Inhabitants living in and around forests, wetlands, and coastal zones, whose livelihoods depend on the use of natural resources, should be provided incentives to manage these resources sustainably for their own benefit. Removing perverse incentives, which promote the destruction of natural resources, is equally important. Obscured ownership and inappropriate land tenure and tax policies, for example, are known to contribute significantly to deforestation in the tropics.

To the extent that resource exploitation is governed by the perceived self-interest of various individuals or groups, behaviors affecting maintenance of natural resources can be changed through education and by providing new approaches to conservation which alter people's perception of what behavior is in their best interest. Since self-interest is defined primarily in economic and social terms, economic incentives are a useful tool in promoting conservation. Accordingly, environmental economics are becoming an increasingly important component of A.I.D.'s environment program. We recognize that this newly emerging discipline will need considerable investment to build U.S. capabilities. Few economists today are experienced in environmental economics, especially as applied in developing countries.

With this review of the major issues and consequences of environmental degradation as background, I turn to A.I.D.'s environment program, focusing on the Agency's efforts to address these critical problems. I will present the environment program in the context of A.I.D.'s new Environment Initiative, developed to guide A.I.D.'s environmental assistance program to areas where it will have the greatest impact in a changing world.

The Environment Initiative

Under the new initiative, recently approved by Administrator Roskens, all A.I.D.-supported environmental activities will be based on three themes: supporting sound economic and environmental policies; assisting human and institutional development; and promoting technology generation, transfer and commercialization.

Within this framework, A.I.D. will focus its resources in three categories: economics and environmental policy; environmental education, training, and support for non-governmental organizations; and technical interventions. These technical interventions will be tailored to the three or four principal environmental concerns within each of the geographic regions. Seventy-five percent of all new environmental funds, beginning in FY 1991, will support activities in these focus areas.

In the context of this new focus, let me now provide some examples of A.I.D.'s current environment activities, highlighting four program areas of particular concern to the Agency: 1) tropical deforestation and loss of biodiversity; 2) coastal zone management and 3) pesticide use, water quality, and agricultural sustainability; and 4) global climate change and energy needs. I will also discuss important, related issues such as cooperation with NGOs and other donors, and training and education needs.

A.I.D.'s Tropical Forestry and Biological Diversity Program

Our biological diversity conservation efforts, which are a growing component of our natural resource management portfolio. The challenge to A.I.D. is to protect and promote the sustainable use of threatened biological resources that provide the raw materials for economic growth in developing countries. In response to the accelerating threats to these resources, A.I.D. has expanded efforts to: 1) protect and maintain wildlife habitats, and develop sound wildlife management and plant conservation programs; 2) establish and maintain wildlife sanctuaries, reserves, and parks; 3) identify, study, and inventory animal and plant species; 4) assist countries to enact and enforce anti-poaching measures; and 5) encourage private sector participation in commercially viable activities that promote natural resources conservation.

In addition to these activities focusing on habitat and species protection, A.I.D. supports environmental education, agroforestry for sustainable agriculture in buffer zones surrounding parks, and efforts to strengthen legislation, policies, and institutions relevant to biodiversity conservation. Total obligations for biodiversity are expected to be \$49 million in FY 1991 and of similar magnitude in FY 1992. A.I.D.'s biodiversity program continues to grow as an integral component of our broader environmental efforts.

For our biodiversity program to be truly effective, I believe that we must increase our efforts to conserve biological diversity outside the boundaries of protected areas. Parks and protected areas clearly represent the critical core of

biodiversity conservation efforts, and we will continue to support them, but parks are insufficient in themselves to conserve most biological resources. Efforts to promote the sustainable use of resources will, in the long-term, have a greater impact on conserving biodiversity than creating parks which often exclude people from resources they believe are rightfully theirs. Changes in misguided tax policies and removing structural flaws in royalty and license fees could have a tremendous beneficial impact on biodiversity. For example, through inappropriate tax policies the Indonesian government sacrificed nearly \$3 billion in timber revenues in four years because the price of forest concessions did not reflect the true value of harvested timber. Timber companies do not pay the full social costs of timber production. Through policy reform, the Indonesian government could promote more rational use of resources, support forest conservation, and generate billions of dollars in additional revenues. Similar circumstances can be found in Brazil, Malaysia, and Thailand. In the Philippines, A.I.D. is starting a new \$125 million natural resources program that will support changes in policies which have led to the destruction of the resource base.

While these efforts are expanding, A.I.D. continues to support traditional biodiversity activities. A.I.D. is supporting the establishment of the Zubiya Wildlife Reserve in Jordan, the Hol Chan Marine Reserve in Belize, and the Maya Biosphere Reserve in Guatemala. We are assisting Nepal to improve the management of Chitwan, Mt. Everest, and Anapurna national parks. We are working with the Missouri Botanical Garden to establish a national park on Madagascar's Masoala Peninsula, and are helping to develop management plans for five protected areas in Burundi. A.I.D. has been joined by the World Bank and the Nature Conservancy to help establish the Mbaracayu Nature Reserve in eastern Paraguay.

A.I.D. supports a substantial elephant conservation effort in Africa, with obligations of \$12.5 million in FY 1990 and of similar magnitude in FY 1991. This includes elephant conservation activities in Cameroon, Tanzania, Zimbabwe, Zambia, Botswana, and Kenya.

A.I.D. continues to support resource assessments, critical to determining the extent and degree of threat to biodiversity. Through the African Natural Resources Management Support Project, assessments have been completed in Madagascar, Rwanda, Burundi, Uganda, Kenya, Botswana, Malawi, Niger, Mali, Gambia, and Senegal. Assessments are planned for Tanzania, Ghana, Cameroon, and Zaire. In the Asia/Near East region, assessments have been completed in Tunisia, Egypt, Nepal, Sri Lanka, Thailand, Indonesia, Yemen, Bangladesh, the Philippines, and 10 South Pacific nations. Assessments are underway in Jordan and

India, and are planned for Pakistan and Oman. In Latin America, all 19 A.I.D. missions have completed conservation needs assessments. These assessments are then used to identify opportunities for assistance by A.I.D. and other donors.

As funds for conservation and other environmental activities remain tight, creative means of supporting environmental protection are needed as we expand our environment program. One mechanism strongly supported by A.I.D. is the use of debt-for-nature swaps. In June 1988, A.I.D. contributed to a debt-for-nature swap in the Philippines which allowed the World Wildlife Fund and the Haribon Foundation to exchange up to \$2 million of debt into pesos. As in other debt-for-nature swaps, A.I.D. provides assistance to an intermediary, generally one or more environmental NGOs, to support a program of conservation. The intermediary arranges for the purchase of commercial debt while the host country contributes to conservation by converting the debt to local currencies to support a number of previously agreed upon environmental activities. In this case, proceeds are being used to fund the protective management of two parks on the island of Palawan, which contains unique terrestrial and marine habitats. Late last year, A.I.D. supported the first debt-for-nature swap in Africa, granting \$1 million to the World Wildlife Fund to purchase up to \$2.1 million worth of commercial debt in Madagascar. We are working on a similar agreement in Ecuador. In the Philippines another debt-for-nature swap is planned for up to \$25 million, and includes the creation of an endowment fund to maintain resources for future conservation. A.I.D. recently completed a debt-for-nature swap in Costa Rica to fund training of park personnel. Other swaps are in the early stages of discussion.

Also, as part of A.I.D.'s efforts to help developing countries define and implement appropriate environmental and economic policies, we are supporting efforts to improve national income accounting systems. National income accounts as currently calculated do not incorporate changes in the stock of biological resources or the cost of environmental degradation. A.I.D. recently provided support to the World Resources Institute to assist the government of Costa Rica prepare a case study on the economic valuation of natural resources for revising national income accounts in Costa Rica. Under contract with A.I.D., the London Environmental Economics Center has prepared a summary of current approaches to valuing nonmarket services and environmental assets, and examining their application to national income accounting. A.I.D., in collaboration with the World Bank and several private organizations, sponsored a conference on "Ecological Economics of Sustainability" on May 21- 23, 1990 in Washington, D.C. A.I.D. is also providing technical assistance to the governments of the Philippines, Indonesia, and Thailand on the application of economic

methodologies to address environmental degradation issues.

Coastal Zone Management

A.I.D.'s commitment to coastal zone management is best illustrated by the Coastal Resources Management Project (CRMP), an umbrella activity covering programs in Ecuador, Sri Lanka, and Thailand. The CRMP is a long-term cooperative effort to design and implement national coastal zone management plans. In Ecuador, the Interministerial Coastal Zone Management Commission, established under the CRMP, will begin the process of reviewing and approving six special area management zones in the near future. In Sri Lanka, the Coastal Zone Management Plan was recently approved by the Cabinet, and will be implemented beginning in early 1991. The remarkable success in Thailand in promoting effective local management of coral reefs and marine parks is now ready to be scaled up from local efforts to national policy. In a recent review of the CRMP, it was recommended that more attention be given to water quality. As CRMP is modified to meet changing needs, there will be a greater emphasis on regional outreach, adopting lessons learned in the initial pilot activities to the diverse challenges in different countries and regions. The central assumption in A.I.D.'s coastal zone management efforts is that the body of experience in coastal management in the United States and other developed countries should be adapted to the needs of developing countries. Experience gained under the CRMP makes it possible to select strategic activities most likely to yield significant progress in meeting the needs for integrated resource management for coastal environments worldwide. An outreach is now starting to apply this experience on a broader scale.

Sustainable Agriculture and Pest Management

Given the importance of the agricultural sector to developing country economies, promotion of sustainable agricultural practices has profound effects across many other sectors, including energy and environment. A.I.D. is developing a sustainable agriculture systems Cooperative Research Support Program (CRSP) with the National Research Council (NRC) designed to promote economic growth while conserving the natural resource base upon which agriculture, and development in general, depend. The NRC will examine the current status of pest management in developing countries and recommend research and related activities to improve pest management practices in developing countries. In parallel to this effort, the Office of Agriculture in the Bureau for Science and Technology is developing a strategic plan for sustainable agriculture for the 1990s. Capping these efforts, the Administrator will, early next year, convene a national select committee to present a common agenda for promoting sustainable agriculture in

developing countries.

A.I.D. is supporting the Soil and Water Agricultural Network (SWAN) program to provide a mechanism to mobilize, integrate, and focus technical resources in soil and water management. The SWAN program will develop sustainable agricultural technologies, practices, and policies to ensure that present and future generations will have the opportunities for improving the quality of their lives.

Complementing A.I.D.'s efforts to improve support for sustainable agriculture is A.I.D.'s review and modification of its pest management policies. In addition to the pest management component of the NRC exercise, we are drafting new "A.I.D. Pest Management Guidelines" which will provide guidance to A.I.D. missions and Bureaus in the design and implementation of safe, effective, and economically viable pest management programs for agriculture, livestock, and human health activities. The guidelines stress the use of ecologically rational pesticide and pest management approaches such as biological control, host plant resistance, and integrated pest management. A.I.D.'s Vector Biology and Control Project has just issued similar guidelines for public health insecticides (those used to control disease vectors, for example).

A.I.D. has extended the Africa Emergency Grasshopper/Locust Assistance Project for an additional two years to continue research and training efforts initiated under the project's first phase.

A.I.D. is working with other Federal agencies as well to promote sound pest management practices. A.I.D. and EPA, for example, will implement a pilot program on pest and pesticide management in Central America, concentrating on strengthening regulatory institutions, supporting food export programs, promoting pesticide management and safety training, and providing guidance on the disposal of obsolete pesticides and pesticide containers. EPA employees have been detailed to A.I.D. to assist us in the areas of pesticides and water pollution.

The environmental consequences of inappropriate pesticide applications or poorly planned irrigation schemes are well known. Less often recognized is that the environmental changes themselves often harm human health. In the area of overlapping interests between agriculture, environment and health, A.I.D. supports the Vector Biology and Control Project.

A.I.D.'s Climate Change Program

A.I.D.'s efforts to address the problem of potential climate change are reflected in support for forest management,

reforestation, renewable energy, and energy efficiency. A.I.D. currently plans to obligate \$225 million in FY 1991 and \$260 million in FY 1992 for these activities. A.I.D.'s new strategic plan that will provide guidance for focusing the Agency's resources related to climate change is undergoing final clearance.

Under the plan, A.I.D. has tentatively identified the "key countries" which will be the focus of our climate change activities: Brazil, Mexico, Central America (considered as a single entity for these purposes), India, Indonesia, Pakistan, the Philippines, Poland, and Zaire. China, perhaps the most important key country, will not receive direct bilateral assistance from A.I.D., although other forms of assistance may be possible under appropriate circumstances.

Key countries were chosen on the basis of their current or predicted emissions of greenhouse gases as well as subjective criteria such as A.I.D.'s ability to influence change within the host country. A brief description of some of the activities we are supporting in these countries will illustrate that A.I.D. is moving rapidly to place climate change high on its environmental agenda. I must emphasize that A.I.D.'s climate change activities are not restricted to the key countries -- these countries represent regions of focus for climate change activities within our global environment program throughout the developing world.

For example, A.I.D. is currently designing a new program to assist Brazil in promoting sustainable forest management and sustainable resource use policies and energy efficiency improvements. A.I.D. will also contract for an in-country forest policy/climate change adviser for the A.I.D. mission in Brasilia. FY 1990 funding for this program is on the order of \$2 million.

In Mexico, A.I.D. will have obligated about \$1 million in FY 1990 for climate change activities, including public education; support for completing and implementing management plans for eight priority protected areas; and community development pilot projects in buffer zones to test sustainable forest-use technologies such as natural forest management and non-timber extractive industries. Another focus in Mexico will be training in energy efficiency and "clean" technologies. A.I.D. has contributed funds for an in-country climate change adviser for the A.I.D. mission in Mexico City.

In Indonesia, A.I.D. has developed a new \$18.5 million Environment and Natural Resources project with a principal focus on forestry policy, including activities that demonstrate sustainable natural forest management. A.I.D. is partially

funding investigations of biomass and solar energy conducted by Indonesia's national Energy Research Laboratory. We are supporting the government's efforts to expand private sector participation in power generation to increase generation efficiency and create a mechanism for expanded generation based on renewable energy. A.I.D. is also collaborating with the Department of Commerce and the Export Council for Renewable Energy in sponsoring a mission to Indonesia to investigate opportunities for renewable energy applications in the industrial sector.

In Eastern Europe, A.I.D. has been working to help countries of the region improve energy efficiency, reduce energy-related environmental impacts, and strengthen private sector initiatives. Our approach will be both regional and national. Regional assistance with other active donors will leverage our resources. Bilateral initiatives will complement the regional approaches and be tailored to country-specific needs. Immediate problems, exacerbated by the recent oil price surge, are clearly evident. Addressing these issues effectively will require efforts to quickly identify and implement industrial and power sector low-cost efficiency measures, short-term petroleum refinery efficiency measures, oil purchase arrangements, and energy pricing analysis and reform. Some of A.I.D.'s initial efforts include working with the Department of Energy to retrofit a coal power plant to reduce sulphur and nitrogen oxide emissions; collaborating with EPA on an air monitoring system for Krakow; and assessing with EPA the use of coal-bed methane in Poland, which may yield natural gas to displace coal use. Emerging efforts will include promotion of opportunities for U.S. trade and investment, including joint ventures between U.S. and Polish companies, in efficient energy technologies.

Energy efficiency is being incorporated as a component of our environmental strategy development for Eastern Europe, including collaboration with EPA in the recently established regional environment center in Budapest, Hungary.

Under the umbrella of the Multi-Agency Group on Power Sector Innovation, central programs support technical and institutional improvements in performance of diesel power plants worldwide. Central support for climate change activities also includes an energy efficiency and least-cost energy planning initiative in Central America and a Global Energy Efficiency Initiative to develop project concepts and initiatives on energy efficiency in key countries.

Energy efficiency and energy conservation are important elements in our climate change program, with obligations of \$109 million in FY 1991 and \$113 million in FY 1992. We are promoting the use of new, higher efficiency technologies, practices, and

management strategies, including reliance on rational pricing and greater involvement of the private sector in all facets of energy production, distribution, and use. We have provided energy conservation services to more than 25 countries, emphasizing conservation and financing for its implementation, primarily in the industrial and electricity sectors, but also undertaking programs in the building and transportation sectors. Significant attention has been focused on industry and power sector efficiency. Most recently, industrial energy demand management projects have been initiated in Morocco and Egypt. In the near future, an Energy Management, Training, and Consultation Project will start in India, addressing both energy supply (power) and demand (industry) inefficiencies.

Renewable energy sources offer an important alternative to fossil fuels, which are a major source of greenhouse gas emissions. A.I.D. is supporting a variety of renewable energy activities in Egypt, India, Pakistan, Morocco, Costa Rica, and Guatemala, each emphasizing in varying degrees wind, solar, photovoltaics, biomass, small hydropower, household fuels, and technology assessment. Our program focuses on developing sustainable, commercial projects encouraging increased involvement of the private sector and creation of appropriate policies. We have worked closely with the U.S. renewable energy industry and have accelerated our renewable energy training and information dissemination efforts.

Across the developing world, governments are recognizing the financial constraints and inefficiencies of public energy companies and their environmental impacts. Increasingly, developing country governments are turning to private sector approaches in an effort to meet their power needs in an environmentally sound way. This approach provides significant hope for the expansion of cogeneration and more environmentally benign technologies, including renewable energy technologies, and environmentally sensitive energy management.

A.I.D. is placing high priority on increasing in-house capacity to address the issues of climate change, resource degradation and energy, including hiring additional experts in these fields and expanding our training program in this area for A.I.D. technical and senior staff, as discussed below. We are also increasing our efforts to train individuals in host countries in many areas of the environment, including policy, technical interventions, economics, and management.

Collaboration With Other Agencies and Donors

I have already presented several examples of A.I.D.'s collaboration with other Federal agencies in discussing

biodiversity, tropical forestry, and sustainable agriculture. Such collaboration is critical to our program, and deserves exploration in more detail.

Given the magnitude of the environmental problems we face, A.I.D. must recognize its limitations and design realistic approaches to resource conservation consistent with our mandate. This means leveraging resources through collaboration with other donors and other U.S. government agencies to enlist their support for environmentally sound development. A.I.D. provides the leadership in these collaborative efforts based on its extensive experience with environmental issues in developing countries. For example, A.I.D. is working with EPA to increase cooperation and expand jointly funded activities. Through this effort we have identified five major areas of cooperation: environmental issues in Eastern Europe, climate change, pest management, training and institution building, and urban environmental problems. Currently, we are jointly examining the effects of climate change on the production of key food crops; we are collaborating on an effort to examine sustainable agricultural technologies to help arrest deforestation. This collaboration with EPA provides an illustration of the type of on-going or planned initiatives that are bringing together A.I.D. and other U.S. Government agencies, including the Departments of Agriculture and Interior, NASA, and the Peace Corps to address problems of mutual concern.

A.I.D., along with the Departments of State and Treasury, continues its efforts to improve the environmental performance of the multilateral development banks. A.I.D.'s list of MDB projects with potential environmental problems is widely distributed within the United States and overseas. A.I.D. has assumed this role with the MDBs as the leader among donor agencies in ensuring that all of our development assistance activities are environmentally sound through appropriate environmental review.

We are working closely with the Organization for Economic Cooperation and Development (OECD) to harmonize environmental practices among the major bilateral donors. With leadership from A.I.D., the Working Party on Development Assistance and Environment of the OECD's Development Assistance Committee has developed a series of "Good Practices" papers which establish common methods of operation on a variety of topics. The first papers to be developed addressed environmental impact assessments and country environmental studies. Complementing the paper on methods for conducting and supporting country environmental studies, A.I.D. has led the Working Party's efforts to develop a Directory of Country Environmental Studies, an annotated bibliography of environmental and natural resource profiles and assessments. The purpose is to ensure that each

donor is aware of the environmental assessment work of other donors in each developing country. Good Practices papers are now being drafted for global environmental problems, biodiversity, non-project assistance, and pest management.

A.I.D. also works individually with other donors within the OECD. For example, A.I.D. is helping to plan a \$10 million forestry project in Indonesia for funding by Japan through the International Tropical Timber Organization.

A.I.D.'s planned projects in environmental health will benefit from the close linkages which already exist between A.I.D. and the World Health Organization (WHO). For example, through WHO, A.I.D. supports the Panel of Experts on Environmental Management, a unique collaboration between four international agencies: WHO, the Food and Agriculture Organization, the United Nations Environment Program, and the United Nations Centre for Human Settlements. Current contracts with A.I.D. maintain strong linkages with other agencies as well. The Water and Sanitation for Health Project (WASH) and the Vector Biology and Control Project (VBC) are closely involved with WHO, the Pan American Health Organization, the World Bank, UNICEF, and the donor agencies in Germany and Canada.

A.I.D. Staffing and Training

A.I.D. staffing has become an important concern as we accelerate our efforts to meet the demands of ever expanding environmental problems. Priority areas for hiring include environmental and natural resource economists, policy advisers, industrial pollution specialists, and energy advisers. A.I.D. is using a mix of contracting mechanisms to obtain these specialists. Initial emphasis has been on contracting advisers through participating agency service agreements, resource support service agreements, intergovernmental personnel agreements and, overseas, personal services contracts.

Beyond contracting additional advisers, A.I.D. will soon start a new 5-year environmental training program, including seminars for Mission Directors and their staff; short courses on natural resources/environmental management, economics and global change

issues; a course on environmental impact assessment, and opportunities for long-term training of up to one year. Discussions of the environment are now being given greater emphasis in A.I.D.'s general training courses as well, including the project design course and development studies program.

Non-Governmental Organizations

A.I.D. has developed a close, productive working relationship with the NGO community at home and abroad in designing and implementing both energy and environmental programs. A.I.D.'s collaboration with nearly 50 indigenous and domestic NGOs has been a critical element in the success of A.I.D.'s biodiversity program. To help combat deforestation in Latin America, A.I.D. has provided grants to the Pan American Development Foundation and CARE to train and supervise extension workers, promote regional nurseries, and arrange for the distribution, planting, and care of tree seedlings. We have worked with WALHI in Indonesia, LIDEMA in Bolivia, the African Wildlife Foundation, Fundacion Natura in Costa Rica, Africare, and numerous others to protect biodiversity in all regions of the world. In Madagascar, A.I.D. is working with the Missouri Botanical Garden to help establish a national park on the Masoala Peninsula, one of the island's largest intact blocks of tropical rain forest, and considered by some in the international community to be one of the highest conservation priorities. A.I.D. can point to similar successful collaborations with NGOs in the Asian and the Latin American/Caribbean regions as well.

Working with NGOs has been equally fruitful in the energy sector. For example, a number of U.S.-based NGOs have participated in various aspects of the Global Energy Efficiency Initiative (GEEI), designed to enhance activities which promote efficient energy production and use. Recently, the executive director of one of these NGOs, the International Institute for Energy Conservation (IIEC), was chosen to serve as the director of GEEI. A.I.D. is also working with IIEC to assess efficiencies in the transport sector in Asia and to organize a training course for electric utility operators in Thailand. The Agency recently signed a cooperative agreement with Winrock International, a U.S.-based agricultural consulting institute, to promote the use of biomass for modern energy fuels. A.I.D. has implemented a cooperative agreement to work with the Export Council on Renewable Energy, a consortium of nine trade associations in the renewable energy technology industry. A.I.D. has worked individually with many of these associations, including support for developing country participation in trade fairs, conferences, and site visits. In the area of industrial pollution, A.I.D. has supported a highly successful program with the World Environment Center in which American experts provide assistance to industries in the Asia region in reducing

emissions and pollutants.

In Egypt, our Mission is working with the Federation of Egyptian Industries to initiate efficiency improvement programs in that country's industrial sector. A.I.D. is working with a regional NGO in Central America, the Centro Meso-Americano de Estudios Sobre Tecnologia Appropriada, to promote the commercialization of energy-efficient cookstoves. In Costa Rica, the Agency is working with a local NGO, the Centro de Investigaciones, Ambientales, y Tecnologicas, as part of our assessment of the efficiency of the nation's power sector. In Brazil, A.I.D. is helping to establish a new Energy Efficiency Institution.

Conclusion

This overview illustrates our serious commitment to the environment. The review also illuminates the serious problems which A.I.D. faces in promoting environmentally sound development. With limited funds and an expanding agenda, A.I.D. must strategically focus its resources to areas where assistance will be most effective. A.I.D.'s environment initiative will help us accomplish this goal. Under the initiative, A.I.D. will focus on local environmental problems with global implications in those countries where we can have the greatest impact. A.I.D. looks forward to the nineties as a decade of opportunity to integrate concern for the environment into all aspects of economic growth.

Mr. YATRON. Thank you very much, Mr. Bissell, for your statement.

Earlier this year, the subcommittee received reports that the Director of the Agency's Asia Near East Bureau was pressing the region's missions to terminate biodiversity programs unless it was demonstrated that they contribute directly to the economic development.

If this is the situation it would seem to be a much more narrow focus than Congress intended in its biodiversity legislation. Could you comment on this, please?

Mr. BISSELL. I certainly can.

At that time there was concern expressed, I know, over an examination of several of the biodiversity programs in the Asia and Near East region. Several of them came under review as we were considering the overall structure of our programs in several countries, particularly Thailand. I can say with good confidence that the review of those programs has reinforced and confirmed the original approaches to those projects. And I believe that biodiversity work in the Asian-Near East region will go forward with the support of the Bureau as well as our Missions in the field.

Mr. YATRON. One of the major complaints of A.I.D.'s program in the Philippines under the Multilateral Assistance Initiative is that these efforts are basically financing huge capital-intensive infrastructure projects which do not benefit the poor. They argue that unless these projects are accompanied by programs to increase the bargaining power of the rural and urban poor, income inequalities will be aggravated.

How do you respond to this criticism?

Mr. BISSELL. Our program of assistance in the Philippines is very large. My sense is that you can probably find within that program particular projects and emphases that meet almost every conceivable development challenge. It is true that there is a portion of that program that supports policy change by the Government of the Philippines in various sectors as well as some capital construction.

There is also, and this is spread throughout the various provinces of the Philippines, a range of work that is being supported that will benefit the poor quite directly. This range is from employment generation to small scale local reconstruction to environmental work.

Two areas of direct concern to the environmental sector are energy and reforestation or protection of the existing forests. The forestry challenge in the Philippines is a very complex one. It is clear that forests in the Philippines have been over-exploited. And the threat to virgin stands of hardwoods is one that has been there—the current structure of the timber industry is such that if unchecked would clearly result in the elimination of any first growth hardwood forests within a very short time.

What we have put in place is a comprehensive program that makes a good deal of sense, that will allow us on the one hand to protect these forests. Indeed, laws are about to be, or have been passed prohibiting any logging within the virgin hardwood forests.

But secondly, we are concerned with providing for those people in the Philippines who have been employed in the logging industry. They should be part of a dynamic sustainable logging industry in secondary growth forests in the Philippines.

It seems to me that in that way we can insure that the complex conservation goals are met on the one hand and then, secondly, provide assistance to an industry, which is very important both to employment in the Philippines and to export earnings for the Philippines. Indeed the Philippines is well suited to having a sustainable timber industry.

We will, hopefully, have a balanced program. We have consulted extensively with the environmental community as well as industry on making it work. I expect that there will continue to be comments and criticism as that program evolves.

Our Mission is deeply involved in the program and recognizes the stakes that are involved. I believe that it's coming out right.

Mr. YATRON. How specifically does A.I.D. engage in NGO community outreach programs in the Philippines, and what is the agency staff required to do in this regard?

Mr. BISSELL. There is certainly communication with the NGO community. I can't attest to exactly how much it applies to each project. We do not create explicit requirements with regard to NGO consultation, but it is clear agency staff do so in part because they know that the ultimate success of their projects and the overall program of development depends upon creating healthy cooperation with indigenous NGO institutions. That is part of the overall agency goals. In every area, whether in the environment or in other sectors of development, we are interested in helping indigenous NGOs to be involved.

In the case of the Philippines, I could certainly get you more detail on how much consultation has occurred. But I know that various NGOs in the Philippines feel that they have not been as essentially involved as they would have liked to have been. The Mission is cognizant of that. If consultation has been inadequate in the past, I am sure the Mission is moving to try to include NGO's in the process of developing these various approaches to the environmental issues in that country.

Mr. YATRON. If you could provide us more information in that regard it would be appreciated.

[The information follows:]

ENVIRONMENT/PHILIPPINES

The A.I.D. Mission in the Philippines is consulting with indigenous NGOs in a number of ways. A.I.D. funded activities under existing projects includes extensive work with NGOs in community forestry with upland and reforestation in tribal areas. Such a relationship has provided a unique opportunity for interface with indigenous environmental groups. In relation to the new Natural Resources Management Program, meetings with NGOs were held in August and September of this year, in cooperation with the Department of Environment and Natural Resources, to describe this program and to obtain the views of interested organizations. Also, a series of meetings have been held in Washington over the past 6 months with the Philippine Development Forum, a coalition of U.S. and international private voluntary organizations, to keep them informed about the A.I.D. program and listen to their concerns. The Mission intends to continue this consultative process throughout the implementation of the program.

In addition, as a part of our environmental review of all Mission projects, when environmental assessments are required, scoping sessions are held to help define the issues to be addressed in the assessment. Scoping sessions have been held on a number of road construction and other infrastructure projects. Indigenous environmental NGOs, among others, are always invited to attend these meetings and to

help identify the potential problems that the environmental assessment needs to investigate.

Mr. YATRON. The gentleman from Nebraska, Mr. Bereuter.

Mr. BEREUTER. Mr. Chairman, I'd like to pass to my colleagues for the moment and come back to me.

Mr. YATRON. Okay. The gentlelady from Kansas, Mrs. Meyers.

Mrs. MEYERS. Thank you, Mr. Chairman.

It's good to hear from you again, Mr. Bissell. I have a question on population and I notice that the statement that you've given us, refers to world population on the first page, the first paragraph. However, it comments on the extreme growth of population and then says clearly more people require more food, energy, shelter, and clothing, all of which must be supplied from the planet's resources. That, of course, is true. But it implies a degree of acceptance that we cannot alter somewhat this rate of population growth. I don't think population is referred to again in the entire report.

According to the U.N., the 1990s is going to show the greatest population increase of any decade in the world's history, and that we will have 6.25 billion people by the end of this decade. I think this clearly means that any negative impact is not something that is going to be happening in a far off country, that that much population increase is going to bring population pressures in our own country.

I think that certainly what you say in that first paragraph, and the only paragraph that deals with population planning in any way is true I'd like to say I am not talking about abortion and I don't want to get involved in an abortion discussion. What I'm talking about is population planning and giving assistance to people who desire assistance with population planning in their countries and in their families.

Environmentally sound sustainable development cannot occur if overpopulation strains the resources of the country. Overpopulation causes pollution by overloading the carrying capacity of the habitat.

Has the administration recognized the importance overpopulation plays in creating the emergency facing our global environment, and what is the administration prepared to do about it?

Mr. BISSELL. I agree entirely with what you said, Mrs. Meyers. There's no question that the issue of population levels has an extraordinary degree of interaction with the future of the global environment. That more wasn't said in my written statement was simply a function of space and choosing which themes to emphasize. I made the arbitrary choice of emphasizing the four that I did.

The administration is strongly committed, from the President on down, to having robust support for international family planning programs. You will see that our budget requests each year reflect a solid commitment providing access to family planning services for anybody in the world who so desires them. We are attempting to respond at one level within whatever the overall budget is. You will see that essentially we maintain or in certain years increase the proportion actually going to family planning the requests we send to the Hill. That said, it is clearly not enough.

Certain countries have made substantial progress in recent years in lowering birth rates, by providing better services to families. A

case in point would be Egypt where there's been a substantial reduction. Even in a number of African countries there has been a substantial reduction in birth rates over the last decade.

I think the 1990 report that came out from UNFPA actually gives one a certain kind of optimism, but it is still an optimism that has to be tempered by the fact that global population levels over the next century could still rise to the 7 to 10 billion level very easily. And as you say, that creates tremendous stress on the environment.

So as a result, we are doing what we can ourselves, and we are promoting the issue with other donors. The United States still provides 40 percent of global assistance in family planning and we believe it's time that Europeans and the Japanese ponied up substantially more resources for what is clearly accepted as an internationally desirable development program.

We are pursuing it on several levels. My sense is that we have to continue plugging away at establishing access, which is a question of providing services, and of training service providers so that people have access to family planning. But we can't wait for that to have an effect on the environment. So, assuming that there is going to be some level of population increase, we have to take other measures now to protect the environment and natural resource base. The environmental stresses can only increase because larger populations will require increased production of food, and there will be increased desire to pull resources out of various countries. We have to help developing countries put in place the kinds of institutions and mechanisms and knowledge that will help them deal with whatever level projected population may reach over the next 50 to 100 years.

Mrs. MEYERS. Do you think there is any possibility that we will see the end to the Mexico City Policy?

Mr. BISSELL. I have no idea. The President is certainly committed to maintaining the Mexico City Policy.

Mrs. MEYERS. Are you comfortable that our population planning, money is being well spent?

Mr. BISSELL. I think it has been very well spent. To me the number of children a couple has is probably one of the most important decisions they make in their lives. Substantial change has occurred in the last 25 of 30 years where substantial family planning assistance—from the United States, in particular, as a leader, and, also from other countries—has been made available to developing countries. The assistance has made a major, statistical verifiable difference in the attitudes and the choices of billions of couples around the world.

The fact that population assistance has not transformed the trends overnight, but rather has made an evolutionary change, is sometimes discouraging to people. But I think that they should pay attention to the changes that have occurred because individuals, have made choices as individuals, within societies of many different cultures. In fact, people around the world are moving in the same directions recognizing that their choices are not just their own to make but also that they have strong impact upon the sustainability of societies.

Mrs. MEYERS. You understand, Mr. Bissell, that I look at this from a point of view of not only the environment but from the point of view of human misery. I think in many cases where we have populations who are starving, clearly if they could change the pattern they probably would.

I'd like to ask one further question, Mr. Chairman, and that is, I don't know that I have seen the entire outline of your, or the entire text of your environmental initiative, but I understand from what I've seen and what I've read this morning that population planning is not mentioned anywhere in A.I.D.'s environmental initiative.

Mr. BISSELL. Our family planning programs, though related to our environmental initiative, are dealt with separately in the agency, that is, through the Office of Population, which happens to be in my bureau. Each of these different sectors is integrated with one another; but we have simply not traditionally—partly for reasons of categorizing appropriations, or organizing bureaucratically, or whatever—merged the two to the extent that certain NGOs have in their approach this issue. That doesn't mean that we do not believe that population and the environment have an interrelationship over the long term. They simply are, in a technical way, addressed separately, even though we understand the way in which they come together strategically. That's why I did mention population in my statement.

Mrs. MEYERS. Thank you, Mr. Bissell.

Thank you, Mr. Chairman.

Mr. YATRON. The gentleman from New Jersey, Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. Mr. Bissell, welcome to the committee; it's a delight to see you again.

Just to follow up on one question by my friend from Indiana with regards to the Mexico City Policy. And, I had no intention of bringing that up but since it was brought up it ought to be made very clear that no money has been lost for family planning or population control programs as a result of it; isn't that correct?

Mr. BISSELL. No, the Mexico City Policy is fundamentally an issue of abortion, and the Administration and indeed the Congress' policy on that. I think in a certain sense having that policy in place has reinforced the commitment of the Administration to finding as robust levels as possible for voluntary family planning.

Mrs. MEYERS. Would the gentleman yield for a moment?

Mr. SMITH. I'd be happy to.

Mrs. MEYERS. I'm sorry—my mentioning the Mexico City Policy, of course, is because what we do is withhold family planning money from the United Nations Fund for Population Activities and from the International Planned Parenthood, which I believe are the two organizations which have an international perspective as far as family forestation is concerned.

That's why I asked you the question: Do you think our money is being well spent? Because it's being spent through small clinics, who undoubtedly do a wonderful job of what they are doing, but if I had people there who were very sick and here who needed population assistance, I am sure that I probably would spend that money on the people who were very sick.

I am not sure that our family planning money is being spent for family planning. It goes to small clinics. It sometimes is expended through church groups. I just have no concrete concept of where this money is going or how it is being spent.

I am sorry for interrupting, and thank you for yielding.

Mr. SMITH. If I could continue very briefly, Mr. Bissell, you might want to comment. The Mexico City Policy does not in any way interrupt the flow of funds to UNFPA, to the United Nations' population fund. That is another policy, I would point out to my friend, it is the Kemp-Kasten language, the anti-coercion language, that has been part of the Foreign Aid bill, which sets up a test whereby any organization, including the UNFPA, if it's found that the organization has co-managed or supported a program of involuntary coercive population control measures, is disqualified from receipt of U.S. funds.

I think the key there is voluntarism. And I applaud A.I.D. and the Administration for being absolutely steadfast that we will only support those organizations that are promoting voluntary family planning. And, unfortunately, UNFPA has been found to be co-managing and supporting the Chinese program with its one child per couple policy, heavily employing coercion.

The Congress very recently made, I think, a very important vote in singling out those organizations in the case of IPPF and UNFPA, on the Romania amendment, which was offered last July, that again the issue is separating abortion from family planning. I think there's a very strong consensus within Congress to provide money for family planning that is voluntary and non-abortive, where children's lives are not lost. The vote in June was 224 to 198, and it was a reinforcement of the Administration's position.

Mr. Bissell, it's my understanding that A.I.D. monitors projects financed by the multilateral development banks for potential environmental problems, seeks improvements in design early in the project cycle and provides recommendations to U.S. executive directors.

I wonder if you might be able to cite some projects, either now or for the record, which were voted against by U.S. executive directors or were changed or dropped because of the A.I.D. recommendations.

If you could, in answering that question, what is your view of the recent reforms by the World Bank to improve its environmental performance?

Mr. BISSELL. This is an issue that has concerned me, Mr. Smith, for some time. And, indeed, in a prior position I helped establish that monitoring system of MDBs because we had experience establishing environmental project review systems within A.I.D. and it was natural that we could apply many of the same criteria to projects by the multilateral development banks.

And, frankly, we're pleased both with the working of that watch system and the direction that the World Bank has been taking in the last year or two.

Indeed, I might say that we feel as though we have less work to do because the Bank is putting in place internally the kinds of environmental reviews that we were doing externally. So it's entirely

possible that our separate review may be less important as time goes by. In a situation like that it's nice to be put out of business.

Frankly, for me the success of an A.I.D. review of bank projects comes not with having to recommend that the executive director of the U.S. vote against a project, but rather that it be amended in the design process.

The intention was that early on in the design process that we have a chance from the outside to make suggestions for improving the project so that in fact it would make environmental sense. It's really no fun going to a vote in the World Bank Board over issues like this, although the United States does it occasionally, whether on environmental grounds or others. But the requirement for A.I.D. review did increase our ability to influence early on the way a project was going.

I do have several examples. In one, for instance, the World Bank was working in Rwanda, Central Africa, on a project that was focused basically upon draining the wetlands and turning them into agricultural land. Our experience, frankly, on that kind of land in the past had been that it didn't make very good agricultural land and that there were major problems in developing any really sustainable agriculture because it required enormous constant reconstruction and inputs.

As a result, the project was redesigned and moved geographically so that it wouldn't have this adverse impact upon the wetlands, which are an important resource.

A second project was the Bolivia Lowlands Project, which was, again, an agricultural project of the World Bank intended to grow soybeans for export. This was a project for which the Bank preferred environmental review and help in getting good consultants to work through the environmental issues associated with that, and there certainly were some. They changed, to some extent, the crops they were going to grow and the extent to which they would be clearing forests in order to make room for this project. I think some alterations have been very helpful.

The last project, which I might say is perhaps the most controversial one, raised the issue of forestry in the Ivory Coast. Ivory Coast has some of the few remaining virgin tropical forestland in West Africa. This, and the fact that the Bank was proposing a large scale project in the forestry sector in the Ivory Coast, probably focused more attention upon the economic output from the project and upon the structure of policies the Ivory Coast had in place to deal with long term forestry issues. That project has been redesigned to some extent to move it in a much more constructive direction environmentally.

All of these steps were taken at that early design stage and helped the Bank staff to come up with what they understand to be a better project as well. Our role didn't have to be confrontation but rather a process of our giving projects an honest review, an outside appraisal with no vested interest, except to make sure that the Bank really did get the best environmental advice on projects that are usually very large and have a substantial effect on the environment over the long term.

Mr. SMITH. One final question. I do have several but I know my time is short.

Mr. Bissell, if you could, comment on—and this issue gets very little coverage, I think, in the press and yet it's certainly a very major issue—the whole gamut of issues regarding the use of pesticides, particularly in Africa.

In quickly reading Dr. Jamal's testimony, he commends USAID for its not directly providing pesticides and also he raises some of the environmental concerns that our people have raised relative to other countries providing this.

I would appreciate your speaking to the issue of the locust control effort in the Sudan and the rest of Africa as well.

Mr. BISSELL. The locust control effort and its relationship to pesticide management is the most dramatic illustration of a wide scale issue throughout developing countries. The use of pesticides has been oversold in many countries to a point that is having tragic effect in certain areas.

For instance, in certain stages of developing new hybrid varieties of staple crops like rice and corn, pesticides were assumed to be a major input, a reliable input in eliminating pests that could decimate the crops in tropical areas.

Several things have happened. One is that in a number of cases, pests have developed resistance to pesticides. As a result, crops are now vulnerable that simply weren't before. Pesticide use has created a kind of delayed vulnerability that is unfortunately tragic because it's sometimes unforeseen. Then, there is the cost of either coming up with a new pesticide or coming up with a new hybrid variety that would have different characteristics. That's a research investment that can't get results overnight. Unfortunately, the developing countries can't afford these investments, so it falls upon some effort by the international community to mobilize and deal with the problem again.

The locust case is an interesting one because it focuses on the fairly straightforward issue of whether it was necessary to use pesticides in the first place. Our judgment was that it was necessary. We have underway now—because we know that locust outbreaks come back periodically—research efforts that include biological control of locusts. We hope we will have such controls ready next time there's a major locust outbreak, but we didn't have it at the time of this last outbreak.

The second issue, then, is what do you do with the pesticides? How do you handle them in a way that is safe? When there's a campaign effort in developing countries, frequently international agencies, or bilateral donors like ourselves, will come in and spray, not thinking about the long term institutional handling of the problem.

What we found in a number of cases was that the pesticides were simply stored in deteriorating containers, or dumped in ways that pollute the water supply. In other words, they weren't handled in the way that we in the United States understand that pesticides have to be handled if they're not to have very severe environmental effects.

We have moved forward on two fronts. One is trying to find ways to minimize the use of pesticides on a routine basis, or even in terms of outbreaks of locusts. And second is developing for these countries, programs of training people in pesticide storage and dis-

posal. That is sometimes a question of working with the governments, sometimes it's working with a combination of the governments and the companies that provided the pesticides in the first place.

We found a major issue in the Sudan is that the institutional structure is very weak for managing those pesticides. We think we can help now and in future outbreaks, because there will always be a place where the locust outbreaks will come back.

It is a small scale effort. I think pest management is very important because of the toxic effects it can have on the environment; but in fact it's not a great deal of money. It's targeting funds appropriately so that we in fact home in where the vulnerability is.

Mr. SMITH. Thank you for your answer, and I yield back the balance of my time.

Mrs. MEYERS. Mr. Chairman.

Mr. YATRON. Yes, Mrs. Meyers.

Mrs. MEYERS. I'm going to have to leave. And before I leave, I'm not trying to have the last word, Mr. Smith, but when I hear misstatements in the record I really just feel like I have to correct them. We need to understand that the International Planned Parenthood Federation does not use U.S. money for abortion. And this is one reason why I strongly object to the Mexico City Policy. UNFPA does not perform abortions anywhere. We simply don't give any money to UNFPA for any population activities because they have given money in the past to China. And I deplore any kind of coercive activity.

I think population, as you mentioned, is an individual choice, a personal choice, and I am pro-choice on both sides of this issue. However, I think it is wrong of us to withhold our funding from an organization for the entire world because of one country, and I think we should withhold it from that one country until we are comfortable with their population activities. But I don't think we should withhold all money for all countries of the world.

Mr. SMITH. Mr. Chairman, could I have one minute?

Mr. YATRON. Yes.

Mr. BISSELL. I would like at some point, Mrs. Meyers, to have a chance to talk with you about the cooperating agencies that we do rely upon because we do not fund IPPF.

Mrs. MEYERS. You have been kind enough to give me a list of them and—

Mr. BISSELL. They are an excellent group of organizations that provide the same kind of technical support that might in other days have been provided by IPPF. And their support of our family planning clinics, of the practitioners throughout the developing countries, is very good. We are going to have a meeting this fall here in Washington of all the cooperating agencies in family planning. I would hope you could be involved, and others in the Congress.

We will be having one forum up here on the Hill for them because I think there is a good opportunity for exchange of views about whether our program truly is being affected. We always welcome the input.

Mrs. MEYERS. Thank you.

Mr. YATRON. Mr. Smith, you, briefly, you wanted to make a comment.

Mr. SMITH. Thank you, Mr. Chairman.

There was no misstatement on the record or otherwise. As I stated, the Mexico City Policy simply separates abortion from family planning whether that money be used by the agency or Planned Parenthood, or otherwise their own funds, or Federal funds. So let there be no mistake about it, I certainly didn't make any misstatement for the record.

Mrs. MEYERS. Then I misunderstood you.

Mr. SMITH. Okay.

Mr. YATRON. The gentleman from Nebraska, Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

Mr. Bissell, thank you very much for your testimony. It's rare I get excited about any testimony anymore—maybe it says something about my time here—but I am excited about the things that you've discussed here and the things that are being initiated. If the follow-through is anywhere close to the initial efforts and initiation, this is going to bring some dramatic success.

So I want to commend you and the Agency for the progress that's being made, and for the additional resources you're bringing to bear.

Mr. Chairman, our staff has prepared a number of questions that I think will help bring us up to date—the minority/majority staff. I'd like to submit some questions to you for writing, if you will just reply to a couple of direct questions here, if that's satisfactory to you.

Mr. BISSELL. Yes.

Mr. YATRON. Without objection, I'm sure that other members will have some questions and we can provide them to Mr. Bissell.

Mr. BEREUTER. First—if you can answer briefly, if it lends itself to a brief answer—to what extent is A.I.D. involved in the Cartagena Convention Protocol on Protected Areas? Do you know? Have you been given any responsibilities for that that you are aware of?

Mr. BISSELL. I don't believe we have any responsibilities for that, no.

Mr. BEREUTER. How about the Montreal Protocol Fund to help developing countries pursue alternatives to the ozone depleting substances?

Mr. BISSELL. We have a limited role with regard to the Montreal Protocol. We recognize and understand that a global issue like ozone depletion has some roots in developing countries, particularly certain ones we work in that are involved in consumption of CFCs for refrigeration or air conditioning manufactures, things like that. Ones that come to mind are Egypt and India.

So at some point we expect to be involved in implementing the support, the technical assistance to help those countries adapt to what comes out of current research in replacements for CFCs.

As a result we have participated in most of the consultation and in establishing the fund so that we can make sure that the interests of developing countries are represented. We try to come up with solutions to this major global problem where it involves developing countries.

I think a part of our responsibility is to make sure that developing countries understand what is at stake here. It's all too easy when there's a global problem for people to, rhetorically, pass the buck and say, no, no, that's an American problem, that's a North problem, that's a South problem. In this case it's truly a global problem and, over time, the developing countries will need to be involved as we try to eliminate the use of CFCs.

Mr. BEREUTER. How, if at all, would you be consulted by a state? Would A.I.D. be consulted by a state? To what extent are decisions made in the State Department based upon reliance upon expertise that would exist in A.I.D.?

Mr. BISSELL. The principal area is where A.I.D. helps implement policy in developing countries. That is, we would not be asked about the research answers that the EPA and the private sector are addressing, such as how to get substitute for CFCs. We are addressing the question of how to reduce CFC use in developing countries where we have people on the ground, where our Missions work with these sectors in any case, and where, in fact there will probably be a need for change of policy in certain developing countries, I would expect that assistance to developing countries will end up being implemented through A.I.D. Missions once the solutions have been identified on a global level as to which way we want them to go.

Mr. BEREUTER. Mr. Bissell, we have a trade and development program that does feasibility studies. For example, if a feasibility study was conducted on a coal-fired power plant on the location and design, would A.I.D. have—would its environmental guidelines be applied, or in fact does the TDP program answer to anyone when it comes to the design and location of the feasibility studies?

Mr. BISSELL. I don't know that TDP has separate environmental guidelines or that it formally applies them.

Mr. BEREUTER. You have a role?

Mr. BISSELL. You'd best ask them. I personally have not had experience of their coming to us and asking if we could assist them in the environmental review. Certainly we apply the guidelines in A.I.D. work with regard to coal-fired energy generating systems, which we are involved in.

Mr. BEREUTER. But ultimately, A.I.D. resources could be utilized for the program that is designed by TDP; is that correct?

Mr. BISSELL. Absolutely, yes; in which case we would apply our regulation.

Mr. BEREUTER. I understand that the Agency has proposed moving the Environmental Affairs Coordinator from the Office of the Counselor to the Bureau of Science of Technology.

How do you respond to the charge—I don't know if there is a charge—but to a concern that I'd express, at least, that this reorganization subordinates the coordinator's position and therefore downgrades the environmental considerations that might surface; the environmental policy recommendations that might surface on decisions that are made by A.I.D.?

Mr. BISSELL. If that were valid, then there would be a lot of people who would feel subordinate in A.I.D. these days because the Administrator has greatly reduced the number of people, except for presidential appointees, reporting to him. He came into an Agency

that had some 25 units, including the Environmental Coordinator, reporting to the Administrator, and that just made no sense in management terms.

Mr. BEREUTER. I can understand that.

Mr. BISSELL. So what he did, and part of his allocation responsibility was to ask me, as the head of the Science and Technology Bureau, to take personal responsibility and be accountable not only for getting the environmental initiative going but also for making sure that it is implemented throughout the Agency.

Part of that means working closely with the environmental NGOs, and that's what our Environmental Coordinator has done extremely well. Mr. Hausman now reports directly to me, works with me, and between us we make sure that we are covering our environmental base within the Agency as well as through his good work with the NGOs outside. And we have a good working relationship.

Mr. BEREUTER. If environmental matters are going to receive a very high level of consideration in A.I.D. and you're going to try to make it well known to foreign governments, NGOs, our own government, that we do place priority on these environmental questions, matters, and policies, how do you send the message that in fact—what kind of organizational ability—what kind of organizational vocations in the bureaucracy do you have to assure that kind of message gets across? Even though I understand the Administrator's concern about span of control, it seems to me that somehow there needs to be some sort of visible statement within the bureaucracy and the way it functions that this is going to have a new and higher priority than it's had in the past.

How do you accomplish that and still cope with the Administrator's natural concern about an over-large span of control?

Mr. BISSELL. There are really three ways. One is the interest and willingness of the Administrator to talk about environmental issues outside the Agency on a frequent basis. He has made several major speeches in this regard. He expects to continue doing so and having opportunities to talk with and to interact with the nongovernmental environmental community.

The second is his communication within the Agency. As you said, launching the initiative is really the first step. Now; it's a question of follow-up. He will be having, with A.I.D. senior staff, a retreat on environmental issues, that he will chair. Spending a full day on this subject later this fall is, in terms of allocation of time, I think an extraordinarily powerful message. This is only the second retreat that he's had with the senior staff. To have it on the environment strikes me as sending a very powerful message. He is also speaking to the field.

He is making sure that either through his messages to the field—and there have been several with regard to strengthening the environment—or through his assistant administrators at their regional meetings—they are getting out there and making sure that they've got their ducks in a row on the environment.

That's the implementation side which has to occur, as you said, and for which he feels accountable, and for which, frankly, I'm accountable to him—so it's going to happen.

Mr. BEREUTER. Thank you.

I have one final question. BIFAD has established a Standing Committee on Sustainable Agriculture. Is A.I.D. involved directly in that effort for our government?

Mr. BISSELL. Yes, we are.

Mr. BEREUTER. A lead agency, where you're involved and how.

Mr. BISSELL. I'm not sure there's a lead agency as such. We are certainly intimately involved, partly because of our close relationship with BIFAD. But they have already sent one report to the Administrator, and as I mentioned in my opening remarks, he has agreed to chair a gathering on that subject next year that they will organize. He is deemed to be involved with it.

Sustainable Agriculture, it seems to me, is one of the most powerful thrusts in the 1990s. And it has the potential for recasting much of what we do. So from the Agency's point of view—and we've already begun to internalize a lot of the sustainable agriculture work in our programs—it's a major opportunity. We're going to build on what it is that the BIFAD effort comes up with in terms of readily incorporating it into our program. This is not an issue of BIFAD and the Agency. This is an issue of cooperation.

Mr. BEREUTER. Do you know if the American members have been designated?

Mr. BISSELL. I don't, no.

Mr. BEREUTER. Will A.I.D. seek to be given a member mission on that standing committee?

Mr. BISSELL. I would assume so.

Mr. BEREUTER. I hope you do.

Mr. BISSELL. I just haven't checked on that.

Mr. BEREUTER. It seems logical that you should have one.

Mr. BISSELL. Yes.

Mr. BEREUTER. Thank you very much.

Thank you, Mr. Chairman.

Mr. YATRON. Thank you, Mr. Bereuter.

Mr. Bissell, we want to thank you very much for being here with us today and giving us the benefit of your expertise and your views.

As Mr. Bereuter has indicated, we may be submitting some questions on behalf of the committee to you and we'd appreciate your cooperation in responding to them.

We thank you for being here.

Let me welcome our next panel of witnesses who are representing important nongovernmental organizations in recipient countries. They will be able to provide firsthand observations of A.I.D. activities, and I'm looking forward to benefiting from their views and recommendations.

They are Mr. Maximo T. Kalaw, Jr., the Haribon Foundation in the Philippines; Mr. Roberto Bissio, World Rainforest Movement, Uruguay, and Mr. Arif Jamal Mohammed Ahmed, the Agricultural Research Council, Sudan.

Because of time constraints, we would appreciate it if you can summarize your statements in five minutes or less. Your entire text will be printed in the record.

Please take your seats, and Mr. Kalaw we will call on you first, sir, and you may begin.

**STATEMENTS OF MAXIMO T. KALAW, JR., HARIBON FOUNDATION;
ROBERTO R. BISSIO, DIRECTOR, THIRD WORLD INSTITUTE,
URUGUAY MEMBER, WORLD RAINFOREST MOVEMENT; AND
ARIF JAMAL, RESEARCHER, AGRICULTURAL RESEARCH COUN-
CIL, KHARTOUM, SUDAN**

STATEMENT OF MAXIMO T. KALAW, JR.

Mr. KALAW. I wish to thank you, Mr. Chairman, and this committee for this opportunity to testify on sustainable development and USAID policies and programs.

I would like to request that my testimony be submitted a little later because of time constraints.

Mr. YATRON. Without objection.

[The prepared statement of Mr. Kalaw follows:]

STATEMENT OF MAXIMO T. KALAW, JR.
 PRESIDENT, HARIBON FOUNDATION AND
 GREEN FORUM-PHILIPPINES

BEFORE THE SUB-COMMITTEE ON HUMAN RIGHTS
 AND INTERNATIONAL ORGANIZATIONS
 COMMITTEE ON FOREIGN AFFAIRS
 U.S. HOUSE OF REPRESENTATIVES

26 SEPTEMBER 1990

Thank you, Mr. Chairman, for this opportunity to testify before this Subcommittee on the impact of U.S. A.I.D. policies and programs on sustainable development. My name is Maximo Kalaw, Jr., and I am president both of the Haribon Foundation, the oldest and largest environmental organization in the Philippines, and of the Green Forum, a coalition of organizations working for sustainable development. I commend the Subcommittee for its concern to ensure that U.S. economic assistance results in sustainable and equitable development for its beneficiaries.

I would like to focus my testimony on the experience of the Philippines in order to highlight specific problems, as well as to suggest alternative strategies which the Subcommittee might find useful.

PROBLEMS OF SUSTAINABILITY

Strategies for sustainable development require an understanding of inter-related economic, environmental, social and political problems. These can be identified clearly in the Philippine case:

o More than 52% of the population of 60 million Filipinos lives in severe poverty, and the population is growing at a rate of 2.4% a year.

o The natural resource base on which the majority of Filipinos rely for their livelihood is rapidly being destroyed. Statistics reveal the extent and rapidity of the destruction:

- 25 hectares (55 acres) of forest is lost each hour; this deforestation has resulted in alternating droughts and flooding, the siltation of dams and irrigation facilities, and the permanent loss of precious bio-diversity;

- 100,000 hectares (220,000 acres) of topsoil is lost each year, threatening the agricultural base of the economy;

- 70% of coral reefs, and nearly 80% of mangrove swamps have been severely degraded in the past 15 years. This has resulted in decreased marine resource harvests which provide 49% of the people's protein needs;

- The water supply in parts of Negros, Cebu and Metro Manila is

threatened, largely due to salinization resulting from fish pond construction and industrial pollution.

- o The allocation of 46% of the national budget to service the foreign debt is severely straining the natural resource base, and shifting needed resources away from development;

- o 26% of the national budget is allocated for military expenditures at the expense of basic services;

- o The absence of democratic access and participation of the people in the granting of rights to natural resources, in decisions related to the incursion of foreign debt, and in the determination of terms of trade with other countries result in policies being adopted which do not address the needs of the majority;

These problems call into question the sustainability of Philippine economic development, and the possibility of its very existence as a democratic society.

PEOPLES' SUSTAINABLE DEVELOPMENT AGENDA

Mr. Chairman, in the last six months, the Green Forum-Philippines, a coalition of over 500 private voluntary organizations, people's organizations and church groups, has come together under a common agenda for sustainable development. This agenda has been fleshed out in a series of regional consultations involving the 12 regions and 72 provinces of the Philippines. In summary, the peoples' vision and strategies for sustainable development have focused on five major points.

- o The need to affirm the cultural integrity of Filipinos and their ecological and spiritual solidarity with the rest of creation;

- o The relationship between society and nature, stressing the need for democratization and social equity in the access to natural resources (notably land, forests and fisheries);

- o The relationship between economic activities and ecological processes, situating development activities within ecological units of bio-regions and considering communities to be the main engines of economic growth;

- o The peoples' need to be empowered through participation in their own development (with the realization that development is not something one 'gives' to another, but something one does for oneself);

- o The need for 'natural security' in terms of food, health care, and an ecological infrastructure that can maintain clean water, air, fertile soil and a stable climate - an approach that recognizes the futility of national security concepts based on armaments in the present condition of ecological crisis.

U.S. A.I.D.'S PROGRAM IN THE PHILIPPINES

In examining U.S. A.I.D.'s program in the Philippines, I would like to concentrate on their "Natural Resource Management Program" (NRMP). The program is important because it focuses on the forest, a critical resource because of its implications for the problems of global warming, bio-diversity loss, and the destruction of eco-system functions necessary for agriculture and fisheries. Historically, it is an industry which has been a poverty-creating enterprise and destructive of the country's natural resource base. The industry, in the last twenty years, has yielded an income estimated at US\$42 billion (larger than the country's foreign debt). This income accrued to 480 logging concessionaires, and contributed directly to the poverty of 18 million people living in the Philippine uplands today.

Logging concessionaires generally have failed to re-forest the areas which they have logged, destroying, in the process, the fragile tropical ecosystems. The logging roads built into the forest acted as magnets for land-hungry farmers from the lowlands who then tried to farm on the steeply sloping, by now denuded hillsides. Of the country's original 30 million hectares of primal forest, fewer than a million remain. The Philippine Department of Environment and Natural Resources (DENR) estimates that only 22.5% of the country is covered in forest, with the destruction fast approaching the level of irreversibility.

U.S. A.I.D.'s NRMP envisions a \$125 million assistance program; \$75M for performance-based policy reforms by the Philippine government, \$25M for the conservation of bio-diversity, \$21.5M for support services, and \$3.5M for monitoring and evaluation.

Areas of Concern

Policies:

Our main concern is that the following policy reforms imposed by the NRMP are more likely to reinforce the existing poverty-creating and environmentally destructive practices in the Philippine timber industry:

- The opening of the timber industry to greater investment flows and the encouragement of exports.

Such a policy would again bring back the large Japanese conglomerates which were responsible for a major part of the plunder of the Philippine forest.

- The privatization of the industry.

"Privatization" in a country where the vast majority are impoverished is not a democratization process, but rather one which guarantees monopoly by a few who have the resources and access to credit necessary for corporate investment.

- To modernize and make efficient the timber extraction industry.

Even with the recommended increase in forest rentals, the cost of deforestation is grossly under-valued, especially when the cost of off-site damage is considered, (i.e., soil erosion, loss of irrigation, losses in municipal fishing harvests, and losses in agriculture).

Process:

- Despite U.S. A.I.D.'s assertions that they have consulted with non-governmental organizations (NGOs), the NRMP was presented only once at a preliminary consultation. The major studies of the program, however, were already in final draft form and their contents were not revealed to the NGOs.

RECOMMENDATIONS

At present there are community members from the town of Galbaldon in the province of Nueva Ecija camped out in front of the offices of the Department of Environment and Natural Resources in Manila protesting the continued logging in their area. (The DENR is the government agency which grants timber concessions. It is also tasked with protecting the environment.) The residents of Galbaldon maintain that continued logging is causing the loss of their agricultural livelihood, and the flooding of their town. Similar community responses from Malaybalay and San Fernando in Bukidnon province, and Midsalip in Zamboanga del Norte, all in Mindanao, are desperate signs of the popular outcry for a new approach to forest protection and management. These communities, and others like them in coastal areas, have organized themselves to put a stop to illegal logging and destructive fishing methods. At the same time, they are working to restore the degraded forests and marine ecosystems on which they rely for their survival.

While A.I.D.'s NRMP plans to encourage community forestry, this objective appears to be little more than a token. The target for community management of forest resources, according to an NRMP draft, is 36,000 households, or less than one-half of one percent of the eighteen million poor in the forests. These community members are to be given control over an area of 235,000 hectares (517,000 acres) or less than 7% of the total 3.7 million hectares (8.14 million acres) of secondary growth productive forest by 1995. Yet community management of forests, based on existing community property management systems, has been demonstrated to be the most effective way to protect the forest from further degradation, and provides needed income for the self-sustaining development of those communities.

We therefore strongly recommend the following as a basis for policy reforms which A.I.D. should advocate with the Philippine government, as well as concrete programs which should be priorities for Agency funding:

- o Local community-based management of forest resources as the central thrust of the NRMP to achieve effectively the dual objective of alleviat-

ing poverty and protecting forest resources. The poor in upland communities should be the "private investors" in this industry.

Such a thrust should be supported by:

- *the securing of land tenure especially for indigenous peoples to their ancestral domain (This is essential to reverse the current situation of 'open-access' which encourages increased migration from the lowlands);*
- *the training of communities for the sustainable use of forest resources;*
- *the empowerment of communities to act as forest protectors.*

o Modernization and efficiency should focus on the sustainable development of the whole community enterprise, and not only of the wood industry.

Such a focus should be supported by:

- *Research and market development for non-forest products.*
- *Implementation of Agrarian Reform to relieve migration to the uplands.*
- o Immediate implementation of the ban on logging in old-growth forests.
- o The institutionalization of community initiatives for resource management and self-reliance and the conservation of bio-diversity in designated protected areas.

The financial infrastructure to support these initiatives should be developed through:

- o A proposed endowment fund to be managed by NGOs with the objective of phasing out their dependency on foreign aid.
- o Institutionalizing the consultation process between the Philippine A.I.D. Mission and the NGO community to ensure the authenticity and success of programs.

A.I.D. has recognized that the development of community management skills would be done most effectively by NGOs and the community organizations which they service. There is a need, however, for a stable financial infrastructure which could provide funding for small, more cost-effective initiatives over a sustained period.

We were encouraged by the fact that A.I.D. recently commissioned a study to examine possible frameworks for an indigenous Foundation which would fund NGO efforts to protect and restore the environment. The initial proposal was to create the endowment through a \$25 million debt for environment swap. Whether the endowment is established through a swap mechanism or by direct grant, we believe the idea warrants further discussion. The major NGO coalitions in the Philippines have begun

meeting to discuss possible management structures based in part on their experience of channeling Canadian bi-lateral aid to community development programs. Many of the large U.S. environmental, development and Church-based NGOs have been supportive of this idea, and are willing to play a role to insure the success of such an entity.

A Foundation, if conceived with care, could provide the financial stability needed by dynamic and creative groups seeking to preserve the Philippine environment for future generations. We are encouraged by initial steps which have been taken by A.I.D. to reach out to the broader NGO community in the Philippines. We strongly suggest that a formal, regular process of consultation with this broader range of NGO's be developed. Such consultation is essential to ensure the effectiveness of initiatives such as the proposed Foundation which impact directly on the NGO sector.

VISION FOR THE FUTURE

Mr. Chairman, Philippine non-governmental organizations and the communities which we serve are working hard to develop a financially self-sufficient, democratic society. We wish to contribute our cultural uniqueness and ecological integrity to the peoples of this planet in our mutual quest for sustainable development. We pray that you will give credence to our testimony.

Mr. KALAW. For specificity I'd like to focus on the Philippines program of USAID in the Philippines. The issue of sustainable development is very critical in terms of my country. It involves addressing the interrelated problems of poverty and population. It means addressing the problem of 50 percent of 68 million Filipinos who are poor, with a growth rate of 2.4 percent in population growth.

It means addressing environmental degradation of its resource base—25 hectares an hour of forest degradation; 1 billion cubic meters a year in soil erosion or 100,000 hectares; the loss of 70 percent of our coral reefs and hence vital marine resources. It means addressing the question of the causes of our 20 year insurgency problem. It also means addressing the problem of people not being able to participate in determining their own development.

It's within this context that I would like to comment on USAID policies and programs in the Philippines, specifically a program called Natural Resource Management Program, which was signed last Thursday in Manila. This involves \$125 million of aid to the Philippines, \$75 million of which is for policy reforms.

I'd like to focus on the policy reform component and first commend USAID for focusing on policies regarding the forest—a major resource for conservation. But historically the forestry industry has been a poverty making industry for so many in the Philippines, and it has also been a tremendous destroyer of the environment.

In the past 20 years, our forests have yielded an estimated 42 billion U.S. dollars of profits, which went to 480 logging concessionaires. The process created about 18 million poor in the uplands—about 25 to 30 percent of our population in the mountains.

The destruction of the forest has evoked responses from affected communities—even at this minute there is a community group from Gabaldon, Nueva Ecija—which is picketing outside the government agency, the Department of Environment and Natural Resources (DENR), in the Philippines. They are demanding that forest activities—logging in their areas—be stopped because of floods and because of the loss of water for irrigation for their crops.

This has been also the case in Mindanao where people have sat along the roadways to block logging trucks; the same in other areas where people have taken over protection of their forests because of the corruption of government DENR officials charged with the task.

It is within this context that we fear that the Natural Resource Management program of USAID will aggravate the problems. I would like to make three main points: The program stresses first the policy reform of opening up of the timber industry, to greater investment flows from the outside; secondly, privatization; and thirdly, the production efficiency of timber extraction. These are the major policy thrusts and reforms that they're of asking our government, besides increasing forest rentals (stumpage fees).

But let me just explain to you that in the past 20 years the reason our forests have been mined by the Japanese and others is precisely because there has been a policy of open access to whoever had the most funds to log commercially. It is also the case that in poor countries like the Philippines, the concept of privatization is not like in the United States where it fosters democracy; but in the

Philippines where very few can afford to invest in industry, it fosters monopoly. So it is the opposite, that is, it deprives communities of their own resources which are in effect, siphoned off.

And, thirdly, a particular resource like the forest is not only a commodity for commerce; it is really a basic infrastructure for ecological security, for agriculture, and for health in the rural areas especially.

So looking at it in terms of increasing efficiency of the logging industry really can be detrimental to the overall development of a community. And it is within this context, we would like to note, that besides the Haribon Foundation there are a group of NGOs consisting of about 700 private voluntary organizations, people's organizations, and church groups who have come together on the precise agenda of sustainable development.

In consultations with grassroot groups on problems related to development in 24 provinces and 12 regions, we have asked the people what is it that can make your society sustainable? I'd like to summarize four points that have been brought out.

One of them is that we must affirm our cultural identity and share our spiritual and ecological integrity with the rest of the U.N. family.

Second, that in poor countries, access to resources must be democratized, in other words, social equity must come even before conservation, because poverty is the biggest destroyer when it is on such a massive scale.

Third we must develop an economically sound, community-generated economic development.

And, fourth, we must participate in determining our own development agenda, and we must be assured of ecological security, not military security—security of food intake, security of guaranteeing clean water, and clean air. This is how the people's agenda has defined sustainable development. And it is within this context that we would like to suggest that the USAID program be redirected and that its thrust be the transfer of management of the forest resources to communities. I would like to say here that we support the policy objectives included in the NRMP, of the recognition of ancestral domain for our indigenous peoples; the training of communities for sustainable resource use, and the empowerment of communities for being protectors of the forest. But these policies should be made the primary thrust of the program, not just a minor part, as is now the case.

We also strongly support, as has been recommended rightfully, the ban on logging of all our virgin forests. And, third, it is vital to institutionalize of community initiatives by giving them their own source of funding, which can be perpetuated. I think AID has looked at this in terms of using a certain portion of the 125 billion to establish an endowment fund. But we would suggest that this should be in close consultation with the NGOs who should be charged with managing this fund. In the final analysis, we will be giving them the ability to be self-sufficient financially. It is the dream of our people that we not be dependent on foreign aid and that we eventually be able to contribute our cultural diversity and ecological integrity to global security.

Thank you very much.

Mr. YATRON. Thank you very much, Mr. Kalaw, for your most interesting statement.

We will now hear from Mr. Bissio. You may proceed, sir.

STATEMENT OF ROBERTO R. BISSIO

Mr. BISSIO. Thank you, Mr. Chairman. And since you have a copy of my statement, I would like to briefly summarize its major points and add some considerations.

Mr. YATRON. Without objection.

Mr. BISSIO. My statement starts pointing out the fact that Latin America is mercifully transferring resources to the north, mainly the United States, at the rate which has already surpassed \$25 billion a year figure, at over \$100 billion in the last five years, which I can ironically call a massive aid program in which we are having to support northern economies.

Now from the point of view of resource flows—\$2 billion of bilateral American aid to Latin America in this year, 1990, is just less than 10 percent of the flow that is going out of Latin America. So in this sense its not relevant at all in the overall economy.

However, even when it's not relevant for the overall economic situation, any help well applied could mitigate some poverty or could be somehow helpful. But we really worry very much in Latin America that the biggest part of the A.I.D. programs have a very strong conditionality which connects them with structural adjustment programs as designed and imposed by the World Bank and IMF.

Now, these structural adjustment programs have been identified by the recent NGO forum which was held at the beginning of this week here in Washington by all southern participants as causing massive increases in poverty. This is putting a major pressure on the environment, and, on the other hand, is putting our democracies at risk since most of these programs are being implemented through secret negotiations without open access to information and even in violation of what the population has voted in elections or in constitutional reforms, as in my country Uruguay, against the proposals of those programs.

Now, regarding the specific issues of rain forests, which is what the World Rainforest Movement is about, we have clearly identified a link between those programs and the pressure on the forest. In the case of Latin America, a major different link is being introduced by the structural programs with their policies insisting on banking secrecy and a free flow of monetary resources transferring in and out of the country are really stimulating the recycle of that money into the Latin American economies and, thus, directly contributing to the expansion of Uruguay cultivation which, as you very well know, is growing from their additional Andean areas into the eastern slope of the Andean and into the Amazon region in a massive scale.

A second important point that I would like to make, which is not in the written testimony, is that of TFAP—the Tropical Forest Action Plan—actually signed by the World Bank, if I am not mistaken, in 1987. The World Rainforest Movement actually was born from a critique of the principles of TFAP and after two years we

have done several research projects and have clearly identified that this program is not benefiting the rain forest at all. And the World Rainforest Movement has concluded that commercial logging and the so-called sustainable logging, or sustainable commercial forest, does not exist at all. There is no way where you can combine logging and preservation of the regional forests. Several experiences which were brought under that argument were submitted to critique and demonstrated as failures.

A recent meeting was held by the Confederation of Indian Organization of the Amazon and including representatives from Indian communities of Peru, Bolivia, Colombia and Brazil. They have clearly stated that since they have been living in the forest for thousands of years, they have the knowledge of how to practice sustainable living and survival in the forest, and that this is the knowledge which has to be respected and recognized.

Some people ask, or demand, that since the population of the forest is very few and sparse in some areas—these resources should be open to others. And no one of the community said clearly: What about the birds? What about the monkeys? Don't they need land to live also?

We have been living in community with them for hundreds of years.

So it is not only our right, but the whole right of nature. And this is what we are demanding as recognition for rights, and this, I have to regret, is not present even in those plans which are supposed to defend the rain forests.

Finally, I would like to point out that a new development in this process of imposing structural adjustment policies meaning export growth, devaluation of the currency, and massive cuts in social and education expenditures of our government is being introduced by the Enterprise for the Americas Initiative, which, again, makes debt reduction conditional on accepting those structural adjustment policies—they are promising the reduction of the official American debt to that country. Reduction of that debt is supposed to be transformed into support for environmental initiatives.

In our consultation with southern NGOs they make it very clear that since structural adjustment programs have been identified as a major threat to our environment, we cannot accept that conditionality in a plan which has an environment protection ingredient. So both aspects must be clearly separated in order to be acceptable by Latin American NGOs.

Finally, a comment I would like to make is that it might also be in the interest of the United States to ease this burden that is being placed on Latin American people and environments through these programs since that surplus of \$20 billion, which is now going out from our countries and into the transnational banking system not go into imports of goods which are unnecessary but would go into imports of manufactured goods which would be creating jobs in the United States and in other places where they are, as I understand, very badly needed.

Finally, I would like to recommend that the linking of USAID programs to structural adjustment programs be terminated, that the environmental and social impact of USAID programs be with

in the broader context of those structural adjustment programs and their poverty creating and environmental damaging effect.

And finally, that no population—particularly that of the forest peoples and that of women should be kept from the basic input into the design of forest and bio-diversity conservation programs.

Thank you, Mr. Chairman.

Mr. YATRON. Thank you very much, Mr. Bissio, for those important insights.

[The prepared statement of Mr. Bissio follows:]

**TESTIMONY SUBMITTED BEFORE
THE HOUSE SUBCOMMITTEE ON HUMAN RIGHTS
AND INTERNATIONAL ORGANIZATIONS OF
THE HOUSE FOREIGN AFFAIRS COMMITTEE
BY**

**Roberto R. Bissio
Director, Third World Institute, Uruguay
Member, World Rainforest Movement**

**On the Environmental and Social Implications of USAID in
Latin America**

September 26, 1990

Latin America is currently running what might be called a massive aid program to strengthen the economies of the North, particularly that of the United States, the country with the highest external debt in the world.

Under that "program", Latin America transferred in the last five years more than \$100 billion dollars to Northern banks, mainly based in the U.S. A little part of that money comes back to Latin America in the form of U.S. Official Development Assistance (ODA).

According to its condition of a highly indebted country, the U.S. assistance to poor countries is not very significant. In fact it is the smallest assistance in relation to GNP of the G-7 countries and among 18 developed Western countries belonging to the Organization of Economic Cooperation and Development (OECD) only two (Ireland and Austria) have an ODA/GNP ratio smaller than that of the U.S..

Some 2 billion dollars of American aid (including military assistance) are due to go to Latin America this year. Probably ten times that amount will flow from Latin America to the United

States. Such a massive transfer of resources has never taken place before in history, excepting perhaps Africa's labour contribution to the Western Hemisphere, because nobody has dared to estimate that flow of human sacrifice in monetary terms.

A major difference between U.S. Agency for International Development (US AID) programs and the Latin American aid to close the gap in the balance of payments of the U.S. is that this Congress has the ability to decide cuts in the flow of aid money or impose political conditions on it, while our governments do not have any real decision power over the money flowing out of Latin American countries.

In fact, U.S. AID programs are not designed to alleviate poverty, but to promote the so called "structural adjustment programs" (SAPs), particularly the conversion of state enterprises into foreign-owned monopolies through so-called debt swaps. These operations are assisted by U.S. AID through the Center for Privatization.

Structural adjustment programs are designed and supervised by the World Bank and the International Monetary Fund. The so-called structural adjustment loans do not result in major money transfer by themselves (140 million dollars in the case of Uruguay, for example). But private banks make any new lending or rescheduling of the debt conditional on the recipient country's government coming into terms with the Bank and/or IMF. In the last two years U.S. AID has included that same conditionality in many of its loans and programs to Latin American countries.

According to the conclusions of the Fifth Annual International Non-Governmental Organizations Forum on the World Bank and the International Monetary Fund held in Washington, DC, 20-22 September 1990, "every Southern participant testifying on the application of these measures said that these vulnerable groups of the Third World are the most threatened, by World Bank, IMF and U.S. AID supported deregulation policies. The Bank argues that "adjustment is inevitable" and "the countries may only choose how and not whatever they will adjust". They argue that "the poor may benefit in the long run from these adjustments. However when it is the very life of the poorest being sacrificed for adjustment, there is no long term. Every time a major structural adjustment program denies the right to life in Third World countries there is a rise of

protests from popular movements against these policies. In the face of these protests structural adjustment programs can only continue through repression of the democratic forces in the Third World".

A structural adjustment program covering five years of government policy was negotiated in secret by the Uruguayan government in election year 1989. The documents were disclosed two weeks before election. In order to counter the Bank's proposal that retirement payments be cut, the associations of elderly people promoted and won electoral approval for a constitutional reform which forces the government to raise retirement payments at the same rate of salary increases of civil servants. The governing party suffered an overwhelming defeat but the new government has been forced to continue the economic policy agreed with the Bank, including a 15% reduction in real wages (and consequently in retirement benefits).

Carlos Menem came to power in Argentina on a platform based in the promise not to follow the Bank's-IMF policy guidelines, as did Alberto Fujimori in Peru. Both countries are now following these very same policies the public voted against.

Structural adjustment programs are basically designed to keep the affected country's ability to pay its external debt. In order to service that debt Latin America has increased its exports, reduced its imports to a minimum and sold state assets in exchange for debt papers. This has put enormous pressure on the region's natural non-renewable resources and environment, has reduced the region's ability to import American goods (and thereby many jobs were lost in the United States) and has led to an increased impoverishment of the people. In Peru, within a week, the number of people in absolute poverty increased from 6 to 12 million last August. In Brazil, according to the recently issued 1990 World Bank's Development Report, structural adjustment policies have reduced the wages of three fourths of the 80 million workers to less than \$25 a month. According to the Environmental Project on Central America (EPOCA) US AID "is chiefly responsible for imposing the economic privatization scheme that is now overwhelming the country". Unemployment and poverty resulting from that policies cause "migration of poor peasants, struggling to survive, who then contribute to the environmental destruction resulting from their need for firewood and temporary housing".

The Bush Administration has recognized that it is impossible for Latin America to sustain that resource transfer very long and has suggested two alternatives to reduce debt: the Brady Plan and the "Enterprise for the Americas" Initiative.

Excepting Bolivia and some Central American and Caribbean countries, Latin America's debt is owed mainly to private banks. Private banks do not agree with the Brady plan and during a recent visit to my country, Uruguay, Mr John Reed, President of Citicorp declared that the banks would only reduce debt if forced to do so by political pressure (by Brady plan or some similar alternative), but in that case all investment funds would be immediately cut. The private banks make any renegotiation of their debt conditional to the recipient country coming into terms with the World Bank and/or the IMF.

The Enterprise of the Americas Initiative makes any reduction of the external debt conditional on the enforcement of structural adjustment programs. This is why many Latin Americans do not see the Initiative as a step forward for real reduction of the debt burden, but as additional pressure to put assets and natural resources under foreign private control.

Under such conditions social conditions may deteriorate to a point where democracy might not be viable any more and the environment will be severely affected.

If the debt burden were to be really alleviated, Latin America would have at least 20 billion dollars a year to invest in poverty alleviation, environment protection and sustainable development. Instead of flowing into the transnational banking system, a major part of that money would be applied to buy American manufactures, machinery and technology and help recover the American economy in a healthier way.

I would therefore suggest that present policies linking U.S. AID to structural adjustment programs be terminated and that the environmental and social impact of U.S. AID be further studied in the broader context of the impact of structural adjustment programs on the environment and their poverty creating effect.

Mr. YATRON. Dr. Jamal, you may proceed, sir.

STATEMENT OF ARIF JAMAL

Mr. JAMAL. Thank you, Mr. Chairman.

I am much obliged that you had me for two consecutive years—I consider this platform as a unique one—a view that I have once in my life though I am very grateful.

My name is Arif Jamal. I work for the National Research Council and I am the coordinator for the Pesticide Action Network—PAN—which is a coalition of a citizens group working towards the sustainable pest control and opposing the irrational use of pesticides.

Sudan, as most of the mass media has indicated, is one of the six poorest countries in the world. And it has not been easy with the environmental degradation that has occurred in the last decade in Sudan. Mismanagement, autocratic regimes, population influx through the urban areas, refugees from the six or seven neighbors of the country—all this has led to a very degraded environmental situation. And the mismanagement of the economy itself led to a social poverty which we are suffering today.

Talking about the USAID policy in Sudan, I would like to comment on a project very briefly in the time limit, on the CORP Anti-Locust project, which had four components in 1988. And actually, it was started long before the floods that took place in 1988, which culminated the natural catastrophe in Sudan. Locust outbreak followed soon after, and the program was on the way.

The four components consisted of rehabilitation of pesticide storage facilities, as you call it in English—14 of them were all over the country;

The rehabilitation of the Plant Protection Department of the Ministry of Agriculture to contain anti-locust staff;

An environmental assessment which I would like to talk about; and a pesticide disposal component.

The environmental assessment started—it took a very long time until we could find the Sudanese counterparts. And though it was finished at the very critical time that Sudan needed it, it never went through. The intended policies of USAID are set in such a manner that we never knew how this report—the environmental assessment; very important and very critical at that time—would be handed to the right planners in the country.

The disposal component followed the same scenario, and we have, in the case of DDT, about 700,000 kilograms of DDT that are waiting to be incinerated, and we don't know what to do about it.

To summarize all of this, then came another environmental assessment to finish or to end up the USAID work on the anti-locust campaign. And during the report, the amount of knowledge of the international infringements of laws that are existing now—and many of them are existing, especially those indicating a pesticide because it is a global problem—were just ignored. And to my knowledge, the persons who I knew to prepare their report did not have enough knowledge of what was happening.

Like, for example, mentioning that these are "internationally known safe" pesticides that we recommend—safe pesticides do not exist; domestic pesticides that we have seen, many of them were in the status of very toxic or hazardous pesticides. And this was not mentioned in the report.

Such sort of reporting is very important and it just sort of supports the people who are abusing pesticides, especially the planet.

Another emotion that I had, regards the fact that most of the work that's carried on in the country by USAID goes through government channels. Many of the NGOs from the donor communities, have seen this problem. They have, in spite of the government's wishes and conditionalities, struck good relationships with the NGOs and the local communities and groups in Sudan.

I have come to my conclusions, and the fact is that we would like much more inclusion of NGOs—the local NGO community, in all the projects that the USAID undertakes.

We would like to see much more environmental packages being applied before a project is made and not after, or during, the project.

We would like to stress the fact that the training of the staff of the USAID should go to the extending help to people. The USAID should be a people's grouping extending aid, and not through government. In Africa, we cannot mention many governments that USAID should work with.

We would like for the consultants and the expertise that is being chosen by USAID to know what are the local concerns of the people and what are the conditions and the culture of the people before they apply their sciences.

Thank you very much for hearing me.

[The prepared statement of Mr. Jamal follows:]

Dr. Arif Jamal

Good morning Mr. Chairman. My name is Dr. Arif Jamal. I am a researcher at the National Council for Research, Agricultural Research Council in Khartoum, Sudan. I am also the coordinator for the Pesticide Action Network (PAN) in Sudan. PAN is an international network of non-governmental organizations and individuals concerned about the hazards of widespread pesticide use, and working for the promotion of alternatives. I thank you for the opportunity to speak before you today on the environmental and social implications of U.S. Agency for International Development assistance in Sudan. This is a rare opportunity and I hope that my comments today can help assist the Subcommittee in its work in providing oversight to the administration and direction of A.I.D. programs in east Africa.

I'd like to begin by setting the context which existed in Sudan at the time in which I became familiar with the Agency's role there.

I. Introduction:

In September of 1988 the Sudanese non-governmental community, joined later by the Sudanese government, put out what became known as the "Sudan Call" for international assistance. The Sudan Call was sparked by the devastating floods that affected the country in August of that year, and was a clear declaration that the country had been overwhelmed by unfavorable developments. The "Sudan Call" proclamation was in fact a long time overdue.

As is increasingly found in cases around the world, political events in Sudan have had a key role in intensifying the impacts of a natural disaster. The fact that the Sudanese people had suffered for a long period under an autocratic military regime, followed by an economically inefficient interim period, and finally by a turbulent democratic period (which ended in June of 1989), all strongly contributed to the unfortunate environmental and social situation which now exists in Sudan.

The far-reaching extent of political and economic mismanagement under the military government for a period of sixteen years prior to the 1988 flood created whole sets of problems which must be considered when one examines the evolution and emergence of the current crises in Sudan. The civil war between the South and the North in Sudan incurred high costs on an already burdened and diseased national economy. Restrictive "September Laws" (known to many as the Sharia/Islamic laws) instituted in 1986 by the late president Numeiry served mainly to further fuel the intensity of the war. This in turn meant the continued hemorrhaging of scarce government funds and further weakening of the national budget. The Sudanese pound underwent

rapid and continued devaluations, which was additionally fueled by a flourishing black market. There was a complete collapse of the civil service sector.

In addition, Sudan, until August 1988, had been through a long period of serious drought, severely weakening the ability of rural populations to produce sufficient food for their own consumption. All of these factors were effectively crippling the functioning of the Sudanese government in such a manner that, when the huge floods swept through Sudan in 1988, it could not extend any assistance to the famished population.

From the time of the "Sudan Call" in 1988, the Sudanese government has become increasingly dependent on external donor assistance, particularly in food, public health and education, flowing into the country. Among the development community, the United States Agency for International Development (US-AID), established long ago in Sudan, has played a major role in assisting the country through many of its specific development projects.

II. The Impact of Environmental Decline on the Sudanese Economy

The natural disasters that have occurred during the last decade have, as one would expect, had an enormous and direct toll on the Sudanese economy. The August 1988 floods, followed by the locust invasion, destroyed most of the fields in the northern provinces and the crops in the central area and further aggravated an already critical situation. These events followed on the heels of a long period of draught in the Sahel that was most pronounced from 1979 up to the end of 1984.

While the drought affected the entire Sahel zone, in Sudan it had some of its most dire impacts on the people living in the western and eastern parts of the country. Much of the animal wealth in this region was lost due to massive failures of crops and the drying out and disappearance of pastures. Farmers on a wide scale resorted to cutting down the few remaining areas of their forests, including much of the valuable gum-arabic tree species, *Acacia senegal*. This tree is an important source of export earnings, ranked only third to cotton and sesame in terms of national income.

III. An Accelerating Cycle of Deforestation and Desertification.

These deforestation activities by the small farmers were ultimately very deleterious for the region. The deforestation encouraged in turn the movement of sand dunes and increased the encroachment of the desert areas into previously productive

lands. Hence there has been an intensification of the desertification process that started in the early seventies.

Lacking both food and fuel, the degraded socio-economic life of many of the herders and the farmers of the region forced them into massive exodus towards the major cities of the country. The shanty towns that sprung up around the capital city of Khartoum are a daily reminder of these many difficulties that have engulfed Sudan in the eighties. The burgeoning numbers of urban poor placed a heavy additional burden on urban and regional planners who were already facing difficulties in trying to improve on the existing infrastructural facilities of the city. The only remaining hope if there were to be any chance of rescuing most of the development plans of the country appeared to increasingly lay with increased support from the international donor community and existing development assistance agencies.

V. US-AID Development Projects.

US-AID has had a number of projects in Sudan, many more than it has at the current time. I would like to focus my comments on one example of an AID project with which I have some familiarity, and that is related to AID's work on locust control.

-- The "CORP Anti-Locust Project"

The CORP Anti-Locust Project is one of the largest projects that US-AID has been involved in on a regional scale within Sudan. The CORP Anti-Locust Project has four components:

1. The rehabilitation of pesticide storage facilities.
2. The reinforcement of the Anti-Locust unit at the Plant Protection Department of the Ministry of Agriculture.
3. The preparation of an environmental assessment on impacts of the use of chemical pesticides in the anti-locust campaigns.
4. The disposal of stocks of expired and suspended pesticides.

European Economic Community and Dutch government funding linked to the overall anti-locust program involved an enormous amount of direct donation of pesticides. The role of US-AID in the CORP Anti-Locust Project was planned to be restricted to strengthening the existing locust control infrastructure to combat locust invasions in Sudan, through the four points mentioned above. US-AID did not provide pesticides directly, and

this we consider to be a commendable policy on the part of US-AID.

The US-AID program focussed on preparing an environmental assessment of the chemical control of locusts, which, although prepared with the participation of local scientists acting as counterparts, was never properly carried out. The results of the report that the US-AID team and local scientists prepared were unfortunately never directed to the Sudanese planners and policy makers that would be responsible for insuring that the chemical control program be properly implemented. The internal policies of US-AID, and the recruitment of the consultants for the various projects, seems to have been a main stumbling block to the effective channeling of the completed report to the concerned Sudanese parties. The report and the recommendations that were listed at the end therefore have to this day not been released, in spite of their critical importance. However, due to the work of Sudanese non-governmental organizations and favorable circumstances found in the presence of environmentally conscious persons in the Plant Protection Department now working in the locust control areas, we are thinking of conducting an environmental assessment after each major anti-locust campaign. We want to monitor the application of pesticides for locust control, and identify irrational and inappropriate use in order to avoid such situations in future campaigns.

Our existing monitoring efforts already indicate that the locust control program is creating problems in the areas of applicator exposure to pesticides, health hazards to the nomadic communities in the western and eastern regions, and damage to domestic animals and wildlife, especially birds.

The technical limitations of the consultants that are to assess the environmental damage that could occur due to massive application of pesticides, are worth drawing attention to. Work in some of the environmental assessment reports summarizing US-AID policy on locust control, reflects a certain amount of weakness not only in understanding the full complexities the locust situation, but also as to the concrete realities of a Third World country's conditions. Hence, the suggestions on the choice of use of pesticides to be applied are, at a very basic level, highly controversial.

One clear example of these problems that could be cited includes the use of phrases like, "Pesticides that are internationally known as safe (sic)", are frequently mentioned in the report. However, many of the actual pesticides which are listed are known to be highly toxic to animals and marine life, and yet at no time is this mentioned in the text. The report reference to equipment used for applying most of the toxic and hazardous compounds being suggested as "safe" does not mention explicitly that both operators and application equipment needs

careful washing and flushing following use. As most of the anti locust campaigns take place in the desert, where water is a valuable commodity, it is clear that such pesticides should not to be recommended for use under such limiting circumstances.

Finally, all Sudanese development activities involving counterparts in the US-AID agricultural sector remain too narrowly linked with both the government and government officials. Repeatedly, NGO participants for US-AID projects are not sought. In contrast, policies to increase NGO involvement have been changed by many of the other international development agencies acting in Sudan, even under the strict government conditionalities and monitoring which exists at the present time.

VI. Conclusion

US-AID is one of the rare few international institutions that has extensive experience in Sudan and other African states. Its primary goal is to assist in the developmental aspects of the country, and also to participate actively in building up institutions and human resources capable of improving the standard of living and quality of life of the people in the recipient country. Within this context it is important that certain reference points be included to widen the scope of US-AID and broaden the distribution of its benefits to the wider public:

1. The inclusion and consultation of local NGOs and the NGO community, in all the projects pertaining to environment and environmental issues, must become explicit AID policy and be thoroughly implemented.
2. Environmental Assessment "packages", should be elaborated before the execution of any project. A detailed report on the impact of the project on the communities, the flora and the fauna in the locality where the project was executed should be drafted, and freely and widely circulated for consultation with the public in the country where the project will be implemented.
3. Greater effort needs to be made by the resident experts/scientists and officials of US-AID to consult with the local people themselves, and not to be content with the official reports filed by the central or local governmental ministries.
4. When choosing consultants and expertise from the US for US-AID projects, greater emphasis should be placed on proven capability of encompassing Third World people's problems in assessments. This should include a knowledge and understanding of the political implications, culture and traditions of the country as this is fundamental for the success of all projects.

5. Training of local people, in all aspects of an established project, needs much more attention.

6. US-AID should insure that copies of all of its environmental assessments for Sudan, all relevant programmatic environmental assessments, as well as supplemental country environmental assessments for each African country with locust programs, are placed in libraries and made available to interested Sudanese. At the present time, for example, Sudanese consultants for AID environmental assessments are neither given, or have access to, previously completed AID environmental assessments for locust control and related programs.

Mr. YATRON. Thank you very much, Dr. Jamal, for your very important observations.

Mr. Kalaw, in A.I.D.'s testimony certain programs in the Philippines were noted, including a \$2 million debt for a nature project in coordination with you organization.

Could you comment on this project and on A.I.D.'s role in the project?

Mr. KALAW. Yes, that \$2 million swap was the first debt-for-nature swap in Asia, and it was a tri-party swap, not directly with USAID, but between World Wildlife Fund, the U.S. NGO, the Haribon Foundation, and the Philippine Government Department of Environment and Natural Resources.

It is my understanding perhaps that part of the money was from World Wildlife Fund from USAID, but it was not a program disburseable from the country funds account.

It has been used for protected areas, especially in Palawan, in St. Paul National Park, and El Nido Marine Park. And so far we feel this has been a successful program.

Mr. YATRON. Thank you.

Mr. Bissio, the subcommittee has a copy of World Rainforest Movement's letter to World Bank President Conable opposing the financing of logging of intact tropical forests.

Has the World Bank responded to the letter? And have you conveyed your position to A.I.D., and if so, what has been the response, if any? Could you comment on that, please?

Mr. BISSIO. As far as I know, I haven't seen a response to that letter. It might have happened because the coordination of the World Rainforest Movement is based in Malaysia, and I'm working—and in fact, in this respect, the World Bank recommended a study on the impact of a tropical forest plan. And that study is being quoted in the so-called Green Report that the World Bank issued this week as not having been able to determine whether TFAP has contributed or not to stop deforestation.

It has not been able to determine whether it has increased or decreased deforestation. Now, if you run such a massive program for so many years, which has an enormous amount of resources, and an independent source paid by the Bank itself cannot determine whether it has helped or destroyed any farther, I think that's an admission by the Bank itself of its failure to that program.

Now on the last part of the question, we are following up on this issue and trying to keep that relation and study of what is going on.

I have the feeling that there was also some point which I'm not answering, but I can't remember what it was.

Mr. YATRON. Thank you very much, Mr. Bissio.

Dr. Jamal, if chemical pesticides—

Mr. BISSIO. Excuse me.

Mr. YATRON. Yes.

Mr. BISSIO. On the role of A.I.D., actually we still have a little information and we have focused mainly on the World Bank role which is leading the whole TFAP program. But I understood from today's declaration that A.I.D. is following TFAP guidelines and working together with it. Therefore, our critique should also affect

or be known to A.I.D. and I will report to the coordination of the World Rainforest Movement to write A.I.D. directly on our worries over this issue.

Mr. YATRON. Thank you.

Dr. Jamal, if chemical pesticides are not the best methods to control locusts, what would be the alternative and how could the United States A.I.D. help?

Mr. JAMAL. I think it is a little bit of a shame that we have so many regional incentives and international organizations plus the information gained from scientific investigations yet we continue to rely primarily on pesticides. I mean, the first that we have—the locust laboratories, anybody who is working on entomology or even the multinationals, they work on locust. So the biology of the insects is very well known and we know the outbreaks. And then there are so many meteorological stations that give us the forecast for the outbreak.

There is an important coordination effort that has to be made, and if USAID could join in this effort, together with the anti-locust emergency outbreak department, and that of a locust control organization, I think we could do quite a lot to reduce the quantity of pesticides that are being put into the environment each year.

The question is of monitoring locusts, because we know since biblical times that, we have locust outbreaks. Yet, each time we have an outbreak everyone is surprised. And we come out with our airplanes. We have used about 14 airplanes and an enormous amount of pesticides in Sudan, and the damage of the locust was too late to control.

So I think that there is a part of the USAID that could be being monitoring using the meteorological forecast and the local PPD department that are everywhere. And USAID needs to put much more emphasis on biological control.

Mr. YATRON. Thank you.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

Gentlemen, thank you very much for your testimony. I have two general areas of questions and I just would like any or all of you to respond on the basis of your own knowledge and your regional expertise.

I'd like to ask you a very general question, and that is how you think that foreign assistance could be more effectively targeted to the region with which you are most familiar to address environmental problems in that region?

I'm not restricting myself to A.I.D., but any kind of foreign assistance multilateral or bilateral. Any of you or all of you would like to respond to that, I would appreciate it, if you have any recommendations.

Mr. KALAW. I think the focus of assistance in terms of looking at the life support system—natural resources—as the basic focus of A.I.D. is right.

But people in the community, like farmers, need to be looked at not as the beneficiaries, but as the main engines of growth. It is only when they themselves take it on that development occurs. Development is not something that anybody can give these people. It is something that one does for himself.

So it is a way of looking at the problem and looking at them as the best investors, not somebody from the outside coming in and making them just plain employees, because that just creates urbanization and a lot of poor areas.

And to be given the infrastructure for participation. So instead of road infrastructure—if you focus on community-generated economic development then our view of infrastructure is different—you're talking about the social infrastructure as primary; talking about markets as primary, not the physical road system right away.

Mr. BEREUTER. So that's a broader recommendation, not just restricted to environmental, but that's a broader one?

Mr. KALAW. Yes, but it is also a development issue. In other words, the whole idea of the environment, and now facing the need to develop. Because we cannot just conserve our resources, we need to address our poverty—poverty alleviation and conservation of resources really has to take all of this into hand.

Mr. BEREUTER. All right. Thank you.

Mr. BISSIO. To focus on a particular aspect, in the case of Latin American rain forests, we have come to the conclusion that the pressure is not coming from inside the forest—from the people who have been living under sustainable cultures in civilizations for a long time, including with their own forms of population control, so that the resources are pressed from internal pressure but that the pressure is coming from the outside and is due mainly to these programs I described and to the big land property program which is still undersold in countries like Brazil and others.

So the major conclusion we are reaching is that land reform has to be implemented. It is already in most of the constitutions and laws of the countries of the area but the implementation of that is still needed and international bilateral aid should support this.

Mr. BEREUTER. For environmental reasons?

Mr. BISSIO. For environmental reasons, also social reasons, and development reasons. But that would really ease the pressure on tropical forests, which is our major concern at this moment. But there are also many other reasons that such an effort should be contemplated.

Mr. BEREUTER. Mr. Jamal, do you have anything to add?

Mr. JAMAL. I think everything has been said. I just have a small comment, and that is the importance of socio-cultural and knowledge of the area where it is being applied.

Mr. BEREUTER. Thank you very much.

My final question to which I'd invite your comment is not environmentally oriented but a general question about the A.I.D.-NGO relationship in the region with which you're most familiar.

Do you have an assessment of what those relationships are today, whether they're improving, whether there is greater environmental sensitiveness? And in a more specific vein, what is the state of affairs today with respect to A.I.D. and the domestic non-governmental organizations that are functioning there.

Domestic or international—I won't restrict you to domestic.

Mr. KALAW. Speaking for the Philippines, although Haribon is one of the favored initial groups—the only environmental group—that so far has been accredited by U.S.A.I.D. after two years of waiting for accreditation. But the real score is that the USAID has

just started to start consulting with NGOs. Thus it is far, far off from getting any substantial consultations with us, especially with the bigger number of NGOs. In the past, A.I.D. confined itself to the accredited NGOs of U.S.A.I.D., which is a small group of 120 NGOs in the Philippines, while there are about 3,000 NGOs in all. And A.I.D. has had a tendency not to want to talk to people who were challenging any centralized authority. So this is one of the dilemmas I feel that A.I.D. has.

If they really want true participation and true coordination with NGOs, then there has to be some kind of openness in the whole process.

Consultation has been very minimal in the sense that minimal information has been given out to the NGOs about what these programs are—for instance, the NRMP Consultation was a two-page document given to us when we were consulted—in one meeting—but actually it is a 200-page volume study, and none of us was part of the study portion.

So there is that opening and we are encouraged, and we are volunteering our cooperation in any way with the Mission in Manila. And we will try to better that kind of relationship in the future.

Mr. BEREUTER. Is there any non-domestic national foreign aid agency that in your judgment is head and shoulders above the others in its consultation process, or its consultation history?

Mr. KALAW. Yes, in the Philippine experience, the Canadian Aid Program is involved in terms of consultation to the point where they have institutionalized a joint committee of their CETA members and NGOs in a board that decides on projects to be approved.

Mr. BEREUTER. That was Canada, right?

Mr. KALAW. Right, Canada.

Mr. BEREUTER. Any other countries that you would specify? I'm just asking for those that really do it much better than the others. So if Canada is the example you want to give me hold it there, but are there others that you want to specify?

Mr. KALAW. Canada is the one I am very familiar with. The other one is the Dutch agencies who are very much in consultation because they have their representatives going around the country with NGOs.

Mr. BEREUTER. Thank you very much, gentlemen.

Do you want to give me an assessment—the NGO relationships first.

Mr. BISSIO. I was going to add a concrete case. A great part of the Dutch International Corporation money flows to the south through Dutch NGOs even if it is government money, its distribution is decided upon through local NGOs.

Mr. BEREUTER. In Latin America?

Mr. BISSIO. In all of the world. And some of them submit their policies, their country policies and programs to the NGOs which have their counterparts in that country for their opinion and collaboration in a program that has started some four years ago, called the "Partnership and Decentralization Program," where their groups are being called to participate and they decide on the programs.

I think this is pointing out that it is still only a start. But it is pointing out the problem of accountability and democracy which

lies in the background of your question as I see it. Under the present circumstances in Latin America and maybe in other parts also, it is very easy that our structure, either national or local, creates its own structure—very frequently the wife of some local authority, or whatever, creates her own NGO to which foreign money is being channeled, but without any real bottom-up mandate. The issue of mandate is very relevant and should not even stop at NGO level but somehow local NGOs have to be mandated by the populations they claim to benefit. And, of course, that means in practical terms more democracy; and this is what we are trying to get.

Mr. BEREUTER. Dr. Jamal.

Mr. JAMAL. On the assessment of USAID, Sudan is a very particular case, and the sanctions that have been imposed by the U.S. Congress has made A.I.D. a very small group. I think they are concentrating now on their ongoing programs and no new programs are being created. I think all I could depend on and hope for is what Mr. Bissell said this morning about their environmental programs that are increasing now. But before—I mean, they funded pesticides before, and I know that now they are still funding them in North Africa. But it's commendable that this is taking a shift comparatively concerning what sort of aid is coming to the country. Canadians we don't have, but we have worked with some of them—with local NGOs and the way that they have decreased their programs and projects.

The Dutch are one of the best with NGO groups. They have retracted very much their donations, which is their right to do, but still we have a small window that you could go through.

Mr. BEREUTER. Thank you. I heard no reference to Japan. It's a very small agency, apparently—very small bureaucracy—which is not necessarily bad.

Mr. BISSIO. Actually, Japan, as far as I know—at least in Latin America, they are channeling most their aid through the World Bank. So the World Bank designs the program and executes it and Japan funds directly the program. There is a case of a cultural program in Uruguay that I happen to know which we consider particularly destructive of the environment. But the Japanese government is not making any follow-up—and leaves that with the World Bank. I don't know exactly what's happening with other countries.

Mr. BEREUTER. Thank you.

Dr. Jamal, last year you testified apparently before a joint subcommittee session and you were critical of the World Bank and their funding for pesticides, and you urged that they energetically support an integrated pest management program as an alternative—I believe it's an alternative.

Any progress to report for us?

Mr. JAMAL. The thrust is very little. We increase from one percent to about 2½ percent on the loan for the IPM. The ARPM program is going great. I don't think there is anything like it, but still there is an enormous percentage. The chairperson has asked me how much percent—I thought 50 percent and I still am calling for a 50 percent cut.

Mr. BEREUTER. Is the IPM program in part funded by the World Bank?

Mr. JAMAL. Of the pesticide loan, the millions for the pesticide loan, we have only around 2½ percent of this.

Mr. BEREUTER. Thank you.

Thank you, Mr. Chairman.

Mr. YATRON. Thank you, Mr. Bereuter.

I want to thank our witnesses for their views and recommendations here today which will certainly be very helpful to our subcommittee as we continue to address the global environmental challenges before us.

We may have some questions we'd like to submit to you in writing, and if you could provide us with a response we'd be very grateful.

Mr. YATRON. Thanks again for being here. The subcommittee stands adjourned subject to the call of the Chair.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]