

108TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } 108-222

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED  
PROGRAMS APPROPRIATIONS BILL, 2004

JULY 21, 2003.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 2800]

The Committee on Appropriations submits the following report in  
explanation of the accompanying bill making appropriations for  
Foreign Operations, Export Financing, and Related Programs, and  
for sundry independent agencies and corporations for the fiscal  
year ending September 30, 2004, and for other purposes.

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#### OVERVIEW

The Committee again faces a complex challenge in fiscal year 2004, due in large part to the constraints imposed by the Budget Resolution and the cost and number of initiatives proposed by the President. The 302(b) allocation for the Foreign Operations and Export Financing Subcommittee is \$1,769,000,000 below the request, and the President has proposed four new accounts, under new and unproven administrative structures, totaling \$2,050,000,000. In addition, the anticipated United States share of reconstruction costs in Afghanistan and Iraq may not be adequately funded in the request and the Committee recommendation.

#### ITEMS OF SPECIAL INTEREST

##### AFGHANISTAN

In response to the ongoing need for assistance for Afghanistan, the Committee updates a general provision, section 523, providing

that not less than \$600,000,000 shall be made available for humanitarian and reconstruction assistance for Afghanistan, including assistance to improve the status of women in Afghanistan, to repair roads and other vital infrastructure, and to generally improve security and the quality of life.

In section 523, the Committee recommends language providing that not less than \$150,000,000 of funds provided under “Economic Support Fund” should be made available for assistance for Afghanistan, to be used primarily for reconstruction and other infrastructure assistance, including roads and bridges.

Other significant reconstruction and security assistance for Afghanistan is provided under the headings “Child Survival and Health Programs Fund”, “Development Assistance”, “Migration and Refugee Assistance”, “Nonproliferation, Anti-terrorism, Demining and Related Programs”, “Foreign Military Financing”, “Peacekeeping Operations”, and “International Organizations and Programs”.

#### IRAQ

In its April 2003 statement of managers in the report (House Report 108–76) accompanying the Emergency Wartime Supplemental Appropriations Act, the Committee of Conference stated that the \$2,475,000,000 provided therein for the “Iraq Relief and Reconstruction Fund” was “likely to be a down payment on a much larger United States contribution toward the longer-term reconstruction of Iraq.” Events and more recent information obtained from the Office of Management and Budget and the Coalition Provisional Authority in Baghdad has reinforced the Committee’s view that additional appropriated funds will be needed in fiscal year 2004. No request for Iraq has been received, and no funds are recommended in this Act.

#### GLOBAL HIV/AIDS INITIATIVES

In 1987, the Committee first recommended funding for programs to combat the global threat from the AIDS pandemic. As enacted in Public Law 100–202, \$30,000,000 was appropriated for an “International AIDS Prevention and Control Program”. The Committee has continued its leadership and support for HIV/AIDS since then, expanding programs to include field research, care and treatment, and support for orphans and communities heavily impacted by HIV/AIDS. In cooperation with the General Accounting Office and the new AIDS Coordinator at the Department of State, the Committee will expand its oversight over these programs, which face many challenges and vulnerabilities as they expand rapidly in countries with weak rule of law and a history of corruption.

This year the Committee recommends \$1,430,330,000 for HIV/AIDS, tuberculosis, and malaria, an increase of 6 percent above the request of \$1,344,000,000. Except for \$34,000,000 in ESF and regional accounts, the entire amount is included in the Child Survival and Health Programs Fund. An additional \$644,000,000 for international HIV/AIDS, tuberculosis, and malaria is requested in another appropriations bill.

## MILLENNIUM CHALLENGE ACCOUNT

The Committee notes that in March 2002 the President announced a major change in the form and substance of as much as \$10,000,000,000 in additional United States foreign assistance over a three year period beginning in 2004. Through a proposed Millennium Challenge Corporation, this new approach to foreign assistance would encourage economic development by creating a positive competition among potential recipients, with this competition rewarding those countries that adopt policies that help their citizens. On June 12, 2003, the Committee on International Relations ordered reported H.R. 2441, a bill authorizing the Millennium Challenge Corporation, but as of the date of this report, the House has not considered the authorizing legislation. The Committee recommends \$800,000,000 for the proposed Millennium Challenge Corporation, subject to authorization, instead of the \$1,300,000,000 requested by the President. The reduction is not intended to show lack of support, but to accommodate the section 302(b) budget allocation.

## TRADE CAPACITY BUILDING

The Committee this year again places major emphasis on economic growth, especially the role of trade capacity building and education. Language is included in titles I, II, and V directing the Trade and Development Agency, the United States Agency for International Development, and the Department of State to obligate not less than \$517,000,000 for a broad range of activities designed to promote trade within and between regions. The Committee's emphasis on trade capacity assistance is intended to complement the African Growth and Opportunity and Andean Trade Acts.

The Committee views longer-term programs that seek to improve rural diversification and micro, small and medium-sized enterprise development as important components of trade capacity building. These programs enable developing countries to participate more fully in the global trading system and spread the benefits of free trade, particularly to disadvantaged segments of the population. Furthermore, these types of programs help developing countries take advantage of new exporting opportunities to other developing and high-income countries alike.

## SUMMARY OF THE BILL

The Committee has recommended foreign assistance and export financing funding at a level that is \$928,000,000 above the enacted fiscal year 2003 level, excluding the emergency wartime supplemental appropriation act, and that is \$1,768,738,000 below the Administration's fiscal year 2004 request of \$18,888,733,000 in discretionary budget authority. The resulting total of \$17,119,996,000 in discretionary appropriations is needed to meet the essential requirements of the United States and its President in conducting foreign policy and meeting urgent humanitarian needs abroad.

## COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of \$186,780,000 which is fully offset

by collections and a negative subsidy totaling \$306,000,000. The subsidy appropriation for the Overseas Private Investment Corporation is \$24,000,000 and the Trade and Development Agency is funded at \$50,000,000. Consistent with the President's budget request, the Committee has provided no subsidy request for the United States Export-Import Bank.

The Committee has recommended \$1,301,334,000 of the \$1,554,878,000 requested for the international financial institutions. The overall level is \$5,553,000 above the fiscal year 2003 enacted level and \$253,544,000 below the request.

For development and humanitarian assistance, the Committee has recommended a total of \$3,931,330,000 of which \$2,235,830,000 is for child survival and health programs. Another \$1,317,000,000 is for longer-term development assistance. The Committee has also included \$315,500,000 for disasters and famine relief worldwide and \$55,000,000 for transition initiatives.

The Committee has expanded its highly effective Child Survival and Health (CSH) Programs Fund to incorporate presidential initiatives to reduce the incidence of HIV/AIDS. The account is designed to ensure that there will not be reductions in these vital programs as the overall bilateral assistance program is constrained. In addition to HIV/AIDS, the CSH Fund continues to emphasize programs that directly affect children and accelerate efforts to eradicate diseases that threaten younger children and caregivers alike. As in fiscal years 2002 and 2003, the account includes population assistance, while basic education is funded through the Development Assistance account.

The Committee has included a total of \$576,000,000 in assistance to the Independent States of the Former Soviet Union, and \$452,000,000 for Eastern Europe and the Baltic States.

The Committee has recommended a total of \$776,028,000 for refugee programs.

For economic assistance under the Economic Support Fund, the Committee has recommended a total of \$2,240,500,000, including \$1,055,000 for Egypt and Israel under the multi-year schedule recommended by the Committee in 1996.

The Committee has recommended \$335,200,000 for a Non-proliferation, Anti-terrorism and Demining account which includes funding for the Nonproliferation and Disarmament Fund, anti-terrorism assistance, demining activities, and the United States voluntary contribution to the International Atomic Energy Agency (IAEA).

For the Foreign Military Financing program, the Committee has recommended a grant program of \$4,314,000,000, including an increase of \$73,650,000 in assistance for Israel.

## TITLE I—EXPORT AND INVESTMENT ASSISTANCE

### EXPORT-IMPORT BANK OF THE UNITED STATES

#### SUBSIDY APPROPRIATION

Fiscal year 2003 level .....	\$509,566,000
Fiscal year 2004 request .....	.....
Committee recommendation .....	.....

## ADMINISTRATIVE EXPENSES

Fiscal year 2003 level .....	\$67,856,000
Fiscal year 2004 request .....	75,395,000
Committee recommendation .....	71,395,000

As requested by the President, the Committee is recommending no subsidy appropriation for the Export-Import Bank in fiscal year 2004 and an appropriation of \$71,395,000 for administrative expenses, a level of \$4,000,000 below the request and \$3,539,000 above the fiscal year 2003 enacted level. The Committee recommends no appropriation for establishing a new office of inspector general.

Although no funding is requested by the President in fiscal year 2004 for a subsidy appropriation, there should be no cut in Export-Import Bank activity levels due to extraordinary high balances of carryover from previous years' appropriations. The Committee expects that the carryover subsidy levels will support a projected level of Export-Import Bank authorizations of \$14,600,000,000 in 2004, approximately \$1,800,000,000 higher than the estimated fiscal year 2003 levels.

The Committee was alarmed to discover the level of carryover subsidy balances at the Export-Import Bank. The Committee was unaware of the subsidy balances when recommending fiscal year 2003 funding levels. Therefore, the Committee directs the President of the Export-Import Bank to report quarterly to the Committee the level of authorizations, subsidy used, and subsidy balances from current and prior years. The Committee must have all relevant financial data when making funding decisions months after the initial request estimates are developed.

The Committee provided no additional funds for a tied-aid "war chest". The estimated \$260,500,000 remaining "war chest" balance for tied-aid purposes may be used to support loans. The Committee still expects that none of the funds appropriated by prior acts for tied-aid credits or grants may be used for any other purpose except through the regular notification procedures of the Committees on Appropriations.

The Committee has continued prior year language limiting the export of nuclear technology or fuel to certain countries.

Again this year, the Committee recommends a one-year extension of the Export-Import Bank's dual use authority, which originally expired on June 14, 2002. Dual use authority allows the Bank to finance transactions dealing with items that can be used for both civilian and military purposes, but which must be non-lethal in nature and shall be used predominantly by civilian authorities.

## BROOKE AMENDMENT PROCEDURES

The Committee is aware of an inter-agency agreement among the Departments of State and Defense, the Export-Import Bank, and USAID that establishes reporting procedures regarding compliance with section 512 of the bill, the so-called Brooke amendment, and section 620(q) of the Foreign Assistance Act. The procedures provide a mechanism to share information among those agencies regarding countries that are either in arrears on loan repayments owed the United States or which may soon become so. Since the provision of foreign assistance to countries in arrears is restricted

by those sections, information required by these procedures is of great importance to the administration of foreign assistance funds. The Committee directs the Export-Import Bank to continue to follow the inter-agency agreement.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

##### NONCREDIT ACCOUNT

Fiscal year 2003 level .....	\$39,626,000
Fiscal year 2004 request .....	42,385,000
Committee recommendation .....	41,385,000

##### PROGRAM ACCOUNT

Fiscal year 2003 level .....	\$23,844,000
Fiscal year 2004 request .....	24,000,000
Committee recommendation .....	24,000,000

The Committee is recommending a \$24,000,000 subsidy appropriation for the Overseas Private Investment Corporation's (OPIC) direct and guaranteed loan credit programs, the same level as the request and \$41,385,000 for administrative expenses, \$1,000,000 less than the request.

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

As in last year's report, the Committee directs OPIC to continue to provide on a semi-annual basis written reports including the following information for each investment fund: the identity, selection process, and professional background of current and past managers; the fees and compensation currently provided to senior management; the amount of OPIC guarantees and actual investments made at the end of the previous month; and any additional observations that OPIC may want to include.

The Committee commends OPIC for restructuring its investment funds program subsequently requiring fund managers to raise more capital, and thereby lowering OPIC's total risk. The Committee does not support an investment fund program where one fund failure could possibly jeopardize the entire program. Therefore, the Committee supports the recent investment fund program changes.

The Committee commends the managers of OPIC for exploring new ways of meeting OPIC's development mandate, but the Committee remains concerned about OPIC's coordination with the United States Agency for International Development (USAID). To ensure that foreign assistance is not provided to countries on different terms by different United States Government agencies, the Committee again expects OPIC to coordinate with USAID, the Office of Management and Budget and other agencies of the United States Government with which OPIC may overlap in providing financing. The Committee does not believe that OPIC should compete with USAID in countries that have USAID missions and programs.

The Committee is aware of local currency loan guaranty authority that OPIC is seeking in its re-authorization. The Committee seeks clarification from OPIC regarding the need for such authority, the use of OPIC subsidy necessary, and to what degree the

United States would be exposed to additional risk as a result of such transactions.

The Committee directs the President of OPIC to continue current policy and consult with the Committees on Appropriations before any future financing for non-governmental organizations or private and voluntary organizations is approved.

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### TRADE AND DEVELOPMENT AGENCY

Fiscal year 2003 level .....	\$46,706,000
Fiscal year 2004 request .....	60,000,000
Committee recommendation .....	50,000,000

The Committee is recommending \$50,000,000 for the Trade and Development Agency (TDA), an increase of \$3,294,000 above the 2003 level and \$10,000,000 below the request. The Committee commends TDA for its trade capacity activities and its efforts to keep the Committee informed of its programs. The Committee recommendation is below the President's request because of the low budget allocation, not because of a lack of support for TDA.

The Committee applauds TDA for its efforts to assist countries in improving their aviation safety and security systems, which has had a positive effect on enhancing United States trade for our aviation and aerospace industries. The Committee recognizes that setting aviation and safety standards worldwide is an important component for integrating a global system of trade. Accordingly, the Committee recommends up to \$1,500,000 for TDA to promote its work in this area by providing for the development of training materials to help prepare participating countries for International Civil Aviation Organization (ICAO) audits and to correct safety and security deficiencies.

In collaboration with the U.S. National Institute of Standards and Technology, TDA is encouraged to support United States participation in the development of national technical standards compatible with American goods and services in key transition country markets.

#### TITLE II—BILATERAL ECONOMIC ASSISTANCE

##### FUNDS APPROPRIATED TO THE PRESIDENT

##### AGENCY FOR INTERNATIONAL DEVELOPMENT

##### STRUCTURE OF DEVELOPMENT ASSISTANCE ACCOUNTS

The Committee provides two accounts for longer-term development assistance programs managed by the United States Agency for International Development (USAID). As in fiscal year 2003, the bill includes an account for child survival and health programs. It also includes a separate development assistance account for other program sectors, including economic growth and trade capacity building activities, education, environment, and governance. As in past years, the Committee has included all funding for HIV/AIDS within the Child Survival and Health Programs Fund, but permits limited authority for a Coordinator of United States Government Activities to Combat HIV/AIDS Globally (the "AIDS Coordinator")



in the immediate office of the Secretary of State to directly manage and obligate funds.

Three existing regional accounts jointly managed by the Department of State and the Agency for International Development are included elsewhere in title II. The Committee utilizes the regional accounts to fund most economic and political cooperation with Russia, the independent states of the former Soviet Union as well as the former captive nations of the Soviet Empire in Central Europe, and several Andean countries.

Finally, authority is provided for the United States to make contributions from the Child Survival and Health Programs Fund to three international health funds: the Global Fund to Fight AIDS, Malaria and Tuberculosis (the "Global Fund"); The Vaccine Fund [associated with the Global Alliance for Vaccines and Immunizations]; and the International AIDS Vaccine Initiative.

#### CHILD SURVIVAL AND HEALTH PROGRAMS FUND

##### (INCLUDING TRANSFER OF FUNDS)

Fiscal year 2003 level .....	\$1,824,563,000
Fiscal year 2004 request .....	1,495,000,000
Committee recommendation .....	2,235,830,000
(by transfer) .....	(- 6,000,000)

The Committee recommends \$2,235,830,000 for the "Child Survival and Health Programs Fund", an amount that is \$740,830,000 above the request for the Child Survival and Health Programs Fund, but \$170,830,000 above the request if it is adjusted to reflect the fiscal year 2003 account structure. The recommendation is \$411,267,000 above the amount enacted for 2003.

The United States has been, and is continuing to be, the leader in the global fight against HIV/AIDS. As it has for many years, the Committee continues to support the fight against HIV/AIDS through bilateral assistance programs managed by the Agency for International Development. In other appropriation Acts, additional support for the fight against HIV/AIDS is provided through the Centers for Disease Control and the National Institutes of Health.

In order to protect the integrity of the Child Survival and Health Programs Fund and the long-standing role of the Secretary of State as primary agent of the President of the United States in foreign affairs, the Committee includes language similar to prior year provisions that limits transfer of these funds to another department or agency of the United States Government.

The Committee has made available a total of \$1,430,330,000 in this bill for HIV/AIDS, tuberculosis (TB), and malaria, of which \$1,396,330,000 is funded through the Child Survival and Health (CSH) Programs Fund. Another \$34,000,000 is provided through other accounts, such as the Economic Support Fund, International Disaster Assistance, and regional accounts for Eastern Europe and the former Soviet Union. The comparable figures for HIV/AIDS only, without TB and malaria are discussed under "HIV/AIDS Summary".

#### GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

In order to support the international character of the Global Fund, as jointly announced by the United States President and the

United Nations Secretary General in 2001, the Committee again recommends a burden-sharing provision, similar to one recently enacted in Public Law 108–25, limiting the United States cumulative contribution at any time to one-third of the Global Fund’s expended and currently available contributions by all donors.

In order to encourage other donors, the Committee recommends that \$400,000,000 be provided from the Child Survival and Health Programs Fund to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). To date, the President has requested \$100,000,000 for this purpose in this bill. In addition, \$100,000,000 has been requested for the Global Fund and included in the Labor, Health, and Human Services Appropriations bill.

Should the Committee’s recommendation in this bill and the Labor-HHS Appropriations bill for the Global Fund both be enacted into law and sufficient matching funds provided by other donors, the cumulative United States contribution to the Global Fund through fiscal year 2004 would total at least \$1,122,700,000, far more than has been made available to the Global Fund, thus far, by other donors. The Committee was informed that United States contributions as of June 13, 2003, represented 42 percent of all funds received by the Global Fund. In the event that other donors do not pledge and deposit sufficient additional monies by a date certain, the residual would be available to the AIDS Coordinator for bilateral activities.

The Committee notes that the Global Fund was established to fight the global resurgence of tuberculosis and malaria as well as HIV/AIDS. In calculating its recommended allocations for specific diseases, the Committee assumes that the United States contribution will be used for awards that focus on HIV/AIDS, although some may be used for tuberculosis and malaria. The actual distribution of funds by the Global Fund will depend on the merits of the proposals it receives.

#### ALLOCATION OF CHILD SURVIVAL AND HEALTH PROGRAMS FUND

Unless modifications are subsequently notified and agreed to by the Committees on Appropriations, fiscal year 2004 appropriations for the Child Survival and Health Programs Fund are deemed to be allocated as follows:

<i>Category</i>	<i>Allocation</i>
Child Survival and Maternal Health .....	\$324,000,000
Vulnerable children .....	27,000,000
HIV/AIDS (bilateral) .....	840,830,000
Other Infectious Diseases (TB and malaria) .....	155,500,000
Reproductive Health/Voluntary Family Planning .....	368,500,000
Unrestricted Grant to UNICEF .....	120,000,000
Global Fund to Fight AIDS, TB, and Malaria .....	400,000,000
Total in Child Survival and Health Programs Fund .....	2,235,830,000
Other CSH activities in ESF .....	85,000,000
CSH activities in regional accounts .....	86,000,000
Total in all Foreign Operations accounts .....	2,406,830,000

A definition of program categories and their components can be found on pages 9 through 11 of House Report 107–142 and under the heading “Family Planning/Reproductive Health” on page 12 of Senate Report 107–58. The United States Agency for International Development has also issued guidance on this matter.

The Committee is again including bill language that prohibits the use of certain funds in this account for nonproject assistance, or cash grants, to governments. The provision of cash grants as general budget support for governments is no longer an appropriate development tool, given current funding constraints. To the extent that cash grants are necessary for countries in transition or for specific foreign policy goals, funds are available through the "Economic Support Fund".

#### CHILD SURVIVAL AND MATERNAL HEALTH: FORMER SOVIET UNION

The Committee continues to be concerned about the low priority assigned to declining maternal and environmental health conditions and the increasing incidence of TB/HIV in Russia, Ukraine, and the Central Asian republics. The positive results achieved with the small amounts already spent for such programs in recent years have been dramatic. The Committee has included bill language regarding a minimum level of \$63,000,000 to be allocated for child survival and health programs within the separate account, "Assistance to the Independent States of the Former Soviet Union."

#### CHILD SURVIVAL AND MATERNAL HEALTH: MICRONUTRIENTS

The Committee recommends that USAID make every effort to provide \$30,000,000 from all accounts for its overall micronutrient program. Vitamin A is essential to the functioning of the immune system and increases children's resistance to disease. Vitamin A affects more than 100,000,000 children and is responsible for as many as one out of every four child deaths in countries where the problem exists. Vitamin A is a low-cost solution to many easily preventable diseases, and at least \$20,000,000 of the overall micronutrient program should be for activities related to Vitamin A deficiency.

The Committee has been aware for many years that iodine deficiency disorder (IDD) is the leading preventable cause of mental retardation in children. The problems associated with iodine deficiency are particularly of concern in the former Soviet republics and southeast Europe and regions of Africa and South Asia. Private funds, raised by Kiwanis International and implemented by UNICEF, are preventing the mental retardation of millions of children. The Committee recommends that USAID provide \$2,000,000 from the Child Survival and Health Programs Fund and at least \$1,500,000 from Europe and Eurasia regional accounts for the Kiwanis/UNICEF IDD partnership program.

#### CHILD SURVIVAL AND MATERNAL HEALTH: POLIO ERADICATION

The Committee recommendation includes within the child survival and maternal health allocation not less than \$25,000,000 for the final phases of the program initiated by the Committee in fiscal year 1996 to eradicate polio by 2006.

#### CHILD SURVIVAL AND MATERNAL HEALTH: VACCINES AND IMMUNIZATION

The Committee is aware that three million lives could be saved each year if every child received life-saving immunizations. The Vaccine Fund, in support of the Global Alliance for Vaccines and

Immunization (GAVI), helps close the gap between children who receive immunizations and those who do not. Since GAVI's launch three years ago, almost \$1,000,000,000 for 64 countries has been committed from all donors for immunization programs—potentially saving two million lives a year. The Committee strongly supports continued funding for this program, and recommends that \$60,000,000 be provided to The Vaccine Fund in fiscal year 2004.

#### VULNERABLE CHILDREN

The Committee directs USAID to allocate \$27,000,000 for displaced children and orphans and blind children in fiscal year 2004. The Committee addresses assistance for children affected by HIV/AIDS elsewhere.

Older children permanently placed in orphanages are often dismissed from state care and thrown out on the streets to survive without skills. Most such orphans find that their only chance for survival is to participate in criminal acts, including prostitution and selling drugs. United States assistance in establishing a limited number of vocational-technical centers will teach these orphans the necessary skills to become productive members of society. The Committee is aware of the effective programs to address this situation by the Fabretto Children's Foundation and requests that USAID support them.

Worldwide, one child goes blind every minute. There are one and a half million blind children, and another 7 million children suffer from low vision. The Committee recognizes the work being done by Helen Keller Worldwide and other organizations to assist these children, who can be helped through simple and inexpensive methods of prevention and low cost care. The Committee recommends that the USAID program for children's blindness be funded at a level of \$1,500,000.

The Committee notes that handicapped and other disadvantaged children in USAID countries have few opportunities for physical exercise that promotes development. A significant portion of the allocation for vulnerable children should be allocated for established organizations such as Special Olympics and Olympic Aid that have a record of accomplishments in this sector.

The Committee commends the work of Operation Smile in repairing childhood facial deformities and building sustainable healthcare systems in the developing world. The Committee urges USAID to consider a proposal by Operation Smile to complement the organization's private support with federal funds.

#### HIV/AIDS: OVERVIEW

As with all USAID programs, the fight against HIV/AIDS requires "good development partners". The rapid increase in HIV infection in many poor countries can be attributed, in part, to government leaders' refusal to publicly acknowledge the crisis and to their slowness in dedicating resources to fight it. Government leaders have a responsibility to their citizens to foster awareness and education, the causes of transmission, and the scientifically proven methods to combat it. All USAID country strategies for HIV programs must include components to encourage behavioral, cultural and social change.

The United States has long led the world's response to HIV/AIDS and will expand its financial commitment as effective models of assistance and effective partners are identified.

#### HIV/AIDS: AIDS COORDINATOR

The Committee notes that the President has made his nomination for the office of the AIDS Coordinator in the State Department. The Committee regards the HIV/AIDS pandemic as an emergency and remains concerned that funds appropriated to fighting the disease are spent in an efficient, effective manner. The Committee has been concerned for some time about the lack of coordination among United States HIV/AIDS programs, now housed in at least four agencies or departments, and expects that the Coordinator will move rapidly to provide oversight and coordination. The Committee is aware of the reporting requirements established in Public Law 108-25 and requests the Coordinator to also submit his reports to the Committee. The Committee also requests the Coordinator to include anticipated fiscal year 2004 funding levels for AIDS prevention programs, and a brief summary of each such program, in the report established in section 102 of Public Law 108-25.

The Committee concurs that the President's Emergency Plan should be a focused, results-driven program. The Committee has serious concerns, however, about the lack of transparency with which countries were selected for the Emergency Plan and, noting the need to act proactively in some countries to keep the disease from erupting into the general population, directs the Coordinator to include in the Emergency Plan one country not in Africa or the Caribbean region. The Committee also notes that a more comprehensive regional approach to fighting HIV/AIDS in Africa and the Caribbean would better address the significant patterns of migration in those areas, and encourages the President and the AIDS Coordinator to direct Emergency Plan resources to Malawi, the Dominican Republic and the smaller Caribbean island states where political support by local leadership is evident.

The Coordinator will have to determine which functions should be taken over by his office and which will remain with the implementing agencies. Since these decisions have not been made yet but will have implications for funds appropriated by this Act, the Committee has provided the Coordinator with unique flexibility. However, some choices seem clear even now. For instance, USAID has largely acted as a "pass-through" for funding to the International AIDS Vaccine Initiative and the United Nations Joint Program on HIV/AIDS (UNAIDS). The Committee assumes that the Coordinator take over these payments. The Coordinator should also assume responsibility for the United States contribution to the Global Fund. Additional discussion of the Global Fund may be found elsewhere in this report.

Public Law 108-25 enables the Coordinator to provide grants to and enter into contracts with non-governmental organizations, an ability which will undoubtedly enhance the Coordinator's oversight and coordination roles. The Committee provides \$50,000,000 for grants and contracts entered into by the Coordinator's office, in addition to the funds given for directives. The Committee is aware, however, that grant and contract management requires extensive

experience and expertise, and accepts that some time may be needed to establish a system in the Coordinator's office that will ensure sound, science-based decisions. In the interim, the Coordinator should continue to rely on established structures to ensure that the flow of funds is not interrupted.

#### HIV/AIDS: MOTHER-TO-CHILD TRANSMISSION

The Committee strongly supports the inclusion of funding for programs to prevent mother-to-child transmission (MTCT) of HIV as an integral element of a comprehensive approach to HIV prevention efforts and as a springboard for reaching families and infected persons with expanded support, care and treatment. The AIDS Coordinator and USAID should ensure that established MTCT programs expand to provide support, care and treatment for families.

The Committee is concerned, however, that the process for approving country plans and sub-awards for the prevention of MTCT and related care and treatment requires the concurrence of multiple agencies and departments, including the Office of National AIDS Policy, USAID and its field missions, the Department of Health and Human Services, the Centers for Disease Control and its field offices, the National Institutes of Health, the Office of Management and Budget, and the Department of State. Approval of these country plans and sub-awards, which will fund the delivery of urgently needed services, must not be inordinately delayed. With 2,000 new HIV infections of children daily, funding must be made available as quickly as possible to maximize the impact of the response. The Committee expects the new AIDS Coordinator to expedite this process.

The Committee requests that the AIDS Coordinator, in cooperation with USAID and other relevant agencies, provide the Committee with written documentation of the streamlined approval process within 30 days of enactment of this Act.

#### HIV/AIDS: VACCINES AND MICROBICIDES

The Committee notes that, at the end of 2002, half of the world's HIV/AIDS-infected people were women. The typical woman who becomes infected with HIV has only one sexual partner—her husband, and very little say over the occurrence, frequency, and terms of sexual contact. The Committee believes that this increases the urgency of finding woman-controlled methods of HIV prevention such as topical microbicides. More than 60 potential microbicides are currently being researched and tested around the world, and, once developed, could serve as key prevention technologies complementary to vaccines, condoms, and other methods. USAID has played a particularly important role in the preclinical and clinical evaluation of potential new products, and the Committee urges that not less than \$24,000,000 in bilateral HIV/AIDS funds be available for microbicide research and development.

The Committee acknowledges the critical need to find other new technologies to prevent HIV infections and provides not less than \$15,000,000 for research on and testing of AIDS vaccines. These funds will be allocated by the Office of the AIDS Coordinator at the State Department to the International AIDS Vaccine Initiative.

## HIV/AIDS: CARE AND TREATMENT

The AIDS Coordinator and USAID are urged to accelerate efforts to identify strategies for implementing broad-based programs that include treatment. The Committee also recognizes the importance of involving people living with HIV/AIDS in the planning and implementation of programs, and urges increased efforts in this area through collaborations with established peer organizations.

The Committee notes that, as the President emphasized during his 2003 State of the Union Address, the cost of anti-retroviral drugs has dropped dramatically in recent years—in many cases as low as \$300 per year per person. As the AIDS Coordinator at the State Department begins to assess potential purchases of anti-retroviral drugs, the Committee urges the Coordinator to develop policies and procedures that incorporate considerations of quality, efficacy, and safety as well as the widest possible distribution of such drugs. The Committee notes the policy put in place by the Global Fund to Fight AIDS, TB, and Malaria regarding such matters. The Coordinator shall include in the report required by section 307 of Public Law 108–25 efforts being undertaken to avoid illegal diversion generally, and not into the United States only, of drugs purchased for humanitarian purposes. The Coordinator shall also include in the report called for in section 101 of Public Law 108–25 a description of the steps being taken to purchase anti-retrovirals at competitive prices while protecting quality, efficacy, safety, and intellectual property rights.

## HIV/AIDS: AFRICA

The Committee notes that Nigeria now has the third largest number of people living with HIV/AIDS, and in some states the infection rate is as high as 20 percent. In order to reverse the emergence of HIV in Nigeria, the Committee supports a faith-based Christian/Islamic program, two-thirds of which will be funded through Nigerian sources, to promote HIV/AIDS awareness and prevention among secondary students.

In Uganda, Kenya and elsewhere in Africa, as part of a broad range of responses to the HIV/AIDS pandemic, the Committee supports expansion of programs to promote sexual abstinence education programs in primary and secondary schools throughout the continent. Proposals by established programs such as Stay Alive and Silver Ring merit special consideration by the AIDS Coordinator.

## HIV/AIDS: CHILDREN AND FAMILIES AFFECTED BY HIV/AIDS

AIDS is devastating the family structure in many countries, leaving millions of children orphaned and more vulnerable to HIV infection, poor health, little schooling, and even sexual exploitation. Approximately 600,000 newborns in the developing world contracted the virus just last year. Experts predict that the number of AIDS orphans will reach 40,000,000 by the end of the current decade.

The Committee strongly supports efforts to assist these vulnerable children, and urges that at least \$20,000,000 be provided to assist AIDS orphans and HIV positive children. The Committee requests that the Coordinator and USAID assign priority focus to

vulnerable children affected by AIDS in Haiti. The Committee encourages USAID to support effective programs, including those administered by UNICEF and non-governmental organizations such as HOPE Worldwide and Lott Carey International, that are operating within nations affected by the epidemic.

The Committee commends the work of private voluntary organizations such as the Foundation for Hospices in sub-Saharan Africa to provide home-based hospice and palliative care to those dying of HIV/AIDS in Africa. In addition, six organizations have joined forces in the Hope for Africa Initiative. Under this initiative, CARE, PLAN International, World Conference of Religions for Peace, World Vision International, Save the Children Alliance, and the Society for Women and AIDS in Africa are working together to increase the capacity of local communities to build awareness and reduce stigma surrounding HIV/AIDS extend the life of the parent-child relationship, prepare families for transition, and ensue children's future. The Committee encourages the AIDS Coordinator and USAID to expand funding of such community based efforts.

A primary factor in the impoverishment of children affected by HIV/AIDS is the denial of inheritance rights of widowed women in many African countries. Often mothers with children are no longer allowed to remain in the family home or cultivate matrimonial land after a spouse living with HIV/AIDS dies. Denial of inheritance rights also aggravates the HIV/AIDS epidemic by forcing young widows with few resources into relations with men who carry HIV/AIDS, effectively increasing the number of orphans. The Committee again urges USAID to support non-governmental organizations with competence to address this issue in Africa.

#### HIV/AIDS: MEDIA EDUCATION

The fight against HIV/AIDS takes place on many fronts. More education about causes, effects and treatment of HIV/AIDS is needed in many regions, especially in Sub-Sahara Africa and the Caribbean. A promising approach to prevention is the use of unbiased, accurate, and culturally sensitive media to spread information on HIV/AIDS. The Committee supports additional funding for independent media training and effective public service announcements to meet these needs.

#### HIV/AIDS SUMMARY

The Committee anticipates that at least \$30,000,000 for HIV/AIDS will be funded from the Economic Support Fund (\$13,000,000) and regional accounts (\$17,000,000). Together with not less than \$1,240,830,000 from the Child Survival and Health Programs Fund, the bill makes available \$1,270,830,000 for HIV/AIDS. These numbers do not include bilateral TB or malaria programs, although there may be some overlap.

#### OTHER INFECTIOUS DISEASES: MALARIA

The Committee includes not less than the fiscal year 2003 level for the prevention of malaria, a re-emerging global killer of children and a major impediment to economic development in many poor countries. Serious consideration should be given to awarding a grant in excess of \$3,500,000 to demonstrate United States sup-



port for the Medicines for Malaria Venture, a public/private partnership leading the effort to develop new, affordable malaria drugs.

#### OTHER INFECTIOUS DISEASES: TUBERCULOSIS

The Committee recognizes that tuberculosis (TB) is the major infectious killer of adults in the world, killing between two and three million each year. This disease could result in the deaths of up to 30,000,000 people in the next decade. TB kills more women than any other cause and is the major killer of persons with AIDS. Many of these will be parents, whose orphans will be a burden on already stressed societies. In addition, the Committee notes the threat to the United States from this disease due to international travel and immigration. An estimated 15 million Americans are currently infected with the TB bacillus.

Therefore, the Committee includes not less than \$85,100,000 from all accounts for programs for the prevention, treatment, control of, and research on tuberculosis. The Committee encourages USAID to utilize the Global TB Drug Facility (GDF) to treat multidrug resistant TB. Ongoing work at Stellenbosch University in South Africa is raising the awareness of the severity of tuberculosis as the major cause of death among those living with AIDS, and the Committee requests the AIDS Coordinator to consider expanding TB education and training programs beyond the Republic of South Africa to other nations in the region.

#### REPRODUCTIVE HEALTH OVERVIEW

The Committee has provided a bill total of \$425,000,000 for reproductive health/voluntary family planning, as requested by the President. The Committee expects that \$368,500,000 of this total will be derived from the Child Survival and Health Programs Fund, the same level as fiscal year 2003.

#### OTHER INFECTIOUS DISEASES: ANTIMICROBIAL RESISTANCE AND SURVEILLANCE

The Committee supports the efforts of USAID and the Centers for Disease Control to reduce the spread of antimicrobial resistance. The Committee is aware of the special problems of infectious diseases among patients hospitalized in Asia, Latin America, and Africa, and encourages USAID to encourage the use of proven new technologies to combat antimicrobial resistance.

#### REPRODUCTIVE HEALTH/VOLUNTARY FAMILY PLANNING: RESTRICTIONS

The Committee has continued prior year language in the bill that requires that none of the funds appropriated in this bill, or any unobligated balances, be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortion. Further, the language indicates that in order to reduce reliance on abortions in developing countries, population funds shall be available only to voluntary family planning projects which offer, either directly or through referral, information about access

to a broad range of family planning methods and services. An additional provision in the bill requires that in awarding grants for natural family planning under section 104 of the Foreign Assistance Act, no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning.

The Committee also has continued prior year language that states that nothing in the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act. Further, the Committee has continued prior year language which states that project service providers or referral agents cannot implement or be subject to quotas or other numerical targets of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning.

The Committee is concerned by reports of misinformation regarding the effectiveness of condom use, especially by marital partners living with HIV/AIDS, and has included new language requiring that information on condom use provided by programs supported by funds made available by this Act shall be medically accurate and shall include the public health benefits and failure rates of such use.

#### GRANT TO THE UNITED NATIONS CHILDREN'S FUND (UNICEF)

The Committee supports efforts to reach the child survival goals set by the World Summit for Children. UNICEF is an essential partner of the United States in achieving these goals, particularly in the areas of immunization, child health and the efficient procurement of medicines. UNICEF also assists the United States in the response to emergency crises resulting from wars that affect the well-being of children. Already, UNICEF has been awarded grants of \$28,000,000 from the Iraq Relief and Reconstruction Fund for the 4-month period ending August 15, 2003.

The Committee recommends that \$120,000,000 be provided in unrestricted grant form to the United Nations Children's Fund.

#### HEALTH CARE IN AFRICA

The West Africa AIDS Initiative, a coordinated effort to prevent and treat HIV/AIDS in the militaries of the Economic Community of West African States (ECOWAS), favorably impresses the Committee. Proposals submitted on behalf of the West African Health Organization, supported by ECOWAS presidents and American schools of public health, including minority institutions, merit priority funding of \$3,500,000 by the AIDS Coordinator.

In order to facilitate one of the most promising recent developments in African health, the Committee strongly recommends not less than \$5,000,000 for rapid blood testing safety programs. In addition, the Committee supports funding of existing programs to provide training for proper testing procedures, program administration, and quality system controls. Where feasible, lower-cost, quality Africa-based implementers and non-reusable needles and syringes should be utilized. The Committee requests the AIDS Coordinator to promote the use of injection devices with reuse prevention features as an element in efforts to combat HIV/AIDS and other infectious diseases.

The Committee notes the recent UNFPA report indicating that obstetric fistula is a much more widespread problem in sub-Saharan Africa than recently believed. The incidence of fistula in Sierra Leone is particularly severe, due in part to the ten-year civil war in that country and also to the overall poor condition of the health system. The incidence of this debilitating condition could be decreased through increasing access for women to skilled birth attendants and medical care, and those women who have already suffered fistula could be helped by training local doctors to care for fistula patients and continuing programs that bring in visiting and volunteer surgeons to repair the condition. The Committee notes that USAID does not currently fund any programs specifically aimed at this condition, and urges USAID to initiate programs in the most heavily affected areas. The Committee understands that International Medical Corps (IMC) has a distinguished record of providing health services, and specifically fistula repair services, in Sierra Leone, and urges USAID to provide \$1,000,000 to enable IMC to significantly expand its program with the Sierra Leone Ministry of Health and Sanitation to address the problem of obstetric fistula. The committee supports the establishment of airborne medical transport services in African countries to fly medical personnel, supplies, and anti-retroviral therapies to rural areas on a regular schedule. The aircraft involved in this operation may also be used to bring HIV/AIDS, tuberculosis, and malaria educational materials and services to the areas served and may be used to transport patients requiring emergency care to specialized hospitals, supplementing existing ground-based ambulance services. The Committee urges the AIDS Coordinator to allocate sufficient funds for pilot programs in two African regions where scheduled air service is insufficient to serve the needs of the fight against HIV/AIDS.

The Committee is aware that the vast majority of Congolese citizens no longer have access to primary health care as a result of wars and corrupt governments since its independence in 1960. Restoration of primary health care should be the major objective of USAID activities in war-torn regions of Congo. In addition to its ongoing efforts to support restoration of primary health care throughout the former Zaire, the Committee is aware of the efforts of a public-private partnership, the Dikembe Mutombo Foundation, to build the first major hospital and teaching facility in Kinshasa in almost 40 years. Upon completion of the privately-funded physical infrastructure, the Committee recommends that up to \$2,000,000 be allocated over several years to support a Foundation proposal to promote primary health care and upgrade surviving clinics and health centers throughout the Congo.

#### PUBLIC HEALTH IN THE CARIBBEAN

The Committee is aware of the interest of INOVA Fairfax Hospital in promoting continuing medical and health care education to physicians and nurses in the Pignon region of Haiti, and recommends that USAID give serious consideration to supporting such a public-private partnership. The Committee notes that the Global Fund made an early and significant award to recipients in Haiti, and encourages USAID to continue to work with the principal recipients to arrest the spread of HIV/AIDS in Haiti. The

Committee expects USAID not to increase support for HIV/AIDS programs in Haiti at the expense of other Child Survival and Health programs there.

#### DEVELOPMENT ASSISTANCE

Fiscal year 2003 level .....	\$1,379,972,000
Fiscal year 2004 request .....	1,345,000,000
Committee recommendation .....	1,317,000,000

The Committee recommends \$1,317,000,000 for the general account for development assistance for economic growth, trade and environment. The amount recommended is \$28,000,000 below the budget request and \$62,972,000 below the fiscal year 2003 level. Funding in this account includes worldwide activities for free market economic development, agriculture, rural development, literacy and basic education for children and adults, environment, energy, science and technology and other programs related to longer-term development.

#### ECONOMIC GROWTH: OVERVIEW

The Committee considers free market economic growth, and the USAID programs designed to lead directly to growth, the Agency's most important objective in Latin America and Asia. Simply put, without sustained economic growth, USAID's development programs for health, population, environment and other purposes, can have only marginal long-term benefits in poor countries.

In the near-term, the Committee continues to support increases in USAID resources for health improvement through the "Child Survival and Health Programs" account. But improved social conditions of children matter only if the future economies of these countries can provide employment for these healthier, better educated citizens. Therefore, the Committee encourages USAID to increase funding for free market economic development in its development programs in each of these regions.

The Committee continues to support USAID technical assistance programs to encourage macro-level economic growth. These include programs to assist with privatization of state-run industry and legal and regulatory reform to modify trade and tax barriers which stifle local entrepreneurs and which deter United States investment. In addition, USAID technical help for improving energy, transportation, telecommunication, and finance sectors is key to directly improving the economic climate of poor countries. Essential to this, of course, USAID must continue to search out reform-minded government leaders without whom these programs cannot succeed. The proposed Millennium Challenge Account is based on this approach.

The Committee supports the efforts of USAID to better coordinate with the United States Trade Representative and other concerned agencies the significant amounts of aid already being committed to assist other countries to strengthen their trade-related laws and regulatory regimes. It is in the United States national interest to ensure that relevant economic growth funds are programmed to complement trade negotiating objectives.

## HUMAN CAPACITY BUILDING: BASIC EDUCATION

The Committee recognizes that educating children in developing countries provides the foundation for sustained economic growth, poverty alleviation, and the creation of democratic institutions. There is also clear evidence that the collateral benefits of providing basic education for girls, including improved child and maternal health, lower fertility rates, reduced child labor, and increased political participation, make it one of the most effective expenditures of United States foreign assistance.

The Committee also recognizes the importance of education in the fight against HIV/AIDS in developing countries. The pandemic has severely affected not only school-age children, but also the teacher populations in sub-Saharan Africa. The Committee encourages USAID to promote approaches to HIV/AIDS prevention which recognize the central role played by schools and teachers, including integrating information into curricula, instituting prevention programs in schools, and focusing on HIV/AIDS in teacher training institutes.

The Committee recognizes that expanding access to education, especially combating child and adult illiteracy, is critical to long-term development.

The Committee supports the work of Alfalit International, an educational nongovernmental organization dedicated to promotion of literacy, elementary education, and community development in Africa and Latin America. Alfalit's proven record during the past three decades has helped significantly reduce child and adult illiteracy throughout Latin America and Africa. The Committee urges USAID to provide not less than \$1,500,000 for Alfalit to jointly develop and implement programs to combat adult illiteracy in additional countries in which USAID operates.

## HUMAN CAPACITY BUILDING: WOMEN'S LEADERSHIP TRAINING

The Committee notes that USAID ignored language included in House Report 108-10 directing that \$10,000,000 in Development Assistance funding be provided to the Bureau of Democracy, Conflict, and Humanitarian Assistance for women's leadership training programs. In House Report 107-663, the Committee clearly set forth the potential uses of these funds, indicated that they could be used for various aspects of women's leadership training, including: building capacity of women-led NGOs to advocate for women's rights, legislative, judicial, and security sector-reform; facilitating women's involvement in peace and reconstruction processes in conflict-ridden and post-conflict societies; and training women to participate in local and national political systems. Despite this clear direction, USAID has indicated it will spend \$6,120,000 on such programs, and has included construction projects for girls' schools and dormitories as part of the calculation, which was not the intention of the Committee. The Committee has therefore provided that not less than \$11,000,000 in Development Assistance shall be made available only for programs to improve women's leadership capacity, and that these funds may not be used for construction. The Committee directs USAID to report not later than 90 days after the enactment of this Act on its plan for obligating and disbursing these funds.

## TRADE CAPACITY BUILDING

Trade capacity building (TCB) is a critical element of development assistance because it can be leveraged to generate economic growth, reduce poverty, promote the rule of law, and help provide the much needed public resources to finance social investments by developing countries. Over time, it plays a catalytic role in helping to leverage other resources for sustainable development.

Trade capacity building initiatives help developing countries participate in the global trading system. When successful, such capacity building can contribute to more beneficial trading relationships and the acceleration of poverty elimination and economic growth in developing countries. Developing countries that generate growth through trade will be less dependent on official aid over time.

For fiscal year 2004, the Committee provides \$194,000,000, an increase of \$35,000,000 over last year, for trade capacity building efforts. Of this increase above current levels, \$25,000,000 should be for building developing country capacity to implement trade arrangements with the United States, particularly in customs, sanitary and phyto-sanitary measures; improvements in governance and transparency regarding government procurement; and related regulatory reforms that may be necessary in order for the developing country to benefit fully from the trading arrangement.

The remaining \$10,000,000 should be used for programs that should include: trade policy and related training for government officials, such as customs officers, environmental analysts, trade and investment policy officials, patent and copyright officials, food safety inspectors, and financial service regulators; technical assistance for environmental reviews; technical assistance and other initiatives that foster trade policy coordination among government agencies to make such trade agencies more effective and transparent, and to improve outreach to civil society and the private sector; and technical assistance to improve government agencies' statistical and analytical capabilities in the areas of trade, investment and services.

The Committee expects that these resources will be used to respond to developing country requests for assistance. Resources should be allocated to countries engaged or engaging in special training arrangements with the United States.

The Committee recognizes that agencies of the United States Government have vast expertise that makes them uniquely situated to conduct TCB initiatives. Because of this expertise, the Committee finds that interagency coordination is a key ingredient to the creation and implementation of practical and effective TCB work plans. USAID is encouraged to continue to take steps to comply with the interagency process it outlined and be an active developing country partner in TCB action plans.

The Committee requests that USAID and the Department of State, report not later than February 25, 2004, on how the two entities coordinate the development of TCB programs using funding from the Economic Support Fund (ESF) that they co-manage together. The Committee is particularly interested in the following: (1) the circumstances in which one agency is in greater control of the creation and implementation of TCB programs than the other; (2) how the two organizations consult the inter-agency process in

the context of ESF; and (3) how USAID and State Department officials in the field coordinate with the inter-agency process in Washington, DC.

In resource allocation and programming, USAID should also consult with the Office of Trade Capacity Building of the United States Trade Representative. When responding to trade capacity building proposals or action plans by developing countries, USAID also should solicit expertise from relevant Federal agencies such as Customs, Department of Commerce's Commercial Law Development Program, United States Food and Drug Administration, the Department of Agriculture's Animal and Plant Health and Inspection Service, and the International Trade Commission.

The Committee views evaluation and assessment of current TCB programming as centrally important to being able to determine the results of assistance as well as pinpoint the most effective forms of assistance. The Committee requests that USAID report not later than May 20, 2004, on the criteria that it uses to evaluate its TCB initiatives and how lessons learned from such assessment are incorporated into future TCB work plans.

#### GLOBAL ISSUES: URBAN PROGRAMS AND PROPERTY RIGHTS

The Committee is aware that urban populations in developing nations are growing rapidly, threatening the quality of life for billions of individuals. Within less than ten years, more people will be living in the world's cities than in its small towns and villages. The Committee is concerned that USAID funding for urban programs and associated technical staff has been declining sharply as urban growth accelerates.

Often property rights and commercial activity are adversely affected by inefficient, often corrupt, systems of registering small businesses and land titles. The Committee endorses expanding programs that promote property rights into selected countries where USAID is active in Latin America, Central Asia and North Africa. The Committee has provided sufficient funds for USAID to continue to fully fund its cooperative agreement with the Institute for Liberty and Democracy and to expand the International Real Property Program into a worldwide effort.

#### GLOBAL ISSUES: CLEANER ENERGY, RELIABLE POWER AND THE ENVIRONMENT

The Committee is aware that many environment challenges, from urban pollution to rural deforestation, are a result of failures to develop cleaner energy and more efficient power sources. Where lead continues to be used in gasoline, diesel generators substitute for electricity from unreliable grids, and areas surrounding towns and villages are denuded of vegetation in the daily search for cooking fuel, humans and their environment are degraded. The Committee welcomes the new focus of the President and Secretary of State on power generation for sustainable development.

As a key element of the power for sustainable development initiative, the Committee recommends a renewed emphasis on hydropower, using an initial multi-year grant of \$3,000,000 to a specialized non-governmental organization representing the United States hydropower industry to provide project development and implementation services. As with other power and energy sectors, USAID

has a key role in assisting foreign governments, international financial institutions, and the local private sector to establish necessary energy and investment framework and governance practices in emerging markets.

#### GLOBAL ISSUES: ACCESS TO CLEAN WATER AND WATER MANAGEMENT

The Committee is pleased that the Administration is directing additional resources toward clean water and water management, more than \$350,000,000 in fiscal year 2004. Competition for scarce fresh water is already predicted to be a major source of international conflict during the twenty-first century, as it is now within the Middle East. Elsewhere, intra-regional cooperative programs for water management, for the Indus Water Agreement between India and Pakistan more than 40 years ago to the new South Asia Water Resources Program, are notable accomplishments for international development assistance.

In Africa, especially in communities severely impacted by HIV/AIDS, ready access to clean water is lacking, resulting, in increasing rates of water-borne diseases and higher infant mortality rates. The Committee urges the President to direct not less than \$50,000,000 from this Act to build wells in rural areas, and secure water delivery systems in urban areas, of African communities that lack access to fresh water.

#### GLOBAL ISSUES: BIODIVERSITY

The Committee applauds the accomplishments of USAID in integrating biodiversity and forest management in its economic and social development programs. The Committee urges USAID to provide not less than \$110,000,000 in fiscal year 2004 for its biodiversity and related environment programs.

Concerned with contributions to regional instability from resource scarcity and other issues of environmental security, the Committee continues to support the work of centers of expertise such as the Foundation for Environmental Security and Sustainability.

The Committee again recommends that USAID continue to provide \$500,000 to support the Neotropical Raptor Center in Panama to conserve birds of prey in the Panama Canal watershed area and throughout the new-tropics. The Committee notes that the Center receives matching private financing for this project.

#### ECONOMIC GROWTH: COLLABORATIVE RESEARCH SUPPORT PROGRAMS

The Committee supports the continuation of the collaborative research support programs (CRSPs) and urges USAID to increase funding for the CRSPs in fiscal year 2004. The Committee believes that CRSPs, such as the Peanut CRSP established in 1982, are clearly one of USAID's best investments, funding for which should be increased rather than reduced. The Committee notes that agricultural research and development has led to greater economic development, increased income, and a more available food supply for the world's poor. The Committee is also aware of a cereals genome initiative in conjunction with the International Agricultural Research Centers that merits support within the biotechnology sector. The Committee directs that the Cooperative Development Research



Program, which funds collaborative research projects involving scientists from developing countries and Israel, be funded at the same level as in fiscal year 2003.

#### ECONOMIC GROWTH: MICROENTERPRISE

Microenterprise, while unable to alter economic indicators on a national scale, can significantly improve personal and family incomes, thus providing money for school fees, health supplies, and more nutritious food, and stimulating economic growth at the community level. The Committee expects USAID to strive to achieve the authorization level enacted by Public Law 108-31. Furthermore, in order to maximize service delivery to poor clients, the Committee directs USAID to take all necessary measures to preserve the viability of the leading long-serving, private NGO Microfinance Networks, and to report to the Committee, not later than 60 days after enactment of this Act on its efforts in this regard.

#### AFGHANISTAN

The Committee has included a general provision (section 523) on funding for Afghanistan. The Committee understands that the lack of USAID staff on the ground and the continued challenges posed by the poor security situation in Afghanistan have resulted in a significant amount of United States-funded reconstruction activities being financed through large-scale contracts with multinational NGOs and for-profit development implementers. The Committee is concerned by the long-term implications of this situation, particularly the consistent lack of opportunities for small, Afghan-led NGOs—and particularly women-led NGOs—to improve their technical expertise and development delivery capacity. The Committee directs USAID to establish a contracting mechanism for the disbursement and monitoring of technical assistance and small grants to such NGOs, and to report back to the Committee no later than 60 days after the enactment of this act on progress made toward this goal.

The Committee notes that Afghanistan's women continue to struggle to achieve the basic rights they lost during the Taliban period, and were severely affected by their inability during that time to attend school, hold jobs, and travel outside their homes. The Committee urges implementers of programs in Afghanistan to carefully integrate Afghan women into activities related to development and reconstruction, and believes that, in order to complement the overall effort, there should be a specific focus on strengthening Afghan women-led institutions and organizations. The Committee urges the State Department Coordinator of Assistance to Afghanistan and USAID to devote not less than \$10,000,000, of which \$5,000,000 should be derived from funds appropriated in this Act, to support Afghan women. All such activities should be coordinated with Afghanistan's Ministry of Women's affairs, and, where feasible and consistent with United States accounting standards, through the Ministry. The Committee reiterates its expectation that Women's Centers will be built and equipped in 17 regional center and will provide legal and protective services, computer and literacy classes, and vocational courses.

## LATIN AMERICA AND THE CARIBBEAN: OVERVIEW

The Committee is pleased that USAID has responded to report language from prior years urging that greater emphasis be provided for programs in Latin America and the Caribbean. The Committee reiterates its intention that the allocation of funds for this region from Development Assistance and the Economic Support Fund should not be substantially less than the combined level for both accounts in fiscal year 2003.

The Committee notes with approval that the current President of Nicaragua has launched a wide-ranging anti-corruption campaign and deserves strong support from the United States. His government has indicted a former President and many high ranking former government officials. The current President and his administration have worked with the assistance of United States Department of Justice in regard to several of these investigations. The Committee urges the Administration to increase its assistance to Nicaragua to help demonstrate that making a major stand for rule of law and against corruption brings concrete benefits to developing nations.

The Andean and Central America/Caribbean regions, especially, would continue to benefit from trade capacity building assistance, including that related to agricultural exports.

## LATIN AMERICA AND THE CARIBBEAN: CONSERVATION

The Committee strongly reiterates its continued support for the USAID Parks in Peril (PiP) program, a partnership with the Nature Conservancy which has leveraged more than \$300,000,000 of non-United States Government funds for conservation of imperiled ecosystems throughout Latin America and the Caribbean. The Committee expects that USAID will continue to support this program at not less than recent annual funding totals.

In addition to its on going mission of aiding the under developed economies of Latin America, the Committee urges USAID to pursue new opportunities for increased cooperation among Latin American nations in the area of conservation, especially those that may result in additional protection for areas located within or near the Pantanal in Brazil, Bolivia, and Paraguay.

## LATIN AMERICAN AND THE CARIBBEAN: HAITI

The Committee is aware of the ongoing humanitarian crisis in Haiti, and urges the Department of State, USAID, and the Peace Corps to continue food, health and economic growth assistance at not less than the fiscal 2003 levels. In particular, job creation assistance, such as aid to artisans and craftsmen should be adequately funded, as well as support for education.

The Committee expects the Department of the Treasury to support multilateral development bank projects that create and rehabilitate infrastructure, especially roads and ports. The Committee requests the Departments of State and Treasury to provide it within 90 days of enactment of this Act a report detailing activities in Haiti, if any, of the Inter-American Development Bank and the International Development Association of the World Bank, including net flows of resources, and liabilities associated with the recent payment of arrears to multilateral development banks. The report

should also include a full assessment progress toward the implementation of Organizations of American States Resolution 822, and its impact on the economic and humanitarian situation in Haiti.

#### LATIN AMERICA AND THE CARIBBEAN: SCHOLARSHIP PROGRAM

The Committee commends USAID for moving forward to finalize a new five-year agreement to continue the Cooperative Association of States for Scholarships and to extend this successful program to include Mexico. While the agreement calls on the Center for Intercultural Education and Development to undertake a major new dimension of this program without supplemental resources, the Committee understands that work to fulfill the added responsibilities is already underway. To ensure the program's continued effectiveness, the Committee expects USAID to fully implement and fund the new agreement.

#### AFRICA: CONGO RECONSTRUCTION

After years of civil conflict and occupation by foreign African armies, extensive areas of the Democratic Republic of the Congo are again relatively free from conflict. The Committee urges USAID to expand its health, education and other reconstruction efforts in formerly conflictive regions where government services are generally absent, especially among small and disadvantaged populations in the Inongo district of Bandundu region.

#### ASIA: OVERVIEW

The Committee notes that Asia (beyond the Middle East) is a region of paramount strategic and economic importance to the United States. This is particularly evident since the events of September 11, 2001. The Department of State and USAID are encouraged to increase support for programs that enhance the status of women in Islamic nations, to support peace implementation in Sri Lanka, and to urge the Government of Nepal to respect the rights of Tibetan refugees as it seeks help to overcome a serious insurgency. The Committee is recommending general provisions affecting funding levels for Afghanistan, Burma-Thai border programs, and Tibet communities, and includes under the heading "Economic Support Fund" report language addressing funding levels for Mongolia and East Timor.

#### ASIA: ECONOMIC GROWTH ACTIVITIES

Technical assistance in support of updated commercial policies and legal structures also promotes United States trade with, and investment in, Asia. This approach to development assistance should continue to be a high priority, and the Committee again directs the Agency to make available, for a fourth year, \$60,000,000 for these and other economic growth activities. The Committee urges full funding of the Support for Trade Acceleration (STAR) program to help implement a bilateral trade agreement recently ratified by Congress. The Committee is also supportive of regional HIV/AIDS and country programs managed from the new Bangkok mission.

## AMERICAN SCHOOLS AND HOSPITALS ABROAD (ASHA)

The Committee directs USAID to provide up to \$20,000,000 for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 2004. The Committee directs that none of these funds be reserved for programming in any future fiscal year. All funds are to be allocated and obligated in fiscal year 2004. The Committee further expects that support will be continued, as new resources are needed, for traditional recipients in the Middle East. The Committee expects USAID to keep it currently informed regarding institutions which have received ASHA funding in previous years, but which continue to have significant unexpended balances. In addition, funds should be made available for other deserving institutions in all geographical regions, especially in sub-Saharan Africa.

## GLOBAL ISSUES: THE ROLE OF GIRLS AND WOMEN IN DEVELOPMENT

The Committee recognizes the importance of improving the economic and social situation of women and girls through respect for legal rights and expanded access to educational opportunities, adequate health care, and credit. Over the past year, a new initiative in the Near East Bureau at the Department of State has allocated significant resources from the Economic Support Fund in order to improve the economic and social situation of Arab and Middle Eastern women.

The Committee notes positively recent developments in the structure and programs of the Women in Development (WID) office aimed at increasing the office's focus on developing multi-sectoral women-in-development strategies and managing task orders to provide technical assistance at the mission level. However, personnel shortages in the WID office continue to constrain its ability to undertake an ambitious mission, and the Committee notes with concern that funding for the WID office continues to be allocated from various functions within the Economic Growth, Agriculture and Trade Bureau, despite the fact that the office should be dealing with issues affecting functional and regional bureaus across USAID. The Committee urges USAID to maintain funding for the WID office at the fiscal year 2003 level of \$11,000,000, and directs USAID to report not later than 90 days after the enactment of this Act on the activities planned for the office in fiscal year 2004, and on measures it is taking to staff the office adequately and to expand the office's ability to exert Agency-wide influence.

## INTERNATIONAL FERTILIZER DEVELOPMENT CENTER

The Committee strongly supports the fertilizer-related research and development being conducted by the International Fertilizer Development Center (IFDC) and urges the Administrator of USAID to make \$2,300,000 available for the core grant to IFDC, a center established to support USAID.

## DAIRY DEVELOPMENT

Information provided by USAID indicates that the agency recently provided \$25,000,000 to development projects associated with the dairy industry in developing economies. Many of these projects have provided safe, nutritious and affordable food to the local populations, fostered growth of small businesses through re-

form of local government policies, and empowered stakeholders in projects, especially women, through job creation and increased incomes—and continue to do so today. Such projects also allow the United States dairy industry to be more competitive by promoting American technology, equipment, inputs and industry-based technical assistance abroad. As USAID continues to develop its priorities in developing agricultural capacity around the world, the Committee continues to strongly recommend that USAID support dairy-related programs.

The Committee directs USAID to fund such programs at not less than \$15,000,000 in fiscal year 2004. Of this amount, the Committee recommends that at least \$7,500,000 be made available for new projects at missions supplementing their existing rural development programs with a dairy component. These projects should facilitate efforts by United States dairy livestock businesses and organizations to engage emerging markets in developing local sustainable enterprises capable of delivering dairy livestock-related goods and services. The Committee recognizes the management needs of USAID in overseeing this program, and supports the use of a reasonable amount of operating expenses by the Economic Growth, Agriculture and Trade Bureau to meet its administrative burden.

The Committee requests USAID to provide a report not later than March 31, 2004, outlining its actions in meeting the above directives, and advises the Agency to be more rigorous in its determination of which projects comply with this directive.

#### TORTURE TREATMENT CENTERS

Supporting treatment centers as permanent national institutions is the best way of providing treatment services to victims of torture and advocating for the elimination of torture globally. Accordingly, the Committee again recommends \$10,000,000 for USAID to support foreign treatment centers for victims of torture as authorized by the Torture Victims Relief Act and the Torture Victims Relief Reauthorization Act of 1999.

#### UNITED STATES UNIVERSITY SUPPORT FOR DEVELOPING COUNTRIES

The Committee continues to receive numerous requests to fund specific activities at or through American institutions of higher education. The Committee strongly supports activities that advance international development and United States foreign policy goals. The Committee has reviewed the concepts proposed for funding, and recommends that USAID and/or the Department of State (as appropriate for the proposed project) actively consider proposals submitted by the following organizations.

Unless a proposal demonstrates a unique, innovative, or proprietary capability, or demonstrates special considerations that justify limited or non-competitive treatment, the Committee expects that competitive procedures will be applied with regard to the proposals on the list that follows. The Committee also expects USAID to give priority to proposals that have technical merit, realistic budgets, and achievable objectives.

No later than March 12, 2004, the Agency for International Development shall submit a report to the Committee on the status of each activity identified below. Such report shall include: (1) the sta-

tus of a funding proposal by the organization associated with each activity; (2) the degree to which the proposal is consistent with United States development assistance and foreign policy goals for the country or region in which the activity would take place; (3) the degree to which matching or other funds would be provided by the organization to complement the Federal contribution; (4) to the extent known at the time, any decision by USAID or the Department of State on funding the activity, including the proposed funding level; and (5) any other relevant information deemed important by USAID or the Department of State. The Committee also expects to receive a second report on the status of these proposals no later than September 6, 2004. In addition, the Committee requests that USAID identify an office or organization within the agency, or within the Department of State if appropriate, to which inquiries can be directed on the status of these proposals.

With the foregoing in mind, the Committee recommends the following proposals for USAID's active consideration:

Proposals by Loma Linda University to expand its medical education and health care programs in developing countries;

A proposal by the National Center for Computational Hydroscience and Engineering (NCCHE) at the University of Mississippi to transfer state of the art modeling technology to Belize through programs to enhance waterways navigation safety, flood prediction and prevention, water resources engineering, environmental and ecological impact assessment, and soil conservation;

A proposal by Tulane University and African institutions to expand multidisciplinary research centers in malaria-infested regions of Africa to develop improved responses to the reemergence of malaria;

A proposal by the University of Wisconsin Stevens Point, Global Environmental Management Program, to develop responsible and sustainable ecotourism programs;

A proposal by Texas A&M University and other Alabama and Texas institutions of higher learning to expand research in the United States, Ghana and other cooperating countries to further refine the technology for remediating the effects of mycotoxins in food and feed;

A proposal by San Diego State University to develop the South Asia Water Resources Program to promote efficient use of water through agriculture sector training and transnational cooperation on the efficient use of shared water resources;

A proposal by the University of North Carolina-Center on North Carolina-Mexico Relations for activities to improve education, health, and environmental services in Mexico;

A proposal by Chestnut Hill College in Pennsylvania for a distance learning and exchange program in Ukraine;

A proposal by South Dakota State University to provide agricultural exchanges with institutions in China, the Russian Federation and Kazakhstan;

A proposal by Louisiana State University-School of Law to support intra-hemispheric trade;

A proposal by Bemidji State University in Bemidji, Minnesota to create a Central Asian Institute to facilitate cross-

cultural understanding and enhance the education of citizens in Central Asia;

A proposal by San Francisco State University to coordinate the activities of major actors in AIDS research, prevention, and treatment in Africa, evaluate program effectiveness, and develop a baseline of best practices;

A proposal by the University of Alabama at Birmingham School of Public Health, the Johns Hopkins School of Public Health and Hygiene, and the Gorgas Memorial Institute for Tropical and Preventive Medicine, Inc. to continue their tuberculosis control programs in Russia, Latin America, Southeast Asia, and South Africa;

A proposal by the University of Alabama at Birmingham School of Public Health to develop an effective HIV-1 vaccine;

A proposal by West Virginia University to train developing country journalists;

A proposal by the Kroc Institute for International Peace Studies at the University of Notre Dame to support regional religious and cultural institutions in non-violent solutions to problems in Muslim societies;

A proposal by the University of Nebraska Medical Center to train health professionals in developing countries through its Center for International Internet-Based Health Professions' Education;

A proposal by George Mason University to develop an academic center of excellence for the trade capacity building technical assistance;

A proposal by Florida A&M University to fund a distance learning education program in Ghana;

A proposal by the John Joseph Moakley Center for Law, Justice, and Human Rights at Boston College to support programs that promote justice and human rights around the world through the College's undergraduate and graduate international programs;

A proposal by the Asian University for Women to provide higher education opportunities for women from Muslim nations;

A proposal by Middle Tennessee State University to work with the University of Durban, South Africa on a program to improve the quality of life for those affected by HIV/AIDS and to reduce HIV transmission through prevention strategies;

A proposal by the University of the Middle East in Cambridge, Massachusetts, for programs to promote academic excellence, regional cooperation, and tolerance among Muslim, Christian, and Jewish scholars from the Middle East region;

A proposal by Educational Advancement Alliance on behalf of the proposed Caribbean American Mission for Education Research and Action initiative to elevate the condition of people of the Caribbean using United States expertise in educational methodologies as the major vehicle;

A proposal by Columbia University's International Research Institute for Climate Prediction to strengthen local capabilities to assess, forecast, and reduce risks posed by floods and drought in southern Africa, devise an integrated basin management approach for major river systems in southern Africa,

and mitigate the effects of extreme climate events on disease and famine in West Africa;

A proposal by the University of Florida to collaborate with Latin American and Caribbean universities to strengthen rule of law in the region;

A proposal by the University of Miami-Institute for Cuban and Cuban American Studies to participate in the Cuban Transition Project; and

A proposal by Brandeis University-Andrei Sakharov Archives and Human Rights Center to collect and preserve documents related to the life of Andrei Sakharov.

#### INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

Fiscal year 2003 level .....	\$288,115,000
Emergency supplemental funding .....	143,800,000
Fiscal year 2004 request .....	235,500,000
Committee recommendation .....	315,500,000

The Committee recommends \$235,500,000 for the International Disaster Assistance account and an additional \$80,000,000 for famine relief, prevention, and mitigation. When taken together, the recommended level is \$80,000,000 above the request and \$27,385,000 above the fiscal year 2003 enacted level excluding emergency supplemental funding.

The Committee again requests two one-time reports from the Administrator of USAID: within 30 days of enactment of the Act, a report on the planned allocation of International Disaster and Famine Assistance funds, including an appropriate amount for reconstruction activities proposed to be undertaken for victims of natural disasters; and within 90 days of enactment, a report on the Agency's recommendations for future budgeting for developmental relief to alleviate ongoing complex humanitarian disasters, such as in Sudan and Liberia, from the disaster assistance and other USAID-managed accounts.

The Committee is especially concerned about the dire humanitarian situation in Liberia and neighboring countries of West Africa, and asks that the highest possible level of support be provided for local private non-governmental organizations, including faith-based relief organizations such as the those under the patronage of the Archdiocese of Monrovia that have persevered through decades of civil conflict.

The Committee urges the State Department and USAID to consider the use of microprocessor-controlled mobile factories with the capability to construct buildings and shelter as part of reconstruction efforts in Afghanistan and Iraq, and for relief and military requirements in Jordan. This equipment has multiple potential applications for these and other programs, such as infrastructure development, reconstruction, national disaster response, and humanitarian relief.

The Committee does not include funding for two new initiatives in the request: the Famine Fund and the United States Emergency Fund for Complex International Crises. The Committee notes the absence of a budget justification for the requests in fiscal year 2004, but given the desperate need for food assistance especially in Africa, the Committee has recommended funds to be appropriated to USAID and to be administered by USAID. The Committee ex-



pects full consultation on the use of these funds on a periodic basis or as funds are obligated.

#### TRANSITION INITIATIVES

Fiscal year 2003 level .....	\$49,675,000
Fiscal year 2004 request .....	55,000,000
Committee recommendation .....	55,000,000

The Committee recommends \$55,000,000 for this account, as requested by the President. The Committee does not preclude USAID's Office of Transition Activities (OTI) from using resources transferred from other development accounts in this Act. Also, the Committee requests that USAID report on a semi-annual basis the expenditure and specific use of funds by OTI.

#### DEVELOPMENT CREDIT AUTHORITY

(INCLUDING TRANSFER OF FUNDS)

##### PROGRAM ACCOUNT

Fiscal year 2003 level .....	
(by transfer) .....	(\$24,500,000)
Fiscal year 2004 request .....	
(by transfer) .....	(21,000,000)
Committee recommendation .....	
(by transfer) .....	(21,000,000)

##### ADMINISTRATIVE EXPENSES

Fiscal year 2003 level .....	\$7,542,000
Fiscal year 2004 request .....	8,000,000
Committee recommendation .....	8,000,000

The Committee recommends a ceiling of \$21,000,000 on the amount that may be transferred from bilateral economic assistance accounts for the subsidy cost of loan guarantees under the Development Credit Authority program.

The Committee recommends \$8,000,000 for administrative expenses, the same as the requested level.

#### PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Fiscal year 2003 level .....	\$45,200,000
Fiscal year 2004 request .....	43,859,000
Committee recommendation .....	43,859,000

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

#### OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 2003 level .....	\$568,282,000
Emergency funding .....	24,500,000
Fiscal year 2004 request .....	604,100,000
Committee recommendation .....	604,100,000

The Committee has recommended funding for United States Agency for International Development operating expenses at a

level of \$604,100,000, which is the same as the Administration's request. The Committee recommends bill language providing that \$30,000,000 of the fiscal year 2004 appropriation remain available until September 30, 2005. The Committee also has recommended bill language clarifying that the Secretary of State may make transfers between accounts for USAID administrative expenses pursuant to sections 109 and 610 of the Foreign Service Assistance Act of 1961. The Committee has included a provision requiring USAID to notify the Committee in advance of opening any new mission overseas and of any capital construction of missions or purchase or long-term lease of offices. The reporting requirement also applies to funds appropriated under the heading "Capital Investment Fund". The Committee notes that the report language under the heading "International Narcotics Control and Law Enforcement" regarding future purchases of vehicles applies also to USAID.

#### HUMAN RESOURCES

The Committee continues to be concerned that under the existing account structure and conventions USAID is unable to adequately address its current and future human resource requirements that must be met if the Agency is to continue to play a key role in meeting rapidly evolving foreign policy challenges. Specifically, the Committee is informed that the Agency is unable to align the deployment of personnel and staff (irrespective of hiring status) with agency priorities, resources, and budget preparation processes. The lack of this capability appears to have directly impacted the Agency's ability to shift USAID personnel to Afghanistan and Iraq. In both countries, humanitarian and reconstruction assistance forms an important part of the strategy to support the interim Afghan government and the Coalition Provisional Authority. In this bill, the Committee is taking steps to enable USAID to update and align its human resources structure with current and anticipated requirements.

If the recommended changes are enacted, USAID will continue to face tremendous human resource challenges, both in light of a scale-up of efforts to fight the HIV/AIDS pandemic as well as the natural progression of retirements within the Agency. By 2007, almost 60 percent of the United States direct hire foreign service personnel will be eligible for retirement. In the same year, thirty percent of the Agency's civil service personnel will be eligible for retirement, an amount three times what it is today.

The Committee notes the important work of USAID's Overseas Workforce Group and, to advance its efforts, requests a report analyzing mission and regional workforce trends overlaid against foreign assistance levels. The analysis should be provided not later than 120 days after enactment of this Act. For each regional bureau and country mission, the Committee asks the Agency to analyze trends in employee types (direct hire, foreign service or third country nationals, personal service contractors, other United States Government personnel) and levels of foreign assistance during the preceding three fiscal years, and as projected in the fiscal year 2004 request as modified by the enacted version of this Act. By mission and regional bureau, the report should comment on the correlation between overall program size, complexity of acquisition

and award management, and the number or type of employees engaged in program administration. Relative to best practices or employee/program ratios, the report should comment on differences in program dollars, strategic objectives, or type of third party implementer and a mission's workforce size. The Committee is especially concerned that mission mode and size may be more attributable to historic patterns of staffing than current or future program realities. Both the Office of Management and Budget and the General Accounting Office (GAO) have criticized USAID for the absence of any apparent rational allocation process for staff resources. The Committee is aware of USAID's efforts to address this situation and seeks to develop a better understanding of existing workforce trends.

The Committee has recommended several changes to better align USAID support resources with programs, and has sought to provide flexibility so that USAID management will be better able to meet the development assistance challenges of the future. For example, in section 525, the Committee has included bill language allowing USAID to use temporary Foreign Service Office (FSO) appointments overseas, funded by program accounts, so the agency will employ FSO's responsible to the Administrator and the USAID management structure, rather than the current tendency to hire and rely on Personal Service Contractors (PSCs). These PSC's are too often entrusted with managing USAID's Foreign Service National workforce and, in some cases, managing the entire United States foreign assistance programs in countries, including representing the United States in discussion and negotiations with foreign governments. The Committee believes that these duties are more appropriately under the purview of USAID direct hire employees and has provided authority to hire up to 85 more such employees in fiscal year 2004.

Finally, the Committee notes that significant resources for "readiness enhancements" have been proposed by the Administration, and approved by Congress, for the U.S. Department of State, including additional FSO positions to: (1) allow adequate professional and technical training; (2) provide for an adequate rotation base for overseas tours; and (3) create a cadre of new employees—FSO's, Presidential Management Interns, and others—who can provide vision and lead the Department of State forward in the 21st century. The Committee believes the same type of modernization and forward thinking is needed for USAID readiness and America's development assistance programs. In the same way it focused on the human resources of the Department of State, the Committee urges the Administration to send forward a proposal to modernize the USAID workforce and streamline personnel systems as part of the fiscal year 2005 President's Budget submission.

#### CONCERNS ABOUT CONTRACTING AMONG PVOS, COOPERATIVES, AND SMALL, DISADVANTAGED AND MINORITY FIRMS

As USAID's personnel shortfall and major reconstruction projects in Afghanistan and Iraq prompt the Agency to increasingly rely on large contractors to administer smaller grants and cooperative agreements, the Committee is aware of the difficult adjustment facing many of USAID's long-serving and effective implementing organizations, especially private voluntary organizations (PVOs), micro-

enterprise networks, cooperatives, and small, disadvantaged and minority firms. While the Committee remains supportive of the prudent use of indefinite quantity contracts and greater competition and accountability, it seeks to help resolve the perceived crisis among USAID's existing PVO, cooperative, and small, disadvantaged and minority implementing agents. Until the serious concerns of USAID's smaller traditional and current contractors and grantees are more fully addressed, the Committee requests USAID to suspend its major outreach effort to train additional firms on how to compete for additional awards and contracts. Under the current circumstances, such training would not be an efficient use of scarce Development Assistance or Operating Expense funds.

An important component of USAID's ongoing efforts to improve operations within its Office of Procurement is outreach to small, disadvantaged and minority contractors and grantees. The Committee is aware of initiatives to train minority firms in leading US export cities to better compete for USAID awards, and requests that sufficient resources be allocated over the next two years to train small, minority, and disadvantaged firms in leading export cities for such purposes.

The Committee recommends that those entities competing for the training contract have prior experience in working with small, minority and disadvantaged firms in increasing their ability in doing business in the international arena.

The Committee is also aware that USAID maintains a national database of qualified small, disadvantaged, and minority firms. This database should be expanded to include firms who benefit from the outreach initiative. In addition, information from the database should be disseminated on a regular basis to all USAID overseas missions, relevant Washington, DC staff, and USAID prime contractors.

#### COMPETITIVE CONTRACTS AND AWARDS

Although the Committee recognizes that waivers of federal acquisition rules regarding fair and open competition are sometimes necessary, it also believes such waivers should be infrequent and issued in a fully transparent manner. Elsewhere in this report, language encouraging competition is found, and a new general provision, section 572, addresses competition for resources of the "Iraq Relief and Reconstruction Fund". The Administrator of USAID is requested to provide the Committee an annual report not later than four months after the end of the fiscal year, on the extent and detail during the preceding fiscal year of USAID's sole-source and limited-competition awards for contracts, cooperative agreements, and grants in excess of \$100,000.

#### CAPITAL INVESTMENT FUND

Fiscal year 2003 level .....	\$42,721,000
Fiscal year 2004 request .....	146,300,000
Committee recommendation .....	49,300,000

The Committee is recommending \$49,300,000 for the Capital Investment Fund for fiscal year 2004, \$6,579,000 above the fiscal year 2003 level and \$97,000,000 less than the request. In addition, \$67,000,000 is earmarked under the Economic Support Fund for

USAID capital facilities located on United States Embassy compounds. In total, the Committee recommendation includes \$96,300,000 for USAID facilities. These buildings will provide secure space for USAID employees and contractors, and greater safety against terrorist attacks. It will enable USAID to comply with relocations to Embassy compounds required by the 2001/2002 Foreign Relations Authorization Act.

The Capital Investment Fund is intended to provide USAID with the funds for overseas construction and related costs, and for the procurement and enhancement of information technology and related capital investments. Funds would remain available until expended and are in addition to funds otherwise available for such purposes.

#### FINANCIAL MANAGEMENT

The Committee recognizes that the Office of Inspector General (OIG) was able to issue opinions on January 27th, 2003 on all five principal financial statements of USAID for fiscal year 2002. In the case of four of the statements, the OIG opinion was unqualified, an outcome characterized as significant progress by the OIG.

Despite this progress, the Committee remains deeply concerned about the status of agency financial management. The OIG noted that the opinions were attained only through extensive data testing, extra-ordinary staff efforts, and expensive contractor resources. As it did in fiscal year 2003, the Committee again notes that the underlying critical issue does not relate to the Inspector General's ability to provide clean, unqualified audits of agency operations. The paramount issue is the fact that agency managers do not have the ability to obtain timely, reliable, and complete financial and performance data on foreign assistance programs on a consistent basis.

As part of USAID's effort to address this issue, the Committee provides \$20,000,000 in fiscal year 2004 as requested in the Capital Investment Fund for information technology improvements. These funds will facilitate deployment of Phoenix pilot projects in field missions.

By October 10th, 2003, the Committee requests a report on the status of the planned rollout of the agency's integrated financial management system. This report should include the identification of selected pilot sites for Phoenix testing, a timeline providing project mile stones—including necessary approvals by Office of Management and Budget or input from the Department of State, a projected cost of system rollout, and a description of key issues affecting implementation. The Committee expects that such a report will be written with an assessment of computer/telecommunications infrastructure of USAID missions and characterize key interface requirements necessary for any future Procurement System Improvements Project. The Committee notes that a report specifically on the Phoenix pilot program was not submitted as requested in the Committee's report last year.

Thirty days after completion of each pilot or pilots, the Committee requests a brief assessment of the outcome, implications for the roll out of the Phoenix system, and any updates in the project timeline or key issues affecting implementation.

## PROCUREMENT IMPROVEMENT EFFORTS

Consistent with the President's request, the Committee provides \$4,000,000 as requested in the Capital Investment Fund to commence a project for an overseas deployment of a web based procurement system that will provide a common agency wide system for the acquisition and award process. In last year's report, the Committee urged USAID to develop a worldwide procurement tracking system that would allow the agency to regularly evaluate its procurement process and ultimately allow data to be integrated into its financial management system. As a result, the Committee anxiously awaits the details of the Procurement System Improvement Project (PSIP). Not later than 90 days after enactment of this Act the Committee requests a report that comprehensively describes the procurement challenges the agency faces, the objectives of the PSIP, and a detailed project timeline in fiscal years 2004 and 2005. In addition, this report should describe the necessary interface requirements (or decisions necessary) between any future Acquisition and Assistance system (designed to replace the New Management Systems legacy) and a fully deployed Phoenix system. The Committee expects that any and all PSIP decisions that impact integration with the financial management system will occur by January 16th, 2004. The Committee should be kept apprised of any delays in the procurement system project that impact pilot testing of the Phoenix software.

## EMBASSY FACILITIES

In fiscal year 2004 the budget proposes \$20,000,000 for USAID information technology systems, including increases for financial management and procurement systems. An additional \$126,300,000 is requested for USAID Embassy facilities in Uganda, Cambodia, Guinea, Mali, Zimbabwe, Armenia, and Georgia. The Committee notes that the Department of State budgets for its own requirements and for all other Federal agencies (e.g., Justice, Commerce, Defense, Agriculture, etc) in its Embassy Security, Construction, and Maintenance account. However, USAID is the only Federal agency that has been proposed to be funded outside the State Department foreign building account, through funding in this Foreign Operations, Export Financing and Related Programs bill. In the fiscal year 2004 budget request, the Administration has proposed funding Embassy facilities for USAID through both this Foreign Operations, Export Financing and Related Programs bill (\$126,258,000) as well as the Commerce, Justice, and State, the Judiciary and Related Agencies bill (\$62,283,000). The Committee has remained concerned that the State Department's approach requires the reduction of foreign assistance to finance operational/capital costs, and it treats USAID unfairly vis-à-vis other international affairs agencies.

In fiscal year 2005, the Executive Branch will begin yet a different approach called the Capital Security Cost Sharing Program in which all overseas agencies (not only USAID) will be expected to make payments to the State Department. These payments would be used to build additional secure facilities and eliminate the current backlog.

The Committee recommendation for fiscal year 2004 provides \$49,300,000 for the Capital Investment Fund. The recommendation fully funds the request for information technology and includes \$29,300,000 to build the USAID facility in Kampala, Uganda. The Committee also has included \$67,000,000 and bill language under the Economic Support Fund to provide the Department of State Office of Overseas Buildings Operation funding for USAID facilities on United States Embassy compounds in Mali, Cambodia, Guinea, and Tbilisi, Georgia.

All funds made available under the Capital Investment Fund, including the obligation of offsetting collections, and the capital appropriation in the Economic Support Fund, are subject to the regular notification procedures of the Committees on Appropriations. The Committee also has included bill language under Operating Expenses of the United States Agency for International Development that requires Congressional Notification before USAID commits to new overseas missions that will require additional capital investments.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT, OFFICE OF THE INSPECTOR GENERAL

Fiscal year 2003 level .....	\$33,084,000
Fiscal year 2004 request .....	35,000,000
Committee recommendation .....	35,000,000

The Committee has recommended \$35,000,000 for the Office of the Inspector General of USAID for fiscal year 2004, which is the same as the budget request, and \$1,916,000 above the fiscal year 2003 level. The Committee again commends the Inspector General for his cooperation with the Committee in its oversight of USAID management. Not later than 120 days after the date of the enactment of this Act, the Inspector General of USAID is requested to prepare and submit to the Committee a report that describes and evaluates the extent to which the task ordering process carried out by mission directors of the Agency affects the Agency's ability to meet the goals established by the Small Business Administration relating to contracting with small businesses.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

Fiscal year 2003 level .....	\$2,255,244,000
Emergency supplemental funding .....	2,422,000,000
Fiscal year 2004 request .....	2,535,000,000
Committee recommendation .....	2,240,500,000

The Committee recommends a total of \$2,240,500,000 for the Economic Support Fund (ESF), an amount that is \$294,500,000 below the request and \$14,744,000 below the amount enacted for fiscal year 2003, excluding emergency supplemental appropriations.

The Committee recommendation assumes a reduction of \$152,102,000 in economic support for the Camp David countries. The recommended amount in the Economic Support Fund for Israel is \$480,000,000 and \$575,000,000 is recommended for Egypt. The recommendation includes \$250,000,000 for Jordan. These amounts are the same as the President's fiscal year 2004 request. In addition, the recommendation reflects a reduction of \$19,600,000 associ-

ated with the decision to retain a separate appropriations account for the International Fund for Ireland. The Administration's budget request included only \$8,500,000 for Ireland within the Economic Support Fund.

The Committee is also recommending the retention of language from the fiscal year 2003 appropriations act specifying that policy and allocation decisions for funds appropriated under this heading in this Act and in prior acts shall be made by the Secretary of State or the Deputy Secretary of State and shall not be delegated. The Committee is concerned the programs and activities funded through this account accurately reflect both the priorities of the Secretary of State and the budget justification material provided to the Committees on Appropriations, as modified by the Congress. The managers reiterate the importance of Congressional intent in the programming of funds appropriated to the Economic Support Fund and anticipate the continuation of a cooperative approach during fiscal year 2004 on funding allocations and programming decisions.

#### ISRAEL

The Committee is continuing the initiative begun five years ago for a phased reduction in economic assistance for Israel that will result in the eventual elimination of "Economic Support Fund" assistance. This proposal was originally made by the Government of Israel in response to new economic realities in the Middle East. The Committee is also convinced that the emerging security threats in the Middle East are significant and warrant increasing military assistance to Israel by \$73,650,000 in fiscal year 2004.

The Committee therefore recommends not less than \$480,000,000 in economic support shall be provided for Israel, which is \$116,100,000 less than the fiscal year 2003 level and the same as the President's budget request. The Committee also requires in bill language that these funds be provided to Israel as a cash grant and that funds be disbursed within 30 days of enactment of the Foreign Operations, Export Financing and Related Programs Act.

#### ISRAEL LAND PROJECT

The Committee recognizes the contributions of the African Hebrew Israelites to Israel, and specifically to the Dimona area. The Committee understands that the Government of Israel has agreed to extend permanent residence status to the community, which will make it eligible for government assistance with housing programs. The community, working with the Government of Israel, has identified a site for the construction of a new housing and community complex, to which the Government of Israel has pledged 95 million shekels in mortgage assistance. The Committee urges USAID to explore ways to help the community complete this project.

#### EGYPT

As part of the Committee's ongoing review of Middle East aid levels, and as a result of budget constraints affecting the international affairs budget, the Committee is recommending continuation of a policy of reducing economic support for Egypt in a manner which does not inadvertently undermine the guiding principles



of the Camp David Accords and efforts to enhance peace in the Middle East.

The Committee therefore includes not less than \$575,000,000 in economic support be provided for Egypt on a grant basis, which is \$36,002,000 less than the fiscal year 2003 level and the same as the President's budget request. A cash transfer may be provided with the understanding that Egypt will continue to implement significant economic reforms.

The Committee recognizes the importance of environmental, educational, and cultural programs funded through the Economic Support Fund that have significantly improved the quality of life for many Egyptians and strengthened the United States-Egyptian relationship at the grass-roots level. The Committee takes special note of the success of the antiquities program, which has helped support Egypt's tourism industry, a major source of foreign exchange. The Committee therefore strongly urges USAID to continue its support for these programs in fiscal year 2004.

The Committee continues to be concerned about persistent poverty in Upper Egypt. The Committee appreciates special efforts that USAID has made to focus on community and economic development as well as education and women's programs in this special region. The Committee, however, believes that much more needs to be done and urges the Department of State and USAID to place renewed emphasis and allocation of assistance in the Governorates of Minia, Asint, and Sohag. The Committee requests USAID to report back not later than February 2, 2004, on the allocation of funds by program and regional area.

#### CAMP DAVID ACCORDS

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

#### NON-MILITARY EXPORTS

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

#### ECONOMIC BOYCOTT OF ISRAEL

The Committee has once again included language in the bill addressing the Arab League boycott of Israel under section 535 of this Act. The Committee strongly opposes this boycott and believes that the Department of State must take strong action to combat this practice. This recommended bill language includes modifications first made two years ago to urge that Arab League members normalize relations with Israel.

#### JORDAN

The Committee recommendation includes \$250,000,000 for Jordan. The Committee notes appreciation for that nation's strong support for the United States and our military forces during the re-

cent conflict in Iraq. Jordan has played a leadership role in facilitating the Road Map for peace between Israelis and Palestinians. Jordan's regional leadership was recently recognized when the World Economic Forum was held at the Dead Sea and Amman. The Committee notes that ESF assistance will help Jordan deal with economic impacts from increased oil prices, and it will help the Kingdom continue to modernize information technology investments and education.

#### WEST BANK AND GAZA PROGRAM

The Committee recommendation for the West Bank and Gaza program continues language that prohibits funds in this Act from being obligated or expended directly to the Palestinian Authority (section 552), unless a waiver is submitted by the President. As an outcome of the United States-led Road Map for peace between Israel and the Palestinians, the Administration recently indicated its intention to use waiver authority and to provide fiscal year 2003 supplemental appropriations to the Palestinian Finance Ministry. This assistance, in the form of a cash grant, would combine with tariff collections released by the government of Israel to the Palestinian Finance Ministry and would be used to repair damage in the West Bank and Gaza. The Committee reiterates that the Secretary of State must ensure that United States funds are not unintentionally diverted to fund Palestinian leaders and organizations opposed to United States security interests and the peace process. The Committee has again included section 560 that requires the Secretary of State to exercise oversight and ensure that assistance is not diverted to individuals and entities that engage, have engaged, advocate or sponsor terrorist activity.

In addition, in order to maintain proper oversight of grants and contracts issued under the West Bank and Gaza program, the Committee is recommending bill language requiring annual audits of all contractors and grantees, and significant subcontractors and subgrantees. Recommended bill language provides up to \$1,000,000 for the Inspector General of the United States Agency for International Development for audits, inspections, and other activities in furtherance of this provision.

The Committee acknowledges that one of the primary objectives of the West Bank and Gaza program is to create viable infrastructure in Palestinian Authority-controlled areas to ensure the health and welfare of the Palestinian people. Al Quds University, in cooperation with the Kuvin Center for Infectious Diseases of the Hebrew University of Jerusalem, has proposed the establishment of a regional health and disease program, which would work to build an effective infrastructure to deal with serious health and disease problems among the Palestinian people. The Committee understands that cooperative programs of this nature are rare in the current environment, and urges USAID to work, through the West Bank and Gaza program, to help Al Quds and the Kuvin Center begin this initiative. The Committee supports the cooperative nature of this program, and urges that it be given consideration for Middle East Regional Cooperation program funding.

## LEBANON PROGRAM

The Committee believes support for the people of Lebanon continues to be in the United States national interest. The Committee recommendation provides \$35,000,000 for assistance for Lebanon for fiscal year 2004; bill language makes not less than \$4,000,000 of this amount available for American educational institutions in Lebanon for scholarships and other programs.

The Committee is aware of the key role that American institutions play in Lebanon, in regards to regional stability, and extending quality education to the underprivileged. Institutions such as the Lebanese American University, American University in Beirut, the American Community School, Holy Spirit University and the International College help spread American ideals and values throughout the country and the Middle East.

The Committee recognizes that Lebanon can never achieve full independence until all foreign security and military forces are withdrawn, and control is reasserted by the national government throughout all of Lebanon, including the south. As it did last year, the Committee calls upon Lebanon and Syria to adopt a timetable for the complete withdrawal of all Syrian forces from Lebanon.

## MIDDLE EAST REGIONAL PROGRAMS

The Committee continues to be concerned about issues related to water allocation in the Middle East. Since the start of peace negotiations in the region, this has been one of the most critical issues to resolve, and, given the reality of supply and demand, it is not expected to diminish in importance. Proposals like the "Red to Dead" canal project that would provide desalinized water to Jordan, Israel and the Palestinians and would restore water levels in the Dead Sea have great potential. However, such projects would require billions of dollars in infrastructure investment.

Clearly, the need for fresh water is a reality for all parties in the Middle East. Fresh water is essential for economic development, agriculture, health, and improving the quality of life for everyone in the region. Therefore the Committee strongly supports the continued efforts of the International Arid Lands Consortium in addressing the critical issues of water, energy, and agriculture and land use in the Middle East and Central Asia, and urges USAID to make available \$2,500,000 to the Consortium for this work. These funds are to be allocated from bilateral, centrally managed or regional programs either in this account or in other accounts funded by this Act.

In addition, the Committee continues to urge USAID to provide assistance to the Blaustein Institute for Desert Research to investigate the flow and transport of pollutants in groundwater. The Institute carries out research on dryland environments, required for sustainable uses of the Negev Desert and arid areas the world over, and for combating desertification in Israel and the Middle East.

Media is a potent force for political and social change. The current situation in the Middle East and throughout the Muslim world highlights the need for the United States to support independent media and training in fact-based journalism. The Committee directs that funds for transitional programs in the Arab and Muslim

world include funding for independent media and training for journalists and other media professionals.

#### RELIGIOUS FREEDOM—EGYPT

The Department of State 2002 International Religious Freedom Report notes that while there has been a continued trend toward improvement in the Egyptian Government's respect for and protection of religious freedom, religious discrimination and sectarian violence continue to plague that nation. The Committee remains concerned about the continuing problems faced by Egypt's Coptic Christian community and believes that the Egyptian Government needs to do everything possible to provide full opportunity for Coptic Christians in employment and educational opportunities. Justice has still not been achieved with respect to the perpetrators of violence against Christians in the village of Al-Kush in January 2000 and the Committee hopes that the Egyptian government will bolster its efforts in this regard. The Committee expects the Department of State to make every effort to reinforce the importance of actively enforcing the religious freedoms that are, in fact, provided for in the Egyptian Constitution.

#### MEPI/ISLAMIC OUTREACH

The recommendation includes \$45,000,000 for the Middle East Partnership Initiative. The MEPI/Islamic Outreach supports an array of economic and social reform initiatives in the Middle East and non-Arab Islamic countries. The program remains a work in progress, and the Department of State recently created a MEPI office, funded from resources in the Commerce, Justice, and State, the Judiciary and Related Agencies Act.

MEPI/Islamic Outreach has great potential to further United States goals in Islamic countries. However, the program is currently defined in only the most general terms and has not gone through the type of programmatic and financial review that any international or domestic program would be expected to undergo by the Office of Management and Budget. Program delivery mechanisms are still under development. The level of programmatic and financial detail submitted to the Congress is not extensive and the program is explained in terms of generalizations and goals rather than specifics. Further, the Department of State has largely ignored Committee guidance provided in the fiscal year 2003 Iraq Emergency Wartime Supplemental, regarding allocations between Arab and non-Arab Muslim nations, and regarding the prohibition of using funds to establish an Enterprise Fund.

Nevertheless, given the importance of education, training and exchanges, especially in improving the role of women, and the development of market economies and more professional media in Arab and Islamic nations, the Committee recommends that \$45,000,000 in new funds be provided. In combination with the \$100,000,000 in unobligated and unspent funds provided in the Supplemental, this recommendation provides the Administration with a \$145,000,000 program in fiscal year 2004.

The Committee again reiterates in the strongest terms, that these funds must be apportioned more equitably between Arab Muslim and non-Arab Muslim nations.

## PAKISTAN

Of the amounts provided for Pakistan, the Committee has recommended bill language that allows \$65,000,000 of this amount to be used for debt relief.

## IRISH VISA PROGRAM

The Committee directs that \$6,000,000 be provided for the Walsh Visa Program for fiscal year 2004 instead of \$4,000,000 as requested in the President's budget. This program, authorized since 1998, assists young people who are residents of Northern Ireland and the border counties of Ireland with developing job skills and conflict resolution abilities. Eligible youth receive non-immigrant visas that enable them to work for up to three years in the United States.

The budget request assumed that the Irish Visa Program would end in fiscal year 2004. The House recently reauthorized the program to take in new visa recipients through fiscal year 2006. Accordingly, the Committee recommends that \$6,000,000, \$2,000,000 more than the budget request, be used by the Department of State to continue this program that supports reconciliation, job skill training, economic development and the people of Northern Ireland and the border counties.

## PHILIPPINE CONFLICT RESOLUTION

The Committee continues to express support for the commitment of the Government of the Republic of the Philippines to pursue the war on terrorism, including their efforts to commence a comprehensive peace process in Mindanao with the Moro Islamic Liberation Front (MILF), the largest armed Muslim rebel group in the Philippines. The Committee further encourages the use of amounts made available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 ("Economic Support Fund") to provide assistance to the Republic of the Philippines for this peace process.

## EAST TIMOR

The Committee recommends \$13,500,000 in ESF for programs in East Timor, as proposed in the budget request, to support income producing projects and other reconstruction activities. \$7,500,000 is allocated to the Support for Democratic Transition strategic objective, for programs such as strengthening government institutions. \$6,000,000 is allocated to the Economic Revitalization strategic objective, for programs such as the "Cooperative Café Timor" project and coffee cooperative activities. In addition, the Committee recommends that USAID allocate at least \$4,000,000 from the Child Survival and Health Programs Fund to commence maternal health, malaria, or vulnerable children projects in East Timor.

## MONGOLIA

The Committee strongly supports the Administration's \$10,000,000 request for assistance for Mongolia for fiscal year 2004.

## TIBET

The Committee recommends that \$250,000 be made available through a nongovernmental organization, such as the National Endowment for Democracy, for the purpose of providing training and education of Tibetans in democracy activities, and monitoring the human rights situation in Tibet. To the extent practicable, the Committee supports the use of these funds for activities that have a primary impact inside Tibet. In addition, language has been included in section 526 to provide \$3,000,000 for activities that preserve cultural traditions and promote sustainable development and environmental conservation in Tibetan communities.

The Committee is aware that international non-governmental organizations have provided valuable assistance to promote Tibetan-owned businesses and educational, cultural, and natural resource conservation projects in Tibet. Funds are to be allocated to the Department of State Special Coordinator for Tibetan Issues and that office should utilize the \$3,000,000 to support the most effective projects in Tibetan communities. The Committee believes that it is important to use organizations that have a proven track record in working with Tibet and the Tibetan people. The Committee expects that competitive procedures will be followed with regard to the use of this assistance.

## CHINA RULE OF LAW

The Committee notes the success of the American Bar Association's Rule of Law and Governance Program in China in promoting the rule of law and citizens' rights through programs in criminal procedure, human rights, land tenure rights, and environmental governance. The Committee urges the State Department to continue its support for this and similar programs which engage key Chinese reformers in programs that seek to improve China's criminal justice and commercial law systems and protect human rights, including property and intellectual property rights.

## INDONESIA

The Committee reiterates that the Department of State must make every effort to secure the active cooperation of the Indonesian government in the investigation of the ambush and murder of two and severe wounding of seven American citizens in Irian Jaya, New Guinea in August 2002. Although eight months have passed since this tragedy, no arrests have been made. Most disturbing, the Committee understands that the Federal Bureau of Investigation (FBI) has not found Indonesian officials to be particularly cooperative.

The Committee believes that it is critically important to move forward aggressively in this investigation. It is essential that the perpetrators be brought to justice. The importance and severity of this issue to United States/Indonesian bilateral relations cannot be overstated. It is the responsibility of the Administration and the Department of State to carry an unambiguous message to the Indonesian government that justice must be carried out and cooperation with United States law enforcement representatives is essential.

## CYPRUS

The Committee recommends \$12,000,000, an increase of \$4,500,000 above the budget request for educational and other bicommunal projects in Cyprus, and recommends language similar to that included in the fiscal year 2003 Act. These funds provide a basis for mutual cooperation and preparation for the two communities of Cyprus to live together harmoniously by increasing inter-communal contacts. These funds provide funding for Fulbright scholarships, the Bicommunal Support Program, the United Nations Office for Project Service, and the United States Geological Survey, which is developing an island-wide water database.

## CUBA

The Committee fully supports the budget request of \$7,000,000 for the Cuba democracy program and supports its goals of promoting democratization, respect for human rights, and the development of a free market economy in that country. When allocating these funds the Committee expects USAID to consider proposals at or through institutions of higher education in the United States and expects that competitive procedures will be followed with regard to such proposals.

## TRADE CAPACITY BUILDING

In fiscal year 2002, the United States government programmed nearly \$170,000,000 in trade capacity building (TCP) assistance through the Economic Support Fund. In fiscal year 2004, the Committee recommends \$194,000,000 for TCP, of which not less than \$20,000,000 shall be used for the Americas' Hemispheric Cooperation Program (HCP) to underscore commitment to assist economic integration in the hemisphere.

In preparation of strategic plans or mission performance plans relating to ESF countries or regions that have a special or proposed trading relationship with the United States, the Department of State should consult with The United States Trade Representative's Office for Trade Capacity Building.

## HUMAN RIGHTS AND DEMOCRACY FUND

As in fiscal years 2002, 2003, and 2004 the Committee urges that, of the funds allocated to the Human Rights and Democracy Fund, \$1,000,000 should be provided to support the Reagan/Fascell Democracy Fellows Program of the National Endowment for Democracy to enable activists, scholars, journalists, and practitioners from around the world to help make contributions to the strengthening of democracy in their respective countries. This program was authorized in section 104(a)(2)(B) of H.R. 3427 as enacted into law as part of Public Law 106-113. If insufficient funds are available within the Human Rights and Democracy Fund, another funding source within the Economic Support Fund should be identified by the Department of State.

The Committee also strongly recommends that \$1,000,000 be made available in fiscal year 2004, as in fiscal year 2003, for democracy programs in China through the National Endowment for Democracy (NED). Additional funding for worldwide democracy activities through the NED should be allocated at the fiscal year 2003

level from the Human Rights and Democracy Fund with the expectation that the budget request for the Fund will be increased to accommodate these programs. If the Fund budget is not increased commensurate with the needs for these programs, ongoing support for these worldwide democracy activities (exclusive of \$1,000,000 in funding for the China democracy programs and \$1,000,000 for the Reagan/Fascell Democracy Fellows Program) should be allocated from other appropriate sources within the Economic Support Fund.

The Committee further recognizes the key role of the Afghan Independence Human Rights Commission (AIHRC) in the areas of human rights education, protecting women's and children's rights, and monitoring and investigating human rights abuses, and recommends that the Department of State provide at least \$2,000,000 to the Commission in support of its important work.

#### PACIFIC TUNA TREATY

The Treaty on Fisheries between the United States and the governments of certain Pacific Island states, popularly known as the South Pacific Regional Fisheries Treaty, requires that economic assistance be provided annually to the South Pacific states. Therefore, the Committee recommends that the treaty obligation be met through the payment of the full \$18,000,000 in fiscal year 2004, as requested by the President.

The United States enjoys positive and constructive relations regarding fisheries with the Pacific Island nations that are parties to the South Pacific Tuna Treaty. Since the treaty entered into force in 1988, it has become the cornerstone of the economic and political relationship with the United States and these Pacific Island parties. There is a common desire to conserve and manage fisheries resources in the South Pacific in a sustainable manner, and this has carried over into the multilateral effort to create a conservation and management regime for the Western and Central Pacific. Under the current Treaty, the United States industry pays an annual license fee of \$4,000,000 per year.

The Committee notes that the Treaty has provided significant economic benefits to the United States as tuna harvested by United States vessels is estimated to contribute \$250,000,000 to \$400,000,000 annually to the United States economy; it also provides significant employment in American Samoa.

Associated with the Treaty is the Economic Assistance Agreement between the United States and the South Pacific Forum Fisheries Agency. Under the current terms of the Agreement, the United States provides \$14,000,000 per year in Economic Support Funds to the Pacific Island nations to be used solely for economic stability and security. This assistance is the only significant source of United States economic assistance to the area other than Compact of Free Association assistance to the Federated States of Micronesia, Republic of Palau, and the Republic of the Marshall Islands.

The current agreement expired in June 2003. The Committee understands that the President has recommended that the Agreement be amended and extended for ten years. The Committee recognizes the tremendous value of the fishery and the value of the Treaty to United States interests in the Pacific, and hopes that the United States Congress will take expeditious action.



## CONFLICT RESOLUTION

The Committee recognizes the importance of youth training in conflict resolution as a tool for creating a climate of peace in regions of conflict. The Committee commends Seeds of Peace for its commitment to helping future leaders of the Middle East and other regions (such as Cyprus, the Balkans, and South Asia) to overcome prejudice, fear, and other obstacles to peace, and urges the Department of State to provide \$1,000,000 in fiscal year 2004 to support the important work of this organization.

The Committee supports the work of the Jerusalem International YMCA, Middle East Children's Association, and Interns for Peace which bring together Muslim, Jewish and Christian young people in a positive environment that promotes peace, respect, and understanding, and recommends that funds be provided for their work.

The Committee acknowledges the importance of the Middle East Regional Cooperation program, particularly in the current environment as the Road Map for peace gets underway. The Committee has, therefore, provided \$6,000,000, an increase of \$1,000,000 over the budget request for this program.

The Committee recognizes the Foundation for Environmental Security and Sustainability's important contribution to United States national security interests. The Foundation's work provided the United States and the international policy community's critical opportunities to mitigate problems before they become crises, and better prepare for crises that cannot be avoided. The conflict prevention focus of the Foundation provides critical input for the Department of State, the Department of Defense, and other Federal agencies in prioritizing areas for engagement and technical assistance and implementing focused and effective conflict prevention.

The Committee recognizes Partners for Democratic Change, an international non-governmental organization committed to building sustainable local capacity to advance civil society and conflict management worldwide. Since its inception in 1989, Partners has provided vital communication, negotiation, and cooperative planning skills to thousands of leaders in nearly forty countries. Partners' centers are currently located in such nations as Argentina, Albania, Bulgaria, Hungary, and Romania.

The Committee believes that the International Crisis Group (ICG) provides high-quality analysis and policy recommendations that can help prevent and reduce the level of deadly violence resulting from complex crises, and strongly recommends that the Department of State provide funding for the ICG to continue its research in areas of United States foreign policy interest.

## BURMA

The Committee has included a general provision, section 531, providing that not less than \$6,000,000 from the Economic Support Fund should be made available for activities among Burmese who have fled to neighboring countries, especially Thailand. It is the Committee's intent that ongoing programs that largely serve minority groups within and without Burma continue with minimal disruption, as the needs are greater than in recent years. It urges the Department of State and USAID to utilize the \$6,000,000 to support the most effective nongovernmental organizations (NGOs)

working in Burmese communities, and expects that competitive procedures will be followed, when feasible, with regard to proposals from the NGOs. None of the funds may be used to directly benefit the unelected central Government of Burma.

#### AVAILABILITY OF FUNDS

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

#### INTERNATIONAL FUND FOR IRELAND

Fiscal year 2003 level .....	\$24,837,000
Fiscal year 2004 request .....	(8,500,000)
Committee recommendation .....	19,600,000

The Committee recommends \$19,600,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Funding for this activity is requested through the Economic Support Fund, but the Committee recommendation would restore a separate appropriations account for assistance to Ireland. The amount recommended is \$11,100,000 above the President's budget request and \$5,237,000 below the fiscal year 2003 level.

The Committee strongly urges the International Fund for Ireland to take every step possible to ensure that all recipients of Fund support are promoting equality of opportunity and non-discrimination in employment. The Committee further urges the Fund to focus on those projects that hold the greatest potential for job creation and equal opportunity for the Irish people, regardless of class, creed, gender, or ethnicity.

#### ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

Fiscal year 2003 level .....	\$521,587,000
Fiscal year 2004 request .....	435,000,000
Committee recommendation .....	452,000,000

The Committee recommends \$452,000,000 for Assistance for Eastern Europe and the Baltic States, an amount that is \$67,587,000 below the level provided in fiscal year 2003 but \$17,000,000 above the budget request. The increase above the budget request is intended to ameliorate the level of reduction for Montenegro and Serbia which have made significant progress in democratization, as well as the reduction for Bosnia.

The Committee intends that funding for democracy programs through the National Endowment for Democracy continue and be provided as a transfer of funds pursuant to section 632(a) of the Foreign Assistance Act.

#### KOSOVO

The Committee has retained language from fiscal year 2003 requiring that the United States should not provide more than 15 percent of the resources pledged for Kosovo. In addition, bill language is continued from the fiscal year 2003 appropriations act that would prohibit funding for large scale physical infrastructure reconstruction. The Committee recommendation includes \$70,000,000 for assistance programs in Kosovo.

## BOSNIA AND HERZEGOVINA

The Committee recommends \$46,000,000 for assistance programs in Bosnia and Herzegovina, \$2,000,000 above the budget request and \$4,000,000 below fiscal year 2003.

The Committee has recommended the same bill language as in the fiscal year 2003 Act that requires the written approval of the Administrator of USAID for loans and projects under the Economic Reconstruction Program For Bosnia, authorizes the use of local currency funds generated by the Bosnia assistance program for programs throughout the region, and authorizes the President to withhold funds for economic revitalization for Bosnia if he determines that Bosnia is not in compliance with the Dayton Accord regarding the presence of foreign forces and has not terminated intelligence cooperation with Iranian officials. All funds are subject to the provisions of section 529 of this Act.

## SERBIA AND MONTENEGRO

The Committee strongly supports assistance for the Republic of Montenegro, and urges the Administration to make every effort to assist the Government of the Republic. The Committee recommendation includes \$35,000,000, a reduction of \$5,000,000 below fiscal year 2003, rather than a reduction to \$18,000,000 as proposed in the budget request. The Committee recommends that the increase above the budget request be used for addressing significant environmental issues in Montenegro, as well as economic development in the coastal region.

The Committee notes the strong support given by the Republic to the foreign policy of the United States during the latter years of the Milosovic regime in Serbia.

The Committee recommendation also provides for continuation of democratization initiatives in Serbia and support for the successful Community Revitalization through Democratic Action or "CRDA" program. The Committee recommendation provides \$100,000,000 for AEEB/USAID programs in Serbia, down from the \$110,000,000 level provided in fiscal year 2003, but above the request of \$95,000,000. The Committee notes that Serbia has made significant progress on democratic reforms following the tragic assassination of Prime Minister Zoran Djindjic, and a democratic and peaceful Serbia is a key to stability in the Balkans.

## REGIONAL PROGRAMS

The committee recommendation includes \$53,000,000 for AEEB regional programs. This category funds environmental infrastructure, independent media support, civil society and rule of law, health promotion and care, economic development and other programs. While specific amounts are not earmarked for the Baltic States consistent with the budget request the Committee notes that projects in these nations should continue to qualify and operate in Estonia, Latvia and Lithuania.

As also noted under the Economic Support Fund section of this report, the Committee recognizes the importance of youth training in conflict resolution, and lessening age-old ethnic tensions. The National Albanian American Council (NAAC) has created a program that would provide a community supportive environment in

the United States for children from Albania, Kosovo (including Kosovar Serbs), Montenegro, Macedonia and the United States in which they would live together and take part in a program designed by the NAAC. This program would create an environment, a model, of peaceful conflict resolution and cooperation in contrast to years of hate and mistrust in the Balkans. The Committee urges the Department of State and USAID to provide up to \$1,000,000 from regional AEEB programs for this purpose.

#### LEGAL INITIATIVES AND THE RULE OF LAW

The Committee encourages the USAID to continue to provide financial support for the Central and Eastern European Law Initiative (CEELI), a project of the American Bar Association. CEELI has received grants to help Central and East Europe and the States of the Former Soviet Union create new legal frameworks based on the rule of law rather than through party doctrine or caprice. This initiative has helped promote democracy and the rule of law in 22 nations in Europe and Eurasia. CEELI emphasizes long-term engagement country-by-country and supports projects that facilitate extensive consultations with policy-makers, legal scholars, judges, and attorneys. The Committee encourages support for this type of private sector involvement and recommends that the program be maintained at not less than fiscal year 2003 funding levels.

The Committee strongly supports the USAID-funded program for distance learning legal education that has been initiated in the Central and East European region, and recommends funding for the program in fiscal year 2004 at not less than the level provided in fiscal year 2003.

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

The Committee continues to support training, exchanges, and partnerships between the United States and the nations of Eurasia, Central Europe, and the southern tier of Europe. These programs are in the interest of the United States and important to sustaining democracies. However, the Committee is aware that the Administration has decided to transfer many exchange programs to the jurisdiction of the State Department Bureau of Educational and Cultural Exchange Programs, under the jurisdiction of the Commerce, Justice, and State, the Judiciary and Related Agencies bill. The Committee strongly recommends the Administration provide funding for the Russian, Eurasian, and East European Research and Training Program (Title VIII) at the fiscal year 2003 level. The Committee also continues to support the East Central European Scholarship Program (ECESP) and its important work. The Committee recommends the East Central European Scholarship Program be continued at not less than the fiscal year 2003 level.

The following chart compares funding levels for this appropriation account:

### ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

	Fiscal Year 2003 enacted	Fiscal Year 2004 request	Fiscal Year 2004 Committee rec- ommendation
Albania .....	\$28,000,000	\$28,000,000	28,000,000
Bosnia-Herzegovina .....	50,000,000	44,000,000	46,000,000
Bulgaria .....	28,000,000	28,000,000	28,000,000
Baltic States .....	4,967,000		
Croatia .....	30,000,000	25,000,000	25,000,000
Kosovo .....	85,000,000	79,000,000	70,000,000
Macedonia .....	50,000,000	39,000,000	39,000,000
Romania .....	29,000,000	28,000,000	28,000,000
Serbia .....	110,000,000	95,000,000	100,000,000
Montenegro .....	40,000,000	18,000,000	35,000,000
Regional .....	66,620,000	51,000,000	53,000,000
Total AEEB .....	521,587,000	435,000,000	452,000,000

### ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

Fiscal year 2003 level .....	\$755,060,000
Fiscal year 2004 request .....	576,000,000
Committee recommendation .....	576,000,000

The Committee recommends \$576,000,000 for Ukraine, the Southern Caucasus states, Russia, and the Central Asian republics of the former Soviet Union. This is the same as the request and \$179,060,000 less than the enacted fiscal year 2003 level.

The Committee has included in subsection (a) prior year language providing the funds under this heading “notwithstanding any other provision of law” and applying the provisions of section 498B(j) of the Foreign Assistance Act. A general provision (section 517) also includes long-standing language on human rights, and non-use of funds for enhancing military capacities, and providing all funds subject to separate notification. The recommendation also includes language regarding funding levels for Armenia and Russia.

### CHILD SURVIVAL AND HEALTH

The Committee continues to be concerned about adverse maternal and environmental health conditions and the increasing incidence of TB/HIV/AIDS in Russia, Ukraine, and the Central Asian Republics. The positive results achieved with the small amounts already spent for such programs in recent years have been dramatic. The health and child survival sector can effectively absorb increased resources, with an immediate and personal impact on the stressed citizens of these nations. In order to demonstrate its support for these high priority activities that directly affect the citizens of these countries, the Committee has included bill language allocating not less than \$63,000,000 for health and child survival activities.

The Committee is aware of and commends the Birth Defects Monitoring Program recently instituted in Ukraine to detect the incidence of birth defects related to the Chernobyl accident. The Committee also commends USAID for its efforts to prevent the trafficking of young women from the region and expects successful programs to be expanded. The Primary Health Care Initiative of

the World Council of Hellenes, has come to the attention of the Committee. This project merits consideration, based on its success, for at least \$2,500,000 in 2004.

#### INTERNATIONAL AND COMMUNITY PARTNERSHIPS IN EURASIA

The Committee recognizes that the effectiveness of efforts to promote good government and democracy are dependent on continuing USAID support for independent programs that pair United States cities with cities in the countries of the former Soviet Union.

In Ukraine the United States-Ukraine Foundation and the Center for Economic Initiatives provide professional-level training and foster economic development at the local level. The Committee again urges USAID to continue its direct support for these valuable programs, without requiring them to dilute their unique community-linkages that have been built over several years.

The Committee also supports the goals of the Ohio-Kharkiv Initiative, and commends the Department of State, the State of Ohio, and the Kharkiv Oblast (Ukraine) for working with the Great Lakes Consortium as the primary facilitator.

An example is the Arizona-Kazakhstan Partnership Foundation, which began as a Tucson-Almaty sister city relationship in 1989 and now includes as many as five sub-partnerships, ranging from the Tucson Chamber of Commerce to the League of Women Voters and United Way. Identified by USAID as one of its key partnerships, the Committee supports the Agency's consideration of future applications for assistance under competitive procedures when or should resources become available.

The Committee encourages the Office of the State Department Coordinator for Eastern Europe and Former Soviet Union to recognize the importance of organizations such as Sister Cities International (SCI).

#### RUSSIA-IRAN

The Committee again recommends language dealing with Russian nuclear and ballistic missile cooperation with Iran. The language is identical with that contained in existing law. The Committee remains disturbed by reports which indicate that Russian entities are extensively engaged with Iran in cooperative projects that significantly enhance Iran's ballistic missile capabilities. The ballistic missile cooperation, combined with Russian nuclear cooperation with Iran, represent a significant step in Iran's efforts to obtain a comprehensive, highly sophisticated weapons of mass destruction capability. The Committee reiterates the language from the fiscal year 2000 Statement of the Managers "that assistance to combat infectious diseases, child survival and non-proliferation activities, support for regional and municipal governments, and partnerships between United States hospitals, universities, judicial training institutions and environmental organizations and counterparts in Russia should not be affected by this section."

#### AGRICULTURE AND CONFISCATED PROPERTY IN UKRAINE

The Committee encourages USAID in Ukraine to coordinate its agriculture sector activities with the Department of Agriculture to promote modern agricultural methods through exchanges and other

appropriate means. The Committee also recommends that all efforts be made to cooperate with public and private efforts to return confiscated religious property.

#### SOUTHERN CAUCASUS REGION: NAGORNO-KARABAKH

The Committee continues to be concerned about the plight of the victims of the Nagorno-Karabakh conflict, and expects that the remainder of the \$20,000,000 in humanitarian assistance, initially provided in the fiscal year 1998 Act, will be promptly disbursed. In the event that these funds are obligated and expended before the end of fiscal year 2004, up to \$5,000,000 should be made available to address ongoing humanitarian needs in Nagorno-Karabakh.

#### SUPPORT OF PEACEFUL RESOLUTION OF SOUTH CAUCASUS CONFLICTS

The Committee reiterates themes included in its previous reports:

The extent and timing of United States and multilateral assistance, other than humanitarian assistance, to the government of any country in the Caucasus region should be proportional to its willingness to cooperate with the Minsk Group and other efforts to resolve regional conflicts.

In furtherance of a peaceful resolution to the Nagorno-Karabakh conflict, and in support of the confidence building measures discussed at NATO and OSCE summits, the Committee strongly supports confidence-building measures among the parties to the conflict. Such measures include strengthening compliance with the cease-fire, studying post-conflict regional development such as landmine removal, water management, transportation routes and infrastructure, establishing a youth exchange program and other collaborative and humanitarian initiatives to foster greater understanding among the parties and reduce hostilities.

The Committee has included renewed authority for the President to provide humanitarian assistance to the region, notwithstanding the restrictions of section 907 of the FREEDOM Support Act. The bill language is unchanged from last year. This exemption allows for direct assistance by American NGOs to refugees and displaced persons throughout the region, including those in Nagorno-Karabakh. The Committee understands that humanitarian assistance may include a broad range of activities and partnerships with United States hospitals and universities in maternal and children's health, eldercare, basic education and environmental health.

#### ARMENIA AND THE RUSSIAN FEDERATION

The Committee recommends that \$70,000,000 be made available from funding sources in this title for Armenia. This is \$20,500,000 above the request. The Committee is aware of proposals to establish and develop in Armenia a central diagnostic laboratory for the Caucasus region to address health and food safety, and recommends that this proposal, including partnerships and cost sharing with United States institutions with experience in the early detection of indigenous and trans-boundary zoonotic diseases, be given priority by USAID.

The Committee also recommends that \$90,000,000 be made available for the Russian Federation, almost entirely for non-gov-

ernmental activities because of the limitations imposed under the Iran-Russia provision. The Committee concludes that bill language regarding funding levels for programs in Russia is necessary in order for important civic society and health programs to be completed prior to the anticipated 'graduation' of Russia from the United States assistance program. In particular, the Committee is concerned that adequate funds remain available for the National Endowment for Democracy (in Ukraine, also), US-Russia Enterprise Fund, the international Republican and Democratic institutes, the Eurasia Foundation, and health partnerships.

#### EXPANDED THREAT REDUCTION

The Committee includes \$15,000,000 for the bilateral United States Civilian Research and Development Foundation (CRDF) in this account.

#### UNITED STATES RUSSIA INVESTMENT FUND

The Committee urges the Coordinator of Assistance to Europe and Eurasia to work with USAID and the Overseas Private Investment Corporation to assist the Fund to become adequately capitalized as soon as feasible.

#### CENTRAL ASIA

Although the Committee remains concerned about the difficult economic and human rights situation for many of the citizens of Central Asia, it has not renewed specific language on the region. A number of effective non-governmental organizations work with the United States Government in its efforts to improve the quality of life of Central Asians, and, in the health, education, and water sector, especially, NGOs such as the Central Asia Institute, CARE, and World Vision have brought credit to the United States and merit support from the Department of State and USAID. The Committee also urges the Coordinator for Europe and Eurasia and USAID to make available \$1,250,000 for the Cooperative Development Research Program/Central Asian Republic Initiative in order to continue research projects involving scientists from Central Asian Republics and Israel.

#### INDEPENDENT AGENCIES

##### INTER-AMERICAN FOUNDATION

Fiscal year 2003 level .....	\$16,095,000
Fiscal year 2004 request .....	15,185,000
Committee recommendation .....	15,185,000

The Committee recommends \$15,185,000 for the Inter-American Foundation, the same as the request and \$910,000 below the fiscal year 2003 level.

##### AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 2003 level .....	\$18,568,000
Fiscal year 2004 request .....	17,689,000
Committee recommendation .....	17,689,000



The Committee recommends funding for the African Development Foundation at a level of \$17,689,000. This is \$879,000 below the fiscal year 2003 level and the same as the request.

#### PEACE CORPS

Fiscal year 2003 level .....	\$295,069,000
Fiscal year 2004 request .....	359,000,000
Committee recommendation .....	314,000,000

The Committee recommends \$314,000,000 for the Peace Corps, an amount that is \$45,000,000 below the budget request and \$18,931,000 above the amount enacted for fiscal year 2003. The recommendation is not intended to show a lack of support for the Peace Corps but is due to the low budget allocation. Prior year language addressing purchase of motor vehicles, abortion, and availability of funds has been continued in this Act. The Committee strongly supports the work of the Peace Corps and of its volunteers who currently work in 70 countries. Safety and security of volunteers must remain the first priority of the agency.

The Committee includes again in fiscal year 2004 a provision that allows the Director of the Peace Corps to make appointments to permit Peace Corps employees to serve in excess of five years in the case of individuals whose appointment involves the safety of Peace Corps volunteers.

The Committee believes that if safety and security are the top priorities of the Administration, then the personnel regulations should reflect that commitment and not be limited by the five-year rule. Establishing appropriate law enforcement networks in each country takes time and frequent visits by dedicated, creditable professionals who have both Peace Corps and law enforcement experience, similar to Regional Security Officers at overseas embassies. According to the July 25, 2002 GAO report on Peace Corps Safety and Security, implementation of the Peace Corps' new security framework is being implemented unevenly, partly as a result of staff turnover because of the five-year rule. Consistency is needed to provide a safe and secure environment. The Committee expects the waiver to apply to overseas and headquarters employees of the new Office of Safety and Security.

The Committee urges the Director of the Peace Corps to submit individual Country Security reports to accompany the annual report that outlines the security environment in all countries in which Peace Corps volunteers currently work.

#### MILLENNIUM CHALLENGE CORPORATION

Fiscal year 2003 level .....	.....
Fiscal year 2004 request .....	\$1,300,000,000
Committee recommendation .....	800,000,000

The Committee recommends \$800,000,000 for the Millennium Challenge Account, an amount that is \$500,000,000 below the request. The reduction solely reflects the constrained budgetary situation, the expected delay in enacting authorization legislation, nominating and confirming a Chief Executive Officer and Board of Directors, and establishing criteria and implementing mechanisms for a dramatic new approach to foreign assistance.

The Committee has held two hearings on the proposed Millennium Account. The authorizing legislation is expected to come before the House shortly. The appropriation is contingent upon the enactment of authorization legislation, and at a subsequent stage in the appropriations process, the Committee expects to address issues of Congressional oversight, geographical balance among beneficiaries, and other issues of concern. The Committee has recommended a general provision, section 575, that defines the role of USAID and its relationship with the Millennium Challenge Corporation.

#### DEPARTMENT OF STATE

##### INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

Fiscal year 2003 level .....	\$195,720,000
Emergency supplemental funding .....	25,000,000
Fiscal year 2004 request .....	284,550,000
Committee recommendation .....	241,700,000

The Committee recommends \$241,700,000 for "International Narcotics Control and Law Enforcement". This is \$42,850,000 less than the budget request and \$45,980,000 above the fiscal year 2003 level, excluding the emergency supplemental appropriations act. A limitation of \$24,062,000 is recommended for administrative expenses.

The President's request for fiscal year 2004 includes significant increases for Mexico, Pakistan, and Afghanistan. Because of budgetary pressures in 2004, the subcommittee is unable to fully fund the President's requested increase. Of the \$45,780,000 increase the Committee has provided, the Committee supports full funding for Mexico, given the direct impact narcotics eradication and drug interdiction in Mexico has on the United States.

##### NARCOTICS AND TERRORISM

Organized crime and terrorist groups throughout the world have long used narcotics as a means to generate revenues to support armed conflict and the means to spread turmoil. The Committee continues to support a strong United States counternarcotics assistance program in order to protect United States communities from the ravages of drugs, but increasingly to deny drug profits that are often used to finance terrorist activities.

##### AFGHANISTAN

The Committee notes that \$80,000,000 was provided in the fiscal year 2002 emergency supplemental for anti-narcotics and law enforcement activities in Afghanistan. Yet, the United Nations reports that Afghan farmers are replanting poppy at greater rates and in more remote areas of Afghanistan, and the rise in opium production in Afghanistan since 2001 is substantial. The British-led program of providing individual compensation to farmers for not planting heroin has resulted in predictable, perverse incentives and little means for verification. Therefore, the Committee directs the Secretary of State to consult with the Committee before participating in any similar individual farmer compensation program again in Afghanistan.

Over 90 percent of the exported opium from Afghanistan is exported to Europe. Given the British commitment to funding this program, and given the Committee's low budget allocation, the Committee is unable to support the President's request for Afghanistan.

Again this year, the Committee recognizes that rural economic development in Afghanistan is the only long-term solution for the elimination of poppy.

#### DEMAND REDUCTION

The Committee includes a provision that up to \$10,000,000 of the funds under this heading should be made available for demand reduction programs. As escalating drug use and abuse continue to take a devastating toll on the health, welfare, security, and economic stability of all nations, the importance of drug demand reduction has grown. The Committee expects that these funds could be used to contribute to the preservation of the stability of societies threatened by increasing drug abuse and minimizing the impact of international crime.

#### CUBA

The Committee has again included a general provision, section 571, prohibiting counternarcotics assistance to the Government of Cuba. Full reporting and transparency by the Cuban Government and United States monitoring of the use of counternarcotics assistance in Cuba would be difficult if not impossible, according to the State Department, given Cuban general hostility toward the United States Government. Additionally, provision of assistance to the maritime drug interdiction force (the TGF) would, according to both Amnesty International and the State Department's Country Reports on Human Rights Practices, violate section 553 of this act, the so-called Leahy amendment.

#### BUY AMERICAN

The Committee is concerned about the State Department and USAID using waivers to purchase vehicles made by non-United States manufacturers. Current law requires the Administration to purchase only United States-made vehicles, except in very rare circumstances. The use of United States taxpayer dollars to purchase foreign vehicles is a matter that must receive a high level of scrutiny. The Committee is concerned that sufficient scrutiny has not been applied in past decisions to purchase foreign-made vehicles.

The Administration's waiver authority has not been amended in this bill because of assurances received from the State Department and USAID regarding future purchases. The Committee commends the Deputy Secretary for directing the State Department to purchase United States-made vehicles for use in Iraq in the future. The Committee directs the USAID, the Department of State and the Department of Defense to consult with the Committee before any future waivers to purchase foreign-made vehicles are granted.

## ANDEAN COUNTERDRUG INITIATIVE

Fiscal year 2003 level .....	\$695,450,000
Emergency supplemental funding .....	34,000,000
Fiscal year 2004 request .....	731,000,000
Committee recommendation .....	731,000,000

The Committee recommends \$731,000,000 for the Andean Counterdrug Initiative, an amount equal to the request and \$1,550,000 above the 2003 level, including emergency supplemental appropriations. The Andean Counterdrug Initiative is the continuation of the Administration's multi-year counterdrug assistance efforts designed to sustain and expand programs initially funded by Plan Colombia in the fiscal year 2000 emergency supplemental appropriations act. A limitation of \$15,680,000 is recommended for administrative expenses for the Department of State and \$4,500,000 for USAID. The Committee notes the requirement in the bill that the Secretary of State, in consultation with the Administrator of USAID, shall provide to the Committees on Appropriations not later than 45 days after the date of the enactment of this Act and prior to the initial obligation of funds appropriated under this heading, a report on the proposed uses of all funds under this heading on a country-by-country basis for each proposed program, project, or activity.

The caps on the numbers of United States personnel in Colombia remain in effect. The Committee requests that the Secretary of State submit to the Appropriations Committees a semi-annual report with respect to the Andean Counterdrug Initiative. Each report shall include an accounting of all aircraft, vehicles, boats and lethal equipment (other than ammunition) transferred to the militaries or police of any nation with funds made available under this heading. Additionally, the Committee requires that the personnel cap and Plan Colombia reports as required in the fiscal year 2000 emergency supplemental also be submitted to the Committees on Appropriations.

The Committee recommends \$1,000,000 for the Naval Post Graduate School (NPS) from new and prior year funds for programs to strengthen public engagement and democratic control of national security in Colombia.

## COLOMBIA

The Committee notes that the people of Colombia have shown a long-term resilience and tolerance for difficult and violent conditions, and the Committee supports the President of Colombia and the Colombian government's efforts to collect the additional resources needed to invest in the military, police, and social programs to restore order and to give Colombians better access to services.

The Committee notes the progress in coca eradication that Plan Colombia has been able to achieve since the inauguration of the current President of Colombia. According to official United States statistics, coca cultivation dropped for the first time in 2002 from a level of 169,800 hectares in 2001 to 144,450 hectares in 2002.

Plan Colombia was proposed and implemented as a 5-year program, and its objectives were to be met by the end of 2005. There-

fore, the direction of United States policy with respect to Colombia and the Andean nations is at a crossroads.

The Committee makes the following recommendations as the inter-agency process begins to re-prioritize and re-orient assistance for Colombia: (1) the Committee still concludes that coca provides the revenue and motive behind the violence committed by both the guerrilla and paramilitary groups, therefore, the Committee expects counternarcotics, alternative development, interdiction and human rights improvements to remain part of United States policy in Colombia; (2) more heroin in the United States is trafficked from Colombia, therefore coca can no longer remain the sole priority for eradication efforts in Colombia; (3) public security and law enforcement should become an increasing focus of United States assistance and could be vital to eradicating poppy in remote areas; (4) the Colombian government should assume responsibility for maintaining more of Plan Colombia's assets; and (5) eliminating the financial sources of the guerillas and paramilitaries, and decreasing their military capabilities by targeting their leadership, can lead to higher desertion rates and bring these groups closer to peace negotiations.

The Committee directs that not later than 60 days after enactment of this Act the State Department shall provide to the Committees on Appropriations a report that describes detailed plans and programs by the Departments of State and Defense to train Colombian nationals for the purpose of assuming responsibilities for programs funded in this Act currently being executed by United States contractors. The report shall outline the program activities, estimates of funding levels, location of training, and expected length of length of time in which the training of Colombian nationals will be completed.

The Committee commends the Department of State and USAID for its efforts to keep the Committee informed of program developments in Colombia in fiscal year 2003.

#### AVAILABILITY OF ASSISTANCE

The Committee again has extended the availability of funds provided for assistance for Colombia to support a unified campaign against narcotics trafficking, against activities by organizations designated as terrorist organizations, and to take actions to protect health and human welfare. The Committee is supportive of the Colombian government in its attempts to provide security for the Colombian people and has provided the expansion of authorities in recognition that the narcotics industry is invariably linked to the terrorist groups, including the paramilitary organizations, in Colombia. As in prior years, the expanded authority is not a signal from the Committee for the United States to become more deeply involved in assisting the Colombian Armed Forces in fighting the terrorist groups, especially not at the expense of the counternarcotics programs, but to provide the means for more effective intelligence gathering and fusion, and to provide the flexibility to the Department of State when the distinction between counternarcotics and counterterrorism are not clear cut. The Committee notes the useful information included in the May 2003 report to Congress on the use of United States assets in Colombia. The Committee expects to be consulted if the current policy of implementing the ex-

panded authorities changes from that described in the May 2003 report.

#### INTERNALLY DISPLACED PERSONS

The Committee expects the Department of State to allocate the full amount requested for internally displaced persons, a level of \$38,000,000 to be provided to USAID and \$5,000,000 to be provided to the Department of State's Bureau for Population, Refugees, and Migration (PRM).

#### HUMAN RIGHTS

The Committee calls on the Department of State to ensure that all United States laws regarding human rights, including section 553 of this Act, are strictly applied in Colombia and each of the Andean nations. The Committee includes again a general provision requiring that the Secretary of State certify that certain human rights conditions have been met before 25 percent of funds may be made available for assistance for the Colombian Armed Forces. Again this year, the Committee recommends a one-time annual certification process in fiscal year 2004.

#### ALTERNATIVE DEVELOPMENT AND SECURITY IN COLOMBIA

The Committee strongly supports USAID's continuing alternative development strategy that started at the beginning of 2002 and focuses on the historic underdevelopment of Colombia's outlying regions. The programs concentrate on local infrastructure needs (roads, electricity, water) and delivery of services at the community level. This focus on the entire community increases the social pressure for eradication and also helps organize the community to identify and prioritize local needs. In the first three months of 2003, the Committee understands that almost 1,200 hectares have been manually and voluntarily eradicated in Putamayo. The Committee hopes USAID partners can continue building on their good working relationships with mayors and local leaders.

Additionally, the Committee recognizes that without public security and law enforcement, no level of alternative development funding by this Committee or the Colombian government can result in development that is sustainable. Additionally, the Committee is aware of the security threats facing program implementers on a daily basis.

The Committee supports the so-called "carabineros" police program for establishing law enforcement in rural and remote areas and encourages continuing United States assistance for the program.

#### AFRO-COLOMBIAN COMMUNITIES

The Pacific Coast of Colombia has been devastated by the intensification of the continuing civil conflict, expansion of coca crop production, and aerial fumigation. This is an area rich in bio-diversity and where many Afro-Colombians live and collectively own land. The Committee remains concerned that sufficient alternative development programs are not in place to address the substantial needs of the Afro-Colombian and indigenous populations or to preserve the region's bio-diversity. In addition to current programs, the

Committee asks USAID to focus its development efforts on implementing education, health, environmental, and economic development programs, particularly economic plans that are inclusive of Afro-Colombian communities and preserve the governmental organizations, and local municipal leaders in the implementation of assistance programs. The Committee also asks the Department of State to include the progress of USAID funded programs aimed at helping Afro-Colombian communities in the report to the Committees on Appropriations as required by section 694(a) of Public Law 107-228.

#### COLOMBIAN HEROIN

The Committee is concerned about the eradication levels of opium in Colombia. An increase in Colombian heroin has led to a serious and spreading problem of heroin use and overdose deaths in the United States. The Committee is concerned about the needs of the Colombian National Police (CNP) to accomplish this eradication mission. The State Department shall consult with the Committee regarding its strategy for heroin eradication and the changing requirements of its fiscal year 2004 request prior to funds being notified to the Committees on Appropriations as required by this Act.

#### PERU

Peru is the second largest recipient of counternarcotics and alternative development assistance from the United States, and while the Committee is aware that the political environment in Peru has direct consequences for eradicating coca, the Committee was surprised to learn that in April 2003 the Peruvian government signed a supreme decree ceasing most forced eradication of coca. The Committee understands that the Department of State and USAID have given temporary support to “autoeradication”—a pilot policy of voluntary eradication combined with the use of community development projects as an incentive for cooperation. The Committee requests that the Department of State and USAID consult with the Committee regarding the level of cash grants used as part of alternative development in Peru. Additionally, the Committee requests that USAID and the Department of State keep the Committee informed as developments and changes in United States eradication and alternative development programs occur during the fiscal year.

#### BOLIVIA

While the Committee takes special note of the progress that Bolivia made in the war against drugs under the Bolivian Government's Dignity Plan, this progress could be erased quickly if the commitment by either the Bolivian government or the United States were to falter. The Committee is aware that Bolivia is a candidate to be a recipient of the Millennium Challenge Account funding. Therefore, the Committee encourages the Millennium Challenge Corporation to take into account the link between good governance and this matter when it considers eligibility criteria.

## EUROPEAN CONTRIBUTIONS

The Committee notes that demand for Colombian coca is rising in Europe and approaching United States consumption levels of approximately 300 tons a year. European nations and the European Union have contributed very little to eradication of coca or development programs in Colombia. The Committee again urges the Secretary of State to negotiate with our European allies in order to persuade them to contribute additional funds to counter-narcotics efforts, alternative development, and judicial reform in the Andean region.

## MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 2003 level .....	\$781,885,000
Fiscal year 2004 request .....	760,197,000
Committee recommendation .....	760,197,000

The Committee recommends \$760,197,000 for Migration and Refugee Assistance, an amount that is equivalent to the request and \$21,688,000 less than the amount enacted for fiscal year 2003. A limitation of \$18,500,000 is recommended for administrative expenses.

## REFUGEE RESETTLEMENT

The Committee notes that the President authorized up to 70,000 refugees to be admitted to the United States for fiscal year 2003. To date, fewer than 20,000 have been actually admitted. The Committee is concerned that the discrepancy between authorized and actual number of refugees admitted gives the impression that the United States is abandoning humanitarian commitments and leadership in protecting the world's most vulnerable people. Given the terrorist attacks on the United States, the Committee understands the need for the increased security procedures now applied to the resettlement process. While there has been an increase in the cost per refugee for admission, the Committee notes a significant carryover of funds because of security-related delays. Therefore, the Committee expects the Department of State to fully consult with the Committee as it decides the disposition of the 2003 carryover funds.

## TIBETAN REFUGEES

The Committee supports continued funding to assist Tibetan refugees and directs \$2,000,000 for this purpose. The Committee is concerned about the inadequate protection for Tibetan refugees transiting through Nepal en route to resettlement in India. Current prosecutions are a breach of the long-standing agreement that the Nepalese authorities would turn Tibetans over to UNHCR for processing as "persons of concern." Given the increased size of the President's request for assistance to Nepal, the Committee directs the Department of State to provide a report prior to the notification to the Committee of any assistance to Nepal in fiscal year 2004 concerning Nepal's cooperation with UNHCR in processing Tibetan refugees.



## RESETTLEMENT IN ISRAEL

The Committee supports \$50,000,000 for humanitarian migrants from the former Soviet Union and other countries of distress resettling in Israel. Since 1989, Israel has accepted more than one million refugees. The Committee remains strongly committed to assisting the resettlement of Russian, Eastern European, Ethiopian and other humanitarian migrants in Israel. The funds provided in this bill assist in the transportation and initial absorption costs for more than 100,000 migrants per year. The Committee notes there has been a decline in the numbers arriving from the former Soviet Union in the last year. However, the decline in costs associated with this decrease will be more than offset by a significant increase in the costs of providing transportation and resettlement of a larger number of refugees from Ethiopia.

## MAGEN DAVID ADOM SOCIETY

The Committee is disappointed again this year that the International Committee of the Red Cross (ICRC) has not taken action to admit the Magen David Adom Society of Israel to the International Red Cross and Red Crescent Movement. The American Red Cross has promoted the membership of the Society in the Movement, but little positive action has been forthcoming. As a result, the American Red Cross has withheld its headquarters contribution to the ICRC for the past few years. Therefore the Committee is recommending a continuation of bill language that would also withhold the annual headquarters contribution made by the Department of State unless the Magen David Adom Society is given the opportunity to participate in the activities of the International Red Cross and Red Crescent Movement. This limitation will not, and is not intended to, restrict funding for humanitarian assistance programs that may be programmed through the ICRC using other funds provided in this account. It is only intended to affect the funding the United States provides on an annual basis to the ICRC bureaucracy in Geneva.

## REFUGEE PROTECTION

Not later than 120 days after the date of enactment of this Act, the Secretary is requested to submit to the Committees on Appropriations and report outlining a federal agency protection strategy, including: an analysis based on the past decade's experience of the specific protection needs of women and children at the various stages of a complex humanitarian emergency; a listing of the needs of and threats to these populations in emergency situations; a description of which agencies and offices of the United States Government are responsible for addressing each aspect of such needs and threats; and recommendations for improving United States and international systems for the protection of women and children during complex humanitarian emergencies.

# UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

Fiscal year 2003 level .....	\$25,831,000
Emergency supplemental funding .....	80,000,000
Fiscal year 2004 request .....	40,000,000
Committee recommendation .....	15,831,000

The Committee recommends \$15,831,000 for the Emergency Refugee and Migration Assistance (ERMA) Fund, which is \$10,000,000 less than the 2003 enacted level, excluding emergency supplemental funding and \$24,169,000 below the request.

The Committee notes that \$80,000,000 was provided in the Emergency Wartime Supplemental Appropriations for fiscal year 2003 for ERMA, \$40,000,000 more than the amount requested by the President. None of these funds have been drawdown due to the successful prevention of a refugee crisis in Iraq.

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

Fiscal year 2003 level .....	\$304,408,000
Emergency supplemental appropriations .....	28,000,000
Fiscal year 2004 request .....	385,200,000
Committee recommendation .....	335,200,000

The Committee recommends a total appropriation of \$335,200,000 for “Nonproliferation, Anti-terrorism, Demining and Related Programs”, an amount that is \$50,000,000 below the request and \$30,792,000 above the fiscal year 2003 enacted level, excluding emergency supplemental appropriations.

The following table compares fiscal year 2003 funding for the programs covered by this account, as well as the President’s request for fiscal year 2004 and the Committee recommendation:

## NON-PROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS

	Fiscal Year 2003 enacted	Fiscal Year 2004 request	Fiscal Year 2004 Committee rec- ommendation
Nonproliferation Programs:			
Nonproliferation and Disarmament Fund .....	14,902,000	35,000,000	20,000,000
Export Control & Border Security .....	36,000,000	40,000,000	36,000,000
Science Centers .....	52,000,000	59,000,000	52,000,000
IAEA Voluntary Contribution .....	52,900,000	50,000,000	52,900,000
International Monitoring System .....	14,000,000	19,300,000	17,000,000
Korean Peninsula Energy Development Organization .....	4,968,000	.....	.....
Subtotal Nonproliferation: .....	174,770,000	203,300,000	177,900,000
Anti-Terrorism Programs:			
Anti-terrorism Assistance .....	65,638,000	106,400,000	90,300,000
Terrorist Interdiction Program .....	5,000,000	11,000,000	5,000,000
CT Engagement/Workshops .....	.....	2,500,000	.....
Subtotal Anti-Terrorism .....	70,638,000	119,900,000	95,300,000
Regional Stability and Humanitarian Assistance:			
Humanitarian Demining .....	46,000,000	50,000,000	50,000,000
International Trust Fund .....	10,000,000	10,000,000	10,000,000
Small Arms/Light Weapons Destruction .....	3,000,000	2,000,000	2,000,000
Subtotal Regional Stability/Humanitarian Assistance: .....	59,000,000	62,000,000	62,000,000
Total: .....	304,408,000 <sup>1</sup>	385,200,000	335,200,000

<sup>1</sup> In addition, \$28,000,000 in emergency wartime appropriations was provided for Afghanistan.

## ANTI-TERRORISM ASSISTANCE

The Committee recommends \$90,300,000 for Anti-Terrorism Assistance, an increase of \$24,662,000. This program, run by the State Department's Diplomatic Security officials under the policy direction of the Coordinator for Counterterrorism, provides training and skills, technical assistance, and equipment to improve professionalism and capability in the War on Terrorism. To date, the Anti-Terrorism Assistance Program has trained and assisted over 31,000 foreign security and law enforcement personnel from over 127 countries. Training is in areas such as crisis management, cyber terrorism, dignitary protection and kidnap intervention, border control, airport security, bomb detection, investigating terrorist financing, and response to incidents involving weapons of mass destruction.

Of the recommended increase in fiscal year 2004, \$5,000,000 is to be used to assist East African nations to combat terrorist threats. The Committee recommendation supports equipment (\$5,300,000) and Mobile Emergency Training Teams (\$10,000,000). The recommendation does not support proposed increases in program administration costs (\$8,600,000).

## SCIENCE CENTER PROGRAMS

The Committee recommendation provides \$52,000,000 for State Department Science/Research centers in Russia and Ukraine. The recommended level is the same as fiscal year 2003 and \$7,000,000 less than the fiscal year 2004 budget request.

The Committee recognizes the outstanding achievements of the Science Center program. However, the Committee believes it is time to reduce expenditures in the former Soviet Union and to address similar dual use/conversion issues in other areas of the world. Accordingly, \$5,000,000 of the recommended funding level is reserved to work with Iraqi weapons scientists and engineers and to channel their expertise into peaceful research and tasks needed to rebuild their nation.

## KEDO UNOBLIGATED BALANCES

The Committee recommends no funding for the Korean Peninsula Energy Development Organization or KEDO. Clearly, North Korea is not in compliance with the agreed framework. The Committee recommends that the Administration reprogram \$4,968,000 in unobligated fiscal year 2003 funds for use instead by the International Atomic Energy Agency (IAEA). For example, these funds could be better put to use supporting IAEA technical assistance and equipment to improve safeguards and to improve verification activities.

## DEMINING

The Committee recommends \$62,000,000 for regional stability and humanitarian assistance programs. The recommendation includes \$60,000,000 for humanitarian demining, the same as the budget request, of which \$10,000,000 is for the Slovenian International Trust Fund. The Committee directs that such amounts may be deposited into that fund only to the extent matching amounts are deposited by other governments, entities, or persons.

In addition, these funds should only be expended by the fund in consultation with the United States Government. The Committee further directs that deposits into the fund shall be subject to the regular notification procedures of the Committees on Appropriations.

The Committee also recommends \$2,000,000 for small arms/light weapons destruction, the same level as requested in the budget. The Committee notes that similar demilitarization programs are funded under other appropriation accounts such as Assistance to Eastern Europe and the Baltic States.

#### DEPARTMENT OF THE TREASURY

##### INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

Fiscal year 2003 level .....	\$10,730,000
Fiscal year 2004 request .....	14,000,000
Committee recommendation .....	19,000,000

The Committee recommends \$19,000,000 under this heading for international technical assistance by the Department of the Treasury, an amount that is \$5,000,000 more than the request and \$8,270,000 above last year's level. In operation since 1991, Treasury's Office of Technical Assistance provides expert fiscal and monetary policy advisors to countries of the former Soviet Union and Eastern Europe. Beginning in fiscal year 1999, Treasury created the Treasury International Affairs Technical Assistance (TIATA) program and expanded the countries to Asia, Africa and Latin America. The Committee directs the Office of Technical Assistance (OTA) to notify the Committee prior to the obligation of funds for the compensation or travel expenses of any individual who is not an employee of the Department of Treasury.

##### TERRORIST FINANCING

The Committee recognizes the central role of financing in the operation of terrorist organizations such as Al Qaeda and commends the Administration for initial actions taken in the wake of the terrorist attacks on September 11, 2001 to block the flow of money to these organizations. Given the wide range of formal and informal financial mechanisms to secure funding and to move it around the globe, the Committee acknowledges the need for an increasingly forceful approach to solving this problem. The Committee acknowledges the key role played by the OTA in blocking terrorist financing. Working with host countries to combat terror financing, Treasury teams focus on areas most commonly exploited by terrorists, such as financial institutions, budget policy and management, and financial crime enforcement. The Committee has provided an increase of \$5,000,000 over the request to enable OTA to expand its efforts in key areas such as Southeast Asia, the Pacific Rim, and South America. The Committee directs the Secretary of Treasury to report, not later than 120 days after enactment of this Act, on which countries it considers to be major source and/or transit points for terror financing, a list of countries with which OTA is currently working to combat terror financing, and a list of other countries OTA has identified as needing such assistance.

## DEBT RESTRUCTURING

Fiscal year 2003 level .....	
Fiscal year 2004 request .....	\$395,000,000
Committee recommendation .....	95,000,000

The Committee recommends \$95,000,000 under this heading for international debt restructuring by the Department of the Treasury, an amount that is \$300,000,000 less than the request and \$95,000,000 above last year's level.

The Committee recommends \$20,000,000 as requested for the Tropical Forest Conservation Act (TFCA) programs and \$75,000,000 as requested for a contribution to the Heavily Indebted Poor Countries (HIPC) Trust Fund. The Committee does not provide \$300,000,000 requested for bilateral debt relief to the Democratic Republic of the Congo (DRC). Funds in this account are subject to the regular notification procedures of the Committees on Appropriations.

## TROPICAL FOREST CONSERVATION ACT PROGRAMS

In fiscal year 2003, the Committee provided the funds for Tropical Forest Conservation Act (TFCA) programs as requested by the President directly to the Agency for International Development. This year, as in years prior to 2003, the Committee is appropriating TFCA funds directly to the Department of Treasury. However, the Committee notes that three additional countries have been found eligible for TFCA programs, Jamaica, Panama, and Colombia, yet the Committee has not been consulted. The Committee notes that section 812 of the Foreign Assistance Act requires the President to consult with the Committee on a periodic basis to review the eligibility of countries for benefits from the Tropical Forest Facility. Therefore, the Committee expects the Department of Treasury to adhere to requirements of the law and consult with the Committee 15 days prior to the Treasury determination that additional countries are found eligible for TFCA.

## HEAVILY INDEBTED POOR COUNTRIES PROGRAM

The Committee provides \$75,000,000 for the first payment of the new United States Contribution to the HIPC Trust Fund. Although the Committee fully funded the United States \$600,000,000 commitment to the HIPC Trust Fund in the fiscal years 2000, 2001 and 2002 appropriations Acts, President Bush committed the United States to an additional \$150,000,000 for the HIPC Trust Fund in 2002. The Committee is concerned that the need for additional HIPC Trust Fund contributions is partially due to delays in donor nations fulfilling their original HIPC pledges. The Committee is more concerned however, that although the United States has pledged \$150,000,000, there appears to be no sunset for the current HIPC program, and therefore no certainty that the latest pledge by the United States will be the last. The lack of public information about the HIPC Trust Fund financing shortfall is further disconcerting.

Therefore, the Committee directs the Department of Treasury to provide to the Committee a detailed report within 45 days of enactment of this act a list of donors to the HIPC Trust Fund, each donor's pledge and actual contribution, the date of contributions as

well as detailed disbursement data of the Fund including the level of funds transferred to each international financial institution and the date of the transfer.

#### CONGO

Since 1996, HIPC has been justified to the Committee as a strategy to place debt relief within an overall framework of poverty reduction. The President's request for \$300,000,000 for the DRC, appears to upend this strategy. The bilateral debt that the President's request would forgive is not being serviced, therefore debt reduction would in no way improve the immediate humanitarian crisis facing the civilian population. The Committee assumes that debt relief can only be effective if it is accompanied by sustained implementation of poverty reduction and economic reform programs, yet the DRC is facing a new transitional government under a power-sharing agreement with the rebel groups. In a country facing massive humanitarian and governance challenges, the Committee does not recommend forgiving debt that is not being serviced.

### TITLE III—MILITARY ASSISTANCE

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 2003 level .....	\$79,480,000
Fiscal year 2004 request .....	91,700,000
Committee recommendation .....	91,700,000

The Committee recommends \$91,700,000 for the International Military Education and Training (IMET) program, which represents an increase of \$12,220,000 above the fiscal year 2003 level and is the same as the budget request. IMET is part of the overall United States security assistance program, and through it the United States Government provides training to predominantly military students from allied and friendly nations. The IMET program exposes students to the United States professional military establishment and the American way of life, including democratic values and rule of law, respect for individual and human rights. In 1990, Congress directed the Department of Defense to establish a program within IMET—called Expanded-IMET or “E-IMET” focused on training foreign civilian and military officials in three areas: managing and administering military establishments and budgets; creating and maintaining effective military judicial systems and military codes of conduct, and fostering greater respect for the principle of civilian control of the military.

#### GUATEMALA

The Committee includes prior year bill language limiting Guatemala to Expanded IMET only, subject to notification.

##### IMET AVAILABILITY

The Committee again recommends that \$3,000,000 of IMET appropriations remain available until expended.

## FOREIGN MILITARY TRAINING REPORT

The Department of State and Department of Defense have been required in past years to submit foreign military training reports by both section 656 of the Foreign Assistance Act and a separate requirement contained in the annual Foreign Operations, Export Financing and Related Programs Act (section 561 in the fiscal year 2003 Act). The report requirements are similar and differ in only a few minor areas such as the date they are required for submission to Congress.

The information in these military training reports is extremely valuable and the Committee appreciates the work of the professional personnel in the Departments of State and Defense. However, to simplify requirements, improve clarity and eliminate redundant requirements, the Committee in a general provision section 554 clarifies that a single Foreign Military Training Report (as required under section 656 of the Foreign Assistance Act) is sufficient and this annual report shall be submitted to both the House Committee on International Relations and Senate Committee on Foreign Relations and the Committees on Appropriations of the House and Senate.

## FOREIGN MILITARY FINANCING PROGRAM

Fiscal year 2003 level .....	\$4,045,532,000
Emergency supplemental funding .....	2,059,100,000
Fiscal year 2004 request .....	4,414,000,000
Committee recommendation .....	4,314,000,000

The Committee recommends \$4,314,000,000 in Foreign Military Financing assistance. This program provides grants for the acquisition of United States defense equipment, services and training. The Foreign Military Financing (FMF) program enables key allies and friendly nations to improve defensive capabilities, and fosters bilateral military relationships with the United States and interoperability with United States forces. The recommended fiscal year 2004 program level is \$268,468,000 above the fiscal year 2003 level, excluding emergency wartime supplemental appropriations, and \$100,000,000 below the budget request. The increase above the fiscal year 2003 level is primarily due to an increase of \$73,650,000 for Israel, as requested by the President.

## ISRAEL

The Committee recommends a total Foreign Military Financing (FMF) program of not less than \$2,160,000,000 in grants for Israel, which shall be available within 30 days of enactment of this Act.

The Committee remains committed to helping Israel maintain security. Therefore, the Committee is convinced the United States must make every effort to carry out its long-standing policy of ensuring that Israel's technological edge is maintained. As a result, the Committee has provided an increase of \$73,650,000 above the fiscal year 2003 level (excluding the emergency wartime supplemental), as requested by the President. The Committee also believes that a sustained military improvement program will be required over the next five years, at an annual rate of approximately \$60,000,000, to assist Israel in responding to these emerging security challenges. However, with respect to this recommended in-

crease in military assistance, the Committee must be very clear that it cannot commit future Congresses to the future appropriation of funds. Therefore, future increases in military assistance will require the annual review of the Congress and will necessarily be based upon an assessment of the security situation at the time.

The Committee also recommends that, to the extent that the Government of Israel requests that FMF grant funds for Israel be used for such purposes, and as agreed by Israel and the United States, funds may be made available for advanced weapons systems of which \$568,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development. This represents a \$18,000,000 increase over the fiscal year 2003 level and reflects a recognition by the Committee of Israel's need for similar annual increases over the next few years in order to provide Israel with increased flexibility in meeting the emerging security challenges in the Middle East.

#### JORDAN

The Committee strongly supports the Administration's efforts to improve Jordanian security and therefore recommends full funding of the President's request of \$206,000,000 for Jordan. Under the leadership of King Abdullah, Jordan plays a critical role in supporting peace and security in the Middle East. The Committee is well aware that Jordan's security requirements are extensive, particularly in the areas of ground force modernization and border security.

#### EGYPT

The Committee recommends a total of \$1,300,000,000 in Foreign Military Financing grants for Egypt.

Pursuant to the President's budget request bill language is recommended that would require that funds estimated to be outlayed for Egypt during fiscal year 2004 shall be transferred to an interest bearing account for Egypt in the Federal Reserve Bank of New York within 30 days of enactment of this Act. The Committee is convinced that continued military cooperation between Egypt and the United States remains in the national security interests of both countries.

#### THE BALTICS

The Committee strongly supports at least the Presidents' budget request of \$19,500,000 for Estonia, Latvia, and Lithuania. Previous years' funding has significantly supported the commendable efforts of these countries to attain Western military standards and to improve their capacities to contribute to international security through the provision of peacekeepers to international peacekeeping missions. These democratic nations also strongly supported the international coalition in Operation Iraqi Freedom.

#### ARMENIA AND AZERBAIJAN

The Committee supports the President's budget request of \$2,500,000 for assistance for Armenia and \$2,500,000 for assistance for Azerbaijan. In addition, the Committee supports IMET assist-



ance levels of \$900,000 for both countries as requested by the President.

#### ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on administrative expenses of \$40,500,000. This level represents an increase of \$2,500,000 for inflationary costs and adjustments to base and is consistent with the budget request for the Defense Security Cooperation Agency (DSCA).

#### FOREIGN MILITARY FINANCING SURCHARGE

The Committee has included a limitation on Foreign Military Financing operating costs of \$361,000,000. This limitation may be waived pursuant to the regular notification procedures of the Committees on Appropriations. This is \$5,000,000 more than the fiscal year 2003 level and the same as the request.

#### FMF EXPENDITURE RATE

The Committee continues prior year language that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services. In addition, it continues language providing that such funds shall be obligated upon apportionment in order to allow for the orderly execution of program funds.

#### PROCUREMENT AGREEMENTS

The Committee has continued prior year language requiring recipients of Foreign Military Financing grants 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.

#### PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Indonesia, Guatemala, Sudan and Liberia. The Administration did not request FMF appropriations for these nations in fiscal year 2004.

The Committee continues to support United States assistance to Guatemala to implement the Guatemalan peace accords. However, it remains concerned about limited progress in certain areas such as reform of the Guatemalan military. Therefore the Committee retains the existing ban on Foreign Military Financing and International Military Education and Training (IMET), with the exception of E-IMET. The Committee expects the State Department to continue to press the Guatemalan government to address corruption, comply with the peace accords, follow through on the recommendations of the Historical Clarification Commission, and move forward on important unresolved human rights cases.

#### UGANDA

The Committee recommends that up to \$2,000,000 in FMF funds be used to assist the Government of Uganda with counter-terrorism efforts. This assistance would be used to provide surveillance capabilities and border security. This recommendation assumes contin-

ued cooperation with United Nations effort to end conflicts in the Democratic Republic of the Congo.

#### PEACEKEEPING OPERATIONS

Fiscal year 2003 level .....	\$114,252,000
Emergency supplemental funding .....	100,000,000
Fiscal year 2004 request .....	94,900,000
Committee recommendation .....	85,000,000

The Committee recommends \$85,000,000 for voluntary contributions for international peacekeeping operations. This amount is \$29,252,000 below the level provided in fiscal year 2003, excluding emergency wartime supplemental appropriations, and is \$9,900,000 less than the President's request.

The Committee notes that to date none of the \$100,000,000 in additional peacekeeping funds provided in the emergency wartime supplemental have been obligated.

#### TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

##### INTERNATIONAL FINANCIAL INSTITUTIONS

##### GLOBAL ENVIRONMENT FACILITY

Fiscal year 2003 level .....	\$146,852,533
Fiscal year 2004 request .....	184,996,904
Committee recommendation .....	107,500,000

The Committee recommends \$107,500,000 for the Global Environment Facility (GEF), administered by the World Bank for the entire scheduled United States annual payment to the third replenishment of GEF. The recommendation is \$77,496,904 below the request and \$39,352,533 less than the amount enacted for 2003.

##### CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 2003 level .....	\$844,475,000
Fiscal year 2004 request .....	976,825,167
Committee recommendation .....	850,000,000

The Committee is providing \$850,000,000 for the United States contribution to the International Development Association (IDA), \$126,825,167 less than the request and a \$5,525,000 increase above the 2003 enacted level. The recommended level is intended for the second of three payments under the United States commitment to the thirteenth replenishment of IDA.

The Committee is unable to support an additional \$100,000,000 for IDA requested by the President. According to a speech by the Secretary of the Treasury on April 12, 2002, the World Bank has met the conditions that allow for an additional contribution of \$100,000,000. While the Committee agreed with the former Secretary of Treasury that the World Bank needs a more rigorous method of measuring results of its programs, the Committee raised concerns in House Report 107-663 about the process of developing benchmarks for assessing aid, a process that is not straightforward or precise. The Committee specifically required in House Report 107-663 that it be consulted on an on-going basis as benchmarks were developed and programs were evaluated. The Committee was never consulted before or after the Secretary of Treasury deter-

mined that conditions had been met to allow for an additional contribution to IDA, therefore the Committee is unable to support the additional funds. Additionally, the Committee is unable to provide the amount requested for past payments due because of the Committee's low budget allocation.

#### CONTRIBUTION TO THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

Fiscal year 2003 level .....	\$1,620,398
Fiscal year 2004 request .....	4,001,672
Committee recommendation .....	4,001,672

#### (LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2003 level .....	(\$7,610,000)
Fiscal year 2004 request .....	(16,339,982)
Committee recommendation .....	(16,339,982)

The Committee is providing \$4,001,672 for past payments due by the United States to the World Bank's Multilateral Investment Guarantee Agency, the same as the request and \$2,381,274 above the 2003 enacted level.

#### GENERAL CONCERNS ABOUT THE WORLD BANK GROUP

##### OBJECTIVES

The Committee is concerned that few of the many reform proposals for the World Bank over the years have resulted in major changes to the Bank's basic structure or function.

Additionally, the Committee is concerned about the expansion of the Bank's focus from development functions to humanitarian lending, cultural projects, and post-conflict reconstruction. The Bank appears to continually re-create its mission, yet the Bank cannot have a comparative advantage in every sector and project. The mission creep at the Bank has resulted in a cumbersome bureaucratic environment and sluggish procedures that reduce the Bank's effectiveness and possibly future financial support.

The Committee believes the World Bank and other multilateral development banks should have a clear set of objectives with the top priority to raise the standard of living of people throughout the world. The Committee supports the Treasury Department's attempts to focus the World Bank's core objective on raising per capita income and economic growth.

##### AVAILABILITY OF INFORMATION

The Committee again requests copies of all annual reports and information about the basic functions of each institution as they come available. Future and continued support for the banks cannot be guaranteed unless future requests are justified by the Department of Treasury as well as the management of each individual institution.

#### INTER-AMERICAN INVESTMENT CORPORATION

Fiscal year 2003 level .....	\$18,232,381
Fiscal year 2004 request .....	30,898,488
Committee recommendation .....	

The Committee recommends no appropriation for past due payments for the Inter-American Investment Corporation (IIC). The recommendation is \$30,898,000 less than the request and \$18,233,000 less than the 2003 enacted level.

The Committee notes the deteriorating portfolio of the IIC and the net loss of \$41,000,000 posted in calendar year 2002. The Committee is also aware that discussions are underway among Inter-American Bank members regarding the future of the IIC and future financing options to re-capitalize the IIC. Therefore, the Committee is unable to support the budget request for payments to the IIC when other fully functioning international financial institutions in the Committee's jurisdiction should be made a priority with the limited budget allocation.

#### MULTILATERAL INVESTMENT FUND

Fiscal year 2003 level .....	\$24,430,828
Fiscal year 2004 request .....	32,614,172
Committee recommendation .....	25,000,000

The Committee recommends an appropriation of \$25,000,000 for past due payments for the Multilateral Investment Fund (MIF). The recommendation is \$7,614,172 below the request and \$569,172 above the 2003 enacted level.

The Multilateral Investment Fund (MIF) is the major source of multilateral technical assistance grants for micro and small business development in Latin America and the Caribbean.

#### CONCERNS ABOUT THE INTER-AMERICAN DEVELOPMENT BANK (IDB)

The Committee is concerned about recent public allegations that the procurement procedures at the IDB are neither transparent nor consistent. The Committee urges the IDB to establish an independent inspection panel to investigate and respond to private sector procurement complaints. The Committee directs the Secretary of Treasury to report back to the Committee no later than 120 days after enactment of this Act of the IDB's progress in setting up such an inspection panel.

#### CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 2003 level .....	\$97,249,873
Fiscal year 2004 request .....	151,921,405
Committee recommendation .....	151,921,405

The Committee recommends an appropriation of \$151,921,405 for the concessional Asian Development Fund, an amount that is the same as the level requested and \$54,671,532 more than the fiscal year 2003 enacted level. The Committee recommends that \$103,000,000 be made available for the scheduled payment to the Asian Development Fund and \$48,921,405 for past payments due.

The Committee is providing the entire amount requested for the Asian Development Fund in light of United States efforts to reform the operations of the Asian Development Bank (AsDB). The Committee supports the continuing focus by the United States Executive Director on issues relating to personnel, procurement, host country contracting, inspection, transparency, and performance based allocation of concessional loans at the AsDB. The Committee commends the regular contact by the United States Executive Di-

rector and his efforts to keep the Committee members informed of AsDB issues.

#### CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 2003 level .....	\$5,071,294
Fiscal year 2004 request .....	5,104,930
Committee recommendation .....	5,104,930

#### (LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2003 level .....	(\$79,603,000)
Fiscal year 2004 request .....	(79,609,817)
Committee recommendation .....	(79,609,817)

The Committee recommends an appropriation of \$5,104,930 for the African Development Bank, an amount that is \$33,626 above the amount provided in fiscal year 2003 and the same as the amount requested. The Committee intends that \$5,100,000 of the amount provided be for the annual United States payment and \$4,930 for past payments due.

#### CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 2003 level .....	\$107,370,856
Fiscal year 2004 request .....	118,080,826
Committee recommendation .....	107,370,856

The recommendation for the concessional African Development Fund is \$107,370,856, which is \$10,709,970 less than the amount requested and the same as the amount provided in fiscal year 2003.

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

Fiscal year 2003 level .....	\$35,572,223
Fiscal year 2004 request .....	35,431,111
Committee recommendation .....	35,431,111

#### (LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2003 level .....	(\$123,237,803)
Fiscal year 2004 request .....	(122,085,497)
Committee recommendation .....	(122,085,497)

The Committee is recommending \$35,431,111 for the European Bank for Reconstruction and Development. This amount is the same as the President's request and \$141,112 more than the appropriation provided in fiscal year 2003.

#### CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Fiscal year 2003 level .....	\$14,906,143
Fiscal year 2004 request .....	15,004,042
Committee recommendation .....	15,004,042

The Committee is again providing a separate appropriation for the International Fund for Agricultural Development (IFAD), reflecting the assumption of responsibility for this multilateral institution by the Department of the Treasury in February, 2000. The fiscal year 2004 recommendation is \$15,004,042, the same as the request and \$97,899 below the amount provided in fiscal year 2003. This amount includes \$15,000,000 for the first scheduled contribu-

tion under the recently concluded negotiations of IFAD's Sixth Replenishment (IFAD-VI) and \$4,042 for amounts previously due.

The Committee is alarmed by the sudden reversal of opinion by the Treasury General Counsel that an authorization is no longer needed for the United States to participate in IFAD. It is the Committee's opinion that an authorization for IFAD-VI is necessary, therefore the Committee has included an authorization for United States participation in IFAD-VI in the general provisions of the Act. The Committee directs the Secretary of Treasury to inform the Committee in the case of future legal opinions that impact the funds in this Act.

The Committee is aware, more than ever, that poverty is one of the most serious obstacles to political, economic and social development and stability, particularly because the majority of the world's poor lives in rural areas and is reliant on agriculture for their livelihoods and survival. The Committee recognizes that the efforts of organizations such as IFAD, with its focus on agriculture and rural areas, are crucial for these nations' successful development. IFAD is commended for its continuing efforts.

#### INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 2003 level .....	\$193,882,000
Fiscal year 2004 request .....	314,550,000
Committee recommendation .....	194,550,000

The Committee has recommended \$194,550,000 for International Organizations and Programs. This is \$668,000 above the fiscal year 2003 level and \$120,000,000 less than the President's request. As in fiscal year 2003, funding for a grant to UNICEF is provided in the "Child Survival and Disease Programs Fund" under title II. Once this funding is taken into account, the Committee recommendation is the same as the request. The United Nations Population Fund (UNFPA) is discussed in section 561.

The Committee recommendation also continues prior year bill language prohibiting the use of funds for the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA). Both organizations are funded under "Nonproliferation, Anti-Terrorism, Demining and Related Programs".

#### UNITED NATIONS DEVELOPMENT PROGRAM

The Committee recommends a level not less than \$100,000,000 in International Organizations and Programs funding be set aside to support the United Nations Development Program (UNDP).

#### UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

The Committee supports not less than \$6,000,000 for the United States contribution to the United Nations Voluntary Fund for Victims of Torture. Assisting these centers not only reinforces United States opposition to human rights violations but also has proven to be an effective method for lessening the incidence of torture and promotes human rights and democracy abroad. The Committee urges the Department of State to negotiate with other governments to persuade them to increase their contributions to the Fund and report to the Committee by February 15, 2004 on its efforts.

## TITLE V—GENERAL PROVISIONS

The Committee recommends that 18 of the general provisions carried in the fiscal year 2002 Act be deleted. These provisions (sections 501, 506, 510, 525, 531, 554, 555, 556, 557, 567, 569, 570, 571, 574, 580, 581, 583, 585, and 586) are either addressed elsewhere in permanent law, have been considered by the appropriate authorizing committee, or are no longer necessary.

The Committee recommends the following new and revised general provisions.

Sec. 502, “Private and Voluntary Organizations” is modified by deleting subsection (b) of the 2003 Act.

Sec. 506, “Prohibition on Taxation of United States Assistance” is modified by deleting the GAO reporting requirement.

Sec. 507, “Prohibition Against Direct Funding for Certain Countries” is revised to delete Iraq and Sudan. Additionally the provisos pertaining to Iraq are deleted.

Sec. 515, “Notification Requirements” is modified to exempt the reprogramming requirements for funds appropriated under title II of the Act.

Sec. 517, “Independent States of the Former Soviet Union” is modified by the deletion of subsection (f) from the 2003 Act.

Sec. 520, “Special Notification Requirements” is modified to add Cambodia and to delete Serbia, Pakistan, and Colombia.

Sec. 522, “Child Survival and Health Activities” is revised by deleting the requirement that \$446,000,000 shall be made available for family planning/reproductive health; the notwithstanding authority for funds provided in the Child Survival and Health Activities account is modified to conform with changes made by Public Law 108–25.

Sec. 523, “Afghanistan” is modified by deleting the entire section except the amount specified for Afghanistan and the amount specified from the Economic Support Fund and by adding Title III.

Sec. 525, “USAID Overseas Personnel” is a new general provision intended to allow certain contract personnel serving overseas to receive limited appointments in the Foreign Service during such service.

Sec. 526, “Tibet” is modified by renaming the “Democracy Programs” and deleting all language from the 2003 Act except for the ceiling of \$3,000,000 for certain activities in Tibet that are undertaken by nongovernmental organizations incorporated outside of China and the notification requirements. The notwithstanding authority for the National Endowment for Democracy is retained but moved to section 534 “Special Authorities”.

Sec. 531, “Burma” is modified by reducing the funding floor to \$6,000,000 for democracy activities along the Burma-Thailand border, assist displaced Burmese, and for activities of Burmese student groups.

Sec. 534, “Special Authorities” is revised by: in subsection (a) expanding the notwithstanding of section 512 of this Act to include Pakistan; in subsection (g) by extending the authorities contained in section 602 of Public Law 107–206 regarding the shipment of humanitarian assistance; by deleting subsections (i) and (j) of the 2003 Act; and by adding a new subsection (i) that gives notwith-

standing authority for the National Endowment for Democracy that was included in section 526 of the 2003 Act.

Sec. 536, "Administration of Justice Activities" is modified to extend the authority beyond the current fiscal year.

Sec. 539, "Reservations of Funds" is modified by renaming the section "Earmarks" from the 2003 Act.

Sec. 551, "Caribbean Basin" is renamed "Haiti" and makes eligible the Government of Haiti to purchase defense articles for the Coast Guard. Subsections (b) and (c) from the 2003 Act are deleted.

Sec. 554, "Foreign Military Training Report" is modified by clarifying that a single Foreign Military Training Report (as required under section 656 of the Foreign Assistance Act) is sufficient and this annual report shall be submitted to both the House Committee on International Relations and Senate Committee on Foreign Relations and the Committees on Appropriations of the House and Senate.

Sec. 555, "Korean Peninsula Energy Development Organization" is modified by deleting all except the prohibition of funds for this Act for KEDO.

Sec. 557, "Colombia" is similar to section 564 of the fiscal year 2003 appropriations act and is modified to require the Secretary of State to determine and certify that the Colombian Armed Forces are meeting certain human rights conditions before 25 percent of the funds for the Colombian Armed Forces are made available.

Sec. 561, "Contributions to the United Nations Population Fund" is identical except for technical date changes to section 568 of the House-Reported Foreign Operations, Export Financing, and Related Programs Bill, 2003 (H.R. 5410).

Sec. 566, "Community Based Police Assistance" is similar to section 582 of the 2003 Act except the GAO reporting requirement is deleted.

Sec. 567, "Trade Capacity Building" is similar to section 584 of the 2003 Act but the level of funding is modified to \$517,000,000.

Sec. 568, "Special Debt Relief for the Poorest" is a new general provision, but the same as included in the 2002 Act, that authorizes the Heavily Indebted Poor Countries (HIPC) initiative including bilateral debt relief and contributions to the HIPC Trust Fund.

Sec. 569, "Authority to Engage in Debt Buybacks or Sales" is a new general provision, but the same as included in the 2002 Act, that authorizes debt buybacks and sales, necessary for implementing the Tropical Forest Conservation Act programs.

Sec. 570, "Cambodia" is similar to section 560 of the 2003 Act but deletes subsections (b), (c) and (d).

Sec. 571, "Cuba" is the same general provision as included in the House-Reported Foreign Operations, Export Financing and Related Programs Bill, 2003 (H.R. 5410) and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 572, "Competition in Contracting" requires new and follow-on contracts for reconstruction and related activities in Iraq to be only through use of full and open competitive procedures. The Committee also reiterates its directive on page 27 of House Report 108-55 regarding the involvement, where feasible, of small, minority, and disadvantaged business enterprises in awards for Iraq reconstruction.



Sec. 573, "Disaster Surge Capacity" is a new general provision that provides additional personnel flexibility for USAID to meet unexpected staffing needs in its Office of Foreign Disaster Assistance, Office of Transition Initiatives, and Food for Peace.

Sec. 574, "Authorizations" is a new general provision that authorizes the United States participation in the sixth replenishment of the International Fund for Agriculture Development.

Sec. 575, "Clarification of Role of USAID" is a new general provision that clarifies the role of USAID in conjunction with the Millennium Challenge Corporation.

Sec. 576, "Philippine Education and Health Infrastructure" is a new general provision which clarifies that \$600,000 of the \$30,000,000 provided in the Emergency Wartime Supplemental for the Philippines under the heading "Economic Support Fund" shall be available only for American non-governmental organizations for upgrading education and health infrastructure in Jolo in the Sulu Archipelago.

Sec. 577, "Basic Education" is a new general provision that establishes a minimum level within title II of this Act for basic education programs of \$350,000,000, of which not less than \$91,500,000 should be derived from the "Economic Support Fund".

#### PROVISIONS RETAINED FROM FISCAL YEAR 2003

The following general provisions from the fiscal year 2003 Act are retained in the fiscal year 2004 Act unchanged except for technical corrections, references to fiscal year 2004, and new section numbers where appropriate:

Sec. 501. Compensation for United States Executive Directors to International Financial Institutions.

Sec. 503. Limitation on Residence Expenses.

Sec. 504. Limitation on Expenses.

Sec. 505. Limitation on Representational Allowances.

Sec. 508. Military Coups.

Sec. 509. Transfers.

Sec. 511. Availability of Funds.

Sec. 512. Limitation on Assistance to Countries in Default.

Sec. 513. Commerce and Trade.

Sec. 514. Surplus Commodities.

Sec. 516. Limitation on Availability of Funds for International Organizations and Programs.

Sec. 518. Prohibition on Funding for Abortions and Involuntary Sterilization.

Sec. 519. Export Financing Transfer Authorities.

Sec. 521. Definition of Program, Project, and Activity.

Sec. 524. Notification of Excess Defense Equipment.

Sec. 527. Prohibition on Bilateral Assistance to Terrorist Countries.

Sec. 528. Debt-for-Development.

Sec. 529. Separate Accounts.

Sec. 530. Enterprise Fund Restrictions.

Sec. 532. Authorities for the Peace Corps, Inter-American Foundation and African Development Foundation.

Sec. 533. Impact on Jobs in the United States.

Sec. 535. Arab League Boycott of Israel.

Sec. 537. Eligibility for Assistance.

- Sec. 539. Ceilings and Earmarks.
- Sec. 540. Prohibition on Publicity and Propaganda.
- Sec. 541. Prohibition of Payments to United Nations Members.
- Sec. 542. Nongovernmental Organizations—Documentation.
- Sec. 543. Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism.
- Sec. 544. Withholding of Assistance for Parking Fines Owed by Foreign Governments.
- Sec. 545. Limitation on Assistance for the PLO for the West Bank and Gaza.
- Sec. 546. War Crimes Tribunals Drawdown.
- Sec. 547. Landmines.
- Sec. 548. Restrictions Concerning the Palestinian Authority.
- Sec. 549. Prohibition of Payment of Certain Expenses.
- Sec. 550. Restrictions on Voluntary Contributions to United Nations Agencies.
- Sec. 552. Limitation on Assistance to the Palestinian Authority.
- Sec. 553. Limitation on Assistance to Security Forces.
- Sec. 556. Palestinian Statehood.
- Sec. 558. Illegal Armed Groups.
- Sec. 559. Prohibition on Assistance to the Palestinian Broadcasting Corporation.
- Sec. 560. West Bank Gaza Program.
- Sec. 562. Procurement and Financial Management Reform.
- Sec. 563. War Criminals.
- Sec. 564. User Fees.
- Sec. 565. Funding for Serbia.
- Sec. 567. Trade Capacity Building.

#### HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

##### TRANSFER OF FUNDS

Pursuant to clause 3(f)(2) of rule XIII of the Rules of the House of Representatives, the following is submitted describing the transfer of funds provided in the accompanying bill.

Under “Child Survival and Health Programs” up to \$6,000,000 may be transferred to and merged with funds under the heading “Operating Expenses of the United States Agency for International Development.”

Under “Child Survival and Health Programs” up to \$35,000,000 may be transferred to the Centers for Disease Control and Prevention.”

Under “Operating Expenses of the United States Agency for International Development”, not to exceed \$15,000,000 may be derived by transfer from the Iraq Relief and Reconstruction Fund (P.L. 108–11) to support the USAID mission in Iraq.

Under “Development Credit Authority” up to \$21,000,000 is authorized to be transferred to the account from a variety of sources. In addition, \$8,000,000 may be transferred to and merged with funds appropriated under the heading “Operating Expenses of the United States Agency for International Development”.

## RESCISSIONS

Clause 3(f)(2) of rule XIII of the Rules of the House of Representatives requires a separate listing of rescissions. There are no rescissions recommended in the accompanying bill.

## CONSTITUTIONAL AUTHORITY

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives states that:

Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution.

The Committee on Appropriations bases its authority to report this legislation from Clause 7 of Section 9 of Article I of the Constitution of the United States of America which states:

No money shall be drawn from the Treasury but in consequence of Appropriations made by law \* \* \*

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

## CHANGES IN THE APPLICATION OF EXISTING LAW

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

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 2004 have not yet been enacted. The bill allows funds appropriated in the bill to be obligated in the absence of a prior authorization of appropriations.

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

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

4. Under "Export-Import Bank of the United States", authority is provided for subsection (a) of section 117 to remain in effect until October 1, 2004.

5. Under "Overseas Private Investment Corporation, Program Account", funds are appropriated for the cost of direct and guaranteed loans, to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account. Such costs shall be as defined in section 502 of the Congressional Budget Act of 1974 and may be used for direct loan and loan guaranty commitments incurred or made during fiscal years 2004 and 2005. These funds are available for obligation until 2012 and 2013, depending on the initial date of obligation.

6. Under "Child Survival and Health Programs Fund" language is provided that indicates how the funds should be allocated among various activities; not to exceed \$250,000, in addition to funds otherwise available for such purposes, may be used to monitor and provide oversight of programs for displaced and orphaned children and victims of war; up to \$60,000,000 is authorized to be made available for a contribution to The Vaccine Fund; and language is included that provides that \$870,830,000 shall be directly apportioned to the Office of the AIDS Coordinator of which not less than \$400,000,000, subject to matching contributions, shall be made available for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and shall be expended at the minimum rate necessary to make timely payments for projects and activities.

7. Under "Development Assistance", language is provided that indicates how the funds should be allocated among various activities, including \$194,000,000 for trade capacity building and \$350,000,000 for basic education.

8. Under "Development Credit Authority", authorized transfers, when added to the funds transferred pursuant to the authority contained under this heading in Public Law 107-115, shall not exceed \$21,000,000.

9. Under "Operating Expenses of the United States Agency for International Development" not to exceed \$15,000,000 may be derived by transfer from the Iraq Relief and Reconstruction Fund.

10. Under "Capital Investment Fund", the Administrator of USAID is authorized to change fair and reasonable rent in buildings constructed using funds appropriated under this heading, and such rental payments are designated as offsetting collections; and the assignment of employees or contractors to buildings is subject to the concurrence of the Administrator of USAID.

11. Under "Economic Support Fund", not less than \$480,000,000 is made available only for Israel and is required to be disbursed as a cash grant within 30 days of enactment of this Act; and not less than \$575,000,000 is made available only for Egypt; \$250,000,000 should be made available only for assistance for Jordan; not less than \$35,000,000 should be available for Lebanon of which not less than \$4,000,000 should be available for American educational institutions for scholarships and other programs; and not less than \$12,000,000 should be available for Cyprus; and \$67,000,000 shall be available to the Department of State Office of Overseas Buildings Operation for construction of United States Agency for International Development facilities.

12. Under "Assistance for the Independent States of the Former Soviet Union", not less than \$63,000,000 should be made available for assistance for child survival and health activities.

13. Under "African Development Foundation", funds made available to grantees may be invested for project purposes when authorized by the Board of Directors, instead of by the President as in current law.

14. Under "Peace Corps" the Director of the Peace Corps may make appointments or assignments, or extend current appointments or assignments, to permit United States citizens to serve for periods in excess of five years in the case of individuals whose appointment or assignment, such as regional safety security officers and employees within the Office of the Inspector General, involves

the safety of Peace Corps volunteers. The Director may make such appointments or assignments notwithstanding the provisions of section 7 of the Peace Corps Act.

15. Under “Millennium Challenge Account” \$800,000,000 is available contingent upon enactment of authorization.

16. Under “International Narcotics Control and Law Enforcement”, a limitation of \$24,180,000 is placed on administrative expenses.

17. Under “Andean Counterdrug Initiative”, assistance for Colombia is made available consistent with the provisions authorizing and limiting such assistance as are contained in Public Law 107–206; section 482(b) of the Foreign Assistance Act is waived, subject to notification; the Secretary of State, in consultation with the Administrator of USAID, shall provide to the Committee 45 days after the date of enactment a report on the proposed uses of all funds under this heading on a country-by-country basis for each proposed program, project or activity; in addition, a limitation of \$15,680,000 is placed on administrative expenses of the Department of State, and not more than \$4,500,000 may be available for administrative expenses of the United States Agency for International Development.

18. Under “Nonproliferation, Anti-terrorism, Demining, and Related Programs”, a limitation of \$20,000,000 is placed on funding for the Nonproliferation and Disarmament Fund.

19. Under “Debt Restructuring” funds are provided for the cost of selling, reducing or canceling debts owed to the United States, and modifying concessional credit agreements with least developed countries, and of canceling amounts owed as a result of loans or guarantees. In addition funds are provided for the Secretary of Treasury to pay the Heavily Indebted Poor Countries Trust Fund amounts for the benefits of countries that are eligible for debt reduction.

20. Under “Foreign Military Financing Program”, not less than \$2,160,000,000 is appropriated for Israel, of which not less than \$568,000,000 shall be available for the procurement in Israel of defense articles and defense services and that all funds for Israel must be disbursed within 30 days of enactment of this Act; \$1,300,000,000 shall be made available for grants only for Egypt; a limitation of \$40,500,000 is provided for administrative expenses; and a limitation of \$361,000,000 from certain other funds may be obligated for expenses incurred pursuant to section 43(b) of the Arms Export Control Act.

21. Under title IV, funds for a number of international financial institutions are made available for contributions; funds are made available for the United States share of the paid-in portion of the increase in capital stock of certain institutions; and limitations are placed on callable capital subscriptions.

22. Under “General Provisions”:

Sec. 502, “Private and Voluntary Organizations” is modified by deleting subsection (b) of the 2003 Act.

Sec. 506, “Prohibition on Taxation of United States Assistance” is modified by deleting the GAO reporting requirement.

Sec. 507, “Prohibition Against Direct Funding for Certain Countries” is revised to delete Iraq and Sudan. Additionally the provisos pertaining to Iraq are deleted.

Sec. 515, "Notification Requirements" is modified to exempt the reprogramming requirements for funds appropriated under title II of the Act.

Sec. 517, "Independent States of the Former Soviet Union" is modified by the deletion of subsection (f) from the 2003 Act.

Sec. 520, "Special Notification Requirements" is modified to add Cambodia and to delete Serbia, Pakistan, and Colombia.

Sec. 522, "Child Survival and Health Activities" is revised by deleting the requirement that \$446,000,000 shall be made available for family planning/reproductive health; the notwithstanding authority for funds provided in the Child Survival and Health Activities account is modified to conform with changes made by Public Law 108-25.

Sec. 523, "Afghanistan" is modified by deleting the entire section except the amount specified for Afghanistan and the amount specified from the Economic Support Fund.

Sec. 525, "USAID Overseas Personnel" is a new general provision allowing the use of certain program funds to pay salaries and expenses of limited term foreign service officers.

Sec. 526, "Tibet" is modified by renaming the "Democracy Programs" and deleting all language from the 2003 Act except for the ceiling of \$3,000,000 for certain activities in Tibet that are undertaken by nongovernmental organizations incorporated outside of China and the notification requirements. The notwithstanding authority for the National Endowment for Democracy is retained but moved to section 534 "Special Authorities".

Sec. 531, "Burma" is modified by reducing the funding floor to \$6,000,000 for democracy activities along the Burma-Thailand border, assist displaced Burmese, and for activities of Burmese student groups.

Sec. 534, "Special Authorities" is revised by: in subsection (a) expanding the notwithstanding of section 512 of this Act to include Pakistan; in subsection (g) by extending the authorities contained in section 602 of Public Law 107-206 regarding the shipment of humanitarian assistance; by deleting subsections (i) and (j) of the 2003 Act; and by adding a new subsection (i) that gives notwithstanding authority for the National Endowment for Democracy that was included in section 526 of the 2003 Act.

Sec. 536, "Administration of Justice Activities" is modified to extend the authority beyond the current fiscal year.

Sec. 539, "Reservations of Funds" is modified by renaming the section "Earmarks" from the 2003 Act.

Sec. 551, "Caribbean Basin" is renamed "Haiti" and makes eligible the Government of Haiti to purchase defense articles for the Coast Guard. Subsections (b) and (c) from the 2003 Act are deleted.

Sec. 554, "Foreign Military Training Report" is modified by clarifying that a single Foreign Military Training Report (as required under section 656 of the Foreign Assistance Act) is sufficient, and this annual report shall be submitted to both the House Committee on International Relations and Senate Committee on Foreign Relations and the Committees on Appropriations of the House and Senate.

Sec. 555, "Korean Peninsula Energy Development Organization" is modified by deleting all except the prohibition of funds for this Act for KEDO.

Sec. 557, "Colombia" is similar to section 564 of the fiscal year 2003 appropriations act and is modified to require the Secretary of State to determine and certify that the Colombian Armed Forces are meeting certain human rights conditions before 25 percent of the funds for the Colombian Armed Forces are made available.

Sec. 561, "Contributions to the United Nations Population Fund" is identical except for technical date changes to section 568 of the House-Reported Foreign Operations, Export Financing, and Related Programs Bill, 2003 (H.R. 5410).

Sec. 566, "Community Based Police Assistance" is similar to section 582 of the 2003 Act except the GAO reporting requirement is deleted.

Sec. 567, "Trade Capacity Building" is similar to section 584 of the 2003 Act but the level of funding is modified to \$517,000,000.

Sec. 568, "Special Debt Relief for the Poorest" is a new general provision, but the same as included in the 2002 Act, that authorizes the Heavily Indebted Poor Countries (HIPC) initiative including bilateral debt relief and contributions to the HIPC Trust Fund.

Sec. 569, "Authority to Engage in Debt Buybacks or Sales" is a new general provision, but the same as included in the 2002 Act, that authorizes debt buybacks and sales, necessary for implementing the Tropical Forest Conservation Act programs.

Sec. 570, "Cambodia" is similar to section 560 of the 2003 Act but deletes subsections (b), (c) and (d).

Sec. 571, "Cuba" is the same general provision as included in the House-Reported Foreign Operations, Export Financing and Related Programs Bill, 2003 (H.R. 5410) and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 573, "Disaster Surge Capacity" is a new general provision that provides additional personnel flexibility for USAID to meet unexpected staffing needs in its Office of Foreign Disaster Assistance, Office of Transition Initiatives, and Food for Peace.

Sec. 574, "Authorizations" is a new general provision that authorizes the United States participation in the sixth replenishment of the International Fund for Agriculture Development.

Sec. 575, "Clarification of Role of USAID" is a new general provision that clarifies the role of USAID in conjunction with the Millennium Challenge Corporation.

Sec. 576, "Philippine Education and Health Infrastructure" is a new general provision that makes \$600,000 of Economic Support Funds in the Emergency Wartime Supplemental Act, 2003 available for upgrading education and health infrastructure in the Sulu Archipelago.

Sec. 577, "Basic Education" is a new general provision that makes not less than \$350,000,000 in title II available for basic education and of which not less than \$91,500,000 should be from the Economic Support Fund. Includes reporting requirements for the Department of State and USAID.

#### APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3(f)(1) of rule XIII of the Rules of the House of Representatives, the following table lists the appropriations in the accompanying bill which, in whole or in part, are not authorized by law:

	Last year authorized	Authorization level	Appropriations in last year of authorization	Appropriations in this bill
Overseas Private Investment Corporation Administrative Expenses.	2003 .....	Such sums as may be necessary .....	39,626,000 .....	41,385,000.
Overseas Private Investment Corporation Noncredit Account.	2003 .....	Such sums as may be necessary .....	23,844,000 .....	24,000,000.
Child Survival and Health Programs Fund (See note below).	Population (1987); Health and Disease Prevention (1987); Child Survival Fund (1987).	Population (\$290,000,000); Health and Disease Prevention (\$180,000,000); Child Survival Fund (\$75,000,000).	Population (\$234,625,000); Health and Disease Prevention (\$166,762,500); Child Survival Fund (\$75,000,000).	\$2,235,830,000 (includes \$368,500,000 for population).
Development Assistance (See note below)	Agriculture (1987); Education (1987); Energy and selected development activities (1987).	Agriculture (\$760,000,000); Education (\$180,000,000); Energy and selected development activities (\$207,000,000).	Agriculture (\$639,613,000); Education (\$155,000,000); Energy and selected development activities (\$149,990,000).	\$1,317,000,000 (includes \$350,000,000 for basic education; other programs difficult to determine due to changing definitions of programs since last authorized).
International Disaster and Famine Assistance.	1987 .....	\$25,000,000 .....	\$70,000,000 .....	\$315,500,000.
Transition initiatives .....	None (same authorities as international disaster assistance).	.....	.....	\$55,000,000.
Development credit authority .....	None .....	.....	.....	(\$21,000,000).
Development credit authority administrative expenses.	None .....	.....	.....	\$8,000,000.
Payment to the Foreign Service Retirement and Disability Fund.	None; mandatory item .....	.....	.....	\$43,859,000.
Operating expenses of the United States Agency for International Development.	1987 .....	\$387,000,000 .....	\$340,600,000 .....	\$604,100,000.
Capital Investment Fund .....	None .....	.....	.....	\$49,300,000.
Operating Expenses of the United States Agency for International Development Inspector General.	1987 .....	\$21,750,000 .....	\$21,000,000 .....	\$35,000,000.
Economic Support Fund .....	1987 .....	\$3,800,000,000 .....	\$3,555,000,000 .....	\$2,240,500,000.
International Fund for Ireland .....	1988 .....	\$35,000,000 .....	\$35,000,000 .....	\$19,600,000.
Assistance for Eastern Europe and the Baltic States (See note below).	None .....	.....	.....	\$452,000,000.
Assistance for the Independent States of the Former Soviet Union.	1993 .....	\$410,000,000 .....	\$417,000,000 .....	\$576,000,000.
Inter-American Foundation .....	1987 .....	\$11,969,000 .....	\$11,800,000 .....	\$15,185,000.
African Development Foundation .....	1987 .....	\$3,872,000 .....	\$6,500,000 .....	\$17,689,000.
Peace Corps .....	2003 .....	\$365,000,000 .....	\$295,069,000 .....	\$314,000,000.
Millennium Challenge Corporation .....	None .....	.....	.....	\$800,000,000.



International Narcotics Control and Law Enforcement.	1994 .....	\$171,500,000 .....	\$100,000,000 .....	\$241,700,000.
Andean Counterdrug Initiative .....	None .....			\$731,000,000.
Migration and Refugee Assistance .....	2001 .....	\$750,000,000 .....	\$700,000,000 .....	\$760,197,000.
U.S. Emergency Refugee and Migration Assistance Fund (See note below).	1962 .....	Such amounts as may be necessary ...	N/A .....	\$15,831,000.
Nonproliferation, Anti-terrorism, demining and related programs (See note below).	None .....			\$335,200,000.
International Affairs Technical Assistance	1999 .....	\$5,000,000 .....	\$1,500,000 .....	\$19,000,000.
Debt restructuring .....	2001 .....	\$435,000,000 .....	\$448,000,000 (included up to \$435,000,000 for Heavily Indebted Poor Countries (HIPC) debt relief; additional sums for unauthorized bilateral debt relief).	\$95,000,000 (Note: section 581 includes additional authorization for HIPC debt relief, consistent with appropriations recommendation for this account).
International Military Education and Training.	2003 .....	\$85,000,000 .....	\$79,480,000 .....	\$91,700,000.
Foreign Military Financing Program .....	2003 .....	\$4,107,000,000 .....	\$6,104,632,000 .....	\$4,314,000,000.
Peacekeeping operations .....	1999 .....	\$83,000,000 .....	\$76,500,000 .....	\$85,000,000.
International Development Association .....	2002 .....	\$2,410,000,000 over three years (beginning in FY 2003).	\$792,400,000 .....	\$850,000,000.
African Development Fund .....	2002 .....	\$300,000,000 over three years (beginning in FY 2000).	\$100,000,000 .....	\$107,370,856.
Asian Development Fund .....	2001 .....	\$400,000,000 over four years (beginning in FY 1998).	\$72,000,000 .....	\$151,921,405.
International Organizations and Programs	2001 .....	Such sums as may be necessary .....	\$186,000,000 .....	\$194,550,000.
Contribution to the International Fund for Agriculture Development.	2003 .....	\$30,000,000 over two years (beginning in FY 2002).	\$14,906,000 .....	\$15,004,000.

Note.—Programs recommended herein under “Child Survival and Health Programs Fund” and “Development Assistance” were last authorized under a different account structure than that recommended in this bill; the account structure included a number of functional accounts, as described above.

Note.—Programs recommended herein under “Support for Eastern Europe and the Baltic States” were last authorized in the Support for East European Democracy (SEED) Act of 1989; however, these funds were authorized for discrete programs and not for the account as a whole. In fiscal year 1991, the first general appropriations act after enactment of the SEED Act included \$369,675,000 for this account.

Note.—Funds for the United States Emergency Refugee and Migration Assistance Program (ERMA) are authorized in such amounts as may be necessary; however, appropriations which would result in a balance in the fund of more than \$100,000,000 are prohibited (22 U.S.C. 2601(c)) absent a waiver of this provision of law.

Note.—Programs recommended herein under “Nonproliferation, Anti-terrorism, Demining, and Related Programs” include some major programs for which authorizations of appropriations were provided for fiscal year 2002; these programs include \$73,000,000 authorized for anti-terrorism assistance and \$142,000,000 authorized for nonproliferation activities. In addition, some programs now in this account were previously in accounts which had authorizations of appropriations in prior years.

## COMPARISON WITH BUDGET RESOLUTION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives requires an explanation of compliance with section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, which 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 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year from the Committee’s section 302(a) allocation.

[In millions of dollars]

	302(b) allocation—		This bill—	
	Budget authority	Outlays	Budget authority	Outlays
Discretionary .....	17,120	20,185	17,120	20,182
Mandatory .....	44	44	44	44

## FIVE-YEAR OUTLAY PROJECTIONS

In compliance with section 308(a)(1)(B) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the following table contains five-year projections, in millions of dollars, associated with the budget authority provided in the accompanying bill:

Fiscal year 2004 .....	\$6,422
Fiscal year 2005 .....	5,950
Fiscal year 2006 .....	2,313
Fiscal year 2007 .....	1,293
Fiscal year 2008 and future years .....	1,046

## STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the following is a statement of general performance goals and objectives for which this measure authorizes funding:

The Committee on Appropriations considers program performance, including a program’s success in developing and attaining outcome-related goals and objectives, in developing funding recommendations.

## ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the financing assistance to State and local governments is as follows:

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

## COMPLIANCE WITH RULE XIII, CL. 3(e) (RAMSEYER RULE)

In compliance with clause 3(e) 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 omit-

ted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### CHAPTER 9—INTERNATIONAL DISASTER ASSISTANCE

Sec. 491. Policy and General Authority—(a) The Congress, recognizing that prompt United States assistance to alleviate human suffering caused by natural and manmade disasters is an important expression of the humanitarian concern and tradition of the people of the United States, affirms the willingness of the United States to provide [assistance for the relief and rehabilitation of] *relief, rehabilitation, and reconstruction assistance* for people and countries affected by such disaster.

(b) Subject to the limitations in section 492, and notwithstanding any other provision of this or any other Act, the President is authorized to furnish assistance to any foreign country, international organization, or private voluntary organization, on such terms and conditions as he may determine, for international disaster [relief and rehabilitation] *relief, rehabilitation, and reconstruction*, including assistance relating to disaster preparedness, and to the prediction of, and contingency planning for, natural disasters abroad.

(c) In carrying out the provisions of this section the President shall insure that the assistance provided by the United States shall, to the greatest extent possible, reach those most in need of [relief and rehabilitation] *relief, rehabilitation, and reconstruction assistance* as a result of natural and manmade disasters.

#### FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: July 16, 2003.

Measure: Foreign Operations, Export Financing, and Related Programs, FY 2004.

Motion by: Mrs. Lowey.

Description of Motion: To provide \$1,000,000,000 for "Children Survival and Health Programs Fund" for HIV/AIDS programs, and to designate the entire amount as an emergency requirement.

Results: Rejected 28 yeas to 33 nays.

*Members Voting Yea*

Mr. Berry  
Mr. Bishop  
Mr. Clyburn  
Mr. Cramer  
Mr. DeLauro  
Mr. Dicks  
Mr. Edwards  
Mr. Farr  
Mr. Fattah  
Mr. Hinchey  
Mr. Hoyer  
Mr. Jackson  
Mr. Kaptur  
Mr. Kennedy  
Mr. Kilpatrick  
Mr. LaHood  
Mr. Lowey  
Mr. Mollohan  
Mr. Moran  
Mr. Obey  
Mr. Olver  
Mr. Pastor  
Mr. Price  
Mr. Rothman  
Ms. Roybal-Allard  
Mr. Sabo  
Mr. Serrano  
Mr. Visclosky

*Members Voting Nay*

Mr. Aderholt  
Mr. Bonilla  
Mr. Boyd  
Mr. Crenshaw  
Mr. Culberson  
Mr. Cunningham  
Mr. Doolittle  
Mr. Emerson  
Mr. Frelinghuysen  
Mr. Goode  
Mr. Granger  
Mr. Hobson  
Mr. Istook  
Mr. Kingston

Mr. Kirk  
Mr. Knollenberg  
Mr. Kolbe  
Mr. Latham  
Mr. Lewis  
Mr. Nethercutt  
Mr. Peterson  
Mr. Regula  
Mr. Rogers  
Mr. Sherwood  
Mr. Simpson  
Mr. Taylor  
Mr. Tiahrt  
Mr. Vitter  
Mr. Wamp  
Mr. Weldon  
Mr. Wicker  
Mr. Wolf  
Mr. Young

ROLLCALL NO. 2

Date: July 16, 2003.

Measure: Foreign Operations, Export Financing and Related Programs, FY 2004.

Motion by: Ms. Kilpatrick.

Description of Motion: To provide \$500,000,000 for "Child Survival and Health Programs Fund" for HIV/AIDS programs, and to reduce "Millennium Challenge Account" by the same amount.

Results: Rejected 27 yeas to 28 nays.

*Members Voting Yea*

Mr. Berry  
Mr. Bishop  
Mr. Boyd  
Mr. Clyburn  
Mr. DeLauro  
Mr. Dicks  
Mr. Edwards  
Mr. Emerson  
Mr. Farr  
Mr. Fattah  
Mr. Hinchey  
Mr. Jackson  
Mr. Kaptur  
Mr. Kilpatrick  
Mr. LaHood  
Mr. Lowey  
Mr. Mollohan  
Mr. Moran  
Mr. Obey  
Mr. Lover  
Mr. Pastor  
Mr. Price  
Mr. Rothman  
Ms. Rybal-Allard  
Mr. Sabo  
Mr. Serrano  
Mr. Visclosky

*Members Voting Nay*

Mr. Aderholt  
Mr. Bonilla  
Mr. Crenshaw  
Mr. Culberson  
Mr. Cunningham  
Mr. Frelinghuysen  
Ms. Granger  
Mr. Hobson  
Mr. Istook  
Mr. Kirk  
Mr. Knollenberg  
Mr. Kolbe  
Mr. Latham  
Mr. Lewis  
Mr. Nethercutt

Mr. Peterson  
Mr. Regula  
Mr. Rogers  
Mr. Sherwood  
Mr. Simpson  
Mr. Taylor  
Mr. Tlahrt  
Mr. Vitter  
Mr. Wamp  
Mr. Weldon  
Mr. Wicker  
Mr. Wolf  
Mr. Young

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Subsidy appropriation.....	509,566	---	---	-509,566	---
Administrative expenses.....	67,856	75,395	71,395	+3,539	-4,000
Inspector General.....	---	1,200	---	---	-1,200
Negative subsidy.....	-13,000	-34,000	-34,000	-21,000	---
Total, Export-Import Bank of the United States..	564,422	42,595	37,395	-527,027	-5,200
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses.....	39,626	42,385	41,385	+1,759	-1,000
Insurance fees and other offsetting collections...	-306,000	-272,000	-272,000	+34,000	---
Subsidy appropriation.....	23,844	24,000	24,000	+156	---
Total, Overseas Private Investment Corporation..	-242,530	-205,615	-206,615	+35,915	-1,000
FUNDS APPROPRIATED TO THE PRESIDENT					
Trade and development agency.....	46,706	60,000	50,000	+3,294	-10,000
Total, title I, Export and investment assistance	368,598	-103,020	-119,220	-487,818	-16,200



COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
United States Agency for International Development					
Child survival and health programs fund.....	1,824,563	1,495,000	2,235,830	+411,267	+740,830
UNICEF.....	(120,000)	---	(120,000)	---	(+120,000)
Global AIDS initiative/Coordinator.....	---	---	(870,830)	(+870,830)	(+870,830)
(Transfer out).....	(-5,961)	---	(-6,000)	(-39)	(-6,000)
Emergency supplemental (P.L. 108-11).....	90,000	---	---	-90,000	---
Global AIDS initiative.....	---	450,000	---	---	-450,000
Development assistance.....	1,379,972	1,345,000	1,317,000	-62,972	-28,000
(Transfer out).....	---	(-21,000)	(-21,000)	(-21,000)	---
International disaster assistance.....	288,115	235,500	315,500	+27,385	+80,000
Emergency supplemental (P.L. 108-11).....	143,800	---	---	-143,800	---
Famine fund.....	---	200,000	---	---	-200,000
Transition Initiatives.....	49,675	55,000	55,000	+5,325	---
Development Credit Program:	---	(21,000)	(21,000)	(+21,000)	---
(By transfer).....	7,542	8,000	8,000	+458	---
Administrative expenses.....	---	---	---	---	---
Subtotal, development assistance.....	3,783,667	3,788,500	3,931,330	+147,663	+142,830

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
Payment to the Foreign Service Retirement and Disability Fund.....	45,200	43,859	43,859	-1,341	---
Operating expenses of the U.S. Agency for International Development.....	568,282	604,100	604,100	+35,818	---
Emergency supplemental (P.L. 108-11).....	24,500	---	---	-24,500	---
(By transfer).....	(5,961)	---	(6,000)	(+39)	(+6,000)
(By transfer).....	---	---	(15,000)	(+15,000)	(+15,000)
(Transfer out) of Iraq Relief Fund.....	---	---	(-15,000)	(-15,000)	(-15,000)
Emergency supplemental (P.L. 108-11) (Transfer to U.S. AID Office of Inspector General).....	(-3,500)	---	---	(+3,500)	---
Capital Investment Fund.....	42,721	146,300	49,300	+6,579	-97,000
Operating expenses of the U.S. Agency for Inter- national Development Office of Inspector General....	33,084	35,000	35,000	+1,916	---
Emergency supplemental (P.L. 108-11) (By transfer)	(3,500)	---	---	(-3,500)	---
Total, U.S. Agency for International Development	4,497,454	4,617,759	4,663,589	+166,135	+45,830
Other Bilateral Economic Assistance					
Economic support fund:					
Israel.....	596,100	480,000	480,000	-116,100	---
Egypt.....	611,002	575,000	575,000	-36,002	---
Other.....	1,048,142	1,480,000	1,185,500	+137,358	-294,500
Economic support fund (P.L. 108-11).....	2,422,000	---	---	-2,422,000	---
Pakistan debt relief.....	---	---	---	---	---
Loan guarantees to Egypt:					
(Limitation on guaranteed loans) (P.L. 108-11)	(2,000,000)	---	---	(-2,000,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
Loan guarantees to Turkey: (Limitation on guaranteed loans) (P.L. 108-11)	(8,500,000)	---	---	(-8,500,000)	---
Subtotal, Economic support fund.....	4,677,244	2,535,000	2,240,500	-2,436,744	-294,500
International Fund for Ireland.....	24,837	---	19,600	-5,237	+19,600
Assistance for Eastern Europe and the Baltic States...	521,587	435,000	452,000	-69,587	+17,000
Assistance for the Independent States of the former Soviet Union.....	755,060	576,000	576,000	-179,060	---
US emergency fund for complex international crises.....	---	100,000	---	---	-100,000
Iraq relief and reconstruction fund (P.L. 108-11).....	2,475,000	---	---	-2,475,000	---
(Transfer authority) (P.L. 108-11).....	(200,000)	---	---	(-200,000)	---
Loan guarantees to Israel: (Limitation on guaranteed loans) (P.L. 108-11)....	(9,000,000)	---	---	(-9,000,000)	---
Total, Other Bilateral Economic Assistance.....	8,453,728	3,646,000	3,288,100	-5,165,628	-357,900
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation.....	16,095	15,185	15,185	-910	---
African Development Foundation					
Appropriation.....	18,568	17,689	17,689	-879	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>Peace Corps</b>					
Appropriation.....	295,069	359,000	314,000	+18,931	-45,000
<b>Millenium Challenge Corporation</b>					
Appropriation.....	---	1,300,000	800,000	+800,000	-500,000
<b>Department of State</b>					
International narcotics control and law enforcement....	195,720	284,550	241,700	+45,980	-42,850
Emergency supplemental (P.L. 108-11).....	25,000	---	---	-25,000	---
Andean Counterdrug Initiative.....	695,450	731,000	731,000	+35,550	---
Emergency supplemental (P.L. 108-11).....	34,000	---	---	-34,000	---
(By transfer).....	(92,396)	---	---	(-92,396)	---
Emergency supplemental (P.L. 108-11) (By transfer)	(20,000)	---	---	(-20,000)	---
Migration and refugee assistance.....	781,885	760,197	760,197	-21,688	---
United States Emergency Refugee and Migration Assistance Fund.....	25,831	40,000	15,831	-10,000	-24,169
Emergency supplemental (P.L. 108-11).....	80,000	---	---	-80,000	---
Nonproliferation, anti-terrorism, demining and related programs.....	304,408	385,200	335,200	+30,792	-50,000
Emergency supplemental (P.L. 108-11).....	28,000	---	---	-28,000	---
Subtotal, Department of State.....	2,170,294	2,200,947	2,083,928	-86,366	-117,019

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>Department of the Treasury</b>					
International Affairs Technical Assistance.....	10,730	14,000	19,000	+8,270	+5,000
Debt restructuring.....	---	395,000	95,000	+95,000	-300,000
Subtotal, Department of the Treasury.....	10,730	409,000	114,000	+103,270	-295,000
<b>Total, title II, Bilateral economic assistance..</b>					
Appropriations.....	15,461,938	12,565,580	11,296,491	-4,165,447	-1,269,089
Emergency appropriations.....	(10,139,638)	(12,565,580)	(11,296,491)	(+1,166,853)	(-1,269,089)
(By transfer).....	(5,322,300)	---	---	(-5,322,300)	---
(Transfer out).....	(121,857)	(21,000)	(42,000)	(-79,857)	(+21,000)
	(-9,461)	(-21,000)	(-42,000)	(-32,539)	(-21,000)
<b>TITLE III - MILITARY ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
International Military Education and Training.....	79,480	91,700	91,700	+12,220	---
Foreign Military Financing Program:					
Grants:					
Israel.....	2,086,350	2,160,000	2,160,000	+73,650	---
Egypt.....	1,291,550	1,300,000	1,300,000	+8,450	---
Other.....	667,632	954,000	854,000	+186,368	-100,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
Emergency supplemental (P.L. 108-11).....	2,059,100	---	---	-2,059,100	---
Subtotal, grants.....	6,104,632	4,414,000	4,314,000	-1,790,632	-100,000
(Limitation on administrative expenses).....	(38,000)	(40,000)	(40,000)	(+2,000)	---
(Transfer out).....	(-92,396)	---	---	(+92,396)	---
Emergency supplemental (P.L. 108-11) (Transfer out).....	(-20,000)	---	---	(+20,000)	---
Total, Foreign Military Financing.....	6,104,632	4,414,000	4,314,000	-1,790,632	-100,000
Peacekeeping operations.....	114,252	94,900	85,000	-29,252	-9,900
Emergency supplemental (P.L. 108-11).....	100,000	---	---	-100,000	---
Total, title III, Military assistance.....	6,398,364	4,600,600	4,490,700	-1,907,664	-109,900
Appropriations.....	(4,239,264)	(4,600,600)	(4,490,700)	(+251,436)	(-109,900)
Emergency appropriations.....	(2,159,100)	---	---	(-2,159,100)	---
(Limitation on administrative expenses).....	(38,000)	(40,000)	(40,000)	(+2,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Global Environment Facility.....	146,852	184,997	107,500	-39,352	-77,497
Contribution to the International Development Association.....	844,475	976,825	850,000	+5,525	-126,825
Contribution to Multilateral Investment Guarantee Agency.....	1,620	4,002	4,002	+2,382	---
(Limitation on callable capital subscriptions)....	(7,610)	(16,340)	(16,340)	(+8,730)	---
Total, World Bank Group.....	992,947	1,165,824	961,502	-31,445	-204,322
Contribution to the Inter-American Development Bank:					
Contribution to the Inter-American Investment Corporation.....	18,233	30,898	---	-18,233	-30,898
Contribution to the Enterprise for the Americas Multilateral Investment Fund.....	24,431	32,614	25,000	+569	-7,614
Total, Inter-American Development Bank.....	42,664	63,512	25,000	-17,664	-38,512

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
Contribution to the Asian Development Bank:					
Contribution to the Asian Development Fund.....	97,250	151,921	151,921	+54,671	---
Contribution to the African Development Bank:					
Paid-in capital.....	5,071	5,105	5,105	+34	---
(Limitation on callable capital subscriptions).....	(79,603)	(79,610)	(79,610)	(+7)	---
Contribution to the African Development Fund.....	107,371	118,081	107,371	---	-10,710
Total, African Development Bank.....	112,442	123,186	112,476	+34	-10,710
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital.....	35,572	35,431	35,431	-141	---
(Limitation on callable capital subscriptions).....	(123,328)	(122,085)	(122,085)	(-1,243)	---
Contribution to the International Fund for Agricultural Development.....	14,906	15,004	15,004	+98	---
Total, International Financial Institutions.....	1,295,791	1,554,878	1,301,334	+5,553	-253,544
International Organizations and Programs					
Appropriation.....	193,882	314,550	194,550	+668	-120,000
Total, title IV, Multilateral economic assistance.....	1,489,663	1,869,428	1,495,884	+6,221	-373,544
(Limitation on callable capital subscript).....	(210,541)	(218,035)	(218,035)	(+7,494)	---



COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
Grand total:					
New budget (obligational) authority.....	23,718,563	18,932,588	17,163,855	-6,554,708	-1,768,733
(By transfer).....	(121,857)	(21,000)	(42,000)	(-79,857)	(+21,000)
(Transfer out).....	(-121,857)	(-21,000)	(-42,000)	(+79,857)	(-21,000)
(Limitation on administrative expenses).....	(38,000)	(40,000)	(40,000)	(+2,000)	---
(Limitation on callable capital subscript)..	(210,541)	(218,035)	(218,035)	(+7,494)	---
(Emergency Supplemental (P.L. 108-11)).....	(7,481,400)	---	---	(-7,481,400)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----					
CONGRESSIONAL BUDGET RECAP					
Scorekeeping adjustments:					
Total, adjustments.....	---	---	---	---	---
Total (including adjustments).....	23,718,563	18,932,588	17,163,855	-6,554,708	-1,768,733
Amounts in this bill.....	(23,718,563)	(18,932,588)	(17,163,855)	(-6,554,708)	(-1,768,733)
Scorekeeping adjustments.....	---	---	---	---	---
Prior year outlays.....	---	---	---	---	---
	=====	=====	=====	=====	=====
Total mandatory and discretionary.....	23,718,563	18,932,588	17,163,855	-6,554,708	-1,768,733
Mandatory.....	(45,200)	(43,859)	(43,859)	(-1,341)	---
Discretionary.....	(23,673,363)	(18,888,729)	(17,119,996)	(-6,553,367)	(-1,768,733)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2003  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2004  
(Amounts in thousands)

	FY 2003 Enacted	FY 2004 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----					
RECAP BY FUNCTION					
Mandatory.....	45,200	43,859	43,859	-1,341	---
Prior year outlays.....	---	---	---	---	---
Total, Mandatory.....	45,200	43,859	43,859	-1,341	---
Discretionary.....	23,673,363	18,888,729	17,119,996	-6,553,367	-1,768,733
Prior year outlays.....	---	---	---	---	---
Total, Discretionary.....	23,673,363	18,888,729	17,119,996	-6,553,367	-1,768,733
Total, Discretionary (excluding supplemental P.L. 108-11).....	16,191,963	18,888,729	17,119,996	+928,033	-1,768,733
=====					
Grand total, Mandatory and Discretionary.....	23,718,563	18,932,588	17,163,855	-6,554,708	-1,768,733
=====					



#### ADDITIONAL VIEWS OF HON. NITA M. LOWEY

The total amount recommended in this bill of \$17.1 billion is far below the fiscal year 2003 spending level of \$23 billion for foreign operations, and is \$1.7 billion below the President's fiscal year 2004 request.

While I am in general agreement with the spending levels recommended in this bill within the reduced allocation, difficult choices had to be made. The bill at least maintains last year's levels for all categories of Child Survival and Health, provides an increase in HIV/AIDS and Basic Education funding, and funds reconstruction in Afghanistan. The bill also fully funds our commitments in the Middle East, a powerful statement at such a critical time in the peace process.

However, at the \$17.1 billion spending level, we, as a country, will devote less than 1 percent of our GDP to foreign assistance. The supplemental spending for war-related needs in Iraq and Afghanistan which brought the fiscal year 2003 total to \$23 billion sailed through Congress without controversy because it was judged vital to our national security. I anticipate we may be in a similar situation in the upcoming year, as the need for Iraq reconstruction funds become increasingly clear.

In comparison, additional resources for Africa have traditionally been much more difficult to come by. Everyone is aware of the long history of devastating and destabilizing humanitarian and political crises on that continent. Although this bill will slightly increase resources for Africa above last year, it merely begins to address the ongoing tragedies there.

The sad fact is that we, as a nation, have neglected the problems of Africa for decades. Chronic poverty, spread of infectious disease, and lack of good governance remain, despite the efforts we have undertaken so far across many Congresses and Administrations. We must no longer shy away from addressing these problems with sufficient resources and political will. Current Presidential initiatives are being touted as ultimate answers for these tragedies, but while these initiatives have the promise of getting increased resources to Africa, the actual effects they will have remain unclear.

The bill contains \$800 million for the first year of funding for the Millennium Challenge Account (MCA). While this initiative has been portrayed as helpful to Africa, I believe the jury is still out. According to the best information currently available, only three of eleven potentially qualifying countries for MCA resources are in Africa (Ghana, Lesotho, and Senegal). In 2005, of the twelve countries most likely to qualify, again, only three are in Africa (Senegal, Lesotho, and Swaziland). If these projections are indeed true, the MCA will help, but it will not save, Africa.

With respect to HIV/AIDS, this bill contains \$1.27 billion, or \$30 million above the President's request. Taken together with funds

included in the Labor, Health and Human Services bill, the House has approved a total of \$2.074 billion for HIV/AIDS for 2004. This is \$35 million above the President's request for 2004.

The enactment of legislation endorsing the President's \$15 billion/five-year plan, and authorizing \$3 billion for HIV/AIDS and infectious disease programs in 2004 has created the strong expectation that \$3 billion in HIV funding will be forthcoming. While in Africa recently, the President and the National Security Advisor publicly endorsed the \$3 billion spending level of 2004, and strongly implied that it was Congress that was reluctant to provide the \$3 billion level.

Unfortunately, the amendment I offered in Full Committee on the bill to provide the additional \$1 billion for HIV/AIDS failed. It was explicitly opposed by the White House. Similar amendments to move funding within the bill to HIV/AIDS from other accounts also failed. More funding for HIV/AIDS programs can be used effectively in 2004. The most recent United Nations report on HIV/AIDS cites the need for \$8.3 billion for HIV/AIDS programs next year, while estimating that only \$5.3 billion will be provided by all donors combined, leaving a gap of \$3 billion. There are still large areas in many countries in Africa where condom distribution, access to HIV testing, and education programs are simply not available. More resources are necessary and our capacity to plan and deliver programs can, and must, be expended.

Additional HIV/AIDS funds will enable:

- speeding expansion of Mother-to-Child transmission programs;
- accelerating the creation of viable treatment programs;
- establishing drug purchase and distribution programs;
- expanding of the number of countries in the President's initiative beyond the 14 countries currently identified;
- expanding prevention programs.

The bill also contains \$350 million for basic education, which is \$100 million above last year. In addition, it requires an extensive report detailing precisely how the Administration will organize itself to truly expand our basic education efforts. Unfortunately, at the moment, there is no strategic focus to our education programs. They are scattered throughout the world, administered by a myriad of agencies and bureaus, and are severely underfunded. The President's 2004 request would have actually cut basic education programs. There is a strong bipartisan consensus that providing more, and more focused, resources for basic education throughout the world is one of the best possible ways in which foreign aid can combat the extremism and hopelessness that breed terrorism. I am pleased that we have made strong statement in this regard, and I thank Chairman Kolbe for his leadership on this issue.

The bill also provides increased resources for Treasury Technical Assistance to help countries that are major source and transit points for terrorist financing close the gaping holes in their financial systems that let this funding slip through.

The decision to fund the Millennium Challenge Account at \$800 million, combined with the requirement to cut \$1.769 billion from the President's request to meet our 302(b) allocation, has resolved in several program cuts. There is no funding recommended for debt

relief for the Democratic Republic of Congo. Cuts in Economic Support Funds, Eastern Europe, the New Independent States, and Development Assistance translate into probable cuts to Turkey, Pakistan and Africa, and a limited capacity to restore misguided cuts proposed by the Administration to Armenia, Cyprus, East Timor, Ireland, Russia, Ukraine, Central Asia, Kosovo, and Bosnia.

While I am supportive of the concept embodied in the proposal to establish the Millennium Challenge Account, I am concerned that budget realities that we will face this year and next put into jeopardy the promise made by the President—that the \$10 billion total intended for this initiative be additive to current levels of foreign assistance. Much of the bipartisan support in Congress for this initiative stems from the fact that it is supposed to help the poorest countries of the world, particularly in Africa, and that the resources for it will add to amounts currently spent on foreign assistance. Cuts to discretionary spending in this year's Budget Resolution, combined with unrealistic budget requests for Homeland Security, Education and other domestic programs, have translated into cuts in the allocation for foreign assistance. This situation is likely to worsen in fiscal year 2005. The President cannot expect Congress to support full funding of the MCA initiative going forward if other, ongoing programs in the Foreign Operations bill have to be cut.

I have always viewed foreign assistance as one of the three pillars of national security, along with defense and diplomacy. I believe the value of foreign assistance in spreading the ideals of democracy and freedom around the world and in eliminating the poverty that causes widespread instability in developing regions cannot be underestimated. However, except for a handful of notable instances directly linked to front-page current events, it has been difficult to ensure adequate funding for foreign aid priorities. Despite the initiation in the fiscal year 2004 bill of new Presidential initiatives, this year is no different. We still require far more resources than have been made available, and I look forward to working with my colleagues in future years to ensure our priorities are adequately funded.

NITA LOWEY

