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2d Session } 108-599

FOREIGN OPERATIONS, EXPORT FINANCING, AND  
RELATED PROGRAMS APPROPRIATIONS BILL, 2005

JULY 13, 2004.—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

[To accompany H.R. 4818]

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, 2005, and for other purposes.

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#### OVERVIEW

The President's budget request for fiscal year 2005 for the activities under the jurisdiction of the Subcommittee on Foreign Operations, Export Financing, and Related Programs is \$21,318,300,000 in new discretionary budget authority. The section 302(b) allocation for the Subcommittee is \$19,386,000,000, a shortfall of \$1,932,300,000.

The Committee recommendation of \$19,385,645,000 in discretionary budget authority reflects three overriding priorities:

1. Responding to the global HIV/AIDS pandemic;
2. Supporting our allies in the War on Terrorism; and
3. Supporting innovative approaches to foreign assistance through the Millennium Challenge Corporation.

#### GLOBAL HIV/AIDS PANDEMIC

The President's budget request includes an increase of \$593,000,000 to respond to the global HIV/AIDS pandemic and related diseases. The Committee recommendation includes this increase and provides a total of \$2,198,500,000 to combat HIV/AIDS and related diseases. As part of this funding, \$400,000,000 is made available as a grant to the Global Fund to Fight AIDS, Malaria and

Tuberculosis, subject to conditions in section 525 that improve the Global Fund's accountability and efficiency.

The President's Global AIDS Initiative is making treatment and care available to a record number of people affected by the disease. In 2003, only 50,000 people in the developing world had access to the drugs that dramatically reduce the impacts of AIDS and extend life for years, allowing parents to see their children into adulthood. By next summer, 200,000 people will have access to these drugs, and hundreds of thousands more will gain access in future years with the funds made available in the Committee recommendation. Over the next several years, millions of potential cases of HIV/AIDS will be averted.

#### GLOBAL WAR ON TERRORISM

The President's budget request for the Foreign Military Financing Program includes important military assistance increases for our allies in the global war on terrorism, including:

- An increase of \$350,000,000, for a total of \$400,000,000 to train and equip the new Afghan National Army, and an increase of \$90,000,000 elsewhere in the bill for law enforcement and counter-narcotics programs in Afghanistan;
- A new base program of \$300,000,000 for military assistance for Pakistan as they assist the United States in hunting terrorists along the Afghan border;
- An increase of \$46,000,000, for a total of \$66,000,000 for Poland, a major ally in Operation Iraqi Freedom; and
- An increase of \$72,744,000, for a total of \$2,220,000,000 for our closest ally in the Middle East, the State of Israel.

The Committee recommendation includes full funding for these increases, both through new budget authority and, in the case of Pakistan, the use of transfer authority.

#### MILLENNIUM CHALLENGE CORPORATION

The President's budget includes the second year of funding for the newly created Millennium Challenge Corporation, which is designed as a new way to provide assistance to countries with a commitment to make progress in addressing poverty reduction through economic growth and focused assistance programs. The President is requesting a total of \$2,500,000,000 for the Corporation for fiscal year 2005, an increase of \$1,505,900,000 over the fiscal year 2004 level. The constraints of the section 302(b) allocation do not provide the Committee with the flexibility to fully fund this important initiative. However, \$1,250,000,000 is recommended for the Corporation in an effort to respond positively to the President's proposal.

#### FUNDING SUMMARY

The Committee recommendation of \$19,385,645,000 in new discretionary budget authority is \$1,932,685,000 below the President's request; it is \$1,905,086,000 above the fiscal year 2004 enacted level excluding supplemental appropriations. If supplemental appropriations and scorekeeping adjustments are included in the total for fiscal year 2004, the Committee recommendation represents a decrease of \$19,287,514,000 below the fiscal year 2004 enacted level.

## COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of \$317,285,000 which is offset by collections and a negative subsidy totaling \$311,000,000. The subsidy appropriation for the Overseas Private Investment Corporation is \$24,000,000 and the Trade and Development Agency is funded at \$51,500,000. Consistent with the President's budget request, the Committee has provided \$125,700,000 in a subsidy appropriation for the United States Export-Import Bank.

For development and humanitarian assistance, the Committee has recommended a total of \$4,248,800,000 of which \$1,648,500,000 is for child survival and health programs. Another \$1,429,000,000 is for longer-term development assistance. The Committee has also included \$355,500,000 for disasters and famine relief worldwide and \$47,500,000 for transition initiatives.

The Committee has included a total of \$550,000,000 in assistance to the Independent States of the Former Soviet Union, and \$375,000,000 for Eastern Europe and the Baltic States.

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

For economic assistance under the Economic Support Fund, the Committee has recommended a total of \$2,450,000,000, including \$895,000,000 for Egypt and Israel under the multi-year schedule recommended by the Committee in 1996.

The Committee has recommended \$382,000,000 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 \$4,777,500,000, including an increase of \$72,744,000 in assistance for Israel.

The Committee has recommended \$1,268,243,000 of the \$1,492,731,000 requested for the international financial institutions. The overall level is \$114,798,000 below the fiscal year 2004 enacted level and \$224,488,000 below the request.

## TITLE I—EXPORT AND INVESTMENT ASSISTANCE

## EXPORT-IMPORT BANK OF THE UNITED STATES

## SUBSIDY APPROPRIATION

Fiscal year 2004 level .....	.....
Fiscal year 2005 request .....	\$125,700,000
Committee recommendation .....	125,700,000

## ADMINISTRATIVE EXPENSES

Fiscal year 2004 level .....	\$72,465,000
Fiscal year 2005 request .....	73,200,000
Committee recommendation .....	73,200,000

As requested by the President, the Committee is recommending a subsidy appropriation for the Export-Import Bank in fiscal year 2005. No funds were appropriated last year for this purpose. The

Committee recommends a level of \$125,700,000 for the subsidy appropriation, the same level as the request.

Funding for a subsidy appropriation was neither requested by the President nor appropriated by the Congress in fiscal year 2004 due to extraordinarily high balances of carryover from prior years' appropriations. The Export-Import Bank estimates that \$125,700,000, together with carryover balances, is needed in fiscal year 2005 to support a projected level of financing of \$12,000,000,000. The Committee directs the President of the Export-Import Bank to report quarterly to the Committee on the level of authorizations, subsidy used, and subsidy balances from current and prior years.

In addition, the Committee provides \$73,200,000 for administrative expenses, the same as the request and \$735,000 above the fiscal year 2004 enacted level. The Committee recommends no appropriation for establishing a new office of inspector general.

The Committee provides 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 to 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.

#### IRAQ

The Export-Import Bank was instrumental in setting up the Trade Bank of Iraq, although the Bank is designed to use the Development Fund for Iraq (DFI) as collateral for new issuances of letters of credit. The Committee directs the President of the Export-Import Bank to keep the Committee informed about the Export-Import Bank's role with the Trade Bank now that the DFI has reverted to Iraqi control.

Additionally, the Committee expects the Export-Import Bank to continue to comply with language in the Joint Explanatory Statement of the Committee of Conference accompanying H.R. 3289, the Emergency Supplemental Appropriations Act for Defense and the Reconstruction of Iraq and Afghanistan, 2004, and report quarterly to the Committee during fiscal year 2005 regarding the agency's activities in Iraq.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

##### NONCREDIT ACCOUNT

Fiscal year 2004 level .....	\$41,141,000
Fiscal year 2005 request .....	42,885,000
Committee recommendation .....	42,885,000

##### PROGRAM ACCOUNT

Fiscal year 2004 level .....	\$23,858,000
Fiscal year 2005 request .....	24,000,000
Committee recommendation .....	24,000,000

The Committee provides \$42,885,000 for the Overseas Private Investment Corporation's (OPIC) administrative expenses, a level equal to the request and \$1,744,000 higher than the fiscal year 2004 enacted level. The Committee is recommending a \$24,000,000 subsidy appropriation for the direct and guaranteed loan credit programs, the same level as the request and \$142,000 more than the fiscal year 2004 level.

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

As in prior years, 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 six months; and any additional observations that OPIC may want to include. The Committee commends OPIC for its judicious management of its investment fund portfolio.

The Committee commends the managers of OPIC for exploring new ways of meeting OPIC's development mandate, but during times of high political risk and instability in some countries, OPIC also must fulfill its mandate of facilitating increased United States direct investment abroad and increased exports from the United States. The Committee is aware of OPIC's policy that it only provides insurance for a project after a company has attempted to access the private market, and this policy has solidified OPIC's role as insurer of last resort. With global risk remaining high for foreign direct investment, and investment's primary role in creating jobs and raising income levels in the developing world, the Committee expects OPIC to retain its strong role as insurer of last resort for political risk insurance, including terrorism insurance, for United States companies.

Additionally, the Committee remains concerned about OPIC's coordination with the other United States Government agencies that operate overseas. To ensure that foreign assistance and credit is

not provided to countries on different terms by different agencies (including financing that could be considered debt by the Paris Club), the Committee again expects OPIC to coordinate with USAID, the Millennium Challenge Corporation, the Treasury Department, the Office of Management and Budget and other agencies of the United States Government with which OPIC may overlap in providing assistance.

The Committee remains concerned about OPIC's local currency loan guaranty authority and the lack of oversight by Congress of the use of such authority. Therefore, the Committee directs OPIC to consult with the Committee on Appropriations before exercising this authority, and to provide to the Committee prior to the consultation a justification for the need to exercise such authority, the use of OPIC subsidy required, the degree to which the United States would be exposed to additional risk as a result of such transactions, and which other United States Government agencies have been consulted.

The Committee directs the President of OPIC to continue current policy and consult with the Committees on Appropriations before the approval of any future financing for nongovernmental organizations or private and voluntary organizations.

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### TRADE AND DEVELOPMENT AGENCY

Fiscal year 2004 level .....	\$49,705,000
Fiscal year 2005 request .....	50,000,000
Committee recommendation .....	51,500,000

The Committee is recommending \$51,500,000 for the Trade and Development Agency (TDA), an increase of \$1,795,000 above the 2004 level and \$1,500,000 above the request. The Committee commends TDA for its trade capacity activities and its efforts to keep the Committee informed of its programs.

The Committee commends TDA for its efforts to assist countries in improving their aviation safety and security systems, which have had a positive effect on enhancing United States trade for our aviation and aerospace industries. The Committee has provided \$1,500,000 above the request for TDA to conduct a development and training program to assist countries with meeting their obligations for international aviation security and safety standards. The Committee directs TDA to consult with the Committee prior to the obligation of funds for this purpose in fiscal year 2005.

In collaboration with the 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.

Additionally, the Committee expects TDA to continue to comply with language in the Joint Explanatory Statement of the Committee of Conference accompanying H.R. 3289, the Emergency Supplemental Appropriations Act for Defense and the Reconstruction of Iraq and Afghanistan, 2004 and report quarterly to the Committee during fiscal year 2005 regarding the agency's activities in Iraq.

## TITLE II—BILATERAL ECONOMIC ASSISTANCE

## FUNDS APPROPRIATED TO THE PRESIDENT

## UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

## STRUCTURE OF DEVELOPMENT ASSISTANCE ACCOUNTS

The Committee appropriates funding for longer-term development assistance programs managed by the United States Agency for International Development (USAID) in two accounts. As in fiscal year 2004, the Act 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. In addition, for the second year the Committee appropriates funding for the President's Emergency Plan for AIDS Relief in a new account, the Global HIV/AIDS Initiative. This funding is appropriated to the State Department for use in fifteen focus countries and is addressed under a separate heading.

Three existing regional accounts jointly managed by the Department of State and the United States 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 nations of 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 two international health funds: the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") and The Vaccine Fund (associated with the Global Alliance for Vaccines and Immunizations). Funding for the International AIDS Vaccine Initiative is included in the Global HIV/AIDS Initiative account.

## CHILD SURVIVAL AND HEALTH PROGRAMS FUND

## (INCLUDING TRANSFER OF FUNDS)

Fiscal year 2004 level .....	\$1,824,174,000
Fiscal year 2005 request .....	1,420,000,000
Committee recommendation .....	1,648,500,000

The Committee recommends \$1,648,500,000 for the Child Survival and Health Programs Fund, an amount that is \$228,500,000 above the request. The recommendation is \$175,674,000 below the amount enacted for fiscal year 2004.

The Committee has made available a total of \$2,198,500,000 in this Act for HIV/AIDS, tuberculosis (TB), and malaria, of which \$885,000,000 is funded through the Child Survival and Health (CSH) Programs Fund and \$1,260,000,000 is funded under the Global HIV/AIDS Initiative account. Another \$53,500,000 for HIV/AIDS, TB, and malaria is provided through other accounts, such as the Economic Support Fund, International Disaster and Famine 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 and Overview".



## ALLOCATION OF CHILD SURVIVAL AND HEALTH PROGRAMS FUND

Unless modifications are subsequently notified and agreed to by the Committees on Appropriations, fiscal year 2005 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 .....	\$330,000,000
Vulnerable children .....	28,000,000
HIV/AIDS (bilateral) .....	330,000,000
Other Infectious Diseases (including TB and malaria) .....	185,000,000
Reproductive Health/Voluntary Family Planning .....	375,500,000
Global Fund to Fight AIDS, TB, and Malaria .....	400,000,000
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Total in Child Survival and Health Programs Fund .....	1,648,500,000
Other health activities in Global HIV/AIDS Initiative .....	1,260,000,000
Other health activities in ESF .....	85,000,000
Other health activities in regional accounts .....	86,000,000
<hr/>	
Total in all Foreign Operations accounts .....	3,079,500,000

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 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: SUMMARY

The Committee directs USAID to allocate \$330,000,000 for child survival and maternal health, \$5,000,000 more than requested.

## CHILD SURVIVAL AND MATERNAL HEALTH: MICRONUTRIENTS

The Committee recognizes that Vitamin A deficiency affects more than 100,000,000 children under age 5 and is responsible for as many as one in four child deaths in high-impact areas. Vitamin A deficiency decreases children's resistance to disease and may also increase maternal deaths. The Committee recommends that USAID provide \$30,000,000 from all accounts for its overall micronutrient program, including at least \$20,000,000 for activities related to Vitamin A deficiency.

The Committee continues its support for programs that address iodine deficiency disorder (IDD), the leading preventable cause of mental retardation in children. The problems associated with iodine deficiency, including increased chances of miscarriage and stillbirth, are particularly of concern in the former Soviet republics and southeast Europe and regions of Africa and South Asia. A diverse group of private and public groups, including Kiwanis International and UNICEF, are working to eliminate iodine deficiency through salt iodization. The Committee recommends that USAID provide at least \$2,000,000 for the Kiwanis/UNICEF IDD partner-

ship from the Child Survival and Health Programs Fund and at least \$1,000,000 from Europe and Eurasia regional accounts.

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

The Committee is aware that the global effort to eradicate polio is in its final, most challenging phase. The Committee continues its strong support within the child survival and maternal health allocation and recommends an increase over the fiscal year 2004 level of \$25,000,000 for the program initiated by the Committee nearly ten years ago, in fiscal year 1996.

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

The Committee recognizes that ten million children under age five die each year, of which more than 1.5 million could be saved if every child received all available vaccines. Vaccines already save more than 3 million lives each year. The Vaccine Fund, in support of the Global Alliance for Vaccines and Immunization (GAVI), is working to expand vaccine coverage. Since GAVI's launch three years ago, over \$1,200,000,000 for 64 countries has been committed from all donors for immunization and vaccine development programs. The Committee strongly supports continued funding for this program, and recommends that \$65,000,000 be provided to The Vaccine Fund in fiscal year 2005.

#### VULNERABLE CHILDREN

The Committee directs USAID to allocate \$28,000,000 for displaced children and orphans and blind children in fiscal year 2005, \$18,000,000 more than requested. The Committee addresses assistance for children affected by HIV/AIDS elsewhere.

The Committee is concerned that each year an estimated half million children go blind, up to 60 percent of whom die in childhood. One and a half million children are currently blind, and another 7 million suffer from poor vision. The Committee recognizes the work done by Helen Keller International and other organizations to assist these children, who can often 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 \$1,700,000.

The Committee encourages efforts to provide children without parents the support and structure they need, such as through adoption or long-term mentoring. The Committee supports initiatives, such as the work of Kidsave International in Colombia, that help children without parents develop such relationships.

#### HIV/AIDS: SUMMARY AND OVERVIEW

The Committee directs USAID to allocate \$330,000,000 for HIV/AIDS in fiscal year 2005 in this account. The Committee appropriates an additional \$1,260,000,000 for HIV/AIDS in the Global HIV/AIDS Initiative account, anticipates that \$36,000,000 for HIV/AIDS will be allocated from other accounts, and estimates that \$240,000,000 of the \$400,000,000 made available by this Act to support the Global Fund would benefit HIV/AIDS programs. In total, the Committee makes available \$1,866,000,000 for HIV/

AIDS. These numbers do not include bilateral TB or malaria programs, although there may be some overlap. Additional language addressing United States bilateral HIV/AIDS funding is found under the heading “Global HIV/AIDS Initiative”.

HIV/AIDS: RELATIONSHIP TO THE GLOBAL HIV/AIDS INITIATIVE  
ACCOUNT

The Committee recommendation represents a different account structure than that requested by the President. The request includes \$500,000,000 for USAID’s bilateral HIV/AIDS funding, \$170,000,000 of which would fund so-called “baseline” programs in the 15 focus countries of the Emergency Plan for AIDS Relief. To simplify budget processes and improve transparency, the Committee has recommended appropriating \$170,000,000 for the “focus” countries directly into the Global HIV/AIDS Initiative account. No bilateral HIV/AIDS funding for the “focus” countries is included in Child Survival and Health Programs Fund.

The Committee’s recommendation does not include funding for the United Nations Joint Programme on HIV/AIDS (UNAIDS) or for the International AIDS Vaccine Initiative, as in previous years. These activities are now to be funded from the Global HIV/AIDS Initiative account.

By making this shift, the Committee has made available over \$50,000,000 for use on USAID’s bilateral HIV/AIDS activities. The Committee strongly urges USAID to allocate these additional funds to its HIV/AIDS programs in the “non-focus” countries.

HIV/AIDS: MEDIA EDUCATION

Use of media outlets has proven to be an effective tool to spread prevention, treatment, and care messages, as well as to overcome stigma and discrimination against those infected and affected by HIV/AIDS. The Committee recommends that USAID at a minimum sustain its current media programs and consider expanding to other countries, especially to India and other countries in Africa.

OTHER INFECTIOUS DISEASES: SUMMARY AND OVERVIEW

The Committee directs USAID to allocate \$185,000,000 for other infectious diseases, including tuberculosis (TB) and malaria, \$46,000,000 more than requested. An additional \$17,500,000 for TB and malaria is provided from other accounts, and the Committee estimates that \$68,000,000 and \$92,000,000 of the Global Fund contribution would benefit TB and malaria, respectively, given historical funding patterns.

OTHER INFECTIOUS DISEASES: MALARIA

The Committee’s recommendation includes not less than the fiscal year 2004 level for malaria. More than 300–500 million cases of this disease occurred this year, resulting in one death every 30 seconds, mostly in African children. The Committee urges USAID to continue a comprehensive approach to fighting malaria, including its work to strengthen national drug formularies and distribution systems to ensure that the most appropriate anti-malarial drugs are utilized. USAID should fund the Medicines for Malaria Venture, a public/private partnership leading the effort to develop

new, affordable malaria drugs, at not less than the fiscal year 2004 level, and continue support for the Malaria Vaccine Initiative. The Committee requests that USAID report not later than 90 days following enactment of this Act to the Committee on its support for indoor residual spraying (IRS), including an evaluation of the price, and physical and environmental impacts, of different insecticide options.

#### OTHER INFECTIOUS DISEASES: TUBERCULOSIS (TB)

The Committee recognizes that the global TB pandemic continues largely unabated despite widespread international cooperation against the disease. Each year there are eight million new TB cases and two million people die from the disease. Another million die from the combination of AIDS and TB. The Committee includes not less than the fiscal year 2004 level for TB.

As with HIV/AIDS, malaria, and other diseases, the fight against TB must take place on many fronts. The Global TB Drug Facility (GDF) supports expanded access to, and availability of, high-quality TB drugs to facilitate expanded global treatment against the disease. The Committee encourages the increased cooperation between GDF and the Global Fund to Fight AIDS, TB and Malaria, and urges USAID to provide support to the GDF of not less than the level provided in fiscal year 2004. The Committee also urges USAID to consider support for TB vaccine research and development programs, including public-private partnerships.

The Committee notes the link between TB and HIV, especially in sub-Saharan Africa where up to two-thirds of TB patients are also infected with HIV. TB is the world's leading killer of people with HIV, and the Committee urges even greater cooperation between the TB program at USAID and the Office of the Global AIDS Coordinator. The Committee encourages joint funding of sites, such as clinics that detect and treat both TB and HIV. The Committee urges USAID and the Global AIDS Coordinator to support efforts to develop and deploy improved approaches for rapid TB testing suitable for use in developing countries. The Committee also notes the importance of regional education and awareness-building activities, including the ongoing work of Stellenbosch University in South Africa.

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

Public health systems are the first line of warning for disease outbreaks, an ability that is even more crucial in a time of potential bioterrorism events. The Committee strongly supports the efforts of USAID, working with its United States and international partners, to strengthen the disease surveillance and response systems in developing countries.

The Committee continues its support for the efforts of USAID and the Centers for Disease Control and Prevention to reduce the spread of antimicrobial resistance. As international health initiatives, including the Emergency Plan for AIDS Relief, increase the global use of drugs, fighting drug resistance will become even more critical.

## REPRODUCTIVE HEALTH OVERVIEW

The Committee has restored the fiscal year 2004 funding level by providing a total of \$432,000,000 for reproductive health/voluntary family planning, \$28,600,000 more than requested by the President. The Committee expects that \$375,500,000 of this total will be derived from the Child Survival and Health Programs Fund.

## REPRODUCTIVE HEALTH/VOLUNTARY FAMILY PLANNING: RESTRICTIONS

The Committee has continued prior year language that requires that none of the funds appropriated in this Act, 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 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 that offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision 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 Act is to alter any existing statutory prohibitions against abortion that 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 has continued prior year 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.

VOLUNTARY CONTRIBUTION TO THE GLOBAL FUND TO FIGHT AIDS,  
TUBERCULOSIS AND MALARIA

In order to encourage contributions from other donors and to improve the disbursement of grants approved by the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), the Committee directs that not less than \$400,000,000 be provided from the Child Survival and Health Programs Fund to support the Global Fund. This funding is subject to provisions in Public Law 108-25, including the "matching funding" provision, and to additional provisions contained in this Act. Any funding not released to the Global Fund due to the provisions in this Act or Public Law 108-25 should be used by the Global AIDS Coordinator for bilateral activities, including additional funding to "non-focus" countries. The President has requested \$100,000,000 for the Global Fund in this Act and an additional \$100,000,000 for the Global Fund from the

Act providing appropriations for the Department of Health and Human Services.

The Committee has long supported funding for the Global Fund as a component of the United States strategy for fighting AIDS, tuberculosis, and malaria. The Committee continues its support for the Fund this year with additional direction to improve the Fund's operations. The Committee has included these recommendations, and backed them with the conditions contained in section 525, in the belief that they will help to strengthen the donor, recipient, and civil society support needed to sustain the Fund over the long-term. Many challenges lie ahead in the fight against these three diseases, and the world needs the Global Fund to be the innovative mechanism it was promised to be.

The Global Fund was designed to be governed by a strong Board overseeing a Secretariat with responsibility for day-to-day operations of the grant process. The composition of the Board as well as its operational structures would represent a public-private partnership—at the global and country levels—that would focus on civil society involvement, local ownership, results, accountability, and additionality with other donor programs. The Committee is concerned that the Fund is moving away from this model, particularly by devolving too much responsibility to the Secretariat, including decisions directly affecting the amount and purpose of grants.

To date the Global Fund has approved \$2,059,000,000 in grants, of which only \$400,000,000 have been disbursed to countries. Of this \$400,000,000, only a fraction has reached those in need. It is critical for the Fund to show that the billions of dollars that donors have committed are being used expeditiously and efficiently. The Committee strongly urges the United States representation to the Fund's Board to encourage the Secretariat to shift its priority toward improving the speed and transparency with which funds are received and actually spent by principal grant recipients.

The Committee understands that some of the obstacles to improved disbursements can be overcome through well-designed and well-implemented technical assistance. For instance, principal recipients may not have the technical capacity to manage large sums of money, and implementers may also lack absorptive capacity to ramp up quickly. To assist in overcoming these obstacles, the Committee makes available up to \$20,000,000, or 5 percent of its allocation to support the Global Fund, to USAID to provide technical assistance related to Global Fund activities. The Committee also urges the office of the Global AIDS Coordinator to consider grants to other appropriate entities for such technical assistance.

This technical assistance should be targeted to strengthening country coordinating mechanisms and improving the capacity of principal recipients to disburse funding in an expeditious, effective, transparent and accountable manner. It is the Committee's intention that this assistance be used to help the Fund and the recipient countries more effectively use the assistance already approved by the Board, rather than to increase the "pipeline" of approved grants.

## GLOBAL FUND CONDITIONALITY

In section 525, the Committee conditions the release of any contribution to the Global Fund on a report and certification by the Secretary of State.

First, the Secretary of State must certify that the Global Fund is working to establish an office analogous to an Inspector General, charged with monitoring the integrity of processes for consideration and approval of grant proposals, and the implementation, monitoring and evaluation of grants. This office must be full-time, independent, and report directly to the Global Fund Board. The Committee considers the current body charged with internal oversight to be inadequate for several reasons, including its composition by appointment, its *ad hoc* status, and its accountability to the Secretariat rather than to the Board of the Fund. To ensure unbiased and complete reporting, this new office must ensure the anonymity and confidentiality of its sources, including whistleblowers, and it should receive direct input from country-level entities, such as country coordinating mechanisms (CCMs) and their members.

Additionally, the Committee is concerned that the Global Fund is not comprehensively assessing its needs for technical assistance, and includes a reporting requirement on steps the Global Fund is taking to comprehensively assess those needs and coordinate donors' technical assistance activities.

The Committee also requires reporting on the Global Fund's efforts to strengthen the participation of civil society in its country-coordinating mechanisms (CCMs), in response to criticism that these mechanisms are dominated by international NGOs and host government agencies. The Committee is concerned that many CCMs have been criticized for being dominated by host government agencies, international NGOs, and donor agencies. Steps should be taken to ensure local NGOs and people living with one of the diseases assume an appropriate role in these bodies.

Pressure to show results must not undermine the accountability of the Fund to its results-driven mandate. The Committee is aware that the Secretariat has made disbursements to principal recipients even when previously disbursed funds have not yet been spent. Section 525 requires a certification that the Fund has developed clear, consistent progress indicators to determine under what conditions disbursements may be released, and that the Fund is releasing disbursements only once sufficient progress toward those indicators has been made.

In past years the Committee included a two-to-one burden-sharing arrangement to encourage contributions by other donors to the Fund. Last year this provision was made permanent and, as such, is no longer included.

## HEALTH CARE IN AFRICA

The Committee continues to be concerned about the debilitation and ostracism caused by obstetric fistula, which affects an estimated 3 million women in the developing world. This condition can often be prevented altogether by trained birth attendants and improved medical care. Restorative surgery has a high success rate and relatively low cost, often in the range of \$100–\$400. The Committee notes that USAID for the first time funded programs last

year to prevent and repair obstetric fistula. The Committee urges that agency to increase its support for these programs to \$6,000,000 in fiscal year 2005.

While improving the health of Africans is a long-term prospect, alleviating human suffering is a pressing imperative. Groups that combine immediate health services with longer-term training can make a lasting difference for those in need. One such group, Mercy Ships, provides obstetric fistula operations, orthopedic and ophthalmic surgeries, primary healthcare education, and sanitation and pure water programs. The Committee understands that Mercy Ships has specific operational needs of up to \$9,500,000, and urges USAID to consider and, where feasible, provide support to an application from this organization.

The Committee recognizes the work done by the John F. Kennedy Memorial Hospital in Monrovia, Liberia, particularly in light of the recent war in that country and the fact that over 60% of those admitted in 2003 were war-wounded patients. The Committee recognizes that USAID has made funding available to this hospital in past fiscal years, and urges it to consider requests for further funding in fiscal year 2005.

HEALTH CARE IN HAITI AND INDIA

The Committee notes that the hospital Bienfaisance de Pignon in Pignon, Haiti, a 60-bed facility with four outlying medical clinics, is providing much needed quality health care to the people of Haiti. The Committee urges USAID to consider continued support for this important medical service.

The Committee recognizes that stigma and discrimination continue to plague many countries and communities affected by HIV/AIDS. Often, sex workers and their children and orphans lack access to adequate health services. The Committee notes the work of Bombay Teen Challenge Hospice of Hope for HIV Treatment to improve care and treatment for HIV-positive children, including orphans, and women.

The Committee notes that intestinal worm infestation is a major contributing factor to poor nutrition for children in the developing world, and urges USAID to consider support for programs, such as the World Health Organization's Partnership for Parasite Control, to address this problem.

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

As in the fiscal year 2004 Act, the Committee includes a grant to UNICEF under the heading "International Organizations and Programs" instead of within the Child Survival and Health Programs Fund.

DEVELOPMENT ASSISTANCE

Fiscal year 2004 level .....	\$1,376,829,000
Fiscal year 2005 request .....	1,329,000,000
Committee recommendation .....	1,429,000,000

The Committee recommends \$1,429,000,000 for the general account for development assistance for economic growth, trade and environment. Funding in this account includes worldwide activities for free market economic development, agriculture, rural develop-



ment, literacy and basic education for children and adults, environment, energy, science and technology and other programs related to longer-term development.

#### IMPORTANCE OF RESULTS

The Committee recognizes an effective foreign assistance program must set transparent goals and measure progress toward or achievement of those goals in tangible ways. Results rather than resource levels should be the yardstick for measuring United States assistance programs. An effective foreign aid program must take account of the host country context, most especially those governmental policies that affect sectors in which United States assistance operates. It must also take into account the private sector, including foreign capital and trade flows, as well as assistance provided by other donors, both official and unofficial. The Committee encourages the State Department and USAID to continue and improve upon the analytical work that sets tangible, realistic goals and measures progress toward those goals.

#### ECONOMIC GROWTH: OVERVIEW

The Committee considers sustainable economic growth—which can only happen in the context of free markets—USAID’s most important long-term objective. Without sustained economic growth, USAID’s development programs for health, population, environment and other purposes, can have only marginal or transitory benefits in poor countries. Lasting improvement in social conditions can come only when countries themselves are able to generate the necessary resources to invest in their people.

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

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 that stifle local entrepreneurs and which deter foreign 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, USAID must continue to search out reform-minded government leaders without whom these programs cannot succeed. The Millennium Challenge Corporation 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

Education is part of the foundation for sustained economic growth and the creation of democratic institutions in developing countries. Section 579 of Public Law 108–401 required the Secretary of State, in consultation with USAID, to articulate a strategy for the use of basic education funds, with particular reference to country strategies, administrative structures and efforts to increase the administrative capacity of USAID and the Department of State with respect to basic education. The report (“Basic Education Report to Congress”) was compiled by USAID, with input from the Department of State and other agencies, and submitted to Congress on May 21, 2004.

The Committee appreciates USAID’s attempt to be responsive to the requirements of the legislation. The report notes the United States Government has endorsed the Monterrey Consensus, which emphasizes that host countries bear the principal responsibility for their own development. It also references the Dakar Framework for Education for All and the United Nations’ Millennium Development Goals, which hope to ensure that all children will be able to complete a full course of primary education by 2015. At the Committee’s direction, USAID increased spending on basic education from \$103,000,000 in 2001 to \$326,500,000 in 2004, with an increase in the number of country programs from 20 to 43 over the same period. The report also states each United States Government “agency focuses on different areas of need according to its mandate, comparative advantage, organizational structure, and internal guidelines” and notes “a consciously decentralized approach that emphasizes coordination at the country level.” The appendices to the report provide country program information submitted by USAID, the State Department, the Peace Corps and other agencies.

While useful, the report does not provide an articulated strategy on the use of basic education funds nor does it specifically address how USAID plans to manage increased funding. Such a strategy would reflect the scope of the problems (illiteracy and innumeracy) in developing countries, the efforts of host country governments at all levels to increase access and quality of education, the efforts of other donors (the World Bank alone, for example, lent \$2,350,000,000 for education in 2003) and more detailed information on the United States Government’s programs. In line with a focus on results, such a strategy could describe United States Government financed inputs—scholarships, textbooks, teacher training programs, curriculum reforms, school buildings and other physical infrastructure—and how these inputs lead to desired outcomes, such as increased literacy and gender equality. To ensure a focus on results and to ensure that all United States Government funded efforts on education overseas—including that provided by the World Bank—are included, the Committee requires the Secretary of State to prepare a report to Congress within 120 days of enactment. The Department of State should consult with the Committee on the material to be included in the report. The Committee also urges the Executive Office of the President to consider creation of an interagency task force to develop a comprehensive education strategy, and to enhance coordination of basic education assistance across agencies.

The Committee notes governments of many developing countries require families to pay fees for their children attending school. The purpose of the fees is to increase resources available for education. For low income families, however, these fees become major barriers to school enrollment among children, and especially girls. While abolishing school fees would ostensibly solve this problem, it would also reduce financial resources available for education, which in turn would reduce the quality or availability of education by leading to shortages of teachers, supplies and infrastructure. To facilitate the exploration of innovative ways to address the issue of school fees, the Committee has set aside \$15,000,000 in basic education funding through the Development Assistance account for a pilot project in holistic school reform. The Committee directs USAID, in consultation with the Committees on Appropriations, to design and fund a regional demonstration program in one country in Africa that abolishes school fees, provides an incentive to host country governments (federal, provincial or local) to increase financial resources for local education on a sustained basis, increases parent and community involvement in local education, and ensures infrastructure that meets the needs of both male and female students.

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 also supports the work of ProLiteracy Worldwide and its Literacy for Global Peace, Freedom and Security Project, which would empower adults from across the world to develop basic literary skills. Finally, the Committee supports the work of the Amanut Society, a non-profit entity involved with educational development activities.

#### HUMAN CAPACITY BUILDING: WOMEN'S LEADERSHIP TRAINING

The Committee notes many of the recommendations made to USAID regarding the Office of Women in Development (WID) over the course of the last two fiscal years have largely been ignored. The Committee continues to believe a WID office empowered to monitor, assess, and make recommendations regarding the quality of gender integration at USAID could be of great benefit to the agency.

The Committee is aware of the "Gender Audit" tool, developed by the InterAction Commission on the Advancement of Women, which helps development organizations assess their institutional commitment to integrating considerations of gender into management and field programs. The "Gender Audit" aims to ensure participating organizations have the technical capacity, organizational culture, and accountability structure to mainstream gender issues effectively in to their activities. USAID could benefit from a self-assessment based on the "Gender Audit" model of its own institutional capacity in this regard. The Committee directs USAID to report no later than 60 days after enactment of this Act on its plans with respect to an assessment.

The Committee also directs not less than \$15,000,000 shall be made available only for programs to improve women's leadership capacity.

#### TRADE CAPACITY BUILDING

Trade capacity building (TCB) programs are critical elements of development assistance because of their large multiplier effects on economic growth, poverty reduction and promotion of the rule of law. These programs help developing countries participate in and benefit from the global trading system. Economic growth provides much needed resources to finance social investments in developing countries. Over time, growth through trade reduces dependency on official aid.

For fiscal year 2005, the Committee provides \$194,000,000 for trade capacity building efforts, the same level the House supported last year in this account. The Committee requests that USAID prioritize these resources where economic growth can best be achieved particularly in the context of building developing country capacity to implement and benefit from special trade arrangements with the United States. Programs of particular importance include trade facilitation through improvements in customs, sanitary and phyto-sanitary measures; improvements in governance and transparency regarding government procurement; and related regulatory reforms that may be necessary for the developing country to benefit fully from the trading arrangement.

Programs should also 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 improve effectiveness and transparency, 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.

Inter-agency coordination is key to the creation and implementation of practical and effective TCB work plans. The Committee encourages USAID to continue to exercise leadership and participation in the interagency process and to be an active partner in TCB action plans created by developing countries. Where appropriate and throughout all regions, the Committee supports USAID's efforts to use these resources in inter-agency agreements or otherwise to accomplish development objectives, particularly in the context of labor and environmental cooperation related to special trading arrangements with the United States. These efforts do not specifically need to be related to trade capacity building. This is particularly true in the context of the African Growth and Opportunity Act and free trade agreements the United States is negotiating.

The Committee recognizes that, more than other forms of development assistance, trade capacity building programs require increased flexibility because their implementation must track the ever-changing dynamics at multilateral, regional and bilateral lev-

els. Therefore, the Committee urges USAID to be able to account for the shifting nature of developing country efforts to integrate into the global economy by being able to make continual adjustments to five-year strategic plans that run the risk of being outdated.

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 believes a complete and accurate geographic information system and computer aided mass appraisal should be initiated to provide the highest possible data sets to agencies that provide political, economic and defense services to Central American Free Trade Agreement countries. The committee strongly encourages USAID to undertake such a project utilizing existing National Geospatial-Intelligence Agency (NGA) small-business prime contractors under the NGA Global Geospatial Intelligence program.

#### GLOBAL ISSUES: PROPERTY RIGHTS

Property rights, sound regulation of commercial activity and other components of the rule of law are adversely affected by inefficient, lengthy and often corrupt systems of registering small businesses and land titles. The Committee endorses programs that promote property rights and create private real estate markets in selected countries where USAID is active in Latin America, the former Soviet bloc 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 Foundation program into a worldwide effort.

#### GLOBAL ISSUES: URBAN PROGRAMS

Massive urbanization is occurring throughout the developing world. Cities that are overcome by the mass migration of those seeking economic improvements can become centers of environmental devastation, health epidemics and social unrest. The Committee is concerned that USAID's focus on urban issues is diminishing even as urban-specific problems are accelerating. USAID should study and report to the Committee on agency-wide use of funds directed toward urban development programs. The report should discuss the manner, level and potential results of possible USAID interventions in these programs. It should also discuss the efforts of other donors and host governments to address these problems.

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

Many environment challenges, from urban pollution to rural deforestation, result from failures to develop cleaner and more effi-

cient energy 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 focus of the President and Secretary of State on power generation for sustainable development.

The Committee recommends a renewed emphasis on hydropower with a \$3,000,000 grant to a specialized non-governmental organization representing the United States hydropower industry to provide project development and implementation services. The Committee directs USAID to consult with the Committee on its plans for the allocation of these funds. 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.

The Committee continues to support the work of the Foundation for Environmental Security and Stability to address critical United States national security interests in the context of regional instability arising from resource scarcity, natural hazards and other environmental stresses.

The Committee recommends \$2,000,000 for USAID to participate in Project Atmospheric Brown Cloud, whose objective is to assess the impact of the air pollution and persistent brown haze in Asia on the region's agriculture, monsoon rains and public health.

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

The Committee notes that 2005 is the final year of the \$970,000,000 Presidential Water for the Poor Initiative, announced in Johannesburg, South Africa, in August 2002. As noted in previous Committee reports, competition for scarce fresh water is 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, from 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. Up to \$9,000,000 of this amount should be made available for rural water and sanitation in east Africa.

#### 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 2005 for its biodiversity and related environment programs.

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 2005 to \$28,000,000. The Committee believes CRSPs are excellent 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 supports the creation of a new CRSP to focus on water issues.

#### ECONOMIC GROWTH: MICROENTERPRISE

In most developing countries, small, informally organized businesses—microenterprises—constitute the vast majority of business enterprises. Microenterprises are the source of employment and income for hundreds of millions of people in developing countries. To flourish, microenterprises need a congenial policy environment and growing markets, as well as capital and technical assistance. The Committee expects USAID's programs to reach the largest possible number of microenterprises, whether through grants to private, non-governmental organizations that on-lend to microenterprises or by sponsoring economic policy reforms that directly stimulate such enterprises. The Committee expects USAID to achieve the fiscal year 2004 authorization level (enacted as part of Public Law 108–31) of \$200,000,000. Furthermore, in order to maximize service delivery to poor clients, the Committee directs USAID to take measures to preserve the viability of the leading private NGO Microfinance Networks, and to consult with the Committee on these measures.

#### CREDIT UNIONS AND COOPERATIVES

The Committee recognizes the important role that United States credit unions and cooperatives play in overseas programs. Cooperatives are a means to lift low-income people out of poverty through their own efforts by mobilizing equity and savings for community-based economic growth. The Committee recommends adequate funding for the Office of Private Voluntary Cooperation for cooperative development organizations.

The Committee notes the role of electrification in rural and economic development strategies and supports a cooperative approach, in the context of free markets, to bring reliable electricity to rural areas around the world. The Committee urges USAID to consider increases in funding for rural electrification programs in developing countries.

#### LATIN AMERICA: OVERVIEW

The Committee is disappointed that USAID has ignored Committee report language from prior years urging that greater empha-

sis be provided for programs in Latin America. The Committee notes that the President's request for this region from Development Assistance and the Child Survival and Health Programs Fund are substantially less than the combined level for both accounts enacted and allocated in fiscal year 2004. The Committee is concerned that the Central American nations received disproportionate reductions in the request and does not believe that this reflects the priorities of United States economic, trade, humanitarian and immigration policies with these neighboring countries. Therefore the Committee directs the Administrator of USAID to provide assistance to Central American nations from Development Assistance and the Child Survival and Health Programs Fund at a combined level not less than that provided in fiscal year 2004.

The Committee recommends up to \$1,000,000 for fire prevention and suppression activities in connection with annual spring agricultural fires in Mexico and Guatemala.

The Committee notes with approval that the current President of Nicaragua has launched a wide-ranging anti-corruption campaign. 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 commends the President of Guatemala for his efforts to combat the endemic corruption and violence that has impeded Guatemala's development after so many years of civil strife. The new Government of Guatemala's efforts to reform democratic institutions and combat corruption have created a great opportunity for all Guatemalan people at this critical juncture in Guatemalan recent history.

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

The Committee commends the Cooperative Association of States for Scholarships (CASS) for its effective approaches to providing individuals with the skills that enable them to contribute effectively to the economic growth of their communities and nations. The Committee notes that the CASS program has offered technical education, job training, and leadership skills to young adults and leaders from communities of Central America and the Caribbean in fields such as agriculture, education, business, construction, environmental science, health care and technology training. The Committee expects USAID to fully fund the current CASS agreement. The Committee also notes that the CASS program is undertaking new activities in Mexico in support of the Administration's efforts to strengthen the United States-Mexico relationship, and believes that the program's long history in Haiti could contribute significantly to USAID efforts in that nation.

#### HAITI

The Committee is concerned about the emergency humanitarian crisis in Haiti and has provided \$50,000,000 under the heading "Economic Support Fund" to be in addition to the \$24,488,000 requested by the President for Haiti in the Development Assistance and Child Survival and Health Programs Fund accounts for fiscal year 2005. In the short term, funding will support the restoration of electricity and clean water, the acquisition of fuel to run portable



generators and facilitate the repair of the country's infrastructure, including port dredging, water treatment and supply, and sewage processing. The Committee expects the Department of the Treasury to support multilateral development bank projects, provided in the form of grants.

#### GLOBAL COFFEE STRATEGY

The Committee recognizes the work of USAID in Latin America to combat the global coffee crisis, including technical assistance, crop diversification, and public-private partnerships. The Committee supports an expansion in programs relating to access to micro-credit for coffee cooperatives and farmers affected by the global coffee crisis. The Committee directs USAID and the State Department to implement the following strategy: support prime coffee areas to improve productivity and quality, and assist them in gaining access to premium markets such as fair trade and organic; assist less competitive coffee farms in crop diversification and other forms of site-appropriate economic development; and work to facilitate public-private long term partnerships between growers and industry.

#### ASIA: ECONOMIC GROWTH ACTIVITIES

Technical assistance in support of updated commercial policies and legal structures 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 USAID to make available, for a fourth year, \$60,000,000 for these and other economic growth activities.

#### AMERICAN SCHOOLS AND HOSPITALS ABROAD

The Committee directs USAID to provide up to \$20,000,000 for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 2005, with the full required amount obligated in fiscal year 2005. 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 well 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.

The Committee notes that innovative medical technology such as haptic medical simulation can help train medical personnel in medically underserved developing countries. Such technology can provide a safe alternative to practicing on human subjects for a variety of procedures, such as intravenous therapy and endoscopy, and should be considered for use where appropriate.

#### 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, the Department of State has allocated significant resources from the Economic Sup-

port Fund in order to improve the economic and social situation of women in the Middle East.

#### INTERNATIONAL FERTILIZER DEVELOPMENT CENTER

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

#### DAIRY DEVELOPMENT

USAID indicates it provided \$21,000,000 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 reform of local government policies, and empowered stakeholders in projects, especially women, through job creation and increased incomes. 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 \$20,000,000 in fiscal year 2005. 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 requests USAID to provide a report not later than March 31, 2005, outlining its actions in meeting the above directives, and advises USAID to be more rigorous in its determination of which projects comply with this directive.

#### TORTURE TREATMENT CENTERS

The Torture Victims Relief Act of 1998 states that assistance to foreign treatment centers “shall be provided in the form of grants to treatment centers and programs in foreign countries that are carrying out projects or activities specifically designed to treat victims of torture for the physical and psychological effects of the torture.” The Committee urges USAID to ensure that this program complies with the congressional authorization. By so doing, USAID will be helping to ensure the growth of indigenous institutions providing culturally appropriate care to their torture victims and seeking to prevent and eventually eliminate the practice of torture in their country. The Committee recommends that USAID devote \$12,000,000 for this program in fiscal year 2005. The Committee requests that USAID report on implementation of these recommendations not later than 60 days of enactment of this Act.

#### VOLUNTEER PROGRAMS

The Committee recognizes the important activities of the Citizens Development Corps (CDC) and the Financial Services Volunteer Corps (FSVC) in assisting the growth of emerging and

transitioning economies around the world. The CDC's and FSVC's thousands of volunteer American businesspeople bring the benefits of market economies and democratic values to developing countries and provide unique and continuing value to United States foreign aid strategies. The Committee urges USAID to seek ways to maximize the use of CDC and FSVC programs and volunteers in priority countries.

#### GLOBAL DEVELOPMENT ALLIANCE

For potential funding from the Global Development Alliance or other sources, the Committee urges USAID to actively consider an innovative proposal from Counterpart Communities to strengthen existing city partnerships and potentially create new Counterpart Community partnerships. Counterpart Communities has leveraged successfully the resources made available by the United States Government through various donations by United States citizens, companies, and organizations.

#### AFRICA

The Committee notes with concern the reductions made in the budget request to a number of countries in Africa. The Committee has restored the non-HIV/AIDS programs within the Child Survival and Health Programs Fund to their fiscal year 2004 levels, and has added \$100,000,000 to the President's request for the Development Assistance account. The Committee expects USAID to restore the cuts in African country allocations (for countries not eligible for MCC funding) to their fiscal year 2004 levels, consistent with proper programmatic considerations. Further, the Committee is concerned that its requests to USAID to provide an explanation for its decisions to cut African country levels have gone unanswered, and expects to be fully consulted prior to the release of the section 653(a) allocations for fiscal year 2005.

The Committee urges USAID to consider proposals to provide technical assistance, training, and other types of support to the community based "gacaca" courts in Rwanda. The Committee also urges USAID to consider a proposal from All Africa Global Media to conduct training and exchanges for African journalists.

#### 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 15, 2005, the Administrator of USAID shall submit a report to the Committee on the status of each activity identified below. Such report shall include: (1) the status 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 15, 2005. 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:

A project from the University of Arizona and Mexico's Consejo Nacional de Ciencia Y Tecnologia (CONACyT) to support a United States-Mexico binational optics program with the purpose of establishing a program to improve Mexico's competitiveness;

A proposal by the University of Arkansas Medical School to work in partnership with Russian institutions on critical health problems in Russia;

A proposal by California Western University School of Law to help Latin American countries reform their judicial systems;

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

A proposal by the University of California at Los Angeles to provide distance education to support the fight against HIV/AIDS in Africa and to improve the quality of the African health care delivery system;

A proposal by Barry University, Florida, to provide quality education to uneducated and untrained women in developing countries;

A proposal by Florida State University to revitalize and expand the Caribbean Law Institute and re-establish linkages with the University of the West Indies;

A proposal by the University of Miami, Florida, to support the Cuban Transition Project at the Institute for Cuban and Cuban-American Studies;

A proposal by the University of Georgia's Center for International Trade and Security to help in efforts to combat proliferation of weapons of mass destruction;

Proposals by DePaul University, Illinois, to provide training for diplomats and 30 to 45 police officials, prosecutors, judges, defense attorneys, prison officials and members of the media from 15 different Arabic nations in country specific training sessions;

A proposal by Northwestern University, Illinois, in association with partner organizations through the Consortium for Development Partnerships, to respond to the slow pace of economic development, democratization, and conflict resolution in many African countries;

A proposal by Kirkwood Community College, Iowa, to develop graphic, interactive electronic teaching tools and train educators;

A proposal in support of the Norman E. Borlaug International Science and Technology Fellows Program;

Proposals by the University of Kentucky to develop a new center for international studies and to develop partnerships with three Indonesian universities;

A proposal by the African Technology for Education and Workforce Development Initiative to establish a distance learning program between United States and African universities;

A proposal by Tulane University, Louisiana, 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 Tulane University and Xavier University, Louisiana, to work with the West African Health Organization to prevent and treat HIV/AIDS in the militaries of the Economic Community of Western African States;

A proposal by the Louisiana State University Law Center to support intra-hemispheric trade through partnerships with law schools in Latin America;

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

Proposals by the University of the Middle East to facilitate construction of a fully-accredited Graduate School of Education in Massachusetts;

Proposals by Suffolk University, Massachusetts, to create a sustainable partnership to provide unique education opportunities for both American and African students;

A proposal by Eastern Michigan University's Center for Middle East Services to develop mutual understandings with the Middle East;

A proposal by Bemidji State University, Minnesota, to create a Central Asian Institute to facilitate cross-cultural understanding and enhance the education of citizens in Central Asia;

A proposal by New Mexico Tech in Socorro, New Mexico for anti-terrorism programs;

A proposal by New York University to support the Afghanistan Digital Library;

A proposal by the University of Nevada Las Vegas to support the City of Asylum Network that provides support for writers who are silenced in their home countries;

A proposal by Drexel University, Pennsylvania, in partnership with the Caribbean American Mission for Education Research and Action to improve basic education delivery services through the Caribbean Basin;

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

A proposal by Salve Regina University, Rhode Island, to sustain and develop a series of reconciliation initiatives for young people in Northern Ireland;

A proposal by Austin Peay State University, Tennessee, to enhance the international curriculum to meet the needs of military personnel at Fort Campbell, Kentucky;

A proposal by University of Texas at Austin, Texas, to work with the Turkish National Science Foundation and the Middle East Technical University of Ankara, Turkey, to conduct earthquake research, to evaluate existing structures in Turkey, define their seismic vulnerabilities and develop effective defensive techniques and measures;

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;

Proposals by Baylor University, Texas, to support international pediatric healthcare centers to enhance the treatment and care of children with HIV/AIDS;

A proposal by George Mason University, Virginia, to support continued operations of the Center for World Religions, Diplomacy and Conflict Resolution to support an initiative to reduce violence in the name of religion;

A proposal by Virginia Commonwealth University to conduct a baseline database on the health, economic and social parameters of AIDS patients in South Africa;

A proposal by the University of Richmond, Virginia, to support the education of future judges in emerging democracies;

A proposal by Marquette University College of Nursing, Wisconsin, to participate in partnerships with community-based HIV "Centers of Excellence" in Kenya;

A proposal by the Caribbean American Mission for Education Research and Action to elevate the condition of the people of the Caribbean using United States university expertise in educational methodologies and delivery systems;

A proposal by the Mrs. Helena Kaushik Women's College, India, to increase opportunities for women to receive undergraduate and graduate degrees;

A proposal by Alliant International University and United States International University—Kenya to transfer technology skills to Kenyan businesses and to support USAID's goal of "Building Human Capacity through Education and Training";

A proposal by Georgetown University Hospital to develop partnerships with healthcare institutions in South Africa and other regions afflicted by HIV/AIDS, to provide psychosocial support and other services to people affected by the disease;

A proposal by the Asian University for Women, Bangladesh, to educate disadvantaged women from diverse backgrounds around Asia in a non-sectarian environment; and

A proposal on behalf of universities in Nigeria to establish cyber centers and technical training facilities.

## INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

Fiscal year 2004 level .....	\$253,993,000
Emergency supplemental funding .....	220,000,000
Fiscal year 2005 request .....	385,500,000
Committee recommendation .....	355,500,000

The Committee recommends \$355,500,000 for the International Disaster Assistance and Famine Assistance account.

The Committee includes \$20,000,000 of funding for early intervention to prevent or mitigate the effects of famine. The Committee does not fund the request for the United States Emergency Fund for Complex International Crises.

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 security requirements in Jordan and Morocco. This equipment has multiple potential applications for these and other programs, such as infrastructure development, reconstruction, national disaster response, and humanitarian relief.

The Committee notes that, pursuant to section 594(c) of the fiscal year 2004 Act, the Department of State has submitted a report on United States Government efforts to protect women and children affected by humanitarian emergencies. The report identifies the Office of Foreign Disaster Assistance, the Office of Transition Initiatives, and the Department of State's Bureau of Population, Refugees, and Migration (PRM) as three of the primary offices responsible for such programs, and makes a number of recommendations, including: continue to focus and target assistance for women and children in humanitarian emergencies; and improve United States Government capacity to make long-term commitments to protection-oriented reforms. In order to achieve these goals, the Committee recommends that \$45,000,000 be provided from State Department and USAID resources in this Act for such activities.

The Committee recognizes the collaboration between USAID and the United States Geological Survey (USGS)/EROS Data Center (EDC) Famine Early Warning System Network (FEWS NET) and other food security programs in sub-Saharan Africa. The Committee supports the goals of these famine relief initiatives and the cooperative partnership between USAID and USGS/EDC. The Committee also recognizes the need to have continuous access to valuable land remote sensing data and the critical role the USGS/EDC plays in collecting, managing, and archiving this data used to monitor vegetation, rainfall, and agricultural conditions affecting global food security.

## SUDAN

The Committee is extremely concerned about the dire humanitarian situation in Sudan. In the Darfur province of western Sudan, USAID estimates 300,000 people may die by the end of the year unless rapid action is taken. In addition to the unfolding tragedy in Darfur, there are significant humanitarian requirements in southern Sudan.

The Committee recommendation includes \$311,000,000 for Sudan, of which \$140,000,000 has been requested from this ac-

count. This funding is in addition to \$95,000,000 pending in the Act making fiscal year 2005 appropriations for the Department of Defense.

#### SUDAN ALLOCATION

Child Survival and Health .....	\$16,000,000
Development Assistance .....	70,000,000
Economic Support Funds .....	20,000,000
International Disaster and Famine Assistance .....	140,000,000
Non-Proliferation, Anti-terrorism, Demining and Related Programs .....	2,000,000
Migration and Refugee Assistance .....	53,000,000
Transition Initiatives .....	10,000,000
	<hr/>
Total from this Act .....	311,000,000

The Committee is deeply concerned about the actions of the northern Sudanese government in Darfur. That government's direct and indirect support for the "Janjaweed" militia and repeated delay of international assistance to the millions of displaced persons in the region must be immediately stopped. In section 531, the Committee prohibits funding from this Act for that government or for initiatives to alleviate Khartoum's \$19,000,000,000 debt burden unless the Secretary of State makes the certification outlined in subsection (c).

Subsection (c) of section 531 describes three steps that the northern government must take immediately if the deaths in Darfur are to be lessened, including ending its support for the Janjaweed and allowing humanitarian assistance unimpeded access to the region. Once the Secretary of State has certified to the Committee that these steps are being taken, the restrictions and instructions provided in subsection (b) will cease to be in effect. Humanitarian assistance, and assistance provided to the Darfur region and to the area outside of the control of the north, are specifically not restricted by section 531.

Funding for Sudan is also explicitly restricted elsewhere in this Act, including under headings "Debt Restructuring" and "Foreign Military Financing Program".

#### TRANSITION INITIATIVES

Fiscal year 2004 level .....	\$54,676,000
Fiscal year 2005 request .....	62,800,000
Committee recommendation .....	47,500,000

The Committee recommends \$47,500,000 for this account. This is \$7,176,000 below the 2004 level and \$15,300,000 below the request. The Committee does not preclude USAID's Office of Transition Initiatives (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 2004 level.	
(by transfer) .....	(\$21,000,000)
Fiscal year 2005 request.	
(by transfer) .....	(21,000,000)
Committee recommendation.	
(by transfer) .....	(21,000,000)

ADMINISTRATIVE EXPENSES

Fiscal year 2004 level .....	\$7,953,000
Fiscal year 2005 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 2004 level .....	\$43,859,000
Fiscal year 2005 request .....	42,500,000
Committee recommendation .....	42,500,000

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

Fiscal year 2004 level .....	\$600,536,000
Emergency supplemental funding .....	40,000,000
Fiscal year 2005 request .....	623,400,000
Committee recommendation .....	618,000,000

The Committee has recommended funding for United States Agency for International Development operating expenses at a level of \$618,000,000, which is \$17,464,000 above the fiscal year 2004 level. The Committee recommends bill language providing that \$25,000,000 of the fiscal year 2005 appropriation remain available until September 30, 2006. 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".

## HUMAN RESOURCES

The Committee acknowledges the work USAID is doing to “right size” its work force and appreciates the hard work evident in the Workforce Planning Report provided on June 15, 2004. The Committee remains concerned that USAID and the Department of State are not moving quickly enough to address future human resource requirements. These requirements will be all the more challenging because of the expected increase in USAID staff retirements. By 2007, almost 60 percent of the United States direct hire foreign service personnel will be eligible for retirement as will 30 percent of USAID’s civil service personnel.

The Committee remains concerned that staffing in USAID missions abroad does not reflect current or future workload realities. The Workforce Planning Report only partially addresses these problems. For example, some country assistance levels declined by over 40 percent in past years, yet there was no significant related decrease in mission personnel. The Committee therefore requests a second report, to be due on October 15, 2004, that builds upon the previous Workforce Planning Report. USAID should consult with the Committee well in advance on methodology, relevant analysis and other content to be included in the report.

The Committee supports USAID’s comprehensive workforce analysis and planning review. It looks forward to reviewing the planned Washington to Overseas Alignment Study. The Committee urges USAID to integrate the work force metrics into its annual budget process so that workforce and workload issues—both in missions and in Washington—can be effectively addressed. USAID should routinely evaluate the alignment of program resources and staff in each operating unit’s budget justification.

The Committee notes the Congress has supported Administration proposals with respect to readiness initiatives at the Department of State. It would welcome similar proposals by the Administration on behalf of USAID. The Committee also welcomes constructive proposals to modernize USAID’s personnel systems or improve budget transparency for administrative expenses.

## 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 USAID 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.

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

United States 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 further directs USAID to submit to the Committee a report that provides an accounting of the resources used to train minority firms, as well as the total number of small minority firms that receive training. The report should also include the number of minority firms that are awarded contracts after receiving training.

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

The Committee firmly supports full, fair and open competition as a means of lowering costs and getting better product. The Committee recognizes that waivers of federal acquisition rules are sometimes necessary, but it believes such waivers should be rare and issued in a fully transparent manner. 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. USAID should consult with the Committee before beginning to draft the report.

#### CAPITAL INVESTMENT FUND

Fiscal year 2004 level .....	\$81,715,000
Emergency supplemental funding .....	16,600,000
Fiscal year 2005 request .....	64,800,000
Committee recommendation .....	64,800,000

The Committee is recommending \$64,800,000 for the Capital Investment Fund for fiscal year 2005, the same as the President's request. In total, the Committee recommendation includes \$28,700,000 for USAID participation in the Capital Cost-Sharing Program, under which all agencies with overseas staff operating under Chief of Mission authority will contribute toward the costs of constructing secure embassy compounds. The Committee supports the concept of Capital Cost Sharing but wants to ensure that all agencies are treated equitably. It has therefore included language in its bill to ensure equitable treatment. Funds would remain available until expended and are in addition to funds otherwise available for such purposes.

## USAID BUSINESS MODEL REVIEW

The Committee commends the Administrator and USAID for initiating and completing a Business Model Review (BMR). The Committee believes it vitally important that USAID continue to evaluate its operational processes in a spirit of continuous improvement. Effective foreign assistance strategies should reflect both the diverse challenges and the necessary aid delivery structures necessary to achieve the intended development outcome. The Business Model Review is an effective tool that helped shape management decisions. The Committee looks forward to frequent updates on the implementation of decision memos approved by the Administrator.

With respect to strategic management, the Committee requests that USAID submit the Interim Guidance immediately after approval and provide a description of the process and timeline with milestones that USAID will use to restructure USAID's strategic planning process with the Strategic Management Framework. The Committee notes that eighty-five percent of people polled for purposes of the study believe that USAID's current planning process needs to be streamlined.

With respect to management oversight, the Committee requests a consultation on the methodology of coordinated overseas Mission Program Management Reviews. Accompanying this consultation, the Committee expects a written summary of the methodology, the target list of priority operational units for review in the upcoming fiscal year, as well a timeline for the completion of reviews, the reporting of results, and the institutionalizing of agency wide practice in the years to come. The Committee requests that USAID provide the consultation prior to the start of Pillar Bureau reviews.

The Committee encourages the Administrator to continue to undertake such fundamental business management reviews of USAID operations and looks forward to further in depth consultation.

## FINANCIAL MANAGEMENT

In October, 2003 the Inspector General issued clean, unqualified opinions on all five of USAID's fiscal year 2003 financial statements. The Committee recognizes this significant progress achieved through the hard work of both USAID and USAID's Inspector General. In fiscal year 2001, three of USAID's financial statements were given qualified approval, and two were given a disclaimer; not one received a passing grade.

The Committee remains intensely interested in the roll-out of USAID's new financial management system known as Phoenix. The Committee appreciates USAID's commitment to complete deployment of Phoenix to all of the field missions by the end of fiscal year 2005. The Committee expects to be kept informed on a routine basis of major milestones accomplished and encourages adequate planning in order to avoid any delay in implementation. As the new system is implemented, the Committee wishes to emphasize the importance of generating the field commitment to using the system.

Although clean, unqualified opinions on USAID's annual financial statements are important, the Committee stresses the paramount importance of USAID managers having timely, reliable and complete financial and performance data on foreign assistance pro-

grams on a consistent basis. They will not have this data as long as there is no world wide, integrated financial system.

Consistent with the President's request, the Committee funds \$2,700,000 for the information technology enhancements to the Phoenix system in Washington as well as the \$10,600,000 for Mission Financial System improvements.

#### PROCUREMENT IMPROVEMENT EFFORTS

Consistent with the President's request, the Committee provides \$9,900,000 as requested in the Capital Investment Fund to implement the Procurement Systems Improvement Project (PSIP), an overseas deployment of a web based procurement system. In the report accompanying the Foreign Operations Appropriations Act, 2003, the Committee urged USAID to develop a worldwide procurement tracking system that would allow the agency to evaluate regularly its procurement process and ultimately allow data to be integrated into its financial management system. By the fourth quarter of fiscal year 2005 (the target completion date as identified by USAID), the Committee believes it essential for managers to possess an integrated, agency wide, real time system for the acquisition and award process—inclusive of grants, cooperative agreements, and contracts. The Committee recognizes USAID-identified PSIP objectives but also encourages USAID to use the system as a means to improve the competitiveness of procurement as well as to measure the continuous opportunity of new entrants as third party implementers.

The Committee recognizes and supports USAID's collaborative process with the Department of State. The Committee expects to be informed of any delays resulting for any reason, including risk or vulnerabilities associated with software development, technology infrastructure and inter-agency relationships. The Committee appreciates the report on the PSIP and requests a followup report by October 8, 2004. This report should include a more detailed timeline of project milestones in fiscal year 2005 as well as relevant updates on project critical paths and risks.

The Committee also requests that USAID provide a detailed, comprehensive, and relevant spend analysis of agency procurement by November 5, 2004 and a consultation on methodology prior to the start of the analysis. The analysis should include differences in procurement across pillar and regional bureaus, by account, sector, or strategic objectives and, where appropriate, procurement by commodity type and purpose, vehicle, and vendor.

To respond to negative perceptions of procurement practices, the Committee requests a report on metrics USAID uses to evaluate the competitiveness, efficiency, long term structural openness to new entrants, and procurement vehicle consistency with strategic objective. The Committee requests this report by October 8, 2004. The report should include a description of the various metrics and illustrate their application in a detailed review of at least two operating units' procurement for a recent fiscal year (preferably one field mission and one regional or pillar bureau).

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 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 2004 level .....	\$34,794,000
Fiscal year 2005 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 2005, which is the same as the President's request. The Committee again commends the Inspector General for its 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 2004 level .....	\$2,119,919,000
Emergency supplemental funding .....	872,000,000
Fiscal year 2005 request .....	2,511,500,000
Committee recommendation .....	2,450,000,000

The Committee recommends a total of \$2,450,000,000 for the Economic Support Fund (ESF), an amount that is \$61,500,000 below the request and \$330,081,000 above the amount enacted for fiscal year 2004, excluding emergency supplemental appropriations. The increase above the fiscal year 2004 level is primarily due to the annualization of supplemental funding for assistance for two key allies in the war on terrorism, Afghanistan and Pakistan. Funding for Afghanistan is recommended at the President's request of \$225,000,000, which is \$150,442,000 above the funding level for 2004, excluding supplemental appropriations of \$672,000,000. Funding for Pakistan is recommended at the President's request of \$300,000,000, all of which is above the funding level for 2004, excluding supplemental appropriations of \$200,000,000. The net increase of \$450,442,000 for these two countries is offset by reductions in other areas.

The Committee recommendation assumes a reduction of \$153,776,000 in economic support for the Camp David countries. The recommended amount in the Economic Support Fund for Israel is \$360,000,000 and \$535,000,000 is recommended for Egypt. The recommendation includes \$250,000,000 for Jordan. These amounts are the same as the President's fiscal year 2005 request. In addition, the recommendation reflects a reduction of \$8,500,000 associated with the decision to retain a separate appropriations account for the International Fund for Ireland.

The Committee is also recommending the retention of language from the fiscal year 2004 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 2005 on funding allocations and programming decisions.

#### ISRAEL

The Committee is continuing the initiative begun six 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 \$72,744,000 in fiscal year 2005.

The Committee therefore recommends not less than \$360,000,000 in economic support shall be provided for Israel, which is \$117,168,000 less than the fiscal year 2004 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 or by October 31, 2004, whichever occurs later.

#### 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 \$535,000,000 in economic support for Egypt on a grant basis, which is \$36,608,000 less than the fiscal year 2004 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 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 Minya, Assiut, and Sohag. The Committee is disappointed that USAID did not respond promptly to the request for a report on these activities in fiscal year 2004. Within 60 days of the date of enactment of this Act, the Committee directs USAID to report specifically to the Committee on the actions it has taken, and intends to take, to respond to the needs in this region. The Committee intends that assistance should be provided to assist all ethnic and religious groups in the region, but that special attention should be paid to those ethnic and religious groups that may be economically disadvantaged. The Committee further directs USAID to consult with the Committee as it prepares its funding allocation for activities in this region using funds appropriated by this Act.

#### 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 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 three years ago to urge that Arab League members normalize relations with Israel.

#### JORDAN

The Committee recommendation includes \$250,000,000 for Jordan. The Committee expresses strong appreciation for that nation's strong support for the United States and our military forces during the recent conflict in Iraq. Jordan has played a leadership role in facilitating efforts to bring peace between Israelis and Palestinians. The Committee notes that this 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 550).

In addition, in order to maintain proper oversight of grants and contracts issued under the West Bank and Gaza program, the Committee is recommending the continuation of bill language requiring annual audits of all contractors and grantees, and significant subcontractors and subgrantees. In order to ensure that the taxpayer funds are not used inappropriately, the Committee recommendation strengthens the vetting requirements of section 559 of this Act. Prior to the obligation of funds for the West Bank and Gaza program, the Secretary of State is required to take all appropriate steps to ensure that such assistance is not provided through any individual, private or government entity, or educational institution, that the Secretary knows or has reason to believe advocates, plans, sponsors, engages in, or has engaged in, terrorist activity. New language also requires the Secretary of State to terminate any assistance to any individual, entity, or educational institution found to be involved in or advocating terrorist activity. Finally, the Committee recommends the continuation of bill language providing 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.

#### LEBANON PROGRAM

The Committee has provided \$35,000,000 for Lebanon from Economic Support Fund resources, and expects that not less than \$4,000,000 should be used for scholarships and other direct support of the American educational institutions in Lebanon. Providing an American education to the young people of Lebanon and the region makes a unique contribution to the long-term development of political and economic stability in that country. Broadening understanding of American values in the Middle East is particularly important to United States efforts to counter violence and terrorism.

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 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.

The Committee is aware of proposals to use state-of-the-art microprocessor-controlled mobile factories that construct metal buildings on site for infrastructure development in Iraq, Afghanistan, Jordan, and Morocco, using funds appropriated under this heading and under the heading "Foreign Military Financing Program". Such buildings could be used for a variety of purposes in support of economic development and military assistance programs. The Committee urges the Departments of State and Defense to review proposals for the integration of such buildings into country programs funded in this Act.

#### RELIGIOUS FREEDOM—EGYPT

The Department of State 2003 International Religious Freedom Report notes that ". . . there was some improvement in the Government's respect for religious freedom during the period covered by this report, such as greater recognition and tolerance of Coptic Christians; however, the Government continued to fail to bring to justice those responsible for killing 21 Christians at Al-Kush, and converts from Islam face periodic detention and discrimination." The Committee remains concerned about the problems faced by Egypt's Coptic Christian community and believes the Egyptian Government needs to do everything possible to provide full opportunity for Coptic Christians in employment and educational opportunities. 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.

#### MIDDLE EAST PARTNERSHIP INITIATIVE/MUSLIM OUTREACH

The recommendation includes \$90,000,000 for the Middle East Partnership Initiative (MEPI) and, to the extent funds are available, for the activities of the new Muslim Outreach initiative that are not associated with public diplomacy. The MEPI supports an array of economic and social reform initiatives in the Middle East and non-Arab Islamic countries. In addition, in section 526 language is included similar to that included in the 2004 appropriations act that authorizes up to \$1,500,000 for making grants to educational, humanitarian, and nongovernmental organizations and individuals inside Iran and Syria to support the advancement of democracy and human rights in Iran and Syria. Such grants may be made through the National Endowment for Democracy.

The Committee is aware of requests to fund scholarships at American educational institutions in the Middle East through the MEPI program. In order to determine the most effective and efficient way to provide for such a program, if merited, the Committee directs the Department of State to review this proposal and to recommend, as part of the President's fiscal year 2006 budget request, how such a program could be most effectively funded and managed by the United States Government. Funding constraints have prevented the Committee from recommending the budget request of \$150,000,000 for MEPI, and without additional funding above the

fiscal year 2004 level, the Committee is not in a position to recommend the initiation of a new scholarship program at this time. In addition, the Committee does not have sufficient information to determine if such a program should appropriately be funded through MEPI.

#### IRAQ

United States' assistance to Iraq is well over \$21,000,000,000 and is the single largest assistance program in the world. The effective implementation of this program is critical to American efforts to bring peace to the Middle East and to the successful withdrawal of American troops from Iraq. With the dissolution of the Coalition Provisional Authority (CPA) on June 28, 2004, the Secretary of State has responsibility for the supervision and direction of all United States assistance for Iraq. Given rapidly evolving events in Iraq, the Committee believes the Secretary of State will require flexibility in the allocation of previously appropriated funds. The Committee urges the Secretary of State to provide the Committees on Appropriation with a revised financial plan for American assistance to Iraq as a matter of urgency so the Committee can consider how best to provide that flexibility while ensuring effective oversight of the assistance.

The Committee strongly supports the Administration's multilateral effort to forgive a significant portion of Iraq's official debt and has included a general provision (section 569) to enable the debt reduction. As international negotiations to forgive Iraq's debt move forward and as the Administration develops more current estimates of the budget cost of that forgiveness, the provision requires both consultation and notification.

For purposes of section 402(a)(2) of S. Con. Res. 95 (108th Congress), as made applicable to the House of Representatives by H. Res. 649 (108th Congress), funds made available pursuant to the authorities of section 569 ("Debt Restructuring Authority") are provided in response to a situation which poses a direct threat to life and property, is sudden, is an urgent and compelling need, is unpredictable, and is not permanent in nature. The Committee notes that this Act contains no new budget authority for this purpose. Funds for the costs of debt restructuring for Iraq are to be made available from the Iraq Relief and Reconstruction Fund contained in Public Law 108-106, which were designated as an emergency under the terms of that Act. While the authority provided in section 569 is consistent with the purposes for which funds were provided for Iraq reconstruction in Public Law 108-106, budget scorekeeping conventions require the Committee to recommend language designating this authority as an emergency requirement as well.

The Coalition Provisional Authority Inspector General was appointed on January 20, 2004. For the last several months, his teams of auditors and investigators have been at work. As the Secretary of State will have responsibility for supervision of United States assistance to Iraq, it is appropriate for the CPA Inspector General to now report to the Secretary of State. To avoid any disruption in this important investigative and oversight work, the Committee directs the continued existence of the Inspector Gen-

eral's office for Iraq reconstruction programs, and has included language in section 573 to ensure continued operations and funding.

As required by section 2207 of Public Law 108–106, the Office of Management and Budget submitted reports to Congress on January 5, 2004 and April 5, 2004 that laid out in detail the financial plan for this assistance. With the transition of authority for United States assistance from CPA to the Secretary of State, the Committee believes it appropriate the Secretary of State be given responsibility for preparing the section 2207 reports that will come due in the future and in section 574 has modified the reporting requirements to reflect this policy.

#### AFGHANISTAN

The Committee continues its strong support for the reconstruction of Afghanistan by providing a total of \$977,000,000 in this Act, including \$225,000,000 in this account, for assistance for that country. As part of this funding, the Committee urges funding of up to \$3,000,000 to refurbish the existing Wazir Akbar Kahn Hospital with its American partner and to initiate the start-up program for managing and providing health care delivery in Kabul. The Committee requests that the Department of State report on its progress in addressing this matter no later than March 1, 2005.

In addition, the Committee commends a proposal by World Compassion to undertake critical humanitarian aid in Afghanistan, and requests that the State Department review a proposal from this organization.

The Committee recommendation includes \$60,000,000 in fiscal year 2005 funds to support programs for Afghan women and girls.

Supported by the efforts of the Ministry of Women's Affairs, Afghan women are beginning to redefine their role and reclaim their place in public society. The economic empowerment of Afghan women is critical to improving the economic life of Afghanistan and is important to access to education for children, better family health care, reductions in human trafficking and greater awareness of rights. The carpet industry presents vulnerable Afghan women with an opportunity to build sustainable small businesses that can enjoy long-term access to United States markets. To this end, the Committee supports the Arzu initiative to support the production and sale of handmade carpets made under fair labor conditions by women weavers in Afghanistan.

#### PAKISTAN

Of the amounts provided for Pakistan, the Committee has recommended bill language that allows \$200,000,000 to be used for debt relief, pursuant to the President's budget request.

#### IRISH VISA PROGRAM

The Committee directs that \$3,500,000 be provided for the Walsh Visa Program for fiscal year 2005, 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.

## EAST TIMOR

The Committee recommends \$22,000,000 for programs in East Timor to support income producing projects and other reconstruction activities.

## TIBET

In section 526, the Committee has recommended not less than \$4,000,000 in assistance for programs that preserve cultural traditions, and promote economic development and environmental conservation in Tibetan communities. The Committee is aware of the valuable assistance the Bridge Fund has provided to promote Tibetan-owned and operated businesses and educational, cultural, and natural resource conservation projects in Tibet and recommends that \$2,000,000 of these funds should be provided to the Bridge Fund.

Also in section 526, 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. The Committee supports the use of a greater portion of these funds for activities that have a primary impact inside Tibet, to the extent practicable. The Committee encourages the Bureau for Democracy, Human Rights and Labor to work closely with the Office of the Special Coordinator on Tibetan Issues in carrying out these programs.

At the same time, the Committee encourages organizations involved in China rule of law programs to seek out opportunities to conduct programs that can improve the human rights situation and the administration of justice in Tibetan areas, including Tibetan areas outside the Tibetan Autonomous Region (TAR).

## CAMBODIA

The Committee is aware of the need to assist Cambodia in the preservation of antiquities and historical sites, particularly at Angkor Wat. The Committee recommends review and support of a proposal to assist in the preservation of an important building site at Siem Reap.

## CYPRUS

The Committee recommends \$13,500,000, the same as the budget request, for educational and other bicomunal projects in Cyprus, and recommends language similar to that included in the fiscal year 2004 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 Bicomunal Support Program, the United Nations Office for Project Service, and other related activities.

## CUBA

The Committee fully supports the budget request of \$9,000,000 for the Cuba democracy program and supports its goals of promoting democratization, respect for human rights, and the develop-

ment 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.

#### COOPERATION EFFORTS IN THE WESTERN HEMISPHERE

The Committee is recommending a minimum regional allocation of \$20,000,000 for hemispheric cooperation efforts specifically related to special trade arrangements with the United States in the context of labor and environmental cooperation, including trade capacity building. The Committee requests a consultation on the utilization of these funds among countries and spending priorities prior to allocations or 90 days after enactment.

The Committee expects these funds to be coordinated with the Office of Trade Capacity Building of the United States Trade Representative's Office and other agencies integral to cooperation in the context of special trading arrangements.

#### INTER-AGENCY COORDINATION AND CAPACITY BUILDING IN TRADE AND OTHER AREAS

The Committee supports the utilization of Economic Support Funds to build capacity in trade, labor and the environment, and other areas identified by the United States and other developing countries. Specifically, given the fluid nature of cooperation related to special trading arrangements with the United States, the Committee places a premium on interagency coordination to provide the Department of State the latest insight into what constitutes the most appropriate cooperation. For this reason, last year the Committee requested that the Department of State consult with the Office for Trade Capacity Building of the Office of the United States Trade Representative (USTR) in resource allocation and programming. For this fiscal year, the Committee requests that the Department of State, in coordination with USTR, report not later than 120 days after enactment on how this consultative process worked last year and steps that will be taken to improve upon it. Regions of interest to the Committee specifically relate to those where the United States has entered into or is about to enter into special trading relationships such as southern Africa, Central America, and the Andean region. The report should include the identification of fiscal year 2005 resources used to support these special trading relationships in the furtherance of United States foreign policy objectives.

#### HUMAN RIGHTS AND DEMOCRACY FUND

The Committee has provided the budget request of \$27,000,000 for the Human Rights and Democracy Fund and recommends that \$1,200,000 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, and helps keep alive the legacy of our former President.

The Committee also strongly recommends that funding be made available in fiscal year 2005, as in fiscal year 2004, for democracy programs in China through the National Endowment for Democracy (NED). Finally, the Committee recommends restoration of up to \$500,000 through the National Endowment for Democracy for funding of private nongovernmental organizations working to support the development of democracy in North Korea.

#### 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 \$18,000,000 in economic assistance be provided annually to the South Pacific Islands. Therefore, the Committee recommends that the treaty obligations be met through the payment of \$18,000,000 in fiscal year 2005, as requested by the President.

#### CONFLICT RESOLUTION AND RECONCILIATION PROGRAMS

The Committee recognizes the importance of conflict resolution and reconciliation programs as a tool for creating a climate of peace in regions of conflict. The Committee is recommending \$12,000,000 to support reconciliation programs and activities, which bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war. Funding should be made available through an established process for organizations that provide such programming. The Committee recommends the Department of State actively consider proposals submitted by the following organizations:

Seeds of Peace, a pioneer in this effort, which has helped young people overcome fear, prejudice, and other obstacles to peace;

Jerusalem International YMCA;  
 Interns for Peace;  
 Foundation for Environmental Security and Sustainability;  
 Partners for Democratic Change;  
 Roots of Peace;  
 Arava Institute;  
 Facing History and Ourselves;  
 Peacemaker Circle International;  
 Project Children and Cooperation Ireland; and  
 Interfaith Encounter Association.

The Committee requests that the Department of State initiate an annual report on the status of applications and funding for these and other organizations supported through this program. Such report should be provided to the Committee not later than May 1 of each year.

#### LIBERIA

The Committee recognizes the dire but improving situation in Liberia and the need to provide necessary support to ensure the success of the disarmament, demobilization, rehabilitation, and reintegration program underway with the support of the inter-

national community. The Committee supports proposals to promote democracy and the rule of law through financial support of non-governmental organizations.

BURMA

The Committee supports the budget request of \$7,000,000 for assistance for Burma, which should be made available for activities (including media support) among Burmese who have fled to neighboring countries, especially Thailand. These funds should continue to be used to support on-going democracy programs. In addition, funds should be allocated for humanitarian assistance for displaced Burmese and host communities in Thailand, and for Thailand-based, nongovernmental organizations operating along the Thai-Burma border to provide food, medical and other humanitarian assistance to internally displaced people in Burma.

ALLOCATION OF FUNDS RELATIVE TO REQUEST

The Committee recommendation assumes the following adjustments to the President’s budget request, not referenced above:

\$3,500,000 for the Safe Skies initiative;

No funding for the new initiative for regional anticorruption initiatives; these activities are funded under “International Narcotics Control and Law Enforcement” and “Nonproliferation, Anti-terrorism, Demining and Related Programs”;

Without prejudice, a reduction of \$50,000,000 associated with assistance for Turkey; the Committee notes that \$1,000,000,000 in grant and loan assistance was appropriated for Turkey in Public Law 108–11, and these funds remain unexpended;

No funding for the new line item for trade capacity building; these activities are subsumed under funding for Hemispheric Cooperation, which is funded at \$20,000,000;

No additional funding for Muslim Outreach; this new program would focus on public diplomacy programs, which are more appropriately funded elsewhere; and

A reduction of \$14,000,000, to be assessed against country-level and programmatic increases identified in the President’s budget request for East Asia and the Pacific, and the Near East (excluding Israel, Egypt, and Jordan).

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 2004 level .....	\$18,391,000
Fiscal year 2005 request .....	(8,500,000)
Committee recommendation .....	18,500,000

The Committee recommends \$18,500,000 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 rec-



ommended is \$10,000,000 above the President's budget request and \$109,000 above the fiscal year 2004 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 2004 level .....	\$442,375,000
Fiscal year 2005 request .....	410,000,000
Committee recommendation .....	375,000,000

The Committee recommends \$375,000,000 for Assistance for Eastern Europe and the Baltic States, an amount that is \$67,375,000 below the level provided in fiscal year 2004 and \$35,000,000 below the budget request. The Committee intends that funding for democracy programs through the National Endowment for Democracy continue at a level not less than that commensurate with the reduction in the account when compared to funding provided in fiscal year 2004, and be provided as a transfer of funds pursuant to section 632(a) of the Foreign Assistance Act.

#### SERBIA

The Committee recommendation assumes a carryover balance of \$25,000,000 in funding for Serbia, due to the lack of a certification pursuant to section 563 of the fiscal year 2004 appropriations act. This lack of certification has halted the obligation of funds for Serbia since March 31, subject to certain exceptions. In addition, a reduction of \$30,000,000 is assumed in the budget request of \$87,000,000 for Serbia. Given the policies of the current government in Serbia, it is highly unlikely the certification can be made in fiscal year 2005. In section 563, the Committee has retained language that requires the Secretary of State to make a determination and certification regarding Serbian compliance with certain policies, including compliance with the International Criminal Tribunal for the former Yugoslavia, in order for funds to be available for Serbia after March 31, 2005. In addition, the Committee has included language that clarifies that nongovernmental organizations can continue to receive funds for democracy activities even if a certification cannot be made. The Department of State has interpreted prior year provisions as prohibiting assistance for nongovernmental organizations that promote democracy if they are based in Belgrade. No change in the scope of the provision is otherwise intended by this technical correction.

The Committee has recommended the same bill language as in the fiscal year 2004 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.

#### MONTENEGRO

The Committee strongly supports assistance for the Republic of Montenegro, and 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. It urges the Administration to make every effort to assist the Government of the Republic. The Committee recommendation for Montenegro includes \$25,000,000, a reduction of \$10,000,000 below fiscal year 2004, rather than a reduction of \$20,000,000 as proposed in the budget request. The Committee has not included 2004 language directing the use of certain assistance for Montenegro, but expects the Department of State and USAID to consult with the Committee prior to the programming of funds for Montenegro for fiscal year 2005.

#### REGIONAL PROGRAMS

The Committee recommendation includes \$59,000,000 for regional programs, as requested in the President's budget. 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, the Committee notes that projects and programs are authorized for, and should continue in, Estonia, Latvia and Lithuania.

#### ROMANIA

The Committee recognizes that rail modernization could have a significant impact on the security and economic stability of Romania, enhancing agricultural, energy and goods distribution as well as citizen transit safety and efficiency. The Committee recommends that the Department of State work with the Government of Romania to consider proposals for the development of a communications-based train control system.

#### RULE OF LAW

The Committee views efforts to promote the rule of law worldwide as a critical component of United States foreign policy. The Committee strongly supports the public service projects initiated by the American Bar Association (ABA) to strengthen democracy through programs that promote the rule of law in transitional countries. These effective programs rely predominantly on the volunteer efforts of American lawyers. By supporting the initiatives of reform-oriented policymakers, legal scholars, judges, attorneys, and other reformers, these programs achieve sustainable results.

The first of these programs, the Central European and Eurasian Law Initiative (CEELI), has proven very successful in 27 countries in Eastern Europe and the former Soviet Union. Despite the reductions in funding for these regions, the Committee recommends that best efforts be made to continue funding for the ABA's CEELI programs at current levels. The ABA has now expanded their public service project into Asia, Africa, Latin America and the Middle

East, where these valuable programs are already underway in such countries as Jordan, Bahrain, Morocco, Iraq, Afghanistan, Liberia, Sierra Leone, Kenya, China, Indonesia, Afghanistan, Ecuador, and Mexico. The Committee recommends expanded funding for ABA programs in these regions.

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 2005.

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

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 2004 level. The Committee also encourages the use of Title VIII funds to include comparative research and language training concerning Eurasian countries critical to the war against terrorism. The Committee also continues to support the East Central European Scholarship Program (ECESP) and its important work.

The Committee notes that the USAID-supported East Central European Scholarship Program (ECESP) has provided community and government leaders, administrators, managers, and educators in East Central Europe with the knowledge and skill base to become leaders and agents for democratic and free market economic reforms. The Committee is concerned that its recommendation last year regarding expansion of the ECESP model into Central Asia has not, to date, yielded results. The Committee continues to believe that the new independent states of Central Asia would greatly benefit from the program, and requests a report from USAID no later than 90 days after the enactment of this Act on steps it could take to collaborate with the Center for Intercultural Education and Development to shift the program into the Central Asian Republics.

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

Fiscal year 2004 level .....	\$584,531,000
Fiscal year 2005 request .....	550,000,000
Committee recommendation .....	550,000,000

The Committee recommends \$550,000,000 for the Independent States of the Former Soviet Union. This is the same as the request and \$34,531,000 less than the fiscal year 2004 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 funds subject to separate notification.

#### 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. 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 \$57,000,000 for health and child survival activities. In that regard, the Committee commends the work of the Firefly Children's Network in its work to assist orphaned children.

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, and urges continued support for this program at the fiscal year 2004 level. The Primary Health Care Initiative of the World Council of Hellenes is also an important project, and should be continued in fiscal year 2005 at level funding as well. The Committee commends the work of the Child Health Demonstration Program to improve the oral health of Moldovan children. The Committee urges USAID's Global Development Alliance to consider supporting a proposal submitted by this program.

The Committee is aware of, and supportive of, the National Program of Action for the Protection of the Arctic Marine Environment, which is implemented in part by the Russian Ministry of Economic Development and Trade. The Committee supports additional funding for this program, either through this account or through programs funded under "Economic Support Fund".

#### INTERNATIONAL AND COMMUNITY PARTNERSHIPS IN EURASIA

The Committee supports partnerships between Russian and American institutions, such as the Volgograd Russia Health Partnership and similar medical partnerships.

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.

#### 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 that 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."

## 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 to their confessions. In addition, the Committee strongly encourages support for “Good Governance” programs and election-related assistance for Ukraine.

## SOUTHERN CAUCASUS REGION: NAGORNO-KARABAKH

The Committee continues to be concerned about the plight of the victims of the Nagorno-Karabakh conflict, and recommends that 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 its view that 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

The Committee recommends that \$65,000,000 be made available from funding under this heading for Armenia, and has included this recommendation in bill language. This is \$3,000,000 above the request. Funding for this increase should be derived by reducing the funding available for regional programs.

The Committee also recommends that the Department of State review a proposal to fund a Central Diagnostic Laboratory in the Caucasus, to be located in Armenia.

## EXPANDED THREAT REDUCTION

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

## DEMOCRACY AND HUMAN RIGHTS

The Committee is concerned by the risks to democracy and human rights in some of the independent republics of the former Soviet Union, particularly in Russia, Ukraine, and Belarus. The Committee urges the Administration to commit a greater proportion of the resources appropriated to this account, both in bilateral country programs and regional programs, to support for democracy and human rights nongovernmental organizations. Organizations such as the Committee of Soldiers' Mothers in Russia can make an important contribution to civil society in these countries. Funds should also be provided through the National Endowment for Democracy and its core institutes. The Committee requests a report from the Coordinator for Assistance to Europe and Eurasia on the plans for increasing emphasis on support for democracy and human rights nongovernmental organizations as part of a strategy to enhance the prospects for democracy in Europe and Eurasia. Such report should be submitted not later than March 1, 2005, and the Committee expects the Coordinator's office to consult with the Committee in preparing the report.

## INDEPENDENT AGENCIES

## INTER-AMERICAN FOUNDATION

Fiscal year 2004 level .....	\$16,238,000
Fiscal year 2005 request .....	15,185,000
Committee recommendation .....	16,238,000

The Committee recommends \$16,238,000 for the Inter-American Foundation, \$1,053,000 above the request and the same as the fiscal year 2004 level.

## AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 2004 level .....	\$18,579,000
Fiscal year 2005 request .....	17,000,000
Committee recommendation .....	18,579,000

The Committee recommends funding for the African Development Foundation at a level of \$18,579,000. This is \$1,579,000 above the request and the same level as in fiscal year 2004.

The Committee recognizes and supports the African Development Foundation's efforts to identify and leverage non-appropriated resources. The Committee requests the President of the Foundation to include in his annual report to the Committee the amount and use of any non-appropriated funds received, if applicable.

## PEACE CORPS

Fiscal year 2004 level .....	\$308,171,000
Fiscal year 2005 request .....	401,000,000
Committee recommendation .....	330,000,000

The Committee recommends \$330,000,000 for the Peace Corps, an amount that is \$71,000,000 below the budget request and \$21,829,000 above the amount enacted for fiscal year 2004. Prior year language addressing the purchase of motor vehicles, abortion, and availability of funds has been continued in this Act. Last year's language made permanent the Peace Corps' authority to waive the five-year rule for positions involving the safety of Peace Corps volunteers and, as such, is not repeated. The Committee encourages the Peace Corps to utilize this authority.

The Committee recognizes that the life of a Peace Corps volunteer is often challenging and risky and notes the significant improvements the Peace Corps has made in support of the health and safety of its volunteers. However, the Committee remains concerned that potential Peace Corps volunteers do not have enough information available to make informed decisions about the risks they may face in their new positions. Volunteer safety and health must remain the top priority of the Peace Corps.

The Committee notes that the Director of the Peace Corps has not submitted individual Country Security reports as urged in House Report 108-222. The Committee directs the Director of the Peace Corps to submit to the Committee not later than 60 days following enactment of this Act a report containing these reports and describing how the Peace Corps can make available, including through its website, country-specific reports describing the risks volunteers face to their health and safety.

MILLENNIUM CHALLENGE CORPORATION

Fiscal year 2004 level .....	\$994,100,000
Fiscal year 2005 request .....	2,500,000,000
Committee recommendation .....	1,250,000,000

The Committee recommends \$1,250,000,000 for the Millennium Challenge Corporation (MCC), an amount that is \$1,250,000,000 below the request and \$255,900,000 more than the 2004 enacted level. The recommended reduction solely reflects the constrained budgetary situation in 2005, and more specifically the Committee's allocation relative to the President's request and the need to address funding increases for other Presidential and Congressional priorities for 2005.

The Committee commends the MCC for consulting with the Committee as it has begun operations and initiated negotiating compacts with selected countries and urges the MCC to continue these consultations.

NEAR MISS COUNTRIES

The Committee has included a provision to provide assistance to certain countries that miss MCC eligibility as defined in section 616 of the Millennium Challenge Act of 2003. The Committee has included a limitation of 10 percent of funds again in 2005 for such activities. While the Committee expects USAID to be a primary implementer of these funds, the Committee also expects the Department of State, Department of Treasury and Department of Justice to implement programs when deemed relevant and necessary.

COORDINATION WITH THE UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT

The Committee recognizes the important role of USAID in preparing countries for MCC eligibility as well as helping the MCC generate effective partnerships with developing countries. The Committee believes a strong working relationship is imperative in order to achieve clarity and a division of responsibility. The Committee is aware that USAID has field missions in 13 of the 16 MCC eligible countries. The Committee expects that in the few countries with compacts in 2004 and 2005, USAID will revise its strategic objectives for said country given that USAID country assistance will likely be significantly smaller than the funding levels of the compact, consistent with the President's vision of the MCC. Therefore, the Committee directs USAID and the MCC to consult with the Committee after completion of a compact negotiation on the impact compact funding will have on the USAID programs, including any anticipated changes to current and future assistance programs. The Committee seeks to ensure that finite resources are used optimally across countries and development sectors.

## CONGRESSIONAL BUDGET JUSTIFICATION

The President requested significant funding for fiscal years 2004 and 2005 for the MCC but provided little additional information in the form of a Congressional Budget Justification. Therefore the Committee has included a provision requiring such a justification, and the Committee expects that this document will be submitted within 30 days of the President's request for 2006. For fiscal years 2004 and 2005, it should include actual and estimated information regarding the following: (1) number of employees and detailed estimates of administrative expenses, (2) number of compacts and details for each compact at the program, project or activity level (including level of funding and activity per recipient), (3) level of funds transferred to other United States Government agencies, and (4) funds provided for threshold countries by country and program, project or activity. For the President's request in 2006, the justification should describe the opportunity to generate economic growth and reduce poverty in developing countries consistent with MCC mandates and processes.

## MULTI-YEAR COMPACTS

The Committee is concerned about the possibility the MCC will enter into multi-year compacts with countries without obligating full funding of the compact. The Committee opposes committing future Congresses to funding prior year compacts. Therefore the Committee directs the MCC to only enter into compacts for which it has complete funding available from existing appropriations and has recommended bill language on this matter.

## INITIAL MCC DECISIONS

On February 2, 2004, the MCC published a list of candidate countries; on March 5, 2004, the MCC published the methodology and criteria for its first year of operations; on May 11, the MCC published a list of eligible countries and invited all eligible countries to submit proposals according to guidelines issued on May 3,



2004. In the opinion of the Committee, the MCC followed the authorizing legislation in identifying candidate countries, methodology and criteria, and eligible countries but with slight deviations from the legislative intent. The MCC did not associate the actual data of country performance with the methodology and criteria until several weeks later and after the period of allowing for public comment. The Committee directs the MCC to release future proposed data for evaluating country performance at the time of releasing the methodology and criteria for MCC Board determinations. This will allow the MCC to maximize the reception of public comment during subsequent Board determinations of eligibility.

MCC OPERATIONS

As stated in the Chief Executive Officer’s testimony before the Committee, the Committee understands and supports how the MCC will emphasize policy reform, focus exclusively on sustainable growth, operate in a spirit of partnership, require its partner countries to incorporate the views of broad elements of their societies, focus on results and establish outcome-based standards up front, and establish accountability as a key operating principle.

Due to budget constraints, the Committee recommends that compacts be negotiated for three or four years. At the end of this time period, the MCC should be prepared to allow compacts to expire unless the MCC decides to extend them under the terms of the authorization legislation. The Committee presumes this decision will be merit based. The Committee notes that the authorization places a fixed cap for the maximum length of a compact at five years, including extensions or amendments. That being noted, countries and the MCC still may pursue subsequent compacts after an initial compact expires.

The Committee recommends that the MCC hold a public comment period on modifications to country eligibility criteria, and consult periodically with the appropriate committees of Congress on possible modifications. During its consideration of the fiscal year 2005 methodology and criteria, the Board should thoroughly examine their accuracy and objectivity, and consider changes to source data if appropriate. After eligibility criteria and sources have been established for fiscal year 2005, the Board should implement a two-year review cycle to allow for stability in eligibility incentives, and a greater focus on compact implementation and results.

DEPARTMENT OF STATE

GLOBAL HIV/AIDS INITIATIVE

Fiscal year 2004 level .....	\$488,103,000
Fiscal year 2005 request .....	1,450,000,000
Committee recommendation .....	1,260,000,000

GLOBAL HIV/AIDS INITIATIVE: SUMMARY

The Committee appropriates \$1,260,000,000 for the “Global HIV/AIDS Initiative” account, \$771,897,000 more than enacted in fiscal year 2004 and \$190,000,000 less than requested by the President due entirely to a shift in programmatic funding between this account and the Child Survival and Health Programs Fund. This account is the central funding for the Emergency Plan for AIDS Re-

lief, overseen by the Global AIDS Coordinator at the State Department.

The Committee’s recommendation includes \$170,000,000 not included in the President’s request for this account. This \$170,000,000, to be used for so-called “baseline” programs in the Emergency Plan’s focus countries, was requested in the Child Survival and Health Programs Fund bilateral HIV/AIDS earmark. To clarify funding for focus countries and non-focus countries, the Committee recommends appropriating all funding for the fifteen focus countries directly into this account. The Committee emphasizes that the shift should not affect the implementation of this funding.

In addition to this account, the Committee includes three other sources of funding for HIV/AIDS: bilateral HIV/AIDS programs in the Child Survival and Health Programs Fund; the Global Fund to Fight AIDS, Tuberculosis, and Malaria; and other accounts, such as regional accounts for the former Soviet Union and eastern Europe:

Global HIV/AIDS Initiative .....	\$1,260,000,000
Child Survival and Health (bilateral) .....	330,000,000
Global Fund to Fight AIDS, TB, and Malaria (estimated) .....	240,000,000
Other accounts .....	36,000,000
	1,866,000,000
Total .....	1,866,000,000

As elsewhere in this report, the amount of the Global Fund grant estimated to be allocated to HIV/AIDS programs is determined using historical Global Fund grant approval trends.

The Committee notes that overall funding levels that are often referenced for the Emergency Plan for AIDS Relief include amounts for tuberculosis and malaria as well as funding provided from other appropriations Acts. In addition to the \$1,866,000,000, the Committee’s recommendation includes \$148,500,000 for tuberculosis and \$184,000,000 for malaria programs. These amounts are more fully described under the heading “Child Survival and Health Programs Fund”. This Act would thus provide in total \$2,198,500,000 to fight AIDS, TB, and malaria, slightly more than requested by the President and \$593,000,000 more than enacted in fiscal year 2004.

GLOBAL HIV/AIDS INITIATIVE: GLOBAL AIDS COORDINATOR

The Committee considers the central goals of the Global HIV/AIDS Initiative to be the “2–7–10” goals, signifying the millions of infections averted and people receiving treatment, care, and support by the end of five years. The Committee also notes that the percentage allocations included in Public Law 108–25 were developed before the price of AIDS drugs and other commodities dropped significantly. The office of the Global AIDS Coordinator should ensure that it is meeting the 2–7–10 goals in the most expeditious, efficient manner.

Much progress has already been made. As of June, 2004, the Office of the Global AIDS Coordinator had approved \$770,000,000, not including administrative costs, to dramatically increase treatment, prevention, care and support programs in the fifteen focus countries. As a result of these funds, 200,000 people will receive life-extending treatment, and more than 1,000,000 people affected by the disease will receive care and support. Orphans and vulner-

able children will receive the benefits of nearly 10 percent of the fiscal year 2004 funds overseen by the Global AIDS Coordinator. The Committee urges the Office of the Global AIDS Coordinator to maintain this level of support for orphans and vulnerable children in the coming year.

A primary component of the Global AIDS Coordinator's approach is and should continue to be building and strengthening the indigenous and local health care institutions that provide HIV/AIDS treatment, care, and support, and prevent future HIV/AIDS infections. The fight against HIV/AIDS is a long-term battle very different than fighting polio. Instead of temporary systems to deliver a few drops of vaccine, long-term infrastructure must be designed and built, incorporating goals of sustainability and providing incentives for greater civil society participation and national political commitment in fighting the disease.

The United States has committed itself to a historic undertaking, one that will take the combined efforts of many partners. It must also work with the international community to coordinate projects, leverage funding, and develop a stronger international coalition to build these long-term systems. In April, 2004, the Global AIDS Coordinator took a significant step forward in this regard by signing an agreement with the United Kingdom, UNAIDS, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway and Sweden to pursue the so-called "Three Ones": one HIV/AIDS action framework to coordinate the work of all involved parties; one national AIDS authority; and one country-level system to monitor and evaluate programs. The Committee notes this promising development and will closely follow its implementation. The Committee urges the Coordinator to continue to place importance on coalition building in multilateral fora and on donor coordination at the field level. The Committee requests that the Coordinator submit a report 120 days after enactment identifying by focus country the depth and breadth of United States coordination with the host country and other bilateral and multilateral donors, including the Global Fund.

While building healthcare systems and delivering prevention, treatment, care and support lie at the core of the Global HIV/AIDS Initiative's mandate, the Office of the Global AIDS Coordinator should consider how to efficiently build on expertise and programs that fall outside of its responsibility. Opportunities exist for it to advance the fight against the disease by nurturing such expertise and programs. The Office of the Global AIDS Coordinator should consider jointly funding such programs. Multisectoral approaches should be pursued, especially in countries where the disease has spread into the general public. Agricultural practices must adapt to take into account fewer farmers and to meet the higher nutrition needs of HIV-positive patients. Activities and services that lead to enhanced agricultural productivity and increased rural employment will help fight the spread of HIV/AIDS and increase the effectiveness of prevention, treatment, care and support programs. Access to potable water must increase so HIV-positive mothers can safely give their babies formula.

For instance, the Committee notes that approximately 80 percent of new HIV cases are transmitted sexually and another 10 percent perinatally or during breastfeeding. It is clear that HIV/AIDS pre-

vention and treatment have a strong reproductive health component. Therefore, the Committee urges the Office of the Global AIDS Coordinator to foster greater linkages and coordination between family planning and maternal health programs and Emergency Plan activities.

Programs which address TB/HIV coinfection are another example. In some areas of Africa, up to 80 percent of TB patients also test positive for HIV, making TB clinics a highly effective location to deliver HIV prevention, treatment, and care messages. The Office of the Global AIDS Coordinator should consider increasing joint funding for TB/HIV programs, working in conjunction with USAID.

While the Committee values its strong relationship with the Global AIDS Coordinator, the Committee also notes that this office has had considerable difficulty in submitting its reports to Congress in a timely manner. The Committee requests the Office of the Global AIDS Coordinator to continue to submit quarterly obligation and transfer reports as requested in the fiscal year 2004 conference report.

#### GLOBAL HIV/AIDS INITIATIVE: NON-FOCUS COUNTRIES

The Committee reaffirms that the Office of the Global AIDS Coordinator bears the ultimate responsibility for maximizing the effectiveness of United States Government HIV/AIDS funding in all countries, both "focus" and "non-focus". The Committee notes the value of prioritizing a limited number of heavily-impacted countries, recognizing that the United States will still provide leadership in countries where other donors will exercise a greater role. To facilitate this approach, the Committee has restructured the request to include all funding for focus countries from this account. However, it repeats its concern that the Office of the Global AIDS Coordinator and the implementing agencies will miss opportunities to keep the disease from erupting in other countries if strategic direction from the office does not include attention to the pandemic's threats in other countries.

Some progress was made in 2004 to increase funding to a priority set of non-focus countries, with the understanding that a regularized system would be established for fiscal year 2005. While the Committee has included additional resources in the "Child Survival and Health Programs Fund" for these non-focus countries, it expects the Office of the Global AIDS Coordinator to consider further requests for funding from its implementing agencies.

The Committee requests the Office of the Global AIDS Coordinator to submit to the Committee within 30 days of enactment a description of the process it intends to use, beginning in fiscal year 2005, to determine funding levels for the non-focus countries. The Committee requests that the Office of the Global AIDS Coordinator submit to the Committee within 60 days of enactment a list of the non-focus countries that will receive additional "Global HIV/AIDS Initiative" funding in fiscal year 2005. The Committee expects that for fiscal year 2006 this information will be incorporated into the Office of the Global AIDS Coordinator's congressional budget justification for that year, as well as the report required by section 653(a) of the Foreign Assistance Act.

## GLOBAL HIV/AIDS INITIATIVE: UNAIDS

In the fiscal year 2004 House report, the Committee made clear its assumption that the Office of the Global AIDS Coordinator would take over the United States contribution to the United Nations Joint Program on HIV/AIDS (UNAIDS). This funding would logically fall within the scope of the office's authority, yet it has yet to assume responsibility for this funding. The Committee has therefore shifted it in the recommendations for this Act, and expects that the Office of the Global AIDS Coordinator will use existing institutional relationships with this organization.

## GLOBAL HIV/AIDS INITIATIVE: PREVENTION EFFORTS

While treatment will greatly ease the human suffering caused by the AIDS epidemic, it will not prevent new infections. Support for effective prevention efforts today, coupled with an aggressive search for a vaccine and a cure, is the cornerstone of defeating this scourge. Efforts to reduce and halt new infections must be aggressively pursued in order to avoid ever-greater human suffering and burdens on national budgets, health care systems, and foreign assistance.

Until a vaccine or cure is found, treatment can only help to alleviate the suffering of those infected and affected by the disease. Once again, the Committee includes as part of the \$26,000,000 recommended for the International AIDS Vaccine Initiative, \$10,000,000 to be used to undertake cooperative projects coordinated with the European Union's "AIDS Vaccine Integrated Project," (AVIP) and the Partnership for AIDS Vaccine Evaluation (PAVE). The Committee urges the Office of the Global AIDS Coordinator to support efforts to develop a vaccine against AIDS in addition to this \$26,000,000.

The Committee notes that the face of HIV/AIDS is increasingly female, with over 60 percent of new infections occurring in women. All too often men insist on sex either concealing or not knowing their HIV status, adding urgency to finding woman-controlled methods of HIV prevention such as topical microbicides. The Committee urges the office of the Global AIDS Coordinator to work with USAID to continue the United States government's strong support for microbicide research and development, and has provided \$30,000,000 in this Act for such efforts.

The Committee notes that even in the hardest-hit countries, the vast majority of children are uninfected with the virus. The Committee supports effective prevention efforts to keep them uninfected, and supports the efforts of the Silver Ring Thing to promote preventative messages in Ugandan schools.

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

The Committee continues to strongly support funding for programs to prevent mother-to-child transmission (MTCT) of HIV as an integral component of a comprehensive approach to fighting HIV/AIDS. Programs to address MTCT have aspects of prevention, treatment, care and support, and the Committee urges the Office of the Global AIDS Coordinator to provide the resources necessary to expand MTCT programs.

GLOBAL HIV/AIDS INITIATIVE: PEDIATRIC HIV/AIDS TREATMENT AND PREVENTION

Given that 2,500,000 children under the age of 15 are infected with HIV/AIDS, the Committee urges the Office of the Global AIDS Coordinator to provide the necessary resources as part of comprehensive country plans to support care and treatment for children with HIV/AIDS. Components of addressing pediatric HIV/AIDS could include the development and purchase of high-quality, low-cost pediatric formulations of ARVs and other medicines, pediatric-specific training to appropriate personnel, and the purchase of pediatric-appropriate technologies.

GLOBAL HIV/AIDS INITIATIVE: REFUGEES AND INTERNALLY DISPLACED PERSONS

The Committee notes that refugees and internally displaced persons (IDPs) are especially vulnerable to HIV/AIDS, due to fragmentation of families, frequent movement, increased sexual violence, and socio-economic vulnerability. Many countries in Africa face a double burden of HIV/AIDS and large numbers of refugees or IDPs. Nine such countries—Cote D'Ivoire, Ethiopia, Kenya, Namibia, Rwanda, South Africa, Tanzania, Uganda, and Zambia—are also Emergency Plan focus countries. The Committee urges the Office of the Global AIDS Coordinator, in coordination with others in the State Department and USAID with special expertise on refugees, to develop a comprehensive approach to addressing the special HIV/AIDS needs of refugees and IDPs.

GLOBAL HIV/AIDS INITIATIVE: RAPID BLOOD TESTING PROGRAMS

The Committee is encouraged that the Office of the Global AIDS Coordinator has made support for safe blood programs a central part of its strategy and recommends expanded funding in fiscal year 2005 for such programs.

GLOBAL HIV/AIDS INITIATIVE: AIDS AND THE MILITARY

Peacekeeping forces in regions hard-hit by HIV/AIDS face unique challenges. In Africa, some militaries are nearly 60 percent infected with the virus, with some units reporting nearly 90 percent infected. The Committee strongly supports efforts to develop and implement AIDS education, prevention, and treatment programs focused on peacekeeping personnel in Africa, especially in West African states.

GLOBAL HIV/AIDS INITIATIVE: COMMUNITY AND FAITH-BASED ORGANIZATIONS

The Committee commends the Office of the AIDS Coordinator and USAID for making the involvement of community and faith-based organizations, such as Lott Carey International, a central part of the United States strategy for fighting HIV/AIDS. The Committee urges the Office of the Global AIDS Coordinator to continue its support for such organizations and to report to the Committee no later than 120 days after the date of enactment of this Act on its achievements.

## INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

Fiscal year 2004 level .....	\$240,274,000
Emergency supplemental funding .....	170,000,000
Fiscal year 2005 request .....	358,820,000
Committee recommendation .....	328,820,000

The Committee recommends \$328,820,000 for programs under the heading "International Narcotics Control and Law Enforcement". This is \$30,000,000 less than the budget request and \$88,546,000 above the fiscal year 2004 level, excluding the emergency supplemental appropriations act. A limitation of \$26,117,000 is recommended for administrative expenses.

The President's request for fiscal year 2005 includes significant increases for Mexico, Pakistan, and anti-crime programs, and new funding for Indonesia, Liberia, and Morocco. Because of budgetary pressures in 2005, the Committee is unable to fund most new programs in this account or the President's requested increases for existing programs. Of the \$88,546,000 increase the Committee has provided, the Committee supports and expects full funding of the request for Mexico given the direct positive impact that narcotics eradication, drug interdiction, and border security in Mexico has on the national interest of the United States. It also recommends full funding for Afghanistan given the urgent need to counter the influence of the opium trade on the stability of the new Afghan government.

The Committee assumes funding for Indonesian police training will remain in the Economic Support Fund as it has in previous years.

## 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 \$50,000,000 was provided to the Department of State and \$73,000,000 to the Department of Defense in the fiscal year 2004 emergency supplemental appropriations act for opium poppy eradication, heroin interdiction, law enforcement, and alternative development activities in Afghanistan. Additionally the United Kingdom, the designated lead country on Afghan opium eradication, has committed to provide 70 million pounds sterling over the 2002 to 2005 period. For fiscal year 2005, the Committee recommends \$90,000,000, the same level as the request for Afghanistan under this heading.

The 2003 opium poppy crop was 61,000 hectares, the second largest crop on record. With an earlier than expected harvest, the 2004 crop may be even larger as Afghan farmers are replanting poppy at greater rates and in more remote areas of Afghanistan. The Committee notes that increased security, government presence in rural areas, and rural economic development in Afghanistan are

the only long-term solutions for significant reduction of poppy production in Afghanistan. Additionally, the Committee expects funds under this heading will be used for alternative agriculture development in Afghanistan.

The Committee directs the Secretary of State to consult with the Committee before participating in any renewed opium farmer compensation program in Afghanistan.

The Committee commends the President of the Transitional Islamic State of Afghanistan and notes that in his address to the United States Congress, he stated that “drug profits finance private militias, terrorists and extremists. Drug profits undermine our efforts to build a healthy and legitimate national economy.” The Committee directs the Secretary of State to consult quarterly in 2005 with the Committee on collaborative efforts between the Departments of State and Defense, and on details of the eradication, interdiction, and alternative development strategy as it evolves.

#### 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 would 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 572, 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 551 of this Act, the so-called Leahy amendment.

#### ANTI-CORRUPTION COMPACTS

According to the Department of State, the concept of anti-corruption compacts was developed as a multilateral form of assistance at the G-8 Evian Summit in June 2003, yet funding for these compacts is requested in 2005 as a bilateral program. While fighting corruption is integral to promoting economic growth overseas, the Committee is concerned that the anti-corruption compact concept was developed outside of the context of the Millennium Challenge Corporation (MCC). Given that a primary focus of MCC is anti-corruption, the Committee would expect the anti-corruption compacts to fit easily into the MCC’s threshold country assistance programs. Therefore the Committee expects anti-corruption compacts to be closely coordinated with the MCC, and the Committee directs the



Secretary of State to consult with the Committees before any such compacts are signed.

TERRORIST FINANCING

The Committee notes that this Act supports efforts to combat terrorist financing through three accounts—International Narcotics and Law Enforcement, Nonproliferation, Anti-terrorism, Demining, and Related Programs, and Treasury International Affairs Technical Assistance. While each office has specific purposes and core competencies, the Committee expects that they are working in tandem, along with other relevant Federal agencies and offices, toward the common goal of stemming the flow of funds to terrorists and terrorist organizations.

The Committee notes that a recent Council on Foreign Relations report on terrorist financing recommended, among other things, that the National Security Council and the Office of Management and Budget should conduct a cross-cutting analysis of the budgets and activities of all United States government agencies as they relate to terrorist financing, in order to ensure efforts are coordinated most effectively. The Committee directs the Office of Management and Budget, not less than 90 days after the enactment of this Act, to transmit a report to Congress summarizing this information, with a classified annex if necessary.

UNITED NATIONS DRUG CONTROL PROGRAM

The Committee is concerned that the United States contribution to the United Nations Drug Control Program has approached 40 percent in recent years, while the average United States contribution to most United Nations organizations averages about 25 percent. The Committee recognizes the important role the UNODC played in Afghanistan in past years. Therefore the Committee does not expect a lower United States contribution to the UNODC, but urges the Secretary of State to work with other nations to increase their contributions, especially countries that are the recipients of the largest percentages of Afghan heroin.

ANDEAN COUNTERDRUG INITIATIVE

Fiscal year 2004 level .....	\$726,687,000
Fiscal year 2005 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 \$4,313,000 above the 2004 level. 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 \$16,285,000 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 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 appropriations act also be submitted to the Committees on Appropriations.

The Committee notes that the caps on personnel in Public Law 106–246, as amended by Public Law 107–115, remain applicable in 2005. The Committee has not recommended amending the caps as requested by the President, but notes that they are addressed in the Department of Defense authorization act, 2005.

#### 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 the Andean Counterdrug Initiative has been able to achieve. Coca cultivation dropped 21 percent in Colombia in 2003, from 144,450 hectares in 2002 to 113,850 hectares in 2003. This decrease in Colombian cultivation has not been offset by increased production elsewhere; the Andean regional coca cultivation was reduced by 18 percent overall in 2003.

Plan Colombia was proposed and implemented as a 5-year program, and its objectives were to be met by the end of 2005. While many of its objectives have been met, the Committee is concerned that the level of resources provided by the United States Government to Colombia is increasing in 2005, including increased funding for a costly air bridge denial program. Therefore, the Committee anticipates a decrease in the President's budget request for 2006 for the Andean Counterdrug Initiative for Colombia.

#### 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 these 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 is not clear cut. The Committee directs the Secretary of State to consult with the Committee if the implementation of the expanded authorities changes from that described in the May 2003 report to Congress.

#### INTERNALLY DISPLACED PERSONS

The Committee directs the Department of State to provide \$5,000,000 to the Department of State's Bureau for Population, Refugees, and Migration (PRM) from funds made available under this heading to continue programs benefiting internally displaced persons programs in Colombia.

#### ALTERNATIVE DEVELOPMENT AND SECURITY IN COLOMBIA

The Committee strongly supports USAID's continuing alternative development strategy that 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 an entire community increases the social pressure for eradication and also helps organize the community to identify and prioritize local needs. To date, communities receiving alternative development assistance have voluntarily manually eradicated over 16,500 hectares of coca. 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 continues to support the so-called "carabineros" police program for establishing law enforcement in rural and remote areas and encourages continuing United States assistance for the program. With assistance made available under this heading in prior years' appropriations acts, the Colombian National Police (CNP) have successfully re-established a presence in 158 municipality capitals that had no police presence as recently as August 2002.

It is the Committee's view that alternative development integrated with the presence of the state and the presence of law enforcement and security are fundamentally the key to long term peace and security in Colombia. The Committee expects the allocation of resources in 2005 and the 2006 request will reflect those priorities.

#### HUMAN RIGHTS

The Committee calls on the Department of State to ensure that all United States laws regarding human rights, including section 551 of this Act, are strictly applied in Colombia and each of the Andean nations. The Committee includes a general provision from the 2004 appropriations Act requiring that the Secretary of State cer-

tify that certain human rights conditions have been met before 25 percent of funds may be made available for assistance for the Colombian Armed Forces.

#### PERU

Peru is the second largest recipient of counternarcotics and alternative development assistance from the United States. The Committee was skeptical in the past about United States support for "autoeradication", a pilot policy of voluntary eradication combined with the use of community development projects as an incentive for cooperation. However, the Committee notes that even with the current political environment in Peru, Peruvian communities have responded positively to this voluntary eradication program, and in 2003 40 percent of eradicated coca was as a result of autoeradication. Subsequently, the Committee is concerned that the Administration's request for Peru seriously underfunds these alternative development programs in order to fund forced eradication resources managed by the Department of State. Therefore the Committee directs the Department of State to consult with the Committee prior to deciding the allocation of 2005 funds, to ensure that Peru's alternative development program is adequately funded.

The Committee urges USAID to continue working with The Field Museum of Chicago on the Cordillera Azul National Park project in central Peru. This project has tremendous potential to prevent coca from entering more than 5,000 square miles of the Huallaga Valley and to improve the quality of life for local residents.

#### 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 concerned about the political climate in Bolivia associated with alternative development programs funded by the United States. Alternative development programs in the Chapare and the Yungas areas of Bolivia need local ownership and local participation, and if possible, need contributions from the central Bolivian government to combat the isolation of these regions from a state interest and presence.

#### 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 alternative development programs in the Andean region, and often their development programs are funded with no view toward eradication policies. 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. The Committee directs the Secretary of State to submit a report to the Committee not later than 120 days after enactment of this Act that details by dollar level and fiscal year, multilateral and bilateral

projects and programs supported by the European Union and by individual countries in Europe. Additionally, the report shall include a summary of the Department's efforts to persuade the EU to contribute additional resources and the results of these discussions.

#### MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 2004 level .....	\$755,712,000
Fiscal year 2005 request .....	729,789,000
Committee recommendation .....	756,000,000

The Committee recommends \$756,000,000 for Migration and Refugee Assistance, an amount that is \$26,211,000 above the request and \$288,000 more than the amount enacted for fiscal year 2004. A limitation of \$21,000,000 is recommended for administrative expenses.

The Committee is aware that the Bureau of Population, Refugees, and Migration intends to provide 90 percent of its overseas assistance funds to international organizations, primarily the Office of the United Nations High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross, while providing only ten percent to nongovernmental organizations. The Committee notes that such a ratio is not required by law and urges the Department of State to consult with the Committee prior to the allocation of funds in 2005 to ensure that funding decisions are based on specific assistance needs, not a static formula. The Committee notes that during times of conflict and at the beginning of a crisis, nongovernmental organizations often are quicker to respond and more flexible in meeting the initial and immediate humanitarian needs of refugees.

The Committee notes that, in fiscal year 2004, the Department of State provided \$2,000,000 for nongovernmental organization activities to combat gender-based violence in humanitarian and refugee settings. The Committee recognizes that there are widespread reports of gender-based violence in areas such as the eastern Congo and the Darfur region of Sudan, and urges the Bureau of Population, Refugees, and Migration (PRM) to support programs to combat this trend and encourage efforts to integrate gender-based violence programs with other humanitarian relief activities.

#### TIBETAN REFUGEES

The Committee recommends that not less than \$2,000,000 should be provided for Tibetan refugees in Nepal and India. The Committee remains concerned about the situation of Tibetan refugees transiting through Nepal en route to resettlement in India. A disorganized Nepalese government, a virulent Maoist insurgency, and increasingly warm Nepal-China relations have led to an environment where Tibetan refugees face difficulties in securing safe passage through Nepal. The Committee welcomes the Royal Nepalese Government's recent decision to put in writing its long-standing agreement that Nepalese authorities will hand Tibetans over to the Office of the United Nations High Commissioner for Refugees for processing as "persons of concern." As United States security cooperation with Nepal continues to grow, the Committee urges the Nepalese government to take seriously the implementation of its

commitments to provide safe passage to Tibetans fleeing repression in their homeland.

#### 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 Act assist in the transportation and initial absorption costs for humanitarian migrants each year. The Committee notes there has been a decline in the numbers arriving from the former Soviet Union in the last year. The decline in costs associated with this decrease has been offset by a significant increase in the cost of providing transportation and especially resettlement of a larger number of refugees from Ethiopia. However, should the number of migrants continue to decline the Committee expects the Administration to recommend \$40,000,000 for fiscal year 2006.

#### 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.

#### UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

Fiscal year 2004 level .....	\$29,823,000
Fiscal year 2005 request .....	20,000,000
Committee recommendation .....	20,000,000

The Committee recommends \$20,000,000 for the Emergency Refugee and Migration Assistance (ERMA) Fund, which is \$9,823,000 less than the 2004 enacted level and the same level as the request.

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

Fiscal year 2004 level .....	\$351,414,000
Emergency supplemental appropriations .....	35,000,000
Fiscal year 2005 request .....	415,200,000
Committee recommendation .....	382,000,000

The Committee recommends a total appropriation of \$382,000,000 for programs under the heading "Nonproliferation, Anti-terrorism, Demining and Related Programs", an amount that is \$33,200,000 below the request and \$30,586,000 above the fiscal year 2004 enacted level, excluding emergency supplemental appropriations.

The following table compares fiscal year 2004 funding for the programs covered by this account, as well as the President's request for fiscal year 2005 and the Committee recommendation:

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

	Fiscal year 2004 enacted	Fiscal year 2005 request	Fiscal year 2005 committee rec- ommendation
<b>Nonproliferation Programs:</b>			
Nonproliferation and Disarmament Fund .....	29,823,000	34,500,000	30,000,000
Export Control & Border Security .....	35,788,000	38,000,000	38,000,000
Science Centers/Nonproliferation of WMD .....	50,202,000	50,500,000	50,000,000
IAEA Voluntary Contribution .....	52,687,000	53,000,000	53,000,000
International Monitoring System .....	18,888,000	19,000,000	19,000,000
Subtotal Nonproliferation .....	187,388,000	195,000,000	190,000,000
<b>Anti-Terrorism Programs:</b>			
Anti-terrorism Assistance .....	96,428,000	128,300,000	111,000,000
Counterterrorism Financing .....	.....	7,500,000	7,500,000
Terrorist Interdiction Program .....	4,971,000	5,000,000	5,000,000
CT Engagement w/Allies .....	.....	500,000	500,000
Subtotal Anti-Terrorism .....	101,399,000	141,300,000	124,000,000
<b>Regional Stability and Humanitarian Assistance:</b>			
Humanitarian Demining .....	49,705,000	59,900,000	55,000,000
International Trust Fund .....	9,941,000	10,000,000	10,000,000
Small Arms/Light Weapons Destruction .....	2,982,000	9,000,000	3,000,000
Subtotal Regional Stability/Humanitarian Assistance: .....	62,628,000	78,900,000	68,000,000
Total .....	<sup>1</sup> 351,414,000	415,200,000	382,000,000

<sup>1</sup>In addition, \$35,000,000 in emergency wartime appropriations and a \$10,000,000 transfer from the Emergency Response Fund were provided for this account.

**ANTI-TERRORISM ASSISTANCE**

The Committee recommends \$111,000,000 for anti-terrorism assistance, an increase of \$14,572,000 over the fiscal year 2004 enacted level. 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. 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. The recommended increase will allow for maintenance of all on-going programs, as well as new in-country training programs in Colombia, Malaysia, Kenya, the Philippines, and the Tri-border area of South America. In addition, funding is approved for the ATA Alumni Information and Coordination Network, and the Senior Policy Engagement Workshop. The Committee directs that the Department of State clearly identify the administrative costs for the program, and budget for such costs as a separate line item as part of the fiscal year 2006 budget justification material for this program.

#### DEMINING

The Committee recommends \$68,000,000 for regional stability and humanitarian assistance programs. The recommendation includes \$10,000,000 for the Slovenian International Trust Fund (ITF), the same as the budget request. The Committee continues to support the work of the International Trust Fund for Demining and Mine Victim Assistance to make the Balkans mine-safe. The ITF has made Kosovo mine-safe, will complete demining in Macedonia this year, and anticipates making Serbia and Albania mine-safe within the next two years. In addition, ITF has provided medical care and rehabilitation to over 830 mine victims in the Balkans and mine safety and awareness training throughout the Balkans. 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 recognizes the need to remove the landmines that separate the two communities on Cyprus in order to facilitate a peace on the island. While such demining should be accomplished primarily by the parties involved, the Committee recommends that up to \$500,000 of the funds appropriated for humanitarian demining assistance may be provided to the International Trust Fund to remove existing landmines and help make Cyprus mine-safe.

The Committee is concerned about the ongoing threat to civilians and to lasting peace posed by landmines in Armenia, Azerbaijan, and Georgia. Funds appropriated for humanitarian demining in this account, or funds allocated for assistance to these countries under the account "Assistance for the Independent States of the Former Soviet Union" may be provided to the International Trust Fund for Demining and Victims Assistance to implement a regional demining and victim assistance program. The Committee also directs that these funds must be matched by other governments or private donors before they will be released to ITF. Prior to the initiation of such a program, the Committee requests that the Department of State consult with the Committee.

The Committee is aware of a proposal involving the Landmine Survivors Network to utilize employment-training models to address the challenges of unemployment and underemployment in the Middle East region. The Committee recommends that the Department of State consider a proposal to establish a program in Jordan which would employ an integrated approach, incorporating



the training of individuals who have sustained disabling conditions as a result of landmines.

The Committee recommends \$3,000,000 for small arms/light weapons destruction, approximately the same level as that provided in fiscal year 2004 but \$6,000,000 below the budget request. The Committee notes that similar demilitarization programs are funded under other appropriation accounts in this Act.

#### DEPARTMENT OF THE TREASURY

##### INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

Fiscal year 2004 level .....	\$18,888,000
Fiscal year 2005 request .....	17,500,000
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 \$1,500,000 above the request and \$112,000 above last year's level. The Committee has provided the additional \$1,500,000 for enhancing the Department of Treasury's efforts to combat terrorist financing. 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.

##### DEBT RESTRUCTURING

Fiscal year 2004 level .....	\$94,440,000
Fiscal year 2005 request .....	200,000,000
Committee recommendation .....	105,000,000

The Committee recommends \$105,000,000 under this heading for international debt restructuring by the Department of the Treasury, an amount that is \$95,000,000 less than the request and \$10,560,000 above last year's level. Funds in this account are subject to the regular notification procedures of Committees on Appropriations.

The Committee recommends \$20,000,000 as requested for the Tropical Forest Conservation Act (TFCA) programs, up to \$75,000,000 as requested for a contribution to the Heavily Indebted Poor Countries (HIPC) Trust Fund, and at least \$10,000,000 for bilateral debt relief to the Democratic Republic of the Congo (DRC). The Committee has provided the Department of the Treasury \$85,000,000 for a combination of HIPC and the DRC debt relief funding.

##### TROPICAL FOREST CONSERVATION ACT PROGRAMS

The Committee commends the Department of the Treasury for fully consulting on a periodic basis, as required by law, to review the countries eligible for benefits from the Tropical Forest Conservation Act (TFCA) programs. The Committee expects the De-

partment of the Treasury to consult with the Committee 15 days prior to the determination that additional countries are found eligible for TFCA.

#### HEAVILY INDEBTED POOR COUNTRIES DEBT RELIEF

In fiscal years 2000, 2001 and 2002, Congress appropriated \$600,000,000 to the Heavily Indebted Poor Countries (HIPC) debt relief program. At the time, the Committee was informed that this completed the United States commitment to the multilateral HIPC Trust Fund. In the fiscal year 2004 and in the fiscal year 2005 request, an additional \$150,000,000 is committed to the HIPC Trust Fund for “topping up” of HIPC resources. The Committee has fulfilled that commitment if amounts in this Act are included.

The Committee is concerned that fiscal year 2005 is not the last year of the HIPC initiative and that the Department of the Treasury is unable to curb the future costs of the program. Of greatest concern to the Committee are two HIPC assumptions that could have great effects on future funding requirements for HIPC debt relief by future Congresses. First, debt relief is based on a net present value (NPV) of debt payments, but because interest rates have fallen so drastically in recent years, the NPVs have risen. The result is that more debt relief is calculated as needed as a result of this external factor that has no bearing on a country’s cash flow. The Committee directs the Secretary of the Treasury to consult with the Committee before the Department agrees to calculating debt relief in this manner. Secondly, a HIPC country may borrow from the World Bank and other international financial institutions between its decision point and completion point for consideration of debt relief, and those loans would increase the debt relief required under HIPC. Therefore the Committee has included a provision limiting the availability of funds so as not to create a moral hazard in the allocation of resources by the multilateral development banks.

#### 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 Committee is concerned that given the level of debt service payments the Democratic Republic of the Congo (DRC) is making to the United States, bilateral debt relief may not be of the immediate greatest benefit to the poorest people in that country. Given budgetary constraints, the Committee recommends at least \$10,000,000 in funds under this heading for bilateral debt relief for the DRC. The Committee notes that the DRC is a possible recipient of debt relief from the HIPC Trust Fund.

### TITLE III—MILITARY ASSISTANCE

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 2004 level .....	\$91,159,000
Fiscal year 2005 request .....	89,730,000
Committee recommendation .....	89,730,000

The Committee recommends \$89,730,000 for the International Military Education and Training (IMET) program, which represents a decrease of \$1,429,000 below the fiscal year 2004 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.

#### GREECE

The Committee recognizes the country of Greece as a friend and ally and urges up to \$2,000,000 in funding for assistance for that country from the funds appropriated under this heading.

#### GUATEMALA

The Committee includes prior year bill language limiting Guatemala to Expanded-IMET only, subject to notification. Funding for Nigeria is also subject to notification.

#### IMET AVAILABILITY

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

#### FOREIGN MILITARY FINANCING PROGRAM

##### INCLUDING TRANSFER OF FUNDS

Fiscal year 2004 level .....	\$4,268,665,000
Emergency supplemental funding .....	287,000,000
Fiscal year 2005 request .....	4,957,500,000
Committee recommendation .....	4,777,500,000
(by transfer) .....	(150,000,000)

The Committee recommends \$4,777,500,000 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 2005 program level is \$508,835,000 above the fiscal year 2004 level, excluding emergency wartime supplemental appropriations, and \$180,000,000 below the budget request.

The recommended increase above the fiscal year 2004 level is primarily due to four factors: \$400,000,000 for assistance to Afghanistan, an increase of over \$350,000,000 primarily to help train and equip the new Afghan National Army (ANA); \$150,000,000 in new budget authority and \$150,000,000 in transfer authority for assist-

ance for Pakistan, a key ally in the war on terrorism; an increase of \$72,744,000 for military assistance for Israel; and \$66,000,000 for assistance to Poland, an increase of \$46,000,000 for a major ally participating in Operation Iraqi Freedom.

The Committee expects the programmatic reduction of \$30,000,000 associated with this funding recommendation will be offset in part by recoveries of prior year funds. Any funding decrease that cannot be offset by recoveries should be assessed against proposed country and program allocations not directly affecting Operation Iraqi Freedom and assistance for South Asia.

#### ISRAEL

The Committee recommends a total Foreign Military Financing (FMF) program of not less than \$2,220,000,000 in grants for Israel, which shall be available within 30 days of enactment of this Act or by October 31, 2004, whichever occurs later.

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 \$72,744,000 above the fiscal year 2004 level. The Committee also believes that a sustained military improvement program will be required over the next four years, at an annual rate of approximately \$60,000,000, to assist Israel in responding to emerging security challenges. However, with respect to this recommended increase 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 \$580,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development. This increase is consistent with the understanding that \$15,000,000 of the \$60,000,000 increase on an annual basis would be used for these activities. It also 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.

The Committee supports continued investigation of unique United States-developed, centrifuge-based authentic flight simulation technology. The Committee believes this technology could significantly benefit Israeli Air Force readiness and reduce costs and risk associated with traditional training methods.

#### 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 sup-

porting 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 outlaid for Egypt during fiscal year 2005 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 BALTIC STATES

The Committee strongly supports at least the President's budget request of \$15,500,000 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 is concerned about the funding disparity in the President's budget request for Armenia and Azerbaijan. The Committee directs that \$5,000,000 be provided for each country, the same levels as allocated in fiscal year 2003. In addition, the Committee supports IMET assistance levels of \$750,000 for both countries as requested by the President. With regard to funding for Armenia, the Committee expects the Department of Defense will be provided with the opportunity to perform a needs assessment of Armenia's armed services in order to ensure an effective military assistance program and recommends that such an assessment be initiated prior to the obligation of funds for fiscal year 2005. The Committee requests that the Department of State and the Department of Defense consult with the Committees on Appropriations as they develop future funding needs for Armenia and Azerbaijan.

#### ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on administrative expenses of \$40,500,000. This level 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 \$367,000,000. This limitation may be waived pursuant to the regular notification procedures of the Committees on Appropriations. This is \$6,000,000 more than the fiscal year 2004 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, and Sudan. The Administration did not request FMF appropriations for these nations for fiscal year 2005.

## UGANDA

As in fiscal year 2004, 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 continued cooperation with United Nations effort to end conflicts in the Democratic Republic of Congo.

## PEACEKEEPING OPERATIONS

Fiscal year 2004 level .....	\$74,458,000
Emergency supplemental funding .....	50,000,000
Fiscal year 2005 request .....	104,000,000
Committee recommendation .....	104,000,000

The Committee recommends \$104,000,000 for voluntary contributions for international peacekeeping operations. This amount is \$29,542,000 above the level provided in fiscal year 2004, excluding emergency wartime supplemental appropriations, and is the same as the President's request.

## TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

## INTERNATIONAL FINANCIAL INSTITUTIONS

## GLOBAL ENVIRONMENT FACILITY

Fiscal year 2004 level .....	\$138,418,484
Fiscal year 2005 request .....	120,677,734
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 \$13,177,734 below the request and \$30,918,484 less than the amount enacted for 2004.

## CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 2004 level .....	\$907,812,120
Fiscal year 2005 request .....	1,061,309,801
Committee recommendation .....	850,000,000

The Committee is providing \$850,000,000 for the entire regularly scheduled United States contribution to the International Development Association (IDA), \$211,309,801 less than the request and a \$57,812,120 decrease from the 2004 enacted level. The recommended level is intended for the second of three payments under the United States commitment to the thirteenth replenishment of IDA.

Due to the Committee's restricted budget allocation, combined with the significant funding increases for the Administration's other priorities, the Committee is unable to provide an additional \$200,000,000 for the IDA incentive contribution, albeit without prejudice. The Board of the World Bank has approved an external audit of IDA's results in meeting its performance benchmarks, as included in the 2004 appropriations act.

## GENERAL CONCERNS ABOUT THE WORLD BANK GROUP

## EXTRACTIVE INDUSTRIES REVIEW

The Committee is concerned about possible implications of the World Bank's Extractive Industries Review that recommends the Bank cease funding oil and coal projects in the developing world. The Committee is concerned that the review may unnecessarily downgrade the role that extractive industries can play in increasing global economic growth, poverty reduction, and creating revenues for government programs, and directs the Secretary of Treasury to consult with the Committee before the World Bank adopts any of the findings of the review.

## GRANTS

The Committee support the President's goal to designated 50 percent of IDA resources for grants to the poorest nations for critical needs such as health and education spending. Given the unending cycle of unsustainable debt levels in the poorest countries, the Committee supports the Secretary of Treasury's position in the negotiations for the fourteenth replenishment of IDA. Grants programs are well-established in IDA and the African Development Fund (AfDF), and the Committee is encouraged by the new grant program in the Asian Development Fund (AsDF).

## OBJECTIVES

The Committee remains concerned about the expansion of the Bank's focus from development functions to humanitarian lending, health activities, cultural projects, disarmament activities, and post-conflict reconstruction. Without a focus, the Bank risks losing any comparative advantage in the developing world, will duplicate bilateral donor assistance, and reduce its effectiveness. The Committee continues to believe that 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 De-

partment'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, including the European Bank for Reconstruction and Development and the International Fund for Agricultural Development. 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.

#### ANTI-TERRORISM CERTIFICATION

The Committee notes that USAID has recently begun to require all grantees to sign an Anti-Terrorism Certification (ATC), which requires grantees to certify that they have not and will not provide material support or resources to individuals or entities involved in terrorism. The Committee notes that the United States provides a significant portion of its foreign assistance through the World Bank and other International Financial Institutions, and urges the Treasury Department to explore the possibility of instituting a similar certification requirement for assistance provided by these institutions. The Committee directs the Secretary of the Treasury to report back no later than 90 days after the enactment of this Act on the progress made toward establishing such a requirement.

#### WORLD BANK IN IRAQ

The Committee understands the World Bank Group pledged a large part of the total international assistance funds committed for Iraq. The Committee understands that of the amount pledged at the international donors' conference in Madrid last year, most of these funds remain to be disbursed.

The Committee notes that in previous conflicts, the World Bank provided assistance at a faster rate. The Committee notes that the Coalition Provisional Authority has stationed hundreds of international staff in Iraq. It notes that despite one year and a large project pipeline for Iraq, the World Bank Group has yet to station a single full-time international staff member in Iraq. The Committee notes that the Bank took volunteers and stationed staff in many conflicts, including the siege of Sarajevo in Bosnia. The Committee expresses its disappointment at the slow pace of World Bank project disbursement in Iraq and the lack of deploying staff volunteers who in the past successfully led some of the Bank's most important country missions.

The Committee directs the Secretary of the Treasury to report by January 1, 2005 on the disbursement of World Bank project loans and the deployment of international volunteer staff to man the bank's offices in Iraq.



CONTRIBUTION TO THE ENTERPRISE FOR THE AMERICAS  
MULTILATERAL INVESTMENT FUND

Fiscal year 2004 level .....	\$24,852,500
Fiscal year 2005 request .....	25,000,000
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 the same as the request and \$147,500 above the 2004 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.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 2004 level .....	\$143,568,916
Fiscal year 2005 request .....	112,212,465
Committee recommendation .....	112,212,465

The Committee recommends an appropriation of \$112,212,465 for the concessional Asian Development Fund, an amount that is the same as the level requested and \$31,356,451 less than the fiscal year 2004 enacted level. The Committee recommends that \$103,000,000 be made available for the scheduled payment to the Asian Development Fund and \$9,212,465 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 Director and his efforts to keep the Committee members informed of AsDB issues.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 2004 level .....	\$5,074,811
Fiscal year 2005 request .....	5,100,000
Committee recommendation .....	5,100,000

(LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2004 level .....	(\$79,609,817)
Fiscal year 2005 request .....	(79,532,933)
Committee recommendation .....	(79,532,933)

The Committee recommends an appropriation of \$5,100,000 for the African Development Bank for the scheduled United States contribution to the African Development Bank, an amount that is \$25,189 above the amount provided in fiscal year 2004 and the same as the amount requested.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 2004 level .....	\$112,059,923
Fiscal year 2005 request .....	118,000,000
Committee recommendation .....	118,000,000

The recommendation for the concessional African Development Fund is \$118,000,000, an amount that is \$5,940,077 more than the amount provided in fiscal year 2004 and the same level as the request.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

Fiscal year 2004 level .....	\$35,222,068
Fiscal year 2005 request .....	35,431,111
Committee recommendation .....	35,431,111

(LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2004 level .....	(\$122,085,497)
Fiscal year 2005 request .....	(121,996,662)
Committee recommendation .....	(121,996,662)

The Committee is recommending \$35,431,111 for the European Bank for Reconstruction and Development (EBRD). This amount is the same as the President's request and \$209,043 more than the appropriation provided in fiscal year 2004.

The Committee recommendation includes a provision requiring that funds for the European Bank for Reconstruction and Development are subject to notification. The Committee directs the Secretary of the Treasury and the United States Executive Director to the EBRD to consult with the Committee as required by section 581 of the 2004 appropriations act.

CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL  
DEVELOPMENT

Fiscal year 2004 level .....	\$14,915,518
Fiscal year 2005 request .....	15,000,000
Committee recommendation .....	15,000,000

The fiscal year 2005 recommendation for the International Fund for Reconstruction and Development (IFAD) is \$15,004,042, the same as the request and \$84,482 above the amount provided in fiscal year 2004.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 2004 level .....	\$319,752,000
Fiscal year 2005 request .....	304,450,000
Committee recommendation .....	323,450,000

The Committee has recommended \$323,450,000 for International Organizations and Programs. This is \$3,698,000 above the fiscal year 2004 level and \$19,000,000 above the President's request. As in fiscal year 2004, funding for a grant to UNICEF is provided under this heading, and as in fiscal year 2004, funding for the World Food Program is provided from program funds. The United Nations Population Fund (UNFPA) is discussed in section 560.

The Committee recommendation also continues prior year bill language prohibiting the use of funds for the International Atomic Energy Agency (IAEA). Funding for the IAEA is addressed elsewhere.

## UNITED NATIONS DEVELOPMENT PROGRAM

The Committee recommends a level not less than \$107,000,000 in International Organizations and Programs funding be set aside to support the United Nations Development Program (UNDP), \$17,000,000 more than the request and \$5,602,000 more than provided in 2004.

## UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

The Committee supports not less than \$7,000,000 for the United States contribution to the United Nations Voluntary Fund for Victims of Torture as authorized in the Torture Victims Relief Reauthorization Act of 2003. The Committee urges the Department of State to encourage other governments to increase their contributions to the Fund and report on implementation of this recommendation not later than 60 days after enactment of this Act.

## UNITED NATIONS CHILDREN'S FUND

The Committee recommends a level not less than \$125,000,000 in funds provided under this heading for the United Nation's Children's Fund (UNICEF), a level \$5,000,000 more than the request and \$5,708,000 more than the level provided in 2004.

## UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

The Committee supports a total of \$3,000,000 for the United Nations Development Fund for Women (UNIFEM) including a \$2,000,000 contribution to the Fund and a \$1,000,000 first time contribution to the Trust Fund in Support of Actions to Eliminate Violence Against Women. This level is \$2,000,000 above the request and \$2,006,000 above the level provided in the 2004 act.

## TITLE V—GENERAL PROVISIONS

The Committee recommends that 33 of the general provisions carried in the fiscal year 2004 Act be deleted. These provisions (sections 502, 525, 531, 536, 555, 556, 557, 558, 560, 568, 569, 576, 577, 578, 580, 581, 582, 583, 584, 586, 587, 589, 590, 591, 592, 593, 594, 595, 596, 598, 599A, 599B, and 599C) 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. 505, "Limitation on Representational Allowances" is the same as the 2004 Act but is modified by increasing the levels of entertainment expenses and representation allowances under the heading "Foreign Military Financing Program", "International Military Education and Training", the "Inter-American Foundation", and the "Trade and Development Agency".

Sec. 506, "Prohibition on Taxation of United States Assistance" is modified by deleting subsection (h) of the 2004 Act. This subsection was a one-time provision pertaining to a prior year appropriations act.

Sec. 511, "Availability of Funds" is revised to extend the availability of funds under chapter 6, 8, and 9 of part II of the Foreign Assistance Act of 1961.

Sec. 517, "Independent States of the Former Soviet Union" is modified by moving subsection (f) to section 530 of this Act.

Sec. 520, "Special Notification Requirements" is modified to delete Pakistan, Cambodia and the Democratic Republic of Congo.

Sec. 522, "Child Survival and Health Activities" is revised by deleting the requirement that \$432,000,000 shall be made available for family planning/reproductive health.

Sec. 523, "Afghanistan" is modified by deleting the entire section except the amount specified for Afghanistan; limiting the scope of the provision to titles II and III of this Act; and by adding new language that specifies that \$60,000,000 of the funds appropriated for Afghanistan for fiscal year 2005 should be made available for programs for women and girls.

Sec. 525, "The Global Fund to Fight AIDS, Tuberculosis and Malaria" is a new general provision conditioning a contribution to the Global Fund on a certification by the Secretary of State that the Global Fund is taking certain steps to improve and strengthen its operations. Further explanation on this section is included under the heading "Child Survival and Health Programs Fund".

Sec. 526, "Democracy Programs" is modified by retaining language from the 2004 Act referring to the support United States Executive Directors to each international financial institution should provide for projects in Tibet; by including modified language recommending \$4,000,000 for activities in Tibet through nongovernmental organizations; by recommending \$250,000 for human rights and democracy programs for Tibetans; and by recommending up to \$27,000,000 for the Human Rights and Democracy Fund, including language similar to the 2004 Act that authorizes up to \$1,500,000 for grants through nongovernmental organizations and individuals to support the advancement of democracy and human rights in Iran and Syria, which may be provided through the National Endowment for Democracy.

Sec. 528, "Debt-For-Development" is modified to make interest earned subject to notification.

Sec. 530, "Enterprise Fund Restrictions" is the same as the 2004 Act but includes a new subsection (b) that is similar to subsection (f) of section 517 of the 2004 Act but is modified by applying the provision to funds to those made available in this Act.

Sec. 531, "Sudan" is a new general provision that makes available \$311,000,000 for Sudan and prohibits this funding from being used to support the government in Khartoum until it takes specific steps to resolve the ongoing crisis in Darfur.

Sec. 534, "Special Authorities" is revised by: in subsection (a) deleting Lebanon; deleting subsection (f) of the 2004 Act, "Shipment of Humanitarian Assistance"; deleting subsection (j) of the 2004 Act, "Sudan"; and deleting subsection (k) of the 2004 Act, "Programs".

Sec. 554, "Cambodia" is modified by deleting all after the first subsection in the 2004 Act.

Sec. 559, "West Bank and Gaza Program" is modified by: in subsection (b) including a specification that entities referred to in the 2004 Act as private, government, or educational; and in subsection (b) directing the Secretary of State to terminate assistance to any individual, entity, or educational institution found to be involved in or advocating terrorist activity.

Sec. 560, "Contributions to the United Nations Population Fund" is modified to include only funds from under the heading "International Organizations and Programs".

Sec. 563, "Funding for Serbia" is modified in subsection (d) to include a waiver for assistance to promote democracy through non-governmental organizations.

Sec. 567, "Basic Education" is modified to establish a minimum level within title II of this Act for basic education programs of \$400,000,000.

Sec. 568, "Reconciliation Programs" is modified by changing the level of assistance provided to \$12,000,000.

Sec. 569, "Debt Restructuring Authority" is a new general provision that enables the United States to lead a multilateral effort to forgive a significant portion of Iraq's official debt, subject to consultation and notification.

Sec. 570, "Trade Capacity Building" is modified to establish a minimum level of \$517,000,000 from certain accounts of this Act.

Sec. 571, "Excess Defense Articles for Central and South European Countries and Certain Other Countries" is a new general provision but the same as the 2003 Act and authorizes excess defense articles for Central and South European Countries.

Sec. 572, "Cuba" is the same general provision as included in the House-Reported Foreign Operations, Export Financing and Related Programs Bill, 2004 (H.R. 2800) and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 573, "Office of the Inspector General of the Coalition Provisional Authority" is a new general provision that reconstitutes the Coalition Provisional Authority Inspector General as a separate office, the Inspector General for Iraq Reconstruction Programs, under the authority of the Secretary of State. Funding previously appropriated to the CPA Inspector General remains available only to the reconstituted Inspector General.

Sec. 574, "Oversight of Iraq Reconstruction" is a new general provision that modifies reporting and notification requirements for the Iraq Reconstruction Program.

Sec. 575, "Indonesia" is modified to condition the availability of funds under the heading "International Military Education and Training" for Indonesia.

#### PROVISIONS RETAINED FROM FISCAL YEAR 2004

The following general provisions from the fiscal year 2004 Act are retained in the fiscal year 2005 Act unchanged except for technical corrections, references to fiscal year 2005, and new section numbers where appropriate:

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

Sec. 502. Restrictions on Voluntary Contributions to United Nations Agencies.

Sec. 503. Limitation on Residence Expenses.

Sec. 504. Limitation on Expenses.

Sec. 507. Prohibition Against Direct Funding for Certain Countries.

Sec. 508. Military Coups.

Sec. 509. Transfers.

Sec. 510. Commercial Leasing of Defense Articles.

- Sec. 512. Limitation on Assistance to Countries in Default.
- Sec. 513. Commerce and Trade.
- Sec. 514. Surplus Commodities.
- Sec. 515. Notification Requirements.
- 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. 529. Separate Accounts.
- 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. 536. Eligibility for Assistance.
- Sec. 537. Reservations of Funds.
- Sec. 538. Ceilings and Earmarks.
- Sec. 539. Prohibition on Publicity and Propaganda.
- Sec. 540. Prohibition of Payments to United Nations Members.
- Sec. 541. Nongovernmental Organizations—Documentation.
- Sec. 542. Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism.
- Sec. 543. Withholding of Assistance for Parking Fines Owed by Foreign Governments.
- Sec. 544. Limitation on Assistance for the PLO for the West Bank and Gaza.
- Sec. 545. War Crimes Tribunals Drawdown.
- Sec. 546. Landmines.
- Sec. 547. Restrictions Concerning the Palestinian Authority.
- Sec. 548. Prohibition of Payment of Certain Expenses.
- Sec. 549. Haiti.
- Sec. 550. Limitation on Assistance to the Palestinian Authority.
- Sec. 551. Limitation on Assistance to Security Forces.
- Sec. 552. Foreign Military Training Report.
- Sec. 553. Authorization Requirement.
- Sec. 555. Palestinian Statehood.
- Sec. 556. Colombia.
- Sec. 557. Illegal Armed Groups.
- Sec. 558. Prohibition on Assistance to the Palestinian Broadcasting Corporation.
- Sec. 561. War Criminals.
- Sec. 562. User Fees.
- Sec. 564. Community Based Police Assistance.
- Sec. 565. Special Debt Relief for the Poorest.
- Sec. 566. Authority to Engage in Debt Buybacks or Sales.

## 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 "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".

Under "Foreign Military Financing", up to \$150,000,000 for assistance for Pakistan may be derived by transfer from unobligated balances of funds appropriated under the headings "Economic Support Fund" and "Foreign Military Financing" in prior appropriations Acts and not otherwise designated in those Acts for a specific country, use, or purpose.

## 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 2005 have not yet been en-

acted. 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, 2005.

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 2005 and 2006. These funds are available for obligation until 2013 and 2014, 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 child survival, maternal and family planning/reproductive health, and infectious disease; up to \$65,000,000 is authorized to be made available for a contribution to The Vaccine Fund; and language is included that provides that not less than \$400,000,000 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 \$300,000,000 for basic education and language is included that provides not less than \$15,000,000 shall be available for women's leadership programs; and not to exceed \$32,500, in addition to other funds made available, may be used for oversight of programs for orphaned children and victims of war.

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 "Capital Investment Fund", funds may be made available for USAID's contribution to the Capital Cost Sharing Program only if all other agencies who have agreed to participate are making contributions.

10. Under "Economic Support Fund", not less than \$360,000,000 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 \$535,000,000 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; \$22,000,000 should be made available for Timor/Leste; \$50,000,000 should be made available for Haiti; and not less than \$13,500,000 should be available for Cyprus; and not to exceed \$200,000,000 may be used for debt relief for Pakistan.

11. Under "Assistance for the Independent States of the Former Soviet Union", not less than \$57,000,000 should be made available for assistance for child survival and health activities and not less than \$65,000,000 should be made available for Armenia.

12. Under "Millennium Challenge Corporation", not more than \$30,000,000 may be made available for administrative expenses; funds may be available only after the submission of a Congressional Budget Justification; funding for countries under section 616 of the authorization act (the so-called "threshold countries") may only be available after subsequent information is provided to the Committee about the type of assistance provided; and funding for MCC compacts may only be made available if the compact is fully funded at the time of obligation.

13. Under "Global HIV/AIDS Initiative", not more than \$8,818,000 may be made available for administrative expenses; and not less than \$26,000,000 of funds under this heading should be made available as a contribution to the International AIDS Vaccine Initiative.

14. Under "International Narcotics Control and Law Enforcement", up to \$10,000,000 should be made available for demand reduction programs; and a limitation of \$26,117,000 is placed on administrative expenses.

15. Under "Andean Counterdrug Initiative", section 482(b) of the Foreign Assistance Act is waived, subject to notification; in addition, a limitation of \$16,285,000 is placed on administrative expenses of the Department of State, and not more than \$4,500,000 may be available for administrative expenses of USAID.

16. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", a limitation of \$30,000,000 is placed on funding for the Nonproliferation and Disarmament Fund.

17. Under "Debt Restructuring" funds may not be paid to the Heavily Indebted Poor Countries Trust Fund for the benefit of any country accepting new loans from the international financial institutions between its decision point and completion point.

18. Under "Foreign Military Financing Program", not less than \$2,220,000,000 is appropriated for Israel, of which not less than \$580,000,000 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; up to \$150,000,000 for Pakistan may be derived from unobligated balances from prior appropriations acts; a limitation of \$40,500,000 is provided for administrative expenses; and a limitation of \$567,000,000 from certain other funds may be obligated for expenses incurred pursuant to section 43(b) of the Arms Export Control Act.

19. Under "General Provisions":

Sec. 505, "Limitation on Representational Allowances" is modified by increasing the levels of entertainment expenses and rep-

resentation allowances under the heading “Foreign Military Financing Program”, “International Military Education and Training”, the “Inter-American Foundation”, and the “Trade and Development Agency”.

Sec. 506, “Prohibition on Taxation of United States Assistance” is modified by deleting subsection (h) of the 2004 Act. This subsection was a one-time provision pertaining to a prior year appropriations act.

Sec. 511, “Availability of Funds” is revised to extend the availability of funds under chapter 6 of part II of the Foreign Assistance Act of 1961.

Sec. 517, “Independent States of the Former Soviet Union” is modified by moving subsection (f) to section 530, “Enterprise Fund Restrictions”.

Sec. 520, “Special Notification Requirements” is modified to delete Pakistan, Cambodia and the Democratic Republic of Congo.

Sec. 522, “Child Survival and Health Activities” is revised by deleting the requirement that \$432,000,000 shall be made available for family planning/reproductive health.

Sec. 523, “Afghanistan” is modified by deleting the entire section except the amount specified for Afghanistan (\$977,000,000); limiting the scope of the provision to titles II and III of this Act; and specifying that \$60,000,000 should be available in fiscal year 2005 for Afghan women and children.

Sec. 525, “The Global Fund to Fight AIDS, Tuberculosis and Malaria” is a new general provision conditioning a contribution to the Global Fund.

Sec. 526, “Democracy Programs” is modified by retaining language from the 2004 Act referring to the support United States Executive Directors to each international financial institution should provide for projects in Tibet; by including modified language recommending \$4,000,000 for activities in Tibet through nongovernmental organizations; by recommending \$250,000 for human rights and democracy programs for Tibetans; and by recommending up to \$27,000,000 for the Human Rights and Democracy Fund, including up to \$1,200,000 for Reagan/Fascell Fellows and including language similar to the 2004 Act that authorizes up to \$1,500,000 for grants through nongovernmental organizations and individuals to support the advancement of democracy and human rights in Iran and Syria, which may be provided through the National Endowment for Democracy.

Sec. 528, “Debt-For-Development” is modified to make interest earned subject to notification.

Sec. 530, “Enterprise Fund Restrictions” is the same as the 2004 Act but includes a new subsection (b) that is similar to subsection (f) of section 517 of the 2004 Act but is modified by limiting funds to those made available in this Act.

Sec. 531, “Sudan” is a new general provision that designates \$311,000,000 for Sudan and prohibits this funding from being used to support the government in Khartoum until it takes specific steps to resolve the ongoing crisis in Darfur.

Sec. 534, “Special Authorities” is revised by: in subsection (a) deleting Lebanon; deleting subsection (f) of the 2004 Act, “Shipment of Humanitarian Assistance”; deleting subsection (j) of the 2004

Act, "Sudan"; and deleting subsection (k) of the 2004 Act, "Programs".

Sec. 554, "Cambodia" is modified by deleting all after the first subsection in the 2004 Act.

Sec. 559, "West Bank and Gaza Program" is modified by: in subsection (b) including a specification that broadens the entities referred to in the 2004 Act to include private, government, or educational institutions; and in subsection (b) directing the Secretary of State to terminate assistance to any individual, entity, or educational institution found to be involved in or advocating terrorist activity.

Sec. 560, "Contributions to the United Nations Population Fund" is similar to that in the 2004 Act, but specifies the level of funds (\$25,000,000) from under the heading "International Organizations and Programs".

Sec. 563, "Funding for Serbia" is modified in subsection (d) to include a waiver for assistance to promote democracy through non-governmental organizations.

Sec. 567, "Basic Education" states that not less than \$400,000,000 shall be made available for basic education.

Sec. 568, "Reconciliation Programs" is modified by changing the level of assistance provided to \$12,000,000.

Sec. 569, "Debt Restructuring Authority" is a new general provision that enables the U.S. to lead a multilateral effort to forgive a significant portion of Iraq's official debt, subject to consultation and notification.

Sec. 570, "Trade Capacity Building" is modified to establish a minimum level of \$517,000,000 from certain accounts of this Act.

Sec. 571, "Excess Defense Articles for Central and South European Countries and Certain Other Countries" is a new general provision but similar to a provision in the 2003 Act and authorizes excess defense articles for Central and South European Countries.

Sec. 572, "Cuba" is the same general provision as included in the House-reported Foreign Operations, Export Financing and Related Programs Bill, 2004 (H.R. 2800) and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 573, "Office of the Inspector General of the Coalition Provisional Authority" is a new general provision that reconstitutes the Coalition Provisional Authority Inspector General as a separate office, the Inspector General for Iraq Reconstruction, within the State Department, under the authority of the Secretary of State.

Sec. 574, "Oversight of Iraq Reconstruction" is a new general provision that modifies reporting and notification requirements for the Iraq Reconstruction program.

Sec. 575, "Indonesia" is modified to condition the availability of funds under the heading "International Military Education and Training" for Indonesia.

#### 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
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).	\$1,648,500,000 (includes \$375,500,000 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).	\$1,429,000,000 (includes \$300,000,000 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	\$355,500,000.
Transition initiatives	None (same authorities as international disaster assistance).			\$47,500,000.
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			\$42,500,000.
Operating expenses of the United States Agency for International Development.	1987	\$387,000,000	\$340,600,000	\$618,000,000.
Capital Investment Fund	None			\$64,800,000.
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	\$2,450,000,000.
International Fund for Ireland	1988	\$35,000,000	\$35,000,000	\$18,500,000.
Assistance for Eastern Europe and the Baltic States (See note below).	None			\$375,000,000.
Assistance for the Independent States of the Former Soviet Union.	1993	\$410,000,000	\$417,000,000	\$550,000,000.
Inter-American Foundation	1987	\$11,969,000	\$11,800,000	\$16,238,000.
African Development Foundation	1987	\$3,872,000	\$6,500,000	\$18,579,000.
Peace Corps	2003	\$365,000,000	\$295,069,000	\$330,000,000.
International Narcotics Control and Law Enforcement.	1994	\$171,500,000	\$100,000,000	\$328,820,000.
Andean Counterdrug Initiative	None			\$731,000,000.
Migration and Refugee Assistance	2001	\$750,000,000	\$700,000,000	\$756,000,000.
Nonproliferation, Anti-terrorism, demining and related programs (See note below).	None			\$382,000,000.

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).	\$105,000,000 (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		\$89,730,000.
Foreign Military Financing Program	2003	\$4,107,000,000	\$6,104,632,000		\$4,777,500,000.
Peacekeeping operations	1999	\$83,000,000	\$76,500,000		\$104,000,000.
International Organizations and Programs	2001	Such sums as may be necessary	\$186,000,000		\$323,450,000

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.—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 .....	19,386	26,735	19,386	26,699
Mandatory .....	43	43	43	43

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 .....	6,929
Fiscal year 2005 .....	6,683
Fiscal year 2006 .....	3,006
Fiscal year 2007 .....	1,339
Fiscal year 2008 and future years .....	1,148

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):

**ACT OF OCTOBER 27, 2001**

(Public Law 107-57)

AN ACT To authorize the President to exercise waivers of foreign assistance restrictions with respect to Pakistan through September 30, 2003, and for other purposes.

\* \* \* \* \*

**SECTION 1. EXEMPTIONS AND WAIVER OF APPROPRIATIONS ACT PROHIBITIONS WITH RESPECT TO PAKISTAN.**

(a) \* \* \*

\* \* \* \* \*

(b) FISCAL YEAR [2004] 2005.—

(1) WAIVER.—The President is authorized to waive, with respect to Pakistan, any provision of the foreign operations, export financing, and related programs appropriations Act for fiscal year [2004] 2005 that prohibits direct assistance to a country whose duly elected head of government was deposed by decree or military coup, if the President determines and certifies to the appropriate congressional committees that such waiver—

(A) \* \* \*

\* \* \* \* \*

**SEC. 3. EXEMPTION OF PAKISTAN FROM FOREIGN ASSISTANCE PROHIBITIONS RELATING TO FOREIGN COUNTRY LOAN DEFAULTS.**

The following provisions of law shall not apply with respect to Pakistan:

(1) \* \* \*

(2) Such provision of the annual foreign operations, export financing, and related programs appropriations Acts for fiscal years 2002, 2003, [and 2004] 2004, and 2005, as are comparable to section 512 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2001 (Public Law 106-429; 114 Stat. 1900A-25).

\* \* \* \* \*

**SEC. 6. TERMINATION DATE.**

Except as otherwise provided in section 1 or 3, the provisions of this Act shall terminate on October 1, [2004] 2005.

\* \* \* \* \*

**SECTION 2207 OF THE EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR DEFENSE AND FOR THE RECONSTRUCTION OF IRAQ AND AFGHANISTAN, 2004**

Sec. 2207. (a) [The Director of the Office of Management and Budget, in consultation with the Administrator of the Coalition Provisional Authority (CPA) and the Committees on Appropriations,] *The Secretary of State* shall submit to the Committees on Appropriations not later than January 5, 2004 and prior to the initial obligation of funds appropriated by this Act under the heading

“Iraq Relief and Reconstruction Fund” a report on the proposed uses of all funds under this heading on a project-by-project basis, for which the obligation of funds is anticipated during the 3 month period from such date, including estimates by the CPA of the costs required to complete each such project: *Provided*, That up to 20 percent of funds appropriated under such heading may be obligated before the submission of the report: *Provided further*, That in addition such report shall include the following:

(1) \* \* \*

\* \* \* \* \*



## 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 9, 2004.

Measure: Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2005.

Motion by: Mrs. Lowey.

Description of motion: To allow the use of \$25,000,000 for the United Nations Population Fund (UNFPA) for country programs in Afghanistan, Iraq, Jordan, Kenya, Pakistan, or Tanzania irrespective of a specified provision of the Act, which would otherwise make such funds unavailable, if such country programs were not found in violation of that provision of the Act.

Results: Rejected; yeas 26, nays 32.

<i>Members Voting Yea</i>	<i>Members Voting Nay</i>
Mr. Bishop	Mr. Aderholt
Mr. Boyd	Mr. Berry
Mr. Clyburn	Mr. Bonilla
Mr. Cramer	Mr. Crenshaw
Ms. DeLauro	Mr. Cunningham
Mr. Dicks	Mr. Doolittle
Mr. Edwards	Mrs. Emerson
Mr. Farr	Mr. Goode
Mr. Frelinghuysen	Ms. Granger
Mr. Hoyer	Mr. Hobson
Mr. Jackson	Mr. Istook
Ms. Kaptur	Mr. Kingston
Mr. Kennedy	Mr. Knollenberg
Ms. Kilpatrick	Mr. Kolbe
Mr. Kirk	Mr. Latham
Mrs. Lowey	Mr. Lewis
Mr. Moran	Mr. Mollohan
Mr. Obey	Mr. Nethercutt
Mr. Oliver	Mrs. Northup
Mr. Pastor	Mr. Peterson
Mr. Price	Mr. Regula
Mr. Rothman	Mr. Rogers
Ms. Roybal-Allard	Mr. Sherwood
Mr. Sabo	Mr. Simpson
Mr. Serrano	Mr. Tiahrt
Mr. Visclosky	Mr. Vitter
	Mr. Walsh
	Mr. Wamp
	Mr. Weldon
	Mr. Wicker
	Mr. Wolf
	Mr. Young

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE I - EXPORT AND INVESTMENT ASSISTANCE</b>					
<b>EXPORT-IMPORT BANK OF THE UNITED STATES</b>					
Subsidy appropriation.....	---	125,700	125,700	+125,700	---
Administrative expenses.....	72,465	73,200	73,200	+735	---
Inspector General.....	---	1,140	---	---	-1,140
Negative subsidy.....	-34,000	-33,000	-33,000	+1,000	---
<b>Total, Export-Import Bank of the United States...</b>	<b>38,465</b>	<b>167,040</b>	<b>165,900</b>	<b>+127,435</b>	<b>-1,140</b>
<b>OVERSEAS PRIVATE INVESTMENT CORPORATION</b>					
Noncredit account:					
Administrative expenses.....	41,141	42,885	42,885	+1,744	---
Insurance fees and other offsetting collections...	-272,000	-278,000	-278,000	-6,000	---
Subsidy appropriation.....	23,858	24,000	24,000	+142	---
<b>Total, Overseas Private Investment Corporation...</b>	<b>-207,001</b>	<b>-211,115</b>	<b>-211,115</b>	<b>-4,114</b>	<b>---</b>
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
Trade and development agency.....	49,705	50,000	51,500	+1,795	+1,500
<b>Total, title I, Export and investment assistance</b>	<b>-118,831</b>	<b>5,925</b>	<b>6,285</b>	<b>+125,116</b>	<b>+360</b>

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE II - BILATERAL ECONOMIC ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
United States Agency for International Development					
Child survival and health programs fund.....	1,824,174	1,420,000	1,648,500	-175,674	+228,500
(Transfer out).....	(-6,000)	---	(-6,000)	---	(-6,000)
Development assistance.....	1,378,829	1,329,000	1,429,000	+52,171	+100,000
(Transfer out).....	(-21,000)	(-21,000)	(-21,000)	---	---
International disaster assistance.....	253,993	385,500	355,500	+101,507	-30,000
Emergency supplemental (P.L. 108-106).....	110,000	---	---	-110,000	---
(By transfer) (P.L. 108-106).....	(110,000)	---	---	(-110,000)	---
<b>Subtotal, Disaster assistance.....</b>	<b>363,993</b>	<b>385,500</b>	<b>355,500</b>	<b>-8,493</b>	<b>-30,000</b>
Transition Initiatives.....	54,676	62,800	47,500	-7,176	-15,300
Development Credit Authority:					
(By transfer).....	(21,000)	(21,000)	(21,000)	---	---
Administrative expenses.....	7,953	8,000	8,000	+47	---
<b>Subtotal, Development assistance.....</b>	<b>3,627,625</b>	<b>3,205,300</b>	<b>3,488,500</b>	<b>-139,125</b>	<b>+283,200</b>
Payment to the Foreign Service Retirement and Disability Fund.....	43,859	42,500	42,500	-1,359	---
Operating expenses of the U.S. Agency for International Development.....	600,536	623,400	618,000	+17,464	-5,400
Emergency supplemental (P.L. 108-106).....	40,000	---	---	-40,000	---
(By transfer).....	(6,000)	---	(6,000)	---	(+6,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
Emergency supplemental (P.L. 108-106) (Transfer to U.S. AID Office of Inspector General).....	(-1,900)	---	---	(+1,900)	---
Subtotal, USAID.....	640,536	623,400	618,000	-22,536	-5,400
Capital Investment Fund.....	81,715	64,800	64,800	-16,915	---
Emergency supplemental (P.L. 108-106).....	16,600	---	---	-16,600	---
Subtotal, Capital investment fund.....	98,315	64,800	64,800	-33,515	---
Operating expenses of the U.S. Agency for Inter- national Development Office of Inspector General....	34,794	35,000	35,000	+206	---
Emergency supplemental (P.L. 108-106)(By transfer)	(1,900)	---	---	(-1,900)	---
Subtotal, Operating expenses.....	34,794	35,000	35,000	+206	---
Total, USAID.....	4,445,129	3,971,000	4,248,800	-196,329	+277,800
Other Bilateral Economic Assistance					
Economic support fund:					
Israel.....	477,168	360,000	360,000	-117,168	---
Egypt.....	571,608	535,000	535,000	-36,608	---
Other.....	1,071,143	1,616,500	1,555,000	+483,857	-61,500
Economic support fund (P.L. 108-106).....	872,000	---	---	-872,000	---
(By transfer emergency).....	(100,000)	---	---	(-100,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
(By transfer).....	---	---	(-150,000)	(-150,000)	(-150,000)
Subtotal, Economic support fund.....	2,991,919	2,511,500	2,450,000	-541,919	-61,500
International Fund for Ireland.....	18,391	8,500	18,500	+109	+10,000
Assistance for Eastern Europe and the Baltic States...	442,375	410,000	375,000	-67,375	-35,000
Assistance for the Independent States of the former Soviet Union.....	584,531	550,000	550,000	-34,531	---
US emergency fund for complex international crises.....	---	100,000	---	---	-100,000
Iraq relief and reconstruction fund (P.L. 108-106)....	18,649,000	---	---	-18,649,000	---
(Transfer out) (P.L. 108-106).....	(-210,000)	---	---	(+210,000)	---
Debt relief (P.L. 108-106).....	---	---	---	---	---
CPA operating expenses (P.L. 108-106).....	983,000	---	---	-983,000	---
Total, Other Bilateral Economic Assistance.....	23,669,216	3,580,000	3,393,500	-20,275,716	-186,500
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation.....	16,238	15,185	16,238	---	+1,053
African Development Foundation					
Appropriation.....	18,579	17,000	18,579	---	+1,579

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>Peace Corps</b>					
Appropriation.....	308,171	401,000	330,000	+21,829	-71,000
(By transfer).....	(15,000)	---	---	(-15,000)	---
Millenium Challenge Corporation					
Appropriation.....	994,100	2,500,000	1,250,000	+255,900	-1,250,000
<b>Department of State</b>					
Global HIV/AIDS initiative.....	488,103	1,450,000	1,260,000	+771,897	-190,000
(Transfer out).....	(-15,000)	---	---	(+15,000)	---
International narcotics control and law enforcement....	240,274	358,820	328,820	+88,546	-30,000
Emergency supplemental (P.L. 108-106).....	170,000	---	---	-170,000	---
Subtotal, Narcotics control.....	410,274	358,820	328,820	-81,454	-30,000
Andean Counterdrug Initiative.....	726,687	731,000	731,000	+4,313	---
(By transfer).....	(17,000)	---	---	(-17,000)	---
Migration and refugee assistance.....	755,712	729,789	756,000	+288	+26,211
United States Emergency Refugee and Migration Assistance Fund.....	29,823	20,000	20,000	-9,823	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
Nonproliferation, anti-terrorism, demining and related programs.....	351,414	415,200	382,000	+30,586	-33,200
Emergency supplemental (P.L. 108-106).....	35,000	---	---	-35,000	---
Subtotal, Nonproliferation.....	386,414	415,200	382,000	-4,414	-33,200
Subtotal, Department of State.....	2,797,013	3,704,809	3,477,820	+680,807	-226,989
Department of the Treasury					
International Affairs Technical Assistance.....	18,888	17,500	19,000	+112	+1,500
Debt restructuring.....	94,440	200,000	105,000	+10,560	-95,000
Subtotal, Department of the Treasury.....	113,328	217,500	124,000	+10,672	-93,500
Total, title II, Bilateral economic assistance... Appropriations.....	32,361,774 (11,486,174)	14,406,494 (14,406,494)	12,858,937 (12,858,937)	-19,502,837 (+1,372,763)	-1,547,557 (-1,547,557)
Emergency appropriations.....	(20,875,600)	---	---	(-20,875,600)	---
(By transfer).....	(59,000)	(21,000)	(-123,000)	(-182,000)	(-144,000)
(Transfer out).....	(-42,000)	(-21,000)	(-27,000)	(+15,000)	(-6,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE III - MILITARY ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
International Military Education and Training.....	91,159	89,730	89,730	-1,429	---
Foreign Military Financing Program:					
Grants:					
Israel.....	2,147,256	2,220,000	2,220,000	+72,744	---
Egypt.....	1,292,330	1,300,000	1,300,000	+7,670	---
Other.....	829,079	1,437,500	1,257,500	+428,421	-180,000
Emergency supplemental (P.L. 108-106).....	287,000	---	---	-287,000	---
(By transfer).....	---	---	(150,000)	(+150,000)	(+150,000)
(Transfer out).....	(-17,000)	---	---	(+17,000)	---
Subtotal, Grants.....	4,555,665	4,957,500	4,777,500	+221,835	-180,000
(Limitation on administrative expenses).....	(40,500)	(40,500)	(40,500)	---	---
Total, Foreign Military Financing.....	4,555,665	4,957,500	4,777,500	+221,835	-180,000
Peacekeeping operations.....	74,458	104,000	104,000	+29,542	---
Emergency supplemental (P.L. 108-106).....	50,000	---	---	-50,000	---
Subtotal, Peacekeeping operations.....	124,458	104,000	104,000	-20,458	---



COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
 (Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
Total, title III, Military assistance.....	4,771,282	5,151,230	4,971,230	+199,948	-180,000
Appropriations.....	(4,434,282)	(5,151,230)	(4,971,230)	(+536,948)	(-180,000)
Emergency appropriations.....	(337,000)	---	---	(-337,000)	---
(Transfer out).....	(-17,000)	---	---	(+17,000)	---
(Limitation on administrative expenses).....	(40,500)	(40,500)	(40,500)	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Global Environment Facility.....	138,418	120,678	107,500	-30,918	-13,178
Contribution to the International Development Association.....	907,812	1,061,310	850,000	-57,812	-211,310
Contribution to Multilateral Investment Guarantee Agency.....	1,117	---	---	-1,117	---
(Limitation on callable capital subscriptions)....	(4,475)	---	---	(-4,475)	---
<b>Total, World Bank Group.....</b>	<b>1,047,347</b>	<b>1,181,988</b>	<b>957,500</b>	<b>-89,847</b>	<b>-224,488</b>
Contribution to the Inter-American Development Bank:					
Contribution to the Enterprise for the Americas Multilateral Investment Fund.....	24,853	25,000	25,000	+147	---
Contribution to the Asian Development Bank:					
Contribution to the Asian Development Fund.....	143,569	112,212	112,212	-31,357	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----					
Contribution to the African Development Bank:					
Paid-in capital.....	5,075	5,100	5,100	+25	---
(Limitation on callable capital subscriptions).....	(79,610)	(79,533)	(79,533)	(-77)	---
Contribution to the African Development Fund.....	112,060	118,000	118,000	+5,940	---
Total, African Development Bank.....	117,135	123,100	123,100	+5,965	---
-----					
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital.....	35,222	35,431	35,431	+209	---
(Limitation on callable capital subscriptions).....	(122,085)	(121,997)	(121,997)	(-88)	---
Contribution to the International Fund for Agricultural Development.....	14,915	15,000	15,000	+85	---
Total, International Financial Institutions.....	1,383,041	1,492,731	1,268,243	-114,798	-224,488
=====					
International Organizations and Programs					
Appropriation.....	319,752	304,450	323,450	+3,698	+19,000
=====					
Total, title IV, Multilateral economic assistance.....	1,702,793	1,797,181	1,591,693	-111,100	-205,488
(Limitation on callable capital subscript).....	(206,170)	(201,530)	(201,530)	(-4,640)	---
=====					

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
 (Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
Grand total:					
New budget (obligational) authority.....	38,717,018	21,360,830	19,428,145	-19,288,873	-1,932,685
(By transfer).....	(59,000)	(21,000)	(27,000)	(-32,000)	(+6,000)
(Transfer out).....	(-59,000)	(-21,000)	(-27,000)	(+32,000)	(-6,000)
(Limitation on administrative expenses).....	(40,500)	(40,500)	(40,500)	---	---
(Limitation on callable capital subscript).....	(206,170)	(201,530)	(201,530)	(-4,640)	---
(Emergency Supplemental (P.L. 108-106)).....	(21,212,600)	---	---	(-21,212,600)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2004  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2005  
(Amounts in thousands)

	FY 2004 Enacted	FY 2005 Request	Bill	Bill vs. Enacted	Bill vs. Request
CONGRESSIONAL BUDGET RECAP					
Scorekeeping adjustments:					
Czech loans.....	20,000	---	---	-20,000	---
Emergency supplemental (P.L. 108-106).....	-21,212,600	---	---	+21,212,600	---
Emergency appropriations.....	---	---	---	---	---
Total, adjustments.....	-21,192,600	---	---	+21,192,600	---
Total (including adjustments).....	17,524,418	21,360,830	19,428,145	+1,903,727	-1,932,685
Amounts in this bill.....	(38,717,018)	(21,360,830)	(19,428,145)	(-19,288,873)	(-1,932,685)
Scorekeeping adjustments.....	(-21,192,600)	---	---	(+21,192,600)	---
Prior year outlays.....	---	---	---	---	---
Total mandatory and discretionary.....	17,524,418	21,360,830	19,428,145	+1,903,727	-1,932,685
Mandatory.....	(43,859)	(42,500)	(42,500)	(-1,359)	---
Discretionary.....	(17,463,959)	(21,318,330)	(19,385,645)	(+1,921,686)	(-1,932,685)

○