
**AGENCY FOR
INTERNATIONAL DEVELOPMENT**

**CONGRESSIONAL PRESENTATION
FISCAL YEAR 1994**

APRIL 1993







April 1993

U.S. Agency for
International
Development

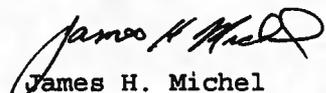
Office of
the Administrator

TO THE CONGRESS OF THE UNITED STATES:

On behalf of the Agency for International Development (A.I.D.), I am pleased to transmit the Agency's budget request for Fiscal Year 1994.

Within the framework of U.S. foreign policy, A.I.D. has a unique role to play in promoting sustainable development in an inter-related world. This streamlined budget proposal is intended to begin a period of dialogue with the Congress and the American people about the future of foreign assistance following the end of the Cold War.

Sincerely,


James H. Michel
Acting Administrator

320 Twenty-first Street, N.W. ■ Washington, D.C. 20523 ■ (202) 647-9620



The following information is provided for your reference:

1. The first section of the document discusses the importance of maintaining accurate records.

2. The second section outlines the procedures for handling sensitive information.

3. The third section details the requirements for data security and access control.

4. The fourth section describes the roles and responsibilities of the personnel involved.

5. The fifth section provides a summary of the key findings and recommendations.

6. The sixth section includes a list of references and sources used in the report.

7. The seventh section contains the conclusions drawn from the analysis.

8. The eighth section provides a list of appendices and supporting documents.

9. The ninth section includes a glossary of terms used throughout the document.

10. The tenth section contains the final remarks and a statement of approval.

"...all of us must focus on the larger questions that this new era presents. For if we act out of a larger sense of purpose and strategy, our work on the crises of the late 20th century can lay the basis for a more peaceful and democratic world at the start of the 21st century. The end of the long twilight struggle does not ensure the start of a long peace. Like a wise homeowner who recognizes that you cannot stop investing in your house once you buy it, we cannot stop investing in the peace now that we have obtained it. That recognition was a triumph of President Truman's era. But unlike then, we lack the specter of a menacing adversary to spur our efforts to engage other nations. Now not fear but vision must drive our investment and our engagement in this new world..."

-- President William J. Clinton

Address to the American Society
of Newspaper Editors
April 1, 1993

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U.S. Agency for International Development
Washington, D.C. 20523

INTRODUCTION

As an integral aspect of containing communism during the Cold War, the United States conceived a message of hope for the third world. The message was development. As the ties of colonialism dissolved into nationalism and sovereignty, as emerging economies began to face the challenge of providing for the needs of all, the United States led the developed world into new patterns of response. We pushed to expand the Bretton Woods institutions as delivery mechanisms of economic assistance; we pressed other developed countries to undertake their own programs of bilateral economic development; we responded promptly to relieve suffering of those affected by disasters.

The United States successfully led the international effort to professionalize the development assistance efforts of the international institutions and of all other assistance donors. We contributed to donor efforts to ensure that poor people in developing countries participated in economic growth; we led donors in ensuring that assistance programs met standards for environmental soundness; and we maintained a concern for high quality standards in the delivery of assistance by all donors.

Our economic assistance programs have achieved many notable successes. Years of experience in assisting people of developing countries and their governments to achieve in decades what the West achieved over hundreds of years have paid off. The example of Korea and Taiwan in the 1960s and 1970s became Thailand and Mauritius in the 1980s. Hungary, Botswana, Costa Rica, Tunisia, and Indonesia are poised to join their ranks in the 1990s. New technologies were developed and made applicable and transferred to developing countries to increase agricultural production, reduce infant mortality, and address discrete basic human needs. Were all our programs unqualified successes? They were not, nor could they be expected to be. But out of our experience has come an understanding of some very basic lessons that dictate, in good measure, whether our efforts to achieve self-sustaining economic development will prove successful:

- Development is an integrated process involving progress in many different sectors, each reinforcing

and contributing to the other. In addition to immunization, a child also needs an education and adequate nutrition that will allow him or her the opportunity to participate fruitfully in economic and political life. We can only claim that sustainable development is occurring if the economy is creating sufficient jobs to permit parents to sustain their families.

- Development is a participatory process. The more people are actively involved in development programs, the greater their stake in the outcome, and the more likely the programs will succeed. Failure to support and encourage popular participation in economic and political decision-making makes it highly unlikely that long-term development efforts will succeed. One has only to look at the resources invested in Somalia to understand the futility of trying to build a development superstructure on top of a stagnant political order. And one only has to look at the cost of the current U.S. relief effort in Somalia to see how high is the price of failure. We can no longer afford to invest in countries that are not committed to helping themselves -- and a first step in building genuine commitment is to ensure adequate participation.
- Development requires active cooperation and close coordination with other assistance agencies. By itself, U.S. assistance is not enough to make an enduring difference. We must work closely with other donors and leverage their participation in development programs. In an era of scarce U.S. resources, this country cannot afford always to assume the major burden of donor assistance.

The Cold War, the driving force for international economic assistance, is over and the operating rules governing the provision of assistance have changed. The Cold War created an environment for A.I.D. in which it had to deal with conflicting priorities, often times priorities in conflict with the need to focus upon long-term participatory development. Expansion of local efforts and performance requirements often became

secondary considerations. The end of the Cold War provides the United States and other donor nations with an existing opportunity to change that working environment. As international relations enter a new era, A.I.D. will be able to focus its resources on development requirements as part of a coordinated effort to address the challenges of the 1990s and beyond.

Secretary of State Christopher has described the following as the framework for today's foreign policy:

- **First, to promote democracy, human rights and free markets.** No goal could be truer to the fundamental values of the American people, and nothing could be more pragmatic. Democracies are more likely to be reliable partners in trade, arms accord and environmental protection, and to join with us in common efforts to counter aggression. The protection and promotion of human rights and fundamental freedoms is the first responsibility of democratic government, the mainspring of economic dynamism and an essential safeguard against the abuse of power. Putting people first by expanding political and economic freedom, is a strategic element of America's national security policy -- and is central to the mission of A.I.D.
- **Second, to elevate United States economic growth** as a primary foreign policy goal. In an increasingly economically interdependent world, the fortunes of Americans will depend largely on their ability to compete and trade in the context of a global economy. Promoting broad based economic growth and an open and expanding international economy will contribute directly to the growth of our own economy, creating jobs for American workers and markets for American goods and services.

Developing countries have played an increasing role as markets for U.S. exports. Between 1986 and 1991, United States exports to developing countries increased by 108 percent (from \$71 billion to \$148 billion), while exports to developed countries increased by only 73 percent (from \$150 billion to \$260 billion). Within the developing world, U.S. exports expanded much more rapidly to countries making progress in economic policy terms than to others. Between 1985 and 1991, American exports to A.I.D.-assisted countries classified as "policy reformers" increased by 126 percent, compared with

46 percent for non-reformers. By the year 2000 approximately 80 percent of the world's population will live in developing countries. These countries offer both new challenges and new opportunities for U.S. interests, including our own economic well-being.

- **Third, to address threats to United States security.** The communist threat has lifted. But in its place, new dangers have arisen, including regional instabilities, ethnic antagonisms and arms proliferation. As societies make social, political and economic progress, these threats will be diminished. Promoting sustainable development should be a key part of our preventative diplomacy to counteract these security concerns. It increases the capacity and willingness of developing countries to join as cooperative and effective partners in finding enduring solutions to common problems.

Social, political and economic progress also help overcome other new kinds of security threats, such as environmental degradation and global population. Efforts to preserve the rainforests and their biodiversity, without taking into account the income-earning alternatives of the people living in and around those forests, will neither protect the rainforests nor improve living standards. Sustainable development and the resolution of global problems are, thus, complementary and mutually reinforcing.

ACHIEVING SUSTAINABLE DEVELOPMENT

A.I.D. has a unique role to play within this foreign policy framework. Through its strategic planning, integration of development disciplines and participatory programs, A.I.D. can help achieve sustainable economic development.

Sustainable development has been defined in a variety of ways. The United Nations, terming it "human development," defines it as a participatory process aimed at enlarging the range of choices available to people--increasing their opportunities for education, health care, income, employment, and the full range of human choices, from a sound physical environment to economic and political freedoms. It is concerned both with

developing human capabilities and with helping to ensure that those capabilities are used productively.

Support for sustainable development links many separate U.S. Government programs and orients them toward the resolution of global issues and achievement of United States interests in the post-Cold War world.

Sustainable development is characterized by:

- increased freedom in democratic political systems grounded in the rule of law, respect for human rights, accountable government and public institutions, and popular participation, regardless of gender, race or ethnic background;
- growing incomes and productive employment for all citizens, fueled by market economies which expand their opportunities and make them increasingly active and sophisticated consumers in the world marketplace;
- sustained progress in caring for the environment, the prudent management of natural resources and environmentally sound agriculture and manufacturing practices;
- steadily declining population growth rates consistent with sustainable use of natural resources and economic growth;
- sustained progress in reducing infant and child mortality, extending life expectancy, and attacking preventable causes of death; and
- steadily increasing literacy, and expanding educational opportunities for girls and boys alike.

Sustainable development is necessarily a long-term and integrated process. Typically, the poor in developing countries are of large families living on marginal lands in rural areas. Recently, such families have increasingly moved to urban centers in search of new opportunities. Wherever located, they often have little or no education or access to modern health care. Their children frequently die young, and those that survive are likely to receive inadequate nutrition. Armed for the most part only with traditional skills, they have limited opportunities for employment. A complex web of institutional capacities, embracing both the public and private sector, are required to address their needs and

promote greater opportunities.

Interventions driven by a single objective or focused on a single sector will not provide the basis for sustained development. Large-scale capital projects in urban centers may provide immediate business opportunities for donor firms, but they may also encourage capital-intensive industries which create only a few jobs for the relatively privileged. While infrastructure is critically important to development, growth in a capital-intensive industrial sector is frequently sustained by policies that subsidize power, equipment and other inputs, creating inefficient and uncompetitive firms. In many cases, these subsidies are facilitated by donor programs or are possible because of policies that work to the disadvantage of rural areas. In either case, such strategies benefit a few local businesses and a relatively small number of urban laborers, but leave most of the poor untouched. As a result, the gap between urban and rural areas widens, sometimes even creating the basis for political unrest.

Similarly, child immunization programs may achieve their targets, but if not integrated with other efforts, they are likely to leave children in the same unsanitary home environments. Immunization protects against some of the acute diseases of infancy, such as measles, but other critical threats remain, such as malnutrition, malaria, diarrhea and chronic respiratory diseases. Left with the same meager resources and skills, the immunized child still faces severely limited choices and is not in a position to forge new opportunities. Little is gained by a successful immunization program in the context of a collapsing economy. Much has been gained, however, if the immunized child is educated and can find employment in an expanding economy.

Family planning programs encounter the same limitations. Poor families, with few options, necessarily regard a large family labor pool as their primary resource. Given limited long-term prospects in their maturity, and no institutional safety net in their old age, parents need large families. With many children, the family can seek to diversify its income and accumulate wealth. Some can work on the farm, others can seek casual labor in nearby towns and cities, and perhaps this will generate enough income to allow some to be educated. In a world of limited choices and few opportunities, large families are a major asset, and a sensible survival strategy is to have many children. A targeted family planning program alone may hold little appeal to the poor in the absence of programs to preserve the

health of existing children, increase access to education, and offer a real chance of improving family incomes.

In addition, targeted assistance programs frequently fail to build the indigenous skills and institutional capacities to continue systems for assisting the poor. They may successfully immunize one generation, but without creating strengthened institutions, they are unable to reach successive generations of children.

THE CHALLENGE

The problems are daunting. The challenge they represent must be met if for no other reason than our own economic and physical well-being demand it. And now with the end of the Cold War our resources can be turned to helping those countries and people who want to help themselves grow and prosper in a world of increasing interdependence and mutual cooperation. The challenge for A.I.D. and the Congress is to proceed with a performance-based reorientation of our economic assistance programs. This process has already begun.

In the middle of the Cold War, another President reflected on why we should be providing foreign assistance. Ironically, his answer then is equally appropriate today:

"The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations--our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy--and our political obligations as the single largest counter to the adversaries of freedom.

"To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it."

**-- President John F. Kennedy
Transmittal message to the Congress
of the Foreign Assistance Act of 1961**

A.I.D. PROGRAM SUMMARY

The summary which follows is intended to begin an intense period of dialogue with the Congress and with the American people about the future of foreign assistance.

A.I.D.'s principal expertise is in mounting and administering programs and activities whose results promote and support sustainable development in recipient countries. The Agency also administers substantial programs of humanitarian assistance, including disaster assistance, essential to meet the basic needs of recipients in situations where the climate for sustainable development does not currently exist.

Within the unifying theme of sustainable development, the programs A.I.D. administers around the world serve the broad objectives described below through activities in a variety of sectoral areas. For example, although the overall objective of the programs in the New Independent States (NIS) of the former Soviet Union is to assist the transition to democracy, specific projects within that program will be carried out in such sectors as energy, health and the environment. Similarly, while a major objective of A.I.D.'s program in Egypt is to support the Middle East peace process, activities in that country are carried out in sectors as diverse as economic policy reform, family planning and physical infrastructure.

A.I.D. administers programs whose principal objectives are:

PROMOTING SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT

Promoting sustainable economic growth and development through programs stressing human capital development, building markets and income opportunities, expanding science and technology and building institutions is a first objective. Programs supporting this objective will receive \$1.289 billion in FY 1993; \$1.066 billion is requested for FY 1994. Specific program emphases include:

EDUCATION AND TRAINING

Education investments strongly support sustainable development objectives. Investments in education produce high economic returns; they correlate favorably with outcomes in health, population growth and social well-being; and there is a positive relationship between education and a democratic society.

A large body of evidence from many countries demonstrates a direct link between education and increased incomes. The opportunities and life choices that a literate, numerate population can exercise far exceed those of their uneducated neighbors. Typically, investments in basic education for girls yields returns of over 20 percent, a higher rate of return than most other investments in developing nations. Apart from direct benefits from education investments, particularly in basic education, indirect benefits are significant for improving human welfare. Better educated women have fewer children. Those children born to an educated mother have a much better chance of survival and better health, and the effects of improved education are cumulative over generations. Finally, a common, universal system of education is necessary for a democratic society to function properly.

Many developing countries, especially the poorest, have under-invested in education and those resources that are invested are often misdirected. A.I.D. is directly supporting basic education activities through bilateral assistance in 24 countries.

ECONOMIC GROWTH AND POVERTY ALLEVIATION

Improved agriculture and elimination of barriers to private sector growth are major factors in achieving income and employment growth and poverty reduction, particularly in low-income countries. These programmatic areas support sustainable development and include extensive efforts in policy reform; agricultural and business development and marketing; agricultural research and extension; rural infrastructure; food aid

which is used in association with self-help measures; and other investments.

The link between agricultural development and environmental concerns is critical. Many agricultural programs also improve natural resource management. Recent breakthroughs in pest-resistant crops and livestock, soil nutrient management under rainfed conditions and multi-crop systems are threatened by continuing population and economic pressures on the natural resource base. Further advances depend on infrastructure, research and extension investments, improved natural resource management, development of the private sector agribusiness community, supportive economic policies and programs which focus on vulnerable groups instead of across-the-board food subsidies.

A.I.D. will continue funding programs such as the Collaborative Research Support Programs and the Consultative Group in International Agricultural Research. Food production increases for one-half billion people are attributed to these programs.

SUPPORTING THE TRANSITION TO DEMOCRACY

Supporting the transition to democracy and market economies and the firm rooting of democratic institutions in recipient countries is a second major objective. In FY 1993, programs in this category will total \$911 million, and \$1.280 billion is requested for FY 1994, with the increase allocated for the countries of the former Soviet Union.

In most developing societies, the character of social, economic and political institutions and values strongly influences sustained, broad based economic growth and expanded individual opportunity. The development of appropriate political institutions supports sustained economic and social development. History has demonstrated that economic and social development is retarded by violent civil conflict and arbitrary or unresponsive government. Democracy in itself does not guarantee that these problems will be successfully overcome. Nonetheless, democratic institutions and a strong democratic political culture can be highly supportive of efforts to address development problems and establish the basis for sustained economic growth and development.

Democracy is a theme that influences foreign

assistance at all levels. The state of democracy and its institutions shapes our diplomatic dialogue and aid allocations, influences the economic sectors we may support, and may lead to discrete projects to support democratization goals. In the case of the New Independent States and Central and Eastern Europe, fostering lasting democratic institutions and societies is so important to our national interests that sustaining democracy is the basic objective of all of our programs in those countries. In other areas of the world, democratization programs are integral to U.S. assistance objectives.

A.I.D. objectives are to establish enduring political practices, institutions and values which mobilize participation, channel political competition, respect basic human rights and promote open, lawful and accountable governance.

RESOLVING GLOBAL PROBLEMS

Resolving global problems of population growth, environmental degradation, AIDS and narcotics production and trafficking is a third objective; A.I.D. will administer \$950 million of programs in this category in FY 1993. An increase of \$100 million for population activities and \$35 million for the environment, coupled with decreases in other areas, results in a net increase of \$16 million in the FY 1994 request for a total of \$966 million.

POPULATION GROWTH

Rapid population growth in developing countries seriously threatens their prospects for sustained economic development. The population growth rate for developing countries, which comprise about 80 percent of the world's population, is four times that of developed countries. At current rates, the population of the developing world will double in approximately 34 years, placing enormous strains on limited health, education and other resources available to these countries. High population growth rates also contribute to environmental degradation and serious shortages of food, shelter and other basic necessities of life. Moreover, women who bear children at the very beginning or the very end of their childbearing years, or very close together, face increased risk of illness and death, as do their children.

Over 100 million married women of childbearing age (excluding China) who want to postpone their next child, or who already have as many children as they want, still lack access to family planning. Since 1965, A.I.D. has led the international population effort through its strong field presence, focus on service provision and technical leadership. More than 40 percent of donor population funding is provided by A.I.D. in over 80 countries through more than 40 bilateral population programs and through the efforts of U.S. non-governmental organizations (NGOs) supported by A.I.D. Approximately 75 percent of all donor-provided contraceptives are supplied by A.I.D. Our population program has three objectives: encouraging a balance between rates of population growth and available resources; improving the survival and health of mothers and children; and safeguarding the rights of couples to choose.

A.I.D. also addresses fertility reduction through a variety of initiatives aimed at increasing income and educational levels, particularly of women, both of which are highly correlated with declines in fertility. Social and economic progress in many countries has resulted in increased educational and employment opportunities. With greater income and education, as well as increased access to contraception through our programs, families have chosen to space their children differently or limit the size of their families. Education and improved access have resulted in declines in fertility rates.

ENVIRONMENTAL SUSTAINABILITY

Integrating environmental concerns into a sustainable development framework is a fundamental and central component of A.I.D.'s economic assistance programs. It is an issue of global concern that affects everyone on the planet. Environmentally sustainable development is basic both to the long-term economic and social development of an assisted country and to the well-being of every American. Global environmental problems arise from local environmental degradation. A.I.D.'s experience from almost two decades of work on integrating environment and development places it in a unique position to draw from its own expertise and broader U.S. know-how and technology for the benefit of both the assisted countries and the United States.

A.I.D. integrates environmental concerns across development sectors. Environmental activities are included in programs such as trade and investment,

agriculture, health, and education, as well as in purely environmental projects. The Agency also ensures that all of its programs are environmentally sound through environmental impact analyses. The A.I.D. environmental strategy addresses five issues of global importance: loss of tropical forests and other critical habitats for biological diversity; unsustainable agricultural practices; environmentally unsound energy production and use; urban and industrial pollution; and degradation of water and coastal resources.

ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS)

Unknown less than 15 years ago, the human immunodeficiency virus (HIV) has infected an estimated 12 million people. As many as 40 million infections are expected by the year 2000; many of those infected will die of AIDS within ten years of contracting the virus. HIV/AIDS is not only a massive public health challenge, it is also a potential threat to the economic growth and social stability many nations are struggling to achieve. Developing nations, least able to withstand the devastating effects of the disease, have been the hardest hit.

Since 1986, A.I.D. has been providing assistance in over 70 countries in the control and prevention of HIV/AIDS in two ways: by supporting and coordinating with the World Health Organization's Global Program on AIDS; and by providing bilateral assistance to countries with high and growing rates of HIV infection that contribute to addressing the larger global problem. A.I.D. has researched and launched numerous interventions and developed mechanisms to measure their effect. We have distributed millions of condoms to slow the spread of the disease -- more than 500 million in Africa alone.

ADDRESSING HUMANITARIAN CONCERNS

Addressing humanitarian concerns through programs to ensure child survival and to mitigate effects of natural and manmade disasters is also a major objective. A total of \$399 million is available in this category in FY 1993; \$406 million is requested for FY 1994.

CHILD SURVIVAL

Sustainable development is highly dependent on the health, education and productivity of future generations. The focus of A.I.D.'s health program is on developing a sustained capacity in each country to effectively provide oral rehydration therapy (ORT), immunizations and other important child survival interventions in nutrition and birth spacing to their vulnerable populations. Because the A.I.D. Child Survival Strategy emphasizes direct investments to reduce infant mortality rates in the context of sustainable development, funding is shown under Humanitarian Assistance.

Initiatives aimed at promoting health, nutrition and child survival directly support efforts for broader sustainable social and economic development. Healthy children learn better and become more productive citizens. As more children survive, parents have fewer children and the result is smaller, healthier families. The United States benefits directly and indirectly from investments in child survival in developing countries. For example, A.I.D. provided substantial funding for the eradication of smallpox from 1967 to 1977. As a result, the United States saves approximately \$150 million annually by not needing to vaccinate its own population or conduct border checks.

A.I.D. has made significant progress delivering cost-effective health care to meet these global health challenges, but that progress remains fragile and needs to be sustained and expanded. To complement known technologies, investments in technology development and research are being made to address emerging health problems that reduce human productivity and well-being. A.I.D. will continue to focus on broad delivery of proven interventions to improve child health but will give increased attention to the institutions, policy reform and financial base needed to sustain these programs over the long term.

DISASTER ASSISTANCE

The FY 1993 appropriation was a sizable increase over prior year appropriations for disaster assistance, reflecting the reality of pressing emergency demands, particularly in the Horn of Africa and other sub-Saharan areas. We project a need to maintain a sufficient level of disaster funding to respond to continued relief for Somalia, Sudan and other parts of Africa, the Balkans, and other disasters in conflict-prone regions of the world

in FY 1994, as well as to support targeted disaster prevention, mitigation and preparedness activities.

A.I.D. led a rapid and substantial international effort to respond to the southern Africa drought emergency in early 1992 which resulted in prevention of mass famine in the ten country region and in negligible loss of life. At the same time, A.I.D. has operated, since March 1991, a relief program for Somalia and has worked closely with the United States military in its efforts after December 1991 to provide security for relief deliveries. Starvation deaths were dramatically reduced by early 1993. A.I.D. has continued providing relief to Sudanese suffering from prolonged civil war, drought and human rights violations by all parties to the conflict, despite limitations on access to affected populations and security in areas of relief operations. A.I.D. also participates in the international relief efforts in the former Yugoslavia, and is developing contingency plans for relief to the inaccessible areas of eastern Bosnia-Herzegovina if peace agreements are reached.

SUPPORTING THE MIDDLE EAST PEACE PROCESS

Supporting the Middle East peace process and other peacemaking and peacekeeping programs through programs of sustainable development and humanitarian assistance in such areas as policy reform, private sector development, health and family planning, water resources and democratization is also a major A.I.D. objective. In FY 1993, \$2.253 billion in A.I.D.-administered funds is available, with \$2.247 billion requested for FY 1994.

OPERATING EXPENSES

In addition, \$552 million is requested in FY 1994 for operating expenses of A.I.D. and its Inspector General, the same levels appropriated in FY 1993.

FISCAL YEAR 1994 BUDGET REQUEST

To carry out programs designed to meet these objectives, the President is requesting \$6.626 billion for A.I.D.-managed programs in FY 1994. Within this request is a substantial increase in humanitarian and technical assistance to the New Independent States of the former Soviet Union -- our highest foreign policy priority -- as well as enhanced development assistance funding for population, the environment and democracy programs. The request also maintains a sufficient level of humanitarian assistance to respond to human tragedy and reversal of development caused by deprivation and by natural and man-made disasters.

By the end of FY 1994, our foreign assistance strategy will have been reviewed and revised. Our assistance institutions will have been revamped to meet the challenges of the post-Cold War world and our budget estimates will have been adjusted to reflect the needs of the new strategy and the costs of achieving its objectives. Because such a program involves substantial uncertainty, this budget request must be considered as an initial statement of requirements. It is designed to meet ongoing commitments, to provide adequate resources for the highest priority programs which contribute to sustainable development objectives and to maintain essential operating capacity while forcing substantial change in assistance delivery institutions.

The FY 1994 request of \$6.626 billion compares to an FY 1993 appropriation of \$6.537 billion. The request includes funding for Development Assistance (DA), the Economic Support Fund (ESF) and the Special Assistance Initiative (SAI), as well as Humanitarian and Technical Assistance funds for the New Independent States (former republics of the Soviet Union). The request excludes P.L. 480 Titles II and III resources, which are appropriated in the Agriculture Act, but administered by A.I.D. The funding request by account follows.

DEVELOPMENT ASSISTANCE

The FY 1994 funds will finance programs designed

to achieve measurable results in key areas that will contribute to overall sustainable development. For Development Assistance (DA), the FY 1994 request totals \$2.891 billion, compared to \$2.991 billion appropriated for FY 1993. Development Assistance includes funding for Development Programs, the Development Fund for Africa, International Disaster Assistance, and the Housing Guaranty Program. The above totals also include Operating Expenses, as well as the Foreign Service Retirement and Disability Fund, which are discussed under the **Management** section on page 15.

DEVELOPMENT PROGRAMS

A.I.D.'s FY 1994 request for Development Programs totals \$1.321 billion, of which \$400 million is for population assistance. This compares to FY 1993 appropriations for the Development Assistance Fund and Population assistance totaling \$1.387 billion.

The request includes funds for bilateral and regional development assistance programs in Latin America, Asia and the Near East as well as centrally funded programs in support of expanded capacity in research and development, and support for private voluntary and cooperative development organizations.

DEVELOPMENT FUND FOR AFRICA

The FY 1994 request includes \$800 million for the Development Fund for Africa (DFA), the same as the FY 1993 appropriation.

A.I.D.'s integrated approach, emphasizing equitable and sustainable growth and poverty alleviation, is embodied in the legislation and legislative history of the Development Fund for Africa. The fundamental objective of Congress in establishing the DFA was to alleviate poverty through economic growth that is participatory, sustainable and equitable. Sustainable development of Africa requires an integrated approach built on increasing incomes of the poor majority, as well as improving their health, nutrition, and education. Attention to population and natural resource management ensures that economic growth is sustainable, and

assistance for better democratic governance helps broaden the benefits of development.

INTERNATIONAL DISASTER ASSISTANCE

A.I.D. requests \$148.965 million of International Disaster Assistance funding to provide relief and rehabilitation in response to worldwide needs. This amount represents straight-lining of the consolidated FY 1993 appropriations of \$48.965 million for worldwide disaster assistance and the separate \$100 million appropriation specifically for sub-Saharan Africa disaster assistance. The Administration requests that this amount be available worldwide.

HOUSING GUARANTY PROGRAM

For FY 1994, A.I.D. estimates that \$110 million in housing guaranties will be authorized from the FY 1994 subsidy budget authority, compared to \$110 million in loan principal estimated to be obligated in FY 1993 subsidy budget authority. We estimate a need for \$16.407 million in budget authority for loan subsidy costs, and \$8.407 million in administrative costs, under the terms of the Credit Reform Act, the same levels as appropriated for these purposes in FY 1993. Use of permanent appropriation authority to pay claims costs for programs administered before credit reform is estimated at \$47.7 million in FY 1994.

SPECIAL ASSISTANCE INITIATIVES

The Special Assistance Initiatives (SAI) program first requested in FY 1990 provides funding for the U.S. contribution to the Philippines Multilateral Assistance Initiative (MAI) and for support of the democratic evolution in Eastern Europe.

For FY 1994, A.I.D. is requesting a total of \$448.951 million -- \$40 million for the MAI and \$408.951 million for Eastern Europe. The FY 1993 appropriation included \$40 million for the MAI and \$400 million for Eastern Europe.

CENTRAL AND EASTERN EUROPE

As noted above, the need for continued support for the transition to democracy and market economies in

this region remains a key foreign assistance priority for FY 1994. Environmental degradation continues to undermine the quality of life in the region, and economic adjustments continue to place increasing numbers of people in need of social assistance. Finally, the Yugoslav war and related sanctions are creating suffering, not only in the former republics of Yugoslavia, but also in neighboring countries.

U.S. assistance to date has played an important part in the transitions taking place. In the Czech Republic, for example, U.S.-financed investment advisors have helped the government garner \$1.5 billion in U.S. investment commitments over the past year. In Poland, the Polish-American Enterprise Fund and other programs have facilitated the rapid growth of the private sector, which now accounts for over one-half of Poland's gross domestic product. Assistance to democratic parties in Albania helped them level the playing field for the March 1992 elections. Fertilizer shipped to Albania both increased yields, thus reducing needed food imports, and helped develop a network of private agricultural input dealers.

The \$408.951 million SAI request for Eastern Europe for FY 1994 will be used principally for democratic strengthening, economic restructuring, and quality of life activities.

MULTILATERAL ASSISTANCE INITIATIVE FOR THE PHILIPPINES

The \$40 million requested for the FY 1994 U.S. contribution to the multi-donor Multilateral Assistance Initiative for the Philippines will permit continued support for economic and policy reform objectives aimed at stimulating market-based growth and supporting infrastructure growth.

HUMANITARIAN AND TECHNICAL AID TO THE NEW INDEPENDENT STATES (FORMER SOVIET UNION)

For FY 1994, \$703.820 million is requested for humanitarian and technical assistance for the New Independent States. The FY 1993 appropriation was \$417 million.

Two revolutions have shaken the former Soviet Union: the political-military collapse of the Russian

empire, and the economic and administrative collapse of the communist regimes. These revolutions present enormous political and economic challenges to the successor governments. They also open an extraordinary opportunity to assist the emergence of democratic, market-based societies prepared to be constructive partners in confronting global problems. A.I.D. will continue to develop joint programs in technical assistance and training with the NIS which work toward sustainable development and address the most pressing needs in the areas in which the United States has a strong interest and a comparative advantage.

CROSS-CUTTING INITIATIVES

- **Economic Restructuring.** A.I.D. will continue to help NIS countries implement policies needed to create financial stability. Technical assistance in fiscal and financial sector reform is improving tax administration and developing comprehensive economic policy reform; training of bankers will be expanded to help develop financial and monetary payment systems necessary for market economies.
- **Private Sector Development.** Structural priorities include ending massive subsidies to state enterprises, converting defense industry to civilian purposes, promoting small businesses to empower a middle class and provide employment, and supporting agribusiness development. A.I.D.'s technical assistance has supported a major privatization program in Russia. In policy development, experts are reinforcing NIS privatization strategies, supporting development of securities and commodity exchanges, and of legal and regulatory systems important to market economies. Small business development will be promoted through business centers and training. U.S. agribusiness associations will work with NIS partners to support private agribusiness and increase food production.
- **Democratic Institution Building.** A.I.D. is helping NIS governments transform their legal frameworks to systems based upon the rule of law, free and fair elections, an independent media and competent local governments. Training and technical assistance are being provided in political party development, training of lawyers and judges, drafting of laws and constitutions, and improved management

and administrative skills for local government officials. Independent media centers will improve access to information and modern technology for print, radio and television journalists.

SECTOR INITIATIVES

- **Energy.** Dramatic improvements are needed in the efficiency of production and consumption, energy sector policies, and in the operational safety of nuclear power plants. Needed improvements in fire and operational safety procedures have been identified at nuclear power plants in Ukraine and Russia; and, through the Nuclear Regulatory Commission and Department of Energy, advisers will improve emergency response capabilities, operational controls and regulatory systems. New technologies will promote more efficient gas, oil and coal production and delivery systems. Ongoing pricing, policy and institutional reform helps develop market-driven approaches to supply and demand.
- **Environment.** Through policy dialogue, as well as partnerships between local and U.S. non-governmental organizations and business, A.I.D. is seeking to promote price-sensitive use of natural resources and to enhance environmental quality. A joint U.S.-World Bank review of environmental policy reform and investment priorities in Russia will facilitate a planned \$200 million World Bank environmental loan. Advisors are developing recommendations to reduce constraints to privatization from environmental liabilities, and experts are assisting economic, environmental and natural resources ministries and legislatures to improve environmental management.
- **Housing.** A.I.D. is providing critical technical assistance to help create a private market for housing. With A.I.D.'s assistance, local governments in Russia and Kazakhstan are reducing housing subsidies while developing targeted support programs for the needy. U.S.-funded pilot projects for privatized management and maintenance of public housing are under way in Russia, and a demonstration project for a private mortgage banking system in Russia is planned. Placement of advisers in additional municipalities in the NIS will expand current efforts to develop market-based rent

and utility pricing and privatization of management and construction. An officer resettlement initiative will facilitate the resettlement of Russian officers returning to Russia.

- **Health.** The NIS needs modern medical technology, restoration of its pharmaceutical production capacity, population assistance and rationalization of health care financing. Vaccine production facilities are being improved through training and technical assistance from the Food and Drug Administration. Private U.S. manufacturers are reviewing vaccine facilities for potential investment. Twenty hospital partnerships between U.S. and NIS health care institutions are improving clinical programs and management systems. Expanded efforts are planned to improve health financing systems and to develop a women's health initiative, with a focus on family planning.
- **Emergency and Humanitarian Assistance.** The living standards of the peoples of the NIS have plummeted rapidly and will improve only gradually. However, ensuring protection of those groups which are the hardest hit by economic contraction, political instability, and fraying basic social services is in our political and humanitarian interest. While continuing to respond to emergency supply needs, 2A.I.D. will increase its emphasis on building NIS early warning systems and emergency response capabilities through indigenous humanitarian organizations and local governments.
- **Exchanges and Training.** A.I.D.'s programs offer NIS citizens the opportunity for exposure to U.S. culture, business systems, management principles, free-market economics and democratic principles, as well as training for specific skill needs. Networks of U.S. business groups, nongovernmental organizations and NIS counterparts are exchanging information and visits. An expanded exchange and training project will bring several thousand NIS citizens to the United States for a wide range of activities such as secondary school exchanges, sister universities, academic training, short- and long-term technical training, and private sector linkages.

ECONOMIC SUPPORT FUND

The FY 1994 request level for the Economic Support Fund (ESF) is \$2.582 billion compared to the FY 1993 appropriated level of \$2.670 billion (excluding the separate appropriation of \$19.704 million for the International Fund for Ireland).

ESF is allocated for a number of purposes: base rights or access rights agreements and other broader foreign policy concerns, such as peacekeeping and support for democratization. A.I.D. manages ESF under the foreign policy guidance of the State Department and, to the maximum extent feasible, the use of ESF conforms to the basic policy directions underlying development assistance. ESF finances commodity import programs and balance of payments and economic stabilization programs, the latter frequently in a multi-donor context. Major ESF programs continue in Israel, Egypt, Central America and Turkey. ESF assistance to Latin America has supported growth-oriented policies in Costa Rica, El Salvador, Honduras and Nicaragua and funds for the Andean Counterdrug Initiative.

Much of ESF is projectized within the framework of sustainable development where stronger links to policy performance are beginning to pay some dividends in countries such as Egypt. Some ESF for Latin America, Eastern Europe, the New Independent States and Asia also supports sustainable development objectives. Projects in support of our democracy program have been closely coordinated with the State Department, resulting in successful efforts to achieve democratic objectives within an overall framework of sustainable development.

P.L. 480 - FOOD FOR PEACE

As noted earlier, although Titles II and III of the P.L. 480 Food for Peace program is administered by the Agency, funding is appropriated under the Agriculture Act and, therefore, is not included in the A.I.D. program request.

Food assistance responds to an immediate critical need, is a valuable and major component of A.I.D. resources directed toward sustainable development, and

helps the U.S. economy through export of U.S. agricultural products to countries who will become greater trading partners. Under the FY 1990 revision of the Agricultural Development and Trade Act, A.I.D. is charged with implementing the revised Title II and Title III grant Food for Peace programs which are directed toward achieving food security. In addition, A.I.D. supports: (a) the Farmer-to-Farmer program, a people-to-people technical assistance program implemented through private voluntary organizations (PVOs) and cooperative development organizations to bring American farming and agribusiness expertise to NIS and other farmers around the world; and (b) a program to provide cash support to PVOs and cooperatives for food assistance-related activities. A.I.D. chairs the Food Aid Consultative Group with PVO participation.

Title II provides grant food aid for emergency programs, for regular programs sponsored by PVOs and for the World Food Program (WFP). The United States provided over 750,000 metric tons of Title II for emergencies in 1992 and over 1.2 million metric tons for

regular programs through PVOs and the WFP. Budget authority requested for Title II in FY 1994 is \$831.870 million, an increase of almost \$22 million over the FY 1993 appropriation level of \$810 million.

The **Title III** grant program entails planning, resource allocation and implementation processes much like those for other multi-year, A.I.D.- managed development programs. In accordance with the Agricultural Act, these programs must contribute to improved food security. A.I.D. also seeks to integrate Title III programs into A.I.D. country strategies and to measure developmental results. Under this program food assistance is provided through governments of least developed countries which meet specific eligibility criteria established in the FY 1990 legislation. The FY 1994 budget authority request is \$283.594 million, which includes both commodity and transport costs; the FY 1993 appropriation was \$335.594 million.

MANAGEMENT

A.I.D. is being challenged to deal with countries at more diverse levels of economic and political development, during a time of exceptional upheaval following the end of the Cold War. At the same time, our management of those programs is under greater scrutiny than ever. Recent hard-hitting reviews by the General Accounting Office (GAO), the President's Commission for the Management of Foreign Aid, and a joint A.I.D./Office of Management and Budget (OMB) SWAT Team have identified critical management problems that A.I.D. must correct. We have undertaken substantial reforms over the last two years aimed at improved management systems and a more results-oriented Agency. These reform efforts have focused on improving financial management, management information systems and human resources development. The Agency's intent is to incorporate these initial improvement efforts into a broader program of management excellence, which assures greater efficiency and effectiveness in all our operations while maintaining appropriate accountability of public funds.

In addition, A.I.D. has enhanced the analytical rigor of central program evaluations, increased the number of evaluations conducted and, increasingly, focused on assessing operations and management systems. Through PRISM (Program Performance Information for Strategic Management), A.I.D.'s Center for Development Information and Evaluation is supporting Agency-wide efforts to monitor and report on program performance and to use program performance information in decision-making.

Some A.I.D. investments have produced results that are truly impressive. For example, it is now clear that A.I.D.'s child survival program has had considerable success in expanding the coverage of basic maternal and child health care services and in contributing to declines in infant and child mortality. Similarly, it is clear that A.I.D.'s economic policy reform programs in Africa in the late 1980s have had very positive impacts in the short term. The removal of government controls on prices and markets, the elimination of public subsidies and industrial protection, and the elimination of monopolies by state-owned enterprises have all had positive

impacts on prices, competition, and economic efficiency.

While it is also true that not all A.I.D. programs have been equally successful, the Agency is much better positioned today to identify those areas where programs are failing and to make needed adjustments. The continuing management challenge we face as an Agency is to identify, as quickly as possible, those programs that are not achieving desired results and to redirect resources to a narrower range of program areas where the prospects for higher returns have been demonstrated.

OPERATING EXPENSES

Operating Expenses (OE) cover salaries and other support costs of A.I.D. operations in Washington and at overseas locations. The OE request for FY 1994 at \$512 million is the same level as was appropriated for FY 1993. Total resources available to the Agency for FY 1994 operating costs will decline from the FY 1993 appropriated level because of the loss of program funds for OE authorities and reduced availabilities of local currency trust funds. A.I.D. will need to adopt immediate and substantial changes in the way it operates, including reductions in both direct-hire and non-direct-hire workforce levels in Washington and overseas. A.I.D. is facing a complex and challenging task over the next few years, adjusting to new program priorities to meet the post-Cold War realities, addressing accountability and management issues and, at the same time, reducing the cost of operating the Agency. To accomplish this, A.I.D. will:

- cease doing some things that are now being done;
- do other things in different and less staff-intensive ways; and
- operate with fewer staff, both overseas and in Washington.

**FOREIGN SERVICE RETIREMENT AND
DISABILITY FUND**

The Foreign Service Retirement and Disability Fund, set at \$44.151 million for FY 1994, covers mandatory costs associated with the inclusion of A.I.D. career foreign service employees in the Fund, beginning in FY 1974. This is an increase of \$1.474 million over the FY 1993 level of \$42.677 million. An actuarial determination by the Department of the Treasury shows that the requested funding level will be required to amortize the unfunded liability in the system created by pay raises and benefit changes since FY 1974.

**INSPECTOR GENERAL
OPERATING EXPENSES**

These OE funds cover the cost of domestic and overseas operations of A.I.D.'s Inspector General. A.I.D. is requesting \$39.916 million for IG Operating Expenses in FY 1994, which is the same as the appropriation for FY 1993. These resources will sustain audit, security and investigation operations and support a worldwide workforce for the Office of the Inspector General.

EXPLANATION OF TABLES

OVERVIEW

The tables in this publication illustrate the foreign assistance budget request for FY 1994, which is a part of the President's Budget. The tables also include budget levels for FY 1992 and FY 1993 for comparison and, in Table 4, FY 1991.

A.I.D. administers certain bilateral assistance including Development Assistance (DA), the Development Fund for Africa (DFA), the Economic Support Fund (ESF), Special Assistance Initiatives (SAI), Humanitarian Aid to New Independent Republics (former Soviet Union), and Titles II and III of Food Assistance (P.L. 480). 1/ The tables show A.I.D. funding of the overall account summaries. There are differences between some of the tables because of the alternative budget concepts being represented.

Each table describes funding from one of several approaches. New budget authority refers to the funding level appropriated by Congress in a given year after certain legislatively mandated transfers or rescissions. For the actual results for the prior year, total budget authority (BA) refers to the new budget authority plus reappropriations (such as deobligations and reobligations) and transfers. The program level (or obligation level) is the same as the total BA plus obligations of funds carried forward from prior years less unobligated balances carried into subsequent years. Funds appropriated are not always obligated within the same year.

Figures for FY 1991 and FY 1992 on Table 4 are program or obligation levels. FY 1993 on Table 1 reflects actual appropriations. Otherwise, all other data represent total budget authority enacted.

Amounts indicated for FY 1994 represent proposed new budget authority on all tables.

1. A.I.D. is responsible for Titles II and III of P.L. 480. Title I is administered by the U.S. Department of Agriculture.

FY 1994 AUTHORIZATION AND BUDGET AUTHORITY REQUESTS AND PROPOSED PROGRAM COMPARED TO FY 1993 APPROPRIATIONS (TABLE 1)

Table 1 (page 19) compares the authorization request (which excludes two mandatory accounts), the budgetary authority request (which includes both mandatory and discretionary accounts), and the proposed program, which also includes reimbursements and carry-over funds under the Operating Expense account. These are compared to actual FY 1993 appropriations prior to transfers and rescissions.

INTERNATIONAL AFFAIRS BUDGET AUTHORITY TRACKER (TABLE 2)

Programs and activities within the International Affairs Function 150 Account fall under the jurisdiction of three appropriation subcommittees. Table 2 (page 20) shows the 150 Account subdivided according to subcommittee jurisdiction (Foreign Operations, Agriculture, and Commerce/Justice/State) for FY 1992, FY 1993, and FY 1994. There are also receipts and certain reconciling items such as trust funds which are outside the responsibility of the appropriation committees.

- **Foreign Operations** contains most of the programs under Subfunction 151 (International Development and Humanitarian Assistance), including the A.I.D.-administered Development Assistance, Special Assistance Initiative, and Humanitarian and Technical Assistance (HTA) programs and Subfunction 152 (International Security Assistance) including ESF. Other programs in the Foreign Operations classification include Multilateral Assistance and Export-Import Bank appropriations.

- The **Agriculture** portion of the 150 Account refers principally to the food assistance provided under P.L. 480 (Subfunction 151). A.I.D. is responsible for administration and implementation of Titles II and III.
- The **Commerce/Justice/State** portion of the budget reflects Department of State administrative operations (Subfunction 153), and the operations of the U.S. Information Agency (USIA) and other public information programs (Subfunction 154).

Table 2 shows total budget authority levels for FYs 1992 and 1993 and the request for FY 1994. The total for the 150 Account is the same as that indicated for Table 3.

**BUDGET FUNCTION 150 SUMMARY TABLE
(TABLE 3)**

The "150 Account" is the portion of the President's Budget which pertains to International Affairs. Table 3 (page 24) shows the budget authority for subfunctions of the 150 Account for FY 1992 and FY 1993, and the request for FY 1994. Subfunction 151, Foreign Economic and Financial Assistance, includes Multilateral and Bilateral Assistance for Development including P.L. 480 Food Assistance. Programs under subfunction 152, International Security Assistance, help countries of strategic importance to the United States through Military Assistance and Economic Support Funds (ESF). Subfunction 153, Conduct of Foreign Affairs, relates principally to the operations of the State Department. Subfunction 154, Foreign Information and Exchange Activities, pertains to the operations of the U.S. Information Agency and the Board for International Broadcasting, and other public information activities. Subfunction 155, International Financial Programs,

provides funding for Export-Import Bank and the Foreign Military Sales Trust Fund. The 150 Account is under the direction of the Secretary of State.

**A.I.D. PROGRAM TRENDS:
FISCAL YEARS 1991-FY 1994
(TABLE 4)**

Table 4 (page 25) compares DA and ESF obligations or program levels for FY 1991 through FY 1994. The program level varies from the new budget authority shown on other budget tables in any given year (see explanation in overview).

**MULTILATERAL DEVELOPMENT BANKS AND
INTERNATIONAL ORGANIZATION AND PROGRAMS
(TABLE 5)**

A.I.D. cooperates with the Department of State on the planning and monitoring of Multilateral Assistance. Table 5 (page 26) shows, for FY 1992 through FY 1994, actual and planned budget authority levels for the Multilateral Development Banks (MDB) and International Organizations and Programs (IO&P). Multilateral Assistance is included under Subfunction 151 on Table 3. The IO&P Account provides funding for voluntary contributions to International Organizations and Programs. These contributions are different from the assessed contributions to the United Nations which are included under Subfunction 153.

TABLE I

AGENCY FOR INTERNATIONAL DEVELOPMENT
FY 1994 AUTHORIZATION AND BUDGET AUTHORITY REQUESTS
AND FY 1994 PROPOSED PROGRAM
COMPARED TO FY 1993 APPROPRIATIONS
(in thousands of dollars)

	FY 1993 APPROPRIATION	FY 1994			PROPOSED A.I.D. PROGRAM
		FOR. ASSIST. AUTHORIZATION REQUEST	BUDGET AUTHORITY REQUEST	REIMBURSE- MENTS AND CARRYOVER	
Development Programs 1/ Population	1,037,480 350,000	1,321,480 --	1,321,480 --	-- --	1,321,480 --
Development Fund for Africa	800,000	800,000	800,000	--	800,000
International Disaster Assistance	48,965	148,965	148,965	--	148,965
African Disaster Assistance	100,000	--	--	--	--
American Schools & Hospitals Abroad	30,000	--	--	--	--
Housing Guaranty Liquidating Account 2/	[37,743]	N/A	N/A	--	47,700
Housing Guaranties Limitation	[150,000]	N/A	[110,000]	--	[110,000]
Housing Guaranty Subsidy	16,407	16,407	16,407	--	16,407
Housing Guaranty Administration	8,407	8,407	8,407	--	8,407
Private Sector Investment Program (PSIP)	[76,319]	--	--	--	--
Private Sector Direct Loan Limitation	[5,000]	--	--	--	--
Private Sector Investment Subsidy	4,057	--	--	--	--
PSIP Administrative Expenses	1,347	--	--	--	--
SUBTOTAL, DA Program Funds	2,396,663	2,295,259	2,295,259	--	2,342,959
Operating Expenses	512,000	512,000	512,000	8,950	520,950
Oper. Exp. - Inspector General	39,316	39,916	39,916	--	39,916
Foreign Service Retirement and Disability Fund 2/	42,677	N/A	44,151	--	44,151
TOTAL A.I.D. Development Assistance	2,990,656	2,847,175	2,891,326	8,950	2,947,976
Economic Support Fund	2,670,000	2,582,000	2,582,000	--	2,582,000
Ireland	19,704	--	--	--	--
TOTAL, Economic Support Fund	2,689,704	2,582,000	2,582,000	--	2,582,000
Special Assistance Initiatives	440,000	448,951	448,951	--	448,951
Humanitarian Aid to New Independent Republics (former Soviet Union)	417,000	703,820	703,820	--	703,820
TOTAL, A.I.D. ECONOMIC ASSISTANCE	6,537,360	6,581,946	6,626,097	8,950	6,682,747

1/ In FY 1994, Development Programs includes activities funded under Population in FY 1993.

2/ The Housing Guaranty Liquidating Account and the Foreign Service Retirement and Disability Fund are mandatory accounts. The Housing liquidating account for FY 1993 is bracketed since level required at time of enacted appropriations bill was unknown.

INTERNATIONAL AFFAIRS (\$ Thousands) BUDGET AUTHORITY	08-Apr-93	FY 1992 ACTUAL	FY 1993 ESTIMATE	Table 2 FY 1994 REQUEST
MULTILATERAL ASSISTANCE				
Inter-American Dev. Bank		56,465	56,466	57,313
Fund for Special Operations		20,271	20,272	20,576
Inter-American Investment Corp		12,310	---	---
Subtotal: IADB		89,046	76,738	77,889
World Bank (IBRD)		69,090	62,180	70,126
Global Environment Facility		---	30,000	30,810
International Finance Corp.		39,735	35,762	50,000
International Development Association		1,011,832	1,024,332	1,250,000
Asian Development Fund/Bank		124,979	100,514	170,000
African Development Fund		103,893	103,893	135,000
African Development Bank		8,854	---	---
European Development Bank		68,986	60,000	70,021
Subtotal: MDBs		1,516,415	1,493,419	1,853,846
IO & P (Voluntary Contrib.)		280,421	325,000	390,000
Int'l Fund for Agricultural Dev.				
TOTAL MULTILATERAL ASSISTANCE		1,796,836	1,818,419	2,243,846

INTERNATIONAL AFFAIRS (\$ Thousands) BUDGET AUTHORITY	08-Apr-93	FY 1992 ACTUAL	FY 1993 ESTIMATE	Table 2 FY 1994 REQUEST
BILATERAL ASSISTANCE -- A.I.D.				
Development Programs		1,254,016	1,022,480	1,321,480
Population			350,000	
Child Survival Fund			[275,000]	
Deob/Reob Authority		76,801	---	
Total: Functional Development Asst.		1,330,817	1,372,480	1,321,480
Development Fund for Africa		784,992	800,000	800,000
African Disaster Assistance		---	100,000	---
Private Sector Investment Limitation		[57,000]	[76,319]	---
Private Sector Direct Loan Limitation		---	[5,000]	---
Private Sector Investment Subsidy		2,629	4,057	---
Private Sector Investment Admin		1,347	1,347	---
American Sch. & Hosp. Abroad		28,571	30,000	---
International Disaster Assistance		70,128	48,965	148,965
Housing Guaranties Limitation		[70,000]	[150,000]	[110,000]
Housing Guaranty Liquidating Account		[47,801]	[37,743]	[47,700]
Housing Guaranty Loan Subsidy		17,630	16,407	16,407
Housing Guaranty Administration		7,033	8,407	8,407
Foreign Service Retirement & Dis.		41,351	42,677	44,151
Operating Expenses		474,122	512,000	512,000
Operating Expenses -- IG		37,181	39,916	39,916
Subtotal: Development Assistance		2,795,802	2,976,256	2,891,326
Economic Support Fund		3,159,651	2,670,000	2,582,000
International Fund for Ireland		19,704	19,704	---
Deob/Reob Authority		48,465	---	---
Economic Support Fund Total		3,227,820	2,689,704	2,582,000
Special Assistance Initiatives		442,731	438,200	448,951
MAI for the Philippines		[78,521]	[40,000]	[40,000]
Eastern Europe		[364,210]	[398,200]	[408,951]
Humanitarian Aid to Former Soviet Union		---	393,200	703,820
Demobilization & Transition Fund		63,750	29,000	---
Subtotal: A.I.D.		6,530,103	6,526,350	6,626,097

INTERNATIONAL AFFAIRS (\$ Thousands) BUDGET AUTHORITY	08-Apr-93	FY 1992 ACTUAL	FY 1993 ESTIMATE	Table 3 FY 1994 REQUEST
FUNCTION 151		8,554,925	7,124,013	8,244,867
MDBs/IO&P		1,796,836	1,818,419	2,243,846
A.I.D.		3,264,235	3,370,625	3,978,699
EAI		---	180,000	178,001
PL 480		1,486,000	1,533,380	1,515,761
OTHER		601,567	624,344	717,449
RECEIPTS		(493,713)	(402,755)	(388,789)
FUNCTION 152		6,682,004	5,572,252	5,441,230
MAP		(6,750)	(20,164)	---
ESF		3,227,820	2,689,704	2,582,000
FMF		3,978,696	3,394,614	3,352,614
FMF liquidating account		(291,429)	(190,908)	(251,820)
OTHER		147,758	113,321	185,221
RECEIPTS		(374,091)	(414,315)	(426,785)
SUBTOTAL 151+152		13,336,929	12,696,265	13,686,197
FUNCTION 153		4,063,396	4,303,108	4,378,669
A.I.D. FSRDF		41,351	42,677	44,151
OTHER		4,022,035	4,260,431	4,332,518
FUNCTION 154		1,303,235	1,427,779	1,467,695
FUNCTION 155		2,523,147	12,312,062	49,169
EX-IM		126,280	(893,812)	(48,980)
OTHER		2,396,867	13,205,874	92,149
TOTAL 150.....		21,226,698	30,739,211	19,573,730

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROGRAM TRENDS: FY 1991 – FY 1994 1/
(obligations in thousands of dollars)

Table 4

	FY 1991 <u>ACTUAL</u>	FY 1992 <u>ACTUAL</u>	FY 1993 <u>ESTIMATE</u>	FY 1994 <u>REQUEST</u>
Development Programs	--	1,316,615	1,427,203	1,321,480
Functional Development Assistance:				
Agriculture, Rural Dev. & Nutrition	521,750	--	--	--
Population Planning	249,319	--	--	--
Health	148,703	--	--	--
Child Survival Fund	98,152	--	--	--
AIDS	50,803	--	--	--
Education & Human Resources Dev	122,231	--	--	--
Private Sector, Environment & Energy	164,226	--	--	--
Science and Technology	--	--	--	--
Private Enterprise Revolv. Fund	--	--	--	--
Deob/Reob	[56,574]	[50,289]	--	--
SUBTOTAL	1,355,184	1,316,615	1,427,203	1,321,480
Grants, included above	1,355,184	1,316,615	1,427,203	1,321,480
Loans, included above	--	--	--	--
Sahel Development Program	1,770	7,195	7,135	--
Development Fund for Africa	811,171	845,392	813,404	800,000
SUBTOTAL, Geographic & Central Programs	2,168,125	2,169,202	2,247,742	2,121,480
American Schools & Hospitals Abroad	27,833	28,571	30,000	--
International Disaster Assistance	66,688	96,414	78,320	148,965
African Disaster Assistance	--	--	100,000	--
Humanitarian Relief (McCollum Amdt.)	[990]	--	--	--
Private Sector Revolving Fund	8,542 2/	49 2/	--	--
Private Sector Investment Prg (PSIP)	[69,500]	[32,000]	[81,319]	--
PSIP Subsidy/Admin Expenses	--	1,934	4,057	--
Housing Guaranties Subsidy/Admin	--	18,974	24,814	24,814
Housing Guaranties Loan Limitation	[480,000]	[83,000]	[150,000]	[110,000]
Housing Borrowing Authority	[48,000]	--	--	--
Housing Guaranties Liquidating Account	--	72,502	76,657	92,700
Advanced Acq. of Property	96	--	--	--
SUBTOTAL, DA Program Funds	2,271,284	2,387,646	2,561,590	2,387,959
Operating Expenses	443,027	485,229	512,000	512,000
Oper. Exp. – Inspector General	32,875	37,054	39,916	39,916
Foreign Service Retirement & Dis	40,341	41,351	42,677	44,151
TOTAL, A.I.D. Development Assistance	2,787,527	2,951,280	3,156,183	2,984,026
Economic Support Fund	4,117,453	3,045,896	3,210,170	2,582,000
ESF Deob/Reob	[55,691]	[39,903]	--	--
Total ESF	4,117,453	3,045,896	3,210,170	2,582,000
Special Assistance Initiatives	448,711	520,648	483,579	448,951
Philippines	[159,828]	[119,522]	[40,000]	[40,000]
Eastern Europe	[286,258]	[401,128]	[443,570]	[408,951]
Humanitarian Aid to the former Soviet Republics	--	--	393,200	703,820
Central American Reconciliation Asst.	--	256	--	--
Demobilization and Transition Fund	--	62,000	29,000	--
TOTAL, A.I.D. ECONOMIC ASSISTANCE	7,353,691	6,580,080	7,272,132	6,718,797

1/ Excludes Section 517 reappropriation.

2/ Funded from Private Sector Revolving Fund reflows.

MULTILATERAL DEVELOPMENT BANKS AND
INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Table 5

	FY 1992 ACTUAL	FY 1993 ESTIMATE	FY 1994 REQUEST
Multilateral Development Banks			
Inter-American Development Bank	56,465	56,466	57,313
Fund for Special Operations	20,271	20,272	20,576
Inter-American Investment Corp.	12,310	---	---
Subtotal: IADB	89,046	76,738	77,889
World Bank (IBRD)	69,090	62,180	70,126
IBRD Global Environment Facility	---	30,000	30,810
International Finance Corporation	39,735	35,761	50,000
International Development Association	1,011,832	1,024,332	1,250,000
Asian Development Bank	124,979	100,514	170,000
African Development Fund	103,893	103,893	135,000
African Development Bank	8,854	---	---
European Development Bank	68,986	60,000	70,021
MDB Other	---	---	---
Enterprise for the America's Investment Fund	---	90,000	100,000
TOTAL	1,516,415	1,583,418	1,953,846
International Organizations & Programs			
UN Development Program	106,335	125,000	126,929
UN Children's Fund (UNICEF)	83,387	100,000	100,000
UN Population Fund (UNFPA)	---	---	50,000
International Atomic Energy Agency	27,001	30,000	30,000
Montreal Protocol Facilitation Fund	---	15,000	18,000
Organization of American States Development Assistance Programs	9,852	11,000	11,000
Organization of American States Fund for Strengthening Democracy	---	---	1,000
UN Environment Program	17,924	22,000	25,000
World Meteorological Organization	1,970	2,250	2,250
UN Capital Development Fund	1,970	3,000	3,000
UN Capacity 21 Trust Fund	---	---	3,000
World Food Program	1,485	2,000	2,000
UN Development Fund for Women (UNIFEM)	788	1,000	1,000
UN Education & Training Program for Southern Africa	788	800	800
Convention on International Trade in Endangered Species (CITES)	739	1,000	1,000
UN Institute for Namibia	---	---	---
UN Trust Fund for South Africa	493	500	500
UN Fellowship Program	241	250	250
UNIDO Investment Promotion Service	493	500	500
International Fund for Ag Development	18,091	---	271
UN Fund for Victims of Torture	99	500	500
International Contributions for Scientific Educational & Cultural Activities (ICSECA)	1,970	2,000	2,000
UN Center on Human Settlement (HABITAT)	394	400	400
World Heritage Trust Fund	443	450	450
UN Afghanistan Emergency Trust Fund	1,970	2,000	2,000
Intergovernmental Panel on Climate Change (IPCC)	197	300	300
ICAO Aviation Security Fund	---	---	100
UN Trust Fund for Int'l Research & Trng Inst. for Adv. of Women (INSTRAW)	197	250	250
WHO Special Fund for Climate & Atmospheric Environmental Studies	493	800	800
Int'l Tropical Timber Organization	985	1,000	1,000
Int'l Union for Conservation of Nature	670	1,000	1,000
Ramsar Convention on Wetlands	246	750	750
OECD Center/European Economies in Transition (OECD/CCEET)	---	1,000	2,000
Intergovernmental Negotiating Committee	---	250	250
UN Electoral Assistance	---	---	1,000
G-7 Nuclear Safety Fund	---	---	700
International Conference on Former Yugoslavia (ICFY)	1,300	---	---
TOTAL	280,521 \1	325,000	390,000
TOTAL MULTILATERAL ASSISTANCE	1,796,936	1,908,418	2,343,846

\1 FY 1992 level does not reflect \$100,000 rescission of IO&P budget authority.



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