

FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, 1992

JUNE 12, 1991.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

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

REPORT

[To accompany H.R. 2621]

The Committee on Appropriations submits the following report
in explanation of the accompanying bill making appropriations for
foreign operations, export financing, and related programs for the
fiscal year ending September 30, 1992, and for other purposes.

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**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE					
Contributions to International Financial Institutions.....	1,629,436,087	1,785,005,022	1,812,173,994	+ 182,737,907	+ 27,168,972
International organizations and programs.....	284,730,000	250,212,000	300,612,000	+ 15,882,000	+ 50,400,000
Total, contribution for Multilateral Economic Assistance.....	1,914,166,087	2,035,217,022	2,112,785,994	+ 198,619,907	+ 77,568,972
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
Bilateral Development Assistance.....	3,675,582,000	4,032,047,000	4,264,035,000	+ 588,453,000	+ 231,988,000
Economic Support Fund/Special Assistance Initiatives.....	4,494,675,000	3,800,000,000	3,908,624,000	-586,051,000	+ 108,624,000
Total, Bilateral Economic Assistance.....	8,170,257,000	7,832,047,000	8,172,659,000	+ 2,402,000	+ 340,612,000
TITLE III - MILITARY ASSISTANCE					
Foreign Military Financing Program:					
Grants.....	4,259,920,800	4,600,000,000	4,100,000,000	-159,920,800	-500,000,000
Concessional loans.....	403,500,000			-403,500,000	
Direct concessional loans, subsidy costs.....		40,000,000	50,900,000	+ 50,900,000	+ 10,900,000

(Limitation on concessional loans).....		(313,961,000)	(404,000,000)	(+ 404,000,000)	(+ 90,039,000)
Subtotal, Foreign Military Financing Program:					
Budget authority.....	4,663,420,800	4,640,000,000	4,150,900,000	-512,520,800	-489,100,000
(Program level).....	(4,663,420,800)	(4,913,961,000)	(4,504,000,000)	(-159,420,800)	(-409,961,000)
Other, Military.....	712,057,000	100,500,000	85,196,000	-626,861,000	-15,304,000
Total, Military Assistance Programs.....	5,375,477,800	4,740,500,000	4,236,096,000	-1,139,381,800	-504,404,000
TITLE IV - EXPORT ASSISTANCE					
Export Assistance.....	785,000,000	590,778,000	690,613,000	-94,387,000	+ 99,835,000
TITLE V - GENERAL PROVISIONS					
General Provisions.....	500,000			-500,000	
Total, Titles I, II, III, IV, & V.....	16,245,400,887	15,198,542,022	15,212,153,994	-1,033,246,893	+ 13,611,972
TITLE VI - IMF QUOTA					
IMF Quota.....		12,158,000,000			-12,158,000,000
DEFICIT REDUCTION					
Deficit reduction.....			135,000,000	+ 135,000,000	+ 135,000,000
ADJUSTMENTS					
FMS interest rate buydown.....		270,000,000			-270,000,000
Total, all titles.....	16,245,400,887	27,626,542,022	15,347,153,994	-898,246,893	-12,279,388,028

CHANGES IN THE WORLD

Last year, the Committee noted that the budget request of the Administration did not reflect adjustments to new world realities in part created by the rapid changes taking place throughout Eastern Europe. The Committee is concerned that once again the Administration has not sufficiently addressed the new opportunities and challenges that significant worldwide changes present for the United States, our allies, and the rest of the international community.

The Administration budget request for fiscal year 1992 would increase the foreign military financing program by \$250,000,000, increase international military training 11 percent and, for the first time in more than twenty years, allow the Export-Import Bank to finance \$1,000,000,000 in weapons sales around the world.

At the same time the Administration is proposing these military increases, it is proposing to reduce funding for:

- functional development assistance by \$36,000,000;
- refugee and emergency refugee assistance by \$10,000,000; and
- contributions to international development agencies by \$34,000,000, including a cut of 27 percent or \$20,000,000 for the United Nations Children's Fund, and a cut of 18 percent or \$2,800,000 for the United Nations Environment Program.

The world has continued to undergo significant changes since the Congress enacted the fiscal year 1991 foreign assistance appropriations bill.

- The war in the Persian Gulf and its aftermath has dominated world events. The forced removal of Iraq from Kuwait has left Iraq, which previously had the fourth largest army in the world, much weaker;
- Germany was reunited in October, 1990;
- The Cold War ended for all practical purposes when the United States and its NATO allies and the Soviet Union and its former allies met in Paris in November, 1990 and signed the "Charter of Paris" that ended the division of Europe, and agreed to the conventional force reduction treaty;
- The Warsaw Pact formally disbanded in April, 1991;
- President Gorbachev, after the resurgence of conservative forces in the USSR in the fall and winter of 1990 and the brutal attack by Soviet military forces in Lithuania and Latvia in January, 1991, now appears to have returned to a reform agenda. He has been negotiating with the President of the Russian Republic, Boris Yeltsin, and the leaders of other republics on a new treaty aimed at changing the relationship between the republics and the central government. Renewed efforts towards democratization and renewed movement towards major economic reforms leading to development of a free market economy are emerging;
- The role of the United Nations and other international organizations in addressing international problems continues to grow; and
- Progress is being made in resolving regional conflicts in Angola, El Salvador, Cambodia, and Mozambique.

These developments offer unprecedented opportunities for democratic change and economic reform to continue around the world; for diplomatic efforts to continue to make progress in resolving regional conflicts in Asia, Africa, Latin America and the Middle East; and for additional resources to be freed up from military budgets to address other pressing global needs, such as poverty in the Third World, environmental degradation, assistance to children, international narcotics production and transport, the spread of diseases such as AIDS and cholera, and the large increases in the world's refugee populations.

The Committee believes that the priorities in the Administration's budget do not address the real challenges and opportunities the United States faces in a world that is undergoing rapid changes and urges the Administration to present a more realistic budget for next year that reflects the new world order and addresses the real long-term interests of the United States.

COMMITTEE RECOMMENDATIONS

Rather than spending the entire amount allocated to foreign aid under the budget process, the Committee has recommended that \$135 million be appropriated directly for the purpose of reducing the deficit of the United States. For foreign assistance, export financing, and related programs, the Committee recommends fiscal year 1992 funding totalling \$15.347 billion, which is \$12.414 billion below the President's request, including a cut of \$12.158 billion for the International Monetary Fund and a cut of \$256 million in other programs. In total therefore, the bill contains \$15.347 billion (\$135 million of which is for deficit reduction) in new budget authority.

The recommendations are \$879 million in total discretionary and mandatory budget authority below fiscal year 1991 levels, including a cut in discretionary budget authority of \$263 million. The \$263 million cut in budget authority plus the additional \$135 million provided for deficit reduction results in discretionary spending being reduced by \$398 million from fiscal year 1991 levels.

The Committee has recommended significant increases in assistance for Africa, refugee programs, and export and trade related programs. The Committee has also increased funding for population, environment, health, child survival, and children's programs. The Committee has recommended decreases in amounts requested for military assistance and debt reduction in Latin America.

INTERNATIONAL FINANCIAL INSTITUTIONS

The Committee, with the exception of funding for the International Monetary Fund, has recommended virtually the full request for the international financial institutions, providing a total of \$1,812,173,994. The Committee has recommended providing \$50,000,000 to the Global Environmental Facility of the International Bank for Reconstruction and Development as a direct contribution. The Committee did not recommend funding the estimated \$12,158,000,000 requested for a quota increase for the International Monetary Fund.

DEVELOPMENT AND ECONOMIC PROGRAMS

The Committee recommends \$1,000,000,000 for the Development Fund for Africa, an increase of \$200,000,000 over the amount requested by the President.

For Eastern Europe, the Committee has recommended funding the full request of \$400,000,000 in bilateral programs and \$70,020,600 for the paid-in capital of the European Bank for Reconstruction and Development.

For funding requests related to the Enterprise for the Americas Initiative, the Committee has recommended funding the full request of \$100,000,000 for the Multilateral Investment Fund administered by the Inter-American Development Bank and \$65,000,000 of the \$304,340,000 requested for debt reduction.

For funding requests related to the Philippines, the Committee has provided the full amount requested for the Multilateral Assistance Initiative of \$160,000,000 and has provided an additional \$100,000,000 in economic sector assistance. The increase in sector assistance is coupled with an equal decrease in the amount requested for military assistance for the Philippines.

HEALTH, CHILDREN AND POPULATION

The Committee has recommended increased funding for a number of health, children's and development related programs as follows:

- Funding for UNICEF is recommended at \$85,000,000, an increase of \$30,000,000 above the request and \$10,000,000 above the amount provided last year.
- Funding for Child Survival, Health and AIDS Prevention and Control is recommended at \$345,000,000, an increase of \$53,000,000 above the amounts requested. Of this amount, Child Survival is funded at \$140,000,000, Health is funded at \$140,000,000, and AIDS is funded at \$65,000,000.
- Funding for Population is recommended at \$300,000,000, an increase of \$72,000,000 above the amount requested and \$50,000,000 above the amount provided last year.
- In addition to the specific amounts provided, the Committee has recommended that certain levels of total spending from all sources be reached for child survival and basic education. For Child Survival, the Committee has recommended a total level of \$275,000,000. For basic education, the Committee has recommended \$135,000,000.

REFUGEE PROGRAMS

The Committee has recommended a total of \$680,000,000 for Refugee programs, an increase of \$169,443,000 over the amount requested. A total of \$630,000,000 is provided for the Migration and Refugee account and \$50,000,000 is provided for the Emergency Refugee and Migration Assistance Fund. By providing this amount the Committee is attempting to end the practice of not providing adequate resources to meet refugee needs worldwide in the annual appropriations bill. This level represents the Committee's best estimate of worldwide refugee needs in fiscal year 1992.

TRADE ISSUES

For export and trade related programs the Committee has recommended a total of \$690,613,000, which is an increase of \$99,835,000 over the amounts requested. The Committee has recommended \$650,000,000 for the subsidy appropriation for the Export-Import Bank. This level could support an estimated level of direct and guaranteed loans and insurance totalling \$11,000,000,000 which is significantly above the Administration's request. The Committee has also recommended increasing the amount requested for the Trade and Development Program by \$5,000,000 to a total level of \$40,000,000.

SECURITY ASSISTANCE

In security assistance programs funded through the Economic Support Fund and the Foreign Military Financing programs, the Committee has recommended spending reductions. For the Economic Support Fund the Committee has provided \$3,216,624,000, a reduction of \$11,376,000 from the amount requested.

For Foreign Military Financing, the Committee has recommended a grant program of \$4,100,000,000 and a loan program of \$404,000,000. The net effect of these actions is a military assistance program level of \$4,504,000,000, which is a decrease of \$159,420,800 below the amount provided last year.

The Committee has refrained from extensive earmarking in the Economic Support Fund and in the Foreign Military Financing programs. Earmarks have been limited to those for Israel, Egypt, Cyprus, the West Bank and Gaza, and Lebanon. The Committee has recommended limitations on the military assistance funding of base rights countries: Greece, Turkey, Portugal, and the Philippines.

FIVE YEAR AGENDA

Last year the Committee called upon the Administration to prepare a five year agenda which would explore the goals and objectives for the foreign assistance program of the United States—a plan that would respond to the new world order and adjust to the priorities of a changing world. A year has come and gone, and the Administration has already missed out on the first year of the agenda. However, recommendations by the Committee continue change in the program.

The Committee continues to call on the Administration to focus on a five year plan for change and to reexamine the United States foreign assistance program.

The Committee continues to believe that the foreign assistance program should be used:

- To promote the American values of human freedom and individual liberty, and to provide the practical opportunity for individuals to reach their full potential and to improve their lives;
- To promote economic policies in developing and industrialized countries which provide balanced and environmentally sustain-

able economic growth and promote the goal of alleviating poverty;

—To promote political stability throughout the world. The United States cannot survive as an island of stability in a maelstrom. Our neighbors in the Western Hemisphere and countries in other regions must also be stable.

The Committee believes that the Administration should examine how the program can be used best to assist the most vulnerable in the world—children. Finally, the Administration should examine how the program can address development of the United States itself by supporting the development of markets for our exports and ensuring that American exporters are not faced with unfair competition.

ITEMS OF SPECIAL INTEREST

SOVIET POLITICAL, ECONOMIC AND MILITARY REFORM AND WESTERN ASSISTANCE

The Committee strongly urges action by the United States and its allies to seize the opportunity for securing dramatic economic reform in the Soviet Union by spelling out what kind of Western economic assistance it would be willing to provide in the context of a performance-based reform effort by the Soviet Union.

The Soviet Union is in both severe political and economic crises. Without massive reform, consequences for the Soviet republics, the Baltics, Eastern Europe and the West could be immense. A Soviet slide into chaos could lead within the Soviet Union to stepped up repression of the Soviet peoples and uncertain control over the Soviet military arsenal (including some 25,000 nuclear weapons). Beyond Soviet borders it could lead to international political chaos, a collapse of markets for newly emerging Eastern European democracies, and a worldwide flood of refugees with devastating consequences for the economies of Eastern and Western Europe.

We are now at a critical moment.

Public reaction to Soviet economic mismanagement has refocused attention on the need for reforms on both the political and economic fronts. The Russian parliament has agreed to the direct election of the President of the Republic now set for June 12, 1991. Negotiations among Gorbachev, President of the Soviet Union, and Yeltsin, President of the Russian Republic, and the leadership of other Soviet republics currently underway may result in plans leading to national elections for the Supreme Soviet within the next year under a new constitution, a devolution of political power to the republics and confirmation that republics have the right to secede peacefully from the Soviet Union. These negotiations are continuing and additional progress is possible. Recent reports indicate that agreement is close on changing the name of the Union of Soviet Socialist Republics to the Union of Soviet "Sovereign" Republics.

The Committee believes that the immediate opportunity to support democratic and economic reform in the Soviet Union must not be missed.

The Committee strongly believes that, while the West cannot determine the future of the Soviet Union, we must be prepared to re-

spend if long awaited Soviet political and radical economic reforms are undertaken.

The Committee has no doubt that American and Western interests are better served by attempting to influence the outcome when so much of importance hangs in the balance. While in the end these efforts may prove futile, the Committee believes that it would be negligent for the West to miss an opportunity to clearly lay out our conditions for assisting the Soviet Union and the extent, nature, timing, and levels of economic assistance we would be willing to provide in the context of meaningful concrete Soviet actions.

On the international front, such an effort would require completion of major conventional and strategic arms control agreements, and a changed pattern of conduct particularly with respect to their past actions in our hemisphere.

On the political front, it would also require carrying through on the Russian Presidential elections in June, 1991 and on elections for the Supreme Soviet. It would require concrete steps to secure human rights and the rule of law and it would also include the establishment of a genuine process to give each of the Soviet republics, most especially the Baltic States, a legitimate opportunity to determine the future of its own association with the Soviet Union.

On the economic front, it would be necessary to include creation of a convertible currency, establishment of floating foreign exchange rates, development of legal and banking reforms, establishment of a true price mechanism, privatization of state-owned enterprises and private property rights.

These changes are necessary, not to suit the convenience of the West, but because without them, Soviet reform efforts simply cannot succeed. This is not a case of the West imposing its values on the USSR but of the West applying its best economic judgment about what conditions must be present for reforms to succeed. These are not new. They are the same types of conditions that have been applied in the past by the International Monetary Fund and the World Bank in dealing with economic crises in other countries. Poland has already undertaken radical economic reform and has received considerable Western assistance including support for a currency stabilization fund and other economic privatization and banking reforms. One measure of the success of Poland's reform program is that so far no drawdown of its currency stabilization fund has been necessary.

American, European, and Asian national security interests are intimately tied to the peaceful transition of the Soviet Union toward democratic values and a free market economy. American, European, and Asian governments should be willing to work out a proposal including multilateral and bilateral assistance to the Soviet Union if it is in the context of Soviet political and economic reforms.

Western governments have spent trillions of dollars to protect U.S. interests and to support close friends and allies directly threatened by Soviet actions or those of its clients.

Support for Soviet reforms will not be cheap. However, if the costs were to be split among the International Monetary Fund, the International Bank for Reconstruction and Development, and the European Bank for Reconstruction and Development, and the gov-

ernments of the United States, Japan, Germany, Canada and other allies, they should be manageable.

The United States has often been good about stating what we are against, but we often are not clear about what we are for.

The Committee strongly believes that the United States Government should propose a performance-based framework to facilitate Soviet political and economic reforms and Western economic and technical assistance and advice.

In the end, whether the Soviet Union succeeds or fails in managing its present day problems will be determined by what happens in the Soviet Union, not by what happens in the West. But, the willingness of Western leaders to spell out in advance what they are willing to do could assist the Soviet transformation.

ARMS SALES POLICY IN THE MIDDLE EAST AND PERSIAN GULF REGION

The Committee is concerned about arms sales and the proliferation of conventional and non-conventional weapons in the Middle East and Persian Gulf region. Nations in that region, which accounted for over 40 percent of the international trade in weapons and related equipment and services during the decade of the 1980's, are the principal markets for the worldwide arms trade.

The end of the Gulf War gives us a unique opportunity to change past action. Iraq's military might has been severely restricted. Now is not the time to reload everybody's gun.

The Committee is concerned that, as soon as the war was over, reports indicated that U.S. arms transfer policy would be business as usual:

- News stories reported that recipient countries were looking for \$33 billion in new military sales from the United States, including \$22 billion for the Middle East.
- The Administration proposed that the Export-Import Bank be allowed to provide up to a billion dollars for arms sales, potentially to the Middle East and other Third World regions. As soon as the Iraq war was over, the Administration immediately notified Congress that it was selling Egypt 46 new F-16s, at a cost of \$1.6 billion. In the face of Egypt's severe economic crisis, the Committee is concerned that the United States will end up having to pay for this expensive new weapons sale.
- The Administration's fiscal year 1992 budget request for a military assistance program for all countries is \$250,000,000 above the fiscal year 1991 level.

The Committee agrees with the proposal (included in H.R. 2508) of the House Foreign Affairs Committee on a moratorium on arms control. Therefore, the Committee has included language consistent with the authorizing Committee action which calls for an indefinite moratorium by the United States on arms sales to the Middle East and Persian Gulf region and calls on the Administration to work toward a conference of major weapons suppliers that would agree to a multilateral arms transfer and control regime. This would include a halt in the proliferation of conventional weapons to nations in the Middle East and Persian Gulf region.

The Committee notes that the Administration has recently proposed an arms control initiative for the Middle East. The Commit-

tee urges that an agreement to halt the proliferation of conventional weapons should be a major priority.

EUROPEAN BASE RIGHTS COUNTRIES

The Committee has provided a cap on the level of military assistance to Greece and Turkey for fiscal year 1992 and includes in bill language a provision that specifies that military assistance provided to the two countries will be in a seven to ten ratio. Foreign military financing assistance is limited to \$350,000,000 for Greece and \$500,000,000 for Turkey.

The Committee remains opposed to paying base rights countries for the "privilege" of maintaining bases which help defend the countries involved as well as ourselves. That is why the Committee has placed a cap on military assistance for the three NATO base rights countries, including Portugal, at fiscal year 1991 levels.

The Committee understands that Portugal, Greece and Turkey are good friends of the United States and appreciates their positive contributions to the United States and UN efforts against Iraq after the August 2, 1990 invasion of Kuwait.

The Committee notes, however, that Turkey is receiving or will receive assistance from the United States above the \$500,000,000 in military assistance provided under this bill. This includes:

- \$200,000,000 in fiscal year 1991 grant economic aid supplemental funds;
- \$82,000,000 in fiscal year 1991 supplemental military equipment;
- \$25,000,000 in savings for Turkey (and losses to the U.S. Treasury) for restructuring of previous FMS debt;
- \$4,200,000,000 from the World Bank over the past five years, which includes the U.S. share of \$842,000,000;
- an unspecified quantity of excess military equipment to be provided in fiscal years 1991 and 1992 under special authorities;
- \$50,000,000,000 in grant Economic Support Funds for fiscal year 1991; and
- \$75,000,000,000 requested by the Administration in Economic Support Funds for fiscal year 1992.

The Committee also notes that in November, 1990, the U.S. initiated a new Textile Agreement with the Government of Turkey which increases Turkish access to the U.S. market by 100 percent.

ASSISTANCE FOR CHILDREN

The Committee is concerned that ten to fifteen million children die unnecessarily every year and that there are more than 200 million malnourished children in the developing world. The Committee supports the expansion of programs that address the needs of the developing world's children. While the world is waiting to see the results of economic and military programs, programs funded in this bill for children will already be saving lives.

Last year, the Committee signaled its intentions to direct more funds toward programs that can help children. In the Committee's report last year it was stated that the Administration should "follow through next year in planning and requesting adequate

funds so that the United States can be seen as a world leader in the cause of saving and improving the lives of children”.

What has been the Administration’s response? Decreases or marginal increases in virtually every area targeted last year by the Congress.

—UNICEF was increased by Congress last year to \$75 million—the Administration has requested \$55 million.

—Despite specific report language last year that the Agency for International Development should fund Child Survival Activities at \$225,000,000, they only reached a level of approximately \$200,000,000.

—Reductions were requested this year by the Administration for health activities and only a minor increase in Child Survival development assistance.

—No increase was proposed in primary education.

The Committee has taken a number of steps, including a program increase exceeding \$100,000,000, to assure priority funding for programs for children, as indicated below:

(Dollars in millions)

Activity	Fiscal year 1992 administration request	Fiscal year 1992 committee recommendation	Differences
UNICEF	\$55	\$85	+\$30
Health and child survival and AIDS	292	345	+ 53
Basic education	127	135	+ 8
Displaced children	5	8	+3
Children in Romania, Cambodia, Laos	0	10	+10
Total	479	583	+104

In summary, the Congress is taking the lead in children’s programs, and the Administration is ignoring the priorities that have been set. The Committee renews its recommendation for the Administration to recognize the United States role as a world leader in programs for children.

United Nations Children’s Fund (UNICEF)

The Committee continues to be a strong supporter of UNICEF and has provided \$85,000,000 in funding for fiscal year 1992, an increase of \$30,000,000 above the request and \$10,000,000 above last year.

The Committee fails to understand how the Administration can publicly proclaim their support for improving the lives of children while proposing cuts to UNICEF—the universally acclaimed agency that saves children’s lives. It is especially ironic that a decrease in funding would come on the heels of the World Summit for Children, attended by the President, the Secretaries of State, Labor, and HHS and the Administrator of the Agency for International Development.

WORLD SUMMIT FOR CHILDREN

UNICEF is to be congratulated on its role in organizing and bringing together 71 world leaders for last fall’s World Summit for

Children. This summit brought the world the promise to mobilize resources and political will to save the lives of 50 million children by the year 2000. The Committee supports the goals established at the Summit, including the following areas targeted for the year 2000:

- Reduction of child and infant deaths by one-third;
- Reduction of child malnutrition by half;
- Access for all children to safe drinking water, sanitation services and basic education;
- Reduction of illiteracy, especially those women who have the greatest impact on child survival; and
- Improved protection of high-risk children, children victims of war, street children, and children with AIDS.

Meeting these goals by the year 2000 presents an enormous challenge, but it is possible if gains already made are consolidated and new programs are pursued. The Committee believes that attaining the goals agreed to at the World Summit for Children should be an important priority for United States foreign assistance, and that vigorous participation by the Agency for International Development is important to the global success of this effort for children.

The Committee recognizes that in this year immediately following the historic World Summit for Children, UNICEF and its many partners are again challenged to exceed previous gains on behalf of the world's children to meet a number of significant child-related goals by the year 2000. This challenge is further complicated by natural disasters and armed conflicts from the Horn of Africa to the Persian Gulf states, which threaten the lives and well-being of millions of children. The Committee intends to assist UNICEF to meet this challenge through the 1990's by continuing to give their child survival and development programs the highest priority. The Committee calls on the Administration to do the same.

UN CONVENTION ON THE RIGHTS OF THE CHILD

The UN General Assembly passed the UN Convention for Children in the fall of 1990. Although more than 65 nations are signatories to the UN Convention for Children, the Administration has yet to sign the treaty. The Committee expects the Administration to quickly move forward to include the United States as a signatory to the Children's convention.

DISPLACED CHILDREN

The Committee continues to emphasize the needs of children who are displaced and orphaned. Children who have been displaced because of war, natural disaster or economic circumstances represent one of the most overlooked areas of development. Testimony before the Committee this year indicated that there are already as many as one million children orphaned in Africa because of war and famine. The AIDS epidemic, according to UNICEF, could result in more than 10 million children being orphaned by the year 2000. Child Hope in testimony indicated that there are as many as 100 million children living on the streets of the world.

The Committee has increased funding for displaced children from \$5,000,000 to not less than \$8,000,000. Of this amount,

\$1,500,000 has been earmarked to help street children. The Committee has also included funding under earmarks for Romania and Cambodia to assist children who have been displaced.

The Committee is encouraged that the Agency for International Development has now established a program to address the needs of displaced children, and expects the Agency to follow through on funding to address the worldwide needs of displaced children.

CHILDREN AND HUMAN RIGHTS

The Committee is concerned about increases in human rights abuses against children. Specific cases have been brought to the Committee's attention concerning human rights abuses by government police in Guatemala and in other countries. The Committee has included a requirement under the General provision on Human Rights, requiring that when the Department of State prepares its annual human rights report that the report include a review of commitments by countries to children's rights and welfare as called for by Declaration of the World Summit for Children.

ENVIRONMENTAL PRIORITIES

The Committee continues to believe that environmental issues must be a top priority of the United States foreign assistance programs. Two general provisions (sections 532 and 533) spell out the Committee's recommendations and contain various policy directives relating to environmental issues. In addition, the Committee has recommended funding levels for a variety of international programs and Agency for International Development programs. These are summarized as follows:

- \$50,000,000 for the Global Environmental Facility as a direct contribution;
- \$20,000,000 for the United Nations Environment Fund;
- \$25,000,000 for AID's Office of Energy;
- \$20,000,000 for Biodiversity programs in AID of which \$5,000,000 is for the Parks in Peril program;
- \$20,000,000 for replicable renewable energy projects and the initiation of at least five new renewable projects in fiscal year 1992;
- \$7,000,000 for elephant conservation of which \$2,000,000 is for the PARCS program;
- \$130,000,000 as a global earmark for all of AID's environmental activities;
- \$5,050,000 for various international programs associated with environmental programs; and
- \$15,000,000 for the Montreal Protocol Facilitation Fund.

The Committee has also recommended that AID achieve certain levels of effort in funding for various programs. These levels of effort designations are intended as targets and should be reached in fiscal year 1992. These levels of effort are listed as follows:

- \$50,000,000 for projects scheduled for funding associated with the Global Environmental Facility;
- \$10,000,000 for the interagency board CORECT, Environmental Technology Export Council and the International Fund for Renewable Energy and Efficiency; and

—\$55,000,000 for support of the Global Warming Initiative.

ENVIRONMENT AND MULTILATERAL DEVELOPMENT BANKS

The Committee wishes to emphasize once again that economic growth if it is to be sustainable must be predicated on the sustainable management and use of natural resources, not their exploitation. The role of the multilateral development banks must be to promote that philosophy in all of their lending throughout the world. For the past five years, the Committee has emphasized this imperative through specific policy directives in both the bill and report. Although there has been some level of responsiveness, much remains to be done.

ENVIRONMENT AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

In fiscal year 1991, the Congress required that 25 percent of the funds provided for this institution be withheld pending the submission of a report on the Bank's programs for energy, forestry conservation and family planning activities. This report spells out plans of action for three areas—environmental impact assessment, sustainable energy development and forestry protection.

In past years, the Committee has directed the Secretary of the Treasury to advocate significant reforms at the World Bank on these critical issues. The Bank itself has made commitments on each of these issues in the ninth IDA replenishment agreement. The Committee has reviewed two environmental reports submitted by the Treasury Department this fiscal year and finds that the World Bank's progress in these areas has been unsatisfactory. The Committee therefore directs the Treasury Department this year to secure commitment from the World Bank on appropriate plans of action in each area. The Committee expects that these plans will include specific benchmarks for measurable progress by the Bank over the next two years.

The Committee has identified the following benchmarks which it directs the Treasury Department to propose to the World Bank:

Sustainable Energy Development.—All energy loans and credits should be based on least-cost investment plans which evaluate a wide range of end-use energy efficiency and non-conventional renewable energy options and include the quantifiable environmental costs of proposed energy developments. A substantial amount—on the order of 25 percent of energy, industry, and transportation lending—should be devoted to end-use energy efficiency improvements; a substantial amount of energy lending should also be devoted to non-conventional renewable energy development. Each energy unit in the Bank should create staff positions for an End-use Energy Efficiency Coordinator and a Renewable Energy Coordinator.

Forest Protection.—Forestry loans and credits should not support commercial logging in primary forests unless management systems which maintain the ecological functions of the natural forest and minimize impacts on biological diversity have been demonstrated in practice. No loans or credits should support mining, oil development, or other industrial development in, or the construction or

upgrading of roads through, relatively undisturbed primary forests unless adequate safeguards are already in place to prevent degradation of the surrounding forest. All relevant operations should give priority attention to the interests of indigenous peoples and other long-term forest inhabitants. Loans and credits should not be made to countries which have shown an unwillingness to resolve fairly the territorial claims of such peoples. Support for protection of biological diversity under the Bank's Wildlands Policy also should be substantially increased.

Environmental Assessment.—The Bank should revise its Operational Directive on Environmental Assessment (EA) to (1) explicitly require public access to draft and final EA documents and public participation in the EA process including initial review sessions and opportunities for comment on EA documents; (2) eliminate the categorical exclusions from EA requirements of projects with an “environmental focus” (“category D” projects), “sector and structural adjustment loans,” and “projects directed to rehabilitation, improved operation and maintenance, and limited upgrading of facilities”; (3) reform the project screening process so that the Chief of the Regional Environment Division, rather than the Task Manager, determines the appropriate type of environmental analysis required; and (4) require that EAs include analyses of the potential global environmental impacts of proposed projects.

GLOBAL ENVIRONMENTAL FACILITY

The Committee has recommended providing \$50,000,000 for the Global Environmental Facility at the World Bank as a direct contribution, rather than as parallel financing through the Agency for International Development. This has been done primarily to ensure that the level of funding for environmental programs in fiscal year 1992 is incremental over the amount provided for environmental programs last year. In addition the Committee feels that the United States must take a strong and aggressive role in the implementation of the Facility in order for it to be successful. By providing for a direct contribution the Committee has given the United States that direct role. It should also be noted that the Committee expects AID to fund the projects currently planned for fiscal year 1992 that had been scheduled for funding under the GEF with bilateral AID funds.

In providing a direct contribution the Committee expects that all appropriate elements of the United States government will exercise appropriate policy and program oversight. This should include AID, EPA, the Department of State, the Forest Service, the Fish and Wildlife Service, NOAA, and the Treasury Department.

The Committee expects the United States to strive to achieve various policy goals in the implementation of the Facility. In particular the Committee directs that the United States ensure that the International Union for the Conservation of Nature be given a direct role in conjunction with UNDP and UNEP in the implementation of the small projects fund. Additionally, the Committee expects that the role of the scientific review panel, set up to review projects of the Facility, be given a more direct role in project development and approval.

The Committee notes that in the initial round of projects proposed by the Global Environmental Facility significant attention was given to biodiversity conservation projects and fewer projects were suggested in the other three areas to be pursued by the GEF, namely global climate change, protection of the ozone layer, and protection of international waters.

The Committee therefore urges that the \$50,000,000 level for AID projects to be associated with the GEF provide an appropriate balance between energy, forestry and biodiversity activities where AID has significant experience.

The Committee expects that the United States will continue to use its influence with the World Bank, UNEP, and UNDP to promote improvements in the policies and work program of the GEF so that (1) clear guidelines are developed, in cooperation with interested agencies and non-governmental organizations, for GEF projects in the areas of global warming, ozone depletion, international water resources, and biodiversity; (2) the implementing agencies agree to make documentation on all GEF activities available to the public at every stage of the project cycle; (3) non-governmental organizations are invited as observers to the semi-annual meetings of the GEF participants; and (4) GEF activities are designed to leverage greater support for global environmental objectives in the regular operations of the implementing agencies.

INTERNATIONAL MONETARY FUND

The Committee has included language in the bill which calls upon the United States to promote various reforms within the International Monetary Fund (IMF). These include (1) hiring additional staff to address macroeconomic policies in conjunction with environmental sustainability; (2) establishing a systematic process within the IMF to revise its policy on proposed lending which affects the environment, public health and poverty; and (3) requiring a report on operationalizing these reforms within the Fund.

ASIAN DEVELOPMENT BANK

The Committee has included the Asian Development Bank in its policy directives on environmental reforms in the bill. The Asian Bank has been singled out for specific attention because it has not been as responsive as other regional banks have been on adapting its lending policies to incorporate environmental concerns. The Committee expects that the Asian Development Bank will move expeditiously to implement the following reforms:

- allow greater public participation;
- develop an overall strategy to integrate environmental and social factors into its lending policies;
- increase staffing of environmental experts;
- emphasize quality lending rather than quantity lending;
- assist developing countries in building national capabilities to address social and environmental problems;
- require systematic review of the Bank's implementation of environmental policies;
- expand cooperative relationships with non-governmental organizations; and

—engage in a systematic review of recent loan approvals to assure environmental soundness.

The Committee expects that the annual report of the Treasury Department will address the Asian Development Bank's performance related to these policy directives.

AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF ENERGY

The Committee has recommended \$25,000,000 for the Office of Energy for fiscal year 1992. The Committee has once again earmarked funds for this U.S. office to ensure an adequate level of resources and activity. The Office will serve a critical role as a source of expertise in developing expanded programs for energy efficiency, renewable energy and least cost energy planning.

The Committee strongly urges AID's Office of Energy to devote \$1,000,000 to continue support for the transfer of technical information and assistance for renewable energy projects in developing countries: \$500,000 to support the use of VITASAT as a cost-effective means for rapid and accurate electronic information flow to and from remote areas, and \$500,000 to continue and expand support for an established technical information service currently funded by AID which will use VITASAT.

The Committee has also included a subearmark within the amount provided for the Office of Energy to continue the funding of the pre-investment facility for preparation of energy efficiency, renewable energy and least cost planning projects.

AID STAFFING

The Committee has included a requirement in the bill that the Agency for International Development hire twenty additional permanent hire staff in the environment and energy areas. This number is consistent with assurances given to the Committee by AID on the planned staffing increases in these areas in fiscal year 1992. This measure was taken because of the Committee's frustration in achieving an adequate level of environmental and energy expertise at AID despite repeated attempts through various policy directives. These permanent hires should include both overseas and headquarters positions.

RENEWABLE ENERGY

The Committee has earmarked \$20,000,000 in the bill for replicable renewable energy projects and has required that at least five new renewable energy projects be initiated in fiscal year 1992. This action has been taken as the only apparent method of moving AID off the dime on renewable energy projects.

Renewable energy and energy efficiency have significant promise in providing developing countries with environmentally sound energy paths which, at the same time, could provide for lower capital investments for power production (energy efficiency) and the promise for more decentralized energy delivery.

The Committee therefore has earmarked \$20,000,000 for AID to initiate additional renewable and energy efficiency projects in FY

1992 which will provide experience to developing countries with these approaches, with the potential for replication elsewhere. The projects should be developed and carried out in collaboration with US industry and should be located in countries with the greatest potential for early success; for example, in the Philippines, Indonesia, Costa Rica, Bolivia, Dominican Republic, and in select countries in Africa. The Committee expects that these projects will be bilateral activities, funded by AID Missions with project development and design assistance from the Office of Energy. The Committee notes in this regard that bilateral funding of renewable energy activities has decreased in recent years in the Agency; the \$20,000,000 will help Missions design and implement new renewable energy projects as well as accelerate work on energy efficiency. Recognizing that there are an insufficient number of AID direct hire staff to handle the expansion of energy activities which are being mandated, the Committee expects that a substantial number of the twenty additional environmental direct hire positions that AID will establish in FY 1992 will be used to access in-depth energy expertise.

BIODIVERSITY

The Committee has earmarked \$20,000,000 for biodiversity projects of which \$5,000,000 is for the Parks In Peril project and \$100,000 is for the Charles Darwin Station.

ELEPHANT CONSERVATION

This year the Committee has earmarked \$7,000,000 for African elephant conservation, with a \$2,000,000 earmark for the Protected Area Conservation Strategy (PARCS).

Congress first earmarked funds for conservation of the African elephant in fiscal year 1990, when it became evident that rampant poaching for ivory, rapid habitat loss and inadequate management of protected areas threatened the extinction of many elephant populations. In the same year, the United States led the international community in listing the African elephant on Appendix I of the Convention on International Trade in Endangered Species (CITES), placing a moratorium on the international ivory trade.

There was much speculation that a ban on ivory would drive the price of ivory skyward. To the contrary, as a result of the ban, the price of ivory has plummeted. In Kenya, for example, the price paid to poachers for one kilo of ivory fell from \$30 prior to the ban to \$3 in 1990. Perhaps even more telling is the dramatic decline in the number of elephants killed by poachers in Kenya. From 1973-1989, the average number of elephants killed annually was five thousand; in 1990 that number dropped to 55.

Despite these dramatic results, the African elephant remains seriously threatened. In June of 1992 the CITES moratorium on the international ivory trade is scheduled for review. After two years of solid support and leadership in generating international awareness of and financial support for elephant conservation, the Committee feels it is critical to maintain the elephant earmark to demonstrate the United States' concern. Removing our most visible manifestation of support would send a misleading signal to the

international community. In addition, the Committee finds no basis for altering in any way the current moratorium on international ivory trade. The Committee expects that the U.S. position on the upcoming review will be to keep the moratorium in place.

AID has focused its elephant conservation activities on the long-term management of wildlife sanctuaries and surrounding areas. These activities focus on the management of critical biodiversity habitats and on providing rural populations surrounding these habitats with sustainable development alternatives which encompass wildlife preservation.

Africa's national parks and protected area systems represent one of the best and last remaining safeguards of the continent's massive biological diversity. Most African countries recognize the value of these reserves as a source of revenue from tourism and as a source of national pride. However, the protected areas are increasingly threatened by human encroachment and poaching.

Park management has become increasingly more important and more difficult as the need to balance conservation with development, both inside and outside protected areas, has increased. The parks have meager budgets and cannot afford to provide badly needed training for senior park wardens. Having a cadre of senior staff in each park who are able to make informed and effective management decisions is vital to the future of Africa's parks.

The Protected Area Conservation Strategy (PARCS) is an effort to address Africa's critical need for well-trained managers in the parks who can manage conservation efforts to benefit directly both the wildlife and the local people.

Specifically, the PARCS project will build a cadre of individuals who will be trained to serve parks around the continent. A network of teaching professionals and institutions will be formed which park staff can call on to train their senior wardens. This extension work will form the basis of an effort to improve the capabilities of regional wildlife management training centers which will offer field training programs. Training will include anti-poaching, tourism management, law and policy, and bookkeeping.

This program has been developed in conjunction with, and is strongly endorsed by park directors in Southern Africa who felt the PARCS approach would be the best, most direct way to assist their conservation efforts. Primary beneficiaries of the PARCS effort will be Botswana and Zimbabwe, countries which claim their natural resource management budgets will suffer as a result of the ban on the sale of ivory.

In the scheme of things, the profits that could be made by Botswana and Zimbabwe from a sustainable offtake of ivory are small. It is estimated that Botswana would make some \$1,600,000 per year and Zimbabwe some \$1,300,000 per year from the ivory trade. These costs are insignificant compared to the cost of effective anti-poaching campaigns which would be incurred across Africa as a direct result of a lifting of the ban on trade in ivory. The economics of the ivory trade just do not make sense for Africa.

The Committee therefore urges AID to consider ways, in addition to the PARCS program and on-going conservation efforts, of assisting Botswana and Zimbabwe, in increasing the funding available

for natural resource management as compensation for their loss of revenue as a result of the ivory ban.

ICIPE

The Committee commends AID for its past cooperation with the International Centre of Insect Physiology and Ecology (ICIPE). This African-founded organization, which is a leader in Africa's own grim battle to manage crop and livestock pests in ways that are environmentally safe, operates several programs which impact directly on the ability of Africa's poor to feed themselves, and to maintain a minimum income level. The Committee encourages the Agency's continued support of ICIPE operations, particularly its African Regional Post Graduate Programme in Insect Science (ARPPIS). At a time when food losses in Africa to pests are greater than ever, and Africa has lost its entire capacity to produce insect scientists on the post graduate level, ARPPIS has, in collaboration with 16 universities across the continent, produced 72 doctoral candidates in the past 6 years; all of whom have, against great odds, remained working within the national agricultural research systems in Africa. The Committee believes this rare indigenous capability, which is held to the highest international standards, must be encouraged. Noting that AID has supported the ARPPIS program in the past, the Committee therefore urges AID to make scholarship funds available to deserving ARPPIS students.

GLOBAL WARMING INITIATIVE

The Committee notes that the \$55,000,000 target for the global warming initiative should be focussed on key countries (previously designated by AID) and will include efforts specifically in forestry, renewable energy and energy efficiency which serve to help countries reduce greenhouse gas emissions.

CORECT

The suggested support for activities by CORECT, the Environmental Technology Export Council (ETEC), and the IFREE would be used to further the use of renewable energy, energy efficiency and other environmentally sound energy technologies in developing countries. These efforts would be carried out by AID in collaboration with other Federal Agencies including DOE, EPA, DOC and others, and with US industry and NGO's. Included in these efforts would be project preparation, innovative project financing, trade and reverse trade missions, training, technology transfer and collaboration, etc. The committee recognizes that CORECT, ETEC and IFREE are also involved in the very closely related work described in Sections 533(d)(3) and (4).

ILLICIT NARCOTICS CONTROL

In order to address the worldwide problem of illicit drug cultivation and production the Committee once again has provided significant levels of assistance through various programs. In total, the Committee has recommended \$593,000,000 for various programs or initiatives related to the control of illicit narcotics as follows:

—\$150,000,000 for International Narcotics Control;

- \$275,000,000 for Economic Support Funds for the Andean countries of Peru, Bolivia, Colombia and Ecuador;
- \$118,000,000 for military assistance related to narcotics control in the Andean countries;
- \$10,000,000 for Development Assistance Programs related to narcotics education and awareness; and
- \$40,000,000 for Development Assistance programs.

The Committee has recommended providing no increase for the International Narcotics Control program over the amount provided last year. This program has grown rapidly and has assumed a worldwide mission of huge proportions. In providing a static level of funding, the Committee expects that high priority programs will be fully funded and that management difficulties will be addressed. The Committee has once again required the President to certify that countries are cooperating sufficiently with the United States in preventing the cultivation, production and transshipment of illicit narcotics prior to receiving assistance.

The Committee has recommended the full amount requested of \$275,000,000 for economic assistance for the Andean countries. The Administration should note that Ecuador has once again been included as a potential recipient of funds under the Andean Fund. The Committee is concerned that the criteria for performance under this fund have not been applied consistently to countries in the region. The fund was established primarily to assist these countries economically if they lessened their dependence on illicit drug trade.

The Andean strategy established by the National Security Council of the United States did not specify a comprehensive set of criteria for who should receive these funds and under what circumstances. In addition it is unclear whether the Administration feels that additional economic criteria and conditionality should apply to the Fund, as is traditional in most ESF programs. Finally, the Administration has required that recipient countries agree to a military assistance program prior to receipt of any of these funds. In recommending full funding for this Fund the Committee has clearly indicated the priority of providing economic assistance to the Andean countries. However, the Committee insists that a consistent set of criteria for assistance under the Fund be established. Such criteria should incorporate the extent of cooperation a given country has achieved in narcotics programs, but it should not require direct United States military involvement in that country or that a given country be willing to accept military assistance. On the economic side the criteria should incorporate the extent to which the economies of these countries are dependent on narcotics. The Committee has approved these funds with the maximum flexibility for the Administration. Future flexibility depends upon the Administration following the recommendations of the Committee.

The Committee has placed a limitation of \$118,000,000 on the total amount of military assistance for Peru, Bolivia and Colombia. This is consistent with the authorization and the amount provided last year. The Committee has also included a prohibition on assistance to Peru's Sinchi police because of concern over their human rights record. These concerns and other issues relating to Peru are discussed elsewhere in the report.Dm1:A108HR.001

The Committee has provided specific authority in the bill to use ESF and Development Assistance funds for production, processing and marketing of alternate crops in specific countries. The Committee has also with the exception noted above allowed the use of funds to aid law enforcement agencies.

U.S. HOSTAGES IN THE MIDDLE EAST

The Committee once again notes with dismay that six innocent American citizens are still held hostage in Lebanon by terrorist organizations.

The Committee notes that Terry Anderson, the longest held hostage, has spent more than six years in captivity. The other five hostages are Thomas Sutherland, taken June 9, 1985; Joseph Cicippio, taken September 12, 1986; Edward Tracy, taken October 21, 1986; J. Turner, taken January 24, 1987; Alann Steen, taken January 24, 1987.

Once again the Committee urges the Administration to explore all reasonable options to locate and release the U.S. citizens taken hostage in Lebanon. The Committee also calls on the international community to work for the release of these and other hostages held in Lebanon.

CREDIT REFORM AND INTERNATIONAL DEBT

The Committee is concerned about the implementation of the credit reform legislation as it pertains to international credit accounts. Generally, the Committee has cooperated with implementation of this legislation by appropriating funds for "subsidy" accounts and by providing flexibility to program managers by not limiting programs to loan totals or loan types.

Nevertheless, in order to ensure that subsidy estimates and credit risks are assessed as well as possible, the Committee has included \$3,000,000 for private professional estimation. A further explanation of this action is included under the section titled, "MDB Other".

NEED FOR CENTRALIZED COUNTRY RISK, REVENUE, AND SUBSIDY ESTIMATION AND CENTRALIZED DATA SYSTEM

The Committee strongly urges that the Administration centralize the assessment of country risk and the estimation of subsidy levels, and the projection of loan repayments in an interagency taskforce headed by the Department of the Treasury and the Office of Management and Budget. The Committee believes that each foreign government should have only one "credit rating" with the United States rather than effectively a different rating for each United States government program in which they participate. Credit and lending policy and the subsidy costs related to those policies need far more central direction than is now the case. Without such action foreign governments will continue to take advantage of the American taxpayers by refusing to repay loans from programs in which they no longer participate while repaying only to programs from which they continue to borrow.

The Committee has reviewed the Report of the Subgroup on Foreign Credits and Credit Guarantees of the Federal Credit Policy

Working Group which was submitted on February 28, 1991 in response to the recommendation of the Committee that a centralized foreign credit information system be developed. The report is a good initial step in getting organized, however, substantial further action is required. The Committee recommends that an implementation schedule be developed for such a system and adopted. Initial work should get started as soon as possible. The Committee endorses the Subgroup recommendations that a group be designated responsible for system development, that such group examine the character and cost of more comprehensive reporting systems, and that the group consider future enhancements to the proposed system which would meet the needs of additional users.

**DEBT FORGIVENESS REGULARLY TAKING PLACE IN "PARIS CLUB" DEBT
RESCHEDULINGS**

The Committee has recently discovered that the United States government has regularly in the context of "Paris Club" debt reschedulings been compromising the value of concessional debt payments owed to the United States by rescheduling those debts at less than market rates thereby further increasing their already concessional nature. The Committee is aware of no legal authority for the Executive Branch to execute such debt forgiveness.

The Committee directs that the Department of the Treasury and the Office of Management and Budget review all Paris Club loan reschedulings negotiated by the Department of State or any other federal agency and all subsequent bilateral agreements since 1979 and report to the Committee no later than February 15, 1992. Such report shall include estimates, both chronologically and by country, of the net discounted value of each set of rescheduled loans prior to and immediately after their rescheduling. Such report shall summarize and report in total the decrease in the value—in net discounted terms—of all such loans compromised in the Paris Club. Loans compromised or forgiven due to explicitly granted authorities such as (1) military debts of Egypt, (2) Polish debts, and (3) debts forgiven or adjusted under section 572 authority are exempted from this requirement.

The Committee directs that all future reports to Congress on debt reschedulings contain estimates of loan value—in net discounted terms—before and after such rescheduling.

**NEED FOR ANNUAL UPDATE ON ESTIMATED DEBT AND DEBT SERVICE
REPORT**

In the Conference Report on the fiscal year 1990 Foreign Assistance Appropriations Bill, the Committee called for the development of a report showing country and program level actual repayments for the last five years and scheduled repayments for the next five years. That report was received in June, 1990 and has proved very useful for everyone trying to follow international debt and country debt. The Committee directs that the Department of Treasury and the Office of Management and Budget update this report on annual basis and provide copies to the Appropriations and Budget Committees of Congress.

QUESTIONABLE LEGAL BASIS FOR INTERNATIONAL DEBT RESCHEDULING
AND DEBT FORGIVENESS ACTIONS OF THE EXECUTIVE BRANCH

In December 1986, the Reagan Administration proposed a military debt rescheduling for certain countries which provided for a restructuring of all their military loans including a capitalization of substantial amounts of interest to be paid in enormously large payments in the final year of each loan. A second portion of the proposal provided for certain countries to prepay without penalty their military debt to the United States even though the loan contracts explicitly said such countries had no right to prepay without penalty. The Administration argued that they had the legal authority to proceed without legislation. The Committee, believing that the proposal was absurd and that no one could credibly argue that these countries would be more likely to pay the resulting amounts, and also believing that the Administration had no legal authority to allow for prepayment without penalty, requested a legal opinion from the Comptroller General of the United States. That legal opinion in July 1987 basically confirmed the opinion of the Committee. Subsequently, in late 1987, the Congress passed legislation permitting a somewhat different military debt relief action.

This apparently baseless assertion of Executive authority in the area of international debt rescheduling and forgiveness, followed by Congress being requested to pass specific legislation giving authority to the Executive in 1990 to forgive Egyptian military debt completely, and in 1991 to give authority to forgive a portion of Latin American debt in the context of the "Enterprise for the Americas Initiative" highlights the murky legal situation surrounding Executive authority in the area of international debt. Further, Congress without Executive request in 1988 granted authority to forgive Economic Support Fund and AID development assistance loans for the poorest countries under certain conditions. And, Congress in 1990 granted authority to the Executive to forgive debts owed by Poland under certain conditions.

The Committee recognized this problem and in mid 1990 requested that the American Law Division of the Congressional Research Service research and report on all statutory authorities related to official foreign debt. That report, *Statutory Authorities Related to Official Foreign Debt*, was received in April, 1991. In general, it reviews constitutional authority and statutory authority, and finds that Congress has predominant constitutional authority and that Executive authority in this area derives solely from statutory delegations of power and court interpretations of the extent of those authorities. This report details a maze of statutory authorities and judicial interpretations relating in part to different credit programs in different agencies or to contracting authority in general, as well as detailing conflicting Attorney General opinions and differing Comptroller General opinions on particular points. Most legislation however has not directly addressed the issue of debt forgiveness or compromise in any clear or concise manner. Consequently, the Executive Branch primarily relies on assertions of implied authorities when it acts on debt reschedulings or debt reductions.

The Committee at its 1991 hearing with the Secretary of the Treasury requested that the Department cooperate with the Com-

mittee in reviewing this report and in developing a clear legislative base for future Executive actions in this area. The Committee believes that the Executive Branch should have clear and explicit delegations of authority from Congress related to international credits and that those delegations should be consistent across all international programs. Similarly, the Committee believes that clarification concerning what authorities have not been granted is equally important. Consequently, the Committee urges that the Department develop a legislative proposal in this regard.

U.S. GOVERNMENT POLICY ON DEBT RESCHEDULING NEEDS UPDATING

The Committee notes that basic United States policy on international debt rescheduling as stated by the National Advisory Council on International Monetary and Financial Policies in 1978 and unchanged since needs major updating. Since 1978, debt rescheduling has changed from an infrequent occurrence to almost an everyday happening. In recent years, as many as 20 to 30 reschedulings have occurred. Since 1979, over \$15,000,000,000 owed to the United States by foreign governments has been rescheduled. In addition, during this period, debt forgiveness has become more frequent—including action on high interest military debt for some countries, Egyptian military debt, debt of the poorest countries, Polish debt, and now the Administration proposal on Latin American debt.

Debt policy as stated by the NAC clearly has not led United States activity in this area, nor has it kept up with government action. Further, it is insufficiently detailed in many areas.

Some examples of the shortcomings of these stated policies include:

1. The NAC policy states: "Debt-service payments on international debt should be reorganized on a case-by-case basis and only in extraordinary circumstances where reorganization is necessary to insure repayment. Debt relief should not be given as a form of development assistance."

The Committee believes, however, that official international debt today, and for many years now, has not been reorganized "only in extraordinary circumstances". Further, in many cases, including the most recent Paris Club for Egypt, it is at least highly debatable that rescheduling or forgiveness was undertaken solely or even primarily because it was "necessary to insure repayment".

2. The NAC policy states: "When a reorganization involving government credit or government-guaranteed credits takes place, the United States will participate only if:—the reorganization agreement incorporates the principal of non-discrimination among creditor countries, including those that are not party to the agreement;—the debtor country agrees to make all reasonable efforts to reorganize unguaranteed private credit falling due in the period of the reorganization on terms comparable to those covering government or government-guaranteed credits;"

The Committee believes, and the Department of the Treasury has yet to explain why that belief is not accurate, that the "Toronto Terms" which have been adopted for Paris Club reschedulings for certain countries and which provide three very different rescheduling options for creditor countries are in direct conflict with

United States policy requiring "non-discrimination" among creditors if the United States is to participate.

The Committee further believes that the policy which seems to suggest that Commercial Banks must also reschedule their international debt on similar terms and conditions to those received by creditor countries is at least misleading. Clearly, requiring a debtor country to ask commercial banks for similar rescheduling terms and conditions is meaningless when commercial banks rarely take actions mirroring Paris Club reschedulings of official debt and when creditor countries take no significant responsibility in providing or requiring—through law or regulation—commercial banks located in their country to reschedule their loans with these debtor countries in such a manner.

The Committee believes that NAC policy should not imply that creditor countries and commercial banks are being in any way treated similarly when it is more accurate to simply admit that official debt reschedulings undertaken at the Paris Club far more frequently result in providing a debtor country greater liquidity which is then used in part to repay commercial banks more than they would likely have received from the debtor country if the Paris Club rescheduling had not taken place.

3. The Committee further believes that NAC policy should address the question of what type of debt rescheduling should be undertaken in particular circumstances. Clearly, the NAC policy of normally limiting the scope of Paris Club reschedulings to "payments in arrears and payments falling due not more than one year following the reorganization negotiations" has in no small part led to the practice of debtor countries having to go to Paris Club year after year acting as if they have short-term liquidity problems rather than admitting that the country had a long-term financial crisis more akin to bankruptcy.

The Committee believes that in many circumstances it is more appropriate for a debtor country to have a debt stock restructuring rather than dealing only with arrears and payments due over the course of one year. This approach, in some instances will offer a more realistic long-term work out from a debt crisis rather than the short-term palliative offered by the more traditional approach. The Committee believes that the NAC policy should address in what economic circumstances it is appropriate to offer a debtor country a stock of debt restructuring rather than a traditional debt rescheduling.

4. The Committee finally believes that the NAC policy should address the question of debt forgiveness. In what economic circumstances should such an action be considered? What action is required by both the Executive and the Legislative Branches when debt forgiveness is determined to be economically appropriate—both in legal and budgetary terms? The Committee believes that action in this area is particularly important in that it has recently learned that the Administration has been forgiving debt by rescheduling what were originally concessional loans at concessional rates of interest. Piling concessional rates on top of concessional rates is clearly debt forgiveness and should not be characterized as debt rescheduling.

COUNTRY ISSUES

CAMBODIA

The Committee has provided up to \$20,000,000 for humanitarian and development assistance for Cambodians, pending notification by the Administration. The Committee directs that the notification include a full explanation of how such funds will be distributed among the eligible recipients. The notification provision permits the Administration to continue providing humanitarian support to the noncommunist resistance, but there is an added expectation that the Administration will honor Congressional intent to also provide assistance to all other Cambodians in need, with the exception of the Khmer Rouge.

In the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1991, Congress required the Administration to begin providing humanitarian aid to all Cambodians in need other than the Khmer Rouge and that the distribution of last year's funds would be predicated to the maximum extent possible on a needs assessment to be conducted by AID within Cambodia.

In fact, to date funds have not been obligated in this manner; no funds have been made available to the noncombatant civilians within Cambodia and the Administration has declared its intentions to spend a minimum \$7,500,000 for the non-communist resistance prior to promulgation of a needs assessment report.

Consequently, the Committee intends to object to any notification which does not contain a full accounting of the Administration's intentions for obligation of funds in the new fiscal year to ensure that as a condition for continued funding of the noncommunist resistance, a genuine effort is made to reach those innocent civilians within Cambodia who have for too long been victimized by the violence and depredations of war.

In addition, the Committee is requiring that the President submit to the Congress, no later than January 1, 1992, a report describing the extent of military cooperation between the Khmer Rouge and any of the factions of the noncommunist resistance. This report is required because of the Committee's continuing concern that such cooperation is occurring notwithstanding the inclusion of statutory language that prohibits U.S. assistance in the event of either tactical or strategic cooperation by any organization with the Khmer Rouge.

Pursuant to the current year's appropriations statute, the Administration submitted on February 26, 1991 a report entitled "Cambodia: The Question of Non-Communist Resistance Military Cooperation with the Khmer Rouge Since 1986". In this report, the Administration stated:

The evidence available to date does not substantiate a judgement that the NCR and the Khmer Rouge have been fighting as an integrated force, or that the NCR has been fighting under the Khmer Rouge command. Nor is there evidence that the senior leaderships of the NCR and the Khmer Rouge are cooperating in strategic planning. At the tactical level, however, there have been reports of use by some ANS units of Khmer Rouge supplies and logistical

lines when they were operating in the same areas and reports that certain ANS units have fought in the same areas as, or conducted attacks with, the Khmer Rouge.

To avoid the ambiguities of previous years, in fiscal year 1991, Congress intended, clarified and reiterated an existing ban on use of U.S. funds to directly or indirectly assist the Khmer Rouge. Consequently, the President was required to cease assistance to any organization that cooperated with the Khmer Rouge. Notwithstanding the February, 1991 report to the Congress acknowledging reports of tactical cooperation, the President has made no determination to cease aid. The Administration has used prior year funds remaining in the pipeline to provide humanitarian aid to the non-communist resistance forces despite the clear intention of the Congress to cut off funding if cooperation with the Khmer Rouge is found to exist, and it has declared its intentions to use the 1991 funds, where a clear prohibition on cooperation applies, for non-communist non-combatants only.

While the Committee recognizes the Administration's intent to limit funding to noncombatants, no new program guidelines have been offered suggesting how goods and services can be reasonably restricted to a civilian population that is clearly integrated with and backed by a military faction. Nor has the Administration indicated what new circumstances would make it possible to resume aid to the resistance forces.

Finally, the current statute restricts aid to any faction as long as military cooperation is occurring and does not provide for a continuation of humanitarian aid to some portion of the faction, even the noncombatants, so long as that faction elects to align itself militarily with the Khmer Rouge. Therefore, making the distinction between aid to civilians and aid to combatants does not relieve the President of his responsibility under the law to determine if cooperation is indeed occurring and to cease aid accordingly.

The February 1991 report does not provide this Committee with the peace of mind needed to unequivocally provide continued aid to the noncommunist resistance. Therefore, in addition to a second report on cooperation required on January 1, 1992, the Committee will expect of the Administration a certification that no cooperation is occurring between the Khmer Rouge and any intended recipient of U.S. aid at such time as a notification of intention to obligate Fiscal Year 1992 funds is submitted to the Congress.

EL SALVADOR

The Committee supports the Central American Presidents' Agreement of December 12, 1989 and December 17, 1990 calling upon the Farabundo Marti National Liberation Front (FMLN) to cease hostilities and renounce all types of violent actions particularly those which directly or indirectly affect the civilian population of El Salvador. In addition, the Committee supports a continued active role for the Secretary General of the United Nations and for the Organization of American States in the ongoing negotiations between the government of El Salvador and the FMLN for the purpose of achieving a permanent settlement to the conflict. The Committee is encouraged by the progress in the negotiations

thus far, and expects both sides to continue serious discussions until a permanent settlement to the conflict and an end to the terrible war is achieved.

With this in mind the Committee has refrained from taking any specific action on military assistance for El Salvador in this bill. A similar approach has been taken by the Foreign Affairs Committee in the fiscal year 1992 authorization bill.

Early in the year, the Administration requested that Congress refrain from taking legislative action on El Salvador until May 30th. The Committee complied with that request recognizing that action by the Congress during the negotiations might inadvertently prejudice the talks. At the time of the agreement, it was hoped that the talks would produce a cease-fire by May 30th. This did not occur and it now appears that the talks will not be concluded in the near future. Because the Committee wishes to give the talks every possible chance to succeed, the Committee in conjunction with the leadership of the House and the Foreign Affairs Committee will continue to refrain from legislative action on El Salvador until September, 1991. At that time, a bill dealing with assistance for El Salvador will be considered. If passed, the Committee will seek to include it in the Conference Agreement on the bill.

This course of action has been chosen in the belief that it is the best way for the United States government to maintain leverage on both parties to the conflict. In the same spirit, the Committee urges that the second half of the military funds made available to El Salvador for fiscal year 1991 not be released to the government of El Salvador. Release of these funds would take the pressure off the government with respect to the negotiations, the Jesuits case, and human rights situation generally. Additionally, not obligating these funds for military purposes would leave open the option of providing them for the Demobilization and Transition Fund, if a settlement is achieved during that period. The end of the war will begin the daunting task of reconstruction. Clearly, funds will be required to support the demobilization, retraining, relocation, and re-employment in civilian pursuits of former combatants. Providing monies into such a Fund or continuing to withhold funds already available for the uses specified for the Fund would serve as a positive and concrete incentive to both sides of the conflict to achieve a negotiated settlement. In addition, the continued withholding of these funds gives the Administration the ability to respond quickly to any immediate requirements that emerge from a settlement.

More than \$90,000,000 remains available to the government of El Salvador in undelivered military assistance from funds currently in the aid pipeline. Clearly, this is a sufficient level to meet military requirements for the next few months.

The Committee has recommended including a provision withholding \$10,000,000 in fiscal year 1992 military assistance funds from El Salvador pending progress on the Jesuits case and other human rights cases. As stated earlier, the Committee will leave open until September any decision about increasing the amount withheld.

It is our hope that a permanent end to the decade long civil war will be achieved by September so that our action at that time can provide a means for reconstruction and development and not fur-

ther means of destruction. The Committee's approach applies pressure to both sides to achieve a permanent settlement and gives the Administration the flexibility to do the same.

GUATEMALA

The Committee has included language in the bill requiring that all assistance provided to Guatemala in fiscal year 1992 be notified through the regular notification process. This action is in conjunction with actions taken in the International Cooperation Act of 1991 on Guatemala. The Committee's intention is to send a clear signal to the government of Guatemala.

Despite repeated encouragement and dialogue as well as considerable amounts of assistance from the United States, the Guatemalan government has made little progress in fulfilling pledges to end human rights abuses by government forces, to expand labor rights, to alter its tax structure, to establish full civilian control over the military, and to redress the social and economic grievances of the poor.

Of particular concern is the deterioration of the human rights situation in Guatemala in the past year. On the day of his inauguration Guatemala's new president voiced his strong support for the observance of internationally recognized human rights. He followed up by making several key appointments in the government. However, this has not been followed by a reduction in violence. In fact the human rights situation has grown steadily worse in the past two years. The State Department's report on human rights concedes "the security forces are virtually never held accountable for human rights violations". Recent reports issued by Guatemala's Human Rights Ombudsman indicate a doubling of reported violations of human rights in the first quarter of this year. In addition recent press reports indicate a new wave of threats against politicians and labor leaders. Recent violations allegedly committed by the security forces include the assassination of Myrna E. Mack, the kidnapping and torture of U.S. citizen Sister Diana Ortiz, the abduction and execution of Salvadoran Hector O. Colindres and Gilda Flores, a Guatemalan lawyer, and the massacre of 15 peasants including 3 children in December of 1990. Human rights abuses will continue until the Guatemalan government conducts a full investigation of all abuses allegedly committed by security forces, makes public the results, and prosecutes those found to be responsible. The Committee cannot continue to support aid to Guatemala if these concerns are not addressed.

With respect to economic aid the Committee expects that any economic funds made available for Guatemala should be used solely by civilian agencies and non-governmental organizations for (1) programs that directly address poverty, basic human needs and environmental concerns (2) to improve the performance of democratic institutions or to promote pluralism (3) for National Reconciliation Commission, and (4) for fiscal reform, fiscal administration and to reform the tax system and (5) to promote foreign and domestic trade and investment. These funds may not be used for partisan political purposes or as an instrument of counter insurgency. This

issue is further addressed in the Economic Support Fund section of the report.

With respect to military assistance the Committee expects that no fiscal year 1992 funds will be made available to Guatemala except for the Fund for Ceasefire Monitoring, Demobilization, and Transition To Peace. These funds are to be used for the costs of demobilization, retraining, relocation and reemployment in civilian pursuits of former combatants in the conflict in Guatemala, and the costs of monitoring the ceasefire. No other form of military assistance will be approved.

HAITI

The Committee recognizes that the new government of Haiti has taken positive steps to restore order and place the country on the path toward democracy. The Committee is encouraged that the recent elections were free and fair and led to a peaceful transition of power. The Committee has removed Haiti from the list of countries requiring notification. The Committee urges that Haiti receive priority in the allocation of both Economic Support Funds and Development Assistance in order to meet its vast needs.

HONG KONG ELECTIONS

In September 1991, the people of the Crown Colony of Hong Kong will go to the polls to elect members of the Hong Kong Legislative Council. The ideals of democracy and freedom of self-determination are just taking root in Hong Kong and must be encouraged.

Through AID's mandate to promote democracy and development in other nations and in accord with AID's democracy initiative, the committee recommends that AID become involved in the September 1991 election in Hong Kong. This involvement should include support for observer teams to be sent to the September 1991 elections in Hong Kong and for monitoring the registration and campaign processes leading up to those elections by appropriate organizations such as the United Nations, the National Endowment for Democracy, the Carter Center, the National Democratic Institute for International Affairs, the National Republican Institute for International Affairs and Freedom House.

This recommendation is a clear expression of the Committee's support for the development of strong democratic institutions in Hong Kong and the preservation of these institutions after the Chinese take control of Hong Kong in 1997 under the provisions of the Sino-British Joint Declaration of 1984.

IRAQ

The end of the war in Iraq has brought about needs to be addressed in terms of refugees, peacekeeping and humanitarian assistance. In March, the Congress passed a \$235,000,000 supplemental to address refugee and peacekeeping needs. However, it appears that there will continue to be needs in the area and international organizations have issued appeals totalling more than \$700,000,000 to provide for refugee assistance both inside and outside of Iraq.

Although many of the Kurdish Iraqi refugees have returned to Iraq, there is still a massive international effort taking place to assist those who have returned to Iraq and those who remain on the Turkish and Iran borders. It is important that the United States take steps to obtain funding from other nations, and to fulfill our own responsibilities to the refugee problem.

It appears that once the role of the United States military decreases in the refugee effort, additional security will have to be provided through either a United Nations peacekeeping or multinational force. If funds for peacekeeping purposes are needed, the Administration is urged to request funding as quickly as needs are known.

MOZAMBIQUE

The Committee is encouraged that there are on-going talks between the Government of Mozambique and the opposition group, RENAMO. For a number of years, the Committee has expressed its displeasure over the human rights violations being inflicted on the people of Mozambique by both RENAMO and the Government of Mozambique. Specific concern has been raised over the atrocities inflicted by RENAMO. The Committee calls upon the Government of Mozambique and RENAMO to stay with the negotiations, and to end the conflict that has had such a devastating effect on the people of Mozambique.

NICARAGUA

The Committee is pleased with the progress the government of Nicaragua has made during its first thirteen months in office. After a decade of war and economic mismanagement, President Violeta Chamorro inherited an empty treasury, an inflation rate running in excess of 6000 percent, an enormous army, and a bitterly divided country. Since then the government has successfully persuaded the contras to lay down their arms and to begin reintegrating into Nicaraguan society. Mrs. Chamorro has also engineered a two-thirds reduction in the size of the armed forces and there are no longer political prisoners or secret political prisons in Nicaragua. The government has initiated a program of economic liberalization, including reduced state salaries, voluntary retirement, the elimination of numerous subsidies and the termination of many government monopolies. Furthermore, an effort has begun to return to private ownership as many of the over 300 state-owned enterprises as possible.

The Committee recognizes that none of these measures is easy and that the government is challenged at every step by forces insisting it is going too quickly or too slowly. While many problems remain to be addressed, the Committee urges the government of Nicaragua to address the overwhelming challenges it faces. In developing its funding recommendation, the Committee encourages full funding of the Administration's \$150,000,000 request for Nicaragua. The Committee believes great urgency should be given to programs that will give land, equipment, seeds and fertilizers to demobilized soldiers from both the contras and the Sandinista army. This will provide these former combatants with the opportunity of

leading productive lives instead of using violence to redress their grievances.

The Committee is disappointed with the \$22,000,000 request for development assistance proposed by the Administration. The Committee notes that it has substantially increased funding for development assistance accounts in this bill and believes that a substantial increase in long-term development assistance for Nicaragua is justified and needed in fiscal year 1992. AID also must not allow its overly bureaucratic planning process to delay needed assistance. The Committee was also surprised and disappointed to learn that a program has yet to be initiated to bring Nicaraguan students to the United States under the Central American Peace Scholarships program. The Committee urges that such a program be initiated quickly. It is precisely for situations like this that the program was initiated, and the Committee is at a loss to understand why one has yet to begin.

Finally, the Committee notes that while the government of Nicaragua hopes to clear its arrears to the World Bank and the Inter-American Development Bank by August of 1991. The Committee believes that the Administration should seriously consider using various existing authorities to address the bilateral debt problems facing the government of Nicaragua once its arrears have been cleared.

The Committee supports the concept of providing assistance to the International Conference on Central American Refugees (CIREFCA) as a means of supporting the regional peace process throughout Central America. In Nicaragua the United States provided \$5,000,000 through CIREFCA for the repatriation of Nicaraguan refugees and in El Salvador the United States has provided \$500,000 for repatriated refugees. These funds provided through a multilateral mechanism have been instrumental in getting assistance to refugees in need on a timely basis and have supported regional peace agreements. The Committee urges the Administration to continue to provide support to refugees in the Central American region through CIREFCA.

PAPUA NEW GUINEA

The Committee is concerned with allegations of grossly corrupt tropical timber practices in Papua New Guinea (PNG) whose territory, together with Irian Jaya, compromises the largest relatively intact expanse of tropical forest outside of the Amazon. Ninety-seven percent of the total land area in PNG is owned by local community groups.

The Committee, given its expressed interest in halting unsustainable logging practices and ensuring the human rights of indigenous peoples, recommends that, in light of encouraging recent actions taken by the government and people of PNG to stop unrestrained and unplanned logging, the United States, where appropriate, should assist government officials and non-government organizations in PNG in activities and programs to educate landowners with regard to their legal rights and sustainable agri-forestry management practices.

PERU

The Committee is concerned about the tragic events in Peru in the past year. The Committee also wishes to note that although the United States and Peru signed a bilateral agreement on economic and military assistance, much remains to be seen in its implementation.

The Human Rights report of the State Department cites both the terrorist activities of the Sendero Luminoso (Shining Path) and human rights abuses by government security forces as a continuing problem and on the rise. The report indicates regarding the Shining Path that they "regularly assassinate anyone perceived to be an opponent, or merely uncooperative, including ordinary citizens, typically Indian residents of the Andean highlands." Regarding the government security forces the report indicates "there were credible reports of summary executions, arbitrary detention, and frequent use of torture by police and the military." While the Committee is pleased that an agreement has finally been signed, a cautious approach on the flow of aid is in order, particularly military aid.

The new government of Peru has proposed a new comprehensive strategy for narcotics control. It would create a central focal point within the government for narcotics related military and law enforcement, demand reduction, and alternative development. The United States as part of the recently signed agreement will enter a direct military role in the drug war in Peru. These programs are ambitious and fraught with difficulties. The Committee is particularly concerned that the United States position, that no economic aid will flow until a military aid agreement was in place, sends the wrong signal to the people of Peru, and may get the United States involved in a bloody civil war in that country. The Committee has included a prohibition on providing aid to Peru's Sinchi police because of repeated allegations of human rights abuses.

The Committee has recommended that the full \$275,000,000 requested for economic assistance for the Andean countries be approved, and that military aid be limited to \$118,000,000. Peru will receive a significant portion of these funds based on its performance on drug related programs. As stated earlier in the report, in the Committee's view performance on drug related issues should not be the only criteria used in making funding decisions, particularly in view of Peru's development needs.

SOMALIA AND SUDAN

The Committee is concerned that chaos in both Somalia and Sudan is preventing international organizations from being able to distribute food, medicine and potable water. It is estimated that in Sudan alone more than one million people are at risk of losing their lives unless relief efforts are successful. In Somalia international relief efforts are also only able to provide assistance on a limited basis. The Committee calls upon the Governments of both Somalia and Sudan to immediately take steps that will permit the free operation of international relief agencies in their countries. The Administration should also heighten efforts to obtain clear-

ance for the delivery of humanitarian assistance and be ready to provide that assistance on a timely basis.

SRI LANKA

The Committee is concerned about a contract dispute between the government of Sri Lanka and a joint venture of two U.S. construction companies. In 1982, the U.S. firms entered into a contract with Sri Lanka's government-run Mahaweli Authority for the construction of irrigation canals. During construction numerous disputes arose and U.S. firms incurred additional personnel and equipment costs for which the Mahaweli authority refused to pay.

As provided in the contract, the U.S. firms took the dispute to the International Court of Arbitration. An arbitration tribunal, consisting of one appointee each from the International Chamber of Commerce, the government of Sri Lanka, and the U.S. construction firm, recently concluded its arbitration of the case. The tribunal reached an unanimous decision that Sri Lanka must pay \$56,000,000 plus interest. The Committee urges the government of Sri Lanka to meet its obligation under the contract and the ruling.

The Committee will closely monitor the progress made by the government of Sri Lanka to comply with the unanimous award and will consider further action if necessary to ensure the government of Sri Lanka meets its contractual obligations.

UGANDA

Uganda, an East African nation of almost 17 million people, is a country with substantial natural resources, including fertile soils, regular rainfall, and substantial mineral deposits of copper and cobalt. For most of the past two decades, its economic potential has been devastated by political instability, civil war, corruption and mismanagement. First under Idi Amin, and then later under the Obote and Okello regimes, respect for human rights was virtually non-existent.

In 1986 the National Resistance Movement (NRM), led by President Yoweri Museveni, took power. Since then Uganda has made impressive strides in stabilizing, restructuring and rehabilitating its economy, resulting in economic growth of 6 to 7 percent annually since 1987. Since the NRM came to power, more than 320,000 Ugandans who had fled to Zaire and Sudan have returned home, as have thousands of Ugandan professionals who had fled to Kenya, Europe, and North America. NRM policies toward women have been especially progressive, and the government has provided strong and enlightened leadership in addressing the AIDS pandemic that currently afflicts the nation.

While the achievements of the NRM have been impressive, problems remain. In particular, the government continues to face disparate insurgent groups in the north, east and far west of the country. In the face of these continuing conflicts, human rights abuses remain pervasive. Remnants of the Holy Spirit Movement in the north have routinely engaged in forced recruitment, kidnapping, rape and summary executions of civilians. Remnants of the rebel Uganda Peoples Army in the east continue to assassinate local government officials and to fire indiscriminately at civilian vehicles.

Government forces have also been implicated in continuing human rights abuses; and even though impressive efforts have been made to broaden the base of the government by including at least one representative from every tribal, regional and religious group, progress in returning the nation to multi-party democracy has been slow.

On April 15, 1991, Ugandan military forces arrested and detained without charge or trial members of the National Resistance Council Irene Apio Jullu, Zachary Olum and Daniel Omara Atubo. Ugandan law requires that individuals who are arrested be charged within twenty-four hours of their arrest. Thus, the Committee is concerned about the arrest and unlawful detention of these and other individuals suspected by the government of being involved in the formation of political parties. The Committee urges the government to resolve these cases expeditiously. Recognizing the complexities of the situation in Uganda, the Committee also urges the government to intensify efforts to move Uganda back to multi-party democracy.

The Committee has included Uganda in the list of countries for which prior notification is required and will follow developments in that nation closely.

ZAIRE

The Committee has continued prohibitions in the bill against providing direct assistance to the government of Zaire. Although there continue to be promises of democratic reform and freedom of expression, none of these promises have come to fruition. Instead the Committee continues to receive reports of both human rights abuses and widespread government corruption—starting at the top and working down. The pattern appears to be that the Government grants reforms such as allowing political parties to be created, and then arrests anyone who tries to form one. Until deeds follow words and government corruption is terminated, the Committee plans to continue its limitation on assistance to Zaire.

**SUMMARY OF BILL
DEFICIT REDUCTION**

Fiscal Year 1991 level.....	0
Fiscal Year 1992 request.....	0
Committee recommendation.....	\$135,000,000

The Committee has recommended \$135,000,000 be appropriated directly for the purpose of reducing the deficit of the United States, rather than spending the entire amount allocated for foreign aid. Therefore a provision has been included in the bill appropriating funds directly for deficit reduction.

The 1990 budget summit agreement last year established three distinct categories of spending: domestic, defense and international affairs, with each of these categories receiving a specific level of funding. The level for international affairs was clearly recommended as a ceiling, and the Committee feels that the \$15.1 billion recommended in this bill is sufficient to meet United States bilateral and multilateral foreign assistance commitments. The Committee believes that funding included in the Committee's allocation for foreign aid above the \$15.1 (\$135,000,000) is better spent on helping to reduce the nation's serious deficit.

TITLE I—MULTILATERAL ECONOMIC ASSISTANCE

INTERNATIONAL FINANCIAL INSTITUTIONS SUMMARY

Fiscal year 1991 level.....	(\$7,062,893,583)
Fiscal year 1992 request.....	(6,772,662,845)
Committee recommendation.....	(6,799,831,817)

NOTE.—An additional amount of 8,608,500,000 Special Drawing Rights with an estimated value of \$12,158,000,000 has been requested by the Administration in fiscal year 1992 for the United States contribution to the International Monetary Fund

The Committee recommends a total level of funding as shown above for the nine international financial institutions involved in this bill (the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank and Fund, the African Development Fund, the African Development Bank, the European Bank for Reconstruction and Development, and the International Monetary Fund).

The following represents the proposed and actual distribution of International Financial Institution funding.

	Fiscal year 1991	New budget authority estimate fiscal year 1992	Committee recommendation
Budget authority	\$1,629,436,087	\$1,785,005,022	\$1,812,173,994
Callible capital	(5,433,457,496)	(4,987,657,823)	(4,987,657,823)
Total	(7,062,893,583)	(6,772,662,845)	(6,799,831,817)

U.S. INTERESTS IN THE MULTILATERAL DEVELOPMENT BANKS

The multilateral development banks are among the most cost effective but least understood instruments through which the United States attempts to pursue its foreign policy objectives abroad. The United States contributes to the multilateral development banks in order to promote economic development in the Third World. These contributions are motivated strongly by our own self-interest and by our humanitarian interests. Our contributions to these banks are based primarily on our belief that continued economic growth, especially market oriented growth, leads to increased political stability; and on our belief that increased economic and political stability strengthens world economic relations, which in turn results in better and larger markets for American goods. Often criticized, these institutions remain one of the most important foreign policy tools that can be used to serve important U.S. economic, political, security and humanitarian objectives throughout the world.

The United States is currently a member of five multilateral development banks: the World Bank and the regional development banks for Africa, Asia, Latin America and Eastern Europe. Except for the latter, each of these institutions has a "hard" and "soft" loan window. The "hard" loan windows typically lend at commercial rates to middle-income developing countries and to poorer countries with good credit ratings. The "soft" loan windows lend at concessional rates to the very poorest countries. In addition, a number of specialized agencies of the banks promote investment in developing nations. Collectively, these institutions seek to build and maintain an international economic framework that is open, predictable, growth-oriented and equitable.

U.S. humanitarian and economic interests are served by development bank lending for activities designed to alleviate poverty, promote basic human needs, and foster equitable economic growth in the poorest nations of the world.

The United States also has important political and security interests in many of the developing nations. The banks play a critical role in promoting these interests. For example, of total World Bank Group lending in fiscal year 1990, 88 percent was provided to countries that received some form of bilateral U.S. security assistance in that year. Much of the balance went to countries with which the United States has good relations, such as Hungary and Poland. The United States has an interest in encouraging more western-oriented economies in these countries, and in fostering less dependence upon the Soviet Union.

As the chart below suggests, the banks collectively provide far more economic assistance to other nations than does the United States bilaterally. In 1990, for example, they provided about \$6.10

for every \$1.00 the United States provided bilaterally. The point is not to suggest that the United States is not doing enough. It is only to note that the cost of duplicating bilaterally what the development banks provide multilaterally would be excessive.

In short, at a time when budget constraints are real, the role of the development banks takes on added importance precisely because other nations do share the financial burden and because the banks are able to leverage resources provided directly by donor nations to raise additional resources in private money markets. The MDBs are now lending funds at the rate of about \$33.8 billion annually. United States financial support cost about \$1.5 billion in 1990. That means United States dollars were multiplied over 22 times through the intermediation of private capital markets, retained earnings, repayments on earlier loans, and the contributions of other donors. However, United States financial support of the MDBs does more than leverage United States dollars to promote growth in developing countries and advance American humanitarian concerns—it leverages United States international leadership.

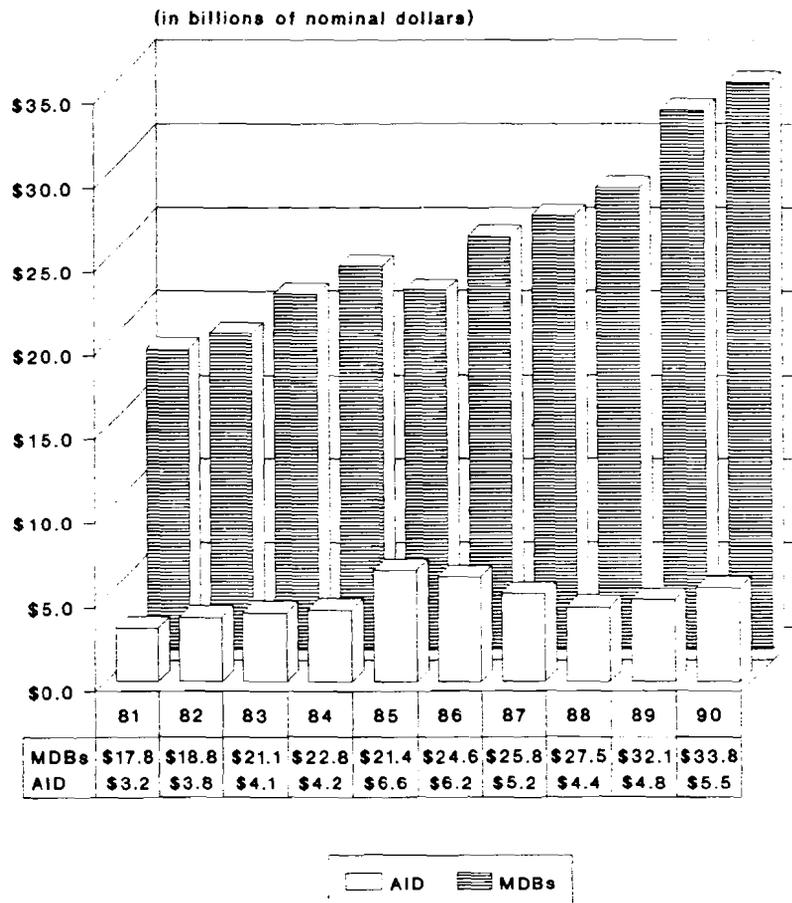
In addition to lending funds, moreover, the development banks provide policy guidance and technical services to developing nations. They also serve as focal points for donor coordination and for research on development issues.

American firms benefit directly from United States participation in the multilateral development banks. In fiscal year 1990, for example, the Treasury Department reports that American firms received \$1.7 billion in disbursements for foreign procurement from the World Bank alone.

Admittedly, the development banks are imperfect instruments for advancing U.S. interests. Like other large organizations, they have many flaws. Because the United States is only one of many governing members, they sometimes lend to countries with which either conservatives or liberals would take issue. At other times, they approve loans for projects and activities with which many disagree. However, the United States retains enormous influence in these institutions, influence it is in our interest to preserve.

The Committee has played a vigorous role in pressing for needed reforms in the development banks in the past. It will continue to do so in the future. On balance, however, the Committee is convinced that these institutions play a critical role in advancing American interests abroad.

**ECONOMIC ASSISTANCE COMPARED
THE DEVELOPMENT BANKS PROVIDE MORE THAN
THE AGENCY FOR INTERNATIONAL DEVELOPMENT**



MDB commitments excluding the IMF
AID development and ESF obligations

LENDING TO CHINA

The Committee has revised and brought up to date language included in the bill last year concerning lending to China by the International Development Association (IDA). In addition, the Committee has applied new but similar language to the Asian Development Bank (ADB). The two provisions would require the President to withhold from obligation the United States proportionate share of non-basic human needs (BHN) loans approved for China by IDA and the ADB if the United States government denies most favored nation (MFN) trading status to China.

These provisions are designed to bring some consistency to United States policy. If the United States government is prepared to deny most favored nation trading status to China—and most members of the Committee believe it should—the Committee believes that it is appropriate to withhold the U.S. proportionate share of any non-BHN loans that the International Development Association and the Asian Development Bank make to China. If the United States government is not prepared to deny MFN to China, the Committee believes we should not be asking these institutions to do what the United States itself is not prepared to do.

A third provision would require the Secretary of the Treasury to certify to the Committee that none of the funds provided in this bill for the Asian Development Fund (ADF) will be made available for China. The Committee understands that China is not currently eligible to borrow from the ADF. However, there has been considerable discussion that it may become eligible to borrow during the next replenishment. The Committee does not favor making China eligible and has included this provision in order to serve as a warning.

CONTRIBUTION TO THE INTERNATIONAL MONETARY FUND

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$12,158,000,000
Committee recommendation.....	0

NOTE.—The Administration request is for 8,608,500,000 Special Drawing Rights which are estimated to have a value of \$12,158,000,000.

The Committee has provided no funding for the International Monetary Fund.

The Committee believes that it should give the House Banking Committee sufficient time to consider authorization of this new quota increase for the International Monetary Fund. Funds for the IMF replenishment are available through the Budget Summit Agreement only for the IMF. Consequently, the Committee has not spent these resources on any other area.

Further, the Committee, despite its request to the Secretary of the Treasury, as yet has not received a letter from the President requesting the IMF funding and stating that it is in the interest of the United States to provide these funds.

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

Fiscal year 1991 level.....	(\$3,010,202,650)
Fiscal year 1992 request.....	(2,337,544,395)
Committee recommendation.....	(2,337,544,395)

The following represents the proposed and actual distribution of the International Bank for Reconstruction and Development (IBRD) funding:

	Fiscal year 1991	New budget authority estimate fiscal year 1992	Committee recommendation
Paid-in capital.....	\$110,592,409	\$70,126,332	\$70,126,332
Callable capital.....	(2,899,610,241)	(2,267,418,063)	(2,267,418,063)
Global Environment Facility.....	0	0	50,000,000
Total.....	(3,010,202,650)	(2,337,544,395)	(2,387,544,395)

The Committee has recommended funding for the International Bank for Reconstruction and Development (IBRD), of \$2,387,544,395 for fiscal year 1992 including a contribution to the Global Environment Fund.

HISTORY

The International Bank for Reconstruction and Development (IBRD), known as the World Bank, was established largely under United States leadership in 1945 through the Bretton Woods Agreement to make or guarantee loans for productive reconstruction and development projects. This has been accomplished both through its own capital, provided by member governments, and through the mobilization of private capital in international financial markets.

The Bank makes loans at near market terms from its capital resources which consist of (1) paid-in capital subscriptions of members, and (2) members' callable capital subscriptions which are used to support borrowing in capital markets. The Bank's principal role today is making long term credit available for productive projects, at near market interest rates, which will lead to economic growth and social development in its less developed member countries. As of March 31, 1991 the World Bank had 152 member countries, and had made cumulative loans of \$197.2 billion of which \$124.7 billion had been disbursed.

United States membership in the IBRD and an original capital subscription of \$3.175 billion (34 percent of the total) were authorized in 1945 (Public Law 79-171). U.S. subscriptions now total \$19.606 billion or 15.65 percent of the total \$125.3 billion subscribed capital.

The interest rate on IBRD loans as of January 1, 1991 is 7.73 percent. Repayment terms are 15 to 20 years, after a grace period of three to five years.

CONTRIBUTION TO THE GLOBAL ENVIRONMENT FACILITY

The Committee has recommended funding of a contribution for the Global Environment Facility at the World Bank of \$50,000,000 for fiscal year 1992.

The Administration had planned for the United States to contribute up to \$150,000,000 to the Global Environment Facility over three years in "parallel projects" through the Agency for Interna-

tional Development. However, it became apparent to the Committee that, at least in the first year, these plans did not represent an increase in level of effort by the United States government. Rather, the Administration was trying to get credit for previously planned projects which would probably go forward regardless of the creation of the Global Environment Facility. Most other countries already have contributed cash rather than "in kind" contributions.

The Committee is concerned that projects funded by the GEF represent a balanced mix of energy, global warming, biodiversity and other projects. The Committee endorses a strong supporting role for the UNEP and the UNDP and the Scientific Advisory Board to the GEF. The Committee believes that there is a need for a small projects fund within the GEF to be operated through existing international non-governmental organizations such as the International Union for the Conservation of Nature. The Committee further believes that there is a need to develop clear guidelines on the development of GEF projects and a need to have interaction between the GEF and the IBRD so that IBRD projects can also reflect environmental objectives. This issue is addressed earlier in the report under Environmental Concerns.

HISTORY

The Global Environment Facility was established in November, 1990. It will support projects in developing countries to address four concerns: reducing global warming, preserving biological diversity, protecting international waters, and preventing further depletion of the ozone layer. The fund is located in the World Bank. Both the United Nations Development Program and the United Nations Environment Program will assist in implementation of the program.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 1991 level.....	\$1,064,149,500
Fiscal year 1992 request.....	1,060,000,000
Committee recommendation.....	1,060,000,000

The Committee has recommended funding of a contribution to the International Development Association of \$1,060,000,000 for fiscal year 1992.

HISTORY

The International Development Association (IDA) is the concessional lending affiliate of the World Bank Group. It was established largely at the initiative of the United States in 1960 to finance high priority economic development projects in the less developed IBRD member countries since the normal IBRD lending terms, at near market interest rates, make borrowing more difficult for those countries. It does this by providing long term credits at a nominal service charge. As of March 31, 1991, IDA had 138 member countries and had made cumulative credit commitments of \$63.2 billion of which \$44.5 billion had been disbursed.

Beginning with the eighth replenishment of IDA resources, IDA credits are for 40 years for the least developed countries and 35 years for other recipients. Credits continue to bear no interest, and

grace periods will be maintained at 10 years for all countries. After the grace period, two percent of the credit is repaid annually for a period of 10 years. In the remaining years, four percent is repaid annually. There is an annual service charge of 0.75 percent on the disbursed portion to cover administrative costs.

These funds would be the second appropriation for the ninth replenishment of IDA. The total United States share of the ninth replenishment amounts to \$3.18 billion, or 21.61 percent of the total.

CONTRIBUTION TO THE INTERNATIONAL FINANCE CORPORATION

Fiscal year 1991 level.....	\$40,330,972
Fiscal year 1992 request.....	0
Committee recommendation.....	40,330,972

The Committee has recommended funding of a contribution to the International Finance Corporation of \$40,330,972 for fiscal year 1992 subject to authorization. The Committee has also included a provision limiting IFC stock purchases in fiscal year 1992 to not more than \$6,050,000.

The Committee is concerned that the Administration is confused about the difference between negotiating a capital increase for the IFC and negotiating an increase for the IBRD. The Committee has expressed its concern in the past about the overlap and blurring of the roles of the World Bank and the International Monetary Fund. Now, the Administration apparently is pursuing a negotiation aimed at creating a private sector lending quota in World Bank lending and other significant policy changes, while at the same time insisting on a smaller quota increase for the IFC, the private sector lending arm of the World Bank, than many other countries think is warranted. Unfortunately, the Administration sees nothing contradictory in these actions.

The Committee believes it is inappropriate for the Administration to hold the IFC hostage in an effort to impose changes in the World Bank, especially changes that have so little merit that they are opposed by most other members of the IFC and the IBRD. The Committee believes that some of these changes would have a difficult time gaining passage if they were subject to Congressional approval and that if they were adopted in a form similar to the original proposal they would seriously undermine bipartisan support for the IFC and the World Bank within the Congress.

The Committee further believes that the agenda for change in the World Bank which the Administration is pursuing is so basic in nature that it would require additional authorization action from the Congress beyond that received for the last capital increase of the Bank.

Last year, the Committee expressed support for a new capital increase for the IFC. Negotiations regarding a capital increase have been going on for some time. A vote on whether to approve such an increase is scheduled for later this month. The Committee is taking the unusual step of recommending funding for the IFC, despite no request from the Administration, in order to reaffirm its support for the IFC.

The Committee was particularly disturbed that it discovered the agenda of the United States government for changing the basic

nature of the World Bank from sources other than the Department of Treasury. Generally speaking, in the past, Treasury Department officials have had a reasonable record of consultation with the Committee prior to replenishment negotiations. At least, in the past, when it has not supported an Administration's negotiating position, the Committee has been aware of that position. This past record of consultation is in stark contrast to the Discussion Paper on the IFC Capital Increase presented by the U.S. Executive Director in the Executive Directors' Meeting on March 14, 1991.

Due to the concern of the Committee that the failure to consult on this radical agenda may not have been inadvertent, the Committee has inserted a new General Provision in this Act which requires consultation prior to negotiation of new replenishments in any of the international financial institutions.

Having never been consulted, the Committee is not in a position to fully assess all of the details of the proposed changes to the IFC and the World Bank. Indeed, had the Committee been consulted, it might have been in a position to support some of the proposed agenda while making it clear that other portions of the agenda were clearly unacceptable.

Due to the lack of explanation and consultation by the Department of the Treasury on its agenda in this instance, the Committee has made the recommended appropriation for the Enterprise for the Americas Multilateral Investment Fund at the Inter-American Bank, an item on which the Committee has cooperated with the wishes of the Secretary of Treasury, subject to notification.

The Committee notes that the final vote on the IFC replenishment is to occur later this month. In part, the United States' position on that vote will influence the positions of the House on items of interest to the Department of the Treasury in conference on this bill.

HISTORY

The International Finance Corporation (IFC), a member of the World Bank Group, was established in 1956 to further economic development by encouraging the growth of private enterprise in developing countries. IFC provides and mobilizes loans and equity investment for promising ventures, and provides technical assistance. During fiscal year 1990, the Corporation approved 122 new investments in 33 countries totaling \$2.2 billion. Net investments for the Corporation's own account were \$1.5 billion, and total project size was \$9.4 billion. The last capital increase of the Corporation was \$650,000,000 agreed to in 1984 with payments expected over the 1985-1989 period. A capital increase is currently under discussion.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

FUND FOR SPECIAL OPERATIONS

Fiscal Year 1991 level	\$20,850,016
Fiscal Year 1992 request	20,576,000
Committee recommendation	20,576,000

INTER-REGIONAL PAID-IN CAPITAL

Fiscal Year 1991 level.....	57,449,324
Fiscal Year 1992 request.....	57,313,367
Committee recommendation.....	57,313,367

INTER-AMERICAN INVESTMENT CORPORATION (IIC)

Fiscal Year 1991 level.....	13,000,000
Fiscal Year 1992 request.....	12,500,000
Committee recommendation.....	12,500,000

ENTERPRISE FOR THE AMERICAS MULTILATERAL INVESTMENT FUND

Fiscal Year 1991 level.....	0
Fiscal Year 1992 request.....	100,000,000
Committee recommendation.....	100,000,000

LIMITATION ON CALLABLE CAPITAL

Fiscal Year 1991 level.....	(2,235,076,561)
Fiscal Year 1992 request.....	(2,235,076,561)
Committee recommendation.....	(2,235,076,561)

The Committee has recommended funding of a contribution to the Fund for Special Operations of \$20,576,000 for fiscal year 1992. The Committee has recommended funding of a contribution to the inter-regional paid-in capital of \$57,313,367 for fiscal year 1992. The Committee has recommended a limitation of callable capital of \$2,235,076,561 for fiscal year 1992. The Committee has recommended funding of a contribution to the Inter-American Investment Corporation of \$12,500,000 for fiscal year 1992. The Committee has recommended funding of a contribution to the Enterprise for the Americas Multilateral Investment Fund of \$100,000,000 for fiscal year 1992 subject to authorization.

The Committee is aware that a number of senior positions at the Bank are currently unfilled. In the past, the Committee has been surprised to learn of personnel selection which reflected narrow political consultation. The Committee believes that in order for the Bank to avoid the lessening of its bipartisan support in the future it should consult among its supporters in both chambers of Congress and in both parties.

The Committee was surprised to learn in its hearing on the Multilateral Development Banks this year that, although the Administration had requested funding for an Enterprise for the Americas Multilateral Investment Fund, prior to making its request the Administration had not consulted in any detail with other countries which it hoped would also contribute to the Fund. The Committee expressed its concern at that time and detailed the similar history of the Inter-American Investment Corporation which took over five years to get started.

The Committee is pleased to hear that the Administration has received a commitment from the Japanese to contribute a one-third share to the MIF. The Committee has made its recommendation for the MIF subject to notification in order to ensure that the Administration continues to work hard in encouraging other countries besides the United States and Japan to contribute the remaining one-third of planned contributions to the Fund. As discussed under the

IFC section, the Committee further intends that in order for the MIF funds to be approved the United States should vote for the IFC capital increase in the June meeting.

HISTORY

The Inter-American Development Bank is an intergovernmental organization, corporate in form, whose capital stock is owned by its member governments. It was established in 1959 to promote economic development in the developing countries in the Western Hemisphere. It does this by extending loans for specific development projects. It makes loans at near market terms from its ordinary capital resources which consist of (1) paid-in capital subscriptions of members, and (2) members' callable capital subscriptions, which are used to support borrowing in capital markets. As of the end of December 31, 1990, the IDB had 27 Western Hemisphere member countries, including the United States and Canada but excluding Cuba. In addition, seventeen non-regional countries (fifteen European countries plus Japan and Israel) have formally joined the Bank. Cumulative ordinary/inter-regional capital loan commitments were \$35.0 billion on December 31, 1990.

In addition to its ordinary capital lending operations, the IDB extends loans from the resources of the Fund for Special Operations (FSO) in circumstances where financing at near market rates of interest is not appropriate. FSO loans are made on concessional terms and are extended entirely from paid-in contributions provided by the United States and other members of the Bank. The FSO was established in 1959 as an integral element in the Bank's lending operations. As of December 31, 1990 cumulative loan commitments for the FSO totaled \$10.5 billion.

In 1986 the Inter-American Investment Corporation (IIC) was formally established as an affiliate of the IDB. The IIC is a multilateral organization designed to support private sector activities in Latin America and the Caribbean through equity and loan investments that focus primarily on small- and medium-scale enterprises. The initial capitalization of the IIC totals \$200 million divided as follows: Latin America and the Caribbean, 55 percent; non-regional countries, 19.5 percent; and the United States, 25.5 percent or \$51 million. The IIC initiated its first lending operation in 1989.

The ordinary capital resources of the Bank are used to provide "hard" loans to countries in Latin America and the Caribbean. The interest rate on loan disbursements in 1990 was 8.1 percent. The terms are usually 15 to 25 years with grace periods equal to the time necessary for project completion plus six months.

The Fund for Special Operations is used to provide concessional loans to Latin American and Caribbean nations. The interest rates on these loans run from two to four percent and the terms are usually 25 to 40 years with a grace period from five to 10 years.

The Enterprise for the Americas Multilateral Investment Fund (MIF) was proposed by the United States in 1991 and funding is planned as follows: one-third each from the United States, Japan, and other member countries. It will include three areas of activity: technical assistance, human capital and enterprise development.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

Fiscal year 1991 level.....	0
Fiscal year 1992 request	\$25,526,366
Committee recommendation.....	25,526,366

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 1991 level.....	\$126,854,000
Fiscal year 1992 request	174,955,050
Committee recommendation.....	158,793,050

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Fiscal year 1991 level.....	0
Fiscal year 1992 request	(\$186,972,187)
Committee recommendation.....	(186,972,187)

The Committee has recommended funding of a contribution to the Asian Development Bank for paid-in capital of \$25,526,366 for fiscal year 1992. The Committee has recommended funding of a contribution to the Asian Development Fund of \$158,793,050 for fiscal year 1992. The Committee has recommended a limitation on callable capital of \$186,972,187, for fiscal year 1992. The Committee has provided the paid-in and callable capital funds for the special capital increase subject to authorization.

The Committee believes that it is important to fully fund the special increase for the Asian Development Bank in order to maintain United States influence in that institution. The Committee is concerned that it was unable to fully fund all the arrearages to the Asian Development Fund due to budget constraints. The concern of the Committee related to potential funding for China from Asian Development Fund resources in the next replenishment is expressed in the section on China at the start of this section on the Multilateral Development Banks.

HISTORY

The Asian Development Bank is an inter-governmental organization, corporate in form, whose capital stock is owned by its member governments. It was established in 1966 and began ordinary capital lending operations in 1968. The ADB assists in the financing of economic development projects and programs in the member developing countries of Asia and the Pacific region. The Bank makes loans at near market interest rates from its ordinary capital resources which consist of (1) paid-in subscriptions of members, and (2) proceeds of borrowing in private capital markets which are based on members' callable capital subscriptions. As of December 31, 1990, the ADB had 49 member countries—34 regional countries, three of which are classified as developed (Japan, Australia and New Zealand) and 15 developed non-regional countries, including the United States, Canada, and 13 European countries. As of December 31, 1990 cumulative ordinary capital loan commitments were \$21 billion.

In addition to its ordinary capital lending operations, the ADB extends loans at concessional rates from funds provided by various ADB member governments. These special funds are used to finance high priority economic development projects in the poorest ADB

member countries. As of December 31, 1990 cumulative loan commitments from the Asian Development Fund (ADF) totaled \$11 billion.

The ordinary capital resources of the Bank are used to provide "hard" loans to countries in Asia. The U.S. contribution to the most recent replenishment represents 16.3 percent of the total proposed contributions. The interest rate on these loans was 6.50 percent on January 1, 1991. The loan repayment terms usually run 10 to 30 years, after a grace period of from two to seven years.

The Fund is used to provide concessional loans. The loans are provided to the countries at no interest. A service charge of one percent is levied, with a 35-40 years repayment schedule, after a 10 year grace period.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 1991 level.....	\$105,451,500
Fiscal year 1992 request.....	0
Committee recommendation.....	135,000,000

The Committee has recommended funding of a contribution to the African Development Fund of \$135,000,000 for fiscal year 1992 subject to authorization.

The Committee has been led to believe that the Administration will be submitting a budget request for the replenishment of the African Development Fund which was recently completed. Anticipating that action, the Committee has funded this institution at the level that it understands to have been negotiated as the United States contribution.

HISTORY

The African Development Fund (AFDF), a special fund associated with the African Development Bank (AFDB), was established in 1973. The purpose of the AFDF is to complement the operations of the AFDB by providing acutely needed concessional financing for high priority development projects in the poorest African countries. The Fund consists of 26 non-regional donor countries, plus the AFDB representing all of its members.

The African Development Fund is a separate entity from the AFDB, with its own independent decision-making process and financial autonomy. The Fund's Board of Directors is composed of twelve directors, six elected from the donor countries and six from the Board of Directors of the Bank. The directors designated by the donor countries have 50 percent of the voting power and the directors designated by the bank have the other 50 percent. A 75 percent weighted vote is required for all operational decisions.

Although all members of the Bank are eligible to borrow, the Fund has restricted its lending to the poorest members. The Fund has concentrated its resources on agricultural and transportation projects.

These loans are provided at no interest. A service charge of 0.75 percent is assessed annually. There is a 50 year repayment schedule after a 10 year grace period. As of December 31, 1990, the Fund's cumulative lending amounted to \$7.0 billion.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 1991 level	\$10,135,766
Fiscal year 1992 request	8,987,307
Committee recommendation	8,987,307

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Fiscal year 1991 level	(\$135,389,294)
Fiscal year 1992 request	(134,809,612)
Committee recommendation	(134,809,612)

	Fiscal year 1991	New Budget authority estimate fiscal year 1992	Committee recommendation
Paid in capital	10,135,766	8,987,307	8,987,307
Callable capital	(135,389,294)	(134,809,612)	(134,809,612)
Total	(145,253,528)	(143,796,919)	(143,796,919)

The Committee has recommended funding of a contribution to the African Development Bank for paid-in capital of \$8,987,307 for fiscal year 1992. The Committee has recommended a limitation of \$134,809,612 for callable capital for fiscal year 1992.

HISTORY

The African Development Bank was established in 1964 to make loans at near market terms for the economic and social development of its fifty African members individually and through regional cooperation. In December 1982, the Bank's membership was opened to non-African countries. The United States joined the Bank on February 8, 1983. As of December 31, 1990, 25 non-African countries have become Bank members, joining the 50 African members.

To meet the challenge of Africa's poverty, loans are provided primarily to strengthen agriculture and to finance critically needed infrastructure projects. As of December 31, 1990, cumulative Bank lending amounted to more than \$11.6 billion. The lending rate was 7.96 percent as of June 1991, while repayment periods were 12 to 20 years. The grace period on repayment of principal is equal to the time required for project construction.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Fiscal year 1991 level	\$70,020,600
Fiscal year 1992 request	70,020,600
Committee recommendation	70,020,600

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

Fiscal year 1991 level	(\$163,381,400)
Fiscal year 1992 request	(163,381,400)
Committee recommendation	(163,381,400)

	Fiscal year 1991	New budget authority estimate fiscal year 1992	Committee recommendation
Paid in capital.....	\$70,020,600	\$70,020,600	\$70,020,600
Callable capital.....	(163,381,400)	(163,381,400)	(163,381,400)
Total.....	(233,402,000)	(233,402,000)	(233,402,000)

The Committee has recommended funding of a contribution to the European Bank for Reconstruction and Development for paid-in capital of \$70,020,600 for fiscal year 1992. The Committee has recommended a limitation on callable capital of \$163,381,400 for fiscal year 1992.

The Committee is concerned that the European Bank for Reconstruction and Development will encounter substantial difficulties in responsibly lending large amounts quickly in Eastern Europe, particularly to the private sector. This concern is based on the invaluable but slow experience that is being gained by the Polish and Hungarian American Enterprise Funds. Their experience suggests that requests for funding will be innumerable and that selecting projects will take careful judgment. Committing funds, however, is not nearly as difficult as working through all the legal and financial shortfalls and old and new government procedures in Eastern Europe necessary prior to expenditure.

This concern has not lessened in any way the support of the Committee for the Bank, but it does suggest that the Bank may find its greatest early contribution to the problems of development in Eastern Europe in the area of technical assistance and in oversight and coordination among the multiplicity of donors. The Committee believes that a considered start is far superior to a potentially bad start.

HISTORY

The Charter for the European Bank for Reconstruction and Development was signed on May 29, 1990. The EBRD has 42 members. The United States has the largest single share with 10 percent. Japan and the four leading European countries each have a 8.5 percent share. The Bank has a capital base of approximately \$12,000,000,000 with 30 percent paid-in. The Bank will have 23 members on its Board of Directors and will be located in London.

MULTILATERAL DEVELOPMENT BANKS—OTHER

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$185,000,000
Committee recommendation.....	3,000,000

The Committee has recommended funding of \$3,000,000 to the Department of Treasury for fiscal year 1992 solely for the purpose of hiring at least two private firms to provide country and program (including direct and guaranteed loans and insurance) credit risk analyses and subsidy estimates for all international credit programs. The Committee has required that these reports be provided to the Appropriations and Budget Committees of the Congress and the CBO at the same time that they are provided to the Depart-

ment. The Committee has further required that the Office of Management and Budget submit, concurrent with the submission of the President's fiscal year 1993 budget, expected country and program loan and guarantee payment estimates to the Appropriations and Budget Committees of the Congress.

This action is further explained in the Items of Special Interest section of this report.

DEPARTMENT OF STATE

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 1991.....	\$284,730,000
Fiscal year 1992 request.....	250,212,000
Committee recommendation.....	300,612,000

The Committee recommends a total of \$300,612,000 for this account. The following table shows the Committee's recommendation by program:

(In thousands)

Program	Fiscal year 1991 level	Fiscal year 1992 request	Committee recommenda- tion
UN Development Program (UNDP).....	\$109,000	\$115,000	\$120,700
UN Children's Fund (UNICEF).....	75,000	55,000	85,000
Int. Atomic Energy Agency (IAEA).....	23,555	25,000	27,500
Int. Fund for Agricultural Dev. (IFAD).....	30,000	18,362	18,362
UN Environment Program (UNEP).....	15,800	13,000	20,000
OAS Development Assistance Programs.....	10,000	10,000	10,000
UN Afghanistan Emergency Trust Fund.....	6,500	2,000	2,000
Int. Convention & Scientific Org. Contributions (ICSOC).....	2,000	2,000	2,000
WMO Voluntary Cooperation Program.....	2,000	2,000	2,000
UN Capital Development Fund (UNCDF).....	2,000	1,500	3,000
Int. Tropical Timber Org. (ITTO).....	1,000	1,000	1,000
OECD Center/European Economies in Transition (OECD/CCEET).....	0	1,000	0
UN Educational & Training Program for Southern Africa (UNETPSA).....	800	800	800
WMO Special Fund for Climate Studies.....	500	800	800
Convention on Int. Trade in Endangered Species (CITES).....	750	600	1,000
UNIDO Investment Promotion Service.....	500	500	500
UN Conference on Environment & Development.....	0	0	600
UN Development Fund for Women (UNIFEM).....	800	500	1,000
Intergovernmental Panel on Climate Change.....	200	300	300
UN Trust Fund for South Africa (UNTFSA).....	500	250	500
UN Voluntary Fund for Victims of Torture.....	100	100	100
UN Fellowship Program.....	245	0	0
World Heritage Fund (WHF).....	450	0	450
World Food Program (WFP).....	1,000	0	1,000
UN Trust Fund for the Int. Research & Training Institute for the Advancement of Women (INSTRAW).....	200	0	250
UN Center on Human Settlements (HABITAT).....	400	0	400
Int. Union for Conservation of Nature (IUCN).....	680	0	850
Ramsar Convention on Wetlands.....	250	0	500
Tropical Forestry Action Plan (TFAP).....	500	500	0
Total.....	284,730	250,212	300,612

THE UNITED NATIONS CHILDREN'S FUND

The Committee has provided \$85,000,000 for the United Nations Children's Fund (UNICEF) an increase of \$30,000,000 above the Administration's request. UNICEF continues to be one of the Committee's highest priorities. Few other programs have such widespread and bipartisan support both in Congress and with the American people. Given this support it is extremely difficult to comprehend the continuing trend in the Administration to reduce the amounts requested for UNICEF.

The Committee has included a provision requiring disbursement of UNICEF funds on a specific timetable. A further discussion of UNICEF can be found earlier in the report under "Items of Special Interest".

INTERNATIONAL ATOMIC ENERGY AGENCY

The Committee has included bill language which stipulates that funds may be made available to the International Atomic Energy Agency only if the Secretary of State determines and reports to Congress that Israel is not being denied its right to participate in the organization's activities.

The Committee supports the activities of the International Atomic Energy Agency in its pivotal role in strengthening the international non-proliferation regime and in implementing Security Council Resolution 687, outlining a ceasefire agreement in Iraq.

In addition to immediate on-site inspections of Iraq's nuclear capabilities, Resolution 687 calls upon the IAEA to formulate and implement a plan to destroy, remove or render harmless all nuclear-weapons usable materials in Iraq. Additionally, IAEA is called upon to develop a plan for future monitoring of all nuclear material in Iraq.

The experience in Iraq has highlighted the need to strengthen further the international nuclear non-proliferation regime. The Committee encourages the IAEA to consider studying new safeguards approaches, as envisioned by the 1990 Non-Proliferation Treaty (NPT) Review Conference.

The Committee expresses concern that the IAEA's funding is inadequate due to continuing zero growth budgeting and the anticipated increased demands on its resources due to expanded safeguards activities, as indicated by recent declarations by Argentina and Brazil and by South Africa, and as contemplated by the 1990 NPT Review Conference.

The Committee has provided \$2.5 million above the President's request for IAEA. The purpose of this additional funding is as follows: \$750,000 for the development and implementation of new safeguards approaches, particularly in conjunction with the views expressed on safeguards at the NPT Review Conference; \$500,000 for nuclear safety activities in Eastern Europe, and in particular to intensify cooperation with Bulgaria to identify immediate and longer-term activities to improve safety at Bulgaria's operating reactors and assist Bulgaria in meeting electrical energy needs; \$500,000 for support funds for personnel involved in implementing Security Council Resolution 687 regarding Iraq; \$500,000 for the ac-

quisition of new safeguards technology and equipment; and \$250,000 to restore the safeguards trainee program.

UNITED NATIONS ENVIRONMENT PROGRAM

The Committee has recommended a total of \$20,000,000 for this program of which \$19,000,000 is to go directly to UNEP's Environment Fund. The remaining \$1,000,000 is to be used to support other multilateral environmentally related activities such as the Vienna Convention for Protection of the Ozone Layer, the Cartagena Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, related protocols and the South Pacific Regional Seas Program.

Despite the Administration's claims of concern regarding the state of the world's environment, the funding request for UNEP was reduced from a level of \$15,800,000 in fiscal year 1991 to the requested level of \$13,000,000. UNEP has played a key role in the negotiation of the Montreal Protocol and has been a key factor in coordinating a worldwide assault on global warming. The Committee has recommended additional funds in order to allow UNEP to accelerate its priority programs relating to climate change, ozone depletion, reforestation, biological diversity, chemical and hazardous waste management and coastal management.

UNEP's principal goals are to monitor and assess major global and regional environmental trends, and to coordinate international actions to improve environmental and natural resources management. As such it plays a unique role in the international arena on environmental issues. It is one of the only multilateral organizations that has shown some effectiveness in bridging the gap between the needs of industrialized and developing countries.

UNEP is also expected to play a critical role in the next year in the implementation of the Global Environmental Facility at the World Bank and in the upcoming UN Conference on Environment and Development. To suggest a decrease in funding at a time when UNEP's workload and mandate are expanding rapidly makes little sense. The recommended increase will enable UNEP to address critical staff shortages and to continue to fully fund various ongoing initiatives.

BUREAU OF OCEANS, INTERNATIONAL ENVIRONMENT AND SCIENTIFIC AFFAIRS

The Committee expects that the Department of State's Bureau for International Organizations and Programs will consult directly with the Bureau for Oceans, International Environment, and Scientific Affairs on the obligation of funds to all organizations funded in this account that relate to environmental issues. These include UNEP, CITES, TFAP, ITTO, IUCN, World Heritage Fund, IPCC, and WMO.

In addition the Committee directs that the Bureau for Oceans be given a direct role in the obligation of the \$600,000 provided for the UN Conference on Environment and Development. The Committee expects that these funds will be used to assist third world countries in playing an active role in the conference, and to assist the Secre-

tariat to the Conference in preparing appropriate documentation and information.

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES

The Committee has recommended \$1,000,000 for CITES, an increase of \$400,000 over the requested level. This increase continues a trend of increasing United States funding of CITES in order to enable independent research on both trade patterns and species status in the wild. The provision of this increase in conjunction with timely payments by the U.S. will enable CITES to conduct its vital programs without having to rely on other outside funding sources.

The Committee is alarmed by reports that the U.S. is considering changing its position on the current worldwide ban on ivory trading. Any change to the current total ban on ivory trading will pose a serious threat to efforts to restore the world's population of elephants. The marginal economic benefit that would occur to a few countries as a result of a partial relaxing of this ban should not change the current U.S. position. Other methods of assisting third world countries who lose income as a result of a ban on ivory trade should be explored and implemented as soon as possible. This issue is addressed further under the Environmental Concerns section of this report.

UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

Despite the fact that a total of \$391,000 has been appropriated for the United Nations Voluntary Fund for Victims of Torture over the past four years, the organization has yet to receive one dime from the United States. The purpose of this organization, to provide humanitarian, legal and financial aid to individuals whose human rights have been severely violated as a result of torture, is vital. Its role and mission have become increasingly vital in view of recent events in Iraq and Kuwait.

The Committee expects that the State Department will work expeditiously to resolve any procedural or accounting problems that may exist, and provide these funds to this organization as soon as possible. The Committee directs that by December 1, 1991 the State Department submit a report detailing the status of these funds and funds made available for fiscal year 1992.

UNITED NATIONS CAPITAL DEVELOPMENT FUND

The Committee expresses its support for the special ability the United Nations Capital Development Fund has demonstrated by providing small scale capital assistance to assist least developed nations striving for self-reliance.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The Committee is recommending \$18,362,000, the amount requested by the Administration, to fulfill the commitment of the United States to the third replenishment of the Fund. In recommending these funds, the Committee notes the Administration's very positive assessment of IFAD.Dm1:A108HR.002

The Administration indicates that "an important aspect of IFAD lending is its singular focus on poverty alleviation through sustainable agricultural development. IFAD has become a recognized expert in this type of development assistance." The Administration has also noted that "the United States is the only country which enjoys a permanent seat on IFAD's Executive Board," that "the institution has been successful in maintaining a lean operating style," and that its "small staff and simple management structure allow for a transparent picture of the operation of the organization."

In addition to funds requested by the Administration, the Committee is recommending that an additional \$10,000,000 be provided by transfer from the Development Fund for Africa as an initial United States contribution to the second phase of IFAD's Special Programme for sub-Saharan African Countries Affected by Drought and Desertification.

Initially begun in 1986, this Program has allowed IFAD to increase the level of assistance to sub-Saharan Africa from about 33 percent to about 55 percent of its total annual lending during the period from 1986-1990. This is an especially critical time in Africa. Without new resources, IFAD's lending in the region will decline at the very time when the problems of the region have been exacerbated by the crisis in the Persian Gulf.

The main objective of the second phase of the Special Program will be poverty-alleviation through environmental preservation and the creation of small-scale rural enterprises. The goal is to improve the agricultural productivity of smallholder farmers, who make up three-quarters of the population in sub-Saharan Africa.

The participation of the United States in the first phase of the Special Program was highly cost-effective in terms of leveraging contributions from other donors. The United States provided \$10,000,000 while other donors provided \$290,000,000. The resources of the first phase of Special Programme have essentially been fully committed, and this second and final phase will allow IFAD to build on the successes of this Program.

TROPICAL FORESTRY ACTION PLAN

The Committee has recommended no funding for the Tropical Forestry Action Plan (TFAP) and has included language in the bill conditioning the availability of any funds that may be provided.

The Committee is concerned that the current direction of TFAP suffers from serious flaws. Provision of funds will only occur when the Committee is satisfied that the Plan will lead to a multilateral effort to reduce tropical deforestation, preserve biological diversity, encourage sustainable management of tropical forest resources, and meet the basic needs of indigenous forest communities.

In the past year some progress towards restructuring this organization has occurred, however, concerns remain. The current effort to restructure TFAP should address: (1) identifying strategies for conservation and truly sustainable use of forest lands; (2) guaranteeing participation by local communities, indigenous peoples, and concerned non-governmental organizations; (3) allowing access to information and documentation to interested people and groups; (4)

establishing a mechanism to involve wide participation within affected countries; and (5) establishing a multidisciplinary Secretariat with adequate resources.

UNITED NATIONS CENTER FOR HUMAN SETTLEMENTS

The Committee supports continued U.S. contributions to the United Nations Center for Human Settlements (Habitat) which plays a critical role as a focal point for international efforts to address shelter needs. Habitat strongly supports home ownership and private self-help approaches to solving the world's mounting deficit in low-cost housing. With rapid urbanization, donor agencies need to increase their attention to meeting the needs of squatter settlements for infrastructure, shelter and, most importantly, employment. This is particularly true in Africa which is the fastest urbanizing region of the world.

The Committee is concerned that Habitat may be discriminating against the use of U.S. private housing organizations in its implementation of projects. The Committee will closely monitor this situation prior to providing any future funding to Habitat.

UNITED NATIONS UNIVERSITY

The Committee supports the objectives of the United Nations University (UNU) as it attempts to explore solutions to problems that beset the global community as a whole. Of particular interest to the Committee, however, is INRA—the African specific component of the UNU, and the Committee asks that the administration give every consideration to supporting INRA in the allocation of fiscal year 1992 funds.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

AGENCY FOR INTERNATIONAL DEVELOPMENT

DEVELOPMENT ASSISTANCE

The Committee has recommended adjusting the development assistance accounts provided in the bill to reflect the recommendations included in the Foreign Assistance authorization bill for fiscal year 1992, H.R. 2508. Therefore, the Committee has a general account for development assistance, which is called the Development Assistance Fund, and a separate account for Population development assistance. The Committee has continued to recommend development assistance for Africa under the Development Fund for Africa.

The following chart indicates the funding recommended under the Development Assistance Fund and the Population accounts. These accounts are discussed further under the specific account titles.

Activity	Fiscal year 1991	Fiscal year 1992 request	Committee recommendation
Development assistance fund.....		\$1,277,000	¹ \$1,076,635
Population		(228,000)	¹ 300,000
Total.....	\$1,313,683	1,277,000	1,376,635
Development assistance fund recommendations:			
Health.....	135,000	(128,000)	² (140,000)
Child survival.....	100,000	(109,000)	² (140,000)
AIDS prevention.....	52,000	(55,000)	³ (65,000)

¹ Separate Account.

² Earmark of \$345 million for Health, Child Survival and AIDS with a sub-earmark for Health and Child Survival of \$280 million with targets as listed on the chart.

³ Sub-earmark of \$65 million.

DEVELOPMENT ASSISTANCE FUND

Fiscal year 1991 level.....	¹ (\$1,163,683,000)
Fiscal year 1992 request.....	² 1,277,000,000
Committee recommendation.....	1,076,635,000

¹ Development accounts, excluding Population Development.

² Includes Population Development request of \$228,000,000.

AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION

The Committee has recommended \$1,076,635,000 for a general account for development assistance. Funding in this account includes activities for agriculture, rural development, nutrition, health, child survival, AIDS prevention, education, human resource development, private sector, environment, energy and science and technology development. The new account structure is intended to follow the recommendations included in the fiscal year 1992 authorization bill, H.R. 2508.

DAIRY DEVELOPMENT

The Committee continues its support for the Agency for International Development's (AID) dairy development efforts and has earmarked \$5,000,000 for new projects of private entities and cooperatives. This program assists small dairy farmers, farmer organizations and private dairy plants in developing countries to boost the availability and quality of milk and dairy products. It increases incomes for small producers, usually with only one to three dairy animals, and provides improved community nutrition. The program has been principally undertaken by Land O'Lakes, a major dairy cooperative with 500,000 members in 15 states. In providing training and technical assistance, the program strengthens relationships between United States and less developed country dairy farmers and their organizations. It helps build long-term markets for U.S. dairy products and technologies.

VITAMIN A, IODINE AND MICRONUTRIENT DEFICIENCY

The Committee has earmarked \$20,000,000 for Vitamin A deficiency, iodine deficiency and other micro-nutrient deficiencies, of which not less than \$13,000,000 will be used to address Vitamin A deficiency. Evidence from the field clearly demonstrates that ad-

addressing Vitamin A and iodine deficiencies dramatically reduces incidence of disabilities such as blindness and cretinism.

The Declaration of the World Summit for Children calls for the virtual elimination of iodine deficiency disorders, which is the leading preventable cause of neurologic impairment in the world today. UNICEF estimates that some 800 million people, three quarters of whom are in Asia, are at risk of iodine deficiency. This figure is expected to rise as populations increase and more people are pushed to rely on iodine deficient soils to grow their food.

The Committee urges AID to continue its ongoing Vitamin A deficiency prevention efforts. AID should initiate efforts in the two main methods of prevention of iodine deficiency: fortification of foods (typically table salt) and iodine tablets or injections (a single iodine injection provides protection for 3-5 years). The Committee expects AID to focus on interventions which will have the maximum direct impact in reducing deficiency of these two nutrients.

ASSOCIATE PROFESSIONAL OFFICERS PROGRAMS

The Committee has retained the current earmark of \$225,000 to support continued United States participation in the Associate Professional Officers Program of the international food agencies. This program has been highly successful, both in terms of increasing United States influence in these institutions and in exposing young American professionals to international food issues. The Committee expects AID to cooperate with the U.S. Department of Agriculture during the coming year in an evaluation of U.S. participation in this program, and to provide that evaluation to the Committee by March 1, 1992. The evaluation should include a recommendation from the Administration as to whether funding for this program should continue in fiscal year 1993 and beyond.

FOOD SUPPLEMENTATION STUDIES IN MALNOURISHED POPULATIONS

The United States Department of Agriculture/Agriculture Research Service Children's Nutrition Research Center has the mission of determining nutritional and food needs of the normal mother and child. The protein and energy intakes needed for growth and body composition of normal U.S. children are being defined in a benchmark population living under advantaged circumstances, including the impact of the maternal diet.

While investigations are continuing with the benchmark population, the need exists to study the effect of variations in energy and nutrient intakes on fetal and infant growth and body composition. AID is uniquely qualified to continue this research in populations where inadequate levels of energy and/or essential nutrients are consumed and the diet can be supplemented with foods or nutrients and the response quantified in terms of growth, body composition and development of mothers and children. Such food intervention studies would be of direct benefit in projecting food needs, identifying and evaluating nutritional risk factors and in projecting health and other benefits related to supplemented food intakes. Funding of up to \$4 million would allow research which would contribute significantly to the understanding and underpinning of the applied socio-cultural food and nutrition interventions of AID.

COLLABORATIVE RESEARCH SUPPORT PROGRAMS

The Committee recognizes the progress made by the Collaborative Research Support Programs in the area of sustainable agriculture and the positive evaluation of the impact of these programs. The Committee recommends that the budget levels reached for fiscal year 1991 should at a minimum be maintained in fiscal year 1992.

AID TITLE XII MEMORANDA OF UNDERSTANDING AND PROGRAM SUPPORT GRANTS

The Committee recommends that AID provide \$5,000,000 to continue the existing Title XII Memoranda of Understanding (MOU) and Program Support Grants (PSG). The Committee expects that AID will honor its previously negotiated commitments to universities holding MOUs and PSG and to continue the Program Support Grants under these agreements with appropriate United States universities.

The Committee believes that the MOU/PSG program, in which the states match federal funding, has successfully marshalled the resources of the universities, including 1,890 institutions, to address the most basic problems of developing countries.

AQUACULTURE

The Committee continues to encourage innovative approaches in Third World aquaculture development which would enhance available supplies of protein as well as contribute to local economic development initiatives through private capital investment and job creation. AID is encouraged to heighten its review of this program and examine projects that apply technology to Third World food systems.

RURAL WATER SYSTEMS

The Committee is concerned that its recommendations for the last three years to initiate circuit rider programs have gone unmet by the Agency for International Development (AID). If AID does not move forward with the circuit rider program during this fiscal year, the Committee will have no choice but to earmark the funds in the bill next year.

The overall objective of this program is to develop a framework for providing training and technical assistance to rural communities to improve the operation, maintenance, management, and sustainability of safe and adequate water supplies and waste water systems throughout Latin America.

The Committee is aware that the International Rural Water Association, with funding from the National Rural Water Association, UNICEF and Aqua Para El Pueblo, have initiated a pilot circuit rider program in Honduras. Local Honduran officials and representatives of international agencies believe the program has been extremely successful. The Committee believes that similar programs could be started in Guatemala, El Salvador and other Central American nations with AID funding.

Clean safe water systems are vital to development and this funding will provide many nations with the training they need to begin taking proper care of their water systems.

HEALTH, CHILD SURVIVAL AND AIDS PREVENTION AND CONTROL

In order to provide for an increased program to meet the needs of children and to address other health needs in developing countries, the Committee has earmarked a total \$345,000,000 for health, child survival and AIDS prevention and control. Of this amount \$280,000,000 is for health and child survival activities, with \$140,000,000 targeted for each activity. AIDS Prevention and Control is earmarked at \$65,000,000.

HEALTH DEVELOPMENT ACTIVITIES

The Committee has recommended a target of \$140,000,000 for health development activities as part of an earmark of \$280,000,000 for health and child survival activities.

RIVER BLINDNESS

The Committee has earmarked \$5,000,000 to continue support for the World Health Organization's ongoing River Blindness Program.

The ongoing West African Onchocerciasis (Riverblindness) Control Program (OCP) currently protects more than 30 million people in 11 countries from the region's leading cause of blindness. This program is co-sponsored by WHO, the World Bank, FAO, and UNDP. Since its inception in 1974, the United States has been the largest among 24 donors supporting this program.

The program is well on its way to eliminating this devastating disease throughout much of West Africa. River Blindness has virtually disappeared in the original seven country area which includes 20 million people. Nine million children in this area who have been born since the program's inception are now growing up without any risk of contracting River Blindness and 1.3 million people there who were once heavily infected now have no trace of the disease. It is estimated that by the end of this decade OCP will have prevented 300,000 cases of blindness. By securing control over this disease, the program is also freeing up 25 million hectares of arable land, which could not be inhabited due to the disease, for resettlement and food production. It is estimated that this land will feed an additional 17 million people per annum. An Agency for International Development impact evaluation in 1986 concluded that the River Blindness program is one of the most successful multi-donor programs in the history of development assistance.

The program is entering its last full six-year phase in 1992, which will be critical in bringing the program to a successful and lasting conclusion. During this period the disease will be largely eliminated in the remaining areas of West Africa. A U.S. contribution of \$5 million for fiscal year 1992 will leverage an additional \$28 million in contributions from the programs of 23 other donors and ensure full financing for 1992.

BLIND CHILDREN

The Committee has earmarked not less than \$1,000,000 to be made available through Private Voluntary Organizations to be used to provide operations for blind children. There are more than two million blind children in the world, of whom 80 percent live in impoverished countries of Africa and Asia. Helen Keller International estimates that more than 65 percent of blindness is avoidable with the provision of the right combination of services.

Because of limited resources and health services, only a small number of restorative surgical interventions are performed. In a sense this is a false economy since without corrective surgery public funding will be needed for training, education and lifetime support.

The Committee has initiated a program this year targeted at blind children to attempt to reach a segment of the developing world that is caught between programs of prevention and long term care. Although the funding is to be used primarily for operations, it may be necessary to use some of these funds and other funds in the health account to assist in surveying and planning for implementation of the program.

CHOLERA EPIDEMIC

The Committee is concerned about the increased threat to world health caused by cholera. This year the world witnessed the first cholera outbreak in Latin America in almost a century. It is already evident in six countries, with more than 200,000 reported cases, and has caused more than 80,000 hospitalizations and some 1,750 deaths. Among the six countries, Peru has been the hardest hit, accounting for almost 90 percent of all cases. According to the Pan American Health Organization (PAHO), a high potential for spread of the disease exists. Without treatment, case-fatality rates due to serious cholera can reach 50 percent; with adequate treatment, however, mortality rates can be kept to one percent or less. Cholera is closely associated with poverty, and its transmission depends on lack of clean water, densely populated communities and inadequate sanitation. To contain the impact of the disease, preventive measures must be addressed immediately. These measures include improved epidemiological surveillance, treatment of victims, access to clean drinking water, sanitation, and public education.

The Committee feels the U.S. should participate fully, in collaboration with PAHO and other international and local health organizations, in efforts to combat further spread of the disease.

INTERNATIONAL AIDS PREVENTION AND CONTROL

The Committee has recommended an earmark of \$65,000,000 for International AIDS Prevention and Control as part of an overall earmark of \$345,000,000 for health, child survival and AIDS. Within the funding provided for AIDS Prevention and Control, the Committee has earmarked \$30,000,000 for the World Health Organization (WHO) and \$1,000,000 for UNICEF.

The Committee continues to be concerned over the devastating effect of the worldwide AIDS problem. As of April 1991, WHO esti-

mates that, worldwide, more than one million AIDS cases and some nine million HIV infections have occurred in adults. By the year 2000, WHO estimates a total of 40 million HIV infections worldwide, with 25 percent occurring among children, and close to 10 million adult AIDS cases.

The World Health Organization's Global Program on AIDS directs and coordinates the global response to AIDS, provides global policy leadership, delivers technical and financial support for national AIDS programs in 117 countries, strengthens international AIDS research, and ensures a coordinated response.

In addition to being the largest financial supporter of WHO's Global Program on AIDS since 1986, the Agency for International Development has developed its own bilateral assistance program for AIDS Prevention and Control. AID has launched over 650 AIDS activities in 74 developing countries. Innovative ways to reach people and foster behavior change have been developed, tested and implemented. Signs of success are evident in increased knowledge and changed behavior. AID is making an effort to increase activities at the local level, and approximately one-third of bilateral AIDS resources supported local NGO and community action programs in 1990.

The demand for assistance in designing national AIDS programs in developing countries is increasing dramatically. The number of countries requesting assistance from WHO increased from 26 in 1988 to 117 in 1991. The Committee fully recognizes this growing need for AIDS assistance in the developing world and has increased funding for this program by \$13,000,000 over last year's level.

The Committee has earmarked \$1,000,000 for UNICEF under the AIDS Prevention Program to support their AIDS prevention education activities, orientation and training for those who will treat and counsel AIDS patients and their families, advocacy aimed at AIDS prevention programs, addressing the needs of AIDS orphans, and the procurement and distribution of materials and supplies for the prevention of AIDS.

UNICEF cooperates closely with the World Health Organization in the global effort to prevent HIV infection and to reduce its impact on families whose members have contracted the disease. WHO estimates that 10 million children throughout the world will be infected with the AIDS virus by the year 2000 and an additional 10 million will be orphaned as a consequence of the spread of AIDS through their families. In order to help address these needs, the Committee has recommended funding that will allow UNICEF to be able to expand their programs in AIDS-related areas.

CHILD SURVIVAL ACTIVITIES

As an integral part of its continuing initiative to address the problems of children in Third World countries, the Committee has set a minimum level of funding for Child Survival activities of \$275,000,000 from all Agency for International Development funding sources in the bill. The Committee is to be informed if funding from this earmark is taken from sources other than the Economic Support Fund, the Development Assistance Fund, the Development Fund for Africa or Philippines development assistance.

In the past, the Committee included language in its report that the Agency for International Development should fund Child Survival activities from all relevant funding sources at \$200,000,000 in fiscal year 1990 and \$225,000,000 in fiscal year 1991. However AID only funded these activities at \$185,000,000 and \$202,000,000 respectively. Consequently, the Committee has concluded that it must set a minimum funding level for Child Survival activities in the bill at \$275,000,000 for fiscal year 1992.

The Committee also notes with regret the requested cut in funding for Child Survival activities in sub-Saharan Africa. Particularly after the Presidential mission to Africa on Child Survival and AIDS earlier this year, it is surprising to see a decrease in funding proposed for Africa. The Committee believes that AID should be increasing funding for African children substantially above current levels.

The Committee has targeted \$140,000,000 in funds under the Development Assistance Fund for Child Survival activities. This is an increase of \$31,000,000 over the funding requested by the Administration and a \$40,000,000 increase over last year's levels. The Committee feels that the use of development assistance funds for Child Survival activities should be a priority for the development assistance program.

CHILD SURVIVAL ACTIVITIES IN LAOS

The Committee has provided up to \$500,000 in Development Assistance Funds for Child Survival activities in Laos. More than 10 percent of all babies in Laos die before they reach age 1, and another 5.5 percent die before age 5. As a result over 20,000 newborn die in Laos every year before reaching their first birthday. UNICEF has indicated that most of these deaths are unnecessary and avoidable by the use of simple, yet effective preventive measures such as immunization, diarrhea management, and programs for the control of acute respiratory infections. Funding has been made available in this bill to address such areas as training for birth attendants, improved distribution of oral rehydration solution packets, immunization, diarrhea management, and programs to control respiratory infections.

EDUCATION AND HUMAN RESOURCES

The Committee has earmarked a total of not less than \$135,000,000 in funds out of activities under the Agency for International Development for basic education. The Committee is to be informed if funding from this earmark is taken from sources other than the Economic Support Fund, the Development Assistance Fund, the Development Fund for Africa or Philippines development assistance.

Sustainable development cannot occur in societies in which the majority of citizens can neither read nor write. Basic education, as well as early childhood education and literacy training for adults, is essential for increasing the productive capacity of people and their ability to earn income.

Yet, the fact remains that one-half of all children in the developing world do not even complete primary school today. Three out of

every ten adults in developing countries are illiterate; six out of every ten adult women are illiterate. In sub-Saharan Africa and south Asia, where most of the poor live, these figures are even worse.

There can be little doubt about the centrality of basic education to long-term development. Both the World Conference on Education for All, held in Thailand in March 1990, and the World Summit for Children adopted similar education goals, including access to basic education for all children and completion of primary education by at least eighty percent of children by the year 2000. These are ambitious educational goals, but the Committee believes that meeting them should be an important priority for United States foreign assistance programs. The Committee further believes that vigorous participation by AID is important to the success of this global effort.

AID funds basic education activities through a number of accounts and the level of its support has fluctuated considerably in recent years. AID allocated more than \$112,000,000 to basic education in fiscal year 1989 from relevant funding sources in this bill. That figure dropped to \$90,000,000 in fiscal year 1990 and will increase to an estimated \$127,000,000 in fiscal year 1991. The budget request for fiscal year 1992 estimates spending for basic education of approximately \$127,000,000.

The Committee has recommended the \$135,000,000 funding level for fiscal year 1992 as a starting point for the future. The Committee encourages AID to adopt a multi-year plan to increase funding for basic education in order to support achievement of the education goals adopted at the World Conference on Education for All and the World Summit for Children.

SOVIET UNION-EAST EUROPEAN RESEARCH AND TRAINING

The Committee has earmarked \$5,000,000 for the Soviet-East European Research and Training Fund authorized by title VIII of the fiscal year 1983 Department of State Authorization Act. This is in addition to funds included in the fiscal year 1992 State Department Appropriations bill.

The principal purpose of this program is to build and strengthen a cadre of United States experts in the Soviet and East European field. This is especially important as rapid change in the Soviet Union and Eastern Europe opens up new challenges and opportunities requiring extensive knowledge of regional languages, economics, governmental institutions, history and other areas.

Many of the programs funded under this Committee's jurisdiction are related to events in the Soviet Union and Eastern Europe and to policies carried out by those governments, both internally and externally. It is crucial that the United States has the expertise to follow, understand and deal with those societies so that the United States can carry out its own foreign policies in a knowledgeable and responsible manner which best serves our own national interests. Funds provided in the bill for Soviet Union-East European Research and Training will help with all of these areas of concern.

INTERNATIONAL STUDENT EXCHANGE PROGRAM

The Committee recognizes and supports efforts to provide opportunities for disadvantaged foreign students to study at United States institutions of higher education as an essential effort to increase the exposure of a broad cross-section of the populations of developing countries to the society and culture of the United States. In this regard the Committee continues to support the work of the International Student Exchange Program for students from Central America, Eastern Europe and other countries.

SCHOLARSHIP PROGRAM FOR MEXICO

The Committee is aware that the Agency for International Development provides scholarship assistance to students from the Republic of Mexico to attend universities and colleges in the United States. The Committee supports this program and encourages AID to continue and increase utilization of this program, in particular with universities and colleges along the United States-Mexico border.

INCAE DEBT PAYMENTS

The Committee recognizes the valuable contributions being made by the non-profit graduate school, Institute Centroamericano de Administracion de Empresas (INCAE). This institution received a \$3,900,000 loan from the United States in 1972 through the Alliance for Progress program. Although INCAE has been regularly repaying this loan, there are severe budgetary strains, and a compelling need for new and expanded programs. Accordingly, the Committee expects that the Agency for International Development will reschedule the expected annual payment from INCAE for at least one year. AID, in conjunction with that institution, is to explore methods of relieving this debt, and report to the Committee on its findings.

UNITED STATES, ISRAEL AND DEVELOPING COUNTRY COOPERATIVE PROJECTS

The Committee has earmarked not less than \$7,500,000 in development funds to be used for cooperative projects among the United States, Israel and developing countries, particularly in Africa. Of the \$7,500,000 earmark not less than \$5,000,000 is for the Cooperative Development Program and not less than \$2,500,000 is for cooperative development research projects.

RURAL ELECTRIFICATION

The Committee has earmarked \$5,000,000 to continue support for rural electrification in Central America and expanded its scope to Latin America. This program addresses critical constraints to increased productivity and to help alleviate poverty in rural areas. New programs are planned for Nicaragua, Panama and Bolivia.

The Committee urges AID to integrate rural electrification in its global warming initiative especially for the Amazon-basin countries. The hundreds of rural electric cooperatives, well established in the region, can be significant partners in addressing issues of in-

efficient agriculture based on slash-and-burn, rather than more intensive, energy-conserving methods. Forestland should be preserved to protect vital hydroelectric resources which are significant energy sources to meet the needs of the two to three billion unserved rural people.

The Committee supports targeted reforestation efforts which are linked to rural electric extension and tree farming for utility poles. Wooden poles, compared to concrete, can reduce the cost of distributing electricity in some rural areas by as much as 50 percent. Therefore, the Committee encourages AID to utilize the expertise of U.S. rural electric cooperatives in joint energy efficiency and reforestation programs in developing countries.

BUREAU OF LABOR STATISTICS SOVIET AND EASTERN EUROPE PROGRAM

The Committee has again earmarked \$150,000 through the Agency for International Development for the United States Bureau of Labor Statistics (BLS) to provide technical assistance for the training of statisticians and economists in Czechoslovakia and the Soviet Union.

The BLS is currently working with these governments and the governments of Poland and Hungary to assist and train personnel in the development of accurate statistical measurements. This training will be essential as these countries move from centralized economies to market economies.

SUSTAINABLE NON-TIMBER FOREST PRODUCTS

Tropical and temperate forests in developing countries represent tremendous potential for the economic development of those nations. The unsustainable harvesting of timber and other forest products, however, will yield no long-term benefits and has already resulted in significant degradation of environmental quality and local economic options.

In keeping with its expressed interest in protecting the world's existing tropical and temperate forests and the desire to provide sustainable development opportunities for individuals in developing countries, the Committee directs the Agency for International Development to work with local populations to identify and develop the economic potential of sustainable non-timber forest products, through its microenterprise program and other programs. As always, AID must make a special effort to account for the cultural needs of the local populations and the biological concerns of the ecosystems where harvesting of these products takes place.

In particular, the Committee notes the successful marketing in the United States of buttons made of the tagua nut, a sustainable collected ivory substitute found in Ecuador and other South American countries. Other forest plans with great potential which the Committee urges AID to consider include the Buriti Palm (fruit, fiber, oil), Chicle (chewing gum), Balsam of Peru (perfume, vanilla substitute), Bahia Piacaba (fiber, oil), Uvilla (fruit) and Tonka (perfume).

INTERNATIONAL FOUNDATION FOR EDUCATION AND SELF-HELP

The Committee notes that in an Agency for International Development sponsored evaluation of the International Foundation For Education and Self-Help (IFESH)—the first private voluntary agency to receive an AID Debt for Development grant—IFESH is described as “a pioneer, blazing a train through an uncharted wilderness.”

The report also states that “the program has forged ahead to meet the overwhelming majority of its first-year aims—more than many in the international banking and donor community had predicted possible . . .” and that “. . . despite the complexity and tediousness of the process, all planned debt purchase and conversion outputs were completed during Program Year 1.

The study’s first recommendation stemming from this evaluation is that “AID consider capitalizing on IFESH’s expertise by providing it with additional funding . . .”

In light of the outstanding performance of IFESH in the area of debt for development, in light of the pressing development needs of CARICOM member-states, and in light of the interest expressed by Belize, Barbados and other CARICOM countries in IFESH’s establishing debt for development programs in their countries, the Committee strongly urges AID to consider providing up to \$30,000,000 for IFESH for debt for development programs in CARICOM member states.

COCA CROP SUBSTITUTION PROJECT

The Committee recommends that AID support the “Silk for Life Project” in coca producing areas of Colombia. This project provides Andean coca farmers with silk worms to raise on mulberry bushes, which are planted in place of coca. The resulting cultivated silk, with market both locally and in the U.S., is a lucrative alternative to coca production for the Andean farmer.

AID reports that the silk cultivation project looks promising and that it is willing to provide technical and training assistance. The Committee recommends AID fund the project at \$200,000 in fiscal year 1992.

PRIVATE SECTOR REVOLVING FUND

OPERATING EXPENSES

Fiscal year 1991 level.....	0
Fiscal year 1992 request	\$1,367,000
Committee recommendation.....	1,367,000

LIMITATION ON DIRECT LOANS

Fiscal year 1991 level.....	(\$15,000,000)
Fiscal year 1992 request	0
Committee Recommendation.....	(10,000,000)

LIMITATION ON GUARANTEED LOANS

Fiscal year 1991 level.....	0
Fiscal year 1992 request	(\$114,000,000)
Committee recommendation.....	(114,000,000)

The Committee has recommended \$1,367,000 for operating expenses and a limitation of \$114,000,000 on guaranteed loans as requested by the Administration. The Committee also has limited direct loans not to exceed \$10,000,000.

POPULATION, DEVELOPMENT ASSISTANCE

Fiscal year 1991 level	\$250,000,000
Fiscal year 1992 request	228,000,000
Committee recommendation	300,000,000

The Committee has recommended \$300,000,000 for Population, Development Assistance, which is a \$50,000,000 increase in population funding for this year. The funding level is \$72,000,000 above the amount requested by the Administration.

In light of the population needs in the world the Committee fails to understand how the Administration could actually request a reduced funding level for fiscal year 1992. Today there are 5.4 billion people on the planet, with 93 million more added each year. At current rates, the world's population will double in 40 years. The Committee feels that family planning is a pivotal intervention in AID's development assistance efforts. Rapid population growth needs to be reduced in order to achieve the broader objectives of better social, economic, environmental, and health conditions in the developing world.

Family planning is a critical investment in improving the health of mothers and children, by enabling women to space births at healthy intervals. Studies in over 60 developing countries have documented that, on the average, babies born less than two years after their next oldest sibling are twice as likely to die as babies born at greater than two year intervals.

Fast-growing populations influence economic development. Developing countries, already struggling to meet the educational and health needs of their people, find that high rates of population growth outstrip efforts to provide social services.

Overpopulation is also a clear environmental concern. Where people are largely reliant on subsistence farming, which is most of the developing world, the competition for diminishing fertile lands, water and firewood is already intense. Population pressures exacerbate such problems and lead to environmental degradation.

These relationships between high rates of population growth and health, economic development, and the environment have convinced developing country leaders that efforts to curb population growth are imperative. Indeed, 90 percent of the world's population live in countries that encourage lower rates of population growth.

Despite this commitment to address population issues, in many countries there are very high levels of unmet needs for family planning. Increases each year in both the number of women entering their reproductive years and the knowledge of and demand for family planning methods creates a growing challenge to fill this gap between those who need and those who have access to family planning services.

In order to garner the resources to meet this growing demand for services, AID should continue its efforts to improve donor coordination, increase local investment, and encourage private sector in-

volvement so that countries can eventually provide for their own family planning needs.

ADMINISTRATIVE AND PLANNING COSTS

The Committee expects AID to be prepared to effectively and efficiently administer the large increase in population funds. The bill includes language which allows up to \$500,000 of Population Development Assistance to be used for costs of administering and planning the program.

FORMULA FOR REDUCTIONS

The Committee has continued to recommend that funds for population that are reduced to meet earmarks are not to be reduced by any greater proportion than reductions made to other development accounts, such as the Development Assistance Fund or the Development Fund for Africa.

OFFICE OF POPULATION

Also, the Committee has continued language requiring that not less than 65 percent of the funds under Population, Development Assistance are to be made available for the Office of Population of the Agency for International Development.

RESTRICTIONS ON USE OF FUNDS

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

The Committee has included language from last year's bill that states that nothing in the population section of the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act.

UNITED NATIONS POPULATION FUND

The Committee has earmarked not less than \$20,000,000 for the United Nations Population Fund (UNFPA). The demand for contraceptive supplies has grown substantially in recent years, resulting

in shortfalls in a number of countries. The importance of such assistance cannot be undervalued, since in many nations local manufacture of contraceptives is non-existent and foreign exchange to purchase imported contraceptives is limited. The Committee believes that UNFPA should launch a global contraceptive procurement effort to complement the efforts of the Agency for International Development, and therefore the Committee has provided \$20 million for the UNFPA to be used exclusively for the procurement of contraceptive commodities and related logistics. The bill includes language stipulating that none of these funds shall be available for use in the People's Republic of China.

LIMITATION ON UNFPA FUNDING

The Committee has included a provision in the bill stating that none of the funds made available for the United Nations Population Fund may be obligated if China is denied most-favored-nations trading status by the United States Government.

DEVELOPMENT FUND FOR AFRICA

Fiscal year 1991 level.....	\$800,000,000
Fiscal year 1992 request.....	800,000,000
Committee recommendation.....	1,000,000,000

The Committee recommends \$1,000,000,000 for development assistance activities in sub-Saharan Africa, an increase of \$200,000,000 both above last year's level and the amount requested by the Administration. The Committee has continued to support increases in assistance for sub-Saharan Africa in response to the growing needs of that continent and to help to stimulate both life sustaining and economic programs.

Africa is undergoing a rapid number of political and economic changes that in some respects match those occurring in Eastern Europe. Additional funds in this bill will help to address these changes and meet the social and economic development needs that the continent will require to sustain free societies.

The Committee expects that funds provided in the Development Fund for Africa be used in a manner that will address the poverty and humanitarian needs of Africa. The Committee does not want the Agency for International Development to change the direction of the Fund to one that only addresses structural adjustment and private enterprise development. Instead, AID is to continue to follow the priorities established by Congress which emphasizes meeting human needs, such as health and education while at the same time meeting larger economic development needs of the country.

EXPLANATION OF INCREASE AND STAFFING CONCERNS

Last year this Committee initiated a major increase in funding for Africa as part of a broader effort to reorder the priorities of the foreign aid bill. At that time, the Committee noted that "African developmental needs must be given far higher priority." The Committee's recommendation for fiscal year 1992 continues this initiative to reorder priorities.

The Committee has recommended these increases because no other region of the world faces development challenges as severe as those currently afflicting Africa. The Committee believes that development funds should be focused on those regions where the development need is the greatest, and that the case for substantially increasing development aid to Africa is compelling.

The Committee expects the additional funds provided in this bill to be used primarily to expand country programs, not regional programs.

Increased U.S. funding alone will not solve Africa's problems. Other donors provide significantly more assistance than the United States in most African countries. But the United States can and should play an innovative and catalytic role in solving the immense challenges African nations face. Whether we do so depends primarily on the quality of the assistance we provide; and the quality of the assistance the United States provides is largely dependent upon having sufficient staff in the field to design and implement good programs, projects and activities.

As noted elsewhere in this report, most projects require close supervision overseas if they are to succeed. That is particularly the case for projects designed to directly benefit poor people. Consequently, the Committee is concerned about staffing patterns within AID. Since fiscal year 1981, the number of overseas staff assigned by AID to Africa has declined from 445 to 383. By contrast, the number of countries in which AID operates programs in Africa (including P.L. 480 programs) has increased from 38 to 47; in addition, the amount of funds being programmed in Africa has increased from \$300,000,000 to more than \$800,000,000 (in constant dollars). As noted, this bill would increase that amount to \$1,000,000,000.

In short, AID is programming larger sums of money in African countries with less staff overseas in the field to manage U.S. funds. This is a recipe for disaster. Nor have staffing declines overseas been offset by staffing increases in Washington. In 1981, the number of Washington staff assigned by AID to its Africa programs numbered 200. That number has declined to 167 currently.

The Committee is concerned that current AID staffing patterns bear no rational relationship to changes in the composition of the AID program that are taking place at this Committee's initiative. One cannot increase the Development Fund for Africa 75 percent in two years and expect that program to be competently and effectively managed with substantially less staff than in fiscal year 1981.

Unless AID staffing patterns begin to better reflect changes this Committee has initiated, the Committee may be forced to consider allocating operating expenses by region.

IMPLEMENTING THE PROGRAM

Funding provided for fiscal year 1992 is to be used to implement the fifth full year of the Development Fund for Africa (DFA). Recognizing that African nations face unique development challenges, the DFA was created to allow AID to use development assistance funds in a more flexible fashion.

In providing this flexibility, the Committee wishes to remind the Administration that the DFA is a development fund, not a political fund. Countries that are not making serious efforts to address development problems and to alleviate poverty, like Sudan, Somalia, and Liberia, should not be allocated DFA assistance. The Committee is also troubled to see that Cote d'Ivoire is receiving DFA assistance and believes any assistance to that nation should be provided through the Economic Support Fund. The Committee will vigorously resist efforts to politicize the allocation of DFA funds.

As in previous years and unless otherwise indicated, the Committee expects DFA funds to be administered consistent with the Statement of Managers accompanying Public Law 100-202. Consultations and reports required in the Statement of Managers should continue to be adhered to by AID in fiscal year 1992.

The Committee has refrained once again from earmarking any of the funds for Africa for functional purposes. As in the past, however, the Committee expects that AID will allocate at least the equivalent of ten percent of the funds for each of the following activities: (1) maintenance of the natural resource base, including agricultural activities that directly support this purpose, (2) improvements in health conditions, with special emphasis on the needs and education of mothers and children, and (3) voluntary family planning.

The Committee believes that AID needs to be doing more to improve health conditions in Africa. In this connection, the Committee notes with regret the requested cut in funding for child survival and AIDS Prevention and Control activities recommended by AID. Particularly after the presidential mission to Africa on child survival and AIDS in January 1991, the Committee finds such a reduction inexplicable.

The Committee believes that AID should be increasing funding for African children and for AIDS Prevention and Control activities above the current levels. Consequently, in a departure from past practice and consistent with the recommendation of the House Foreign Affairs Committee, the Committee also expects that AID will allocate at least the equivalent of five percent of the funds for AIDS Prevention and Control activities in Africa. As with other targets, AID may use funds available from the DFA as well as from its centrally funded programs to achieve this target.

Once again the Committee encourages AID to expand the range and effectiveness of bilateral family planning programs in sub-Saharan Africa. The implications of the birth of 270 million children in this decade for education, employment, food production, and the environment are staggering. Every effort must be made to reduce the population growth rate in Africa.

Two causes of special concern are the large number of countries in which the Africa Bureau operates and the broad range of non-project assistance being provided under the DFA. Also at issue is the extent to which the Africa Bureau shares the view of this Committee that the alleviation of poverty and the promotion of equitable economic growth are the central issues which it should be addressing. These concerns are addressed in more detail below.

NEED TO CONCENTRATE FUNDS

As noted above, the Committee is not alone in being concerned about the quality of U.S. assistance to Africa. For several years the Committee has complained that U.S. assistance was being spread too thinly across the continent. That concern remains. In fiscal year 1992, for example, AID indicates that some thirty-eight countries will receive assistance from the Development Fund for Africa. The level of U.S. commitment in most countries is too small to have very much effect given the problems these countries face.

In its congressional presentation document, AID argues that well over half of bilateral DFA resources are being provided to ten major high-performing countries and that 85 percent of bilateral DFA assistance is focused on only 23 priority countries. This statement is misleading at best. It excludes regional programs, which consume more than 20 percent of all DFA funding. It also fails to note that the number of "priority" countries has been creeping up rather than down, from 20 during the initial year of the DFA to 24 currently. The so-called "Strategic Management Initiative" announced by the AID Administrator earlier this year indicated that AID needed to "do fewer things and . . . do them well." The Committee concurs in that judgment, but would add that AID should be doing fewer things better in a smaller number of countries.

The Committee's concern takes on added importance given the staffing trends noted above. To assist AID to do "fewer things better" in a smaller number of countries, the Committee expects AID to limit the number of countries that receive assistance from the DFA to 35, three less than the number for which AID requested assistance. AID shall consult with the Committee if it wishes to exceed this number.

INSUFFICIENT CONCERN WITH POVERTY ISSUES

The Committee recognizes that sound economic policies are necessary to promote long-term development. At the same time, the Committee continues to believe that need and the commitment of African governments to alleviating poverty and promoting basic human needs should be among the most important criteria used in allocating DFA resources.

The Committee believes that it should be the policy of the United States to assist those nations that are making meaningful and concrete efforts to alleviate poverty. The Committee expects AID to ensure that poverty alleviation will be central to its country assistance programs and to its policy dialogue with recipient countries; to encourage those countries to adopt measures to protect the poor during the process of adjustment; and to increase the weight given in the performance criterion for the allocation of DFA resources to an effective commitment to poverty reduction by African governments. Furthermore, the Committee believes that countries that undertake significant efforts to enhance the productive economic participation of the poor should be systematically assisted through a preferential allocation of DFA resources.

The Committee recognizes that the primary responsibility for poverty alleviation must rest with the governments of assisted countries. Governments that pursue policies that encourage the

availability, on a universal and economically-sustainable basis, of such essentials as adequate food and nutrition, primary health services, family planning services, basic education and safe drinking water, basic sanitation and basic shelter are the governments we want to assist. These are the underpinnings of productive economic participation by the poor; along with access to income-generating activities, employment, private sector and productive assets such as land and credit, they form the core of what AID should be supporting through the DFA.

In its annual congressional presentation, the Committee also expects AID to explicitly discuss the effort it is making to address these concerns. The relationship between the DFA, poverty alleviation, and enhanced productive economic participation by the poor must become increasingly clear if support for the DFA is to be sustained.

NON-PROJECT ASSISTANCE

One predictable consequence of recent trends in the AID program—fewer staff overseas being asked to program larger sums of money in more countries than ever—is that AID has sought to develop ways to move money more efficiently. In particular, it has substantially increased the amount of non-project assistance provided as “cash transfers” or “policy-based” assistance in support of so-called “economic reforms.”

At the time the DFA was established, House and Senate conferees reached an agreement limiting the amount of non-project assistance to 20 percent of all DFA funding. If justified, the amount of non-project assistance could be increased to 30 percent with the approval of the Committees. In addition, non-project assistance was to be focused on specific sectors, not in support of broader structural adjustment reforms. In spite of that agreement, the Administrator of AID chose to lavish major praise on the Agency’s structural adjustment programs in Africa in testimony before the Committee earlier this year. His testimony leads the Committee to question just how faithfully AID is implementing our guidance on this issue.

Many questions have also been raised as to what non-project assistance has accomplished, and in particular what it has done to alleviate the plight of the poor majority. Unlike project assistance, where the results are usually visible, non-project assistance typically disappears into central banks and it is difficult to assess what, if anything, has been accomplished.

The Committee is concerned about non-project assistance. After ten years of cash transfers and policy-based assistance, poor African countries remain as indebted as ever and the amount they are investing in their own futures lags; for all of the “policy reforms” that have been adopted, it is impossible to know whether the so-called reform countries in Africa have done better or worse than the non-reformers (or whether the non-reformers would have done equally as well had they been the beneficiaries of the larger amount of non-project assistance provided by donors).

The simple truth is that AID is neither the World Bank nor the IMF. In most cases, the amount of resources it can bring to bear are extraordinarily limited, hardly ever sufficient to persuade gov-

ernments to adopt and actually implement profound economic reforms. That is particularly the case in Africa.

To the extent that non-project assistance is used at all, the Committee believes that local currencies generated should be projected and used for programs that directly benefit the poor. In addition, the Committee would like to see AID become the recognized world leader in designing and implementing non-project assistance programs in a limited number of sectors, particularly the social sectors.

To help better focus non-project DFA assistance, the Committee expects such assistance to be limited in fiscal year 1992 to the social sectors (basic education, family planning, and health), the environment, agriculture (to the extent that non-project assistance can be shown to have direct and immediate benefits for small farmers and the rural poor), and job-creation measures. In addition, after appropriate consultation with the Committee, program assistance to promote reform of sectoral economic policies may include assistance for the purpose of reducing or eliminating eligible countries' debt service obligations under the Agricultural Trade Development and Assistance Act of 1954 if necessary.

TARGETS UNDER THE DEVELOPMENT FUND FOR AFRICA

The Committee included language in last years bill providing targets that are to be met for Africa. Essentially, this provision states that ten percent of the funds that are provided are to be used in each of the following areas: environment, family planning, and health programs. Because of the increased funding available in the Development Fund for Africa, the Committee expects that to the maximum extent possible the target levels should be met within the Fund.

AFRICAN DEBT

The Agency for International Development has the ability to address debt problems in African countries through flexibility provided in section 572 of Public Law 100-461. This flexibility was given to assist African countries that are making a serious effort to address their economic problems through the adoption of comprehensive reform programs. The Committee commends AID and the Administration for vigorously implementing this program to date. Last year the Committee urged the Administration to extend the benefits of this program to Zambia. As a result of subsequent reforms agreed to by the government of that nation, the Committee has now been advised that Zambia has qualified for benefits under this program.

The Committee is supportive of the section 411 initiative for sub-Saharan African nations approved in Public Law 102-27, which represents a logical extension of the section 572 debt authorities this Commiee initiated. Public Law 102-27 permits the President to use the authorities of section 411 of the Agricultural Trade Development and Assistance Act of 1954 to reduce or forgive Public Law 480 debt owed to the United States Government by African countries if those countries are pursuing comprehensive reform programs.

There are reportedly some questions within the Executive branch, however, as to the budgetary scoring treatment of the use of this authority. This Committee is prepared to be helpful in resolving those concerns and, if necessary, in finding additional resources to make section 411 effective.

The Committee wishes to be kept informed by the Treasury Department on a timely basis of steps taken to implement the section 411 authorities provided in Public Law 102-27. The Committee also directs the Africa Bureau to again provide a comprehensive analysis of the use of section 572 debt authority in connection with its congressional presentation for fiscal year 1993.

DISASTER ASSISTANCE

In previous reports, the Committee has expressed its concern that funds appropriated for long-term development assistance in Africa were being diverted instead to disaster relief activities under the authority of section 492(b) of the Foreign Assistance Act of 1961. As noted elsewhere in this report, the Committee is recommending a substantial increase in funding for disaster relief activities in an effort to address this issue. Funds in the disaster assistance account are to be committed, to the maximum extent feasible, prior to borrowing from the Fund for Africa. The Committee encourages AID to submit more realistic budget requests for disaster assistance in the future and to make every effort to avoid diverting DFA resources to this objective.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee expects AID to consult with African and American private and voluntary organizations that have demonstrated their effectiveness in helping to address the development problems that Africa faces in order to ensure that these funds will result in a process of long-term development that is equitable, participatory and environmentally sustainable. Last year the Committee directed the Africa Bureau to report on the nature and extent of its consultations with PVOs. The Committee is not satisfied that this directive has been complied with and expects AID to do a better job of complying next year.

PUBLIC HEALTH INFRASTRUCTURE

The Committee is concerned about the state of Africa's medical infrastructure and health delivery systems. In an attempt to strengthen this key determinant of the quality of life on the continent, the Committee urges the Agency for International Development to place particular emphasis on:

- child survival programs.
- assisting African Ministries of Health to develop their own capacity to conduct disease surveillance and epidemiological studies.
- strengthening of HIV/AIDS prevention/control programs.
- development of basic programs in chronic disease prevention, injury control, and environmental health to be administered by community health aides.

—strengthening of community health delivery systems in the area of primary care.

The Committee therefore urges AID to consider providing \$20,000,000 specifically for the strengthening of Africa's public health infrastructure, and recommends that the expertise of the Department of Health and Human Services be used to the maximum extent possible.

SADCC

The Committee has earmarked not less than \$50,000,000 to be available to assist the member states of the Southern Africa Development Coordination Conference (SADCC). The Committee feels that SADCC has made considerable progress toward infrastructural development and economic growth, and therefore has continued the earmark for SADCC countries.

PLANNING AND ADMINISTRATIVE COSTS

The Committee has included language in the bill that makes up to \$2,000,000 in funds under the African Development Fund available for planning and other administrative costs. These funds are intended to help the Africa bureau to provide increased planning for the larger than expected program.

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The Committee has included language in the bill requiring that \$10,000,000 of the Africa Development Fund be made available for sub-Saharan African countries affected by drought and desertification. That program is discussed under the International Organizations and Programs section of this report.

AVAILABILITY OF FUNDS

The Committee has continued to make funds under the Development Fund for Africa available for two years. This will allow AID time to carefully develop programs and respond to the increased funding level for Africa.

ZAIRE

The Committee has continued prior year language on Zaire that prohibits development assistance to the Government of Zaire. Issues related to Zaire are discussed under Country Issues earlier in the report.

ASSISTANCE FOR DISPLACED CHILDREN

The Committee has included a provision that earmarks not less than \$8,000,000 from development assistance funds for displaced children. Of these funds not less than \$1,500,000 is to address the needs of street children, through such non-governmental organizations as Child Hope.

A further discussion on the program for displaced children can be found earlier in the report under Items of Special Interest.

VICTIMS OF WAR

The Committee has continued last year's earmark of \$5,000,000 for victims of war. Consistent with discussions under health activities, language has been added to expand the program to include the blind.

CHILDREN IN CAMBODIA

The Committee has continued last year's earmark of \$5,000,000 to address the humanitarian development needs of children in Cambodia. The funding provided in the bill is to be provided through international relief agencies to children in Cambodia. None of the funds are to be made available directly or indirectly for the Khmer Rouge.

WOMEN IN DEVELOPMENT

The Committee has included a provision that earmarks not less than \$10,000,000 in development funds to be used to encourage and promote the participation and integration of women in the development process in developing countries. The Committee also specifies that of this amount, not less than \$6,000,000 is to be used as matching funds to support the activities of the Agency for International Development's field missions to integrate women into their programs.

The Committee acknowledges the efforts of the Agency for International Development in carrying out the mandate of Section 113 of the Foreign Assistance Act to encourage and promote the participation and integration of women as equal partners in the development process in developing countries. The importance of actively integrating women into development, for reasons of both equity and economics, has become widely understood and accepted at AID and in the larger development community.

In requiring AID to seek to ensure that country strategies and, where appropriate, projects and programs, are designed so that the percentage of women who receive assistance is at least in approximate proportion to their participation in the targeted activities, and will increase wherever possible, the Committee continues to look to AID to adopt specific approaches likely to contribute to the achievement of those goals.

The Committee expects that agency staff and contractors will include sex-disaggregated data, where appropriate, in all country, project and program documents. This information should also be included in all relevant research projects, and project and program evaluations should include assessments, where appropriate, of the program's or project's impact on women and success in helping to integrate women into the development process. Where the goals for WID cannot reasonably be incorporated into the design of particular programs or projects, the Committee requests that program or project documents identify the obstacles to incorporating those goals.

In designing projects and programs to carry out this provision, the Committee urges AID and agency contractors to identify and take advantage of opportunities to assist women in activities that are of critical significance to their self-reliance and development.

This should include appropriate extension and related services to women engaged in subsistence or cash crop production and training, technical assistance, credit and other services to strengthen the managerial skills and capabilities of women, with special attention to women's institutions and women entrepreneurs.

The Committee continues to be concerned with the level of women's involvement in AID's participant education and training programs. AID is directed to seek to increase training opportunities for women from all regions, and to make necessary provision in its training programs for addressing the specific needs of women.

AID is also to provide guidance on strategies for achieving the goal of incorporating women in the planning, design, implementation, management, and evaluation of the Agency's development activities. AID should also strongly encourage universities participating in programs under title XII of chapter 2 of part I of the Foreign Assistance Act of 1961, other agencies of the U.S. Government, and contractors involved in carrying out programs administered by the agency to develop and implement WID training programs for their professional staffs.

The Committee recommends that the Administrator of AID continue to take steps to ensure that senior-level staff from each of the regional and technical bureaus who are in decisionmaking positions with respect to the integration of women in the operations of their bureaus are actively involved in and committed to: (1) overseeing the implementation of this provision; (2) assisting Agency missions in the development process; (3) designing means for ensuring that staff at all levels of the Agency are similarly involved in, and committed to, achieving the goals of incorporating women into the development process; and (4) establishing specific criteria for measuring and evaluating the Agency's performance in incorporating women in development activities, and developing ways to institutionalize learning within the Agency on WID activities.

ECONOMIC STATUS OF WOMEN

The Committee notes that the United Nations sponsored World Fertility Survey shows that women in developing countries with personal incomes have fewer offspring than those who have no personal income. This fact should be incorporated into the objectives relating to population and poverty, and the Committee recommends that bilateral and multilateral institutions coordinate a worldwide effort to raise the socio-economic status of women.

The Committee expects the Agency for International Development, the U.S. Executive Directors to the multilateral development banks and the U.S. delegation to the United Nations to encourage and where appropriate, develop 10 year plans to work toward this goal.

Plans should include policy commitments such as: ensuring that anti-poverty programs promote full participation by women in planning, project implementation and decision-making; ensuring that women and especially female heads of households are targeted for increased access to credit, extension services, capital management, food production and small enterprise development projects; incorporating the reform of policies and laws that discriminate

against women—including laws blocking access to land, credit and property—into structural adjustment and sectoral loans; releasing loans to central banks and non-governmental organizations contingent upon evidence that the credit-delivery institutions have women in leadership positions at all levels and that such facilities encourage microenterprise lending to women.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee has recommended the inclusion of a provision carried for several years that requires that private voluntary organizations obtain not less than 20 percent of their total funding from sources other than the United States Government.

PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES

The Committee supports funding the Office of Private and Voluntary Cooperation at \$60,000,000 for worldwide programs of United States private voluntary organizations and cooperatives in fiscal year 1992. At least \$6,000,000 of these funds should be provided to United States cooperatives.

The Committee continues its strong support for cooperative programs in fiscal year 1992. The Committee's recommendation of \$6,000,000 for centrally-funded, worldwide programs by United States cooperatives is aimed at organizations such as the National Rural Electric Cooperative Association, Land O'Lakes, National Cooperative Business Association, Volunteers in Overseas Cooperative Development and World Council of Credit Unions. Through these organizations, U.S. cooperatives support overseas private sector development, strengthen open markets, help privatize state-owned enterprises, and deepen grassroots democracy for low income people through their ownership, control and participation in democratically-run operations of self-help businesses.

MICROENTERPRISE

The Committee recommends that the Agency for International Development target \$85,000,000 for programs of credit and other assistance for microenterprises in developing countries. Local currencies may be used for assistance for microenterprises and may assist in making up the \$85,000,000 target. At least 50 percent of the funds for this target should be used for direct credit.

AID should target this program to the poorest 50 percent of the population of the poorest AID-assisted developing countries and the poorest 20 percent in the other AID-assisted countries. AID is also to target at least 50 percent of all the resources to support productive activities managed by women. Credit and other forms of assistance should be channelled primarily through private community-based organizations.

Several findings of the February 1991 GAO report, *AID's Implementation of the Microenterprise Program Guidance*, raise concern with the Committee. First, in the three missions the GAO visited in conducting the study, AID had not targeted women of the poorest 20 percent of the population. AID officials felt the "poorest of the poor" would be better served by social services than microenterprise. Second, loans frequently exceeded \$300 and AID officials

largely felt that larger loans are often needed and the loan size should be determined by the credit needs of the target beneficiaries. And, third, AID does not have a system to track sufficiently detailed information on loans.

The Committee remains concerned that too few of the microenterprise resources are being channelled to women and the poorest entrepreneurs in the form of small loans. Therefore, the Committee is recommending AID use \$20,000,000 of the microenterprise funds for loans of less than \$300.

BURMESE STUDENTS

The Committee has earmarked \$1,000,000 for Burmese students who have been displaced as a result of events relating to civil conflict. The Committee urges that a substantial amount of the program be provided through the Burma America Fund.

ROMANIAN CHILDREN

The Committee has earmarked not less than \$4,000,000 in assistance for Romanian children. Of this amount \$1,500,000 is for AIDS and other health and child survival activities, \$1,000,000 is for family reunification, foster care and adoption, and \$1,500,000 is for family planning.

The Congress provided \$4 million in fiscal year 1990 and \$1.5 million in fiscal year 1991 for humanitarian assistance for Romanian children. The urgent medical needs of Romanian children, many of whom were left abandoned or orphaned in institutions during the Ceausescu regime, have begun to be addressed by voluntary organizations. While the situation for institutionalized children has somewhat improved during the past year, there is much that remains to be done to assist these children as well as to assist the Government of Romania in developing child welfare programs and policies that did not previously exist. One of the activities that the Committee would like to take note of is the development of an in-country foster care and adoption program funded by the Agency for International Development. The Committee regards the work of Holt International Children's Services to help develop an adoption and foster care system in Romania as a high priority, and has provided additional funds for this purpose. The Committee supports humanitarian assistance for Romanian children and urges AID to move promptly to provide needed programs.

APPROPRIATE TECHNOLOGY INTERNATIONAL

The Committee remains supportive of the work of Appropriate Technology International (ATI) and was thus pleased to learn that ATI has now qualified for development assistance funds available to U.S. private and voluntary organizations. This important development is a result of a provision initiated by this Committee last year.

Currently, ATI has a cooperative agreement with AID under which it is suppose to receive \$3,000,000 annually. The Committee expects AID to fully fund its cooperative agreement with ATI in 1992 and to restore funds that were cut from that agreement in fiscal year 1991. In addition, to the extent that ATI needs addition-

al resources over and above the \$1,000,000 provided by this Committee in fiscal year 1991 to leverage ATI's resources and capabilities with other donor organizations, the Committee encourages AID to carefully consider providing additional funding.

Consistent with the recommendations of the House Foreign Affairs Committee, the Committee encourages ATI to explore the creation of a multinational consortium of appropriate organizations to build a concerted global effort to serve small producers and entrepreneurs.

SOUTH PACIFIC REGIONAL PROGRAM

The Committee supports the Administration's and the Authorizing Committee's recommendations to provide additional assistance for South Pacific Regional Programs. The Committee is particularly supportive of programs that would grant annual scholarships to students from the South Pacific countries, and efforts to establish an endowment for this purpose are endorsed.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Fiscal year 1991 level.....	\$29,000,000
Fiscal year 1992 request.....	30,000,000
Committee recommendation.....	30,000,000

The Committee has recommended funding of \$30,000,000 for the American Schools and Hospital Abroad Program. The funding is at the level requested by the Administration and is a \$1,000,000 increase over fiscal year 1991.

The Committee continues its support for the ASHA program, and endorses efforts by the House Foreign Affairs Committee to clarify the guidelines of the program. The Committee continues to strongly support the existing eleven ASHA guidelines which appear in the Federal Register. In addition, the House Foreign Affairs Committee in its report accompanying H.R. 2508 has indicated the following guidelines for the program, which this Committee also supports:

- This program is designed to support institutions of excellence, flagship institutions which serve as study and demonstration centers for American ideas and practices in education and in medicine;
- This program is not intended for institutions which are pervasively sectarian. A religiously affiliated school must offer and enroll its students in a principally non-sectarian curriculum if it seeks ASHA support;
- The program should not support institutions defined primarily as schools for U.S. dependents;
- Institutions must be licensed or approved to conduct educational programs in the country in which the institution is located;
- At least 25 percent of the course work at any institution should be in the English language, excluding the teaching of English as a foreign language;
- No more than roughly 30 percent of the institutions supported should be in any one geographic region; and
- Approximately 50 percent of the funds in this program should be available for requests submitted by new applicants or insti-

tutions which have not received continuous support in the past.

INTERNATIONAL DISASTER ASSISTANCE

Fiscal year 1991 level.....	\$40,000,000
Fiscal year 1992 request.....	40,000,000
Committee recommendation.....	70,000,000

The Committee has recommended \$70,000,000 for the International Disaster Assistance account, which is a \$30,000,000 increase above the request and the amount provided in last year's appropriations bill.

By their very nature, disasters are impossible to predict. Consequently, it is difficult to know in advance the precise level of funding appropriate for this account. However, the evidence suggests that the disaster assistance account has been seriously underfunded in recent years. For the current year, for example, the Committee originally appropriated \$40,000,000 in PL 101-513. However, Congress has recently completed action on an emergency supplemental measure that would provide an additional \$67,000,000 for disaster relief activities, bringing the appropriated total for the current year to \$107,000,000. Section 492(b) of the Foreign Assistance Act of 1991 also allows the Administration to borrow up to \$50,000,000 annually to supplement amounts appropriated by Congress. Already this year \$20,000,000 has been borrowed under this authority and it is clear that this will be supplemented by additional borrowing from development assistance accounts.

The Committee believes the Administration has seriously underfunded this account in its budget requests, partly because of the higher outlay rate associated with funding disaster assistance and partly because it has seen section 492(b) borrowing authority as a way of altering congressional development assistance priorities.

Two years ago the Committee took the initiative and increased the Administration's request for disaster assistance from \$25,000,000 to \$40,000,000. At that time, the Committee urged the Administration to submit more realistic budget requests for this account. Nonetheless, the Administration has chosen to stand pat by requesting only \$40,000,000 for the last two years. Those requests have been fully funded by Congress. But they have clearly been inadequate. In both years the Administration has continued to borrow funds from development assistance accounts.

The practice of routinely using section 492 borrowing authority to respond to emergencies is unacceptable. In order to reduce the routine use of such authority, the Committee has increased the Administration's request for the coming year from \$40,000,000 to \$70,000,000. This funding has been made available until expended in order to establish disaster assistance on an emergency fund basis in which any excess funds may be carried over to future fiscal years.

The Committee also feels that AID should be looking into innovative ways to respond to emergencies, such as the famine and health needs now facing the Horn of Africa. One proposal that has been brought to the Committee's attention is the use of a medical ship, such as Life International's, which would be able to be relocated to

address emergencies at a number of locations. AID is requested to look into the feasibility of a program such as Life International.

EMERGENCIES IN AFRICA AND BANGLADESH

The Committee expects the Agency for International Development to move swiftly to address emergency needs in Africa and Bangladesh. The needs associated with the crisis in the Horn of Africa are discussed under "Country Issues" earlier in the report. In regard to Bangladesh the Committee feels that AID should continue emergency disaster assistance efforts and undertake significant steps to address the recovery needs associated with the recent disastrous cyclone.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Fiscal year 1991 level.....	\$40,341,000
Fiscal year 1992 request.....	41,351,000
Committee recommendation.....	41,351,000

The Committee has recommended funding at the fiscal year 1992 request level for the mandatory payment to the Foreign Service Retirement and Disability Fund.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Fiscal year 1991 level.....	\$441,000,000
Fiscal year 1992 request.....	483,300,000
Committee recommendation.....	481,300,000

The Committee has recommended funding for Agency for International Development operating expenses at a level of \$481,300,000 which is \$2,000,000 below the Administration's request and \$40,300,000 above last year's appropriated amount.

The Committee is concerned that AID is not following recommendations included in the reports accompanying annual appropriations bills and supplementals. The Committee expects AID to submit with its fiscal year 1993 budget request a summary of the status of all recommendations in the report that are under their area of responsibility.

STAFFING

The Agency for International Development's missions overseas have traditionally been perceived as the strength of the Agency as well as providing it with an advantage over other donors. Having significant staff representation in-country has been seen as critical for the success of the programs administered by the Agency. Most good projects require close supervision in the field. This is particularly the case for projects designed to directly benefit poor people. As noted elsewhere in this report, the Committee believes there is a critical need for AID to place additional personnel abroad, particularly in Eastern Europe and sub-Saharan Africa.

Consequently, the Committee finds it regrettable that the Administration is seeking a major increase in funding for operating expenses while proposing to reduce the number of AID personnel

overseas. The budget request submitted by AID requests a 30 person reduction, from 1181 to 1151, in United States direct-hire overseas field staff while less expensive Washington staff would increase by 32 to 2053.

The Committee believes the staffing trends of the last decade should be reversed. Since fiscal year 1982, field staff has declined from 1474 to the current level of 1181, while AID/Washington staff has increased from 1926 to the current level of 2021. This is not acceptable to the Committee. If AID can produce a coherent multi-year plan that combines increases in overseas staffing with selective reductions in Washington staff and other economies, the Committee will consider increased funding for this account in the future.

AFRICA BUREAU

The Committee has provided for a \$200,000,000 increase in funding under the Development Fund for Africa. This increase will impose new demands on AID's Africa Bureau. The personnel and financial needs of the Africa Bureau are not being well met at the present time. The Committee expects the Administrator to rethink the distribution of AID personnel and the allocation of funds to different bureaus for operating expenses in light of the priorities reflected in this bill.

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

Fiscal year 1991 level.....	\$33,884,000
Fiscal year 1992 request.....	37,739,000
Committee recommendation.....	37,739,000

The Committee has recommended \$37,739,000 for the Office of the Inspector General of AID for fiscal year 1992.

The Committee has also included prior year bill language providing up to three percent transfer authority, giving authority to relocate and locate Inspector General offices to the Inspector General—particularly in Europe, and setting a minimum authorized personnel level.

HOUSING AND OTHER CREDIT GUARANTY PROGRAM

SUBSIDY APPROPRIATIONS

Fiscal year 1991 level.....	
Fiscal year 1992 request.....	\$2,500,000
Committee recommendations.....	18,000,000

OPERATING EXPENSES

Fiscal year 1991 level.....	
Fiscal year 1992 request.....	\$7,000,000
Committee recommendation.....	8,500,000

The Housing Investment Guaranty Program was designed to promote increased home ownership in developing countries and expand access to formal credit systems, particularly to lower income households. The origins of the program and its support by Congress stem from this fact. Unfortunately the Administration

has altered this program in the past year to target loan programs for moderate and even high income countries. It has also been used as a tool for enhancing levels of U.S. assistance in negotiations with base right countries.

The request level of \$2,500,000 in subsidy appropriations reflects the Administration's plan to conduct this program only in moderate and high income countries. The Administration had planned no new loan programs in Africa, Eastern Europe, or Latin America in fiscal year 1992. The Committee has provided subsidy appropriations of \$18,000,000 and operating expenses of \$8,500,000. This is intended to support a estimated level of loan guarantees of \$150,000,000 for fiscal year 1992. The subsidy rate implied in this appropriation is 11.9 percent which is the average subsidy rate applicable in fiscal year 1991. This allows for the initiation of new housing guaranty programs in a mix of low and moderate income countries. The reforms embodied in the Budget Summit agreement on credit programs were not intended to alter program policy in the Committee's view.

The Committee expects that the fiscal year 1992 housing guaranty program will include new loan guarantees for countries in Africa, Eastern Europe, and Latin America.

ENTERPRISE FOR THE AMERICAS INITIATIVE

DEBT REDUCTION

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$304,340,000
Committee recommendation.....	65,000,000

The Committee has provided \$65,000,000 for debt reduction for the Enterprise for the Americas Initiative subject to notification.

The Committee notes that the debt crisis in Latin America and the Caribbean will not be solved even if the United States were to forgive all the debt owed to it in the region. In fact, total debt in the region is approximately \$429,000,000,000. Debt owed to official creditors is approximately 28 percent of the total or about \$120,000,000,000. Debt owed to other governments, bilateral official debt, totals about \$58,000,000,000. Of that \$58,000,000,000 the United States is the largest creditor holding about \$12,000,000,000. The United States share of debt in Latin America is therefore somewhat less than three percent of total debt in the region. Commercial debt represents approximately 70 percent of the debt in the region, and with its market interest rates represent an even greater share of annual debt service payments due from these governments.

Consequently, the Committee has little enthusiasm for a debt initiative which does not involve other official creditors and which in many cases may precede what the Committee would find to be an adequate level of commercial debt reduction.

Unilateral reduction of debt owed to the United States by most Latin American and Caribbean countries will result in only marginal benefits to these countries at maximum cost to the American taxpayer.

The Committee has previously expressed its concern for the need for the Administration to address the debt problems of countries with severe debt burdens which have high levels of official debt. Action has been taken on an exceptional basis for Egypt and Poland; however, the Administration has not taken the lead in pushing the creditor nations to recognize and address those countries burdened primarily with official debt.

The Committee notes that, in many countries in the Caribbean region, total debt stock is dominated by high levels of official bilateral debt. This differs from much of Latin America, where commercial debt is a far more critical element of total debt stock.

In Jamaica, for example, commercial debt makes up less than 10 percent of total debt stock, while bilateral official debt is approximately 45 percent of total debt.

Further, the Committee notes that the Government of Prime Minister Michael Manley is implementing difficult and costly economic reforms in order to turn around that country's economy, but Jamaica still faces a crushing debt burden and debt service levels which threaten its ability to continue reform. The United States needs to be responsive to the immediate crisis.

The Committee strongly supports EAI debt relief for Jamaica. The Committee also expects that in implementing debt relief for Jamaica, the Administration will ensure that the program provides immediate short-term debt relief appropriate to Jamaica's current debt crisis including significant reductions in Jamaica's current annual repayments to the United States.

ECONOMIC SUPPORT FUND

Fiscal year 1991 level.....	\$3,991,000,000
Fiscal year 1992 request.....	3,228,000,000
Committee recommendation.....	3,216,624,000

The Committee has recommended a total of \$3,216,624,000 for the Economic Support Fund.

ISRAEL

The Committee has earmarked \$1,200,000,000 in Economic Support Funds for Israel, which is at the fiscal year 1991 level and the amount requested by the Administration. The Committee also requires that these funds be provided to Israel as a cash grant within thirty days of the signing of the bill or by October 31, 1991, whichever is later.

EGYPT

The Committee has earmarked not less than \$815,000,000 in Economic Support Funds on a grant basis, and of which some cash transfer may be provided with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years. The Committee has earmarked not less than \$200,000,000 for Commodity Import program assistance. The Committee continues to require that any cash payments to Egypt be notified through regular notification procedures.

The Committee notes that all cash transfers are subject to notification. The Committee intends to closely scrutinize all proposed cash transfers, particularly new sector assistance proposals for Egypt. The Committee believes that a detailed, phased, performance-based sector economic reform program which does not duplicate other multilateral or bilateral economic conditions should be developed for Egypt. The Committee will insist that such a program be developed. Egypt has recently received massive debt relief and debt restructuring from the West. Now is the time to insist that Egypt perform on economic reforms.

CYPRUS

The Committee has earmarked \$15,000,000 in Economic Support Funds for the Republic of Cyprus. The Committee expects that a portion of these funds will be used for education and bi-communal projects which bring the people of this divided island into direct contact. Such bi-communal projects might include simultaneous participation by the women and children of both the Greek-Cypriot and the Turkish-Cypriot communities in the planting of trees in the buffer zone that divides Cyprus.

This assistance is a clear expression of the Congress's support for the people of Cyprus in their efforts to bring about a reunification of their country. The Committee, however, remains disturbed by the continued presence of 35,000 Turkish troops and 80,000 settlers on Cyprus and believes that their immediate withdrawal will greatly enhance the U.N. Secretary General's efforts to bring about a peaceful resolution of the problem in accordance with the relevant U.N. resolutions.

In the wake of the Persian Gulf Crisis, the Administration has taken a more active role in resolving the Cyprus problem. The Committee welcomes the Administration's involvement and is hopeful that the Administration's efforts will facilitate the resumption of a meaningful dialogue aimed at the preparation of an outline agreement in the very near future.

NON-MILITARY EXPORTS

The Committee has included a provision from last year's bill requiring that the President ensure, in providing cash transfer assistance to Egypt and Israel, that the level of such assistance does not cause an adverse impact on the total level of non-military exports from the United States to each such country.

CAMP DAVID ACCORDS

The Committee has included prior year language that indicates that it is the sense of Congress that recommended levels of assistance for Israel and Egypt are based in great measure upon their continued participation in the Camp David accords and upon the Egyptian-Israeli peace process.

ZAIRE

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

TIED-AID CREDITS

The Committee has included language limiting financing of tied-aid credits at \$300,000,000 unless the President determines that it is in the national interest to exceed that amount, and so notifies the Committee. In addition all funds used for tied-aid credits or mixed credits must be notified to the Committee, and finally the Committee has prohibited using Development assistance funds for tied-aid credits.

AVAILABILITY OF FUNDS

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

WEST BANK SETTLEMENTS

The Administration is to update its report on the extent of the Government of Israel's investment in new and expanded settlements in the West Bank and Gaza, and submit it to the Committee by February 1, 1992.

ECONOMIC BOYCOTT

Since 1948 the Arab League has maintained an economic boycott against Israel and against companies doing business with Israel. The Committee expresses particular concern that two of the primary coalition partners in the Persian Gulf War, Kuwait and Saudi Arabia, have given no indication of their willingness to end, reduce, or even suspend the boycott as a good will gesture to facilitate the beginning of negotiations on relevant Middle East questions. In fact, those countries have been among the boycott's strictest enforcers. The Committee encourages the Administration to use diplomatic and all other available means necessary to urge those participating nations to cease the boycott and to begin establishing economic as well as political relations with Israel.

The Committee requests that the Department of State prepare a semi-annual report describing those countries receiving U.S. aid and/or arms sales who are complying with the primary, secondary, and/or tertiary economic boycotts of Israel, and detailing State Department efforts through diplomatic and other means to encourage participating nations to end their boycott of Israel. The first such report shall be filed with the Appropriations Committee no later than March 1, 1992.

SPECIAL INVESTIGATIVE UNIT

The Committee has included a requirement that a report on the status of transferring control of El Salvador's special investigative unit for military and civilian control be submitted prior to obligation of funds. The Committee has been assured that the recent killings of four U.S. marines in June of 1985 cannot be reversed by potential amnesty pursuant to a cease-fire. The Committee is to be kept informed of any developments in this case.

GUATEMALA

The Committee is concerned about recent declines in the human rights situation in Guatemala. In the past year the State Department has recalled our Ambassador, suspended military aid and been critical of Guatemala's human rights record as reflected in the Country Report on Human Rights Practices, and has expressed that concern in the recent vote on Guatemala in the UN Human Rights Commission. The Committee has required that all aid to Guatemala be notified through the Committee's regular notification process. The Committee believes that any economic support funds made available for Guatemala should be used only by civilian agencies and non-governmental organizations for (1) programs that directly address poverty, basic human needs and environmental concerns, (2) to improve the performance of democratic institutions or to promote pluralism, (3) for the National Reconciliation Commission, and (4) for fiscal reform, fiscal administration and to reform the tax system, and (5) to promote foreign and domestic trade and investment. These funds may not be used for partisan political purposes or as an instrument of counter insurgency.

AID has spent several years studying the tax and fiscal system of Guatemala. The fact is that Guatemala has failed to alter its antiquated tax system or to collect a reasonable share of taxes from its citizens.

The Committee will not continue to support economic assistance which benefits a Guatemalan elite that will not allow itself to be taxed. The new government has proposed to reform the tax system and has forced a bond program aimed at raising revenues. These are positive signs. However, the Committee stresses that economic assistance will be approved for Guatemala in fiscal year 1992 only after substantial additional progress has been made on tax reform. This issue is also addressed earlier in the report.

ADMINISTRATION OF JUSTICE

The Committee notes the important role of AID's democracy-building activities, including the Administration of Justice program, in fostering democratic institutions and practices in Latin America. Unfortunately, extreme budgetary pressures in recent years have forced AID to severely reduce funding levels to many of these democracy-building projects. In turn, program grantees have experienced funding shortfalls which threaten the lives of the programs originally contracted by AID. This problem has been particularly acute in the Latin American regional programs.Dm1:A108HR.004

The Committee has provided increased funding above last year's levels for both economic support funds and development assistance funds. These increased levels will address funding shortfalls for democracy building projects, including the Administration of Justice program, that have occurred in previous years. The Committee expects that these increased funding levels will eliminate some of these shortfalls.

WEST BANK AND GAZA

The Committee is providing \$16,000,000 in fiscal year 1992 for assistance to the West Bank and Gaza through private and voluntary organizations (PVOs). Started in 1975, this program has focused on health, education, the construction of rural roads, economic infrastructure of towns and institution building. Most of the projects are centered on local institutions such as cooperatives, municipalities, charities, educational and other local non-governmental organizations (NGOs), a pattern that the Committee strongly favors. The projects funded included: land reclamation; agricultural production, processing and marketing; potable water and sewage systems; credit for farmers; education; nutritional and health facilities and training in rural and urban areas.

The administration's request for the West Bank and Gaza was \$12,000,000. However, the Committee is providing \$16,000,000 in recognition of the deep economic crisis facing the Palestinians in the West Bank and Gaza, stemming largely from the effects of the Gulf Crisis. It is reliably reported that the West Bank and Gaza GNP has decreased by at least 40 percent. In addition, the PVOs have demonstrated that they are capable of increasing their programs and their Palestinian counterparts have both the need and capacity to beneficially employ the additional funds.

The Committee commends AID and the PVOs involved for the quality and scope of the program. It recommends that the program retain its focus on the area of economic growth, improvement of the policy environment, the strengthening of local institutions, and the improvement of health, education, and other essential services.

The Committee understands that, despite the Gulf Crisis and the uprising (*intifada*) in the West Bank and Gaza, the PVOs have been able to maintain and increase the programs they implement. The PVOs have been able to sustain positive relations with the Palestinians in the West Bank and Gaza and the Israeli authorities as well as other relevant regional parties such as Jordanian officials.

The Committee has included language in the bill requiring that one AID official be stationed in the area who can help improve the accountability and oversight of the U.S. programs in both the West Bank and Gaza. The Committee considers that this move is long overdue and hopes that the differences between AID and the State Department with respect to this issue can be overcome in an expeditious manner and the official can shortly take up the new post.

By providing this assistance, the Committee believes that it expresses the concern of the United States for the Palestinian people. While these programs can contribute to the welfare of the Palestinian people, the Committee believes that they cannot be a substitute for progress in the peace process.

DEMOCRACY INITIATIVE

The Committee is concerned about the size and scope of AID's Democracy Initiative. The Committee expects AID to keep the Committee informed on the implementation of the initiative.

BRINGING ISRAELIS AND PALESTINIANS TOGETHER

In order to promote better understanding and mutual respect between Israelis and Palestinians living in the West Bank and Gaza, the United States should finance a broad range of educational, cultural and humanitarian activities that bring Palestinians and Israelis together. Such activities should be carried out by Israeli and/or Palestinian private voluntary organizations. The Committee encourages AID to spend not less than \$2,000,000 on such activities in fiscal year 1992, and requires AID to notify the Committee of all PVOs receiving funds from this program. AID shall use regular programming notifications to provide this information to the Committee.

BALTIC STATES AND SOVIETS

The Committee has provided not less than \$15,000,000; half for assistance to the Baltic States and half for assistance to eligible recipients in the Soviet Union in support of democratic reforms or market oriented reforms.

The Committee is prepared to support carefully targeted technical assistance to the Soviet Union where it will have a direct and significant impact on the promotion of the rule of law, human rights, democratic reform and transition to a market economy subject to a request by the administration. One such program entails sending U.S. judges to the Soviet Union's judicial training institute to educate Soviet judges from the federal and republic levels on the independence of the judiciary and the proper role of judges in a democratic society.

The Committee considers a limited initial request for technical assistance, including the aforementioned assistance for the Soviet judiciary, appropriate in light of the current pace of reform in the Soviet Union in order to assist the Soviets in achieving economic and democratic goals which all Americans support.

INTERNATIONAL FUND FOR IRELAND

Fiscal year 1991 level.....	\$20,000,000
Fiscal year 1992 request.....	0
Committee recommendation.....	20,000,000

The Committee recommends \$20,000,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. The Committee has also included prior year provisions making funds available as needed and until expended.

In 1985 Great Britain and Ireland signed the Anglo-Irish Agreement as a step toward improving political, economic and social conditions in Northern Ireland. Article 10 of the Agreement authorized the creation of an international fund through which the two governments could cooperate to promote economic and social development in both parts of Ireland, and to secure international support for this task. The International Fund for Ireland was created in December of 1986 to promote development and reconciliation in Northern Ireland and the bordering counties of Ireland by stimulating private enterprise and investment, supplementing public programs, and encouraging voluntary efforts. Special attention was

to be focused on those areas that had suffered most severely from the consequences of the instability of recent years.

The Anglo-Irish Agreement requires that all disbursements from the Fund be distributed in accordance with the principle of equality of opportunity and non-discrimination in employment, and without regard to religious affiliation. All grantees are required to sign a pledge, using the exact words employed by Congress, that any money be used in a nondiscriminatory manner. The letter of offer for every project makes it clear that any violation of this agreement will require the immediate repayment of Fund resources.

The Committee commends the Fund's Disadvantaged Areas Initiative for providing a central focus for its work. Over 70 percent of the Fund's resources have been devoted to areas of greatest need. In addition, the introduction by the Fund of new, comprehensive and community-based regeneration packages in a number of smaller towns and villages in the most disadvantaged areas, and the development of major community-based economic regeneration packages in Belfast, have given the Fund much greater focus and direction.

The Fund has recognized the critical role that the United States has played in its success. As the chairman of the Fund has stated: "U.S. support of the Fund is crucial in helping us to tackle the long-term problems associated with the deprivation, destruction, communal strife and violence with which we in Northern Ireland have been afflicted over the past two decades. In the on-going search for peace and reconciliation on the island of Ireland, the Fund is a potent symbol of the practical benefits of working together."

The Committee welcomes the talks now underway in Northern Ireland aimed at reaching a new political settlement. We urge all of the participants in the talks to seize this opportunity and work together in a forward-looking and imaginative way in order to reach a successful outcome.

ASSISTANCE TO THE PHILIPPINES

MULTILATERAL ASSISTANCE INITIATIVE

Fiscal year 1991 level	\$160,000,000
Fiscal year 1992 request	160,000,000
Committee recommendation	160,000,000

The Committee has recommended \$160,000,000 for the Multilateral Assistance Initiative for the Philippines for fiscal year 1992. The Committee has provided that 75 percent of these funds be available for project or sector assistance consistent with development assistance purposes. The Committee has required that the President seek to channel not less than \$25,000,000 of these and certain other development assistance funds through private voluntary organizations and cooperatives. Funds are made available for obligation for a two year period.

The Committee has provided the full amount requested by the Administration for the Multilateral Assistance Initiative for the Philippines this year. The Committee is not pleased, however, with the state of progress on economic reforms in the Philippines.

The Committee recognizes that the Gulf crisis and natural disasters including a drought, a typhoon, and an earthquake have affected the Philippine economy. Nevertheless, it is equally true that economic policy slippage in the monetary, fiscal and exchange rate areas also have also had great effect.

While in 1987 and 1988, the Philippine economy was growing well, in 1990 and 1991 the economic performance has been disappointing. The Philippines signed a three year stand-by arrangement with the IMF in 1989. However, the IMF suspended that arrangement in late 1990 due to missed economic targets for growth, inflation, current account and fiscal deficits, and money supply growth. Real GNP growth in 1990 was only 3 percent compared with 5.7 percent in 1989. Real investment growth fell to 9.8 percent from 15.6 percent in 1989. Inflation remained at 14.2 percent. The public deficit grew sharply to 5.2 percent of gross domestic product from 2.2 percent in 1989 and the current account deficit rose to \$2.6 billion or 5.8 percent of GDP from 3.3 percent in 1989. In the first quarter of 1991 inflation reached a five year high of 18 percent. Finally, the trade gap has been growing.

On February 20, 1991, the IMF approved a new 18 month stand-by arrangement which includes support for a range of macroeconomic policies necessary to stabilize the Philippine economy and get it on a growth path. Continued reforms in the areas of investment, exchange rates, oil prices, tariffs, taxes, the financial sector, and privatization all need to be pursued.

The Committee reminds the Philippine government that assistance for the Philippines through the Multilateral Assistance Initiative was justified in the United States and to other donor countries on the basis of macro and micro economic reforms that would be undertaken. Those reforms have been proceeding at a remarkably slow pace. If performance does not improve, the Committee believes that continued funding of the MAI at current levels would be brought into question in the future.

DEVELOPMENT ASSISTANCE

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	0
Committee recommendation.....	\$100,000,000

The Committee has recommended funding of an additional \$100,000,000 for development assistance for the Philippines for fiscal year 1992.

The Committee intends these funds to be additional to funds requested by the President for the current development assistance programs but not specifically earmarked by the Committee. These funds are intended to be utilized for "sector assistance" for the achievement of phased, performance-based economic reforms addressing specific sectors of the Philippine economy. Specific additional new economic reforms should be negotiated by AID which do not duplicate reforms required by the recent IMF agreement, World Bank or Asian Bank loans, the MAI agreements, or any other bilateral or multilateral assistance programs. It is the intent of the Committee that dollars transferred to the Philippines upon the achievement of specific economic reforms may be utilized for

repayment of debts to the United States or multilateral institutions, imports from the United States, or buybacks of commercial debt from American banks.

These funds are directly related to the action of the Committee limiting the President's request of \$200,000,000 for military assistance for the Philippines to not more than \$100,000,000. Essentially, the Committee has shifted \$100,000,000 of the funds for the Philippines from military assistance to economic assistance. The Committee has consistently held that the amounts negotiated in the amendment to the bases agreement related to fiscal years 1990 and 1991 were higher than they ought to have been in military assistance.

The Committee believes that the most pressing needs in the Philippines can be addressed more effectively with economic assistance rather than military assistance at this time. Consequently, rather than simply limiting the military assistance to the Philippines, the Committee decided to shift half the resources planned for Philippine military assistance to economic assistance, thereby not cutting total assistance for the Philippines from levels requested by the Administration. Further, the cash economic assistance provided by the Committee through this transfer is dependent on the achievement of specific Philippine economic reforms.

The Committee has closely followed the extended negotiations over the bases in the Philippines during the past year. The Committee has been pleased with the extent of the Administration's consultation on the bases negotiations and has been supportive of the base negotiator's actions. This situation is in stark contrast to the previous negotiations on the 1990 and 1991 amendment to the bases agreement. Consultations in that instance were virtually non-existent and the Committee felt the results were less than satisfactory.

The Committee has not addressed elements of the bases negotiation unrelated to foreign assistance in the bill. Indeed, were it possible, the Committee would have preferred to have remained silent on all aspects of Philippine assistance while negotiations continued. However, the legislative schedule made that impossible. The Committee is aware of many of the broader issues being discussed in the negotiations. In this regard, the Committee does not understand how the Administration could agree to specific "soft" assistance amounts which for the most part are not controllable by the United States government in any normal course of business. Despite the remaining distance between the negotiators on both "hard" and "soft" assistance, the Committee sees no reason why a resolution of the outstanding issues in the current negotiation is not reachable.

The Committee notes that in September, 1990 the Philippines served the United States with papers requesting that we leave the bases by September, 1991. It is unclear to the Committee precisely what happens this September, if negotiations are continuing but no agreement has been reached, if an agreement has not passed the Philippine Senate, or if an agreement has not been ratified by the U.S. Senate—if such agreement in the end takes the form of a treaty.

It is clear, however, that a sudden departure from the bases by the United States would create enormous economic disruption in the Philippines. The bases are the second largest employer in the country with approximately 65,000 Philippine workers. The money spent by the workers as well as that spent by American military employees and soldiers and sailors is a very major boost to the Philippine economy as is American military purchasing of supplies.

The Committee believes that it would be unfortunate if the result of the current negotiations was a rapid American departure from the bases. The United States is currently very popular in Philippine public opinion polls. Philippine citizen support for the bases is high. It is likely that almost any public referendum in the Philippines on the presence of the bases would pass with a substantial majority. Consequently, the Committee has a hard time understanding why these negotiations are apparently so difficult and why prospects for passage of an agreement by the Philippine Senate frequently has been assessed so negatively.

Nevertheless, the Committee believes that if the Philippine government is no longer willing to support the presence of the United States at the bases, then departing after September, 1991 is the only alternative currently available. The Committee does not support continued American military presence without the approval of the Philippine government.

The Committee does not support relating foreign assistance levels for any country to the presence of bases utilized by the United States. However, the Committee recognizes that the Philippines has not only insisted on relating bases and assistance, but repeatedly in the past has attempted to tie additional categories and additional amounts of assistance to the bases.

This Philippine strategy for gaining ever increasing levels of assistance from the United States seems deeply faulted when one recognizes that the overseas presence of the American military is on a downward trend and that numerous bases in the United States are being closed today with significant economic disruption in those communities. The Committee believes that increasing bases-related assistance at the same time that the American presence and base usage is declining—whether due to Philippine political pressure for us to leave or due to American military decisions—is not a political possibility in the United States and lacks a certain logic.

The Committee has written the fiscal year 1992 foreign assistance bill in such a way that the Administration may provide the requested amounts of \$120,000,000 in the Economic Support Fund and \$40,000,000 in development assistance in addition to the additional \$100,000,000 for development assistance and the \$100,000,000 for military assistance that has been discussed above.

The Committee also has placed all these funds which in the past the Philippines has insisted be related to bases agreements subject to notification prior to obligation. These amounts were requested and justified to the Congress in anticipation of a completed bases agreement.

The Committee further has required that if a bases agreement has not been completed prior to the time the Administration wants to obligate any of these funds then the Administration must report to the Committees on Appropriations justifying either the original-

ly requested sums for the Philippines or such sums as the Administration might desire to request in light of the failure to reach agreement with the Philippines.

The Committee has a long history of support for the Philippines and for the government of Mrs. Aquino. It has repeatedly over the past five years provided assistance to the Philippines in substantial excess of amounts requested by Administrations and in excess of amounts corresponding to bases negotiations.

The Committee, while supportive of the Philippines, does not believe that United States foreign assistance at any level is the crucial element in the successful development of the Philippine nation into a stable, secure, and just democracy which provides its people a fair opportunity to improve their lives and which provides its citizens an improving standard of living. Those achievements can only come from far better management of the Philippines economy, through a strong reform program, through a fairer distribution of wealth in the country and through far stronger leadership by Philippine politicians, businessmen and intellectual leaders in a wide variety of areas.

ASSISTANCE FOR EASTERN EUROPE

Fiscal year 1991 level.....	\$369,675,000
Fiscal year 1992 request.....	400,000,000
Committee recommendation.....	400,000,000

The Committee has recommended \$400,000,000 for Assistance for Eastern Europe for fiscal year 1992.

The Committee has recommended language in the bill which sets suballocation of these funds as follows:

- \$136,000,000 for technical assistance and training, labor activities, scholarship programs, medical assistance, public and private sector development, housing sector support and other activities;
- \$75,000,000 for environment and energy activities, including conservation, efficiency, and renewable sectors, and health effects of pollution;
- \$20,000,000 for activities to foster democratic pluralism; and
- \$169,000,000 for the Enterprise Funds and for other private enterprise-related activities.

The Committee has provided flexibility in the use of these funds by including bill language permitting the reallocation of funds through the notification process. The Committee further notes that many specific activities are capable of being financed from more than one account. For example: parliamentary programs and public administration programs can qualify for funding under either the technical assistance account or under the democratic pluralism account.

The Committee has included bill language allowing the Enterprise Funds to use the interest gained from the deposit of their obligated funds for program purposes, and has continued language from last year requiring expenditure of the funds at the minimum rate necessary to make timely payments for projects and activities.

The Committee has also included bill language requiring quarterly reports to the Congress on the obligation and expenditure of

funds to projects and subprojects. The first of these reports shall be received no later than December 1, 1991.

The Committee continues to be concerned about political developments and human rights abuses in Yugoslavia and believes that particular care should be taken that assistance programs not be perceived to favor specific groups within the country thereby adding to already existing tensions.

PERIODIC PROGRAM REVIEW

The Committee through the notification process has reviewed a number of projects and has observed that in several instances life of project and first year funding has been increased from amounts initially planned for specific activities. While the Committee has no specific objection to this practice, the Committee believes that these actions have resulted primarily not from increased requests from Eastern European countries for these programs, but rather in response to enthusiastic responses from American contractors to project solicitations.

The Committee believes that AID and the Coordinator's office should regularly review the entire project portfolio in the Eastern Europe program, and in response to competing needs, higher priorities, input concerning project implementation and additional input from individual countries, be prepared to cull out poorly performing or lower priority projects. The Committee believes that closer and more sustained project review in individual countries and greater input from government officials and others in those countries will undoubtedly create some need for further program adjustment.

STAFFING FOR PROGRAM OVERSIGHT

The Committee is pleased to be notified that the Eastern Europe program will receive increased staffing for overseas positions. The Committee has been concerned that overseas staffing for this experimental and large new program is too thin, particularly now that the implementation phase of many of the projects should be getting underway. The Committee believes that these staff should be heavily focused on program and project oversight, and liaison with central, regional, public and private officials. The Committee believes that each recipient country should be directly and regularly involved in consultation with AID and State on program and project priorities and performance.

The Committee directs that AID immediately identify the personnel slots and the operating expenses necessary to support these positions in order to place individuals in country as soon as possible.

COMPETITION POLICY FOR EASTERN EUROPE PROGRAMS

During the past year, the Committee has observed situations in which it appeared that project funding was occurring more through an "old boy" selection process than through an open competitive approach. The Committee has worked with AID and the Coordinator's office in order to develop a policy which on the one hand is flexible and faster than normal, and which on the other hand em-

braces the approach that broad solicitation and merit-based competition between proposals is of central importance. The Committee expects that this new policy will be followed.

AGRICULTURE PRIORITY

In conference last year the Committee supported the creation of a subaccount for agricultural activities within the Eastern Europe program. The Committee this year has followed the subaccount structure for assistance for Eastern Europe proposed by the House Foreign Affairs Committee, which does not include such an account.

The Committee directs that agriculture-related activities receive special emphasis within the Eastern Europe program. The Committee believes that agricultural activities are crosscutting in nature and could include technical assistance, private sector and Enterprise Fund, and energy and environment related activities.

PUBLIC ADMINISTRATION

The Committee has noted that very few resources from the Eastern Europe program have been dedicated to practical training for central government officials and employees, even though these people are critical to effectively managing the economic transition and legal and policy changes necessary for solutions to major problems in Eastern Europe. The Committee supports the development of public administration training programs in Eastern Europe for central as well as state and local government officials and employees. The Committee supports the development of a program similar to the private sector International Executive Service Corps to tap experienced and retired public sector talent to assist Eastern European governments.

COOPERATIVES AND CREDIT UNIONS IN EASTERN EUROPE

The Committee continues its support for cooperatives in Eastern Europe. The revitalization and reorganization of agricultural and other types of cooperatives plays a major role in the emergence of democratic, private sector institutions. In particular, the Committee believes the Farmer-to-Farmer program has been an outstanding success. The Committee reiterates its strong belief that the Enterprise Funds should provide support for quality proposals from cooperatives in Eastern Europe.

The Committee is concerned that there has been a slow response by AID in supporting the creation of credit unions in Eastern Europe. Savings and credit unions as proposed in Poland and other countries are important to mobilize local savings and provide credit to clients often not served by regular banks. The Committee encourages consideration of funding credit union development at \$5,000,000 for Eastern Europe in fiscal year 1992.

The Committee is encouraged that several American cooperatives have agreed to provide technical support for a five year period to establish a Cooperative Trade and Business Development Center in Eastern Europe to assist in the privatization and development of local cooperatives and the establishment of joint ventures between European and U.S. cooperatives. The Committee encour-

ages the Enterprise Funds and AID to work with the newly-created center on an equity loan fund to assure the success of the program.

BUSINESS EDUCATION AND THE MBA ENTERPRISE CORPS

The Committee has received many requests from individual schools and universities related to business and management education activities. The Committee believes that business and management education and training must be an integral portion of the Eastern Europe assistance program. It is not the Committee's role to select between the proposals of various schools. The competitive procedures adopted by AID should result in selection of the best proposals.

Last year sixteen US business schools joined together to form the MBA Enterprise Corps, a program to place graduating MBA's with private firms in Central Europe and elsewhere. Funding to support this effort is currently being provided by a number of corporations and foundations, and to some extent by AID. However, funding is reportedly insufficient to meet the tremendous demand for assistance. Although the Corps will field 50 young managers in Central Europe this summer, it could field many more if adequate funding were available. The Committee encourages AID to assess the merits of this initiative and to expand support for it, if warranted in light of other program demands.

As the Committee noted last year, during the transition period from a centrally directed economy to a free market system, technical assistance and training in accounting, real pricing systems, insurance, marketing techniques, management, and other areas of private sector business, commercial activities and economics will be crucial. The Committee is pleased by the serious effort that agencies, such as AID, have made to implement programs which lay the essential groundwork for this transition to a free market economy in Eastern Europe.

The Committee, however, cautions AID and other agencies providing assistance in Eastern Europe, not to approach their private sector development from too "global" a perspective, by funding large projects of broad theoretical concept at the expense of smaller, targeted approaches, which could operate on a practical level, and then, if successful, be applied in a broader fashion.

Two good examples of these targeted projects which the Committee believes would meet these standards are the International Correspondence School's (ICS) Training Capabilities and Opportunities for Eastern Europe program, and Mansfield University's interactive Eastern European telecommunications network. The ICS project would provide free-market skills such as management, accounting, bookkeeping, electrical engineering, and computer sciences to students in Hungary at a low cost per student. The Mansfield University project would establish an interactive telecommunications link-up with Warsaw University in Poland, not only providing relevant courses in economics and accounting, but also acting as a small business innovation center for small business development and environmental planning. Both of these projects have immediate practical applications which could be integrated later into broader regional initiatives.

PRIVATIZATION

This committee recommends funding to promote privatization in Eastern Europe. The ultimate goal should be the advancement of personal property rights, and its attendant protections, for the citizens of those countries. Implementation of a viable and active real estate market is vital to speeding the development of these fragile governments. Democratic societies need to build, develop and market private property. National and regional shelter coalitions and professional forums attuned to solving Eastern Europe's complex property ownership and rights situation are an integral part of making democratization a success.

DEFENSE CONVERSION

The Committee has demonstrated its strong support for the emerging democracies of Eastern Europe in their transition to free market economies. Privatization of state owned industries is essential if the process is to succeed. The communist dictatorships which had controlled these nations since the end of World War II devoted inordinate amounts of human, natural, financial and industrial resources to military production in furtherance of the Warsaw Pact's Cold War policies. They monopolized the human as well as material resources of their countries at the expense of all other segments of their economies.

The Committee recognizes the urgent need for these emerging democracies to convert their military industries to the production of civilian goods for domestic consumption and export. Precisely because the former Warsaw Pact countries devoted their most skilled labor, best machinery, top transportation facilities, quality control and related assets to these industries, those factories should be the most attractive candidates for privatization and foreign investment.

The Committee strongly urges AID to convene a team of experts to promptly and carefully investigate the feasibility of conversion of these industries to non-defense related production. The team should examine the feasibility of conversion from all angles, including labor, physical plants, scientific facilities, equipment, design, technology, resources, markets and related assets. The results of the study should be made available to the governments of Eastern and Central Europe as well as to the American public as part of the effort to promote privatization and conversion.

STRENGTHENING PARLIAMENTARY INSTITUTIONS

The Committee believes that efforts to strengthen democratic institutions should be the cornerstone of our program to support change in Eastern Europe. The Committee also believes that it is important to strengthen parliaments which will serve as the foundation of representative democracy in these countries.

Recognizing the critical importance of ensuring that the new parliaments of Eastern Europe were adequately prepared to meet the formidable tasks that awaited them in the early years of transition, House Speaker Thomas Foley appointed a Special House Task Force on the Development of Parliamentary Institutions in Eastern Europe in April, 1990, and directed it to develop detailed plans for

parliamentary assistance for Poland, Hungary, and the Czech and Slovak Federal Republic. The Committee is impressed by the plan that has been developed and by the early results of their efforts, including the provision of over 500 volumes of books to the parliamentary libraries. The Committee notes that the parliaments of those countries are deeply grateful for this assistance.

The Committee believes this assistance is prudent and realistic and that it represents good use of scarce resources. The Task Force has recently proposed extending assistance to Bulgaria. The Committee concurs that such assistance is needed.

Activities for fiscal year 1992 include the acquisition of equipment to enable the parliaments of Poland, Hungary, and the Czech and Slovak Federal Republic to complete the core of their long-term plans for automation. The plan also permits a high level of technical assistance to these countries for building research and information capability, bill drafting and legislative tracking capacities, strengthening library collections, and training new members and staffs.

The Committee notes the coordination and coherence which the Task Force has provided for parliamentary development, and commends the efforts of the Congressional Research Service, other departments of the Library of Congress, and the House Information Systems staff for their support of these activities. The Committee also notes that Task Force efforts have been marked by unusual cooperation and coordination of effort between legislative institutions and the Department of State, AID, and USIA. The Committee firmly supports the Task Force initiatives and strongly encourages AID to allocate not less than \$6,000,000 for these important activities in fiscal year 1992.

The Committee also supports activities planned by the North Atlantic Assembly over the next two years to educate and train East European parliamentarians concerning civilian oversight and control of military institutions. The Committee believes that AID should fund up to half of the cost of such activities.

LEGAL INITIATIVES

The Committee encourages the United States Information Agency and the Agency for International Development to continue to provide financial support for the Central and East European Law Initiative (CEELI), a project of the American Bar Association (ABA). CEELI is a cooperative effort to facilitate the process of law reform now underway in Central and Eastern Europe. Through a variety of program components, CEELI is making available U.S. legal expertise to assist countries that are in the process of modifying or restructuring their laws or legal systems.

PROGRAMS FOR THE VISUALLY IMPAIRED

The Committee recognizes that, while the change from centrally planned economies will benefit Eastern European countries, it is currently having a negative impact on blind and visually impaired individuals through the elimination of state-run workshops for this population. The Committee urges the AID to consider allocating \$1,200,000, over the next two years to a non-profit organization to provide technical assistance and to support services for the blind

and visually impaired persons in Eastern Europe. Services should include educational services for preschool and school age blind children; vocational training and employment opportunities for blind adults, and services for multi-handicapped blind children and their families.

ENERGY AND ENVIRONMENT

The Committee supports the active involvement of United States government agencies as well as AID in the development of energy and environment activities in Eastern Europe. The Committee notes that in this regard the National Institute of Environmental Health Sciences can bring special skills to the program.

The Committee believes that while other agencies bring special skills to this area, funding for the Eastern Europe program in all its aspects has been appropriated to AID. AID particularly has central management responsibility and, with the Coordinator's office has final say in oversight and funding of these projects.

OECD CENTER ON EUROPEAN ECONOMIES IN TRANSITION

The Committee supports funding the OECD Center on European Economies in Transition at the level requested by the Administration from Eastern Europe assistance funds.

MINING ACTIVITIES

The Committee supports practical training and technical assistance for mining managers and workers in Czechoslovakia.

INDEPENDENT AGENCIES

AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 1991 level.....	\$13,000,000
Fiscal year 1992 request.....	14,950,000
Committee recommendation.....	14,950,000

The Committee has recommended funding for the African Development Foundation at the requested level of \$14,950,000. However the Committee is concerned over reports of management irregularities and failure to comply with the law in regard to the composition of the African Development Foundation board of directors. The ADF is to provide the Committee with a report on what steps have been taken to correct management problems at the Foundation, and what action has been taken to assure that the make-up of the board is in accord with the law.

INTER-AMERICAN FOUNDATION

Fiscal year 1991 level.....	\$25,000,000
Fiscal year 1992 request.....	28,794,000
Committee recommendation.....	28,794,000

The Committee has provided \$28,794,000 for this account. The Committee is aware of the significant contributions made by the Inter-American Foundation (IAF) in providing direct financial support for self-help efforts initiated at the grassroots level by people in Latin America. The Committee is encouraged by the Founda-

tion's work in emerging democracies as well as its work in Mexico, given the importance of that relationship with the United States.

OVERSEAS PRIVATE INVESTMENT CORPORATION

SUBSIDY APPROPRIATION

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$2,399,000
Committee recommendation.....	2,399,000

OPERATING EXPENSES

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	8,250,000
Committee recommendation.....	7,000,000

The Committee has recommended \$2,399,000 for the subsidy appropriation for the OPIC credit program and has recommended \$7,000,000 for operating expenses.

The Committee has included no specific limits on the guaranteed or direct loan programs in order to give that flexibility to OPIC. The Committee expects these funds to support approximately \$400,000,000 in loan activity.

PEACE CORPS

Fiscal year 1991 level.....	\$186,000,000
Fiscal year 1992 request.....	200,000,000
Committee recommendation.....	200,000,000

MISSION

The Committee strongly supports the work of the Peace Corps and urges the Administration to continue to request levels of funding that fully support the rapidly expanding mission.

Over a twenty-four month period the Peace Corps will have entered thirty new countries, five of which are in Eastern Europe. While this rapid expansion is welcome and reflective of a worldwide trend towards democracy, the pace of the Peace Corps expansion should not result in an erosion of its presence in the poorest countries of the world. The Congress has traditionally taken the lead in ensuring adequate funding levels for the Peace Corps. This will continue. However, the Peace Corps should meet the challenge of taking on new roles and missions without diminishing its emphasis on helping the poorest of the poor.

The Committee acknowledges the legitimacy of the domestic element of the Peace Corps mission, namely to increase geographic literacy, to generate interest in international affairs, and to stimulate good citizenship, volunteerism, and community service. In this regard, the Committee supports the World Wise Program recently initiated in several states. However, the extent of this mission is limited and the Peace Corps domestic budget should not increase above current levels.

WOMEN IN DEVELOPMENT

The Committee supports the goals outlined in the Women in Development Act of 1991, which details a strategy to give women of developing nations a higher priority in assistance programs.

The Committee urges the Peace Corps to integrate this priority into their training programs, and expects that its programs be directed to women in approximate proportion of their participation in targeted activities. The Committee also supports funding for the office of the WID coordinator within the Peace Corps.

LEGAL OPINION

The Committee is disturbed to have in its possession a legal opinion from the Peace Corps dated February 28, 1991, which takes the position that the general provision related to the cut off of assistance required when a democratically elected government is overthrown by military coup, simply doesn't apply to the Peace Corps, despite the fact that the language of the provision clearly applies to all funds in the bill. The Committee is even more disturbed to have discovered subsequently, that the Peace Corps has also acted as if the Brooke Amendment contained in the general provisions also does not apply to them. Apparently, the Peace Corps has the opinion that it is exempt from every general provision of the Appropriations bills.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Fiscal year 1991 level.....	\$150,000,000
Fiscal year 1992 request.....	171,500,000
Committee recommendation.....	150,000,000

The Committee has recommended \$150,000,000 for the International Narcotics Control program. The Committee has not approved the requested increase because of continuing concerns about the effectiveness of this program. These concerns are addressed earlier in this report under the "Illicit Drug Control" section.

MEXICO

The Committee supports the planned program in Mexico and urges that the \$26,000,000 level of planned expenditures be achieved in fiscal year 1992.

LAOS

The Committee is concerned about the Narcotics program in Laos. The Committee supports efforts to achieve the specific goals of the program, namely to reduce opium production through efforts to control crops. However, the effectiveness of a program of this type, which involves funding of road building to provide better access to remote growing areas, and other infrastructure enhancements such as dam building, depends heavily upon the cooperation of the government. The government of Laos has only recently committed itself to drug suppression activities, and the extent of their

actual cooperation is not yet known. The Committee intends to closely monitor this program.

PUBLIC AWARENESS AND EDUCATION

The Committee is disappointed that only \$420,000 of \$150,000,000 appropriated in fiscal year 1991 will be used for public awareness and education programs. The Committee finds it incomprehensible that the Administration would request a \$21,500,000 increase for this program in fiscal year 1992 while also proposing to cut funding for public education and awareness from \$420,000 to \$350,000. The Committee believes that funding for public awareness and education should be substantially increased in fiscal year 1992 and will take the Administration's response into account in examining its fiscal year 1993 request for this program.

MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1991 level.....	\$485,648,000
Fiscal year 1992 request.....	490,557,000
Committee recommendation.....	630,000,000

The Committee has recommended \$630,000,000 under the Migration and Refugee Assistance account, an increase of \$144,352,000 over the fiscal year 1991 appropriation and an increase of \$139,443,000 over the Administration's request. Combined with the Emergency Refugee and Migration Assistance Fund, there will be a total of \$680,000,000 available in fiscal year 1992 for assistance to refugees.

The Committee has been concerned for some time with the chronic underfunding of this account by the Administration. In fiscal year 1990, the Committee was forced to bring a supplemental to the House in the amount of \$100,000,000 to address urgent unfunded refugee requirements. Thus far in fiscal year 1991, the Congress has approved supplemental funding of \$143,000,000 to meet additional refugee needs.

The budget request for fiscal year 1992 substantially underestimates refugee problems and the Committee believes it is prudent to address the problem at this time, rather than in another supplemental. In addition, the Committee has directed that \$315,000,000 of the total amount recommended be available only for overseas refugee programs (in addition to amounts available for Soviet, Eastern European, and other refugees resettling in Israel). The General Accounting Office in a March 1991 report, has demonstrated that funding for overseas refugee programs has been short-changed in recent years, and the earmark the Committee has approved should help address that problem.

OVERSEAS REFUGEE PROGRAMS

The Committee believes that \$315,000,000 for refugee programs overseas is the minimum necessary to sustain basic life-support systems in refugee camps and settlements around the world. As the State Department has stated: "In recent years, the number of conflict victims and refugees, as well as their needs, has risen dramatically. Serious life support activities have gone underfunded because

contributions from the international community have not kept pace with the increased needs."

The Administration's request of \$233,400,000 to assist refugees overseas is based on an estimated population of 15 million refugees worldwide in late 1990. In fact, that was a low estimate. Since the budget was submitted, the massive exodus of Iraqi refugees as well as substantial new displacements in Africa and Asia have increased the refugee population to 18 million.

Iraqi refugees who fled to Iran and Turkey numbered 1.5 million in May. Perhaps one million more were displaced inside Iraq. Although some of the Kurdish refugees are moving back to the "safe haven" zone in northern Iraq, they will still need protection and assistance from relief agencies such as the U.N. High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC). Hundreds of thousands may well remain outside their country in fiscal year 1992. The Administration's proposal to spend \$92,400,000 in the Near East and South Asia represents an increase of only \$4,100,000 from the fiscal year 1991 level and should be substantially increased.

Since January, a total of 200,000 Somalis have fled to Ethiopia as a result of civil conflict in their homeland, joining an estimated 400,000 Somali refugees already living in Ethiopia. In addition, about 150,000 Ethiopian refugees who were living in Somalia have returned to Ethiopia, but they remain in need of international aid and protection. The continued movement of Mozambican refugees, as well as substantial displacement of Sudanese and Liberians, brings the total number of African refugees to about 5.5 million. The Committee believes that the Administration's proposal to spend \$87,100,000 in Africa, which was based on an estimate of five million refugees in need of international help, should be substantially increased.

In East Asia the number of Cambodian displaced persons in the UN-assisted camps along the Thai-Cambodian border has swelled to a record-high and more are arriving each day. Consequently, prospects for peace as well as eventual safe and voluntary repatriation seem increasingly remote. In implementing the Comprehensive Plan of Action for Vietnamese and Laotian asylum seekers, UNHCR has been strapped for resources to carry out effective training and monitoring of the regional screening procedures or to promote safe and successful repatriation to Vietnam and Laos. The Committee believes that substantially more funding should be available for assistance and protection programs in the East Asia region.

The Administration has proposed cutting the regional assistance budget for the Western Hemisphere by more than half, from \$9,800,000 in fiscal year 1991 to \$4,000,000 in fiscal year 1992. The Committee believes that some of the projections made about Nicaraguan and Salvadoran repatriation may be overly optimistic, and that more attention should be paid to the growing number of displaced persons in the region. There are more than 300,000 Central Americans in Mexico and at least 200,000 internally displaced in Peru. The Committee believes that funding should not be cut at this time.

REFUGEES RESETTLING IN ISRAEL

The Committee has earmarked \$80,000,000 for the resettlement of Soviet, Eastern European and other refugees resettling in Israel. More than 180,000 Soviet Jews came to Israel in 1990—35,000 in the month of December alone. This was the highest annual number of refugees to come to Israel since 1949, and nearly equals the number of Soviet Jews to arrive in the past twenty years. Even during and after the recent war in the Persian Gulf emigration has continued at levels that will result in at least another 100,000 arrivals this year.

In addition refugees continue to arrive from Ethiopia and other countries. Recently almost 18,000 Ethiopians were air lifted to Israel in a three day period.

The Committee has increased funding for this program in order to assist with the massive refugee program in Israel. It is the Committee's understanding that most United States funds under this program will go for transportation and absorption costs. None of the funds are to be used outside of the pre-1967 borders of Israel.

SOVIET REFUGEES

The Committee is concerned about the slow movement of refugees out of the Soviet Union. More than 500,000 Soviets have applied to the United States for the right to come here as refugees. The Administration and Congress have agreed on an annual level of 50,000 admissions. Although the United States Embassy in Moscow, the Immigration and Naturalization Service and the U.S. processing center have shortened processing time for approved refugees from six months to four months, the Soviet processing time for exit permits has dramatically increased from three months to six months or longer. The lengthy delays in getting exit permits are causing many refugees to miss scheduled airline flights out of the Soviet Union, resulting in possible delays of six months until another flight is available. In addition the Soviet offices are understaffed and have shortened their working hours.

Equally of concern is the decision by the Soviet exit visa organization known as OVIR to not accept applications for exit permission from families in which all members do not have a close anchor relative in the United States. This is occurring even though they have all been granted refugee status by the United States Immigration and Naturalization Service. The net result is that a system that was allowing for the departure of Soviets with few restrictions has now become again complicated by denials of departure.

These delays and changes in policy are causing thousands of Soviet refugees, already approved by the United States government, to remain in the Soviet Union. There are 50,000 U.S. refugee slots available for Soviets in fiscal year 1991. To date fewer than half of that number have arrived. If the Soviet OVIR does not revise its procedures more than 10,000 of the fiscal year 1991 refugee slots will go unused, and the backlog of the numbers seeking admission to the United States will continue to grow.

The Committee calls on President Gorbachev and the Soviet OVIR to alter these policies immediately, especially in light of the newly enacted emigration legislation. Soviets who have been adju-

licated and accepted by the United States to travel here should be allowed to leave immediately. The United States Administration should also stress the importance of swift movement of refugees when discussing policy issues with the Soviet Union.

SOVIET REFUGEE PROCESSING IN THE UNITED STATES

The Committee is pleased to hear of the progress made in processing by the United States of refugee applications from the Soviet Union. However, the Committee is concerned that not enough attention has been given to responding to all of the applications that have been sent to the United States. In testimony before the Committee it was noted that the 50,000 applications that had been approved for fiscal year 1992 were being processed on a rapid basis, however other applications exceeding that level were being responded to on a delayed basis. The Committee feels it is important to quickly respond to applicants from the Soviet Union so that they will know their status and can make decisions about continuing their life in the Soviet Union or emigrating to other countries.

SYRIAN EMIGRATION

The Committee is concerned about the lack of freedom of emigration of Syrian citizens. The government of Syria denies its citizens the right to emigrate by imposing onerous financial requirements on citizens seeking to emigrate, including taxes and fines on visas and other documents required for emigration. The Committee is especially concerned about the cases of two citizens who were arrested and subjected to harsh, lengthy imprisonment as a result of attempting to travel. Their health has seriously deteriorated during the past three and one half years of their incarceration.

The Syrian Government has been particularly harsh in its treatment of the Syrian Jewish community. There are approximately 4000 Jews still remaining in Syria. They are under constant surveillance by the Syrian secret police. Syrian Jews are arrested for trying to leave Syria and are imprisoned for excessive terms, frequently passing months in extreme conditions without being seen by family or friends and without legal representation. Since the summer of 1990, four women have been arrested, all were beaten and one gave birth in prison before being released. The only desire of these people was to exercise their internationally recognized human right to travel freely.

As the United States continues to hold discussions with the Syrian Government, the Committee urges the Administration to insist that the Syrian Government allow its citizens to travel and emigrate freely.

The Committee also calls on Syria to cease harboring war criminals and terrorists and to respond for writs for their extradition.

FORCED REPATRIATION OF HMONG IN THAILAND

The Committee has earmarked not less than \$1,500,000 for the voluntary repatriation through non-governmental organizations and the United Nations High Commissioner for Refugees of Hmong refugees from Thailand to Laos.

The Committee remains concerned about the forced return from Thailand to Laos of Hmong and other highlander asylum seekers who are screened out. The Committee believes that this is unacceptable and expects that the Administration will urge the Thai government to halt this practice.

The Committee also has received information that for some refugees, voluntary repatriation may be the best solution to their situation and that there is growing interest in this among some of the refugees in Thailand. Refugee groups have indicated that a major constraint is the lack of monitoring and reintegration support presently available from the United Nations High Commissioner for Refugees (UNHCR) to permit voluntary repatriation in safety and dignity.

In order to help promote efforts to make the necessary improvements in reintegration assistance for Hmong and other highlanders who voluntarily return to Laos, and to encourage assistance from other donors, the Committee has recommended \$1,500,000 for fiscal year 1992.

TIBETAN REFUGEES

The Committee has earmarked \$1,500,000 for Tibetan refugees. China continues to repress the Tibetan people. The Committee recognizes that Tibetan refugees continue to flee Tibet in order to seek resettlement in India. They are assisted by the Central Tibetan Administration (CTA), under the leadership of the Dalai Lama. The Tibet Fund has been designated by the Department of State to facilitate the implementation of humanitarian assistance as provided by the Committee in fiscal year 1991. The Committee acknowledges that while the present regime remains in power in Beijing, there is no foreseeable prospect of these refugees returning to their homes. Moreover, the CTA has substantiated the need for further humanitarian assistance for the thousands of Tibetans who remain unsettled in India. The \$1,500,000 provided under this earmark is to be channeled through the Tibet Fund.

UNACCOMPANIED REFUGEE CHILDREN

The Committee is concerned about the amount of time that it takes for unaccompanied minors in Southeast Asia to be resettled. The Committee supports efforts by the United Nations High Commissioner for Refugees to improve the protection, supervision and treatment of unaccompanied minors awaiting processing by the Special Committees established under the 1989 Comprehensive Plan of Action. With additional priority attention and supplemental resources channeled into the screening, resettlement or voluntary repatriation of these children, the two to three year remaining backlog could be eliminated, clearing the way for these children to be more quickly reunited with families or resettled abroad. Prolonged detention of children under insecure, austere conditions with constant threats of forced repatriation to Vietnam will undoubtedly have grave consequences on their physical and mental health and on their ability to lead productive lives.

The Committee also expresses concern that nearly two-thirds of the minors now placed under the jurisdiction of these special com-

mittees should not have been so referred since they arrived in first asylum accompanied by a non-parent adult relative. These minors should, under UNHCR policy, be adjudicated as part of their accompanying relative's family unit rather than as "separate unaccompanied minors." The child would then be, more appropriately, under familial supervision while awaiting screening. This would in turn help expedite the processing of true unaccompanied minors' cases, which should be decided as quickly as possible and in the best interests of the child.

ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on administrative expenses of \$11,000,000. The Committee has increased the limitation above the Administration's request to correspond to the higher level provided in refugee assistance.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

Fiscal year 1991 level.....	\$35,000,000
Fiscal year 1992 request.....	20,000,000
Committee recommendation.....	50,000,000

The Committee has recommended \$50,000,000 for the fund for emergency refugee assistance. The recommended amount is \$30,000,000 above the \$20,000,000 requested by the Administration. The Committee has provided additional assistance based on projected drawdowns of the fund in order to assure that adequate funding is available to meet unanticipated refugee needs that may arise during fiscal year 1992. The authorization bill for funds for Iraqi refugees increased the authorization level of the Emergency Fund to \$75,000,000. The funding in this bill reflects both the higher funding authorization for this account, and the need to be prepared to address additional needs in Africa, the Persian Gulf and other regions.

ANTI-TERRORISM ASSISTANCE

Fiscal year 1991 level.....	\$12,026,000
Fiscal year 1992 request.....	15,000,000
Committee recommendation.....	15,000,000Dm1:A108HR.005

The Committee has recommended the \$15,000,000 requested for Anti-Terrorism Assistance. The Committee is concerned over reports of management and control problems under the Anti-Terrorism Assistance program. The Committee expects the Department of State to report to the Committee on changes that are to be made in the program to improve management practices.

PRESIDENTIAL CONTINGENCY FUND

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$20,000,000
Committee recommendation.....	0

The Committee has not recommended the \$20,000,000 requested for the Presidential Contingency Fund. The Fund has not been authorized, and inadequate justification was provided.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 1991 level.....	\$47,196,000
Fiscal year 1992 request.....	52,500,000
Committee recommendation.....	47,196,000

The Committee has recommended \$47,196,000 for International Military Education and Training for fiscal year 1992. The Committee has included prior year language requiring countries receiving IMET funds with GNP per capita levels in excess of \$2,349 to pay for the living and travel expenses of their students. The Committee also has inserted new language limiting individual countries to not more than \$300,000 of the funds provided except that additional sums may be considered through the notification process. The Committee also has included prior year restrictions against funds for Zaire, Liberia, Sudan, and Somalia.

The Committee is disturbed to discover that some IMET funds were provided to Zaire in fiscal year 1991 despite the flat prohibition on such assistance in the bill. The Defense Security Assistance Agency shall report to the Committee before obligating fiscal year 1992 funds explaining how this occurred.

HIGH-INCOME COUNTRIES

The provision of grant military education and training to high-income countries—those with a per capita gross national product in excess of \$2,349 (based on *World Development Report 1988*)—has been a contentious one for a number of years. This Committee believes that it has made a good faith effort to play a constructive role in resolving the issue. In particular, the Committee believes that it had a clear understanding with the Administration that the amount of grant military education and training provided to any high-income country would be phased down in stages to a level not to exceed \$300,000 by the end of fiscal year 1993. This understanding was reached as an alternative to a Senate proposal to immediately terminate all grant financed military education and training to such countries.

Consequently, the Committee was surprised that the Administration chose to submit a budget request for fiscal year 1992 that would violate the understanding that had been reached with the Administration and that was reflected in the House report language accompanying H.R. 5114. For that reason, the Committee has included a new proviso requiring the Administration to notify the Committee before grant financed military education and training in excess of \$300,000 is provided to any high-income country in fiscal year 1992.

The Committee intends to live up to its understanding with the Administration. It believes the Administration has a similar obligation.

FOREIGN MILITARY FINANCING

PROGRAM

Fiscal year 1991 level.....	\$4,259,920,800
Fiscal year 1992 request.....	4,600,000,000
Committee recommendation.....	4,100,000,000

SUBSIDY APPROPRIATIONS

Fiscal year 1991 level.....	
Fiscal year 1992 request.....	\$39,800,000
Committee recommendation.....	50,900,000

CONCESSIONAL LOANS

Fiscal year 1991 level.....	\$403,500,000
Fiscal year 1992 request.....	(313,961,000)
Committee recommendation.....	(404,000,000)

The Committee has recommended \$4,100,000,000 in Foreign Military Financing grants, and \$50,900,000 as a subsidy appropriation for concessional loans. The amount provided for subsidy appropriations will support a concessional loan program totaling \$404,000,000. Thus the total level of foreign military grants and loans for fiscal year 1992 is \$4,504,000,000. This program level is \$409,961,000 below the amount requested for fiscal year 1992 and \$159,420,800 below last year's program level for grants and loans.

ISRAEL

The Committee has earmarked a total Foreign Military Financing Program of \$1,800,000,000 in grants for Israel. These funds are to be disbursed within thirty days of enactment of the bill or by October 31, 1991, whichever is later. The Committee has also recommended \$1,200,000,000 in Economic Support Funds, for a total security assistance program for Israel of \$3,000,000,000.

The Committee has included bill language that allows, to the extent requested by the Government of Israel, funds to be used for advanced fighter aircraft programs or for other advanced weapon systems. Up to \$150,000,000 in the funds provided to Israel are available for research and development in the United States and not less than \$475,000,000 shall be available for procurement in Israel of defense articles and defense services, including research and development.

EGYPT

The Committee has earmarked a total Foreign Military Financing Program for Egypt of \$1,300,000,000. Also \$815,000,000 in Economic Support Funds has been earmarked for Egypt. The total earmarked program for Egypt is \$2,115,000,000.

LIMITING MILITARY PROCUREMENT

The Committee has included a provision in the bill limiting military sales which are not government to government to a level of \$300,000,000 for countries other than Israel and Egypt.

FMS EXPENDITURE RATE

The Committee has included bill language approved in last year's bill that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services.

CONCESSIONAL LOANS

The Committee has recommended that the rate of interest on Foreign Military Financing loans be set at not less than five percent.

ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on Administrative Expenses of \$28,900,000.

The Committee did not provide for a separate account for operating expenses associated with the concessional loan program, as it is unnecessary. The Committee did adjust the limitation to reflect the \$200,000 requested for administrative expenses.

AUDIT OF FUNDS

The Committee has continued a provision in the bill that requires the Department of Defense to conduct audits of private firms and subcontractors whose contracts are made directly with foreign governments and are financed with funds made available under this bill.

ZAIRE, SUDAN, LIBERIA, MALAWI AND SOMALIA PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Zaire, Sudan, Liberia, Malawi, and Somalia. Issues related to these countries are discussed earlier in the report under the "Country Issues" section.

An exception is made in the case of Malawi to allow for military assistance only in support of operations to protect the Nacala corridor.

PHILIPPINES

The Committee has included a limitation of \$100,000,000 in foreign military financing for the Philippines. This issue is further discussed earlier in the report.

GREECE AND TURKEY

The Committee has included a provision in the bill that specifies that the total amount of military assistance for both grants and loan principal to Greece and Turkey is to be provided according to a seven to ten ratio. Additionally the Committee has specified that if Turkey is provided grant assistance, then Greece is to receive no less than \$30,000,000 in grant assistance.

EUROPEAN BASE RIGHTS LIMITATIONS

The Committee has included language in the bill setting a limitation on the amount of funding for European base rights countries. These limitations have been set based on changes that have oc-

curred in the Soviet Union, Eastern Europe and the rest of Europe, as discussed earlier in the report. The funding limitations included in the bill are as follows:

Greece	\$350,000,000
Turkey.....	500,000,000
Portugal.....	100,000,000

GRANT AGREEMENTS

The Committee has included language requiring recipients of foreign military financing to sign agreements with the United States prior to using FMF funds to finance the procurement of any item not sold by the United States under the Arms Export Control Act.

GUATEMALA

The Committee notes the requirement that all assistance to Guatemala must come through the regular notification procedures as contained in this section and in Section 540 of this bill. The Committee endorses the prohibition on military assistance to Guatemala contained in the International Cooperation Act of 1991. Notifications for military assistance for Guatemala for anything other than the purposes specified in that bill will not be approved by the Committee.

FMF DEBT REFORM

The Committee has included language to repeal authorities granted in prior years on Foreign Military Sales Debt Reform.

LIMITATION ON OPERATING COSTS

The Committee has included a \$28,900,000 limitation of Foreign Military Financing operating costs related to costs associated with participation by the United States in the Foreign Military Financing program. The Committee has included \$200,000 in this limitation that was requested by the Administration for administrative expenses associated with subsidy costs.

The Committee has recommended a limitation of \$325,000,000 on the total amount of funds spent for salaries and other expenses related to the Foreign Military Financing and Sales program. Funds for these expenses are derived from the overhead costs paid by foreign governments as part of the transactions on foreign military sales administered by the Department of Defense. More than 10,000 employees' salaries are paid in full or in part from the funds provided under the overhead account.

The Committee expects the Administration to prepare a request and an estimate associated with the administrative expenses associated with foreign military sales and financing, section 43(b) of the Arms Export Control Act, as part of the fiscal year 1993 request. Accompanying the request should be an analysis of needs and personnel positions associated with the estimated funding level for fiscal year 1993.

SPECIAL DEFENSE ACQUISITION FUND**(LIMITATIONS ON OBLIGATIONS)**

Fiscal year 1991 level.....	(\$350,000,000)
Fiscal year 1992 request.....	(275,000,000)
Committee recommendation.....	(275,000,000)

The Committee has recommended an obligation limitation for the Special Defense Acquisition Fund at the requested level of \$275,000,000.

PEACEKEEPING OPERATIONS

Fiscal year 1991 level.....	\$32,800,000
Fiscal year 1992 request.....	28,000,000
Committee recommendation.....	28,000,000

The Committee has recommended the amount requested by the Administration for voluntary contributions for International Peacekeeping Operations. The Committee expresses its continued concern that the Cyprus Peacekeeping Force program is operating at a financial deficit. The Committee believes that the United States has been carrying a disproportionate share of this deficit. The Committee feels that the Cyprus peacekeeping effort is a high priority and directs the Administration to expedite efforts to correct the Cyprus Peacekeeping Force deficit.

The Committee also notes that there will soon be increased requirements for peacekeeping funds in a number of other locations including, potentially, El Salvador, Iraq, and the Western Sahara. The Administration is to keep the Committee informed of these requirements.

TITLE IV—EXPORT ASSISTANCE**EXPORT-IMPORT BANK OF THE UNITED STATES****SUBSIDY APPROPRIATION**

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$517,165,000
Committee recommendation.....	612,000,000

ADMINISTRATIVE EXPENSES

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$25,113,000
Committee recommendation.....	25,113,000

INSURANCE SERVICING

Fiscal year 1991 level.....	0
Fiscal year 1992 request.....	\$13,500,000
Committee recommendation.....	13,500,000

The Committee has recommended: a subsidy appropriation for the Export-Import Bank of \$612,000,000, an appropriation of \$25,113,000 for Administrative Expenses and an appropriation of \$13,500,000 for Insurance Servicing for fiscal year 1992. The Committee has recommended language limiting the use of Export-Import Bank resources for the financing of military items. The

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

The Committee has granted the flexibility to the Bank to determine, in response to demand, the appropriate mix of direct loans, guaranteed loans, tied-aid grants, and mixed credits and insurance. The Committee supports a \$200,000,000 tied aid "war chest", however, no earmark has been provided in order not to potentially take resources which otherwise might be used for responding to demand for loans. While the Committee believes that export demand will utilize funds made available, the Committee has provided authority to "roll over" up to \$200,000,000 in subsidy resources which may be used for tied aid purposes.

MILITARY SALES LIMITATION

The Export-Import Bank since 1968 has been restricted by law from utilizing funds or borrowing authority for the purchase of defense articles or services by any economically less developed country. This restriction is contained in Section 32 of the Arms Export Control Act and also in the Bank's Charter.

In addition, it has been the policy of the Bank for perhaps as many as 17 years to also refuse to utilize funds or borrowing authority for the purchase of defense articles or services by developed countries. The Bank has followed an outright ban policy on financing for military exports with two exceptions.

A one time exception was provided in the fiscal year 1990 Appropriations Bill with respect to a helicopter purchase for Turkey. The International Narcotics Control Act of 1990 also allowed for financing of military items in certain instances to specified countries with severe narcotic control problems.

Administration proposal

The Administration in conjunction with the fiscal year 1992 budget cycle is requesting legislative authority amending the Export-Import Bank Act explicitly permitting, notwithstanding any other provision of law, the Bank to:

"guarantee or insure the commercial sale of defense articles and services to any country that is a member of the North Atlantic Treaty Organization and to Japan, Israel, and Australia. . ."

The above provision giving this new authority to the Bank is further expanded by a later provision which states the authority:

". . . shall apply to the commercial sale of defense articles or services to any other country, if the President determines that support by the Bank for the sale is in the national interest of the United States."

The Administration proposal limits the authority of the Bank for this purpose to:

". . . not more than \$1 billion of the loan and loan guarantee authority available to the Bank in any fiscal year. . ."

History

The financing of military sales has created political problems for the Bank in the past. Specifically, in 1966 through 1968, the Bank authorized loans totalling \$344 million to Australia, \$645 million to Britain, and \$591 million to other countries. In 1968, the New York Times quoted interviews with Department of Defense officials who were elated that they had been able to tap into the Bank's resources to finance these exports, thereby limiting DOD liability for this loan exposure. Congressional hearings resulted in the prohibition in October, 1968.

Credit funding for military programs has been problematic throughout the 1980's. During the 1970's, limitations were placed in appropriations bills on the amount of Foreign Military Sales (FMS) guaranteed loans. Actual appropriations in the early 1970's were made for a reserve representing 25 percent of the loan guarantee level. In the late 1970's, the reserve percent requiring appropriation was lowered to 10 percent because of few losses. In 1980, the Reagan Administration proposed and the Congress agreed that because the reserve, now called the Guarantee Reserve Fund (GRF), had a balance of over \$1.2 billion it was not necessary to appropriate any percent of the FMS guaranteed loan level. The third world debt crisis began in 1982 and by 1985 the \$1.2 billion in the GRF was completely depleted due to defaults on foreign military debt and Paris Club debt rescheduling. In 1985, the Reagan Administration proposed to appropriate 100 percent of the budget authority for the FMS credit program thereby recognizing the extremely poor payment history of recipient countries. At the same time, the Administration proposed to increase the military grant program size and lower the military loan program size, as well as create a new concessional rate military loan program.

Grant military programs as a percent of total subsidized foreign military procurement programs increased from about 10 percent in 1980 to over 90 percent in 1990. Military credit financing since 1985 has been at concessional rates of 5 percent interest.

In addition to the \$1.2 billion in Guarantee Reserve Fund losses from 1980 to 1985, some losses due to defaults on direct DOD FMS loans occurred after 1985, due to continuing Paris Club rescheduling of official debt. These losses, however, did not require additional appropriations because after 1985 the FMS program was fully appropriated.

Further, due to the fact that international interest rates fell significantly from the early 1980's to the late 1980's, substantial political pressure was brought on the United States by its allies to lower the interest rates on the FMS loans which were made in the early 1980's. This action was taken in 1988 (the fiscal year 1989 Appropriations Bill) through private refinancing of FMS loans at face value with a 90 percent U.S. loan guarantee to the private financier. This action resulted in lost interest revenues to the United States estimated to have a net discounted value of approximately \$2 billion.

Finally, the Administration, utilizing the Desert Storm operation as a rationale, decided to forgive \$6.7 billion in Egyptian military debt owed to the United States. This action was a classic case of

putting a good face on necessity. The Egyptians were incapable of repaying their debts to the rest of the world.

Committee position

The Committee has recommended a flat limitation on the financing of military sales and services by the Export-Import Bank for a number of reasons, any one of which the Committee believes is sufficient to convince a prudent person that the proposal of the Administration is inappropriate. The Committee believes the proposal of the Administration promises minimal benefit to U.S. arms manufacturers and will result in maximum political and financial damage to the Export-Import Bank. The Committee notes that this type of proposal has been considered several times before by the Executive Branch and in each case officials of the Bank fought the idea, wiser heads prevailed and the idea was killed.

The Committee believes that the Administration proposal will create havoc by confusing program purposes. The Export-Import Bank is intended to serve the commercial interests of the United States by helping American companies export, despite subsidized foreign competition. Subsidization of U.S. exports is justified in order to create pressure on other governments which is intended to lead to international negotiations aimed at cutting export subsidies across the board.

The Committee believes that the Administration proposal for setting up a program financing military exports through the Export-Import Bank is not really intended to serve commercial interests. Rather, it is intended to make the Bank another arm of American foreign policy, particularly security policy. The Bank is supposed to be demand driven. But, the Committee believes that this proposal would result in the President and State Department ordering the Bank to finance specific military loans and services to specific countries regardless of those countries' economic ability to repay. Pressures from the White House and the State Department responding to immediate short-term foreign policy objectives would have the likely effect of placing the Bank directly in the middle of politically controversial foreign policy actions.

In this regard, the Committee notes that the proposed legislation gives the President wide latitude to use these Export-Import Bank resources in the "national interest" for any country, not just NATO, Japan, Israel, and Australia, (who have virtually no need for this type of financing) whether or not they have the economic capacity to repay. This authority would also be extremely attractive to the Administration because it effectively skirts the budgetary process inasmuch as the actual loan would occur after the Congressional budgetary process is over.

As recently as fiscal year 1990 in hearings of the Committee, the Administration was asked in writing—Did it believe that, in addition to the foreign military sales grant and concessional loan programs that are financed in the foreign aid bill, that the United States government should subsidize the cash sale of military arms?

The Administration responded in part: "The U.S. provides military financing to assist friendly countries in strengthening their legitimate self-defense capabilities. Such financing contributes in an important way to the fulfillment of U.S. national security and for-

eign policy objectives . . . The Administration has no plans at this time to seek the additional authority to use Bank financing for defense sales. It is the Administration's belief that existing funded military aid programs continue to serve as the best means of assisting friends in the purchase of U.S. defense equipment."

No mention of the trade deficit or U.S. exports was made. The Committee also doubts that there really is any need for this type of export financing. The United States is already the second largest arms exporter in the world. Newsweek reports that from 1985 to 1989 the United States exported \$53 billion in arms. The Soviet Union was first at \$66 billion. France was the third largest; but, was only about 30 percent of the United States level at \$16 billion. Prior to the demonstration of the superiority of American arms in the Gulf crisis, and without the help of Bank guarantees, the United States was a leader in arms exports. Now, American military weapons have proven themselves in the Gulf crisis and demand for them is even higher.

The Committee also believes that by allowing financing through the Ex-Im Bank for military items, financing available for commercial exports necessarily will be shortchanged. Commercial export financing demand is good and has been growing. The Bank's direct loan program has been fully used for several years now. In fiscal year 1992, the new credit reform proposal provides the flexibility necessary for the Bank to shift resources between direct and guaranteed loans by providing for a subsidy element and a total program limit, rather than for separate direct and guaranteed loan limitations. Consequently, it is unlikely that any excess resources would be available for military loans if non-military loans were to have first claim on the resources made available to the Bank. However, given that the Bank's business is demand driven, any new military sales—including any under a loan guarantee program—would come at the expense of financing for non-military commercial sales.

Finally, the Committee believes that prudent financial judgment would result in a decision not to finance military sales. The Committee notes that the Bank is in poor financial shape. It has had annual losses for the last decade. It has a bad loan reserve of \$5.3 billion representing 44 percent of its portfolio. It has a negative capital position of approximately \$6 billion. Additionally, foreign countries have a record of putting a much higher priority of repaying non-military debt prior to repaying military debt. Therefore, financing of military sales carries substantially more risk than financing of commercial exports.

TRADE AND DEVELOPMENT PROGRAM

Fiscal year 1991 level	\$35,000,000
Fiscal year 1992 request	35,000,000
Committee recommendation	40,000,000

The Committee has recommended \$40,000,000 for the Trade and Development Program for fiscal year 1992. Since its beginnings, every increase in funding for the Trade and Development Program has been initiated by the Committee. The Committee continues to

support the direction of the program and again has initiated an increase of \$5,000,000 above the President's request.

The Committee continues to believe that this program is particularly effective at helping American businesses get in on the ground floor in competing for contracts overseas. The program primarily funds feasibility, prefeasibility, and consulting studies for major priority projects in other countries.

TITLE V—GENERAL PROVISIONS

The Committee recommends that the following new and revised general provisions be included in the bill.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

The Committee has revised Section 518 to make a minor technical adjustment.

NOTIFICATION REQUIREMENTS

The Committee has included a provision in Section 522 which allows for a waiver of the fifteen day notification requirement for program changes in the case of substantial risk to human health or welfare. The language was included in last year's bill as a separate provision (Section 591).

It is the Committee's intention in approving this waiver to allow the Administration to address humanitarian assistance at times of disasters and other emergencies when there is a clear risk to human health or welfare. This authority should only be used in cases that can be clearly justified as emergencies.

The provision also requires that if the provision is used the Congress be notified no later than three days after the action has taken place and that the Congress be provided a full explanation of circumstances necessitating the use of the authority.

DEMOCRACY CONTINGENCY FUND

The Committee has included language under Section 530 which limits the use of funds in the bill for a "Democracy Contingency Fund" to \$25,000,000, if such a Fund is authorized.

ENVIRONMENT AND GLOBAL WARMING

The Committee has revised Section 532 relating to environmental concerns. This new section is discussed earlier in the report under Items of Special Interest.

MONTREAL PROTOCOL FACILITATION FUND

The Committee in Section 533 has revised the provision of last year's bill on the Montreal Protocol Facilities Fund by providing \$15,000,000 for the Fund. This is an increase of \$5,000,000 above the amount provided last year.

EL SALVADOR—INVESTIGATION OF MURDERS

The Committee has revised Section 537 relating to the investigation of murders in El Salvador. The amount withheld has been increased to \$10,000,000.

SPECIAL NOTIFICATION REQUIREMENTS

The Committee has revised Section 540 relating to notification requirements by dropping Haiti and including Uganda in the provision.

CHILE

The Committee has revised Section 543 relating to assistance for Chile. The subsection regarding the repair of military aircraft has been dropped as it is now contained in permanent law.

RECIPROCAL LEASING

The Committee has revised Section 545 on Reciprocal Leasing to change the effective date from 1991 to 1992.

AUTHORIZATION REQUIREMENT

The Committee has revised Section 548 to require authorization prior to obligating funds appropriated in the bill.

MIDDLE EAST REGIONAL COOPERATION

The Committee has revised Section 550 relating to Middle East Regional Cooperation by removing the subsection on expiration dates. The Committee expects the Agency for International Development to work with United States Information Agency to use existing funds to set up and carry out the Israeli-Arab Scholarship Program.

DEPLETED URANIUM

The Committee has revised Section 552 on Depleted Uranium by deleting the waiver for Pakistan and inserting a waiver for Taiwan.

NARCOTICS CONTROL PROGRAM

The Committee has revised Section 557 relating to Narcotics Control. This provision is discussed earlier in the report under Items of Special Interest.

ASSISTANCE FOR CAMBODIAN DEMOCRACY

The Committee has revised Section 560 relating to assistance for Cambodian democracy. This provision is discussed earlier in the report under Items of Special Interest.

DISADVANTAGED ENTERPRISES

The Committee has revised Section 565 relating to disadvantaged enterprises by updating the effective dates where appropriate.

The Committee has directed AID to report annually to Congress on the implementation of the minority set aside program.

The annual report required by this provision is to use data available both in AID/Washington and country and regional missions to provide the following information:

- (1) the number and dollar value of "8(a)" contracts awarded to socially and economically disadvantaged Black Americans,

Hispanic Americans, Asian Americans, Native Americans and other minorities, respectively, as compared to the total prime contracting set aside goal;

(2) the number and dollar value of prime contracts awarded, through the less than full and open competitive procedures established in this section, to the entities listed in (1) above and to women owned businesses, respectively, as compared to the total prime contracting set aside goal;

(3) the number and dollar value of subcontracts, excluding 8(a) contracts, awarded to the entities listed in (1) above and to women owned businesses, respectively, as compared to the total subcontracting set aside goal;

(4) the number and dollar value of prime contracts in excess of \$500,000 awarded to non-disadvantaged entities, for which the subcontracting goal established by this section was not met;

(5) the number and amounts of grants, cooperative agreements and contracts with historically black colleges and universities and with colleges and universities having a student body in which more than 40% of the students are Hispanic Americans, respectively, as compared to the total number and amounts of grants, cooperative agreements and contracts to all colleges and universities under this Act;

(6) the number and amount of grants, cooperative agreements and contracts with PVOs described in subsection (a) as compared to the number and amounts of grants, cooperative agreements and contracts to all PVOs under this Act;

(7) an analysis of trends evident in reported data and of the strengths and weaknesses of the implementation of this section.

Data should be analyzed to highlight implementation strengths and weaknesses. In the annual report to Congress on this section, the Agency should also include data on the number of contractors who, in the given fiscal year, learned about the Agency's minority set aside program through the Outreach Conferences developed to implement this section. The term "small business" as used in this section is defined by section 3(a)(1) of the Small Business Act (15 U.S.C. 632).

The Committee also urges AID, to the extent practicable, to ensure the participation of minority-owned businesses in the transportation of commodities under the authority of the Agricultural Trade Development and Assistance Act of 1954 as amended by the Food for Peace Act of 1966 and section 416 of the Agricultural Act of 1949.

STINGERS IN THE PERSIAN GULF REGION

The Committee has revised Section 566 relating to the sale of Stinger missiles. The Committee has dropped the subsection relating to the repeal of a certain section of the fiscal year 1989 appropriations bill.

LEBANON

The Committee has revised Section 570 relating to assistance for Lebanon. The Committee has increased the amount provided from \$7,500,000 to \$10,000,000 and has specified that \$6,000,000 be derived from development assistance accounts and \$4,000,000 be derived from the Economic Support Fund. The Committee has also added a new section requiring that the provision of any military equipment to Lebanon, including equipment purchased in prior years, but not yet delivered, be notified to the Committee through the regular notification procedures.

The Committee directs that any humanitarian assistance provided to Lebanon be through American and international private voluntary organizations and to American institutions in Lebanon, such as the American University of Beirut and Beirut University College. The Committee directs that none of the assistance provided to Lebanon should benefit the Government of Syria.

LOCATION OF STOCKPILES

The Committee has revised Section 571 relating to the location of stockpiles overseas. The Committee has included a provision which provides the authority for the United States to stockpile up to \$300,000,000 in military items in Israel in fiscal year 1992.

ASSISTANCE FOR PAKISTAN

The Committee has revised Section 572 relating to assistance for Pakistan. The Committee has extended the waiver of Section 620(E)(d) by one year. The Committee has also dropped the subsection related to elections and has retained the requirement that all funds obligated and expended for Pakistan be notified through the regular notification procedures of the Committee.

ASSISTANCE FOR NICARAGUA

The Committee has revised Section 574 relating to assistance to Nicaragua by deleting the subsection that repeals Section 1 of P.L. 101-215.

HUMAN RIGHTS

The Committee has revised Section 577 relating to Human Rights by directing that the Country Report on Human Rights Practices be submitted to the Committee on Appropriations and to require the report to address provisions on the Rights of the Child.

COMPLIANCE WITH UNITED NATIONS SANCTIONS AGAINST IRAQ

The Committee has modified a provision included in last year's bill relating to sanctions against Iraq. Language that was in the provision that was permanent in nature has been deleted. Language relating to funds in the bill has been retained, as part of Section 578.

REPEAL OF SECTION 579

The Committee in Section 580 has repealed Section 579 in the fiscal year 1991 Act relating to the provision of excess defense articles to certain countries, during the war in the Persian Gulf.

MEDITERRANEAN EXCESS DEFENSE ARTICLES

The Committee has revised Section 583 relating to Excess Defense Articles. The provision in last year's bill amended permanent law and is no longer necessary. The Committee has included language clarifying that during fiscal year 1992 the provisions of Section 573(e) of the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1990 shall continue to apply.

The Committee has continued language in Section 582 which requires the Government of Kenya to meet specific requirements prior to receiving assistance under either the Economic Support Fund and or the Foreign Military Finance Program.

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ISRAEL-MILITARY DRAWDOWN

The Committee has revised Section 586 relating to the drawdown of military equipment for Israel to clarify that the authority granted to provide an aggregate value of \$700,000,000 of defense articles, defense services, and military education and training has been extended through fiscal year 1992.

CHIEF FINANCIAL OFFICERS PROHIBITION

The Committee has included a new provision Section 586 prohibiting funds in this bill from being used to implement Public Law 101-576.

UNEXPENDED BALANCES EXTENSION

The Committee has included a new provision Section 587 which allows for unexpended balances from certain economic assistance accounts to remain available until September 30, 1994.

PRIOR CONSULTATION ON INTERNATIONAL FINANCIAL INSTITUTION REPLENISHMENT

The Committee has included a new provision, Section 588, requiring that the Secretary of the Treasury consult with the Committees on Appropriations prior to entering into formal negotiations on any replenishment for any international financial institution.

ARMS CONTROL MORATORIUM

The Committee has included a new provision Section 589 that addresses an arms control moratorium for the Middle East. This provision is discussed earlier in the report under Items of Special Interest.

NOTIFICATION REQUIREMENTS—LOAN OF MILITARY EQUIPMENT

The Committee has included a new general provision Section 590 that requires notification of the Committees on Appropriations prior

to the use of authorities contained in Section 503 of the Foreign Assistance Act of 1961, or any comparable provision of law.

REPORTING REQUIREMENT

The Committee has included a new general provision Section 591 which requires that reports required by Section 25(a)(1) of the Arms Export Control Act be submitted to the Committees on Appropriations.

MISCELLANEOUS INFORMATION

COMPARISON WITH BUDGET RESOLUTION

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

	[Dollars in millions]					
	Sec. 602(b)			This bill—		
	Discretionary	Mandatory	Total	Discretionary	Mandatory	Total
Budget authority.....	\$15,306	\$41	\$15,347	\$15,306	41	\$15,347
Outlays.....	13,612	41	13,653	13,611	41	13,652

¹ Includes \$135,000,000 for reduction of public debt.

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

FIVE-YEAR PROJECTION OF OUTLAYS

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

[Dollars in millions]	
Budget authority.....	¹ \$15,347
Outlays.....	¹ 13,652
Fiscal year 1992.....	15,906
Fiscal year 1993.....	3,247
Fiscal year 1994.....	3,172
Fiscal year 1995.....	1,025
Fiscal year 1996 and future years.....	620

¹ Includes \$135,000,000 for reduction of public debt.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(D) of the Congressional Budget Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget

outlays provided by that bill or resolution for financial assistance to State and local governments.

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

TRANSFER OF FUNDS

Development Fund For Africa.—The bill allows for \$10,000,000 in funds provided under the Development Fund for Africa to be transferred to the International Fund for Agricultural Development.

Montreal Protocol Facilities Fund.—The bill allows for \$15,000,000 for the Montreal Protocol Facilities Fund to be made available to the Department of State, Bureau for Oceans, International Environment and Scientific Affairs to be derived by transfer from the Agency for International Development's Development Assistance Fund.

INFLATIONARY IMPACT STATEMENT

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

Rather than spending the entire amount allocated to foreign aid under the budget process, the Committee has appropriated \$135,000,000 directly to deficit reduction.

This action will reduce the deficit of the United States by \$135,000,000 and will have a positive impact on reducing inflation.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to Clause 3, Rule XXI of the Rules of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill which directly or indirectly change the application of existing law. Most of the language has been provided in previous appropriation measures including supplements for the departments and agencies carried in the accompanying bill. Dm1:A108HR.006

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 1992 have not yet been enacted. The Committee is disturbed by the lack of authorization for programs in the bill. The bill requires that none of the funds appropriated in the bill may be obligated until authorizations have been enacted into law.

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

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

4. In many cases, the Committee has recommended reductions in the amounts proposed to be authorized for the various foreign aid

programs in the current version of the House reported authorization.

5. On page 2, under "Contribution to the International Development Association", the Committee has imposed certain restrictions relative to withholding the obligation of funds and has inserted a requirement for Presidential certification prior to obligation of these funds.

6. On pages 6, 7, 8, under "International Organizations and Programs", the Committee has earmarked specific levels of funding for all programs. In addition, the bill requires that all funds earmarked for UNICEF be obligated in a specific timeframe and requires that funds for IAEA may be provided only if Israel is not being denied its right to participate in activities in that agency.

7. On pages 13 through 16, the Committee has appropriated funds under the Development Assistance Fund, and has earmarked funds for: health and Child Survival activities and activities relating to research on, and the treatment and control of AIDS; development of private entities and cooperatives for dairy development, Vitamin A deficiency and activities relating to iodine deficiency and other micro-nutrients deficiencies, the Associate Professional Officers Program, river blindness, operations for blind children, cooperative projects, Central and Latin American Rural Electrification, Soviet and Czechoslovakia statisticians and economists, through the Bureau of Labor Statistics, Child Survival activities for Laos, and Soviet and Eastern European research and training. The Committee has also recommended that not less than \$275,000,000 be available for programs in support of Child Survival and not less than \$135,000,000 be available for basic education activities.

8. On pages 16 through 19, the Committee has included prior year restrictions on Population programs, earmarked \$20,000,000 for the United Nations Population Fund to be made available under certain conditions, and made \$500,000 available for planning purposes.

9. On pages 19 and 20, the Committee under the "Fund For Africa" earmarked \$50,000,000 for the Southern Africa Development Coordination Conference, transferred \$10,000,000 to the International Fund for Agricultural Development and made up to \$2,000,000 available for planning and operating costs.

10. On pages 20 through 24, the Committee has limited development assistance funding to Zaire and earmarked the following: \$8,000,000 for displaced children, \$5,000,000 for Cambodian children, \$5,000,000 for victims of war, \$10,000,000 for women in development, with not less than \$6,000,000 for matching funds to support the activities of AID field missions; \$1,000,000 for Burmese students, and \$4,000,000 for Romanian humanitarian assistance. The Committee retained a prior year provision relating to the minimum level of private support for private and voluntary organizations.

11. On page 25, under Private Sector Loans Program account the Committee has recommended appropriate subsidy levels for this account, in accordance with credit reform.

12. On page 26, under "Operating Expenses of the Agency for International Development", the committee has included a provision requiring the stationing of one professional at either the Con-

sulate General in Jerusalem or the Embassy in Tel Aviv, a requirement to increase the direct hire staff for environmental and energy professionals by twenty and to accomplish AID reorganization within existing resources and to submit a report on the costs of the reorganization.

13. On page 28, under "Housing Guaranty Program" the committee has appropriated subsidy and operating cost in accordance with credit reform.

14. On page 28, under "Debt Restructuring Under the Enterprise for the Americas Initiative" the committee recommended appropriations of \$65,000,000, and required notification through the Committee's procedures.

15. On pages 28 through 33, the Committee earmarked funds for: Israel, Egypt, the West Bank and Gaza, Cyprus, and for the Baltic States, Soviet Republics, nongovernmental organizations and the Soviet Union under certain circumstances. The Committee has referenced the El Salvadoran Special Investigative Unit, prohibited funds to Zaire, limited tied aid credits to \$300,000,000 through the notification process, provided up to \$5,000,000 for humanitarian assistance for the Armenia earthquake, and allowed funds to be made available until September 30, 1993.

16. On page 33, under "International Fund for Ireland", the Committee recommends \$20,000,000 for the International Fund.

17. On page 34 and 35, under "Philippines Multilateral Assistance Initiative" and "Development Assistance" the bill provides \$160,000,000 in Multilateral Assistance and \$100,000,000 in development assistance, and requires that in the event the United States and the Government of the Philippines are unable to agree to a military base agreement, that the President shall submit a report to the Committee justifying requested or modified assistance levels for the Philippines.

18. On pages 35 through 38, under "Assistance For Eastern Europe", the bill provides \$400,000,000 for Eastern Europe with earmarks for technical assistance, environment and energy, democratic pluralism, and the private enterprise activities, and provided prior year language on authority for reallocation through the notification process, and limited expenditure rates for certain categories.

19. On page 39, under "Overseas Private Investment Corporation Program Accounts, the Committee has appropriated subsidy and operating costs based on credit reform.

20. On pages 40 through 42, under "Migration and Refugee Assistance", the Committee recommended earmarks for Soviet, Eastern European and other refugees resettling in Israel, Tibetan refugees, Hmong refugees to be resettled from Thailand to Laos, and overseas refugee programs and provided a limitation on the administrative expenses of the Office of Refugee Programs.

21. On page 42, under "International Military Education and Training", the Committee included language that no country whose annual per capita GNP exceeds \$2,349 may receive more than \$300,000 in IMET funds, except through the notification procedures and has prohibited IMET for Zaire, Liberia, Sudan and Somalia.

22. On page 43, under "Foreign Military Financing Program", the Committee has recommended earmarks for: Israel and Egypt; provided loans and grants to Greece and Turkey in a 7 to 10 ratio; provided funding limitations on Turkey, Greece, Philippines and Portugal; revised funding language to reflect credit reform; prohibited funds to Zaire, Sudan, Liberia and Somalia, permitted funds for Malawi only to support the Malawian military's efforts to secure the Nacala Railroad and for military activities to assist the Mozambique peace process; limited the amount available for non-government to government procurement, and provided a limitation on administrative expenses for both Foreign Military Sales Financing and Foreign Military sales; and rescinded prior year FMF debt reduction authority.

23. Under the heading "Special Defense Acquisition Fund", the Committee limited obligations in fiscal year 1992 from the Special Defense Acquisition Fund to \$275,000,000.

24. On page 49, under the heading "Export-Import Bank", the Committee made funding adjustments to reflect credit reform, prohibited the use of funds for military purchases, permitted the use of funds for Eastern Europe; and permitted up to \$200,000,000 to be available for tied-aid grant purposes.

25. On pages 52 through 127, under the heading "General Provisions":

Sec. 518, has been revised to make a technical change related to funds for Colombia, Bolivia and Peru.

Sec. 530, is a new general provision which places a limit on the use of funds for a "Democracy Contingency Fund" at \$25,000,000.

Sec. 532, has been revised to reflect new criteria for environmental programs, as discussed under "Items of Special Interest".

Sec. 533, has been revised to reflect a \$15,000,000 transfer for the Montreal Protocol Facilitation Fund.

Sec. 537, has been modified to withhold \$10,000,000 related to the investigation of murders in El Salvador.

Sec. 540, has been revised to add Uganda to the list of countries that require Committee notification prior to the obligation of funds. The Committee has recommended that Haiti be dropped from the list.

Sec. 543, has been modified to stipulate the conditions on funding for Chile.

Sec. 545, concerning reciprocal leasing has been extended through fiscal year 1992.

Sec. 548, has been modified to require authorization on all funding recommended in the bill.

Sec. 550, has been modified to delete a date extension provided last year and to provide \$7,000,000 for the Middle East regional cooperation programs.

Sec. 552, has been revised to delete Pakistan from the exemption and exempt Taiwan from restrictions on the purchase of M-833 tank shells.

Sec. 557, has been modified to provide new criteria for the International Narcotics Control program, as discussed under "Items of Special Interest".

Sec. 560, has been modified to provide new criteria for assistance for Cambodian democracy.

Sec. 565, has been revised to make technical changes to dates in the provision relating to disadvantaged enterprises.

Sec. 566, revises the provision relating to stingers in the Persian Gulf by dropping a repeal carried in last year's bill.

Sec. 570, modifies the provision concerning Lebanon to earmark \$10,000,000 in development and Economic Support Funds assistance, and also to require notification to the Committee on any military assistance items transferred to Lebanon.

Sec. 571, revises the provision on Stockpiles to provide \$300,000,000 for U.S. stockpiles in Israel in fiscal year 1992.

Sec. 572, modifies restrictions on assistance to Pakistan by extending Section 620E(d) of the Foreign Assistance Act to April 1, 1993.

Sec. 574, revises a provision relating to Nicaragua to delete language providing a repeal of previous law.

Sec. 577, modifies provision on human rights to require the submission of the Human Rights Report to the Appropriations Committee and to require that the report address provisions on the Rights of the Child.

Sec. 579, repeals the amendment to section 516(a) made by section 589 of Public Law 101-513.

Sec. 582, revises a provision on excess defense articles to delete language that is carried in permanent law.

Sec. 584, modifies a provision allowing the drawdown of U.S. defense equipment for Israel to be extended through fiscal year 1992.

Sec. 585, is a new provision which prohibits funds in the bill from being used to implement the provision of Public Law 101-576.

Sec. 586, is a new provision which provides for an extension of certain unexpended balances.

Sec. 587, is a new provision which provides for a cross reference to provisions in the bill to the recently reported Authorization bill.

Sec. 588, is a new provision which requires prior consultations on IFI replenishment.

Sec. 589, is a new provision which provides for an arms control moratorium in the Middle East and Persian Gulf region.

Sec. 590, is a new general provision which requires that the Committees on Appropriations be notified of the use of the authorities contained in Section 503 of the Foreign Assistance Act of 1961 or any comparable provisions of law.

Sec. 591, is a new general provision which requires the submission of reports required by Section 25(a)(1) of the Arms Export Control Act to the Committees on Appropriations.

COMPLIANCE WITH RULE XIII—CLAUSE 3

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

RECIPROCAL LEASING

The accompanying bill would amend section 61(a) of the Arms Export Control Act or extend the leasing authority of that section through fiscal year 1991, as follows:

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

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

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

(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) if the articles are lost or destroyed while leased.

The requirement for paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

The President may waive the requirement of paragraph (3) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

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

(B) may be exercised only during the fiscal year [1991] 1992 and only with respect to one country, unless the Congress hereafter provides otherwise.

ASSISTANCE FOR PAKISTAN

The accompanying bill would amend section 620E(d) of the Foreign Assistance Act of 1961, as follows:

(d) The President may waive the prohibitions of section 669 of this Act at any time during the period beginning on the date of enactment of this section and ending on [April 1, 1992] April 1, 1993, to provide assistance to Pakistan during that period if he determines that to do so is in the national interest of the United States.

**EXCESS DEFENSE ARTICLES FOR COUNTRIES SUPPORTING OPERATION
DESERT STORM**

The accompanying bill would amend Sec. 516(a) of the Foreign Assistance Act of 1961 as follows:

Sec. 516. Modernization of Defense Capabilities of Countries of NATO's Southern Flank.—(a) AUTHORITY TO TRANSFER EXCESS DEFENSE ARTICLES.—Notwithstanding any other provision of law and subject to subsection (b), during the fiscal years 1987 through 1991, the President may transfer to those member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO which are eligible for United States security assistance and which are integrated into NATO's military structure and to major non-NATO allies on the southern and southeastern flank of NATO which are eligible for United States security assistance, **[and those countries which received Foreign Military Financing (FMF) assistance in fiscal year 1990 and which, as of October 1, 1990, contributed armed forces to deter Iraqi aggression in the Arabian Gulf,]** *(repeal)* such excess defense articles as the President determines necessary to help modernize the defense capabilities of such countries. Such excess defense articles may be transferred without cost to the recipient countries. Transfers to recipient countries under this subsection shall be consistent with the policy framework for the Eastern Mediterranean region established in section 620C of this Act.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Paid-in capital	110,592,409	70,126,332	70,126,332	-40,466,077	.....
(Limitation on callable capital).....	(2,899,610,241)	(2,267,418,063)	(2,267,418,063)	(-632,192,178)	.....
Global environmental facility.....	.....	.....	50,000,000	+50,000,000	+50,000,000
Total, contribution to the International Bank for Reconstruction and Development	(3,010,202,650)	(2,337,544,395)	(2,387,544,395)	(-622,658,255)	(+50,000,000)
Contribution to the International Development Association	1,064,149,500	1,060,000,000	1,060,000,000	-4,149,500	.....
Contribution to the International Finance Corporation	40,330,972	.....	40,330,972	.....	+40,330,972
Total, contributions to the World Bank Group	(4,114,683,122)	(3,397,544,395)	(3,487,875,367)	(-626,807,755)	(+90,330,972)
Contribution to the Inter-American Development Bank:					
Inter-regional paid-in capital.....	57,449,324	57,313,367	57,313,367	-135,957	.....
Fund for special operations	20,850,016	20,576,000	20,576,000	-274,016	.....
(Limitation on callable capital).....	(2,235,076,561)	(2,235,076,561)	(2,235,076,561)	.....	.....

Inter-American Investment Corporation	13,000,000	12,500,000	12,500,000	-500,000	.....
Enterprise for the Americas investment fund .....	.....	100,000,000	100,000,000	+ 100,000,000	.....
Total, contribution to the Inter-American Development Bank.....	(2,326,375,901)	(2,425,465,928)	(2,425,465,928)	(+ 99,090,027)	.....
Contribution to the Asian Development Bank:					
Paid-in capital .....	.....	25,526,366	25,526,366	+ 25,526,366	.....
Development fund	126,854,000	174,955,050	158,793,050	+ 31,939,050	-16,162,000
(Limitation on callable capital).....	.....	(186,972,187)	(186,972,187)	(+ 186,972,187)	.....
Total, contribution to the Asian Development Bank....	(126,854,000)	(387,453,603)	(371,291,603)	(+ 244,437,603)	(-16,162,000)
Contribution to the African Development Fund.....	105,451,500	.....	135,000,000	+ 29,548,500	+ 135,000,000
Contribution to the African Development Bank:					
Paid-in capital	10,135,766	8,987,307	8,987,307	-1,148,459	.....
(Limitation on callable capital).....	(135,389,294)	(134,809,612)	(134,809,612)	(-579,682)	.....
Total, contribution to the African Development Bank	(145,252,060)	(143,796,919)	(143,796,919)	(-1,728,141)	.....
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	70,020,600	70,020,600	70,020,600	.....	.....
(Limitation on callable capital).....	(163,381,400)	(163,381,400)	(163,381,400)	.....	.....
Total, contribution to the European Bank for Reconstruction and Development	(233,402,000)	(233,402,000)	(233,402,000)	.....	.....
Multilateral Development Banks - Other.....	.....	185,000,000	3,000,000	+ 3,000,000	-182,000,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992—Continued**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
Contribution to the enhanced structural adjustment facility of the International Monetary Fund.....	10,602,000	.....	.....	-10,602,000	.....
Total, contribution to International Financial Institutions.....	(7,062,893,583)	(6,772,662,845)	(6,799,831,817)	(-263,061,766)	(+27,168,972)
Budget authority.....	1,629,436,087	1,785,005,022	1,812,173,994	+182,737,907	+27,168,972
(Limitation on callable capital).....	(5,433,457,496)	(4,987,657,823)	(4,987,657,823)	(-445,799,673)	.....
Department of State					
International organizations and programs.....	254,730,000	231,850,000	282,250,000	+27,520,000	+50,400,000
(By transfer).....	.....	.....	(10,000,000)	(+10,000,000)	(+10,000,000)
International Fund for Agricultural Development.....	30,000,000	18,362,000	18,362,000	-11,638,000	.....
Total, title I, contribution for Multilateral Economic Assistance.....	(7,347,623,583)	(7,022,874,845)	(7,110,443,817)	(-237,179,766)	(+87,568,972)
Budget authority.....	1,914,166,087	2,035,217,022	2,112,785,994	+198,619,907	+77,568,972
(Limitation on callable capital).....	(5,433,457,496)	(4,987,657,823)	(4,987,657,823)	(-445,799,673)	.....
TITLE II - BILATERAL ECONOMIC ASSISTANCE FUNDS APPROPRIATED TO THE PRESIDENT					
Agency for International Development					
Development Assistance Fund.....	.....	1,277,000,000	1,076,635,000	+1,076,635,000	-200,365,000
Health, development assistance.....	135,000,000	(128,000,000)	(140,000,000)	-135,000,000	.....
International AIDS prevention and control program.....	52,000,000	(55,000,000)	(65,000,000)	-52,000,000	.....
Child Survival Fund.....	100,000,000	(109,000,000)	(140,000,000)	-100,000,000	.....

Agriculture, rural development, and nutrition, development assistance.....	481,635,000	437,000,000	.....	-481,635,000	.....
Education and human resources development, development assistance.....	134,201,000	146,000,000	.....	-134,201,000	.....
Private sector, environment, and energy, development assistance	152,223,000	165,000,000	.....	-152,223,000	.....
Science and technology, development assistance.....	8,624,000	9,000,000	.....	-8,624,000	.....
Population, development assistance	250,000,000	228,000,000	300,000,000	+ 50,000,000	+ 300,000,000
Subtotal, development assistance	1,313,683,000	1,277,000,000	1,376,635,000	+ 62,952,000	+ 99,635,000
Sub-Saharan Africa, development assistance	800,000,000	800,000,000	1,000,000,000	+ 200,000,000	+ 200,000,000
Private sector revolving fund:					
(Limitation on guaranteed loans).....	(57,000,000)	.....	.....	(-57,000,000)	.....
(Limitation on direct loans)	(15,000,000)	.....	.....	(-15,000,000)	.....
Operating expenses.....	.....	1,367,000	1,367,000	+ 1,367,000	.....
(Estimated level of guaranteed loans) .....	.....	(114,000,000)	(114,000,000)	(+ 114,000,000)	.....
(Estimated level of direct loans).....	.....	.....	(10,000,000)	(+ 10,000,000)	(+ 10,000,000)
Subtotal, development assistance	2,113,683,000	2,078,367,000	2,378,002,000	+ 264,319,000	+ 299,635,000
Reappropriation (deobligation/reobligation) authority (sec. 515).....	23,000,000	36,000,000	36,000,000	+ 13,000,000	.....
Total, development assistance	2,136,683,000	2,114,367,000	2,414,002,000	+ 277,319,000	+ 299,635,000
American schools and hospitals abroad	29,000,000	30,000,000	30,000,000	+ 1,000,000	.....
International disaster assistance.....	40,000,000	40,000,000	70,000,000	+ 30,000,000	+ 30,000,000
Payment to the Foreign Service Retirement and Disability Fund	40,341,000	41,351,000	41,351,000	+ 1,010,000	.....

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992—Continued**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
Operating expenses of the Agency for International Development.....	441,000,000	483,300,000	481,300,000	+40,300,000	-2,000,000
(By transfer).....			(2,500,000)	(+2,500,000)	(+2,500,000)
Operating expenses of the Agency for International Development Office of Inspector General.....	33,884,000	37,739,000	37,739,000	+3,855,000	
Housing and other credit guaranty programs:					
(Limitation on guaranteed loans).....	(150,000,000)			(-150,000,000)	
Guaranty reserve, indefinite borrowing authority	48,000,000			-48,000,000	
Subsidy appropriations.....		2,500,000	18,000,000	+18,000,000	+15,500,000
Operating expenses.....		7,000,000	8,500,000	+8,500,000	+1,500,000
(Estimated level of guaranteed loans).....		(100,000,000)	(150,000,000)	(+150,000,000)	(+50,000,000)
Enterprise for the Americas initiative: Debt reduction.....		304,340,000	65,000,000	+65,000,000	-239,340,000
Subtotal, Agency for International Development.....	2,768,908,000	3,060,597,000	3,165,892,000	+396,984,000	+105,295,000
Economic support fund	3,991,000,000	3,228,000,000	3,216,624,000	-774,376,000	-11,376,000
Reappropriation (deobligation/reobligation) authority (sec. 515).....	14,000,000	12,000,000	12,000,000	-2,000,000	
Total, Economic support fund	4,005,000,000	3,240,000,000	3,228,624,000	-776,376,000	-11,376,000
International fund for Ireland	20,000,000		20,000,000		+20,000,000
Assistance for the Philippines:					
Multilateral assistance initiative for the Philippines.....	100,000,000	160,000,000	160,000,000	+60,000,000	
(By transfer).....	(60,000,000)			(-60,000,000)	
Sector assistance.....			100,000,000	+100,000,000	+100,000,000

Assistance for Eastern Europe.....	369,675,000	400,000,000	400,000,000	+ 30,325,000	.....
Total, Agency for International Development	7,263,583,000	6,860,597,000	7,074,516,000	-189,067,000	+ 213,919,000
Independent Agencies					
African Development Foundation					
Appropriations.....	13,000,000	14,950,000	14,950,000	+ 1,950,000	.....
Inter-American Foundation					
Appropriations.....	25,000,000	28,794,000	28,794,000	+ 3,794,000	.....
Overseas Private Investment Corporation					
Subsidy appropriations		2,399,000	2,399,000	+ 2,399,000	.....
Operating expenses		8,250,000	7,000,000	+ 7,000,000	-1,250,000
(Limitation on direct loans).....	(40,000,000)			(-40,000,000)	.....
(Limitation on guaranteed loans).....	(250,000,000)			(-250,000,000)	.....
OPIC insurance and equity.....					.....
(Estimated loan program).....		(400,000,000)	(400,000,000)	(+ 400,000,000)	.....
Total, Overseas Private Investment Corporation .....	.....	10,649,000	9,399,000	+ 9,399,000	-1,250,000
Unanticipated Needs					
Presidential contingency fund.....		20,000,000			-20,000,000
Total, Funds Appropriated to the President	7,301,583,000	6,934,990,000	7,127,659,000	-173,924,000	+ 192,669,000
Peace Corps					
Appropriations.....	186,000,000	200,000,000	200,000,000	+ 14,000,000	.....
Department of State					
International narcotics control	150,000,000	171,500,000	150,000,000		-21,500,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992—Continued**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
Montreal Protocol Facilitation Fund (by transfer)			(15,000,000)	(+ 15,000,000)	(+ 15,000,000)
Migration and refugee assistance.....	485,648,000	490,557,000	630,000,000	+ 144,352,000	+ 139,443,000
United States Emergency Refugee and Migration Assistance Fund.....	35,000,000	20,000,000	50,000,000	+ 15,000,000	+ 30,000,000
Anti-terrorism assistance.....	12,026,000	15,000,000	15,000,000	+ 2,974,000	.....
Total, Department of State.....	682,674,000	697,057,000	845,000,000	+ 162,326,000	+ 147,943,000
Total, title II, Bilateral economic assistance:					
New budget (obligational) authority	8,170,257,000	7,832,047,000	8,172,659,000	+ 2,402,000	+ 340,612,000
(By transfer).....	(60,000,000)	.....	(17,500,000)	(-42,500,000)	(+ 17,500,000)
(Limitation on direct loans).....	(55,000,000)	.....	.....	(-55,000,000)	.....
(Limitation on guaranteed loans).....	(457,000,000)	.....	.....	(-457,000,000)	.....
(Estimated level of guaranteed loans).....	.....	(214,000,000)	(264,000,000)	(+ 264,000,000)	(+ 50,000,000)
(Estimated loan program).....	.....	(400,000,000)	(400,000,000)	(+ 400,000,000)	.....
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training.....	47,196,000	52,500,000	47,196,000	.....	-5,304,000
Foreign Military Financing Program:					
Grants	4,259,920,800	4,600,000,000	4,100,000,000	-159,920,800	-500,000,000
(Limitation on administrative expenses).....	(27,920,800)	(28,700,000)	(28,900,000)	(+ 979,200)	(+ 200,000)
Concessional loans.....	403,500,000	.....	.....	-403,500,000	.....
Direct concessional loans:					
Subsidy appropriations .....	.....	39,800,000	50,900,000	+ 50,900,000	+ 11,100,000

Administrative expenses.....		200,000			-200,000
(Estimated loan program).....		(313,961,000)	(404,000,000)	(+ 404,000,000)	(+ 90,039,000)
FMP program level.....	(4,663,420,800)	(4,913,961,000)	(4,504,000,000)	(-159,420,800)	(-409,961,000)
Subtotal, Foreign military financing program.....	4,663,420,800	4,640,000,000	4,150,900,000	-512,520,800	-489,100,000
Reappropriation (deobligation/reobligation) authority (sec. 515):					
Military assistance.....		10,000,000			-10,000,000
Foreign military financing.....	45,000,000	10,000,000	10,000,000	-35,000,000	
Total, Foreign military assistance.....	4,708,420,800	4,660,000,000	4,160,900,000	-547,520,800	-499,100,000
Guaranty Reserve Fund (indefinite).....	587,061,000			-587,061,000	
Special Defense Acquisition Fund (limitation on obligations).....	(350,000,000)	(275,000,000)	(275,000,000)	(-75,000,000)	
Peacekeeping operations.....	32,800,000	28,000,000	28,000,000	-4,800,000	
Total, title III, Military assistance programs:					
New budget (obligational) authority.....	5,375,477,800	4,740,500,000	4,236,096,000	-1,139,381,800	-504,404,000
(Limitation on obligations).....	(377,920,800)	(303,700,000)	(303,900,000)	(-74,020,800)	(+ 200,000)
(Estimated loan program).....		(313,961,000)	(404,000,000)	(+ 404,000,000)	(+ 90,039,000)
TITLE IV - EXPORT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Limitation of Program Activity:					
New budget (obligational) authority.....	750,000,000			-750,000,000	
Subsidy appropriations.....		517,165,000	612,000,000	+ 612,000,000	+ 94,835,000
(Estimated loan program).....		(9,525,000,000)	(11,000,000,000)	(+ 11,000,000,000)	(+ 1,475,000,000)
Administrative expenses.....		25,113,000	25,113,000	+ 25,113,000	
Insurance servicing.....		13,500,000	13,500,000	+ 13,500,000	
(Limitation on direct loans).....	(750,000,000)			(-750,000,000)	

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992—Continued**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
(Limitation on tied aid grants).....	(150,000,000)			(-150,000,000)	
(Limitation on interest subsidy payments).....	(20,000,000)			(-20,000,000)	
(Limitation on guaranteed loans).....	(10,599,064,000)			(-10,599,064,000)	
(Limitation on administrative expenses).....	(23,171,000)			(-23,171,000)	
Total, Export-Import Bank of the United States:					
New budget (obligational) authority.....	750,000,000	555,778,000	650,613,000	-99,387,000	+94,835,000
(Limitation on use of corporate funds).....	(11,522,235,000)			(-11,522,235,000)	
FUNDS APPROPRIATED TO THE PRESIDENT					
Trade and Development Program					
Trade and development.....	35,000,000	35,000,000	40,000,000	+5,000,000	+5,000,000
Agency for International Development					
Trade credit insurance program (limitation on program activity).....	(400,000,000)			(-400,000,000)	
Total, title IV, Export assistance:					
New budget (obligational) authority.....	785,000,000	590,778,000	690,613,000	-94,387,000	+99,835,000
(Limitation on direct loans).....	(750,000,000)			(-750,000,000)	
(Limitation on guaranteed loans).....	(10,749,064,000)			(-10,749,064,000)	
(Limitation on administrative expenses).....	(23,171,000)			(-23,171,000)	
(Limitation on program activity).....	(400,000,000)			(-400,000,000)	
(Estimated loan program).....		(9,525,000,000)	(11,000,000,000)	(+11,000,000,000)	(+1,475,000,000)

TITLE V - GENERAL PROVISIONS					
Other Assistance for Eastern Europe (sec. 583)	500,000			-500,000	
Egyptian debt restructuring (sec. 592)	(99,639,000)			(-99,639,000)	
Polish debt restructuring (sec. 579)	(44,000,000)			(-44,000,000)	
Total, title V, General provisions:					
New budget (obligational) authority	500,000			-500,000	
Total, Titles I, II, III, IV, & V	16,245,400,887	15,198,542,022	15,212,153,994	-1,033,246,893	+13,611,972
TITLE VI - INTERNATIONAL MONETARY FUND					
United States quota, International Monetary Fund		12,158,000,000			-12,158,000,000
DEFICIT REDUCTION					
Deficit reduction			135,000,000	+135,000,000	+135,000,000
ADJUSTMENTS					
FMS interest rate buydown delay to FY 1993			-270,000,000	-270,000,000	-270,000,000
Advance appropriation, FY 1992		270,000,000	270,000,000	+270,000,000	

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1991 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1992—Continued**

Agency and item (1)	Appropriated, 1991 (enacted to date) (2)	Budget esti- mates, 1992 (3)	Recommended in bill (4)	Bill compared with appro- priated, 1991 (5)	Bill compared with budget estimates, 1992 (6)
Grand total, all titles:					
New budget (obligational) authority	16,245,400,887	27,626,542,022	15,347,153,994	-898,246,893	-12,279,388,028
Appropriation (excluding IMF)	(16,245,400,887)	(15,468,542,022)	(15,347,153,994)	(-898,246,893)	(-121,388,028)
(By transfer)	(60,000,000)	.....	(27,500,000)	(-32,500,000)	(+ 27,500,000)
(Limitation on obligations)	(377,920,800)	(303,700,000)	(303,900,000)	(-74,020,800)	(+ 200,000)
(Limitation on guaranteed loans)	(11,206,064,000)	.....	.....	(-11,206,064,000)	.....
(Limitation on direct loans)	(805,000,000)	.....	.....	(-805,000,000)	.....
(Limitation on callable capital)	(5,433,457,496)	(4,987,657,823)	(4,987,657,823)	(-445,799,673)	.....
(Limitation on administrative expenses)	(23,171,000)	.....	.....	(-23,171,000)	.....
(Limitation on program activity)	(400,000,000)	.....	.....	(-400,000,000)	.....
(Estimated level of guaranteed loans) .....	.....	(214,000,000)	(264,000,000)	(+ 264,000,000)	(+ 50,000,000)
(Estimated loan program) .....	.....	(10,238,961,000)	(11,804,000,000)	(+ 11,804,000,000)	(+ 1,565,039,000)

1/ Funding has been included under the Development Assistance Fund.