

105TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } 105-176

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED  
PROGRAMS APPROPRIATIONS BILL, 1998

JULY 14, 1997.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed

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

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 2159]

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, 1998, and for other purposes.

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## SUMMARY OF THE BILL

The Committee has recommended foreign assistance and export financing funding at a level that is \$4,576,754,000 below the Administration's fiscal year 1998 request in discretionary budget authority. The resulting total of \$12,267,206,980 in discretionary appropriations is needed to meet the essential requirements of the

United States and its President in conducting foreign policy and meeting urgent humanitarian needs abroad. The request includes \$3,521,000,000 for the New Arrangements to Borrow.

The bill is \$232,793,020 below the Committee's fiscal year 1998 602(b) allocation for discretionary budget authority, and consumes almost all of its allocation for outlays.

#### MAKING CHILDREN A PRIORITY

The Committee strongly believes that even while the overall budget continues to be restricted, there is one priority which must remain unshaken and that is the Committee's commitment to helping the world's neediest citizens, its children. The Committee firmly believes that child survival must not be threatened even as other parts of the foreign assistance budget are being significantly reduced. As a result, for a second year, funding levels for child survival and efforts to combat infectious diseases are increased over the prior year's level. Equally important, the Committee is again recommending a separate account for these activities, the Child Survival and Disease Programs Fund. This special account, which includes basic education for children, will be funded at \$650,000,000 in fiscal year 1998. The Committee's action focuses these valuable resources on a singular priority, one which enjoys the support of all Americans, ensuring child survival and combating infectious diseases.

#### LOOKING TO THE FUTURE

The Committee is encouraged that the last Congress began to link foreign aid objectives to resources, and resources to policy. The Committee remains convinced that the United States can lead with fewer resources than were needed a decade ago. The Committee strongly believes that no price tag need be placed on leadership. Money matters in foreign policy, to be sure, but not nearly as much as consistent policy and constantly engaged leaders.

As noted earlier, the Committee notes that the budgetary resources for foreign aid are already extremely limited and are likely to be even more so in the future. From the Committee's perspective, this simply means it is now more imperative than ever that the Committee forge a strong bipartisan consensus which will shape how scarce resources can be most effectively used to help the world's less fortunate achieve the same level of prosperity and opportunity presently enjoyed by all Americans.

#### COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of \$752,614,000, which is partially offset by collections of \$251,000,000. The subsidy appropriation for the Export-Import Bank is \$632,000,000 and the Trade and Development Agency is funded at \$40,000,000. The Committee has provided \$32,000,000 for administrative expenses of the Overseas Private Investment Corporation.

The Committee has recommended \$917,945,980 of the \$5,044,449,980 requested for the international financial institu-

tions. The overall reduction is \$67,958,730 below the fiscal year 1997 enacted level and \$4,126,504,000 below the request.

For development assistance, the Committee has recommended a total of \$2,045,000,000 of which \$650,000,000 is for child survival and disease prevention programs. Another \$1,167,000,000 is for longer term development assistance. The Committee has also included \$190,000,000 for disasters worldwide. Much of all three categories of assistance is likely to be used in Africa, but the Committee did not provide a specific regional earmark. The Committee has included \$27,000,000 for debt restructuring for poor countries and for Jordan.

The Committee has continued its new account for child survival and disease programs. It is designed to ensure that there will not be reductions in these vital programs as the overall bilateral assistance program is constrained. The emphasis is on programs that directly affect younger children, including basic education, and on accelerating efforts to eradicate diseases that threaten younger children and caregivers alike. The account does not include population assistance which will be funded through the development assistance account. It does provide for a grant to UNICEF at the requested level of \$100,000,000.

The Committee has included a total of \$625,000,000 in assistance to the new independent states of the former Soviet Union, and \$470,000,000 for Eastern Europe and the Baltics.

The Committee has recommended a total of \$705,000,000 for refugee programs.

For economic assistance under the Economic Support Fund, the Committee has recommended a total of \$2,400,000,000.

The Committee has recommended \$118,000,000 for a Non-proliferation, anti-terrorism and demining account which includes funding for the Non-proliferation and Disarmament Fund, anti-terrorism assistance, demining activities, United States participation in the Korean Energy Development Organization (KEDO), and the U.S. voluntary contribution to the International Atomic Energy Agency (IAEA).

For Foreign Military Financing, the Committee has recommended a grant program of \$3,280,750,000 and a loan subsidy appropriation of \$60,000,000. The FMF loan value supported by the loan subsidy appropriation is limited to \$657,000,000.

## TITLE I—EXPORT AND INVESTMENT ASSISTANCE

### EXPORT-IMPORT BANK OF THE UNITED STATES

#### SUBSIDY APPROPRIATION

Fiscal year 1997 level .....	\$726,000,000
Fiscal year 1998 request .....	632,000,000
Committee recommendation .....	632,000,000

#### ADMINISTRATIVE EXPENSES

Fiscal year 1997 level .....	\$46,614,000
Fiscal year 1998 request .....	48,614,000
Committee recommendation .....	48,614,000

The Committee has recommended a subsidy appropriation for the Export-Import Bank of \$632,000,000 and an appropriation of \$48,614,000 for administrative expenses. The committee of jurisdiction has commenced the process of reporting legislation that will extend the operating authority of Eximbank beyond its expiration date of September 30, 1997.

The Committee has continued prior year language limiting the export of nuclear technology or fuel to certain countries. The Committee has also included language making possible Export-Import Bank activity in Eastern Europe and the Baltics.

The Committee provided no additional funds for a tied-aid "war chest", a reduction of \$50,000,000 from its 1997 capitalization. The estimated \$330,000,000 remaining "war chest" balance for tied-aid purposes, may be used to support loans. The war chest has largely served its purpose of countering predatory finance offers by other nations at less cost than expected. If more funds are needed for the war chest, the Committee will promptly consider any additional requests from the President.

Last year, the Committee warned that it would be hard pressed to sustain appropriations for the Eximbank at then-current levels in future years. At present the Bank is facing a financial crisis as it is expected to exhaust its 1997 subsidy appropriation well before October 1, 1997, and the President has reduced his 1998 request by a total of \$94,000,000. The Bank management is encouraged, once again, to begin consulting with the Committee regarding its plans for overcoming the likely gap between demand and federal resources in the near future.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

##### SUBSIDY APPROPRIATION

Fiscal year 1997 level .....	\$72,000,000
Fiscal year 1998 request .....	60,000,000
Committee recommendation .....	0

##### ADMINISTRATIVE EXPENSES

Fiscal year 1997 level .....	\$32,000,000
Fiscal year 1998 request .....	32,000,000
Committee recommendation .....	32,000,000

The Committee has not recommended a subsidy appropriation for the OPIC direct and guaranteed loan credit programs, but it has recommended \$32,000,000 for operating expenses. Substantial operating expenses are required if OPIC is to administer multi-year insurance policies and protect the public interest with regard to repayment of outstanding loans and guarantees.

Although the subsidy appropriation request for 1998 is 16 percent less than the current level, the Committee is reluctant to fund the request in the absence of any action by the committee of jurisdiction to extend the basic operating authority of OPIC beyond its expiration date of September 30, 1997. When the committee of jurisdiction acts, the Appropriations Committee will follow suit. The Committee's recommendation at this time does not signal any reduction in its traditional support for OPIC.

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

OPIC and the Export-Import Bank continue to be vital supports for the export sectors which sustain America's current economic growth, but both institutions should focus on activities that cannot be undertaken by the private sector.

#### OPIC IN AFRICA AND THE CARIBBEAN BASIN

An example is found in recent bipartisan initiatives to promote trade between the United States and Africa and to encourage American investment in Africa. The initiative depends in large part on an extension of the basic operating authority of OPIC. Supporters of economic growth in Africa are encouraged to examine the role that OPIC could play there.

The Committee encourages OPIC to play an enhanced role in stimulating investment in the Caribbean and Central America, particularly since financing from other sources has diminished in recent years. OPIC should seriously consider establishing one or more equity funds in the Caribbean and Central America.

#### TRADE AND DEVELOPMENT AGENCY

Fiscal year 1997 level .....	\$40,000,000
Fiscal year 1998 request .....	43,000,000
Committee recommendation .....	40,000,000

The Committee has recommended funding for the Trade and Development Agency at the current level of \$40,000,000. This reduction is made because of limited budgetary resources.

The Committee believes that this export agency has made significant contributions to non-traditional American exports in the service sectors such as consulting engineering. It is beginning to move away from its previous status as an all-grant agency. The Committee commends TDA for recognizing that it needs to recoup some or all of the costs of its tax-financed assistance, especially when large and profitable companies benefit from TDA grants.

### TITLE II—BILATERAL ECONOMIC ASSISTANCE

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### AGENCY FOR INTERNATIONAL DEVELOPMENT

The Committee, in order to give the President more flexibility, has recommended funding two accounts for development assistance programs currently administered by the Agency for International Development. As in fiscal year 1997, the bill provides for an overall development assistance account and an account for child survival, children's basic education, and disease prevention and treatment activities.

The following chart provides a comparison of the fiscal year 1997 enacted level with the fiscal year 1998 budget request of the President (in both the existing and the proposed account structures) as well as the Committee recommendation.

	Fiscal years—			Committee
	1997 enacted	1998 request (existing accts.)	1998 request (new accts.)	
Child Survival and Disease Programs Fund .....	\$600,000,000	\$556,000,000	.....	\$650,000,000
UNICEF .....	(100,000,000)	(100,000,000)	\$100,000,000	(100,000,000)
Development assistance .....	1,181,500,000	1,242,000,000	998,000,000	1,167,000,000
Development Fund for Africa .....	.....	.....	700,000,000	.....

Funding for the United Nations Children's Fund (UNICEF) is included in "Child Survival and Disease Programs Fund" in fiscal year 1997 and in the Committee recommendation for fiscal year 1998. The budget request of the President proposes to fund the voluntary contribution for UNICEF in "International organizations and programs".

#### CHILD SURVIVAL AND DISEASE PROGRAMS FUND

Fiscal year 1997 level .....	\$600,000,000
Fiscal year 1998 request: (under fiscal year 1997 account structure) .....	556,000,000
Committee recommendation .....	650,000,000

The Committee has recommended \$650,000,000 for "Child Survival and Disease Programs Fund". It includes bilateral programs intended to reduce infant mortality and improve the health and nutrition of children, especially in the poorest nations, as well as an increase of \$50,000,000 for targeted global programs to end infectious diseases such as polio, tuberculosis, HIV/AIDS, yellow fever, malaria, and measles. It also includes \$100,000,000 for the annual United States contribution to the United Nations Children's Fund (UNICEF), as well as funding for children's basic education at not to exceed \$98,000,000.

Funding for child survival activities, basic education, and non-child disease programs would be allocated as follows:

Child survival activities .....	\$245,000,000
Non-child diseases .....	157,000,000
Children's basic education .....	98,000,000
Grant to UNICEF .....	100,000,000
Communicable Diseases Initiative .....	50,000,000
Total in this account .....	650,000,000
Child survival in Egypt-ESF and disaster assistance .....	55,000,000
Total in all accounts .....	705,000,000

Funds in this account may be used for activities in the New Independent States of the Soviet Union, Eastern and Central Europe, as well as other developing countries in other regions of the world. Funds would not be used for noninfectious adult diseases.

Of the funds provided in this account, \$100,000,000 shall be provided as a contribution in grant form to the United Nations Children's Fund. However, this does not preclude the Agency for International Development from providing additional funding for specific UNICEF projects as may be appropriate.

The Committee intends that child survival funds in this account be used for traditional child survival programs. A significant pro-

portion of these funds should be used for activities whose primary purpose is to reduce child morbidity and mortality.

The total for bilateral child survival programs from all accounts should be a minimum of \$300,000,000 in fiscal year 1998, excluding funds which are provided from the Communicable Diseases Initiative. In order to provide the Agency for International Development with administrative flexibility, the Committee recommendation does not specify the amount of funds within the Communicable Diseases Initiative that should be focused on diseases that primarily affect children. However, the Committee intends a majority of the funds for this initiative should be provided for research, treatment, and prevention activities associated with childhood diseases.

#### COMMUNICABLE DISEASES INITIATIVE

The Committee recommendation includes an increase of \$50,000,000 for a Communicable Diseases Initiative. This initiative is intended to respond to the dramatic increase in, and resurgence of, communicable diseases affecting both children and adults. Within the United States, there have been confirmed reports of yellow fever and malaria, diseases which infected millions earlier in our history. Of those deaths attributable to malaria throughout the world, 85 percent of the victims are children. In addition, measles continues to cause the deaths of millions of children throughout the world on an annual basis. Finally, experts are recognizing that acute respiratory infections (ARI) are, after malnutrition, the biggest killers of children on the planet.

The Committee believes this initiative is not only good for the children of the world, but it will help prevent the spread of these diseases to our shores. The more that communicable diseases are controlled in developing countries, the more the children of America will be protected.

#### ERADICATION OF POLIO

The Committee recommendation includes \$25,000,000 for the program initiated by the Committee in fiscal year 1996 to eradicate polio. Funds should be used to provide for the delivery of vaccines, and the development of the infrastructure necessary to implement the program. This funding is meant to be in addition to the resources for the regular immunization program of the Agency for International Development and is intended to supplement other related activities.

#### TUBERCULOSIS

The Committee continues to be concerned about the global tuberculosis (TB) epidemic. This disease could result in the deaths of up to 30,000,000 people in the next decade. In addition, the Committee notes the threat to the United States from this disease due to international travel and immigration. Therefore the Committee recommends that a significant increase be provided to programs and activities involving tuberculosis and other acute respiratory infections in fiscal year 1998.

In that regard, the Committee notes that the Gorgas Memorial Institute is developing a regional TB control initiative designed to



address the major issues in reducing the global TB epidemic—training, operational improvement, and new approaches to disease control. The Committee supports this initiative, including the establishment of regional TB control activities in Latin America and Southeast Asia.

#### VITAMIN A, VITAMIN C, IODINE AND MICRONUTRIENT DEFICIENCY

The Committee supports continuation of programs for vitamin A and C deficiency, iodine deficiency and other micro-nutrient deficiencies and supports continuing these programs at the 1997 recommended level of \$25,000,000. The Committee also expects that the report on the pilot program on vitamin C fortification, which has been delayed for over a year, will be submitted to the Committee as soon as possible.

#### AIDS PREVENTION AND CONTROL

The U.S. has not increased its global AIDS funding since 1993. Since this time the rate of new infections has increased extraordinarily, nearly doubling from 15,000,000 to 29,500,000. It is estimated that by the year 2000 over 40,000,000 people will have become infected with HIV. Ninety percent of these infections are occurring in the developing world. Half of all new infections occur among women, especially those under the age of twenty-five. In addition, new treatments such as those that block prenatal transmission have been discovered and need to be made as accessible as possible. To begin to respond adequately to current needs, the Committee urges AID to provide \$121,000,000 to fund HIV/AIDS prevention and control efforts.

New outbreaks of HIV infection are erupting in Eastern Europe, the former Soviet Union, India, Vietnam, Cambodia, China, and elsewhere. India, for example, had little HIV infection at the beginning of the decade, but is now estimated to have over 1,000,000 people living with HIV. In Cambodia, 10 percent of people who offered to donate blood in Phnom Penh in 1995 were infected, compared with 0.1 percent in 1991. Africa is the continent hardest hit by AIDS, with a drop in life expectancy of up to 10 years, and declining gross national products in many countries. New surveys in Zimbabwe and Botswana have found that up to 40 percent of pregnant women are infected. Many of these women transmit the virus to their children. During 1995 alone, approximately 500,000 children were born with the HIV infection worldwide—about 1,400 per day.

Strong U.S. leadership in response to the global AIDS epidemic should continue. Efforts to support non-governmental organizations that have “on the ground” prevention and care programs in communities affected by HIV, as well as multilateral AIDS efforts such as UNAIDS are very important. The United States should continue efforts to develop therapeutics and microbicides that could be of use in developing nations as well as continue to provide leadership in coordinating international research to develop safe, effective vaccines.

The Committee is also concerned about the high rates of HIV infection and the sex trade in Southeast Asia, and recommends that AID formulate a comprehensive, regional approach to address this

issue. The Committee urges AID to commit resources to regional HIV/AIDS programs in Southeast Asia.

DISPLACED CHILDREN

The Committee continues to support programs to help the more than 100,000,000 children worldwide who are displaced and/or have become orphans. The Committee has placed a priority on the needs of these children. The Committee recommends that at least \$10,000,000 in funding be allocated for the displaced children and orphans program in fiscal year 1998.

HEALTH CARE FOR GIRLS

Recent research indicates that girls under the age of five in the developing world face bias in the health care they receive. In the design and implementation of existing children's health initiatives, the Committee urges AID to make every effort to ensure that girls benefit from health care practices as much as boys. In that regard, AID should collect and analyze child survival data separately for boys and girls, and the Committee urges AID to accelerate their efforts in this regard.

OFFICE OF PRIVATE AND VOLUNTARY COOPERATION

The Committee supports additional funding for child survival programs through AID's Office of Private and Voluntary Cooperation. It expects the agency to make best efforts to provide up to \$30,000,000 in child survival grants for private and voluntary organizations through this office in fiscal year 1998. However, funding for other essential programs administered through this office, such as cooperative development, matching grants, ocean freight or others, should not be reduced in order to provide these funds.

BASIC EDUCATION FOR CHILDREN

The Committee believes that basic education programs are essential to both the well-being of the world's children and to achieving the long term goal of broad-based economic development. In particular, girl's education has multiple benefits, including improved child survival and overall family health. The Committee is also very interested in the use of basic education programs in addressing educational needs of children who are in or are leaving situations of hazardous and exploitative child labor. The Committee strongly supports funding for children's basic education at a level of \$98,000,000. Childhood education should be defined to include early childhood, primary, and lower secondary education, as well as childhood education teacher training programs.

DEVELOPMENT ASSISTANCE

Fiscal year 1997 level .....	\$1,181,500,000
Fiscal year 1998 request:	
(under fiscal year 1997 account structure) .....	1,242,000,000
Committee recommendation .....	1,167,000,000

The Committee has recommended \$1,167,000,000 for a general account for development assistance. The amount recommended is \$14,500,000 less than the amount provided in fiscal year 1997.

However, after adjusting for the grants to the Inter-American and African Foundations funded through this account in fiscal year 1997, and subtracting \$17,500,000 that was made available for operating expenses of the Agency for International Development, the Committee recommendation provides for a program increase of \$30,000,000 for fiscal year 1998. Funding in this account includes activities for agriculture, rural development, population, adult literacy and adult basic education, environment, energy, science and technology and other programs related to longer-term development.

The recommendation reflects the same account structure as provided in fiscal year 1997.

#### RESTRICTIONS ON USE OF POPULATION FUNDS

The Committee has continued prior year language in the bill that requires that none of the funds appropriated in this bill or any unobligated balances be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. Further, the language indicates that in order to reduce reliance on abortions in developing countries, population funds shall be available only to voluntary family planning projects which offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision in the bill requires 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 has also continued prior year language that states that nothing in the development assistance account portion of the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act. Section 518 of this act also addresses this matter.

#### CAMPFIRE

The Committee is recommending bill language to prohibit the use of funds for any activities in contravention of the Convention on International Trade in Endangered Species (CITES) in order to address concerns that AID funded activities in Zimbabwe are contributing to trade in elephant ivory.

The Committee is pleased with the success of Zimbabwe's elephant conservation programs, noting the increase from 43,000 elephants in 1987 to 67,000 in 1996. Much of this success is due to CAMPFIRE—the Communal Areas Management Program for Indigenous Resources. This program has demonstrated that the objectives of human development and conservation can be integrated and that market-led wildlife management can be an effective conservation tool. However, the Committee is concerned that CAMPFIRE not become a launching pad for renewed traffic in the ivory trade. The Committee directs that no funds be provided for activities that will result in the generation of income from the trade in

ivory from African elephants outside of the limits set by the conservation program maintained by the Government of Zimbabwe.

The Committee also directs that no United States taxpayer funds be provided for any lobbying activities by any non-governmental organization. The use of taxpayer funds for lobbying is forbidden under current law. The Committee notes that the AID General Counsel did not find evidence of the use of funds for such activities, as had been alleged. However, the Committee is aware that AID helped fund the establishment of regional offices of an African non-governmental organization in Western Europe and the United States. The use of taxpayer funds for such purposes is totally unjustified.

The Committee directs that no funds for any indigenous non-governmental organization be used to establish or maintain offices in countries other than those in which the NGO is actively engaging in development programs. The Committee further requests that AID review all grants, contracts, and cooperative agreements in sub-Saharan Africa to ensure that this is not occurring. The Committee requests a report on this effort by March 1, 1998, including the status of any such funding, if it exists, and the steps AID is taking to eliminate this practice.

#### LATIN AMERICA AND THE CARIBBEAN

The Committee is very concerned the Agency for International Development did not adequately respond to last year's bill and report language urging that greater emphasis be provided for programs in the Latin America and the Caribbean region. Indeed, Latin America is the only region of the world that would not receive an increase in funding under the President's budget request for development assistance for 1998. Already, the European Union has become the top international aid donor to Latin America. Therefore, the Committee is directing that an increase of \$20,000,000 be allocated for this region. Among programs that could benefit from this increase are those designed to improve water and environmental quality in order to support long-term commercial relationships between United States companies and the rapidly expanding marketplace for environmental services and products in the region.

The increase is intended to supplement the levels identified for the region in the budget justification documents for both "Development assistance" and "Economic Support Fund", either through bilateral country programs or regional programs. The Committee requests the Agency for International Development to report to the Appropriations Committees within 30 days of enactment regarding the plans for allocating this increase of \$20,000,000.

#### LATIN AMERICA AND THE CARIBBEAN: EL SALVADOR

The Committee supports the continued funding of programs to implement the peace accords in El Salvador. The Committee encourages AID to continue to fund programs that enhance democratic institutions and sustainable development, and that help build lasting solutions to the problems underlying the former conflict.

The Committee is also concerned with reports that several non-governmental organizations in El Salvador were engaged in partisan political activities at the same time they were receiving USAID funds. The Committee requests a report from the Agency for International Development on this incident, as well as the steps that have been taken to correct this problem and to prevent similar problems from occurring in the future. The Committee requests such a report by December 1, 1997.

The Committee is disturbed that USAID has not provided a full and complete accounting of USAID Cooperative Agreement No. 519-0391-A-00-3254-00. The Committee requests a full and complete accounting of all funds expended under this grant by September 1, 1997.

#### LATIN AMERICA AND THE CARIBBEAN: JAMAICA

The Committee is concerned that the Government of Jamaica has not taken the steps necessary to assure long-term economic reform and a free market economy. In addition, the Government has recently moved to improve relations with Cuba. Such actions are not in the interest of the people of Jamaica. The Committee supports assistance that will benefit the people of Jamaica and lead to an improved economic and political future for that island.

#### LATIN AMERICA AND THE CARIBBEAN: PANAMA

The Committee is very concerned about actions by the Government of Panama which have disadvantaged United States firms seeking to operate in that country. In particular, the Committee is aware of irregular procedures in awarding contracts for operating the ports at both ends of the Panama Canal. During official travel earlier this year, members of the Committee discussed their concerns with the Foreign Minister of Panama. However, many of these concerns have yet to be adequately addressed.

The Committee urges the Department of State to continue its efforts to ensure that American firms and businesses can operate in Panama under generally accepted business practices. Panama has been included in the list of countries for which assistance programs are subject to notification pursuant to section 520 of this act in order to maintain oversight of our activities in that country.

#### LATIN AMERICA AND THE CARIBBEAN: PARKS IN PERIL

The Committee notes its strong support for the existing AID Parks in Peril program, a partnership with the private sector to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean. Parks in Peril is currently working in 28 sites in twelve different countries. The program has made significant progress in turning "paper parks" into genuine protected areas, to the extent that 10 sites have been graduated from the program. Central AID funding will be phased out to those sites, and the program is shifting its successful methodology to new locations. Since its inception, Parks in Peril has received \$23,000,000 from central AID funds, \$5,000,000 from the Nature Conservancy, and has leveraged more than \$10,000,000 from foreign private sources and foreign governments.

## LATIN AMERICA AND THE CARIBBEAN: NEOTROPICAL MIGRATORY BIRDS

The Committee recommends that \$750,000 in fiscal year 1998 be provided to the National Fish and Wildlife Foundation for continued implementation of the Neotropical forest and grassland migratory bird conservation initiative. The decline in populations of Neotropical migratory birds has been linked to habitat loss and degradation in Central America and the Caribbean. Recent scientific evidence suggests that further decline of these 350 species could pose significant domestic economic and environmental problems, as these birds play a significant role in control of forest and agricultural pests. The Committee urges AID to make this program part of its budget request for fiscal year 1999 in order to provide the year-to-year continuity required to fully implement this program.

## LATIN AMERICA AND THE CARIBBEAN: CORPS OF ENGINEERS

The Committee is concerned that USAID has not fully utilized the technical expertise of the U.S. Army Corps of Engineers, particularly in Latin America where the Corps has existing field offices in Honduras, El Salvador, Panama, Colombia, Bolivia, and Peru. The Agency for International Development is in a position to influence development in Latin America in an environmentally sustainable manner, especially if it and the Corps of Engineers work in partnership with Latin America countries to nurture government institutions, train engineers and scientists, and provide technical assistance embracing environmentally sustainable development. To the extent qualified private sector contractors are not available, the Committee recommends that AID utilize the Corps of Engineers to assist in carrying out the planning, engineering and design, construction, environmental restoration, and technical assistance.

## AFRICA: GREATER HORN OF AFRICA INITIATIVE AND FOOD SECURITY INITIATIVE

The Committee supports the Greater Horn of Africa initiative, which is designed to alleviate the food insecurity that has plagued that portion of the continent. It is designed to provide a coordinated, rational approach to providing food aid and promoting economic development in the region in order to prevent the crises of the past. The Committee particularly recommends active support for those countries that are taking necessary steps to help themselves, such as Ethiopia, Uganda, and Eritrea.

The President's budget also includes a new program for food security in Africa. However, the Committee has not received an adequate explanation of the relationship between this new initiative and the Greater Horn of Africa initiative. Indeed, as the Committee noted in last year's report, food security is the fundamental underpinning of the Greater Horn of Africa initiative. However, it is unclear precisely how this new program will be implemented and whether it will include close coordination with the Greater Horn of Africa initiative. The Committee does not support the establishment of duplicative programs.

The Committee supports greater food security in sub-Saharan Africa. However, prior to obligating funds for this new initiative, the Committee expects the Agency for International Development to provide a report indicating:

1. how this initiative is designed to complement the Greater Horn of Africa initiative;
2. how this program will be managed, and whether and how this management differs from that for the Greater Horn of Africa initiative;
3. the countries targeted as part of this initiative;
4. how the goals of the program will be met in the long term, and how results will be measured against these goals; and
5. the programs, projects, and activities the agency is terminating or reducing in order to focus on this new initiative.

#### AFRICA: SUDAN

The Committee directs AID to use development and disaster assistance funds for capacity building purposes in areas of southern Sudan outside the control of the government of Sudan. The Committee strongly encourages AID to make funds available to non-governmental organizations for this purpose. The Committee expects that these funds will not be used in areas controlled by southern factions that continue to cooperate with the Government of Sudan.

The Committee encourages AID to make funds available for organizations attempting to distribute humanitarian assistance in areas of southern Sudan not served adequately by other international organizations or the UN-sponsored "Operation Lifeline Sudan".

#### AFRICA: KENYA

Serious human rights problems remain in Kenya. There are credible allegations of extrajudicial killings and torture, as well as harassment and intimidation of opposition parliamentarians, journalists, clergy members, human rights monitors and other critics of the ruling party. The Committee is encouraged by the formation of a standing committee on human rights, and hopes this standing committee will be permitted to vigorously address the serious human rights problems in Kenya.

#### EAST TIMOR

The Committee is concerned about the continuing violence in East Timor. It is pleased the United Nations has appointed a special envoy and encourages all parties to cooperate in good faith with United Nations efforts to reach a peaceful settlement. If it becomes clear the United Nations efforts will not be successful, or if one of the parties to the conflict requests the help of the United States, the Committee encourages the Department of State to be prepared to appoint an American special envoy to facilitate a peaceful resolution. The Committee urges the United States to support and encourage international efforts to find a just and viable solution to the problems in East Timor.

## PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee has continued prior year language that requires that private voluntary organizations obtain not less than 20 percent of their total funding from sources other than the United States Government. In addition, the Committee has continued language from the 1997 act stating that support for private voluntary organizations should be made available at a level equivalent to that provided in fiscal year 1995.

The Committee continues to strongly support adequate funding for the Office of Private and Voluntary Cooperation (PVC) which leverages private resources by PVO's and cooperatives. PVC is the heart of the non-profit portion of the partnership between AID and the private sector. This office supports PVO microenterprise, child survival, and micronutrient grants; strengthens cooperative development efforts; and administers the PL 480-funded Farmer-to-Farmer program.

The Committee expects the Administration to make every effort to adequately fund this key office. If AID intends to increase funding for PVO's, non-governmental organizations, and cooperatives to 40 percent over the next four years, the PVC office needs to ensure that the private, non-profit sector is capable of effective management of its increased responsibilities. The office also serves as a link between PVO's and the United States Government so that federally-funded PVO activity is generally consistent with foreign policy objectives.

## ENERGY

The Committee urges that the Office of Energy, Environment, and Technology be funded at an adequate level, no less than its fiscal year 1995 core budget. The Office promotes United States industrial leadership in the areas of power sector privatization, innovative technologies to reduce pollutants from fossil fuels, and renewable energy. The Committee reaffirms its support for an improved global environment through support for improved efficiency in energy production and use, especially in fossil fuels, recognizing that growing economies will require additional capacity for power generation from a wide range of sources.

The Committee again recommends AID continue funding for projects which promote power sector efficiency, energy efficiency, and renewable energy, recognizing U.S. industrial leadership in these areas. These programs will be critical to the success of the Developing Country Climate Change Initiative.

The projects should be developed and carried out in collaboration with U.S. industry and should be located in countries with the greatest potential for early success, without regard for the presence or absence of an AID field mission. Included in these efforts should be host country institutional capacity building, legal or regulatory reform, project preparation, innovative project financing, trade and reverse trade missions, training, and technology transfer and collaboration.

The Committee is also concerned about the impact on the United States of energy activities in other countries. In that regard, the Committee is concerned about particle emissions being generated



by Mexican power plants that are contributing to decreasing visibility in the Big Bend region of Texas, and requests the Secretary of State to report on steps being taken to obtain Mexican cooperation in reducing this air pollution.

The Committee recommends a continuation of funding to build on the existing AID program fostering development in Southern Africa through the appropriate use of renewable energy technologies. This program, implemented through a public-private partnership with the support of Historically Black Colleges and Universities, has facilitated commercially driven rural electrification by means of in-country capacity building, enterprise development, and linkage between United States and host country industry.

#### BIODIVERSITY

The Committee strongly supports continued AID funding for biodiversity conservation and tropical forest protection in developing countries. The protection of global biodiversity is critical to our security and economic prosperity, and is particularly vital for American agricultural and pharmaceutical industries. Such conservation activities should continue to emphasize the use of non-government organizations (NGO's) as a cost-effective means of delivering development assistance. The Agency for International Development, through NGO partnerships, should remain active in regions that are significant for global biodiversity, even in countries where missions have been closed or have never been located, especially in situations where a lack of participation would undermine the success of a regional strategy.

The Committee also supports the work of the International Cooperative Biodiversity Program (ICBP), a joint effort of the National Institutes of Health, the National Science Foundation, and the Agency for International Development. The Committee recommends that AID provide support for this program during fiscal year 1998.

#### AID/NASA COOPERATION

The Committee supports cooperation between the National Aeronautics and Space Administration (NASA) and the Agency for International Development in assessing the impact of climate change on developing countries, including understanding the planetary water cycle. In that regard, the Committee recommends that AID establish a collaboration with NASA's Global Hydrology and Climate Center.

#### WOMEN IN DEVELOPMENT

The Committee urges that not less than \$13,000,000 be provided for AID's Office of Women in Development (WID), including a transfer of not less than \$1,000,000 from funds appropriated to "Assistance to the New Independent States of the former Soviet Union". The Committee is concerned that the office has not received sufficient funding in the past year, and that funds were not transferred for the purpose of assisting women in Russia and the other new independent states of the former Soviet Union during this time of economic transition. Over the past year, responsibility

for AID's Girls' and Women's Education Initiative was transferred to the WID office, and it will require additional resources to implement. Improvements in women's educational status have been found to lead to increases in women's economic productivity, which is key to sustained economic growth. Furthermore, women's control of economic resources impacts directly on family health and nutrition. Finally, studies show that educated women are more likely to ensure that their daughters receive an education.

#### MICROENTERPRISE

The Committee recommends that microenterprise funding be provided at a program level of \$130,000,000, \$10,000,000 above the request, and supports additional funding for the program above this level to the maximum extent possible. In this regard, the Committee supports the use of additional local currency funds beyond the approximately \$20,000,000 provided in each of the past several years.

This program has proven its effectiveness in promoting economic growth in the poorest countries. Of these funds, at least fifty percent should be devoted to poverty lending programs, and a significant portion should be channeled through central mechanisms such as non-governmental organizations. For purposes of implementing this program, poverty lending programs are defined as loans of under \$300 made to the poorest fifty percent of those living below the poverty line, or the institutional development of organizations primarily engaged in making such loans. In that regard, the Committee supports including smallholder farming operations among its other criteria for microenterprise lending programs, and requests that AID examine the possibility of using the International Fund for Agricultural Development (IFAD) as an implementing agency in providing microenterprise assistance for such activities.

#### AMERICAN SCHOOLS AND HOSPITALS ABROAD (ASHA)

The Committee recommends, and expects AID to provide, \$15,000,000 from the funds provided in this Act for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 1998. The Committee directs that none of these funds be reserved for programming in any future fiscal year. All funds are to be allocated and obligated in fiscal year 1998. The Committee further expects that support will be continued for traditional recipients of funding in countries such as Lebanon, Israel, and Egypt. In addition, funds should be made available for other deserving institutions as part of a competitive process.

In addition, the Committee recommends that AID continue involving community colleges and Hispanic Serving Institutions (HSI's) in the delivery of vocational and occupational education and training elements of development assistance projects.

#### CASS SCHOLARSHIP PROGRAM

The Committee has supported the scholarship programs currently known as the Cooperative Association of States for Scholarships (CASS) since 1985. This program utilizes more than 30 community-based institutions around the United States offering 2 year

degrees in various technical and vocational fields. The Committee believes AID should continue funding for this program at the same level provided in fiscal year 1997.

#### AGRICULTURE

The Committee also supports the continuation, at least at the fiscal year 1997 level, of collaborative research support programs (CRSP's), such as the small ruminants CRSP; the pond dynamics/aquaculture CRSP; the sustainable agriculture and natural resources CRSP; the soil management CRSP; the peanut CRSP; and the bean/cowpea CRSP. These programs promote sustainable agriculture in the developing world in conjunction with the United States land grant system of higher education.

The Committee is concerned that AID's support for agriculture development has diminished over the past few years. At least seventy percent of the developing world's population is engaged in agriculture-related activities, and the production and distribution of adequate food continues to be a significant survival issue in many parts of the world. The Committee supports additional resources for agricultural research and development, and requests the Agency for International Development to report by March 1, 1998, on the amount and sources of funding for international agriculture assistance for fiscal years 1995, 1996, and 1997.

#### DAIRY DEVELOPMENT

The Committee continues to support dairy development, and recommends that the Agency for International Development make its best efforts to continue funding for this program at a level of \$8,000,000. This successful program has increased family nutrition, helped women livestock caretakers, and formed democratic, self-help cooperatives through Central Europe, the Horn of Africa and developing countries in other regions. Many United States companies have made major investments overseas as a result of this development program that include the introduction of new technologies in animal feeds, improved cheese production and better seeds. These investments help United States companies as well as developing countries.

#### DEVELOPMENT OF CREDIT UNIONS AND COOPERATIVES

The Committee strongly supports maintaining central funding, at least at the current level, from the Office of Private and Voluntary Cooperation to enable United States cooperatives to share their self-help business approaches with developing and market transition countries. The Committee continues to support development efforts carried out by United States cooperatives and credit unions. These programs promote free markets, create business linkages with the United States, export American technology, and build local economies, and help create a friendly climate for new and expanding United States markets. They enable people to achieve dignity and lasting economic benefits through member-owned businesses.

## OIC INTERNATIONAL

The Committee encourages the Agency for International Development to extend its cooperative agreement with OIC International for not to exceed one year. The Committee recognizes the success of the organization's self-help and training programs. However, OIC International must begin competing for funding along with other organizations. The Committee requests AID to work with OIC International to develop the technical skills and program models to compete effectively, and urges the organization to pursue these goals as well.

## INTERNATIONAL FERTILIZER DEVELOPMENT CENTER

The Committee strongly supports the fertilizer-related research and development being conducted by the International Fertilizer Development Center (IFDC), and directs the Administrator of AID to make at least \$2,000,000 available for the core grant to IFDC.

## INTERNATIONAL EXECUTIVE SERVICE CORPS

The Committee supports the work of the International Executive Service Corps (IESC), which utilizes volunteers to help developing countries in the areas of business development. For fiscal year 1998 the Committee strongly urges AID to provide IESC with the level allocated for fiscal year 1997.

## DEVELOPMENT FUND FOR AFRICA

Funds provided under the unified development assistance account for fiscal year 1998 are to be used to implement the eleventh full year of the Development Fund for Africa (DFA). Recognizing that sub-Saharan African nations face unique development challenges, the DFA was created to permit the Agency for International Development to use development assistance resources in a more flexible fashion. As in 1996 and 1997, the Committee does not recommend a separate development assistance account for Africa or any other region.

The Committee has recommended increases in funding for both Development Assistance and Child Survival and Disease Programs Fund and therefore expects Africa to receive the fully requested amounts for these purposes in FY 1998.

The Committee expects that a significant portion of the resources provided for "Child Survival and Disease Programs Fund" and "Development assistance" will be committed to programs in sub-Saharan Africa, and expects AID to provide close coordination between activities funded in those accounts and the Development Fund for Africa. In addition, the Communicable Diseases Initiative is intended, in part, to address the increase in infectious diseases affecting sub-Saharan Africa. The allocation of funds from the Communicable Diseases Initiative will almost certainly result in an increase in funds for Africa over the 1997 level.

The authorities available for the Development Fund for Africa shall apply in providing assistance to sub-Saharan African through "Development assistance".

## INTERNATIONAL DISASTER ASSISTANCE

Fiscal year 1997 level .....	\$190,000,000
Fiscal year 1998 request .....	190,000,000
Committee recommendation .....	190,000,000

The Committee has recommended \$190,000,000 for the International Disaster Assistance account, the amount requested by the Administration and the same as the fiscal year 1997 level. Activities to be funded under this account include relief, rehabilitation, reconstruction and capacity building.

## KOSOVO

The Committee recommends that \$6,000,000 be provided for disaster assistance for the people of Kosovo. The humanitarian situation in this region continues to be grim and has created a population of nearly 20,000 refugees in Albania, straining that country's already weakened economy

## NORTHERN IRAQ

The Committee recommends that funds continue to be provided to refugees and internally displaced persons in Northern Iraq where the Kurdish population and other inhabitants continue to suffer shortages of food and medicine. Due to the tense situation in the area, non-governmental organizations and private voluntary organizations remain unable to meet these serious needs.

## DEBT RESTRUCTURING

Fiscal year 1997 level .....	\$27,000,000
Fiscal year 1998 request .....	34,000,000
Committee recommendation .....	27,000,000

The Committee has provided \$27,000,000 for debt restructuring for fiscal year 1998. This is the same as the 1997 level, but \$7,000,000 below the request. The Committee has not included bill language to expand the authorities available under this account to allow for the restructuring of debt generated by Commodity Credit Corporation loans and Public Law 480 loans. This issue should be addressed by the appropriate authorizing committee.

The Committee has not retained the requirement for notifications for the obligation of funds from this account. The Committee already receives reports from the Department of State regarding bilateral debt agreements, and therefore the notification requirement is redundant. However, the Committee requests quarterly reports on obligations made from the account, and the purposes for which the funds are obligated.

The Committee intends that debt restructuring for Jordan be completed as soon as practicable, and has included \$12,000,000 for this purpose, as requested.

## MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM

## SUBSIDY APPROPRIATIONS

Fiscal year 1997 enacted .....	\$1,500,000
Fiscal year 1998 request .....	1,500,000
Committee recommendation .....	1,500,000

## ESTIMATED LEVEL OF GUARANTEED LOANS

Fiscal year 1997 enacted .....	(\$39,000,000)
Fiscal year 1998 request .....	(48,000,000)
Committee recommendation .....	(48,000,000)

## OPERATING EXPENSES

1997 enacted .....	\$500,000
1998 budget request .....	500,000
Committee recommendation .....	500,000

The Committee is recommending \$1,500,000 in subsidy appropriations for the micro and small enterprise program. This level is the same as the 1997 enacted level and the budget estimate.

The proposed level of funding will provide \$48,000,000 in guarantee authority.

In addition, the Committee is recommending \$500,000 in administrative expenses, the same as the 1997 enacted level and the budget request.

## URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

## SUBSIDY APPROPRIATIONS

Fiscal year 1997 level .....	\$3,500,000
Fiscal year 1998 request .....	3,000,000
Committee recommendation .....	3,000,000

## ESTIMATED LEVEL OF GUARANTEED LOANS

Fiscal year 1997 level .....	(\$29,400,000)
Fiscal year 1998 request .....	(46,000,000)
Committee recommendation .....	(46,000,000)

## OPERATING EXPENSES

Fiscal year 1997 level .....	\$6,000,000
Fiscal year 1998 request .....	6,000,000
Committee recommendation .....	6,000,000

The Committee has recommended \$3,000,000 for subsidy appropriations for the urban and environmental program account for fiscal year 1998. This is the same as the budget request and \$500,000 below the enacted level. The name of the account has been changed, pursuant to the budget request. In addition, bill language has been included, consistent with the request, to clarify activities funded by the account.

An appropriation of \$6,000,000 is recommended for operating expenses. The recommendation is the same as the enacted level and the budget request.

## PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Fiscal year 1997 level .....	\$43,826,000
Fiscal year 1998 request .....	44,208,000
Committee recommendation .....	44,208,000

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

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL  
DEVELOPMENT

Fiscal year 1997 level .....	\$470,750,000
Fiscal year 1998 request .....	473,000,000
Committee recommendation .....	468,750,000

The Committee has recommended funding for Agency for International Development operating expenses at a level of \$468,750,000 which is \$4,250,000 below the Administration's request and \$2,000,000 below the amount provided for fiscal year 1997.

The Committee recommendation continues prior year language limiting funding for publications.

The Committee is recommending a reduction from the budget request in anticipation of higher than expected carryover balances.

SECURITY AT FEDERAL TRIANGLE BUILDING

The Committee is concerned that adequate precautions be taken to ensure the security of AID employees at the new building at the Federal Triangle. The Committee requests regular consultations on the progress of efforts in this regard, and would entertain a re-programming of funds to meet necessary security upgrades.

NEW MANAGEMENT SYSTEM

The Committee remains concerned about the status of the New Management System (NMS) at the Agency for International Development, including the AID-Worldwide Accounting and Control System (AWACS). The Committee is pleased the agency is working with the Inspector General to resolve the problems with the system. In addition, operations of AWACS have been suspended in the field until technical deficiencies are corrected, implementation issues are resolved, and testing shows the system—or a cost effective subset of the system—operates effectively and complies with Federal financial management system requirements. The Committee requests that AID report on a quarterly basis on the status of the New Management System, including the cumulative costs associated with designing, correcting, and implementing the system. Any costs for the NMS above those originally projected for fiscal year 1998 should be subject to review by the Committees on Appropriations. In addition, the Committee requests that the fiscal year 1999 budget justification documents for the Agency for International Development clearly identify the amounts requested for the NMS and its subsystems.

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

Fiscal year 1997 level .....	\$30,000,000
Fiscal year 1998 request .....	29,047,000
Committee recommendation .....	29,047,000

The Committee has recommended \$29,047,000 for the Office of the Inspector General of AID for fiscal year 1998, the same as the budget request but \$953,000 below the fiscal year 1997 level.

## OVERSEAS OFFICES

The Committee strongly supports the maintenance of a robust capacity for overseas audit and inspection activities. In that regard, the Committee strongly supports establishment of the proposed regional Inspector General office in Manila, as well as efforts to increase audit and inspection staff in Budapest. It is essential the AID Inspector General retain his capacity to adequately monitor the use of taxpayer funds overseas, and the existence of offices in these cities is an important component of this effort.

## NEW MANAGEMENT SYSTEM

The Committee appreciates the efforts of the Inspector General to maintain oversight of the New Management System, and encourages a continuation of these activities in fiscal year 1998.

## FINANCIAL AUDITS

The request for operating expenses for AID includes \$1,000,000 to reimburse the Defense Contract Audit Agency (DCAA) for pre-award and cost incurred audits. The Committee believes that the DCAA audits and the related AID reimbursement should be subject to the Inspector General's supervision and oversight.

## ECONOMIC SUPPORT FUND

Fiscal year 1997 level .....	\$2,343,000,000
Fiscal year 1998 request .....	2,497,600,000
Committee recommendation .....	2,400,000,000

The Committee has recommended a total of \$2,400,000,000 for the Economic Support Fund, an amount that is \$97,600,000 below the request and \$57,000,000 above the 1997 enacted level.

The Committee notes that funds for the Middle East continue to make up the largest portion of this account. It is the Committee's view that the Administration should make every effort to reallocate these funds in a manner which recognizes the fiscal responsibility required by balancing the budget, the many changes which have occurred in the Middle East over the past twenty years, and the new challenges and requirements which are constantly emerging in other parts of the world. In this regard, the Committee's funding recommendations for countries in the Middle East must be considered in light of current discussions between the Administration and the Congress on possible ways to reallocate Middle East funding to meet these new priorities.

## ISRAEL

The Committee recommends that not less than \$1,200,000,000 in Economic Support Funds be provided for Israel, which is the fiscal year 1997 level and the amount requested by the Administration. The Committee also requires in bill language that these funds be provided to Israel as a cash grant within thirty days of the signing of this act or by October 31, 1997, whichever is later.



## EGYPT

The Committee recommends that not less than \$815,000,000 in Economic Support Funds be provided for Egypt on a grant basis, which is the fiscal year 1997 level and the amount requested by the Administration. Cash transfer may be provided with the understanding that Egypt will continue to implement significant economic reforms. The Committee also strongly recommends that not less than \$200,000,000 of the funds allocated for Egypt be used for Commodity Import Program assistance.

## JORDAN

In January of this year, members of the Committee traveled to the Middle East to review programs and activities funded by the U.S. government and to receive an update on the peace process from the regional participants themselves. During this trip the members visited Jordan and met personally with King Hussein and senior members of the Government of Jordan. King Hussein and his senior advisors emphasized Jordan's commitment to the peace process, market reform and economic growth in Jordan, and a strong U.S.-Jordan relationship. The Committee expresses its strong support for and appreciation of Jordan's constructive and critical role in the peace process and encourages the Administration, in close consultation and cooperation with the Congress, to continue its efforts to assist Jordan in both the economic and security areas.

## 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.

## WEST BANK AND GAZA

The Committee supports assistance to the West Bank and Gaza. The Committee continues to believe that support by the United States for the economic and social development of Palestinians is an important contribution to the peace process. However, the Committee is extremely concerned by recent violence in the West Bank and Gaza and views these actions as extremely harmful to the peace process. Furthermore, the Committee is very concerned by reports that the Palestinian Authority may be implicated in the harassment and persecution of Palestinian Christians, including persons outside the jurisdiction of the Authority. The Committee urges the administration to investigate these allegations and to report to the Committees on Appropriations by the earliest possible date on the results of this investigation.

## PALESTINIAN COMPLIANCE WITH OSLO ACCORDS

The Committee is seriously concerned with the current atmosphere of the final status negotiations between the Palestinian Authority and the state of Israel. The Committee wants to register its displeasure with the apparent withdrawal of the Palestinian Authority from the joint security arrangements provided for by the Oslo Peace Accords. Furthermore, the Committee is disturbed with reports that senior officials of the Palestinian Authority intend to pursue the death penalty for Arabs who sell land to Jews. Additionally, the Committee is concerned about the result of audits, performed by the Palestinian Authority's auditing office, which found hundreds of millions of dollars have been misused by Palestinian officials.

Therefore the Committee directs the Secretary of State to prepare and deliver to the Committees on Appropriations within 120 days of enactment of this act a detailed report regarding the progress of the Palestinian Authority's compliance with the Oslo Peace Accords to include, but not be limited to, the following issues: (1) the Palestinian Authority's cooperation with Israeli security forces (2) repeal of the Palestinian Covenant, (3) steps taken to expunge from all official documents and publications of the Palestinian Authority depictions of a Palestinian state which does not acknowledge the presence of a sovereign state of Israel (4) the Palestinian Authority's honoring of extradition requests from the United States, Israel and other countries (5) the Palestinian Authority's progress toward repealing edicts imposing the death penalty on anyone who sells land to a Jew (6) are senior Palestinian officials involved in any way with terrorist operations affecting the state of Israel (7) and, provide a detailed accounting of all U.S. assistance provided to the Palestinian Authority or its representatives, affiliates, and agents.

## REPORT ON PEACE PROCESS

The Committee directs the Secretary of State to deliver a report to the Committees on Appropriations within 120 days of enactment of this act evaluating unilateral actions taken by any Middle East party, without adequate notice to the United States or other parties to the negotiations, that may have a bearing on the peace process.

## LEBANON

The Committee believes support for the people of Lebanon continues to be in the United States national interest. The Committee supports continued funding for Lebanon from both the development assistance and Economic Support Fund accounts.

## ECONOMIC BOYCOTT OF ISRAEL

The Committee has once again included language in the bill addressing the Arab League boycott of Israel under Sec. 541.

## MIDDLE EAST DESERTIFICATION

The Committee continues to believe the proposed Middle East and Mediterranean Desert Development Program for Combating

Desertification through Sustainable Desert Development offers an excellent opportunity to expand these successful efforts throughout the region and provide a framework for regional cooperation in the 21st century. By bringing together officials from countries in the region to discuss and share ideas and technology on ways to combat problems inherent in countries with desert environments, the Committee believes that significant progress can be made in stemming desertification in this threatened area. Therefore, the Committee recommends that up to \$5,000,000 be made available for this activity from the Economic Support Fund, development assistance or any other appropriate funds made available by this act.

#### ISRAELI-PALESTINIAN COOPERATION PROGRAM

The Committee notes with concern that the Middle East process has suffered recent setbacks. In order to promote better understanding and mutual respect between Israelis and Palestinians living in the West Bank and Gaza, the Committee believes the United States should encourage a broad range of educational, cultural and humanitarian activities which bring Palestinians and Israelis together. The Committee believes these activities can be successfully carried out by Israeli and/or Palestinian private voluntary organizations. The Committee therefore urges the Agency for International Development to provide up to \$500,000 in fiscal year 1998 for such activities.

#### BURMA

The Committee recommends the 1997 level for activities in support of democracy in Burma for fiscal year 1998, and encourages the use of the National Endowment for Democracy in the programming of a significant portion of these funds. The Committee requests the Administration continue its efforts to encourage the Thai government to provide a hospitable environment for Burmese proponents of democracy operating in Thailand.

The Committee is extremely concerned about recent attacks on refugees located along the Thai-Burmese border. The Committee encourages the Administration to work with the Government of Thailand to ensure that international standards regarding the treatment of refugees are maintained.

The Committee is concerned that 1996 funds were used in Burma for a development assistance project without consultation with the Congress. The Committee recommends that funds intended for Burma projects be used only for purposes intended by the Congress, such as promotion of democracy activities within and outside Burma and provision of humanitarian assistance to refugee populations in the border areas.

#### CHINA

The Committee encourages the Department of State to use all appropriate means to support the growth of democracy and democratic institutions, and the improvement of human rights, in China. In that regard, the Committee supports the creation of an East Asia-Pacific democracy fund, as proposed in the President's budget request. The Committee directs that the State Department submit

a report on the intended uses of this fund prior to the obligation of any funds for these purposes pursuant to the Committee's notification procedures, and that the Committee be consulted closely as the program is developed.

#### HONG KONG

The Committee will watch with great interest events in Hong Kong following the reversion to Chinese sovereignty. The Committee requests that the Administration employ all appropriate means to support democratic entities in Hong Kong during the year leading up to the post-transition parliamentary elections. Such support may include the provision of assistance to non-political organizations that support democracy and human rights in Hong Kong through a grant to the National Endowment for Democracy or a similar organization.

#### CYPRUS

The Committee recommends that every effort be made to provide \$15,000,000 in Economic Support Funds for scholarships and bicomunal projects in Cyprus. These funds provide a basis for mutual cooperation and preparation for these two societies to live together harmoniously by increasing inter-communal contacts. In this regard, the Committee strongly encourages the Administration to fulfill its pledge to reach a just solution to the Cyprus situation in 1997 by giving this matter attention at the highest levels and by working with all parties in an even-handed and fair manner. The Committee also commends the Administration for appointing Richard Holbrooke as a special Cyprus envoy.

#### CAMBODIA

The Committee supports the budget request for Cambodia, provided the country continues to maintain a democratic and peaceful status. As a result of the recent political violence in Cambodia, the Committee encourages strong leadership by the Administration to preserve the democratic gains Cambodia has achieved. The Committee also expresses its strong support for the rule of law program in Cambodia and efforts to reform the judicial system. The Committee also remains concerned about the issue of illegal logging in Cambodia, particularly in the Thai border areas, and strongly urges the Governments of Cambodia and Thailand to cooperate effectively in ending illegal logging activity.

#### MONGOLIA

The Committee supports the Administration request for Mongolia. The Committee remains pleased with Mongolia's progress towards democracy and a free market system and commends Mongolia for its excellent human rights record. The Committee also urges the administration to support efforts to protect Mongolia's national park system as well as projects or activities designed to promote the use of clean and more efficient energy sources.

## PAKISTAN

Consistent with language included in P.L. 104–107 (the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1996), the Committee recognizes the Government of Pakistan has not been reimbursed for the non-delivery of F–16 aircraft for which Pakistan paid more than \$500,000,000. The Committee urges the Administration to pursue every appropriate avenue to sell these aircraft in order to compensate the government of Pakistan for the costs of the undelivered aircraft.

## LATIN AMERICA AND THE CARIBBEAN

The Committee expects the Administration to fully fund the fiscal year 1998 Economic Support Fund request for Latin America. (Haiti is addressed separately below.) It remains the Committee's strong belief that given the importance of the region and the long history of United States support, it is essential that aid levels not be reduced further.

The Committee believes it remains in our country's interest to help our neighbors stabilize their economies and combat severe levels of poverty. In doing so, we help strengthen emerging democracies and create new markets for American exports. This growing trade activity supports millions of jobs here at home.

The Committee reiterates its long-standing view that our interests in this region of the world, in this time of transition, are vital and our obligations continue. It is essential that the people of Latin America and the Caribbean understand our commitment to the democratic development of this hemisphere.

## GUATEMALA

The Committee congratulates the Government and the people of Guatemala for achieving a peaceful settlement to the long and devastating civil war in Guatemala. The Committee strongly supports the successful implementation of the December 29, 1996, Peace Accords by all sectors of Guatemalan society. In March of this year, members of the Committee traveled to Guatemala to review implementation of the first phase of the Accord and to determine the proper role U.S. assistance could play in supporting reconciliation and an enduring peace. Members of the Committee met with President Arzu and his cabinet, former guerrilla leaders, human rights activists and private business leaders in an attempt to gain a broad perspective on the implementation of the peace agreement. As a result, the Committee strongly urges the Administration to meet all of its financial commitments in support of the successful implementation of this historic agreement. Furthermore, the Committee is convinced that the ability of institutions such as the judicial system to assume new roles and responsibilities will be vital in ensuring the success of the peace agreement. The Committee therefore strongly urges the Administration to provide substantial Administration of Justice support to Guatemala to help it improve its judicial system. The Committee expects Guatemala to take significant steps in this important area and fully utilize this valuable program.

The Committee requests the Government of Guatemala and AID to seriously consider using local currency generated by Economic Support Fund grants to restructure dollar denominated debt held by institutions of higher education in Guatemala. This debt has been repaid on time for many years, but, without some relief, continued repayment under current exchange rates now threatens the financial integrity of several institutions which are integral to implementation of the peace process.

#### NICARAGUA

The Chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs visited Nicaragua in May of this year and met personally with President Aleman and his Cabinet. The Committee commends President Aleman for the commitment of his government to market reform, economic growth and development, and the continued democratization of Nicaragua. The Committee strongly supports the existing Administration of Justice program in Nicaragua and commends the various branches of government in Nicaragua for their cooperative efforts in support of this program. The Committee also encourages the Administration to move forward expeditiously in supporting efforts by the Minister of Government and the First Commissioner of Police to improve the investigative skills of the Nicaraguan police. The police in Nicaragua must not fall behind other institutions in Nicaragua in the process of further democratization.

#### HAITI

The Committee continues to insist that U.S. assistance to Haiti be implemented in a manner which significantly advances market-based economic reforms and respect for the rule of law. The Committee emphasizes that funding for Haiti is being provided with the clear understanding that it will only be provided if the Haitian government is actually implementing a meaningful restructuring of the Haitian public sector. The privatization of parastatal companies and strict accountability for the effective use of donor resources are core reforms which were promised, but not accomplished, in prior years. The Committee recommends that assistance to the Government of Haiti provided in this Act be made contingent on the privatization of at least three parastatal enterprises.

The Committee has modified the existing general provision (section 567) on Haiti in order to focus on the most recent political killings. While Congress continues to support judicial resolution of extra-judicial killings prior to January 1996, the Committee recognizes that the Government of Haiti and American advisors in Haiti are more capable of resolving the killings that took place since the Special Investigating Unit was mobilized. The Committee also expects the Administration to abide by its written commitments to consult the Congress on the provision of aid to the Government of Haiti.

#### PERU

The Committee is concerned about the fate of a number of American citizens currently imprisoned in Peru. The Committee urges

the Administration to work with the Government of Peru to try these persons expeditiously, so they may apply for transfer to the United States to serve out their remaining prison sentences.

#### RELIGIOUS FREEDOM

The Committee is concerned that the Administration has yet to submit the report on religious persecution requested in the report accompanying the fiscal year 1997 appropriations act. The report was due on January 15, 1997. The Committee expects the Administration to submit this report at the earliest possible date.

The Committee remains concerned by reports of anti-Christian persecution around the world and that in some cases these reports come from countries which receive United States foreign assistance. In particular, the Committee is very concerned by reports of growing violence and discrimination against Coptic Christians and individuals who change their religion in Egypt, especially reports that these individuals may have been killed, targeted for extortion or arrested. The Committee once again urges the Department of State to be attentive to the growing problem of religious persecution and to reiterate United States support for religious freedom around the world and to actively express the strong concern of the United States Government to countries where known cases of religious persecution occur.

#### 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 1997 level .....	\$19,600,000
Fiscal year 1998 request .....	0
Committee recommendation .....	19,600,000

The Committee recommends \$19,600,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Funding of this amount was requested for this activity through the Economic Support Fund, but the Committee recommendation would continue a separate account for assistance to Ireland. The amount is the same as the 1997 enacted 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.

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

Fiscal year 1997 level .....	\$475,000,000
Fiscal year 1998 request .....	492,000,000
Committee recommendation .....	470,000,000

The Committee has recommended \$470,000,000 for Assistance for Eastern Europe and the Baltic States for fiscal year 1998. This is \$22,000,000 less than the budget request. However the Committee is recommending that \$25,000,000 requested in this account for

police training in Bosnia be provided through “International Narcotics Control”.

The Committee is recommending that the balance of \$3,000,000 remaining after the transfer be used for high priority activities in such emerging democracies as Romania, Bulgaria, and Macedonia. Such funds should be used primarily for non-governmental assistance by organizations such as the National Endowment for Democracy, which is able to respond quickly where new openings for democratic and free market reforms exist or where democracy is under attack as in Serbia.

However, the Committee is concerned by information received that American investors in Bulgaria have been victimized by persons with ties to the previous regime. The Committee recommends that the Government of Bulgaria make a good-faith and expeditious effort to discover legal avenues to have the mis-appropriated funds immediately returned to the American investors.

#### BOSNIA AND HERZEGOVINA

The Committee recommendation includes \$200,000,000 for the final year of reconstruction assistance to Bosnia and Herzegovina, as proposed in the budget request. The Committee expects funds will be made available to private voluntary organizations (PVO's) to foster reconciliation and assist in the process of reconstruction in Bosnia. Many PVO's have been active in the region for a number of years, and are uniquely qualified to assist AID in implementing reconstruction programs.

The Committee has recommended bill language, similar to that enacted as part of the Bosnia supplemental appropriation in Public Law 104-122, that prohibits the use of funds for the construction or repair of housing or residences, unless directly related to the efforts of United States troops to promote peace in Bosnia and Herzegovina; requires the written approval of the Administrator of AID for loans and projects under the Economic Reconstruction Program; subjects such funds to the provisions of section 531 of this act; withholds 50 percent of the funds for economic revitalization for Bosnia until the President certifies that Bosnia is in compliance with the Dayton Accord regarding the presence of foreign forces and has terminated intelligence cooperation with Iranian officials. In addition, bill language has been recommended to allow for the use of up to \$7,000,000 for restructuring debt owed by Bosnia to the United States. Similar language was included in Public Law 104-122, but the authority for the use of the funds expires at the end of fiscal year 1997.

#### ALBANIA

The Committee is concerned about the progress of democracy in Albania. United States assistance to that country should be dependent on the willingness of the government to continue economic and political reforms and to build an open, democratic society.

#### LEGAL INITIATIVES

The Committee encourages the Agency for International Development to continue to provide financial support for the Central and



Eastern European Law Initiative (CEELI), a project of the American Bar Association. CEELI has received grants to help Central and East Europe and the NIS create new legal frameworks based on the rule of law rather than through Party doctrine or caprice.

Through a variety of program components, CEELI is making available legal expertise to assist countries that are in the process of modifying or restructuring their laws or legal systems. CEELI emphasizes long-term engagement country-by-country and supports projects that facilitate extensive consultations with policy-makers, legal scholars, judges, and attorneys. CEELI has focused work in several critical priority areas: constitutional reform; judicial restructuring; bar reform; commercial law; criminal law and procedure; and legal education reform, and has helped develop and/or institutionalize self-sustaining indigenous non-governmental organizations (NGO's) in more than 22 countries.

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

Training, exchanges, and partnerships between the United States and the nations of Eurasia, Central Europe, and the southern tier of Europe continue to be an essential part of sustaining democracy. The Committee recommends that the Administration make best efforts to provide funding for the Russian, Eurasian, and East European Research and Training Program (title VIII) at the fiscal year 1996 level. Funding for the program should come from this account and from "Assistance for the New Independent States of the Former Soviet Union".

The Committee continues to support U.S. assistance for other graduate fellowship and professional training projects in both regions, such as those that provide opportunities for graduate study at U.S. institutions for outstanding graduate students and young professionals from Central and Eastern Europe.

The Committee recommends the East Central European Scholarship Program (ECESP) be continued at the same level as fiscal year 1997, in order to allow the program to begin a transition toward countries in the southern tier of Central Europe. The Orava project in Slovakia, which incorporates democratic concepts and practises into schools and teacher education programs, should also be reviewed for possible use as a pilot program.

The Committee also continues to support funding for partnership programs, and their extension into the southern tier of Europe. The Committee urges the Administration to complete funding commitments to worthy projects.

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

Fiscal year 1997 level .....	\$625,000,000
Fiscal year 1998 request .....	900,000,000
Committee recommendation .....	625,000,000

The Committee has recommended \$625,000,000 for Ukraine, Armenia, Georgia, Russia, and the new independent republics of the former Soviet Union. This is \$275,000,000 less than the request, and the same as the enacted 1997 level.

## JUSTIFICATION FOR RECOMMENDATION

There are positive developments in many nations that are helped by this account. Nonetheless, the Committee is reluctant to recommend a higher level at this time because of Congressional concern about inaction by the Russian Federation on nuclear transfers to Iran and Cuba and the uncertain status of economic reform and foreign investment in Ukraine. The President has freely used the many waivers Congress has provided to him to avoid limitations in prior year acts. As a result, the Committee is recommending a more restrictive waiver standard with regard to nuclear and missile technology transfers.

President Clinton's proposed increase in assistance for the Russian Federation must be considered in the absence of any commitment by President Yeltsin to adequately address the issue of transfer of Russian nuclear technology. Transfers to Iran and Cuba are addressed in the Committee's recommendations, but little or no progress has been reported to the Committee by the Administration following similar language in prior year appropriation acts.

The Committee has continued prior year language providing the funds "notwithstanding any other provision of law" and applying the provisions of section 498B(j) of the Foreign Assistance Act. The Committee has included long-standing language on territorial integrity, human rights, non-use of funds for enhancing military capacities, and providing all funds subject to notification.

The Committee has specifically continued several new provisions from the 1997 act, relating to: cost-sharing and regional experience, among grantees and contractors, and interest earned by enterprise funds.

## UKRAINE

Obligation of fiscal year 1997 funds for Ukraine has been delayed by lagging and regressive actions by the Government of Ukraine in the energy and agriculture sectors. Valid complaints against the Government of Ukraine by numerous American investors have been received by the Committee and discussed in two public hearings. The Vice President has taken these matters up in the May 1997 Gore-Kuchma Commission meeting in Washington, D.C. In addition, Public Law 105-18 included incentives for the Government of Ukraine to effectively act on these matters.

Over the past few weeks, the President of Ukraine has taken encouraging steps to revive the credibility of Ukraine, and has communicated with the Committee in this regard. The Committee encourages President Kuchma. As a further incentive for Ukraine to support the necessary reform efforts and end harassment of American investors, the Committee has recommended language that would withhold one-half of Ukraine's assistance and make it available for obligation only when the President has certified certain actions by the Government of Ukraine.

## OVERVIEW OF ASSISTANCE FOR THE NEW INDEPENDENT STATES

The Committee welcomes and supports the reform concepts of the President's Partnership for Freedom. By focusing the activities funded from this account on activities that are viable in the long

term and identifying regions and local institutions that share common values with the North Atlantic community, the false starts and questionable use of money that once characterized activities in this account can be avoided in the future. Any reduction from the request for this account for budgetary reasons should not be taken as a rejection by the Committee of the reform concepts embedded in the Partnership for Freedom. The available funds are provided to support the Partnership initiative.

The Committee strongly supports the shift toward a greater emphasis on economic development, trade, and U.S. investment. A fundamental transition of this kind is overdue. It continues to support efforts to promote civil society and small business development, as well as training and exchange programs which have demonstrated their value. The Committee would welcome additional emphasis in these programs on environmental health, child survival, including early childhood education, and family planning as an alternative to abortion. American support for national and local efforts to combat crime, corruption, and narcotics trafficking in Russia and the Black Sea region are funded in other appropriations acts as well as this one, but should not be overlooked by the Coordinator as he allocates the funds recommended by the Committee.

The Committee commends the Mission Director in Moscow for her effective response to allegations regarding outside activities by a prominent contractor, and it expects other senior officials to protect the integrity of U.S. assistance programs in the region.

The Committee commends the Coordinator of U.S. Assistance to the New Independent States of the Former Soviet Union who has the concurrent responsibilities of Special Advisor to the President. It notes that the Coordinator and his staff, together with the Assistant Administrator for the region at the Agency for International Development, have worked closely with the Committee on matters of mutual concern in a way which could be a model for other offices in the State Department and AID.

#### RUSSIA AND PROLIFERATION

The Committee modifies language from last year's bill dealing with Russian nuclear cooperation with Iran. The modified language now includes Russian ballistic missile cooperation with Iran. The Committee is extremely disturbed by media reports which indicate that Russian entities are extensively engaged with Iran in cooperative projects which 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 therefore has also raised the threshold in the waiver provisions to "vital to the national security interest of the United States" as opposed to "important to" as used in last year's act. In addition, the Committee language provides that the waiver may only be utilized for fifty percent of the funds allocated for Russia in 1998.

The Committee expresses its strong concern that the People's Republic of China is also engaged in an extensive proliferation program, including reported nuclear and ballistic missile cooperation with Iran, which seriously jeopardizes peace in the region and

poses a direct threat to United States troops deployed in the Middle East.

#### PROPOSED LAW ON RELIGION IN RUSSIA

The Committee is extremely concerned about the law on religion recently passed by the Federal Assembly. The law would significantly curtail the hard-won right to religious freedom in Russia by terminating the normal legal status of religious organizations not in existence 15 years ago and imposing harsh new registration restrictions on religious organizations and religious workers. The law contravenes guarantees of religious freedoms provided for in international covenants to which Russia is a signatory, including the European Convention (Article 9), the Helsinki Final Act (Article 18) and the United Nations Declaration on the Elimination of All Forms of Intolerance and Discrimination Based on Religion and Belief and has been viewed by observers in Russia and the international community as the most severe infringement on human rights in the post-Soviet era. The Committee commends President Boris Yeltsin for vetoing legislation in 1993 that would have similarly restricted religious freedom and for expressing concern about an earlier, milder version of the current legislation. The Committee encourages President Yeltsin take whatever steps are necessary to ensure that this legislation does not become law.

#### CORRUPTION

After two public hearings on the subject and numerous private meetings, the Committee concludes that rampant corruption and lack of transparency are the major obstacles to economic growth in most NIS nations. Corruption appears at every level of government, impeding business and undermining economic reforms. The Committee strongly encourages the Secretary of State and the Coordinator to take immediate steps to ensure that U.S. assistance is not going to individuals reliably reported to be involved in corruption. The Secretary and the Coordinator are directed to report to the relevant committees no later than 90 days of enactment of this Act on the use of U.S. assistance to help combat corruption in the former Soviet Union. The report should include complete documentation of directives issued by all federal agencies (other than intelligence agencies) to establish a firewall between American assistance and corrupt individuals.

#### CIVIL SOCIETY AND CONTINUED DEVELOPMENT OF A FREE PRESS

The Committee continues to support assistance for independent broadcast media throughout the former Soviet Union. Although this is proving to be a difficult task, it is a necessary component of genuine economic and political reform. The Committee expects that U.S. Ambassadors in each country will cooperate with efforts to promote civil society, especially efforts to expand access to quality licensed broadcast programming. Effective support for a free press includes training in commercial management, basic journalism, and development of an independent media infrastructure. At present this is a national effort, with organizations from California

to New York providing training and support. The Committee encourages this diversity.

#### ASSISTANCE FOR SMALL BUSINESS

Increasing assistance to small manufacturers in Russia, Ukraine, and elsewhere in the region is viewed by the Committee as a promising aspect of the Partnership for Freedom. Successful small loan and microcredit programs need to be expanded into additional regions. The use of American business volunteers, both active and retired, has proved beneficial to counterparts in the region. Several U.S.-funded programs in the region have informed the Committee that training and consulting assignments in-country are most effective when a percentage of the assistance is provided on a "cost-share" basis, and the Committee supports this approach. Programs that combine in-country assistance to small manufacturers with observation and training at U.S. production sites have reported greater effectiveness. This approach, pioneered by the Marshall Plan, should be expanded.

#### HEALTH, CHILD SURVIVAL, AND ENVIRONMENTAL POLLUTION

The Committee encourages AID to seriously consider funding cooperative efforts with private voluntary organizations and the U.S. medical community to assist with the transfer of surplus medical equipment and to facilitate cooperative programs with U.S. physicians who wish to volunteer their time and services to needy communities in Eastern Europe, the NIS and other areas in need throughout the developing world. AID should pay particular attention to eliminating bureaucratic barriers to these equipment transfers and for physicians who offer voluntary services.

The Committee encourages the Agency for International Development (AID) to focus resources on non-governmental, private organizations currently operating in the Ukraine who seek to implement a comprehensive program of physicians' training, prenatal and infant care. A child survival program of this type can reduce the incidence of birth complications, immune deficiencies and infant mortality. The Committee is particularly concerned for women and children in all regions affected by radiation from the 1986 disaster at Chernobyl.

#### ALLEVIATING LONG-TERM CONSEQUENCES OF THE CHERNOBYL NUCLEAR ACCIDENT

Fallout from the Chernobyl nuclear accident has contaminated large areas in Belarus, Russia, and Ukraine and continues to pose health hazards to those living in the region. Contamination through ingestion of irradiated products, particularly cesium and strontium in milk, and avoidance of milk due to concern about contamination, has had a major adverse impact on the health of children and families in Belarus and Ukraine.

The Committee supports the installation, and operation of effective and affordable technology to decontaminate milk supplies in the region. Emphasis should be placed on increasing the viability of privately-owned dairies and milk processing plants. The Committee requests the Coordinator to work with relevant U.S. agen-

cies and report to the Committee within 120 days of enactment of this act on the availability of American decontamination technology, and, if warranted, the allocation of funds from this account or the Child Survival and Disease Programs Fund to install milk decontamination systems in Ukraine and Belarus.

#### OPERATION SUPPORT FREEDOM

The Committee welcomes the support of the First Lady for Operation Support Freedom when its 500th flight departed Andrews Air Force Base in June 1997. The program has been an invaluable public-private partnership since its inception under the direction of the Coordinator's office. As a result of the leadership of former Senator Denton, over \$1,000,000,000 worth of donated humanitarian assistance was shipped to the NIS and Central Europe. The program raises \$128 through volunteer donations for every Federal dollar spent for administrative purposes. The Committee is aware of numerous obstacles placed in the way of small and medium sized donors under an AID replacement program which provides only "port-to-port" ocean freight shipping costs that donate goods through AID. The Committee requests that the Coordinator provide the Committee with a justification for turning over part of the successful Operation Support Freedom program to AID, the savings that will result, and steps he is taking to facilitate the shipment of small and medium sized donations. Unless the Committee's concerns can be addressed in a satisfactory manner through the new program, the Committee urges the Administration to reinstate the original Operation Support Freedom.

#### CAUCASUS CONFLICTS: ARMENIA, AZERBAIJAN, AND GEORGIA

In light of an expanded U.S. role in the Caucasus as co-chair of the Organization for Security and Cooperation in Europe (OSCE) Minsk Group, the Committee seeks to facilitate constructive engagement between Armenia and Azerbaijan to break the impasse that has halted progress towards settling the conflict over Karabagh. The Committee is prepared to work with the Executive branch to move from the current cease-fire in the region to a political settlement. Toward that end, the Committee urges the President and the Secretary of State to facilitate the resettlement of the hundreds of thousands of refugees and displaced persons in the region, and not to promote the semi-permanent camps that prolonged the plight of displaced Palestinians. In the interim, the Committee has provided authority for the President to provide direct assistance by American NGO's to refugees and displaced persons throughout the region including those in Nagorno-Karabagh.

The Committee is aware of ongoing discussions among the nations of the Caucasus region that may lead to the lifting of the blockades of Armenia and suspension of the restrictions on aid to the Government of Azerbaijan imposed by section 907. It welcomes the declaration of the United States, France, and the Russian Federation (the Minsk Group) at the June 1997 Denver Economic Summit. In an effort to promote a settlement of conflicts in the region, the Committee recommends that the Executive branch not utilize waivers of section 907 and the Humanitarian Corridor Act except in support of negotiations for a lasting settlement of con-

flicts between Armenia and its neighbors, and only after full consultation with Congress.

The Committee recommends a limited one-year waiver of section 907 of the FREEDOM Support Act for activities in support of democracy in Azerbaijan. It expects that the National Endowment for Democracy and its grantees will be used in this effort. The Committee directs that the Coordinator fully consult with it before allocating any funds for democracy activities in Azerbaijan.

The Committee reiterates the statement contained in last year's report on this bill that its actions regarding Armenia and Azerbaijan are not meant to express a view on the political status of Nagorno-Karabagh.

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.

#### ARMENIA

The Committee recognizes the important economic reforms being made by Armenia and fully supports the President's requested level of assistance to Armenia. Armenia's progress has not come without setbacks, but it continues to move forward despite tremendous obstacles. To provide additional flexibility for the Executive branch, the Committee would allow the President to provide \$95,000,000 in fiscal year 1998 from this or any other appropriations act.

Reports concerning Russian troops and equipment in Armenia have been addressed in other legislation. The Committee continues to fully support the sovereignty and independence of Armenia, and notes that its continued support for the Government of Armenia is contingent upon its compliance with international agreements and progress toward the removal of foreign troops from its territory.

The Committee requests that the President provide in any future justification of a waiver of the Humanitarian Aid Corridor Act more comprehensive, objective, and detailed documentation, including an assessment of the actual dollar costs incurred as a result of any blockades of U.S. humanitarian assistance.

#### GEORGIA

The Committee takes note of the remarkable economic progress that has taken place in the Republic of Georgia over the past four years. Georgia's rate of economic growth is the envy of its neighbors, although part of its Black Sea territory Abkhazia remains outside of national jurisdiction. Democracy has also taken root in Georgia.

Georgia's unstinting efforts to promote cooperation and development among the South Caucasus nations merit United States support. Alone among its neighbors, it recognizes that if the region is to have a prosperous future, all of the countries must cooperate to provide a bridge between Central Asia and Europe. In Georgia's view, that is possible only if it, Armenia, and Azerbaijan avoid becoming dependencies of Russia or Iran. Georgian leaders encourage Armenia to take advantage of its strategic importance within the

region and become less dependent on its Diaspora community. If warranted by need and viable development proposals, there is no reason that the level of assistance to Georgia should not be increased.

#### AZERBAIJAN

The Committee supports President Clinton's efforts to improve relations between Azerbaijan and the United States in the context of a solution to regional conflicts. When steps are taken to open transit routes between Azerbaijan and all of its neighbors, especially for shipment of humanitarian assistance, the Committee requests that the President actively consider increases in the level of economic cooperation with Azerbaijan. Until such steps are taken, the Committee must follow existing law.

#### RUSSIAN-AMERICAN AND OTHER ENTERPRISE FUND

In general, the Committee expects the Coordinators, officials of all enterprise funds, and AID to keep it closely informed about matters affecting enterprise funds. Aware of different operating procedures in each fund, the Committee encourages each enterprise fund to minimize administrative costs incurred in the United States. The governing boards of the funds should not be allowed to direct legal and other fiduciary work to firms that employ any member of the board. Furthermore, the Committee directs the Coordinators, in consultation with AID and the enterprise fund boards, to provide the Committee no later than February 1, 1998, a written summary of significant developments during 1997 in policy, operations, and financial accountability at each enterprise fund. The report should also include a summary of pending or anticipated policy changes during 1998.

The Committee has not included language proposed by the Administration which would allow up to \$50,000,000 to be used for credit subsidy appropriations on behalf of enterprise funds.

#### MATCHING FUNDS FOR CIVILIAN SCIENTISTS AND ENGINEERS

The Committee again encourages the Coordinator and Special Advisor to the President to seriously consider providing adequate funds to match private and Department of Defense funds in support of the R&D Foundation located at the National Science Foundation that supports civilian, non-defense research and development activities through private sector linkages between scientists and engineers in the United States and in the states of the former Soviet Union. The Foundation is authorized by section 511 of P.L. 102-511 and is governed by a Board of Directors.

#### AMERICAN BUSINESS CENTERS AND CENTERS FOR BUSINESS SKILLS DEVELOPMENT

A major priority of the Partnership for Freedom initiative is the promotion of trade and investment in the new independent states. The Committee finds that American business centers and centers for business skills development are effective ways to promote both American and local investment in the region. Expansion of the existing network of combined business centers and centers for busi-



ness skills development in 3 to 5 emerging growth regions designated under the Partnership should be seriously considered by the Coordinator. U.S. providers of international graduate management education with experience in the region should be included in the list of bidders for this project.

## INDEPENDENT AGENCIES

### INTER-AMERICAN FOUNDATION

Fiscal year 1997 level .....	(\$20,000,000)
Fiscal year 1998 request .....	22,000,000
Committee recommendation .....	20,000,000

The Committee recommendation provides \$20,000,000 for the Inter-American Foundation, the same amount provided in fiscal year 1997 through "Development assistance". However, the Committee has also provided authority under that account for an additional \$2,000,000 for the Foundation. If this authority is exercised, the Foundation will receive its full budget request.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both private and public.

### AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 1997 level .....	(\$11,500,000)
Fiscal year 1998 request .....	14,000,000
Committee recommendation .....	11,500,000

The Committee has recommended funding for the African Development Foundation at a level of \$11,500,000, \$2,500,000 less than the amount requested by the Administration and the same as the amount provided in fiscal year 1997 through the "Development assistance" account. However, the Committee has also provided authority under that account for an additional \$2,500,000 for the Foundation. If this authority is exercised, the Foundation will receive its full budget request.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both public and private.

### PEACE CORPS

Fiscal year 1997 level .....	\$208,000,000
Fiscal year 1998 request .....	222,000,000
Committee recommendation .....	222,000,000

The Committee recommends Peace Corps funding of \$222,000,000. This is the amount requested, but \$14,000,000 above the 1997 enacted level. When the recommended transfer to the Peace Corps of \$12,000,000 from the NIS account during 1997 is factored in, consistent with prior year practice, the increase is \$2,000,000. Prior year language addressing purchase of motor vehicles, abortion, and ability of funds has been continued in the bill.

The Committee supports the work of the Peace Corps, and notes that the Corps has undertaken a process of consolidation after its expansion in recent years. The Peace Corps entered numerous new countries, five of which are in Eastern Europe, since 1989. While this rapid expansion was welcome at the time and reflective of a worldwide trend toward democracy, the new determination to move

toward a balanced budget led the Peace Corps to anticipate probable future reductions in funding. The Committee commends the Director for his leadership in this regard. The Congress has traditionally taken the lead in ensuring adequate funding levels for the Peace Corps.

## DEPARTMENT OF STATE

### INTERNATIONAL NARCOTICS CONTROL

Fiscal year 1997 level .....	\$213,000,000
Fiscal year 1998 request .....	230,000,000
Committee recommendation .....	230,000,000

The Committee has recommended \$230,000,000 for "International Narcotics Control". This is \$17,000,000 above the appropriated level for 1997, and the same as the budget request.

The Committee intends that \$25,000,000 in funds requested in "Assistance for Eastern Europe and the Baltic States" for police training activities in Bosnia will be made available from funds appropriated in this account. The Committee notes that obligations of funds for this activity have not matched the budget request for the past two fiscal years, and encourages the Bureau of International Narcotics and Law Enforcement to carefully manage this program to minimize the impact on other programs in this account. In addition, the Committee encourages the State Department to seek funds from other nations for police training activities in Bosnia. Currently this program is almost exclusively funded by the United States.

The Committee notes that section 520 applies to the use of narcotics control funds for countries such as Colombia and Peru.

### LATIN AMERICA LAW ENFORCEMENT TRAINING FACILITY

The Committee supports establishment of a regional law enforcement training center for Latin America, modeled on the International Law Enforcement Academy (ILEA) in Hungary. Funds are included in the fiscal year 1998 budget request to establish such a center. The Committee believes that, given the proximity of the United States to Latin America, it is appropriate for such a center to be located in the United States. An existing facility, the deBremmond Training Center in Roswell, New Mexico, is available for such a center. The Committee urges the Department of State to review this facility and to establish the training center at this site if it has the capacity to handle the training needs projected by the Bureau of International Narcotics and Law Enforcement Affairs.

### ACCOUNTABILITY AND HUMAN RIGHTS

The Committee has retained language from the 1997 act which prohibits funds for any unit of the security forces of a foreign country if the Secretary of State has credible evidence to believe such unit has committed gross violations of human rights unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking steps to bring the responsible members of the security forces to justice.

The Committee believes that the counter-narcotics human rights provision must be retained to ensure that U.S. assistance does not go to units involved in human rights violations and to ensure the success of the U.S. counter-narcotics effort. The Committee welcomes the Administration's vigorous support for this provision and expects that it will continue existing policy of applying the provision to excess defense articles used for counter-narcotics purposes.

In that regard, the Committee notes the continuing delay in the publication of end use monitoring reports. The Committee requests the Department of State include in each country section credible reports of human rights violations perpetrated by any security unit receiving United States assistance involved in counter-narcotics operations. Such end use reports should be published in a timely manner, and past years reports should be published as soon as possible.

#### COLOMBIA

The Committee is very concerned about continuing reports of human rights violations in Colombia. The Committee is aware that a human rights unit has been established in the Colombian Attorney General's office, but its operational capacity is limited due to lack of resources. The Committee encourages the Government of Colombia to provide the resources necessary for this office to function effectively.

#### MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1997 level .....	\$650,000,000
Fiscal year 1998 request .....	650,000,000
Committee recommendation .....	650,000,000

The Committee has recommended \$650,000,000 for "Migration and Refugee Assistance", the amount requested by the President and the same level as that provided for fiscal year 1997. A limitation of \$12,000,000 is recommended for administrative expenses. Combined with the Emergency Refugee and Migration Assistance Fund and Refugee Resettlement Assistance, there will be a total of \$705,000,000 available in fiscal year 1998 for assistance to refugees. The Committee believes that in light of the world wide refugee emergency, appropriations for this account should not be below the budget request.

#### TIBETAN REFUGEES

The Committee supports continued funding to assist Tibetan refugees, and expects that \$2,000,000 will be provided for this purpose. The Committee requests a report by February 1, 1998, on its plans for implementing this assistance, and on the history of, and future plans for, this program.

#### ISRAEL

The Committee strongly recommends continuation of the \$80,000,000 provided last year for the resettlement of Soviet, Eastern European and other refugees resettling in Israel. These funds are included in the budget request.

## UNACCOMPANIED CHILDREN

The Committee is concerned about the more than 1,000,000 refugee children who are orphaned, separated from their parents, or have other special needs as a result of armed conflict or other causes of forced migration. The Committee recommends that the United States take the lead in this area by providing approximately \$5,000,000 in fiscal year 1998 for unaccompanied refugee children. The primary purpose of this funding should be to help establish a fund through the United Nations High Commissioner for Refugees for vulnerable refugee children, particularly those separated from their parents.

## REFUGEE RESETTLEMENT ASSISTANCE

Fiscal year 1997 level .....	\$5,000,000
Fiscal year 1998 request .....	0
Committee recommendation .....	5,000,000

The Committee recommendation includes \$5,000,000 for the targeted assistance program for refugee resettlement administered by the Department of Health and Human Services. There was no budget request for this item.

These funds will augment the 10-percent of the targeted assistance program which is set-aside for grants to localities most heavily impacted by the influx of refugees such as Laotian Hmong, Cambodians and Soviet Pentecostals, including secondary migrants who entered the United States after October 1, 1979.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE  
FUND

Fiscal year 1997 level .....	\$50,000,000
Fiscal year 1998 request .....	50,000,000
Committee recommendation .....	50,000,000

The Committee has recommended \$50,000,000 for the Emergency Refugee and Migration Assistance Fund. This is the same as the 1997 enacted level and the budget request.

## ANTI-TERRORISM ASSISTANCE

Fiscal year 1997 level .....	(\$18,000,000)
Fiscal year 1998 request .....	19,000,000
Committee recommendation .....	0

The Committee has combined these activities with those funded in the following account and two programs previously funded in "International Organizations and Programs" in the "Nonproliferation, Anti-terrorism, Demining, and Related Programs" account.

## NONPROLIFERATION AND DISARMAMENT FUND

Fiscal year 1997 level .....	(\$15,000,000)
Fiscal year 1998 request .....	15,000,000
Committee recommendation .....	0

The Committee has combined these activities with those funded in the previous account and two programs previously funded in "International Organizations and Programs" in the "Nonproliferation, Anti-terrorism, Demining, and Related Programs" account.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED  
PROGRAMS

Fiscal year 1997 level .....	\$151,000,000
Fiscal year 1998 request .....	0
Committee recommendation .....	118,000,000

In order to fully support and implement the increased emphasis the Congress and the President have placed on nonproliferation, anti-terrorism and demining activities, as well as to provide the executive branch with more flexibility in administering funds for these activities, the committee has retained the "Nonproliferation, Anti-terrorism, Demining, and Related Programs" account.

Funding for demining activities requested by the Administration in "Foreign Military Financing Program" as well as funding for two nonproliferation activities (the Korean Peninsula Energy Development Organization and the U.S. voluntary contribution to the International Atomic Energy Agency) are also included in this account.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

	Fiscal years—		Committee
	1997	1998 request	
Anti-terrorism .....	\$18,000,000	\$19,000,000	\$19,000,000
NDF .....	15,000,000	15,000,000	15,000,000
Demining .....	7,000,000	15,000,000	20,000,000
IAEA .....	36,000,000	36,000,000	36,000,000
KEDO .....	25,000,000	30,000,000	25,000,000
Israel Anti-terrorism .....	50,000,000	0	0
Export Controls .....	0	0	3,000,000
Total .....	151,000,000	115,000,000	118,000,000

The committee fully funds the Administration request for the Nonproliferation and Disarmament Fund, Anti-terrorism Assistance and the U.S. contribution to the IAEA, increases demining funds by \$5,000,000 over the request, and provides \$3,000,000 to support export control activities.

ANTI-TERRORISM ASSISTANCE

The Committee supports the Administration's request and recommends \$19,000,000 for anti-terrorism assistance.

TERRORIST ORGANIZATIONS

The Committee is concerned that the Secretary of State has not used the authority provided by section 302 of Public Law 104-132, The Antiterrorism and Effective Death Penalty Act of 1996, to designate organizations that engage in terrorist activities. This authority is critical to preventing international terrorist groups from using the United States as a safe haven to raise funds and coordinate their activities.

NONPROLIFERATION AND DISARMAMENT FUND

The Committee supports the Administration's request and recommends \$15,000,000 for the Nonproliferation and Disarmament Fund. The Committee strongly supports the core nonproliferation

activities of the NDF which are to be designed to provide the Secretary of State with a flexible funding source to respond to urgent, unanticipated nonproliferation activities of immediate concern to the United States. Longer term programmatic activities, such as export controls, should be funded separately and therefore subject to the normal conditions for legislative oversight and review. For this reason the Committee recommends that \$3,000,000 in NADR account funds be used to support export control related activities. With respect to the NDF and export control activities funded in NADR, the Committee strongly opposes using funds provided for these activities to support salaries and expenses. The Committee also believes that as the Secretary of State considers reorganization of the United States foreign policy establishment she should maintain the critical relationship between NDF and the policy elements of the State Department and not allow NDF to be subsumed by the administrative elements of the Department.

#### DEMINING ACTIVITIES

The Committee recommends \$20,000,000 for demining activities, an increase of \$5,000,000 over the fiscal year 1998 request. Last year the Committee urged the Administration to substantially improve interagency coordination of the U.S. government's demining activities and to unify, to the extent feasible, the budget for this important activity which enjoys strong support in the Congress. The Committee also directed the Secretary of State, in consultation with the Secretary of Defense, to provide a report to the Committees on Appropriations not later than January 15, 1997, on these issues. The Committee commends the Administration for providing a thorough, detailed report, on a timely basis, in response to the Committee's request.

#### DEMINING IN CAMBODIA

Members of the Committee visited Cambodia in January of this year. During their visit they met with officials from the Cambodian Mine Action Committee (CMAC) and were very impressed with their dedication and extensive activities, as well as the enormity of the mine problem which exists in Cambodia today. In response to these findings, the Committee recommends \$3,000,000 be made available for demining activities in Cambodia.

#### DEMINING RESEARCH

The Committee directs the Secretary of Defense to review the synergy, cost savings and efficiencies that would result from the collocation of the Unexploded Ordnance (UXO) Center of Excellence with the expertise and capabilities in ordnance, mines, countermines and demolitions already existing at the Army Research, Development and Engineering Center (ARDEC).

#### KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

The Committee also provides that not to exceed \$25,000,000 may be made available for the United States contribution to the Korean Peninsula Energy Development Organization (KEDO) and these funds may only be used for administrative expenses and heavy fuel

oil costs. This is equal to last year's funding level for KEDO and \$5,000,000 less than the Administration request. The Committee notes that strong concern exists in the Congress that even indirectly supporting a nation which is a duly designated terrorist state, in all likelihood retains an ongoing nuclear weapons program, continues to wantonly proliferate weapons of mass destruction to other terrorist states, and is knowingly allowing its own people to face mass starvation, is at best a questionable undertaking. Nonetheless, despite these reservations, the Committee has not acted to impede the Administration's policy. The Committee has once again included bill language which requires that any obligation of funds for KEDO shall be subject to the regular notification procedures of the Committees on Appropriations.

KEDO BURDEN SHARING

The Committee continues to strongly believe it is essential that other nations share the financial burden in responding to the North Korean nuclear threat. The United States stations 37,000 uniformed Americans in South Korea and spends over \$2,500,000,000 per year to ensure stability and peace on the Korean peninsula. The Committee fully expects other nations to do their share and fund the heavy fuel oil component of the Agreed Framework. The Committee is also very concerned that KEDO has assumed nearly \$50,000,000 in unpaid obligations relating to the delivery of heavy fuel oil. The Committee views with the most serious concern any action by the U.S. government which assumes debts and obligations absent congressional authority and appropriation. The Committee is hopeful that the new Secretary of State will directly address this issue, particularly with respect to enlisting the support of other nations in responding to North Korea's nuclear proliferation activities. The Committee did not waive the statutory provisions which currently prohibit the provision of assistance to North Korea.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 1997 level .....	\$43,475,000
Fiscal year 1998 request .....	50,000,000
Committee recommendation .....	50,000,000

The Committee recommends the Administration request of \$50,000,000 for the International Military Education and Training program. The Committee recommendation reflects its continued support for the IMET program, particularly those new programs initiated in the NIS and Central Europe since 1991. In 1998, more than half of the increase requested for this account is allocated to these nations.

The Committee included bill language limiting Indonesia and Guatemala to expanded IMET only. The Committee is aware that in the case of Indonesia, the Government of Indonesia has informed the Administration that it will not utilize expanded IMET in 1998. In providing expanded IMET to Indonesia in prior years the Com-

mittee hoped this training would substantially improve the human rights performance of the Indonesian military. The Committee notes that by rejecting expanded IMET training, Indonesia creates the perception that it is not interested in improving the human rights performance of the Indonesian military. The Committee believes this is a mistake. The Committee has not dropped the language in the bill limiting Indonesia to expanded IMET, despite the Indonesia government's statement that it will not accept it. The Committee is concerned that if the Government of Indonesia changes its position and this language is absent, Indonesia would be eligible for regular IMET. The Committee has not changed its view that military training for Indonesia should be limited only to expanded IMET. Related to this, the Committee was disturbed to learn that Indonesia is purchasing military training from the United States. The Committee believes that all military training for Indonesia, whether purchased or grant, should be limited only to expanded IMET.

#### IMET, HUMAN RIGHTS AND ECONOMIC DEVELOPMENT

The Committee continues to support both the IMET program and its "Expanded IMET" component. The Committee supports a substantial human rights component in programs for all IMET countries, including information on international human rights conventions, human rights law in the recipient's country, American human rights law and policy, and appropriate behavior by military personnel. The Committee supports the holding of IMET field seminars that bring together elements of the military and indigenous human rights groups. The Committee also supports inclusion of a substantial number of civilian employees of foreign governments in IMET programs. In this regard, the Chairman of the Foreign Operations, Export Financing and Related Programs subcommittee visited Nicaragua in May of this year and was very impressed by the Embassy's initiative to provide expanded IMET training to select civilian members of the Ministry of Defense. The Committee believes that the IMET program and its expanded IMET component offer the military of other nations full exposure to how the United States military performs as a professional, highly respected institution in a civil, democratic society governed by the rule of law. It remains the Committee's view that the attainment of such a military must be a fundamental objective of any underdeveloped nation in its pursuit of economic growth and prosperity and that the IMET program plays an important role in supporting this objective.

#### SCHOOL OF THE AMERICAS

While funds in this act are not the primary funding source for the School of the Americas, over the past year and a half the Committee has carefully reviewed the activities of the School of the Americas to make certain that grant IMET funds used to support students at the School are being appropriately utilized to support United States national security objectives and to improve the professionalism of Latin American militaries. As a result of this review, the Committee includes new bill language which will: make it clear that the School is not engaged in any inappropriate activities, strengthen the screening and selection process used to identify



candidates for the School, and provide a post-instruction assessment process which will enable the School to continue to improve the training curriculum. The Committee believes that it is essential that these actions be taken by the Administration as soon as possible. Therefore the Committee withholds the obligation of IMET funds to support training at the School of the Americas until certain specific actions are taken by the Administration. First the Secretary of Defense must certify that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel and, the Secretary of State, in consultation with the Secretary of Defense, has developed and issued specific guidelines governing the selection and screening of candidates for instruction at the School of the Americas. Second, the Secretary of Defense must submit to the Committees on Appropriations a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1996. With respect to part one of the certification, it is not the intent of the Committee that "fully consistent" be interpreted as identical to U.S. training. The Committee's concern is specifically with respect to human rights training, in which case the Committee believes training by the School of the Americas should be fully consistent with the United States government's statutory and executive order obligations and limitations in this area.

#### SCHOOL OF THE AMERICAS REPORT

The Committee, in House Report 104-600, instructed the Secretary of Defense, in consultation with the Secretary of State, to prepare and submit to the Committees on Appropriations no later than January 15, 1997, a report on the School of the Americas at Fort Benning, Georgia. The Committee notes with great displeasure that the report was not delivered until June 25, 1997. Furthermore, the Committee wants to register its dissatisfaction with the manner in which this report was conducted. This report is woefully inadequate and does not respond to the Committee's specific request. The Committee wishes to impress upon the Secretary of Defense the significance it places on thorough and timely reports.

#### GLOBAL GUIDELINES

The Committee believes that it would be useful for the Administration to develop uniform guidelines for the screening and selection of all IMET candidates. While the committee's review of the IMET screening and selection processes in Latin America indicated that the embassies visited were thorough, well-coordinated and aware of the importance of these activities, the procedures were individually developed rather than based upon any broad set of general screening and selection guidelines. The Committee is concerned that other embassies may not be as attentive to this issue as the embassies visited; therefore the new bill language is meant to remedy this potential problem. If such uniform guidance is not currently available for the rest of the IMET program, the Commit-

tee is of the strong view that the Secretary of State, in consultation with the Secretary of Defense, should develop appropriate guidelines at the earliest possible date.

#### FOREIGN MILITARY FINANCING PROGRAM

##### GRANTS

Fiscal year 1997 level .....	\$3,224,000,000
Fiscal year 1998 request .....	3,274,250,000
Committee recommendation .....	3,259,250,000

##### SUBSIDY APPROPRIATIONS

Fiscal year 1997 level .....	\$60,000,000
Fiscal year 1998 request .....	66,000,000
Committee recommendation .....	60,000,000

##### LOANS

Fiscal year 1997 level .....	(\$540,000,000)
Fiscal year 1998 request .....	(699,500,000)
Committee recommendation .....	(657,000,000)

The Committee has recommended \$3,259,250,000 in Foreign Military Financing grants, and \$60,000,000 as a subsidy appropriation for loans. The amount provided for the subsidy appropriation will support a loan program totaling \$657,000,000. Thus, the total program level of foreign military grants and loans for fiscal year 1996 is \$3,916,250,000. This program level is \$57,500,000 below the amount requested by the President for fiscal year 1998 and \$152,250,000 above last year's program level for grants and loans.

##### ISRAEL

The Committee recommends a total Foreign Military Financing Program of not less than \$1,800,000,000 in grants for Israel. These funds are to be disbursed within thirty days of enactment of this act or by October 31, 1997, whichever is later.

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 not less than \$475,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development.

The Committee remains concerned that Israel's technological military edge could erode as a result of the unrestrained sales of advanced military equipment to Israel's potential adversaries by other nations and the increasing sophistication and cost of advanced weapons systems. Therefore, the Committee continues to believe the United States must make every effort to carry out its long-standing policy of ensuring that Israel's technological edge is maintained.

##### EGYPT

The Committee recommends a total Foreign Military Financing Program for Egypt of not less than \$1,300,000,000 in Foreign Military Financing grants. In January of this year, Members of the

Committee visited Egypt and met with Egyptian President Mubarak. Members noted Egypt's strategic location, its immediate proximity to Libya and Sudan both of which actively support international terrorism, its critical contribution during the Gulf War in resisting Iraqi aggression, and its essential role in the Middle East peace process. The Committee believes that continued military cooperation between Egypt and the United States remains in the national security interests of both countries. Furthermore, the Committee understands that the Government of Egypt is considering the acquisition of a tactical command and control system for its Army. The Committee strongly recommends that they purchase a system manufactured by a U.S. company, one which is compatible with systems used by the U.S. army.

#### JORDAN

The Committee strongly supports the Administration's efforts to improve Jordanian security. Members of the Committee visited Jordan in January and met personally with King Hussein and his senior advisers. The Committee is well aware that Jordan's security requirements are extensive, particularly in the areas of ground force modernization and border security. In this regard, the Committee recommends that Jordan pay special attention to border security and consider the acquisition of a border surveillance system which will ensure its ability to protect the integrity of its borders.

#### WARSAW INITIATIVE AND PARTNERSHIP FOR PEACE NATIONS

The Committee continues to support the President's January 1994 Warsaw Initiative to provide military assistance to Partnership for Peace (PFP) nations. The Committee believes the 1998 request will continue to enhance security and stability in Europe by promoting the standardization and interoperability, as well as the continued downsizing, of the armed forces of participating nations, particularly those of nations most likely to be considered for NATO membership. The fiscal year 1998 request for \$70,000,000 represents a modest increase of \$3,100,000 from 1997. The Committee also strongly supports the Regional Airspace Initiative for Estonia, Latvia and Lithuania.

#### PARTNERSHIP FOR PEACE NOTIFICATION

The Committee includes a provision stating that no FMF grant assistance shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations. The Committee would note that while Russia is a member of the Partnership for Peace, the Committee repeats prior year report language that it strongly believes it is still extremely premature to consider providing military assistance to Russia.

#### ADMINISTRATIVE EXPENSES

The Committee has continued a limitation on administrative expenses of \$23,250,000, the level requested by the Administration and the same level approved for 1997. The Committee expects the

Department of Defense to carefully review administrative expenses in an effort to reduce expenditures.

#### FOREIGN MILITARY FINANCING SURCHARGE

The Committee has included an overall limitation of Foreign Military Financing operating costs of \$350,000,000, unless notified through the Committee's fifteen day notification process. This is \$5,000,000 less than last year and reflects a revised estimate transmitted to the Committee on June 23, 1997 by General Thomas Rhame, Director of the Defense Security Assistance Agency. The Committee believes that it is important to retain this overall limitation in order to ensure that funds collected to pay for personnel dedicated to the operation of the FMF system are used for that purpose only.

#### EXCESS SUBSIDY COSTS

The Committee has included prior year language allowing the subsidy costs of direct loans to be used to supplement funds available for grants under certain conditions and vice versa.

#### 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.

#### LOANS

The Committee has included a provision in the bill limiting loans to \$657,000,000.

#### FMF LOAN CRITERIA

The Committee is disturbed by the apparent modification of existing Administration policy regarding credit rating eligibility for the FMF loan program. The Committee notes that in previous years funds were made available for the FMF loan program based upon a clear understanding, provided by the Administration at the time funds were being requested, of its loan criteria. The Committee considers this a very serious issue and the Committee expects the Administration to consult with the Committee on this issue at the earliest possible date.

#### PROCUREMENT AGREEMENTS

The Committee has continued prior year language requiring recipients of Foreign Military Financing to sign agreements with the United States prior to using FMF funds to finance the procurement of any item not sold by the United States under the Arms Export Control Act.

#### PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Sudan and Liberia. The Administration did not request military assistance for these countries for fiscal year 1998. While the Committee is mindful of the significant advances in the

peace process and market reforms contributing to the economic progress for the people of Guatemala, it is not yet ready to lift the prohibition on military assistance for Guatemala in 1998.

#### FMF LOANS FOR GREECE AND TURKEY

The Committee reaffirms that 1996 marked the graduation of both Greece and Turkey as annual FMF loan program recipients for the purpose of supporting major new weapons acquisitions. The administration's fiscal year 1998 request for FMF loans for Greece and Turkey is the same as the 1997 program level and is to be used to support upgrades or replacement parts for existing U.S. origin equipment currently in the inventories of the Turkish and Greek armed forces.

#### SPECIAL DEFENSE ACQUISITION FUND

Language requested by the Administration for this account is included in section 535. Section 535 extends to fiscal year 2000 the authority provided by the Committee in Public Law 103-306 to utilize a portion of SDAF receipts to implement the close out of SDAF. In fiscal year 1998, receipts from the decapitalization of SDAF will produce a reduction in the deficit of approximately \$106,000,000.

#### PERU

The Committee notes that the Administration has not requested FMF funds for Peru in 1998 and the Committee supports this position. The Committee would further note that if FMF funds are requested in FY98 the request would be subject to the regular notification procedures of the Committees on Appropriations.

#### MOROCCO

Members of the Committee visited Morocco in January of this year to discuss key issues in U.S.-Moroccan relations, particularly in the security area. The Committee notes that Morocco is a key friend and ally and therefore the Committee recommends that up to \$2,000,000 in FMF be made available to Morocco to support U.S. origin equipment. The Committee, also emphasizes its support for the mission of former Secretary of State James Baker to resolve issues pertaining to the Western Sahara. In light of the Baker mission and recognizing Morocco's right of legitimate self defense, the Administration should ensure that U.S. military equipment sold or provided to Morocco should not be used in Western Sahara in a manner inconsistent with the United Nations Settlement Plan, particularly those provisions of the cease fire dealing with the deployment of military equipment.

#### PEACEKEEPING TRAINING

The Committee notes that the Administration is requesting \$12,000,000 in FMF funds to support peacekeeping related training and other peacekeeping support activities. This in addition to funds requested for 1998 in the "Peacekeeping Operations" account.

## ARMS SALES TO LATIN AMERICA REPORT

The Committee directs the Secretary of State, in consultation with the Secretary of Defense, to provide to the Committees on Appropriations, within 90 days of enactment of this act, a report detailing the security needs in Latin America and the impact of lifting the existing U.S. ban on high technology weapons sales to the region.

## PEACEKEEPING OPERATIONS

Fiscal year 1997 level .....	\$65,000,000
Fiscal year 1998 request .....	90,000,000
Committee recommendation .....	77,500,000

The Committee recommends \$77,500,000 for voluntary contributions for International Peacekeeping Operations. This amount is \$12,500,000 above the level provided in fiscal year 1997 and \$12,500,000 below the President's request. The Committee notes that the Administration has also requested \$12,000,000 in FMF funds for peacekeeping training and activities in Africa and to support the Enhanced Peacekeeping Initiative.

## AFRICAN CRISIS RESPONSE INITIATIVE

The Committee has thoroughly reviewed the Administration's African Crisis Response Initiative and supports efforts to develop an African regional capability to respond to low-intensity peacekeeping activities either in lieu of United States troops or in cooperation with them. The Committee initially expressed concern over the vagueness of the anticipated command and control relationships, as well as which countries or organizations would exercise operational and political control over the potential uses of these African peacekeeping capabilities. The Committee has been assured by the Administration that the command arrangements will be sub-regional, regional, possibly with United States or West European participation depending on the situation, and when appropriate or requested by African states or organizations, UN sanctioned.

## VOLUNTARY CONTRIBUTIONS TO WAR CRIMES TRIBUNALS

The Committee strongly supports the efforts of the two war crimes tribunals in their work to ensure the impartial administration of justice regarding war crimes committed during the Bosnian and African Great Lakes conflicts. To further this effort, up to \$3,000,000 of the funds appropriated in this account should be provided to the tribunals as voluntary contributions. However, the Committee notes that most of the funds for these activities is provided through assessed contributions to the United Nations. In addition, the Committee is aware of a report issued on March 11, 1997, by the Secretary General of the United Nations on the 1997 resource requirements for the International Tribunal for the Former Yugoslavia. This report was prepared by the Under Secretary General for Internal Oversight Services, and recommended a number of steps to reduce costs and establish procedures for assessing resource needs. The Committee strongly supports additional funding for the tribunals, if such funding is justified consistent with established budgeting standards.

## TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

## INTERNATIONAL FINANCIAL INSTITUTIONS OVERVIEW

The Committee is keenly aware of the fact that the multilateral development banks have served American interests in many ways. Many of them have supported, and continue to support, American businesses in opening new markets and securing financing unavailable from commercial markets. The “leveraging effect” of more than \$20 made available to developing economies for every dollar appropriated by Congress has enabled the Committee to prudently reduce the size of its foreign operations appropriations acts over the past decade. These factors—the impact on American business and maximum “leveraging” ratios—have guided the Committee in its recommendations.

Another factor entered into the Committee’s deliberations: the growing role of the private sector in developing nations that have until recently chosen to undertake development through centrally planned or state-dominated economic models. Two years ago, the Committee heard dramatic testimony about the fast growing sector for American exports, private sector infrastructure projects, mostly in the areas of energy and telecommunications. Several successful participants in such projects have volunteered that certain of the MDB’s had been vital to their undertakings which promote sustainable development abroad and good jobs in the United States.

## AGRICULTURE

The Committee has long recognized that one of the most effective means of fostering sustainable economic growth in developing countries is promotion of agriculture and rural development. The Committee again encourages all multilateral development banks to increase resources devoted to these areas. It invites other MDB’s to review the World Bank’s efforts to develop new and more effective projects in the area of agriculture and rural development.

## FUNDING TRENDS

Finally, the Committee commends the Department of Treasury for its understanding of budget realities in negotiating reduced future commitments to the multilateral development banks. There is broad support among the Committee for clearing past due U.S. payments as soon as feasible. This may be possible during fiscal year 1998 due to the special provisions included in the budget resolution for this purpose.

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

## SOCIAL ASSESSMENT

The Committee is pleased that the World Bank has incorporated environmental impact statements into its project approval process, and encourages the Bank to implement a similar policy providing for community consultation during the project development process.

## LOANS TO TERRORIST STATES

Although generally supportive of the basic principles and objectives of the World Bank under the management of President Wolfensohn, the Committee is convinced that provision of loans to Iran and Syria, countries that openly support international terrorism, would diminish support for the Bank in Congress.

## CONTRIBUTION TO THE GLOBAL ENVIRONMENT FACILITY

Fiscal year 1997 level .....	\$35,000,000
Fiscal year 1998 request .....	100,000,000
Committee recommendation .....	35,000,000

The Committee recommends \$35,000,000 for the Global Environment Facility (GEF), administered by the International Bank for Reconstruction and Development (IBRD). The recommendation is the same as the 1997 enacted level.

The Committee welcomes the new medium grants window at the GEF that will improve procurement efficiency, be more accessible to field implementing agencies, and facilitate the role of conservation organizations in implementing the GEF's mission of protecting biodiversity. The Committee expects to closely monitor implementation of the new mechanism over the next fiscal year.

The Committee notes that, in many developing countries, NGOs have superior capacity and expertise to implement biodiversity conservation projects, and therefore the United States should continue to press for improved access for NGOs to GEF funding.

## CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 1997 level .....	\$700,000,000
Fiscal year 1998 request .....	1,034,504,000
Committee recommendation .....	606,000,000

The Committee is providing \$606,000,000 toward the U.S. contribution to the Eleventh Replenishment of the International Development Association, a reduction of \$94,000,000 below the 1997 enacted level. The Committee wishes to make clear that the decision to provide less than the full request is a result of necessary budgetary constraints and the decision by other donors to continue to deny American companies access to procurement for the \$1,000,000,000 remaining from the intended \$3,000,000,000 Interim Trust Fund.

The Committee has included a new provision withholding all IDA funds from obligation until the Secretary of the Treasury certifies to the Committees on Appropriations that procurement restrictions imposed by the Interim Trust Fund have been lifted, and that the remaining balance is available for open competition.

## EXPLANATION OF RECOMMENDATION

The Committee remains concerned about the formation of an Interim Trust Fund within the International Development Association (IDA), because American companies have been denied the opportunity to bid on contracts and projects funded from this entity.

Punitive restrictions by IDA on procurement by U.S. companies cannot be ignored by the Committee in light of its provision of



more than 20 percent of IDA funds over the past 35 years while receiving only 10 percent of IDA procurement.

The Committee supports U.S. participation in this development program which is directed toward the poorest countries in the world, but also finances relatively well-off nations. The Committee recognizes that IDA could play an important role in building markets for U.S. exports, as well as enhancing the effectiveness of U.S. bilateral export promotion programs.

#### IDA AND CHINA

The Committee strongly urges the Administration to oppose further IDA loans to the People's Republic of China in light of its current strong economic performance and its abysmal human rights record. China should be graduated from IDA, as recommended by the Department of Treasury, and this recommendation should be implemented as soon as possible.

#### INTERNATIONAL FINANCE CORPORATION

Fiscal year 1997 level .....	\$6,656,000
Fiscal year 1998 request .....	0
Committee recommendation .....	0

The Committee recommends that the Secretary of the Treasury consult with Congress regarding future financial requirements of the International Finance Corporation. The major reorganization of the World Bank Group now underway places major new emphasis on activities now undertaken solely by the IFC, raising the possibility that IFC staff will be diverted to IDA and IBRD projects, or that the IFC will require a capital increase in the near future if it is designated the World Bank Group's sole implementing agency for direct private sector investment.

Negative environmental impacts of certain IFC investments and financing operations are of continuing concern to the Committee. It reiterates that the U.S. executive director and Treasury Department officials should use their influence to bring IFC into compliance with section 521 of P.L. 101-240 (known as the Pelosi amendment).

The Committee strongly encourages the IFC to adopt an accountability mechanism, as recommended by President Wolfensohn, to encourage community participation in IFC project development. An inspection panel mechanism could be implemented by the IFC that would protect clients' privacy while providing local people with effective recourse.

#### CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

##### INTER-REGIONAL PAID-IN CAPITAL

Fiscal year 1997 level .....	\$25,610,667
Fiscal year 1998 request .....	25,610,667
Committee recommendation .....	25,610,667

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal 1997 level .....	(\$1,503,718,910)
Fiscal 1998 request .....	(1,503,718,910)
Committee recommendation .....	(1,503,718,910)

## FUND FOR SPECIAL OPERATIONS

Fiscal year 1997 level .....	\$10,000,000
Fiscal year 1998 request .....	20,835,000
Committee recommendation .....	20,835,000

The Committee has recommended funding for Inter-regional paid-in capital of \$25,610,667 for fiscal year 1998, the same amount as the President's request for the Inter-American Development Bank. The Committee has recommended a limitation on callable capital of \$1,503,718,910 for fiscal year 1998.

## FUND FOR SPECIAL OPERATIONS

The Committee recommends \$20,835,000 for fiscal year 1998 for the soft-loan Fund for Special Operations, the same as the amount requested and \$10,835,000 more than the fiscal year 1997 level. The Committee notes that Inter-American Development Bank management is considering a plan to make the FSO self-sustaining within a few years. Confirmation of this graduation policy will be of interest to the Committee.

## MULTILATERAL INVESTMENT FUND

Fiscal year 1997 level .....	\$27,500,000
Fiscal year 1998 request .....	30,000,000
Committee recommendation .....	0

The Committee defers funding for the Administration's request of \$30,000,000 for a past-due U.S. contribution to the Multilateral Investment Fund (MIF) until it has been satisfied that the MIF is making a unique contribution to the social and economic development of the hemisphere, as the Committee was assured when the MIF was first established. At present, there is little evidence to differentiate the activities of the MIF from those of the Inter-American Development Bank's Fund for Special Operations. The Committee notes that it recommended full funding of the FSO.

## CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

## PAID-IN CAPITAL

Fiscal year 1997 level .....	\$13,221,596
Fiscal year 1998 request .....	13,221,596
Committee recommendation .....	13,221,596

## (LIMITATION ON CALLABLE CAPITAL)

Fiscal year 1997 level .....	(\$647,858,204)
Fiscal year 1998 request .....	(647,858,204)
Committee recommendation .....	(647,858,204)

## ASIAN DEVELOPMENT FUND

Fiscal year 1997 level .....	\$100,000,000
Fiscal year 1998 request .....	150,000,000
Committee recommendation .....	100,000,000

The Administration is requesting \$13,221,596 for paid-in capital and a limitation of \$647,858,204 on callable capital subscriptions (which do not require appropriations) of the Asian Development

Bank. The Committee recommends an amount that is the same as the request and the 1997 enacted level.

The recommendation for the soft-loan Asian Development Fund is \$100,000,000, the amount provided in fiscal year 1997, but \$50,000,000 less than the amount requested and needed to meet a four year schedule, recently negotiated with other donor countries, for payment of past due pledges.

#### CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 1997 level .....	0
Fiscal year 1998 Budget Estimate .....	\$50,000,000
Committee recommendation .....	25,000,000

The Committee is encouraged by the new management of the African Development Bank and Fund, and appreciates the efforts of the U.S. Executive Director to promote overdue reform at the Bank and Fund. The Committee views the \$25,000,000 recommended for 1998 as a downpayment, with future funding contingent upon continued recovery and progress by the African Development Fund.

#### NIGERIA

Although no funds were provided in fiscal year 1997 for the African Development Bank, and no funds are requested for fiscal year 1998, the Committee is aware that renewed requests for the Bank may be forthcoming. Before considering future requests for the African Development Bank, the Committee expects to closely monitor its anticipated lending to Nigeria. There has been no measurable progress on human rights in Nigeria. The legitimately elected leader of Nigeria remains incarcerated and large numbers of pro-democracy activists have been arrested this year. The Committee strongly recommends that the U.S. Executive Director at the African Development Bank and her counterparts and other international financial institutions oppose any lending to Nigeria.

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

##### PAID-IN CAPITAL

Fiscal year 1997 level .....	\$11,916,447
Fiscal year 1997 request .....	35,778,717
Committee recommendation .....	35,778,717

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal year 1997 level .....	(\$27,805,043)
Fiscal year 1998 request .....	(123,237,803)
Committee recommendation .....	(123,237,803)

The Committee is recommending \$35,778,717 for the European Bank for Reconstruction and Development. This amount is significantly less than the \$70,000,000 provided in fiscal year 1996 and the same as the President's request.

After a difficult start-up period, the EBRD has made exceptional progress in its aim of financing the private sector in Central and Eastern Europe. During 1996, more than 70 percent of EBRD's

commitments went to the new private sector in the region. For the most part, this financing was available only through the EBRD.

As the Committee begins to cut back somewhat on its bilateral appropriations for Central Europe, it anticipates that market-rate credits from multilateral institutions such as the EBRD and the IBRD can finance the economic growth that is needed to support democracy and free markets in the region. The Committee is encouraged the EBRD has agreed that its forthcoming replenishment will be its first and last request for public sector funds. The EBRD expects to become the first multilateral bank to become self-sustaining and dependent on profits and private funds.

#### NORTH AMERICAN DEVELOPMENT BANK

##### PAID-IN CAPITAL

Fiscal year 1997 level .....	\$56,000,000
Fiscal year 1997 request .....	56,500,000
Committee recommendation .....	56,500,000

##### (LIMITATION ON CALLABLE CAPITAL)

Fiscal year 1996 level .....	(\$318,750,000)
Fiscal year 1997 request .....	(318,750,000)
Committee recommendation .....	(318,750,000)

The Administration is requesting \$56,500,000 for paid-in capital and a limitation of \$318,750,000 on callable capital subscriptions (which do not require appropriations) of the North American Development Bank. The request is \$500,000 above the 1997 enacted level. The Committee recommends the full request. The North American Development Bank was created and is governed by the United States and Mexico as part of the North American Free Trade Agreement. This is the third and final year funding has been recommended in this bill; an initial U.S. investment to mobilize NADBank was directly appropriated in the NAFTA Implementation Act.

The NADBank is unique among the multilateral development banks, as it is specifically designed to fund projects that will have either a direct or indirect impact on the United States and its citizens. It was designed to provide between \$2,000,000,000 and \$3,000,000,000 in financing for high priority environmental infrastructure projects, ninety percent of which are within 60 miles of the border and ten percent elsewhere when directly tied to NAFTA-related job displacement.

The primary purpose of NADBank is to finance environmental infrastructure projects along the U.S.-Mexican border, particularly in the areas of wastewater treatment, drinking water, and municipal solid waste. Only projects certified by the U.S.-Mexican Border Environment Cooperation Commission, a new institution designed to assist border states and local communities in coordinating border clean-up, will be eligible for NADBank financing.

INTERNATIONAL MONETARY FUND  
CONTRIBUTION TO THE ENHANCED STRUCTURAL ADJUSTMENT  
FACILITY

Fiscal year 1997 level .....	0
Fiscal year 1998 request .....	\$7,000,000
Committee recommendation .....	0

The Committee is unable to recommend any funding in fiscal 1998 for the Enhanced Structural Adjustment Facility of the International Monetary Fund. The President requested \$7,000,000 for this purpose, less than 30 percent of the amount requested and denied in fiscal year 1996 and the same as the amount denied in fiscal year 1997.

NEW ARRANGEMENTS TO BORROW

Fiscal year 1997 level .....	0
Fiscal year 1998 request .....	\$3,521,000,000
Committee recommendation .....	0

The Committee defers action on this matter until further action by the committee of jurisdiction. The New Arrangements to Borrow (NAB) is a contingent loan arrangement in support of the International Monetary Fund. The NAB is somewhat similar to the General Arrangements to Borrow (GAB) for which United States participation was approved on two previous occasions, under Presidents Kennedy and Reagan.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 1997 level .....	\$169,950,000
Fiscal year 1998 request .....	365,000,000
Committee recommendation .....	194,000,000

The Committee is recommending \$194,000,000 for International Organizations and Programs. This is \$24,050,000 above the fiscal year 1997 level and \$271,000,000 below the President's request. However, as in fiscal year 1997, the Committee has shifted \$100,000,000 for a grant to UNICEF from this account to "Child Survival and Disease Programs Fund" under title II. It has also shifted funds for the International Atomic Energy Agency (IAEA) and the Korea Peninsula Energy Development Organization (KEDO) from this account to "Nonproliferation, anti-terrorism, demining and related programs" under title II. Therefore, on a comparable basis, the recommendation is \$5,000,000 below the President's request.

The Committee recommendation includes bill language carried in the 1997 appropriations act that limits funding for the United Nations Population Fund (UNFPA) to a maximum level of \$25,000,000, \$5,000,000 below the request. It also states that not more than one-half of this amount may be made available to UNFPA before March 1, 1998, and that no later than February 15, 1998, the Secretary of State shall submit a report to the Committees on Appropriations indicating the amount UNFPA is budgeting for China in 1998. If UNFPA plans to spend any funds in China in 1998, such funds shall be deducted from the funds to be made available to UNFPA after March 1, 1998. The language also re-

quires UNFPA to maintain such funds in a separate account and not commingle them with any other funds.

#### FUNDING LEVELS

The Committee recommendation also includes bill language prohibiting the use of funds for the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA). Both organizations are funded under “Nonproliferation, anti-terrorism, demining and related programs”.

The Committee supports funding for the United Nations Voluntary Fund for Victims of Torture at least at last year’s level, and expects the State Department to make best efforts to provide up to \$3,000,000. In addition, the Committee supports the budget request for the United Nations Development Program.

The Committee also supports funding at the budget request for international conservation programs, including the Convention on International Trade in Endangered Species (CITES), the World Conservation Union (IUCN), the International Tropical Timber Organization (ITTO), and the Ramsar Convention on Wetlands of International Importance.

#### UNICEF

The Committee has included bill language prohibiting the use of funds appropriated under this heading for the United Nations development group or for any similar organization. This prohibition is not intended to limit funds for the ongoing operations of the United Nations Development Program (UNDP) or the United Nations Population Fund (UNFPA). However, the Committee is very concerned about proposals to consolidate these organizations, along with the United Nations Children’s Fund (UNICEF), into a new United Nations development group. The Committee strongly opposes any proposal that would compromise the ability of UNICEF to focus on its primary mission—assisting the children of the world. Such a proposal could also jeopardize the ability of UNICEF to raise funds from the private sector. The Committee expects the State Department to take every step possible to ensure that the ability of UNICEF to perform its important mission is not compromised. In that regard, the Committee will carefully follow developments in this area, and cautions that future support for voluntary contributions for United Nations organizations could be adversely affected if UNICEF’s operational autonomy is not maintained.

#### GOVERNMENT PERFORMANCE AND RESULTS ACT

The Committee considers the full and effective implementation of the Government Performance and Results Act, P.L. 103–62, to be a priority for all agencies of government.

Starting with fiscal year 1999, the Results Act requires each agency to “prepare an annual performance plan covering each program activity set forth in the budget of such agency”. Specifically, for each program activity the agency is required to “establish performance goals to define the level of performance to be achieved by a program activity” and “performance indicators to be used in as-

sessing the relevant outputs, service levels, and outcomes of each program activity”.

The Committee takes this requirement of the Results Act very seriously and plans to carefully examine agency performance goals and measures during the appropriations process. As a result, starting with the fiscal year 1999 appropriations cycle, the Committee will consider agencies progress in articulating clear, definitive, and results-oriented (outcome) goals and measures as it reviews requests for appropriations.

The Committee suggests agencies examine their program activities in light of their strategic goals to determine whether any changes or realignments would facilitate a more accurate and informed presentation of budgetary information. Agencies are encouraged to consult with the Committee as they consider such revisions prior to finalizing any requests pursuant to 31 U.S.C. 1104. The Committee will consider any requests with a view toward ensuring that fiscal year 1999 and subsequent budget submissions display amounts requested against program activity structures for which annual performance goals and measures have been established.

#### TITLE V—GENERAL PROVISIONS

The Committee recommends that many of the general provisions carried in the fiscal year 1997 act be deleted. These provisions are either addressed elsewhere in permanent law, have been considered by the authorizing committee, or are no longer necessary.

The Committee has recommended the following new and revised general provisions.

Sec. 502, “Prohibition of Bilateral Funding for International Financial Institutions” has been modified with the new clause, “Notwithstanding section 614 of the Foreign Assistance Act of 1961”.

Sec. 509, “Transfers Between Accounts” requires notification, restoring language that was in place prior to fiscal year 1997.

Sec. 512, “Limitation on Assistance to Countries in Default” is modified by adding Liberia to list of waiver-eligible countries.

Sec. 515, “Notification Requirements” is modified to delete “Debt restructuring” since it is redundant.

Sec. 518A, “Authorization of Population Planning” deletes all language except for limitation of \$385,000,000 on funds for population planning.

Sec. 520, “Special Notification Requirements” is modified to delete Zaire, Dominican Republic, and Guatemala and add Panama and Democratic Republic of Congo.

Sec. 524, “Reciprocal Leasing” is modified by extending the authority through fiscal year 1998.

Sec. 526, “Authorization Requirement” makes funds in act “subject to” authorization requirement.

Sec. 533, “Compliance with UN Sanctions Against Iraq” is modified to delete reference to Serbia or Montenegro, per President’s request; and to delete language on import sanctions, which is not under the jurisdiction of the Appropriations Committee.

Sec. 535, “Extension of Authority to Obligate Funds to Close the Special Defense Acquisition Fund” extends the authorities to close out this fund until the end of fiscal year 1999.

Sec. 540, "Special Authorities" is modified to delete language on the Khmer Rouge and modification of the funding ceiling under section 451 of the Foreign Assistance Act.

Sec. 541, "Policy on Terminating the Arab League Boycott of Israel" is modified by expressing concern about the reinstatement of the boycott, and urging League members to normalize relations with Israel.

Sec. 543, "Eligibility for Assistance" is modified, per the request, to include programs under chapter 11, and chapter 4 of part II, of the Foreign Assistance Act.

Sec. 546, "Prohibition on Publicity or Propaganda" reduces funding ceiling for activities authorized under section 316 of P.L. 96-533 from \$750,000 to \$500,000.

Sec. 551, "Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism" is updated to change time frame for which this section applies from contracts entered into "after the date of enactment of this Act" to "after April 24, 1996."

Sec. 556, "Landmines" is modified to delete proviso which changed permanent law.

Sec. 559, "Equitable Allocation of Funds" funding ceiling decreased from 20 percent to 18 percent for any one country in Latin America and the Caribbean region.

Sec. 562, "International Development Association" is modified to provide for an authorization of appropriations of \$606,000,000, the same level recommended in title IV.

Sec. 565, "Guatemala" is modified to remove a prohibition on IMET funding from the provision, and the prohibition on FMF financing is modified to allow such financing only if the military is cooperating fully with the implementation of the peace agreement; other restrictions from fiscal year 1997 remain in effect.

Sec. 567, "Limitation on Assistance for Haiti" is modified; deletes reference to killings prior to enactment of 1996 Act; substitutes anti-narcotics and rule of law assistance for term "development" and adds economic reform conditions.

Sec. 571, a new provision, provides that not more than \$40,000,000 from "Economic Support Fund" may be made available for Turkey and that of this amount not less than fifty percent of the assistance provided shall be utilized to: support private non-governmental organizations engaged in strengthening democratic institutions in Turkey, provide economic assistance for individuals and communities affected by civil unrest, and, support and promote peaceful solutions and economic development which will contribute to the settlement of regional problems in Turkey.

#### PROVISIONS RETAINED FROM FISCAL YEAR 1996

The following general provisions from the fiscal year 1997 bill were retained in the fiscal year 1998 bill unchanged except for new section numbers where appropriate:

Sec. 501. Obligations During Last Month of Availability.

Sec. 503. Limitation on Residence Expenses.

Sec. 504. Limitation on Expenses.

Sec. 505. Limitation on Representational Allowances.

Sec. 506. Prohibition on Financing Nuclear Goods.



- Sec. 507. Prohibition Against Direct Funding of Certain Countries.
- Sec. 508. Military Coups.
- Sec. 510. Deobligation/Reobligation Authority.
- Sec. 511. Availability of Funds.
- Sec. 513. Commerce and Trade.
- Sec. 514. Surplus Commodities.
- Sec. 516. Limitation on Availability of Funds.
- Sec. 517. Economic Support Fund Assistance for Israel.
- Sec. 518. Prohibition on Funding for Abortions and Involuntary Sterilizations.
- Sec. 519. Reporting Requirement.
- Sec. 521. Definition of Program, Project, and Activity.
- Sec. 522. Child Survival and AIDS Activities.
- Sec. 523. Prohibition Against Indirect Funding to Certain Countries.
- Sec. 525. Notification on Excess Defense Equipment.
- Sec. 527. Prohibition on Bilateral Assistance to Terrorist Countries.
- Sec. 528. Commercial Leasing of Defense Articles.
- Sec. 528A. Competitive Insurance.
- Sec. 529. Stingers in the Persian Gulf Region.
- Sec. 530. Debt for Development.
- Sec. 531. Separate Accounts.
- Sec. 532. Compensation for U.S. Executive Directors.
- Sec. 534. Competitive Pricing for Sales of Defense Articles.
- Sec. 536. Cash Flow Financing.
- Sec. 537. Authorities for the Peace Corps, The Inter-American Foundation and the African Development Foundation.
- Sec. 538. Impact on Jobs in the United States.
- Sec. 539. Restrictions on the Termination of Sanctions Against Serbia and Montenegro.
- Sec. 542. Anti-Narcotics Activities.
- Sec. 544. Earmarks.
- Sec. 545. Ceilings and Earmarks.
- Sec. 547. Use of American Resources.
- Sec. 548. Prohibition of Payments to UN Members.
- Sec. 549. Consulting Services.
- Sec. 550. Private Voluntary Organizations—Documentation.
- Sec. 552. Withholding of Assistance for Parking Fines Owed by Foreign Countries.
- Sec. 553. Limitation on Assistance for the West Bank and Gaza.
- Sec. 554. Export Financing Transfer Authorities.
- Sec. 555. War Crimes Tribunals.
- Sec. 557. Restrictions Concerning the Palestinian Authority.
- Sec. 558. Prohibition on Payment of Certain Expenses.
- Sec. 560. Purchase of American-Made Equipment and Products.
- Sec. 561. Limitation of Funds for North American Development Bank.
- Sec. 563. Special Debt Relief for the Poorest.
- Sec. 564. Authority to Engage in Debt Buybacks or Sales.

Sec. 566. Sanctions Against Countries Harboring War Criminals.

Sec. 568. Requirement for Disclosure of Foreign Aid in Report of Secretary of State.

Sec. 569. Restrictions on Voluntary Contributions to United Nations Agencies.

Sec. 570. North Korea.

### MISCELLANEOUS INFORMATION

#### COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 602(b) of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

#### FISCAL YEAR 1998 APPROPRIATIONS

[Dollars in millions]

	Budget authority	Outlays
Sec. 602(b):		
Discretionary .....	12,500	13,050
Mandatory .....	44	44
Total .....	12,544	13,094
This bill:		
Discretionary .....	12,267	13,011
Mandatory .....	44	44
Total .....	12,311	13,055

The bill provides no new spending authority as described in section 401(c)(2) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), as amended.

#### FIVE-YEAR PROJECTION OF OUTLAYS

In compliance with section 308(a)(1)(C) of the Congressional Budget Act of 1974 (Public Law 93-344 as amended), the following table contains five-year projections associated with the budget authority provided in the accompanying bill.

#### *Fiscal Year 1998 Appropriations*

	<i>Millions</i>
Budget authority .....	\$12,311
Outlays .....	13,059
Fiscal Year:	
1998 .....	5,018
1999 .....	3,743
2000 .....	1,401
2001 .....	775
2002 and future years .....	809

## ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(D) of the Congressional Budget Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying bill contains \$4,000,000 in budget authority and \$1,000,000 in budget outlays for State or local governments.

## CONSTITUTIONAL AUTHORITY

Clause 2(1)(4) of rule XI 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, rule XXI of the Rules of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill which directly or indirectly change the application of existing law. Most of the language has been provided in previous 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 1998 have not yet been enacted. The bill allows funds appropriated in the bill to be obligated subject to an 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 which have been carried in the bill in past years.

4. Under “Overseas Private Investment Corporation”, the corporation is authorized to make expenditures, and it is stated that administrative expenses shall not include project-specific costs and other related costs. In addition, funds are authorized to be derived by transfer from the noncredit account. Finally, funds are authorized for administrative expenses by transfer from the noncredit account.

5. Funds are provided for the Trade and Development Agency, and the agency is authorized to receive reimbursements from cor-

porations and other entities to cover the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection and to be available for obligation until September 30, 1998, for necessary expenses. However, funds would not be available to cover the direct or indirect costs of administration.

6. Under "Development Assistance" the bill contains provisions relating to abortion that were carried in the 1997 act.

7. Under "Private and Voluntary Organizations", the Committee includes a provision that funds appropriated under title II should be made available to PVOs at a level which is equivalent to the level provided in fiscal year 1995. It also continues provisions continued from last year on minimum funds from private sources.

8. Under "International Disaster Assistance", funds are made available for rehabilitation and reconstruction assistance.

9. Under "Debt restructuring", funds are made available for modifying direct loans and loan guarantees, including the cost of selling, reducing, or canceling amounts, through debt buybacks and swaps, owed to the United States as a result of concessional loans made to eligible Latin American and Caribbean countries.

10. In title II, funds are provided for micro and small enterprise direct loans and loan guarantees, and administrative expenses are appropriated which may be transferred to the operating expenses account of the Agency for International Development.

11. In title II, funds are appropriated for the administrative costs of the urban and environmental credit program, and such funds may be transferred to the operating expenses account of the Agency for International Development.

12. Under "Operating Expenses of the United States Agency for International Development", the Committee has placed a ceiling of \$25,000 on the amount of such funds that can be used to pay printing costs of certain reports or studies.

13. Under "International Fund for Ireland", \$19,600,000 is provided, which shall be expended at the minimum rate necessary to make timely payment for projects and activities.

14. Under "Assistance to Eastern Europe and the Baltic States", funds are provided notwithstanding any other provision of law for economic assistance; authority is provided for enterprise funds to deposit monies in interest-bearing accounts without the requirement that such interest be returned to the Treasury and without further appropriation by the Congress; funds are made available as if they were considered economic assistance under the Foreign Assistance Act; funds for Bosnia are subject to certain conditions, including limitations on funds for housing; and up to \$7,000,000 is available for debt restructuring for Bosnia.

15. Under "Assistance for the New Independent States of the Former Soviet Union", the Committee has included a provision regarding utilization of the private sector.

16. Under "International Narcotics Control", the Department of State is provided the authority to use section 608 of the Foreign Assistance Act, without regard to its limitations, to receive non-lethal excess property from an agency of the United States government for the purpose of providing it to a foreign country, subject to notification of the Committees on Appropriations.

17. Funding is provided for "Migration and Refugee Assistance", and a limitation of \$12,000,000 is provided for administrative expenses.

18. Under "United States Emergency Refugee and Migration Assistance Fund", funds are provided notwithstanding the limitations contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962.

19. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", funds are made available to countries other than the independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States; funds are made available notwithstanding any other provision of law; and the use of funds is made subject to the notification procedures of the Committees on Appropriations.

20. Under "International Military Education and Training", the Committee provides IMET for Indonesia and Guatemala shall be only for expanded military education and training and limits obligation of funds for the School of the Americas pending a certification by the Secretary of Defense.

21. Under "Foreign Military Financing Program", the Committee has provided that not to exceed \$475,000,000 in FMF grants shall be available for the procurement in Israel of defense articles and defense services, that FMF grants for any non-NATO country participating in the Partnership for Peace Program shall be subject to the Committee's regular notification procedures, and that FMF loans for Greece and Turkey shall not exceed \$105,000,000 and \$150,000,000, respectively and included other provisions.

22. Funds are made available for the United States share of the paid-in portion of the increase in capital stock of the Inter-American Development Bank and a limitation is placed on callable capital subscriptions.

23. Funds are made available for the United States share of the paid-in portion of the increase in capital stock of the Asian Development Bank and a limitation is placed on callable capital subscriptions.

24. Under "Contribution to the European Bank for Reconstruction and Development", the Committee has limited to \$35,778,717 the amount appropriated that may be expended for the purchase of stock during fiscal year 1998 and placed a limit on callable capital.

25. The Committee has provided funds for the paid-in capital stock of the "North American Development Bank" and placed a limit on callable capital.

26. Under "International Organizations and Programs", the Committee has prohibited and conditioned the funding of certain organizations and programs.

27. Under "International Organizations and Programs", the Committee provides that not more than \$25,000,000 shall be available for UNFPA and imposes other limitations.

28. On pages 38 through 94, under "General Provisions":

Sec. 502, regarding the use of section 209(d) of the Foreign Assistance Act of 1961, adds "Notwithstanding section 614 of the Foreign Assistance Act of 1961."

Sec. 506, regarding a prohibition on financing nuclear goods, is revised so that the prohibition does not apply to Nonproliferation, Anti-terrorism, Demining and Related Programs instead of International Organizations and Programs.

Sec. 510, regarding deobligation/ reobligation authority, has been updated.

Sec. 515 continues the provision for congressional notification requirements, updating it to reflect the new bill account structure and account titles.

Sec. 516, limiting the availability of funds for international organizations and programs, has been updated to permit funds which are returned or not made available to organizations and programs because of the limitations of this section to remain available for obligation through September 30, 1999.

Sec. 520 has been revised by dropping Zaire, Guatemala and Dominican Republic from the notification requirements of this section and adding Panama and the Democratic Republic of Congo.

Sec. 524, regarding reciprocal leasing, has been updated.

Sec. 527, prohibiting bilateral assistance to terrorist countries, is revised by deleting text permitting the application of section 527 "notwithstanding any other provision of law."

Sec. 530 continues the authority in debt-for-development programs for NGO's to deposit funds in interest bearing accounts and using the interest earned. Section 530 continues the requirement that such interest shall be used for the same purpose for which the assistance was provided to the organizations.

Sec. 531, regarding separate accounts requires the Agency for International Development to take all "necessary" steps, rather than "appropriate" steps, to ensure that local currencies disbursed from a special account are used for the purposes agreed upon with the foreign government.

Sec. 540 continues special authorities in prior year legislation and deletes increase in the President's contingency authority.

Sec. 542, regarding anti-narcotics activities, is continued and revised by making adjustments to references of provisions contained in section 534 of the Foreign Assistance Act of 1961, including the addition of two "notwithstanding" authorities covering section 534(c) and the second sentence of section 534(e) of the Foreign Assistance Act of 1961.

Sec. 543, regarding eligibility for assistance, has been continued and updated.

Sec. 553, regarding limitations for the PLO for the West Bank and Gaza, has been continued.

Sec. 554, regarding export financing transfer authorities, has been updated.

Sec. 559, provides that no country in Latin America and the Caribbean can receive more than 18 percent of funds appropriated by this Act for development assistance and ESF provided for bilateral and Latin America and the Caribbean regional programs.

Sec. 565, regarding military assistance to Guatemala, is revised by deleting references to IMET.

Sec. 569, contains sanctions against countries harboring war criminals.

Sec. 567, placing limitations on certain non-humanitarian assistance to Haiti, is revised to reduce the scope of the extrajudicial killings affected and adds a new condition regarding economic reforms.

COMPLIANCE WITH RULE XIII—CLAUSE 3

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman).

RECIPROCAL LEASING

The accompanying bill in section 524 would amend section 61(a) of the Arms Export Control Act and extend the leasing authority of that section through fiscal year 1998, as follows:

SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

(2) he determines that the articles are for the time not needed for public use;

(3) the President first considers the effects of the lease of the articles on the national technology and industrial base, particularly to the extent, if any, to which the lease reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the articles are leased; and

(4) the country or international organization has agreed to pay in United States dollars all cost incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and if the articles are lost or destroyed while leased—

(A) in the event the United States intends to replace the articles lost or destroyed, the replacement cost (less any depreciation in the value) of the articles; or

(B) in the event the United States does not intend to replace the articles lost or destroyed, an amount not less than the actual value (less any depreciation in the value) specified in the lease agreement.

The requirement of paragraph (4) shall not apply to leases entered into for purposes of cooperative research of development, military exercises, or communications or electronics interface projects. The President may waive the requirement of paragraph (4) for reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interest of the United States.

The President may waive the requirement of paragraph (4) with respect to a lease which is made in exchange with the lessee for

a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(A) may be exercised only if the President submits to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate, in accordance with the regular notification procedures of those Committees, a detailed notification for each lease with respect to which the authority is exercised; and

(B) may be exercised only during the fiscal year **[1997]** 1998 and only with respect to one country, unless the Congress hereafter provides otherwise.

The preceding sentence does not constitute authorization of appropriations for payments by the United States for leased articles.

#### SPECIAL DEFENSE ACQUISITION FUND

The accompanying bill in section 535 would amend title III of Public Law 103-306, the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1995, and extend until fiscal year 2000 the authority necessary to use Special Defense Acquisition Fund funds to finalize decapitalization of the Fund, as follows:

#### SPECIAL DEFENSE ACQUISITION FUND

Not to exceed \$20,000,000 may be obligated pursuant to section 51(c)(2) of the Arms Export Control Act for the purpose of closing the Special Defense Acquisition Fund, to remain available for obligation until September 30, **[1998]** 2000: Provided That the authority provided in this Act is not used to initiate new procurements.

#### APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3 of rule XXI 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:

- Export-Import Bank
- Overseas Private Investment Corporation
- Trade and Development Agency
- Child Survival and Disease Programs Fund
- Development Assistance
- International Disaster Assistance
- Debt Restructuring
- Micro and Small Enterprise Development Program Account
- Urban and Environmental Credit Program Account
- AID Operating Expenses
- AID Operating Expenses, Office of Inspector General
- Economic Support Fund
- International Fund for Ireland
- Assistance for Eastern Europe and the Baltic States
- Assistance for the New Independent States of the Former Soviet Union
- Inter-American Foundation
- African Development Foundation
- Peace Corps
- International Narcotics Control



Refugee Resettlement Assistance  
Migration and Refugee Assistance  
Nonproliferation, Anti-Terrorism, Demining and Related Programs  
International Military Education and Training  
Foreign Military Financing Program  
Peacekeeping Operations  
Global Environment Facility  
International Development Association  
International Organizations and Programs  
Inter-American Development Bank  
Asian Development Bank  
Asian Development Fund  
African Development Fund  
European Bank for Reconstruction and Development  
North American Development Bank

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998**

(1) Agency and item	(2) Appropriated, 1997 (enacted to date)	(3) Budget esti- mates, 1998	(4) Recommended in bill	(5) Bill compared with appro- priated, 1997	(6) Bill compared with budget estimates, 1998
<b>TITLE I - EXPORT AND INVESTMENT ASSISTANCE</b>					
<b>EXPORT-IMPORT BANK OF THE UNITED STATES</b>					
Limitation on Program Activity:					
Subsidy appropriation.....	726,000,000	632,000,000	632,000,000	-94,000,000	.....
(Direct loan authorization).....	(1,270,000)	(1,330,000,000)	(1,330,000,000)	(+ 1,328,730,000)	.....
(Guaranteed loan authorization).....	(11,050,000,000)	(11,300,000,000)	(11,300,000,000)	(+ 250,000,000)	.....
Administrative expenses.....	46,614,000	48,614,000	48,614,000	+ 2,000,000	.....
Negative subsidy.....	-58,000,000	-51,000,000	-51,000,000	+ 7,000,000	.....
Total, Export-Import Bank of the United States.....	714,614,000	629,614,000	629,614,000	-85,000,000	.....
<b>OVERSEAS PRIVATE INVESTMENT CORPORATION</b>					
Noncredit account:					
Administrative expenses.....	32,000,000	32,000,000	32,000,000	.....	.....
Insurance fees and other offsetting collections.....	-224,000,000	-251,000,000	-251,000,000	-27,000,000	.....
Direct loans:					
Loan subsidy.....	4,000,000	4,000,000	.....	-4,000,000	-4,000,000
(Loan authorization).....	(80,000,000)	(133,000,000)	.....	(-80,000,000)	(-133,000,000)

<b>Guaranteed loans:</b>						
Loan subsidy .....	68,000,000	56,000,000			-68,000,000	-56,000,000
(Loan authorization) .....	(1,360,000,000)	(1,800,000,000)			(-1,360,000,000)	(-1,800,000,000)
Total, Overseas Private Investment Corporation .....	-120,000,000	-159,000,000	-219,000,000		-99,000,000	-60,000,000
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>						
Trade and Development Agency						
Trade and development agency .....	40,000,000	43,000,000	40,000,000			-3,000,000
(By transfer) .....	(5,000,000)				(-5,000,000)	
Total, title I, Export and investment assistance .....	634,614,000	513,614,000	450,614,000		-184,000,000	-63,000,000
(Loan authorizations) .....	(12,491,270,000)	(14,563,000,000)	(12,630,000,000)		(+ 138,730,000)	(-1,933,000,000)
<b>TITLE II - BILATERAL ECONOMIC ASSISTANCE</b>						
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>						
Agency for International Development						
Child survival and disease programs fund .....	600,000,000		650,000,000		+ 50,000,000	+ 650,000,000
Development assistance .....	1,181,500,000	998,000,000	1,167,000,000		-14,500,000	+ 169,000,000
Development Fund for Africa .....		700,000,000				-700,000,000
International disaster assistance .....	190,000,000	190,000,000	190,000,000			
Debt restructuring .....	27,000,000	34,000,000	27,000,000			-7,000,000
Micro & Small Enterprise Development program account:						
Subsidy appropriations .....	1,500,000	1,500,000	1,500,000			
(Direct loan authorization) .....	(1,000,000)	(1,000,000)	(1,000,000)			
(Guaranteed loan authorization) .....	(39,000,000)	(48,000,000)	(48,000,000)		(+ 9,000,000)	
Administrative expenses .....	500,000	500,000	500,000			

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued

(1) Agency and item	(2) Appropriated, 1997 (enacted to date)	(3) Budget estimates, 1998	(4) Recommended in bill	(5) Bill compared with appropriated, 1997	(6) Bill compared with budget estimates, 1998
Urban and environmental credit program account:					
Subsidy appropriations.....	3,500,000	3,000,000	3,000,000	-500,000	.....
(Guaranteed loan authorization).....	(29,400,000)	(46,000,000)	(46,000,000)	(+ 16,600,000)	.....
Administrative expenses.....	6,000,000	6,000,000	6,000,000	.....	.....
Subtotal, development assistance.....	2,010,000,000	1,933,000,000	2,045,000,000	+ 35,000,000	+ 112,000,000
Payment to the Foreign Service Retirement and Disability Fund.....	43,826,000	44,208,000	44,208,000	+ 382,000	.....
Operating expenses of the Agency for International Development.....	470,750,000	473,000,000	468,750,000	-2,000,000	-4,250,000
Operating expenses of the Agency for International Development Office of Inspector General.....	30,000,000	29,047,000	29,047,000	-953,000	.....
Subtotal, Agency for International Development.....	2,554,576,000	2,479,255,000	2,587,005,000	+ 32,429,000	+ 107,750,000
Other Bilateral Economic Assistance					
Economic support fund:					
Camp David countries.....	2,015,000,000	2,015,000,000	2,015,000,000	.....	.....
Other.....	328,000,000	482,600,000	385,000,000	+ 57,000,000	-97,600,000
Subtotal, Economic support fund.....	2,343,000,000	2,497,600,000	2,400,000,000	+ 57,000,000	-97,600,000
International fund for Ireland.....	19,600,000	.....	19,600,000	.....	+ 19,600,000
Assistance for Eastern Europe and the Baltic States.....	475,000,000	492,000,000	470,000,000	-5,000,000	-22,000,000

Assistance for the New Independent States of the former Soviet Union .....	625,000,000	900,000,000	625,000,000	.....	-275,000,000
U.S. Russian Investment Fund (by transfer) .....	.....	(50,000,000)	.....	.....	(-50,000,000)
Subtotal, Other Bilateral Economic Assistance .....	3,462,600,000	3,889,600,000	3,514,600,000	+ 52,000,000	-375,000,000
Total, Agency for International Development .....	6,017,176,000	6,368,855,000	6,101,605,000	+ 84,429,000	-267,250,000
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriations .....	.....	22,000,000	20,000,000	+ 20,000,000	-2,000,000
By transfer .....	.....	.....	.....	.....	.....
African Development Foundation					
Appropriations .....	.....	14,000,000	11,500,000	+ 11,500,000	-2,500,000
By transfer .....	.....	.....	.....	.....	.....
Peace Corps					
Appropriations .....	208,000,000	222,000,000	222,000,000	+ 14,000,000	.....
(By transfer) .....	(12,000,000)	.....	.....	(-12,000,000)	.....
Department of State					
International narcotics control .....	213,000,000	230,000,000	230,000,000	+ 17,000,000	.....
Migration and refugee assistance .....	650,000,000	650,000,000	650,000,000	.....	.....
Refugee resettlement assistance .....	5,000,000	.....	5,000,000	.....	+ 5,000,000
United States Emergency Refugee and Migration Assistance Fund .....	50,000,000	50,000,000	50,000,000	.....	.....
Anti-terrorism assistance .....	.....	19,000,000	.....	.....	-19,000,000
Nonproliferation and Disarmament Fund .....	.....	15,000,000	.....	.....	-15,000,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued**

(1) Agency and item	(2) Appropriated, 1997 (enacted to date)	(3) Budget estimates, 1998	(4) Recommended in bill	(5) Bill compared with appropriated, 1997	(6) Bill compared with budget estimates, 1998
Nonproliferation, anti-terrorism, demining and related programs.....					
Total, Department of State.....	151,000,000		118,000,000	-33,000,000	+118,000,000
Total, Department of State.....	1,069,000,000	964,000,000	1,053,000,000	-16,000,000	+89,000,000
Total, title II, Bilateral economic assistance.....	7,294,176,000	7,590,855,000	7,408,105,000	+113,929,000	-182,750,000
(By transfer).....	(12,000,000)	(50,000,000)		(-12,000,000)	(-50,000,000)
(Loan authorizations).....	(69,400,000)	(95,000,000)	(95,000,000)	(+25,600,000)	
<b>TITLE III - MILITARY ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
International Military Education and Training.....	43,475,000	50,000,000	50,000,000	+6,525,000	
Foreign Military Financing Program:					
Grants:					
Camp David countries.....	3,100,000,000	3,100,000,000	3,100,000,000		
Other.....	124,000,000	174,250,000	159,250,000	+35,250,000	-15,000,000
Subtotal, grants.....	3,224,000,000	3,274,250,000	3,259,250,000	+35,250,000	-15,000,000
(Limitation on administrative expenses).....	(23,250,000)	(23,250,000)	(23,250,000)		
Direct concessional loans:					
Subsidy appropriation.....	60,000,000	66,000,000	60,000,000		-6,000,000
(Loan authorization).....	(540,000,000)	(699,500,000)	(657,000,000)	(+117,000,000)	(-42,500,000)

FMF program level.....	(3,764,000,000)	(3,973,750,000)	(3,916,250,000)	(+ 152,250,000)	(-57,500,000)
Total, Foreign military assistance.....	3,284,000,000	3,340,250,000	3,319,250,000	+ 35,250,000	-21,000,000
Special Defense Acquisition Fund:					
Offsetting collections.....	-166,000,000	-106,000,000	-106,000,000	+ 60,000,000	.....
Peacekeeping operations.....	65,000,000	90,000,000	77,500,000	+ 12,500,000	-12,500,000
Total, title III, Military assistance.....	3,226,475,000	3,374,250,000	3,340,750,000	+ 114,275,000	-33,500,000
(Limitation on administrative expenses).....	(23,250,000)	(23,250,000)	(23,250,000)	.....	.....
(Loan authorization).....	(540,000,000)	(699,500,000)	(657,000,000)	(+ 117,000,000)	(-42,500,000)
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Contribution to the International Finance Corporation.....	6,656,000	.....	.....	-6,656,000	.....
Contribution to the Global Environment Facility.....	35,000,000	100,000,000	35,000,000	.....	-65,000,000
Contribution to the International Development Association.....	700,000,000	1,034,504,000	606,000,000	-94,000,000	-428,504,000
Total, World Bank Group.....	741,656,000	1,134,504,000	641,000,000	-100,656,000	-493,504,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1997 AND  
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1998—Continued**

(1) Agency and item	(2) Appropriated, 1997 (Enacted to date)	(3) Budget esti- mates, 1998	(4) Recommended in bill	(5) Bill compared with appro- priated, 1997	(6) Bill compared with budget estimates, 1998
<b>Contribution to the Inter-American Development Bank:</b>					
Paid-in capital .....	25,610,667	25,610,667	25,610,667		
(Limitation on callable capital subscriptions).....	(1,503,718,910)	(1,503,718,910)	(1,503,718,910)		
Fund for special operations.....	10,000,000	20,835,000	20,835,000	+ 10,835,000	
Contribution to the Enterprise for the Americas Multilateral Investment Fund .....	27,500,000	30,000,000		-27,500,000	-30,000,000
<b>Total, contribution to the Inter-American Development Bank.....</b>	<b>63,110,667</b>	<b>76,445,667</b>	<b>46,445,667</b>	<b>-16,665,000</b>	<b>-30,000,000</b>
<b>Contribution to the Asian Development Bank:</b>					
Paid-in capital .....	13,221,596	13,221,596	13,221,596		
(Limitation on callable capital subscriptions).....	(647,858,204)	(647,858,204)	(647,858,204)		
Contribution to the Asian Development fund.....	100,000,000	150,000,000	100,000,000		-50,000,000
<b>Total, contribution to the Asian Development Bank.....</b>	<b>113,221,596</b>	<b>163,221,596</b>	<b>113,221,596</b>		<b>-50,000,000</b>
<b>Contribution to the African Development Fund .....</b>		<b>50,000,000</b>	<b>25,000,000</b>	<b>+ 25,000,000</b>	<b>-25,000,000</b>
<b>Contribution to the European Bank for Reconstruction and Development:</b>					
Paid-in capital .....	11,916,447	35,778,717	35,778,717	+ 23,862,270	
(Limitation on callable capital subscriptions).....	(27,805,043)	(123,237,803)	(123,237,803)	(+ 95,432,760)	



North American Development Bank:							
Paid-in capital .....	56,000,000	56,500,000	56,500,000	+500,000			
(Limitation on callable capital subscriptions) .....	(318,750,000)	(318,750,000)	(318,750,000)				
Contribution to the Bank for Economic Cooperation and Development in the Middle East and North Africa:							
(By transfer) .....		(52,500,000)	(52,500,000)				(-52,500,000)
(Limitation on callable capital subscriptions) .....		(157,500,500)	(157,500,500)				(-157,500,500)
International Monetary Fund							
Contribution to the enhanced structural adjustment facility .....		7,000,000	7,000,000				-7,000,000
Loans to International Monetary Fund .....		3,521,000,000	3,521,000,000				-3,521,000,000
Total, International Financial Institutions .....	985,904,710	5,044,449,980	5,044,449,980	-67,958,730			-4,126,504,000
(Limitation on callable capital subscript) .....	(2,498,132,157)	(2,751,065,417)	(2,751,065,417)	(+95,432,760)			(-157,500,500)
International Organizations and Programs							
International organizations and programs .....	169,950,000	365,000,000	365,000,000	+24,050,000			-171,000,000
(By transfer) .....	(17,500,000)			(-17,500,000)			
Total, title IV, Multilateral economic assistance .....	1,155,854,710	5,409,449,980	5,409,449,980	-43,908,730			-4,297,504,000
(By transfer) .....	(17,500,000)	(52,500,000)	(52,500,000)	(-17,500,000)			(-52,500,000)
(Limitation on callable capital subscript) .....	(2,498,132,157)	(2,751,065,417)	(2,751,065,417)	(+95,432,760)			(-157,500,500)
Grand total .....	12,311,119,710	16,888,168,980	16,888,168,980	+295,270			-4,576,754,000
(By transfer) .....	(34,500,000)	(102,500,000)	(102,500,000)	(-34,500,000)			(-102,500,000)
(Limitation on administrative expenses) .....	(23,250,000)	(23,250,000)	(23,250,000)				
(Limitation on callable capital) .....	(2,498,132,157)	(2,751,065,417)	(2,751,065,417)	(+95,432,760)			(-157,500,500)
(Loan authorizations) .....	(13,100,670,000)	(15,357,500,000)	(15,357,500,000)	(+281,330,000)			(-1,975,500,000)

## ADDITIONAL VIEWS OF REPRESENTATIVE NANCY PELOSI

First I want to compliment Chairman Callahan for the manner in which he worked with minority members in putting this bill together. For the most part the bill reflects a bipartisan approach, and incorporates a wide range of specific priorities of individual members of the Committee. The bill deals with many controversial issues fairly and in a manner which reflects a consensus view of the Committee.

I do have serious concerns about several items in the bill. The total amount in the bill of \$12,311,414,980 is slightly below the amount provided last year, and is well below the amount requested by the Administration—\$16,888,168,980, and more significantly is \$233,000,000 below the Committee's 602(b) allocation of \$12,500,000,000.

While the Appropriations Committee cannot be necessarily bound by every element of the Budget Summit agreement, there were specific understandings reached about the amounts to be provided for international affairs purposes and agreement that the Administration's request level be fully funded. I make this point not to be critical of what has been funded in this bill, but to make clear that in the context of the final bill for FY 1998, I will be working to achieve a spending level closer to the Administration's request.

Of particular concern is the low amount—\$606,000,000—included for the International Development Association (IDA) of the World Bank. The Administration had requested \$1,034,504,000 in order to meet our annual contribution level of \$800,000,000 and to pay for overdue past commitments of \$234,504,000. If this low level of funding is not addressed in conference, American suppliers will suffer from further restrictions on their ability to compete for World Bank projects. In addition only \$35,000,000 has been approved for the Global Environment Facility of the World Bank against a request of \$100,000,000. The United States contributions to this facility have fallen so far behind that other countries are beginning to recede from their commitments. In light of the immense challenges that face us in the developing world, I strongly believe that this funding level should be increased.

Similarly the bill contains only \$625,000,000 for programs in the New Independent States. While this is the amount that was provided last year, it provides little or no funding for the new Partnership for Freedom initiative. We have been engaged with the former states of the Soviet Union with aid programs for the past five years, and it is now time to reconstitute those programs and move on to the next stage taking into account the lessons we have learned. This bill provides little ability to do so by restricting the amount to last years level.

I commend the Chairman of the Subcommittee for funding many accounts at appropriate levels. The Development Assistance and

Child Survival accounts have been increased. An additional \$50 million was added to the Child Survival account, which will allow for increases in amounts allocated to combat infectious diseases. Funding for AIDS prevention and control has been increased to a level of \$121,000,000. Funding for development activities in Latin America have been increased by \$20,000,000 above the request, and funding for Microcredit activities has been increased by \$10,000,000 above last year. The total amount requested for development activities in Africa has been approved. Even though a separate account for Africa was not approved, Africa will receive the same level of resources from AID as if separate funding had been approved, and will benefit from increases in Child survival activities and the Communicable Diseases Initiative.

The traditional level of assistance has been recommended for the Middle East for both Israel and Egypt. A small increase in assistance to Jordan has been approved, and further action is expected to respond to the Administration's initiative to provide a more substantial package of economic assistance to Jordan from within amounts available for the Middle East.

The Peace Corps, Refugee programs, UNICEF, and the United Nations Development Program have all been funded at the request level. Both the African Development Foundation and the Inter-American Foundation will receive their budget requests through a combination of direct funding and transfers. Funding for Demining programs has been increased above the request.

The bill fully funds our export promotion activities with the exception of the subsidy amounts for the Overseas Private Investment Corporation. Action on this aspect of the program has been deferred until the authorizing committee takes action.

In terms of the International banks the bill, with the exceptions I have mentioned, funds most of the other institutions adequately. However, the African Development Fund only received \$25,000,000 of the \$50,000,000 requested and I hope to work to increase this amount later in the process.

The committee worked out compromise language on many contentious issues such as assistance to Armenia and Azerbaijan, Turkey, and the Korean Peninsula Energy Development Organization. While I do not agree with every element of policy language on these items, compromises have been worked out in a bipartisan fashion. The Committee has once again included language restricting assistance to countries which harbor war criminals. I will work to strengthen our ability to restrict assistance when necessary to those countries harboring war criminals. The bill also contains restrictions on assistance to Haiti limiting the amounts which can be allocated and requiring certain actions by the government before aid can be given. I do not necessarily agree with these conditions and am concerned that they will make President Preval's efforts to achieve economic and electoral reforms more difficult.

In conclusion, while I believe this bill is worthy of support, there are many funding level and policy issues which need to be addressed further. I intend to work to amend the bill so that it adequately funds our foreign assistance programs and gives the Ad-

ministration the appropriate policy guidance from Congress in the  
conducting of foreign affairs.

NANCY PELOSI.

ADDITIONAL VIEWS OF CONGRESSMAN MICHAEL P.  
FORBES

The U.S.-Israel relationship is a historic commitment of two nations to the cause of peace, freedom, and security. However, evidence of Palestinian violations to the Oslo Accords concerns me and the time has come for Congress to re-examine its policy of providing assistance to the Palestinian Authority. My concern is not directed to the Palestinian people, but to the leadership of the Palestinian Authority whose actions reflect a lack of commitment to the spirit of the Oslo Accords. I would like to see the United States continue to be a partner in peace with the Palestinians and Israelis, however, if the Congress is going to continue to provide \$100 million a year to the Palestinians, we have an obligation to fully investigate the serious reports of violations and gross misconduct committed by the Palestinian Authority that include:

(1) Imposing a death penalty on any Arab who sells land to a Jew.

On May 3, 1997, Arafat's cabinet announced that it would impose the death penalty for any Arab who sells land to Jews. Arafat, PLO Justice Minister, and other senior PLO officials publicly endorsed the new policy. During the weeks following the announcement, 3 Arab landsellers were found murdered. In addition, the PA has marked 16 other Arab realtors for death and turned over their names to PA security organizations for execution, according to Israeli defense officials.

Instead of condemning the murders, Arafat encourages the edict: "Our law is a Jordanian law that we inherited, which applies to both the West Bank and Gaza, and sets the death penalty for those who sell land to Israelis. . . . We are talking about a few traitors, and we shall implement against them what is written in the law books. It is our right and our obligation to defend our land." (an interview with an Israeli newspaper *Yediot Ahronot*, May 20, 1997)

Recent statements by PA Justice Minister Freih Abu Middein reflect the PA's intent on imposing the edict: "I warned the land dealers several times through the media not to play with fire. For us, whoever sells land to Jews and settlers is more dangerous than collaborators. Therefore, they must be put on trial and sentenced to death . . . they are traitors." (an interview with an Israeli newspaper *Yediot Ahronot*, May 21, 1997)

This edict is in violation of internationally accepted norms and principles of human rights and the rule of the law. The practice of murdering Palestinians for land sales to Jews is a violation of international law and the spirit of the Oslo peace agreements, casting strong doubt whether the Palestinians are in compliance with their commitments to Israel. What kind of regime are we supporting with \$100 million per year in foreign aid? Any kind of U.S. endorsement and encouragement for this practice by the most senior

leadership of the PA is unacceptable. We cannot put up with this. The Committee should consider suspending aid in this bill. At what point do we say enough is enough? The Palestinians must be put on notice that these senseless acts must stop.

(2) Failing to amend the Palestinian Covenant calling for the destruction of Israel through armed struggle.

As part of the Hebron Accord (1/97), one of the Palestinian responsibilities that must be fulfilled immediately included "complete the process of revising the Palestinian National Charter." The Palestinian Council has not lived up to that requirement.

On April 24, 1996, the PLO's National Council passed a resolution saying that it would, in the future, annul those articles in the Covenant that conflict with the accords; it also appointed a legal committee to explore the matter. The legal committee has not yet met or made any recommendations. Over the last 2 years, we have over and over again called upon the PA to recognize the right of Israel to exist. We have heard nothing.

(3) Allegations of financial corruption and misuse of foreign donations.

A 600-page report completed in May by the Palestinian Authority's auditing office found that \$323 million, almost 40% of the PA's annual budget, has been misused by PLO/PA officials.

An investigation by the New York Times revealed that the PLO has used at least \$47 million in foreign donations to illegally purchase property in Jerusalem, to buy private apartments for PLO bureaucrats, and to finance covert political activities, according to internal correspondence between PLO and Yasser Arafat and officials of the PLO's PECJAR agency that handles donations from abroad. (NY Times, June 1995).

(4) Continuing to incite Arabs to murder and violence.

In an interview with the Russian newspaper *Novaya Vremya*, Arafat praises Hamas as "patriotic." This is incitement to murder Jews because the official Hamas Manifesto declares "by the command of the Prophet Mohammed must fight the Jews and kill them wherever they are \* \* \*."

(5) Calling for an Arab Boycott of Israel.

Earlier this year, in an address to an Arab League meeting in Cairo, PLO Chairman Yasser Arafat appealed to the Arab world to "freeze relations with Israel." (AP) The Arab League issued a resolution calling on "all Arab countries which have established normal ties with Israel" to "freeze relations."

(6) Refusing to honor extradition requests from Israel.

Israel has requested the extradition of 31 terrorists. The PA has not honored any of those requests; 11 out of the 31 suspects are serving in the Palestinian Security Forces.

(7) Refusing to confiscate unauthorized weapons and maintaining a much larger police force than authorized under Oslo agreements.

Time magazine reported in (12/8/96) that "Yasser Arafat's security forces are working around the clock to obtain an arsenal of anti-tank and anti-aircraft missiles—weapons they are forbidden to have under the Oslo accords."

Israeli television reported (6/6/97) that hand grenades, shells, and possibly even Katyusha rockets are being manufactured by the PLO within Gaza.

According to the Israeli Government Press Office, Palestinian security forces far exceed their permitted limit under Oslo. While the PA is prohibited from stationing more than 400 policemen in Hebron, it is alleged that they have stationed more than 1,000, some with weapons.

MIKE FORBES.

DISSENTING VIEWS OF ESTEBAN E. TORRES, NANCY PELOSI, SIDNEY R. YATES, NITA LOWEY, THOMAS M. FOGLIETTA, AND DAVID R. OBEY

The U.S. Army School of the Americas (SOA), as the facility used to provide military education and training for the armed forces of Latin America and the Caribbean, is in part funded through U.S. foreign assistance funds. While we believe the bill reflects an effort to address some of the concerns about the funding for the School of the Americas, we sincerely believe it is time to prohibit any funding for the School. The Committee narrowly rejected by a vote of 21 to 23, an amendment by Cong. Torres to cut off all funds in the bill that would be used for the School of the Americas.

It is important to note that in last year's bill, this Committee directed the Department of State and Defense to submit a report no later than January 15th on a number of concerns Members had expressed about the School such as the screening process for applicants and monitoring of graduates. This approach was agreed upon at that time despite our inclination to cut off all funds. The report was received just prior to the Subcommittee mark-up on June 25th, nearly 6 months late. At 3½ pages in length, the report does not represent a serious effort to be responsive to the issues that were to be addressed. It merely details how screening is intended to be carried out, and contains no evaluation of whether this process is actually effective. It further states that neither the School nor other U.S. personnel have the capacity to monitor graduates. The lateness of the report and its brevity indicate that the School and the Defense Department have failed to take reform efforts seriously.

We are concerned that a number of SOA graduates have been linked to some of the worst human rights atrocities during the 1980's and 1990's in Latin America both before and after their SOA training. The list of human rights violators connected with the School is long and getting longer as names of violators are matched with graduate rosters. Known violators include 19 out of 26 officers cited by the Salvadoran Truth Commission for the massacre of the Jesuits, 100 out of 246 Colombian officers cited for war crimes, six Peruvian officers involved in the killings of nine students and a professor, and a Panamanian dictator Manuel Noriega. Clearly, this list cannot be dismissed as a few exceptions. Throughout Latin America, the School of the Americas is seen as a training ground for repressive militaries and dictators, and its record cannot be ignored.

Furthermore, the recently declassified training manuals used at the School for many years taught abusive techniques and advocated profoundly undemocratic military tactics such as blackmail and illegal detention. These manuals taught armies to violate human rights, to use physical abuse and censorship, to spy on civil-



ian organizations like student groups, community organizations, and opposition political parties, to confuse the boundaries between civilians and combatants, and to ignore the rule of law. The School has tried to downplay rather than fully acknowledge these problems with its training. The School has added four hours on human rights to its courses which is laudable. However, this hardly qualifies as adequately addressing the need for human rights training. These changes are too little, too late.

There are many other avenues for U.S. engagement with Latin American militaries. Cutting off funds to the School does not prevent the many other forms of conduct and cooperation between the U.S. and Latin American militaries. Some 60,000 U.S. military personnel will rotate through Latin America this year, for example, on various training missions and assignments. Through the International Military Education and Training Program, foreign military personnel come to the United States and study at many U.S. institutions, the School of the Americas is but one.

We believe the School represents a severely outdated approach to a fragile region that is struggling with democracy and civilian control of their militaries and should be closed. The Cold War is over. It is time to take a new look at U.S.-Latin American military relationships and to mark a new era in U.S. support for democracy in the hemisphere.

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