An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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Congressional Research Service

Report RL30211

*APPROPRIATIONS FOR FY2000: FOREIGN
OPERATIONS, EXPORT FINANCING, AND RELATED
PROGRAMS*

Larry Nowels, Foreign Affairs, Defense, and Trade Division

Updated December 10, 1999

Abstract. This report is a guide to one of the 13 regular appropriations bills that Congress passes each year. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity.

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Appropriations for FY2000: Foreign Operations, Export Financing, and Related Programs

Updated December 10, 1999

Larry Nowels
Specialist in Foreign Affairs
Foreign Affairs, Defense, and Trade Division

<http://wikileaks.org/wiki/CRS-RL30211>

Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Foreign Operations Appropriations Subcommittees. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

NOTE: A Web version of this document with active links is available to congressional staff at <http://www.loc.gov/crs/products/apppage.html>

Appropriations for FY2000: Foreign Operations, Export Financing, and Related Programs

Summary

The annual Foreign Operations appropriations bill is the primary legislative vehicle through which Congress reviews the U.S. foreign aid budget and influences executive branch foreign policy making generally. It contains the largest share — over two-thirds — of total U.S. international affairs spending.

For FY2000, President Clinton requested \$14.1 billion (later amended upward to \$14.4 billion), plus \$1.9 billion over three years for the Wye River/Middle East peace accord. The President's proposal, excluding the Wye River funds, was about \$1.35 billion, or 9% less than FY1999 amounts.

Congressional action on the FY2000 budget resolution resulted in preliminary funding allocations for Foreign Operations programs well below the requested amount. H.Con.Res. 68, which cleared Congress on April 15, cut the \$20.9 billion overall foreign policy discretionary budget request to \$17.7 billion, 15% less than the President seeks. Because Foreign Operations funds represent over two-thirds of the foreign policy budget, a reduction of this order would substantially limit amounts available for Foreign Operations programs.

In addition to total funding levels, five issues were among those that received the most attention during the FY2000 debate, and in some cases, resulted in the sharpest split between House and Senate, and Congress-Executive branch positions: 1) U.S. development aid policy and spending priorities; 2) population aid and international family planning policy; 3) regional aid allocations; 4) U.S. funding for North Korea's heavy fuel oil and broad U.S.-North Korean policy; and 5) competing initiatives to reduce debt owed to the United States and other creditors by the world's poorest and most highly indebted nations.

During the summer, the Senate (S. 1234) and House (H.R. 2606) approved FY2000 Foreign Operations spending measures providing \$12.69 billion and \$12.62 billion, respectively. Because of the reduced funding levels and a House-passed abortion restriction, the White House said the President would veto either bill. A House-Senate conference committee, after deleting the House abortion restriction, agreed to \$12.69 billion for Foreign Operations. President Clinton vetoed the bill, however, due to cuts totaling \$1.92 billion to his budget request. Following weeks of negotiations, Congress and the White House agreed to a revised Foreign Operations bill (H.R. 3422, enacted by reference in H.R. 3194, P.L. 106-113) that totals \$15.3 billion, including \$1.8 billion for the Wye River/Middle East peace accord. The compromise package further funds \$799 million of White House spending priorities that Congress had rejected in the vetoed H.R. 2606.

Key Policy Staff

Area of Expertise	Name	CRS Division	Tel.
Coordinator	Larry Nowels	FDT	7-7645
Africa Aid	Raymond Copson	FDT	7-7661
Agency for Intl Development	Larry Nowels	FDT	7-7645
Agency for Intl Development	Curt Tarnoff	FDT	7-7656
Bosnia	Julie Kim	FDT	7-3692
Central Asia	Jim Nichol	FDT	7-2289
Development Assistance	Larry Nowels	FDT	7-7645
Development Assistance	Curt Tarnoff	FDT	7-7656
Drug Control Programs	Raphael Perl	FDT	7-7664
Export-Import Bank	James Jackson	FDT	7-7751
Family Planning Programs	Larry Nowels	FDT	7-7645
International Affairs Budget	Larry Nowels	FDT	7-7645
International Monetary Fund	Patricia Wertman	FDT	7-7748
Kosovo Humanitarian Asst	Lois McHugh	FDT	7-7627
Middle East Assistance	Clyde Mark	FDT	7-7681
Military Aid/Arms Sales	Richard Grimmett	FDT	7-7675
Multilateral Development Banks	Larry Nowels	FDT	7-7645
Nagorno-Karabakh	Carol Migdalovitz	FDT	7-2667
NIS/East Europe Aid	Curt Tarnoff	FDT	7-7656
Nonproliferation	Robert Shuey	FDT	7-7677
North Korea/KEDO	Larry Nicksch	FDT	7-7680
Overseas Private Investment Corp	James Jackson	FDT	7-7751
Peace Corps	Curt Tarnoff	FDT	7-7656
Peacekeeping	Marjorie Browne	FDT	7-7695
Refugees & Humanitarian Aid	Lois McHugh	FDT	7-7627
Terrorism	Raphael Perl	FDT	7-7664
Trade and Development Agency	Susan Epstein	FDT	7-6678
U.N. Voluntary Contributions	Lois McHugh	FDT	7-7627

CRS Division abbreviation: "FDT" = Foreign Affairs, Defense, and Trade Division.

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Appropriations for FY2000: Foreign Operations, Export Financing, and Related Programs

Most Recent Developments

On November 29, 1999, President Clinton signed into law the Consolidated Appropriations Act for FY2000 (H.R. 3194; P.L. 106-113), legislation that enacts by reference H.R. 3422, the Foreign Operations Appropriations Act, FY2000. H.R. 3422 was the third Foreign Operations measure debated by Congress in 1999 and represented the results of extensive negotiations between Congress and the White House to resolve funding differences. President Clinton had vetoed the first Foreign Operations measure (H.R. 2606) because it cut \$1.92 billion from his request. H.R. 3422 provides \$13.5 billion for regular foreign aid programs, plus \$1.8 billion over three years for the Wye River/Middle East peace accord, for a total package of \$15.3 billion. H.R. 3422 remains about \$900 million below the President's amended budget proposal.

In addition to including the Wye River money, the new Foreign Operations measure adds \$799 million for several accounts that Congress had reduced earlier, including the World Bank's International Development Association and funds for the President's counter-proliferation Expanded Threat Reduction Initiative in the former Soviet Union. New funding is offset by delaying the transfer beyond FY2000 of \$550 million of Israel's military aid. This will not reduce Israel's \$1.92 billion military aid, but because the funds would have been placed in an interest bearing account, it will result in the loss to Israel of interest earned on the early disbursement.

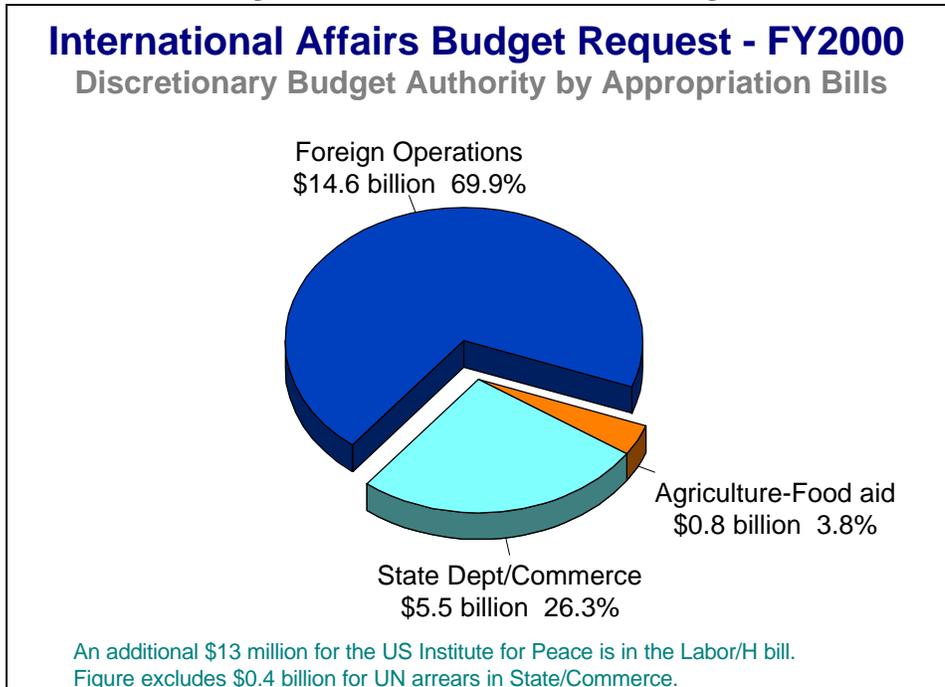
The most significant Administration funding priority not included in the revised Foreign Operations measure is multilateral debt relief for poor developing countries. Congressional negotiators agreed to an additional \$90 million for bilateral debt relief — bringing the debt reduction total to \$123 million — and they adopted a modified authorization (in H.R. 3425, also enacted by reference in P.L. 106-113) for the U.S. to support the IMF off-market sale of gold. Congress, however, would not add another \$250 million to forgive debt owed to multilateral institutions or \$600 million requested for debt relief in FY2001-2003. On the most contentious issue, the Administration further accepted abortion-related international family planning policy restrictions in exchange for congressional approval of nearly \$1 billion in U.N. arrears payments. On November 30, President Clinton exercised his waiver authority to exempt the abortion conditions from applying to \$15 million of the \$385 million population aid appropriation and said he would oppose inclusion of these restrictions in future spending measures.

Introduction

The annual Foreign Operations appropriations bill is the primary legislative vehicle through which Congress reviews and votes on the U.S. foreign assistance budget and influences executive branch foreign policy making generally.¹ It contains the largest share — about 70% — of total international affairs spending by the United States (see **Figure 1**). The legislation funds all U.S. bilateral development assistance programs, managed mostly by the U.S. Agency for International Development (USAID), together with several smaller independent foreign aid agencies, such as the Peace Corps and the Inter-American and African Development Foundations. Foreign Operations includes separate accounts for aid programs in the former Soviet Union (also referred to as the New Independent States (NIS) account) and Central/Eastern Europe, activities that are jointly managed by USAID and the State Department. Security assistance (economic and military aid) for Israel and Egypt is also part of the Foreign Operations spending measure, as are smaller security aid programs administered largely by the State Department, in conjunction with USAID and the Pentagon. U.S. contributions to the World Bank and other regional multilateral development banks, managed by the Treasury Department, and voluntary payments to international organizations, handled by the State Department, are also funded in the Foreign Operations bill. Finally, the legislation includes appropriations for three export promotion agencies: the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the Trade and Development Agency.

From the perspective of congressional oversight and involvement in U.S. foreign aid policy making, the Foreign Operations bill has taken on even greater significance during the past decade. Congress has not enacted a foreign aid authorization bill since 1985, leaving most foreign assistance programs without regular authorizations emanating from the legislative oversight committees. As a result, Foreign Operations spending measures increasingly have expanded their scope beyond spending issues and played a major role in shaping, authorizing, and guiding both executive and congressional foreign aid and broader foreign policy initiatives. It has been largely through Foreign Operations appropriations that the United States has modified aid policy and resource allocation priorities since the end of the Cold War. The legislation has also been a key tool used by Congress to apply restrictions and conditions on Administration management of foreign assistance, actions that have frequently resulted in executive-legislative clashes over presidential prerogatives in foreign policy making.

¹Although the Foreign Operations appropriations bill is often characterized as the “foreign aid” spending measure, it does not include funding for all foreign assistance programs. Food aid, administered under the P.L. 480 program and managed by USAID, is appropriated in the Agriculture appropriations bill. Further, the Foreign Operations measure includes funds for one activity—the Export-Import Bank—that is not regarded as “foreign assistance,” but rather as a U.S. government activity promoting trade opportunities for American businesses. In most years, this results in a Foreign Operations appropriation (including the EximBank) that is slightly less (1.5% in FY1998) than the official “foreign aid” budget. Throughout this report, references to Foreign Operations and foreign aid are used interchangeably.

Figure 1--International Affairs Budget

Status

President Clinton submitted his FY2000 federal budget request to Congress on February 1, 1999, including funding proposals for Foreign Operations Appropriations programs. Subsequently, House and Senate Foreign Operations Subcommittees have held a series of hearings, including testimony from Secretary of State Albright, Treasury Secretary Rubin, and USAID Administrator Atwood. Skipping a formal subcommittee markup, the Senate Appropriations Committee reported on June 17, S. 1234. The full Senate approved the bill on June 30 by a vote of 97-2. The House Foreign Operations Subcommittee marked up its bill on July 14, followed by full Committee approval of H.R. 2606 on July 20. The House approved the legislation on August 3. The following day, the Senate took up H.R. 2606, deleted all of the House-passed text, substituted language in S. 1234, passed H.R. 2606, as amended, and requested a conference with the House.

House and Senate conferees met on September 22, 1999, agreeing to all issues in dispute except international family planning. Members resolved this final issue in disagreement on September 27 and filed a conference report. With President Clinton threatening to veto H.R. 2606 because of reductions to his budget request, the House (214-211) and Senate (51-49) agreed on October 5 and 6, respectively, to the conference report, clearing the measure for the White House. President Clinton vetoed the legislation, however, on October 18, because of low funding levels and the absence of appropriations for several initiatives, including the Wye River/Middle East peace package and an expansion of the Heavily Indebted Poor Country (HIPC) debt relief program.

The House, on November 5, approved a revised Foreign Operations measure (H.R. 3196) that was acceptable to the White House. Further negotiations yielded a few additional changes to H.R. 3196, modifications that are reflected in a third Foreign Operations appropriation measure, H.R. 3422. That bill is enacted by reference as part of the H.R. 3194, the Consolidated Appropriations Act for FY2000 (P.L. 106-113), that includes five appropriation measures and other legislation.

Table 1. Status of Foreign Operations Appropriations, FY2000

H.R. 2606

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Pres. Action
House	Senate						House	Senate	
7/14	NA	HR 2606 (H.Rept. 106-254)	8/3/99 385-35	S. 1234 (S.Rept. 106-81)	6/30/99 97-2	9/27/99 (H.Rept. 106-339)	10/5/99 214-211	10/6/99 51-49	vetoed 10/18

H.R. 3196

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
House	Senate						House	Senate	
N/A	N/A	N/A	11/5/99 (316-100)	---	---	---	---	---	---

H.R. 3422*

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
House	Senate						House	Senate	
N/A	N/A	N/A	N/A	N/A	N/A	H.Rept. 106-479	11/18 (296-135)	11/19 (74-24)	P.L. 106-113

*H.R. 3422 is enacted by reference in H.R. 3194, the Consolidated Appropriations Act for FY2000. Conference report 106-479 pertains to H.R. 3194.

Foreign Operations Funding Trends

As the United States has adjusted its foreign and defense policy to a post-Cold War environment, one of the major foreign assistance challenges for Congress and executive branch policymakers has been to formulate the most effective foreign aid program amidst a tightening resource base.

After peaking at \$20.7 billion in FY1985, Foreign Operations appropriations began a period of decline, falling to about \$12.3 billion in FY1997. Foreign aid spending cuts were especially sharp in FY1996 when Congress cut funding by \$1.15 billion, nearly 9% from the previous year. Many government and non-government experts argued that these budget reductions seriously undermined U.S. foreign policy interests and limited the ability of American officials to influence overseas events. After Foreign Operations funding levels fell again in FY1997 — although by much smaller amounts — the State Department and other executive agencies launched an aggressive campaign in to reverse the decade-long decline in the foreign policy budget. This effort coincided with congressional approval of a near \$1 billion increase for FY1998, setting Foreign Operations appropriations at \$13.15 billion. Foreign Operations funds rose again to \$13.8 billion in FY1999 when lawmakers, at the urging of the White House, added nearly \$900 million in the final days of the 105th Congress.

As shown in **Table 2**, the amount for FY1999 was the highest in five years, bolstered especially by \$2.1 billion supplemental funding for Central America hurricane relief, Kosovo humanitarian aid, and several other foreign assistance emergencies. For FY1999, Foreign Operations represented 0.87% of the entire federal budget and 2.6% of total discretionary budget authority. By comparison, these same figures in FY1985 were 2% and 4.6%, respectively.

Table 2. Foreign Operations Appropriations, FY1993 to FY1999
(discretionary budget authority in billions of current dollars)

FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999*
\$13.901	\$14.298	\$13.611	\$12.456	\$12.267	\$13.147	\$15.423

* The amount for FY1999 includes the “base” Foreign Operations Appropriations (the regular appropriation approved in P.L. 105-277) plus \$2.1 billion in emergency supplementals enacted in P.L. 105-277 and P.L. 106-31. It excludes, however, \$17.861 billion for the IMF.

Over the past 20 years, Foreign Operations spending has experienced three distinct trends when calculated in real terms, taking into account the effects of inflation. The first period was marked by a steady growth in Foreign Operations appropriations levels during the early 1980s when the United States rapidly expanded security-related aid programs in Central America, Pakistan, and to countries providing the U.S. with military bases. Funding peaked in FY1985 at \$31.9 billion (in FY1999 dollars) followed by a sharp cut in FY1986 as the effects of the Gramm-Rudman deficit reduction initiative took hold and limited federal spending in most areas. For the next five years, during a second phase of Foreign Operations budget trends, appropriations remained relatively stable at about \$19.5 billion per year (real terms).

Towards the end of the Cold War, foreign aid spending in real terms began to fall steadily — from about \$16.7 billion in FY1992, to \$15 billion in FY1995, to \$13 billion in FY1997. Appropriations for FY1997 were the lowest since 1975 when Congress slashed foreign assistance spending during the U.S. withdrawal from Vietnam. FY1999 Foreign Operations spending is about 29% below the average

appropriation level approved by Congress during the late 1980s, 17% less than FY1992, a year that might be considered the first post-Cold War foreign aid budget, and 8% less than FY1995 when the majority in Congress changed.

Foreign Operations, the FY2000 Budget Resolution, and Section 302(b) Allocations

In most years, Appropriation Committees do not begin markups of their spending bills until Congress has adopted a budget resolution and funds have been distributed to the Appropriations panels under what is referred to as the Section 302(a) allocation process, a reference to the pertinent authority in the Congressional Budget Act. Following this, House and Senate Appropriations Committees separately decide how to allot the total amount available among their 13 subcommittees, staying within the functional guidelines set in the budget resolution. This second step is referred to as the Section 302(b) allocation. As noted above, foreign policy funds are appropriated within four bills with Foreign Operations having the largest share of around 68-70% in most years.

How much foreign policy money to allocate to each of the four subcommittees, and how to distribute the funds among the numerous programs remain decisions exclusively reserved for the Appropriations Committees. Nevertheless, overall ceilings set in the budget resolution can have significant implications for the budget limitations within which the Foreign Operations subcommittees will operate when they meet to mark up their annual appropriation bills.

The FY2000 budget resolution that cleared Congress on April 15 (H.Con.Res. 68) strongly suggested that the Foreign Operations subcommittees would receive a significantly reduced Section 302(b) allocation than assumed in the President's

Data Notes

Unless otherwise indicated, this report expresses dollar amounts in terms of *discretionary budget authority*. The Foreign Operations Appropriations bill includes one *mandatory* program that is not included in figures and tables — USAID's Foreign Service retirement fund. The retirement fund is scheduled to receive \$44.6 million for FY1999.

In addition, funding levels and trends discussed in this report exclude U.S. contributions to the International Monetary Fund (IMF), proposals that are enacted periodically (about every five years) in Foreign Operations bills. Congress approved \$17.9 billion for the IMF in FY1999, the first appropriation since FY1993. Including these large, infrequent, and uniquely "scored" IMF appropriations tends to distort a general analysis of Foreign Operations funding trends. Although Congress provides new budget authority through appropriations for the full amount of U.S. participation, the transaction is considered an exchange of assets between the United States and the IMF, and results in no outlays from the U.S. treasury. In short, the appropriations are off-set by the creation of a U.S. counterpart claim on the IMF that is liquid and interest bearing. For

budget. H.Con.Res. 68 set a \$17.7 billion target for total international affairs budget, a figure 15% below the request.

In late May 1999, House and Senate Appropriations Committees approved Section 302(b) funding allocations for each of their 13 appropriation bills, setting amounts for Foreign Operations programs sharply below the President's \$14.6 billion request and the \$13.3 billion "base" appropriation for FY1999.² The Senate Committee initially provided \$12.5 billion in budget authority but later raised the amount to \$12.7 billion. It is 12.8% less than the budget proposal and 4.8% below the current Foreign Operations "base." The House Appropriations panel originally allocated \$10.36 billion for Foreign Operations, 29% below the President's request and 22% under the "base." After shifting funds among several subcommittee accounts, the House panel subsequently increased the Foreign Operations amount by over \$2.2 billion, resulting in a \$12.625 billion level.

Limitations on outlays under the Section 302(b) allocation were also problematic.³ Congress can only influence "new" outlays — those that will spend-out in FY2000 as a result of enactment of new budget authority. House and Senate outlay allocations provide about the same amount in controllable, or "new" outlays — \$5.43 billion and \$5.25 billion, respectively. These levels were about 11% less than the request. Moreover, funding limits at these levels constrained the ability of the Appropriations Committees to respond to new aid initiatives such as the Wye River-Middle East peace package and expanded debt reduction for the world's poorest nations. Secretary of State Albright told the Senate Appropriations Committee on May 20 that "cuts of this magnitude would gravely imperil immediate and long-term American interests."

A major reason that the Foreign Operations allocation, as well as the allocation for several other spending measures, were so low, was the congressional and White House desire to stay within discretionary spending "cap" limits agreed to in 1997. The caps, which were negotiated at a time of budget deficits, were intended to provide the means to balance the U.S. budget by FY2002. With the far earlier emergence of a budget surplus, some lawmakers, including members of the Appropriations Committees, called for revisions to the budget caps so that a portion of the surplus could be used to ease the spending limitations posed by the current ceilings. Other Members, however, argued that the surplus was largely made up of

² The "base" appropriation refers to amounts funded in the regular Foreign Operations Appropriations for FY1999, as included in Division A of the Omnibus Appropriations Act, FY1999 (P.L. 105-277). Congress approved additional Foreign Operations funds in two supplemental measures: about \$411 million for Child Survival programs, aid to Russia, victims of the Kenya/Tanzania embassy bombings, counter-narcotics, counter-terrorism, and Y2K upgrades (Division B of P.L. 105-277); and about \$1.633 billion for Central America hurricane relief, Kosovo humanitarian assistance, counter-narcotics, and the administration of three foreign affairs commissions. All but about \$5 million of the supplementals were declared "emergencies" and do not count against the Foreign Operations FY1999 allocation limits.

³ Budget authority, or appropriation, is the legal authority to incur financial obligations. It normally results in the "outlay" or actual expenditure of federal government funds.

social security resources; that Congress must not endanger the future of social security by utilizing part of the surplus, nor should it abandon the spending discipline established by the 1997 budget agreement.

Foreign Operations Appropriations Request for FY2000 and Congressional Consideration

Funding Issues for Foreign Operations Appropriations, FY2000

Total Foreign Operations Funding Levels. President Clinton, in his initial February 1999 request, asked Congress to appropriate \$14.1 billion for Foreign Operations programs in FY2000, plus \$1.9 billion in support of the Wye River/Middle East peace accord in FY1999-2001. The total proposal, with the Wye River money, came to \$16 billion. The request (excluding the Wye River agreement) was about \$700 million, or 5% higher than the “base” Foreign Operations spending level Congress approved for FY1999 (see footnote 3). Congress further enacted an additional \$2 billion in two FY1999 emergency supplementals for Central American hurricane relief, Kosovo humanitarian assistance, and a series of other foreign aid accounts. Compared with the \$15.4 billion total FY1999 Foreign Operations spending — the “base” plus supplementals — the FY2000 request, without the Wye River funds, was about \$1.35 billion, or 9% less than FY1999 amounts. (See below for discussion of the supplemental/advance appropriation requests.) Subsequently, the President amended his request from \$14.1 billion to \$14.38 billion, primarily through a September 1999 proposal that added \$250 million for poor country debt relief in FY2000 and \$600 million more during FY2001-2003. Including the Wye River funds, the total FY2000 request, as amended, came to \$16.186 billion.

Funding for Selected Foreign Operations Accounts. For the most part, portions of the \$700 million increase above the “base” sought for FY2000 were spread out over many Foreign Operations accounts, resulting in small boosts for these aid activities. Development assistance would grow by about \$175 million (9%) above the “base,”⁴ non-proliferation and counter-terrorism programs would increase by \$33 million (17%), military training funds would rise by \$2 million (4%) and military aid grants would move up by \$100 million (3%). The military aid grant hike mainly would provide additional support to Israel. The budget request also included a few large increases from FY1999, representing special priorities of the Administration:

- Export promotion programs were slated for an increase of \$92 million (11.6%), mainly to provide the Export-Import Bank with the resources to meet what it believed will be increased demands in FY2000.

⁴ See below for a detailed discussion of development assistance funding strategies, the President’s request to re-establish a special account for Africa (Development Fund for Africa), and the continuing controversy over population aid and international family planning programs. Comparisons of development aid figures include a \$45 million budget amendment submitted on July 19 for additional HIV/AIDS funding.

- Debt reduction funds would grow from \$33 million to \$120 million in order to launch two new debt relief initiatives for FY2000. In September, this request was amended to \$370 million in FY2000 and a total of \$970 million over four years (FY2000-2003). (See below for more discussion of this issue.)
- Peace Corps funding would rise by \$30 million (12.5%) to maintain the plan to increase the number of Peace Corps volunteers from 6,700 to 10,000 within the next few years. (See CRS Report RS20082, *Peace Corps: 10,000 Volunteer Goal*, by Curt Tarnoff.)

Table 3. Summary of Foreign Operations Appropriations
(Discretionary funds -- in millions of dollars)

Bill Title & Program	FY1999 Enacted	FY2000 Request	House H.R. 2606	Senate S. 1234	H.R. 2606 (Conf.)	Enacted P.L. 106-113
Title I - Export Assistance	660.7	685.0	595.5	620.5	599.0	599.0
Title II - Bilateral Economic Aid	9,616.2*	8,957.2	7,374.3	7,425.5	7,487.6	8,427.1
<i>Development aid</i>	2,321.5*	2,259.7	2,093.9	2,111.0	2,127.4	2,154.4
<i>Africa aid</i>	730.0	740.0	735.0	--	--	--
<i>Israel/Egypt economic aid</i>	1,855.0	1,645.0	1,695.0	1,695.0	1,695.0	1,695.0
<i>Wye River Peace Accord</i>	50.0	450.0	50.0	0.0	0.0	450.0
<i>Former Soviet Union</i>	847.0*	1,032.0	725.0	780.0	735.0	839.0
<i>Debt reduction</i>	33.0	370.0	33.0	43.0	33.0	123.0
Title III - Military Assistance	3,507.5*	4,956.0	3,585.5	3,534.0	3,542.0	4,992.0
<i>Israel/Egypt</i>	3,160.0	3,220.0	3,220.0	3,220.0	3,220.0	3,220.0
<i>Wye River Peace Accord</i>	50.0	1,350.0	0.0	0.0	0.0	1,375.0
Title IV - Multilateral Aid	1,638.3	1,587.4	1,068.7	1,111.8	1,064.9	1,298.0
<i>MDB arrears</i>	514.0	168.3	0.0	75.0	77.0	77.0
Total/"Base" Appropriation	13,401.0	16,185.6	12,624.0	12,691.8	12,693.5	15,316.1
Total/with FY99 Supplemental	15,422.7	16,185.6	12,624.0	12,691.8	12,693.5	15,316.1

Source: House and Senate Appropriations Committees. FY1999 excludes a one-time IMF appropriation of \$17.861 billion. H.R. 3196 represents levels approved by the House on Nov. 5.

* Includes "base" appropriations plus emergency supplementals enacted in P.L. 105-277 and P.L. 106-31.

- U.S. assistance to Russia and the former Soviet states would grow by \$179 million (21%), the result of a new Administration program — the Expanded Threat Reduction Assistance Initiative — addressing the security implications of the economic crisis in Russia and other NIS states. (See below under regional aid priorities for more discussion.)
- Peacekeeping for non-U.N. missions would increase by \$54 million (71%), mainly due to recommendations to boost funding from \$10 million to \$43

million for the OSCE Kosovo operation, and for smaller increases in Africa and OSCE Bosnia/Croatia peacekeeping activities.

- For the first time in several years, the Administrations sought funding (\$5.1 million) for the African Development Bank, an institution that has had its operations suspended until recently due to administrative and economic problems in the region.

In one area, the FY2000 Foreign Operations request proposed a small program reduction — U.S. assistance to Eastern Europe would drop by \$37 million (-8.6%) with most of the cuts coming in aid to Bosnia.

Table 4. Leading Recipients of U.S. Foreign Aid: FY1998 - FY2000
(Appropriation Allocations; \$s in millions)

	FY1998 Actual	FY1999 Allocation	FY2000 Estimate
Israel	3,000	2,940	3,150**
Egypt	2,117	2,076	2,016
Jordan	78	298*	328**
Russia	139	178	301
Ukraine	233	203	227
West Bank/Gaza	85	75	200**
Bosnia	225	205	176
Bolivia	74	92	88
Georgia	98	84	87
Peru	63	115	84
Haiti	71	72	73
Armenia	96	81	73
Bangladesh	56	45	59
Kazakhstan	20	49	58
Guatemala	54	59	56

*Includes \$100 million supplemental appropriation in P.L. 106-31.

** Includes regular request for Israel, Jordan, the Palestinians, plus amounts for Wye peace accord: Israel--\$300 million; Jordan--\$100 million; Palestinians--\$100 million.

Note: Data exclude food aid, a program not appropriated in the Foreign Operations bill. With food aid included, the rank order above would change somewhat. Food aid projected for FY2000 includes Peru—\$50 million; Haiti—\$26 million; Bangladesh—\$25 million; and Guatemala—\$17 million. Moreover, because of a large food aid program, Ethiopia, India and North Korea (FY1998/99) would also rank among the lower 10 of this top 15 list.

Funding for Country Aid Programs. At the country level, the FY2000 proposal recommended generally the same roster of major recipients as for FY1999. The proposal reflected continuing U.S. policy emphasis on Middle East peace, democratic transition in the former Soviet Union, implementation of the Dayton Peace

accords in Bosnia, and to a somewhat lesser extent, efforts to counter the drug trade in Latin America. Israel (\$2.85 billion) and Egypt (\$2 billion) would continue to be the largest recipients, although levels would decline as the United States continues to implement a reduction in economic assistance to both countries.⁵ Russia, and to a lesser extent Ukraine, were scheduled for increases in FY2000, mainly due to the Expanded Threat Reduction Assistance Initiative. U.S. assistance to Israel, Jordan, and the Palestinians (West Bank/Gaza) would rise significantly in FY2000 if Congress agrees to a request of \$500 million to back the Wye Memorandum peace accord.

Congressional Debate on Foreign Operations Spending

Summary of Debate. In separate actions during the summer, the House and Senate approved bills spending roughly the same amount of money overall — \$12.624 billion and \$12.691 billion, respectively — but at levels less than appropriated in FY1999 and well below the President's request. The legislation, however, included some significant differences in how to allocate funds among the various foreign aid accounts. Conferees approved \$12.693 billion, nearly identical to the Senate's level, but still below amounts for FY1999 and the President's request. On very close votes largely along party lines, the House (214-211) and Senate (51-49) agreed on October 5 and 6, respectively, to the \$12.693 billion spending measure. Most democrats supported the President's opposition to the measure because of the sizable cuts made to his foreign aid request. Other Members voted against the bill because the conference agreement removed House-passed abortion restrictions related to international family planning programs and included funding for the U.N. Population Fund which maintains activities in China. Keeping to an earlier pledge, President Clinton vetoed H.R. 2606 on October 18 because of inadequate funding levels. As primary reasons for his veto, the President specifically cited cuts to his request for voluntary peacekeeping activities, the Expanded Threat Reduction Initiative designed to safeguard weapons of mass destruction in Russia and other former Soviet states, contributions to multilateral development banks, and support for the Heavily Indebted Poor Country (HIPC) debt relief program, as well as the absence of funding for the Wye River Accord supporting the Middle East peace process.

Following the mid-October veto of H.R. 2606, the White House and congressional leaders negotiated the terms of a compromise package that narrowed the gap between executive-legislative funding differences. On November 5, the House approved a revised Foreign Operations measure (H.R. 3196) that added \$799 million for White House priorities, plus \$1.8 billion for the Wye River agreement. Although acceptable to the President, the bill fell about \$900 million short of the Administration's amended request, including denial of \$247 million for the cancellation of poor country debt owed to multilateral development banks.

Subsequent negotiations followed as Congress and the President attempted to complete an omnibus spending package for the five remaining appropriation bills. The most important changes for Foreign Operations — reflected in the introduction of a third measure, H.R. 3422 and a separate authorization bill, H.R. 3425 — regarded

⁵In FY1999, the United States began a 10-year initiative to reduce U.S. assistance to Israel and Egypt. For further information, see discussion below in section on Middle East Aid.

congressional authorization for the IMF to make an off-market sale of gold to finance the HIPC debt relief initiative (H.R. 3425) and the attachment of abortion restrictions to international family planning funds that Republican leaders had demanded in exchange for approval of money to pay U.S. arrears to the United Nations (H.R. 3422). H.R. 3194, a consolidated spending bill passed by the House on November 18 and by the Senate on November 19, enacted by reference H.R. 3422 and H.R. 3425. President Clinton signed into law H.R. 3194 on November 29, 1999.

Senate Debate. The Senate approved its version of the Foreign Operations request for FY2000 on June 30, 1999 (S. 1234). The \$12.691 billion was about \$1.9 billion, or 13%, less than the President's request. Compared to FY1999 levels, the recommendation was about \$700 million, or 5%, below the "base" foreign aid appropriation (regular Foreign Operations funding approved in the FY1999 Omnibus spending bill (P.L. 105-277), and over \$2.7 billion, or 17.7%, under total Foreign Operations appropriations for FY1999 that includes large Central America and Kosovo emergency relief supplementals.

House Debate. It had been expected that the House Appropriations bill would fall far below the Senate measure due to an initial \$10.4 billion budget authority allocation to the Subcommittee (see discussion above under the section on 302(b) allocations and Foreign Operations). Immediately prior to the House Committee markup on July 20, however, the panel revised the Foreign Operations figure upwards to \$12.6, making available roughly the same amount of money as passed the Senate. As adopted in the House on August 3, H.R. 2606 appropriated \$12.624 billion in discretionary funds, \$1.99 billion, or 13.6 % less than the FY2000 request. It was \$777 million below the "base" FY1999 appropriation, and \$2.8 billion (18%) under the total Foreign Operations enacted amounts for this year, including both "base" funding and emergency supplementals.

Conference Consideration, Veto of H.R. 2606, and a Revised Foreign Operations Bill. On September 22, House-Senate conferees resolved all differences except one in their respective versions of H.R. 2606. Subsequently, Members worked out their disagreement on international family planning and contributions to the U.N. Population Fund, and approved on September 27 a \$12.93 billion measure. Like the Senate-passed bill, the conference fell about \$700 million, or 5%, below the "base" spending level for FY1999 and \$1.9 billion, 13% less than the President's request. President Clinton and his senior foreign policy advisors argued that the conference agreement shirked a number of U.S. financial responsibilities and jeopardized American interests in promoting Middle East peace, safeguarding nuclear weapons and scientist expertise in the former Soviet Union, and stabilizing several global "hot spots." Following the veto of H.R. 2606 and several weeks of negotiations, congressional leaders and White House officials agreed to a compromise package which the President says he supports. The agreement, approved by the House on November 5 in a second Foreign Operations measure, H.R. 3196, added \$1.825 billion for the Wye River peace accord and \$799 million for a range of foreign aid programs the White House charged were under-funded in the earlier H.R. 2606. The total package in H.R. 3196 represented full funding for the Wye River agreement and roughly half of Administration's request that had been cut in H.R. 2606.

As negotiations to resolve all budget issues continued after House passage of H.R. 3196, a third Foreign Operations spending measure — H.R. 3422 — was introduced on November 17, legislation representing the final agreement over foreign aid spending. The major difference between H.R. 3196 and H.R. 3422 is the addition in H.R. 3422 of abortion restrictions that apply to international family planning programs. Congressional negotiators had been insisting that the White House accept such conditions on population assistance in exchange for congressional approval of nearly \$1 billion to pay off U.S. arrears at the United Nations. In virtually all other respects, the two bills are the same. The Consolidated Appropriations Act for FY2000 (H.R. 3194; P.L. 106-113) enacts H.R. 3422 and several other spending and authorization measures by reference. The House approved H.R. 3194, and therefore H.R. 3422, on November 18 and the Senate approved the bill on November 19.

With the exception of over \$2.6 billion in additional funding for selected accounts and the inclusion of abortion restrictions for international family planning programs, H.R. 3422 is virtually identical to the conference agreement on H.R. 2606, a bill vetoed by the President. Three major congressional priorities funded in the vetoed measure and continued in H.R. 3422 include:

- **Kosovo and Balkan assistance** — H.R. 3422 includes about \$535 million for Balkan reconstruction and regional economic stabilization, with a \$150 million recommendation specifically for Kosovo. This follows closely what the Senate had passed in S. 1234. The President’s budget, prepared before the outbreak of hostilities, included only \$393 million for the region. The House measure did not include earmarked funds for a Kosovo and a regional reconstruction initiative. H.R. 3422 stipulates, however, that none of the funds for Kosovo are to be used for large scale infrastructure projects or be available until the President certifies that the U.S. commitment at a late-1999 Kosovo donor pledging conference does not exceed 15% of total pledges.
- **Child Survival and Disease programs** — H.R. 3422 provides a separate account, as proposed by the House, at \$715 million for children and infectious disease activities. Overall, the revised Foreign Operations bill increases the account from the “base” FY1999 appropriation of \$650 million and the amended \$700 million FY2000 request.⁶ In addition, if the President exercises his authority to waive abortion-related family planning restrictions, \$12.5 million will be transferred from population aid programs to child survival and disease activities.
- **Aid to Israel, Egypt, and Jordan** — Following the lead of Senate and House-passed levels, H.R. 3422 increases aid to Israel and Egypt beyond the Administration’s regular funding request. The President’s budget had proposed accelerating to \$150 million the ten-year, \$100 million per year pace for reducing U.S. assistance to the two countries that Congress began last year. The bill increases the request by \$50 million, restoring the ten-year, \$100 million per year reduction. Under the H.R. 3422, Israel will receive

⁶ On July 19, the White House amended its FY2000 Child Survival request by seeking an additional \$45 million to support a presidential AIDS initiative aimed primarily on Africa.

\$2.88 billion and Egypt \$2.035 billion. In addition, the bill earmarks \$225 million for Jordan, as requested.

In many other areas, the revised Foreign Operations bill increases spending levels that had led to the President's veto of H.R. 2606:

- **Wye River accord.** H.R. 3422 provides full funding of \$1.8 billion through FY2002 for the Middle East peace pledge made by President Clinton in late 1998. At the time, the U.S. committed \$900 million for FY1999, \$500 million for FY2000, and \$500 million for FY2001 in additional assistance to Israel, Jordan, and the Palestinians. During a period when little progress was made by the parties in implementing the Wye accord, Congress approved in May 1999 only \$100 million for Jordan in the FY1999 Supplemental Appropriations. With the more recent meetings between President Clinton and newly elected Israeli Prime Minister Ehud Barak, the Administration once again pressed Congress to approve expeditiously the remaining Wye accord aid pledges. H.R. 3422 further adds an additional \$25 million in military aid for Egypt. Although not linked with the Wye accords, the Administration had requested for FY2000 that Congress approve early disbursement of some of Egypt's military aid that could be deposited into an interest bearing account that would enhance Egypt's aid package. This would be similar to an arrangement extended for several years to Israel. Because of budget limitations and the outlay impact of early disbursement of funds, Congress rejected the proposal in H.R. 2606. The \$25 million included in H.R. 3422 represents roughly the amount of interest Egypt would have earned under the early disbursement plan.
- **Aid to Russia and nuclear weapons safeguards.** A top Administration priority has been \$241 million for its Expanded Threat Reduction program, a counter-proliferation initiative in the former states of the Soviet Union. The amounts approved in H.R. 2606 for Russia and other independent states -- \$735 million -- would have jeopardized funding for the threat reduction project, plus squeezed aid for Russia and some of the other countries in the region. H.R. 3422 adds \$104 million for the account, bringing the total to \$839 million, and specifically earmarks \$241 million for the counter-proliferation initiative. The new bill continues other provisions from H.R. 2606 by setting aid targets of \$180 million for Ukraine, \$95 million for Georgia, and \$90 million for Armenia. Even with the additional funding, bilateral economic aid for Russia and several other countries in the region are likely to fall below requested levels, and perhaps below FY1999 amounts.
- **Multilateral development bank funding.** Multilateral assistance, funded within title IV of the Foreign Operations appropriation received one of the deepest cuts under the terms of H.R. 2606 -- over \$500 million, or one-third less than requested. H.R. 3422, restores \$233 million to title IV, including \$150 million for the World Bank's International Development Association (IDA). Congress initially cut the \$803 million request to \$625 million, primarily due to disagreement with Bank policy over extending a loan to China that would involve the resettlement of poor Chinese farmers into a traditionally Tibetan area. The new Foreign Operations measure also fully funds (\$128 million) the African Development Fund and increases from \$1 million to \$4.1

million resources for the U.S. to subscribe to a new African Development Bank replenishment. H.R. 3422 also adds \$16 million for the Inter-American Investment Corporation, funding that was not provided in H.R. 2606. U.S. voluntary contributions to international organizations received an additional \$13 million, funds that most likely will be used to increase payments to the U.N. Development Program. The amount and terms of a \$25 million American contribution to the U.N. Population Fund did not change under the revised Foreign Operations bill. The major remaining resource shortfall for multilateral programs in H.R. 3422 is for the Global Environment Facility for which the appropriation remains at \$35.8 million, or one-fourth of the request.

- **Economic Support Fund (ESF) assistance.** ESF, a bilateral economic aid channel through which the United States extends support largely for political and security purposes, had been cut significantly under H.R. 2606, except for Middle East recipients. After subtracting earmarks for Israel, Egypt, Jordan, and Lebanon, the vetoed Foreign Operations measure had reduced the President's request for all other ESF activities by roughly 45%. Most vulnerable would have been aid programs in Haiti, Guatemala, Cambodia, and Indonesia, as well as a series of regional human rights, democracy building, environment, and other global issue initiatives. H.R. 3422 restores \$168.5 million to the ESF account, leaving a more modest \$95 million, or 17% shortfall.
- **USAID operating expenses.** Under H.R. 2606, Congress approved the Senate-passed level of \$495 million for the costs of staff salaries and living expenses overseas for the primary U.S. bilateral aid agency. Agency officials argued that without higher funding, they would be forced to initiate a reduction-in-force as had occurred in 1997. Moreover, USAID continues to be plagued by ineffective financial management systems and failed attempts to replace them. H.R. 3422 provides an additional \$25 million that should allow USAID to cover its operating costs as well as complete plans for a new financial management initiative.
- **Peacekeeping operations.** Voluntary contributions to non-U.N. sponsored peacekeeping activities had been reduced in H.R. 2606 to \$78 million, \$52 million less than the request. H.R. 3422 adds back \$75 million, for a total of \$153 million, that will cover American payments to peacekeeping operations included in the original requests, plus those, such as in Sierra Leone and East Timor, that have developed since early 1999.
- **Peace Corps.** Under the terms of the conference agreement of H.R. 2606, Peace Corps funding was cut to \$235 million, \$35 million less than the request and \$5 million under FY1999 levels. H.R. 3422 restores some of the reduction by adding \$10 million. The \$245 million FY2000 appropriation, however, will still fall short of the Administration's goal of achieving a 10,000 volunteer Peace Corps.

In a few areas, the third Foreign Operations bill does not substantially alter funding shortfalls that had been approved in the vetoed H.R. 2606. The most significant, from the Administration's perspective, is **debt relief** for the world's

poorest nations. In the original budget request submitted in early 1999, the President sought \$120 million for debt reduction, including funds for U.S. participation in the World Bank/IMF managed Heavily Indebted Poor Country (HIPC) initiative designed to provide extensive reduction of debts owed to both bilateral governments and multilateral institutions.

Following a G-7 agreement in June and World Bank/IMF endorsement in September to significantly expand HIPC, the President asked Congress on September 21 to increase debt relief funding to \$370 million in FY2000, plus \$600 million for FY2001-2003. The conference agreement on H.R. 2606 included only \$33 million for debt cancellation, none of which could be used for helping reduce multilateral debt. The revised H.R. 3422 increases debt relief funding by \$90 million, all of which must be used for bilateral reduction. HIPC proponents fear that if the United States does not contribute to the multilateral portion of the HIPC initiative, other bilateral donors will follow, leaving a large funding shortfall for HIPC implementation. Although the White House did not achieve full funding for debt relief, Congress agreed in a separate bill, H.R. 3425 (that is also enacted by reference to the Consolidated Appropriations Act), to authorize U.S. support for an IMF off-market sale of gold that would finance the Fund's ability to write-down poor country debts.

In perhaps the most controversial provision included in H.R. 3422, the White House agreed to accept restrictions on **international family planning policy** that prohibit U.S. grants to private foreign non-governmental and multilateral organizations that either perform abortions or lobby to change abortion laws in foreign countries. The President can waive the restrictions for up to \$15 million in grants, but if he does, population aid funding declines from \$385 million to \$372.5 million. The restrictions apply only to FY2000 and will expire on September 30, 2000. Although the President exercised his waiver authority on November 30, 1999, and instructed USAID to minimize any adverse impact the provision might have on U.S.-funded family planning programs, the legislation represents the first time in 15 years of heated congressional debate that such restrictions have been enacted into law. Critics of abortion restrictions are concerned primarily about the precedent that this sets and the effect it will have on another contentious debate in Congress next year when the current restrictions expire. The White House reluctantly agreed to the abortion conditions when congressional leaders refused to approve funds to pay off U.S. arrears to the United Nations unless the restrictions were also added.

Another funding reduction in H.R. 2606 not addressed in H.R. 3422 is for the **Inter-American Foundation**. The IAF is a small, independent grass-roots aid organization supporting projects in Latin America since 1969. Under both H.R. 2606 and H.R. 3196, the IAF will receive \$5 million in FY2000, less than a quarter of the Administration's \$22.3 million request. Further, the bills authorize the President to abolish the IAF next year. The Foundation had been heavily criticized for recent management irregularities and for the continuation of funding for certain NGOs that had been involved in the kidnaping of Americans in 1997.

The third Foreign Operations bill further does not include funding for two emerging foreign aid initiatives that the Administration had announced earlier it would pursue during the final budget negotiations. Although the executive branch never submitted formal requests, it had consulted extensively with congressional committees

for additional funds for Balkan reconstruction and stabilization efforts and counter-narcotics programs in Colombia. As noted above, both H.R. 2606 and H.R. 3422 provide more for Balkan and Kosovo assistance than requested by the Administration earlier in 1999. But there remains about a \$300-\$400 million gap between amounts provided in H.R. 3422 and what the executive wants to pledge for reconstruction needs. Presumably, the Balkan aid package will come before Congress in 2000 as part of a supplemental to provide additional DOD costs of peacekeeping operations in the region. For counter-narcotics, an initiative with strong congressional support, H.R. 3422 increases spending by \$20 million for FY2000. Nevertheless, this remains far short of preliminary proposals recommending \$1 billion-\$1.5 billion for Colombia and the Andean region over three years.

Two non-funding, but controversial policy issues that had been narrowly approved during House and Senate floor debate and settled by conferees in H.R. 2606, are continued unchanged in H.R. 3422:

- **School of the Americas.** H.R. 3422 drops a House provision that would have denied International Military Education and Training Funds (IMET) for the Army's School of the Americas, located at Fort Benning, Georgia. The School trains Latin American military officers, drawing on IMET for some of its operating costs, although most of its funding comes from Defense Department money. Critics of the school contend that it has trained some of the most ruthless human rights violators among Latin American militaries, especially during the 1970s and 1980s. The Administration, which argues that the School's curriculum has been overhauled during the 1990s and is designed to promote the observance of human rights principles by its graduates, strongly opposed the House amendment. Prior to releasing funds to the School, however, H.R. 3422 requires the President to issue certain certifications regarding the curriculum at the School of the Americas.
- **Silk Road Strategy Act.** The new Foreign Operations bill includes the Senate-passed text authorizing aid programs for the South Caucasus and Central Asia — the so-called Silk Road Strategy Act. As originally offered during Senate debate by Senator Brownback, the text would have allowed the President to waive the ban of non-humanitarian aid to Azerbaijan found in Section 907 of the Freedom Support Act. An amendment by Senator McConnell and others, however, struck the waiver provision (53-45), thereby maintaining the Section 907 restriction. The House had approved similar legislation, including retention of Section 907, in a separate bill, H.R. 1152.

Offsets for Higher Foreign Operations Spending. A congressional and White House priority for additional FY2000 funding in any spending measure has been to package them in such a way that the total amount does not exceed discretionary spending caps or draw on budget surpluses derived from Social Security payments. The \$2.624 billion add-on for Foreign Operations is offset in two ways. First, the Wye River/Middle East Peace package is designated as an emergency which means none of the \$1.825 billion will count against the discretionary caps. To offset the outlay impact of the additional spending, something that could potentially dip into the Social Security surplus, H.R. 3422 limits to \$1.37 billion the amount that Israel can receive earlier than it would otherwise of its total \$1.92 billion military aid transfers.

For many years, Congress has approved the immediate transfer of economic assistance to Israel that could then be invested in interest-bearing accounts before Israel needed the funds to service debts owed the United States. Several years ago, Congress extended this benefit by allowing the early disbursement — and the outlay — of \$1.8 billion in annual U.S. military aid. Normally, for other countries little or no military assistance would be drawn upon in the year it was appropriated, and therefore, would not result in any outlays. Consequently, the lower outlays estimated under H.R. 3422 because Israel will not receive \$550 million in early disbursement of military aid fully offsets the outlay impact of funding for the Wye River accord and other foreign aid spending. Although this does not cut the \$1.92 billion military aid package for Israel, it will result in the loss to Israel of whatever interest would have accrued.

Major Policy and Spending Issues in the Foreign Operations Debate

In addition to funding decisions made by Congress in the Foreign Operations appropriation bill, the annual spending measure also includes a wide range of policy provisions that frequently raise contentious foreign policy disagreements between the President and Congress. As mentioned above, because Congress has not enacted foreign aid authorization bills for over a decade, the Foreign Operations legislation often becomes the vehicle for debate on the conduct of U.S. foreign policy more generally. Many of these policy provisions take the form of conditions or restrictions on how the President can use money included in the spending bill. Many of these provisions are opposed by the Administration as excessively limiting his ability to manage American foreign policy. The legislative-executive policy differences have in the past delayed the enactment of the Foreign Operations bill or have prompted a presidential veto.

Among the most significant funding and policy issues raised during congressional debate this year on the Foreign Operations appropriation measure concern conflicting executive-legislative branch development assistance strategy priorities, restrictions on international family planning programs, regional aid allocations, competing initiatives to reduce debt burdens of the poorest developing countries, and the terms and conditions under which the United States provides heavy fuel oil to North Korea.

Policy Priorities of U.S. Development Aid. Since the end of the Cold War, a recurring debate has focused on what should replace the anti-communist foreign aid rationale of the past 50 years. A more fundamental question raised by some, especially critics of development assistance, is whether the United States needs to maintain an active, globally focused economic aid program. Many of these critics argue that aid can be transformed into a smaller, more targeted, and often privatized instrument to support only the highest priority U.S. foreign policy interests.

Although there has been no definitive consensus on priorities, the Clinton Administration has strongly supported the retention of an activist foreign aid policy which can be used to bolster a variety of U.S. foreign policy initiatives around the world. In early 1994, USAID released its blueprint for a post-Cold War development aid policy, based around the goal of “sustainable development,” and its four strategies of promoting economic growth, stabilizing global population, protecting the

environment, and advancing democracy. More recently, USAID added a fifth strategy aimed at developing human capacity through education.

Since adopting these strategies in 1994, USAID has maintained that they operate as inter-linked, mutually reinforcing elements of an overall U.S. effort to promote the advancement of market economies and democratic transitions in developing nations. Officials argue that U.S. aid is justified until countries reach a point of sustainability that no longer requires external aid. Funding reductions, congressional restrictions, and fluctuating Administration priorities, however, have required USAID to alter the mix of resources devoted to each of the strategies, raising questions over whether the integrative, mutually reinforcing principles can be maintained. Congress, for example, limited development aid for population programs in FYs 1996-99 to roughly two-thirds of the amount provided in FY 1995. (See below for more discussion on family planning restrictions.) Further, the State Department's Bureau of Global Affairs places a high priority on environment programs and presses USAID to allocate the maximum amount possible to such activities. As a result, the environment sector of sustainable development likely has not declined as much as it might have otherwise.

At the center of this issue for the past four years has been differences between Congress and the executive branch regarding funding levels for programs supporting child survival, basic education, and efforts against HIV/AIDS and other infectious diseases. Despite cutting overall development aid in FYs 1996-97 by about 23% from FY 1995 levels, Congress earmarked children and disease programs at amounts equal to or somewhat greater than those allocated in FY 1995, making the cuts on all other elements of sustainable development closer to 30%. Congress boosted development aid appropriations for FY 1999 by about \$20 million beyond the President's request, but lawmakers set funding targets for child survival and infectious disease activities at about \$460 million, \$85 million more than the Administration proposed. As a result, USAID cut funding for economic growth programs by \$47 million and environment projects by \$42 million below what the agency had planned for FY 1999.⁷

Congressional proponents of the child survival priority argue that even though budget pressures require the United States to reduce or hold the line on foreign aid spending, the protection of children remains a core American value demanding that cuts should be implemented without putting at risk the lives and well-being of small children in developing nations. They further point out that the spread of infectious diseases poses a direct threat to U.S. citizens, and that American national interests require continued support for global efforts to reduce or eliminate such illnesses.

⁷ Selected elements of economic growth programs that have broad congressional support, such as microenterprise and agriculture activities, were unaffected by reductions elsewhere in this sector.

Table 5. USAID Sustainable Development Programs
(in millions of dollars)

Goals/Targets	FY1998 Estimate		FY1999 Estimate		FY2000 Request**	
	\$s	% of total	\$s	% of total	\$s	% of total
Economic Growth	415	24.1%	416	23.3%	460	24.3%
<i>Microenterprise</i>	49	2.8%	67	3.7%	75	4.0%
<i>Agriculture</i>	149	8.6%	134	7.5%	148	7.8%
<i>Other Economic Growth</i>	217	12.6%	214	12.0%	237	12.5%
Population/Health	799	46.3%	846*	47.3%	845	44.6%
<i>Child Survival</i>	245	14.2%	276*	15.4%	236	12.5%
<i>HIV/AIDs</i>	121	7.0%	135*	7.5%	172**	9.1%
<i>Family Planning</i>	343	19.9%	339	18.9%	355	18.8%
<i>Infectious Diseases</i>	54	3.1%	50	2.8%	50	2.6%
<i>Other health</i>	36	2.1%	46	2.6%	32	1.7%
Human Capacity/Basic Ed.	125	7.3%	131	7.3%	148	7.8%
Environment	244	14.2%	248	13.9%	290	15.3%
<i>Global Climate Change</i>	92	5.3%	88	4.9%	112	5.9%
Democracy	142	8.2%	148	8.3%	150	7.9%
Total Sustainable Develop.	1,724	100%	1,789	100%	1,893	100%

Source: USAID. Amounts in this table only apply to USAID “development aid” programs and do not include funds used for the same purposes, although to a lesser extent, in other accounts, including Economic Support Fund (ESF), East Europe and former Soviet aid programs. For example, USAID estimates that it will spend in FY1999 \$385 million across all accounts for family planning programs and about \$331 million across all accounts for Child Survival activities.

* Includes \$40 million for Child Survival and \$10 million for HIV/AIDs provided in supplemental appropriations.

** Includes a July 19 budget amendment seeking \$45 million more to support a presidential AIDS initiative aimed primarily at sub-Saharan Africa.

Although agreeing with the importance of child survival and infectious disease programs, USAID officials apply a broader definition to the terms, arguing, for example, that efforts to protect small children go well beyond immunizations and access to other health services. The quality of a child’s life, they assert, also is determined by an array of other factors, including the degree of relative stability in society, protection of the surrounding environment, access to adequate shelter, and implementation of sound economic policies that will ensure jobs and economic opportunities in the future. Consequently, they contend, that the “squeeze” that these targets place on other areas of sustainable development partially undermines the success of programs that also benefit children.

As has been the pattern the past few years, USAID's sustainable development request for FY2000 reduced or maintained at current levels funding for several congressional priorities while increasing development aid overall by \$59 million, or about 3%. The \$1.89 billion original request would have cut funds for child survival programs by \$40 million from FY1999 appropriations, and hold spending for other infectious diseases activities at the current allocation of \$50 million.⁸ Environmental funds, especially those for global climate change programs, would grow the most under the Administration's request — up \$42 million (17%) from existing amounts. Family planning spending would also increase slightly, rising by \$16 million (5 %) from FY1999 levels. Other congressional development aid priorities would also receive higher funding under the President's budget for FY2000. For example, microenterprise, agriculture, and basic education programs each would grow by 10-12% for FY2000.

Congressional Action. H.R. 2606, as approved by the conferees and continued largely unchanged in the revised H.R. 3422, reduces the amended USAID development aid account by \$87 million, while at the same time increases funds for selected activities. Some of the largest development assistance and child survival earmarks and recommendations, including those mentioned in House and Senate committee reports on the legislation, are:

- *international population aid* — \$385 million, as passed by the House. The President requested \$400 million, while the Senate had earmarked \$425 million within development assistance and as much as \$45 million under other accounts.
- *HIV/AIDS and other infectious diseases* — \$180 million for HIV/AIDS, including \$35 million specifically for Africa. Conferees did not earmark funds for other disease programs. The Senate had recommended \$225 million, of which \$150 million was for HIV/AIDS; the House had included \$227 million, including \$127 million HIV/AIDS.
- *maternal health* — \$50 million in the Senate bill; no mention in the conference agreement.
- *tuberculosis* — \$30 million recommended in the House bill and an expectation in the Senate bill to increase funding in FY2000. Conferees did not set a specific amount, although they support USAID's \$3 million tuberculosis programs in Mexico.
- *polio eradication* — \$25 million in both House and Senate bills. Conferees did not set a specific level.
- *basic education* — \$98 million earmarked in H.R. 3422. Senate and House bills had recommended \$110 million and \$98 million, respectively.

⁸USAID contended, however, that the request for child survival and HIV/AIDS was the same as the FY1999 "base" appropriation enacted by Congress in the regular Foreign Operations bill that was incorporated into the Omnibus Appropriations (P.L. 105-277). Under the Emergency Supplemental division of P.L. 105-277, Congress added \$50 million for child survival and HIV/AIDS programs that USAID did not include in its "base." In any case, the White House amended its Child Survival request in July, adding \$45 million for an HIV/AIDS in Africa initiative. This brought the amended proposal for children and disease programs to \$700 million, the same as for FY1999, including the supplemental.

- *displaced children and orphans* — \$30 million in the House bill. Conferees did not set a specific level.
- *agriculture* — \$305 million recommended in the conference agreement. The Senate bill had earmarked \$305 million.
- *microenterprise* — \$152 million in the House measure, while the Senate bill directed USAID to increase microenterprise funding above FY1999 levels. H.R. 3422 does not specify an amount for microenterprise other than to require that at least 50% of the loans made be less than \$300.
- *biodiversity* — The conference committee, following a Senate amendment, directs USAID to restore biodiversity funding to the same proportion of development assistance funds it received in FY1995. This would result in about \$99 million for biodiversity activities in FY2000. Funding had fallen by nearly half in recent years — from about \$100 million in FY1995 to \$55 million in FY1998. With the support of Congress, USAID increased the FY1999 program level to \$68 million.

The net result of the overall reduction to development assistance, plus increases for selected Senate and House priorities, would likely be lower funding levels for other sustainable development activities. Economic growth and private sector programs, environmental activities other than biodiversity, and democracy promotion programs are the most likely areas to face modest funding cuts under H.R. 3422.

Population and Family Planning Assistance. Another aspect of the discussion regarding policy priorities of U.S. development aid is the continuing controversy regarding international family planning restrictions. For FY2000, the President sought \$400 million for USAID population programs, a \$15 million increase over FY1999 levels. The principal dispute over population assistance, however, goes well beyond funding issues, centering more directly on abortion-related activities of foreign recipients of USAID grants. For over a decade, Congress has engaged in contentious debates over U.S. international family planning policy, often as part of the Foreign Operations Appropriations. Twice, congressional positions on this issue have been one of the major reasons prompting a presidential veto.

U.S. international family planning programs had been one of the largest growth areas of the foreign aid budget in the 1990s. From an average of about \$250 million in the late 1980s, FY1995 spending across all Foreign Operations accounts totaled approximately \$548 million. In the following years, when Congress deadlocked over abortion-related restrictions and U.S. population aid policy, a situation that blocked movement of the entire Foreign Operations bill, lawmakers adopted interim provisions that, among other things, strictly limited the amount of funding for USAID family planning programs. The appropriation cap of \$385 million enacted in each of FY1997-1999 is roughly two-thirds the amount provided in FY1995. As a result of the impasse over abortion restrictions, Congress established a delayed timetable for making these funds available, a schedule that included monthly apportionments or “metering” of the appropriation.

A second issue in the population aid debate, and one directly connected to funding reductions and metering of the past four years, deals with abortion restrictions and the eligibility requirements for foreign organizations receiving funds to implement U.S.-sponsored family planning programs. During the mid-1980s, in what has

become known as the “Mexico City” policy, the Reagan, and later the Bush, Administration, restricted funds for foreign non-governmental organizations that were involved in performing or promoting abortions in countries where they worked, even if such activities were undertaken with non-U.S. funds. Several groups, including International Planned Parenthood Federation-London (IPPF), became ineligible for U.S. financial support. In some years, Congress narrowly approved measures to overturn this prohibition, but White House vetoes kept the policy in place. President Clinton in 1993 reversed the position of his two predecessors, allowing the United States to resume funding for all family planning organizations so long as U.S. money was not used in abortion-related work.

During the past four years, the House and Senate have taken opposing positions on the Mexico City issue that in each case held up enactment of the final Foreign Operations spending measure. The House position, sponsored by Representative Smith (N.J.) and others, supported reinstatement of the Mexico City policy restricting U.S. aid funds to foreign organizations involved in performing abortions or in lobbying to change abortion laws or policies in foreign countries. The Senate, on the other side, has rejected House provisions dealing with Mexico City policy, favoring a policy that leaves these decisions in the hands of the Administration. Moreover, Administration officials have stated that President Clinton would veto any bills that include the House-passed Mexico City restrictions, a threat he carried out in October 1998 when he rejected legislation authorizing family planning programs that included Mexico City policy (H.R. 1757).

Unable to reach an agreement satisfactory to both sides, Congress has adopted interim arrangements for FY1996-1999 that do not resolve the broad population program controversy, but has permitted the stalled Foreign Operations measure to move forward. It was hoped that the arrangement, which neither side liked, would provide incentives for those involved in the debate to find a middle ground. Under the terms of the FY1999 temporary arrangement, as included in P.L. 105-277, Congress deleted the House-supported Mexico City restrictions, limited population aid funding to \$385 million, down from \$435 million passed by the Senate, and delayed, or “metered” the availability of the funds at a rate of one-twelfth of the \$385 million per month.

Congress further enacted for FY1999 a ban on U.S. contributions to the U.N. Population Fund (UNFPA), a prohibition that had been in place during the Reagan and Bush Administrations but which was lifted by President Clinton in 1993. At issue are UNFPA programs in China, a country where there have been continuing reports for many years of coercive family planning practices. During the mid-1990s, Congress reduced UNFPA contributions by an amount the organization spent in China, but when UNFPA ended its China program in 1997, the controversy subsided. UNFPA, however, reinstated activities in China soon thereafter, resulting in the withholding in FY1998 of \$5 million for UNFPA and the enactment for FY1999 of a total prohibition on the U.S. \$25 million contribution, so long as the organization

remained active in China. Nevertheless, the Clinton Administration sought \$25 million for the UNFPA in FY2000.⁹

A new element in the family planning issue added during the FY1999 debate emerged following reports that Peru, where USAID has population aid programs, had established national targets for tubal ligations and vasectomies. There were also allegations that some Peruvian health workers may have conditioned the receipt of food and medical care on the acceptance of sterilizations. USAID maintains a policy of strict voluntarism for family planning programs it supports, and opposes the use of performance-based quota systems. The Agency says that Peru's government has instituted significant reforms in its family planning programs, including criteria that ensure voluntary informed consent. To reinforce U.S. policies opposing programs based on coercive practices or quota systems, Congress adopted for FY1999 an amendment by Representative Tiahrt that more precisely defines the term, *voluntary* family planning programs, and establishes criteria for USAID to apply regarding the voluntary nature of its population projects.¹⁰ (For more information, see CRS Issue Brief 96026, *U.S. International Population Assistance, Issues for Congress*, by Larry Nowels.)

Congressional Action. S. 1234, as approved by the **Senate**, increased family planning funds within the development aid account from the \$355 million request to \$425 million. Across all accounts, including ESF, NIS, and SEED programs, the Senate recommendation would set population aid at about \$470 million, a \$70 million increase above the Administration's overall \$400 million recommendation. The bill further earmarked UNFPA funding at \$25 million, as requested.

The **House** measure, like previous bills, capped family planning assistance at \$385 million. But unlike enacted Foreign Operations laws the past few years, the

⁹In related legislative action, the House International Relations Committee on April 29, 1999, reported an omnibus State Department authorization bill, H.R. 1211, that earmarks \$25 million for UNFPA in FY2000. U.S. contributions, however, would be conditioned on how UNFPA operates in China; namely, that UNFPA programs focus on improving the delivery of voluntary family planning information and services, and that UNFPA works only in counties where participant quotas and targets have been abolished and coercive practices terminated. The full Committee overturned a subcommittee recommendation to prohibit U.S. contributions to UNFPA, unless the President certified that UNFPA had withdrawn from China or that China no longer engaged in coercive family planning practices. In subsequent debate on a revised, substitute bill (H.R. 2415), the House rejected an amendment by Representative Smith that would have restored the subcommittee prohibition and instead adopted a Campbell amendment authorizing \$25 million for the UNFPA, but making it subject to a dollar-for-dollar reduction by however much UNFPA spends in China.

¹⁰Following adoption of the Tiahrt amendment in the 105th Congress, the House, on March 23, 1999, passed a non-binding resolution (H.Res. 118) re-emphasizing the *voluntary* nature of international family planning programs. The resolution was aimed at a meeting of the U.N. General Assembly in late June that reviewed and appraised the implementation of the program of action of the 1994 International Conference on Population and Development. Sponsors of H.Res. 118 reportedly wanted to signal the conference that Congress believes that all family planning programs should be completely voluntary, avoid numerical targets, and provide recipients complete information on methods.

House bill would not “meter” the availability of these funds. An amendment offered by Representative Pelosi at the House Committee’s markup restored the \$25 million request for the U.N. Population Fund, but made it subject to a reduction by whatever amount UNFPA spends in China in 2000.

During floor debate, the House adopted two competing and apparently conflicting amendments affecting U.S. international family planning policy. On a 228-200 vote, the House approved a modified Mexico City policy amendment by Representative Smith (NJ) prohibiting U.S. funds to foreign NGOs that perform abortions or lobby to change abortion laws in foreign countries, regardless of whether such activities are financed with U.S. funds. The House also adopted (221-208) a counter amendment by Representative Greenwood permitting U.S. grants to foreign NGOs as long as they do not use U.S.-*provided* money to perform abortions or violate abortion laws in foreign nations. The Greenwood amendment further requires such organizations to support programs that reduce the incidence of abortion as a method of family planning. Because the Smith language is more restrictive concerning foreign NGO eligibility for receiving USAID grants, it would be the operative text if both amendments are enacted. Requirements in the Greenwood provision that NGOs support programs reducing abortions as a method of family planning and adhere to abortion laws in foreign countries, nevertheless, would also apply should conferees adopt both positions. Theoretically, however, some foreign NGOs that would be eligible recipients of USAID grants under the Greenwood amendment would be barred from receiving U.S. population aid under the Smith restrictions. The White House said the President would veto any bill that included the Smith language.

As has been the case in the past, the Foreign Operations **conference** committee meeting could not resolve the House-Senate differences on the family planning issue. Senate conferees insisted that UNFPA funding remain in the bill, while their House counterparts agreed to drop the modified Mexico City abortion restrictions contained in the Smith amendment if the UNFPA contribution was also removed. Following further negotiations, conferees agreed to continue current law regarding population aid funding levels and abortion restrictions — that is, \$385 million, metered on a monthly basis, but the deletion of both the Smith and Greenwood amendments. They also added the \$25 million UNFPA earmark, with conditions that passed the House and Senate.

The revised Foreign Operations bill (H.R. 3422) makes no changes to the conference agreement of H.R. 2606 regarding UNFPA funding and conditions, but the issue of abortion restrictions became one of the last and most contentious issues resolved in the final budget package. When congressional leaders refused to include U.N. arrearage payments without revised Mexico City language, the White House reluctantly agreed to the abortion restrictions. This is the first time that Mexico City restrictions are included in legislation. Under the terms of H.R. 3422, private foreign non-governmental and multilateral organizations that either perform abortions or lobby to change abortion laws in foreign countries are prohibited from receiving USAID population aid grants. The President can waive the restrictions for up to \$15 million in grants, but if he does, population aid funding declines from \$385 million to \$372.5 million. The restrictions apply only to FY2000 and will expire on September 30, 2000. Although the President used his waiver authority on November 30 and the

impact on U.S.-funded family planning programs is expected to be minimal, critics of abortion restrictions are concerned primarily about the precedent that is set and the effect it will have on another contentious debate in Congress next year when the current restrictions expire.

Regional Allocations of U.S. Foreign Aid and the Request for an Africa-specific Account. Although the Middle East has received by far the largest proportion of U.S. assistance over the past three decades — 55-63% of bilateral aid appropriated in Foreign Operations spending measures in most years— allocations to other regions have fluctuated considerably, especially since the end of the Cold War. Asia, which received substantial assistance in the 1980s associated with the presence of U.S. military bases in the Philippines, had its share drop to 16% to 4% by FY1997. Latin America, where Central American governments were confronted with internal conflict, had its share drop from 16% to 6%. Africa's proportion remained about the same — 7-8% — a development that disappointed those who argued that the world's poorest region should receive higher priority, especially with the reduction in emphasis on security assistance. U.S. aid to the emerging democracies and market-oriented economies in Eastern Europe and the former Soviet Union, where the United States had no programs prior to 1990, grew to represent 14% of American bilateral assistance funded in the Foreign Operations bill for FY1997.

Table 6. Regional Allocations of U.S. Aid
(in millions of dollars; % of bilateral total in Foreign Operations)

	FY1998 Estimate		FY1999 Estimate*		FY2000 Request	
	\$s	% of total	\$s	% of total	\$s	% of total
Africa	804	9.4%	883	9.0%	893	10.0%
Asia	338	3.9%	325	3.6%	424	4.8%
E. Europe/former Soviet	1,492	17.4%	1,642	16.7%	1,600	18.0%
Latin America	635	7.4%	1,535	15.6%	735	8.3%
Middle East	5,324	62.0%	5,471	55.5%	5,241	58.9%
Total, Bilateral Aid	8,593	100%	9,856	100%	8,893	100%

Source: USAID. Amounts in the this table exclude food aid funded in the Agriculture Appropriations measure.

*FY1999 estimates include supplemental appropriations for Central America hurricane reconstruction (\$621 million), economic aid for countries surrounding Kosovo (\$225 million), and assistance to Jordan (\$100 million).

A number of observers, including some Members and congressional committees, believed these shifts in regional aid allocations had swung too far. This was particularly true in the cases of Asia and Latin America, given the Asian financial crises and significant U.S. interests to promote economic development in Latin America in order to counter the trend of rising illegal immigration to the United States. Foreign Operations appropriations measures the past two years have emphasized the need to maintain or increase assistance especially to Latin America. In the case of Africa, others argued that not enough has been reallocated to offer sufficient help to meet the region's unmet needs and to promote future U.S.-African trade opportunities.

As the share of bilateral Foreign Operations funding for the Middle East exceeded 60%, some in Congress began promoting the view that there should be some limits to the amount provided and that if the Administration wanted to pursue new Middle East peace initiatives using foreign aid as an implementing tool, resources should be found within existing Middle East programs and not be taken from other regions.

Accordingly, for FY1998 Congress took steps to legislate a cap on Foreign Operations resources for the Middle East. At the initiative of Representative Callahan, Chairman of the House Foreign Operations Subcommittee, lawmakers stipulated in the FY1998 funding measure (Section 586 of P.L. 105-118) that selected Middle East nations and regional programs could not receive more than \$5.4 billion of the total appropriation. Following this, Israel put forth in January 1998 a plan to cut its aid over the next ten to twelve years. The concept behind the Israeli initiative to decrease assistance from the United States was first raised by Prime Minister Netanyahu in a speech before a joint session of Congress on July 10, 1996. As outlined to congressional and Administration officials by Israeli Finance Minister Neeman in late January 1998, the United States would cut economic aid by \$120 million each year for about ten years, while increasing military assistance by \$60 million annually. At the end of the period, Israel would be receiving an annual appropriation of \$2.4 billion in military aid but no longer receiving any economic assistance. If done over a ten-year period, U.S. aid to Israel would fall \$60 million each year in net terms, with a total savings of \$600 million by 2009. For FY1999, Congress supported the \$60 million net reduction of aid to Israel, also adding a similar \$40 economic aid cut for Egypt.

The President's FY2000 Foreign Operations request reflected several of these regional allocation views expressed by Congress in recent years. Highlights of the Administration's recommendations include the following.

Creation of the Development Fund for Africa Account. After a three-year absence, the President asked Congress to re-establish a separate Foreign Operations account for African aid and to increase funding slightly over FY1999 levels. Ten years ago, Congress and the Administration launched a joint initiative to create special legislative authority for U.S. economic aid to Africa. The Development Fund for Africa (DFA — authorized in Chapter 10 of the Foreign Assistance Act of 1961) was intended to extend more flexibility to USAID program managers and to protect aid resources for Africa from being transferred to other regions as new foreign policy

crises unfolded. At its peak, the United States channeled about \$800 million annually through the DFA.

Although the DFA authorization law remained in force, Congress ended the practice of a direct DFA appropriation in FY1996, funding Africa's assistance out of worldwide development aid and child survival accounts. Following President Clinton's visit to Africa in 1998, during which he pledged to restore U.S. aid to higher levels provided in previous years, the Administration has proposed a direct DFA appropriation account for FY2000. The budget includes \$745 million for African development aid, including funds from both the DFA and Child Survival accounts. Combined with funds requested under the Economic Support Fund, largely for democracy and economic growth initiatives, and smaller amounts of military assistance, the FY2000 budget includes \$893 million for Africa. This compares to FY1999 allocations of \$883 million.

Increased Funding for Asia. The FY2000 foreign aid budget proposed significant increases in assistance programs throughout the Asian region. The \$424 million requested is nearly \$100 million, or 30% higher than allocations for FY1999. This represents the largest percentage increase sought in the FY2000 foreign aid request for any of the five major regions under USAID's portfolio. Much of the increased funding is for a new East Asian economic recovery initiative. This multi-year plan, administered by USAID, would support job creation opportunities, social safety net programs, transparency and anti-corruption activities, and regional economic recovery programs. The Administration plans to spend about \$53 million for the initiative out of both development aid and ESF accounts. The Administration is also proposing an expansion of various East and South Asian regional programs aimed at meeting global climate change goals and deterring forest and marine/coastal zone degradation, and promoting democratization and governance initiatives in South Asia. The FY2000 budget request further includes a new item: a \$5 million program to counter violence against women and to promote increased participation by women in the political process.

Modest Increases for Most Latin America Programs; Central America Reconstruction Supplemental. Excluding counter-narcotics assistance and emergency Central American hurricane relief, Latin America would receive a modest increase in U.S. assistance for FY2000. (The FY1999 Omnibus Appropriation Act included a separate emergency supplemental for drug control programs — most of which was earmarked for Colombia — that doubled the regular counter-narcotics budget.) The \$735 million proposed level for the region is roughly 8% higher than the "base" allocations for FY1999, after adjusting for the supplemental drug and Central America disaster funds. The most significant regional initiative Congress addressed in 1999 was a supplemental for reconstruction and other assistance for the victims of Hurricanes Mitch and Georges, which struck Central America and the Caribbean in 1998, and the more recent earthquake in Colombia. Of the \$1 billion appropriated for hurricane relief and reconstruction (enacted in P.L. 106-31), \$621 million will finance a Central America and Caribbean Recovery Fund to assist Nicaragua, Honduras, and other states to re-build their countries.

Middle East Aid Reduced for FY2000, but Large Supplemental Package Sought for Wye Peace Accord. The President's FY2000 foreign aid request for the

Middle East reduced slightly U.S. assistance to the region — from \$5.47 billion enacted for FY1999 to \$5.24 billion proposed for next year. The \$230 million reduction stemmed largely from larger-than-expected cuts in assistance for Israel and Egypt. Many assumed when Congress first began this downsizing in FY1999, that phased cuts would continue at a steady pace of \$100 million per year for ten years. The FY2000 proposal, however, recommends a cut of \$150 million: \$60 million for Egypt and \$90 million (net) for Israel. Administration officials say that they still intend to follow the ten-year time period, but that they have not established a firm pace at which amounts would be reduced. The budget also included a \$1.9 billion supplemental/advance appropriation proposal — to be allocated over three years — in support of the Wye Memorandum and the next phase in the Middle East peace process. The \$1.9 billion Wye Memorandum proposal would provide \$900 million in FY1999 and an advance appropriation of \$500 million in both of FY2000 and FY2001. Israel would receive \$1.2 billion, the Palestinians and Jordan, \$400 million and \$300 million, respectively.

Although the President had hoped that Congress would dispense with this proposal as part of an FY1999 supplemental (P.L. 106-31), Congress only considered \$100 million requested for Jordan in FY1999, deferring the balance to subsequent legislation, including the Foreign Operations measure for FY2000.

Sharp Increase in Aid to Russia and Other Former Soviet States. In dollar terms, U.S. assistance to Russia and the other Newly Independent States (NIS) of the former Soviet Union would grow more than for any other region. The \$1.032 billion FY2000 request for the NIS account is \$185 million, or 22% higher than for this year; aid to Russia would rise from \$172 million in FY1999 to \$295 million. The increase sought for FY2000, however, is totally the result of a \$241 million Expanded Threat Reduction Assistance Initiative planned to be launched in Russia and other NIS countries next year. The ETR initiative is aimed at reducing the risks of weapons proliferation, weapons delivery systems, materials, and technology, and the transfer of scientific and technical expertise. The \$241 million requested in Foreign Operations spending is part of a larger \$1 billion Administration proposal for increasing amounts dedicated to proliferation issues in the NIS, with the remaining funds coming from the Departments of Defense (\$486 million) and Energy (\$265 million). (For more information, see CRS Report RS20203, *The Expanded Threat Reduction Initiative for the Former Soviet Union: Administration Proposals for FY2000*, by Amy Woolf and Curt Tarnoff, and CRS Issue Brief 95077, *The Former Soviet Union and U.S. Foreign Assistance*, by Curt Tarnoff.)

Congressional Action. The conference agreement on H.R. 2606 made a number of changes to the President's regional and country aid proposals, some of which were significant factors in the President's decision to veto the bill. The second Foreign Operations measure (H.R. 3422) makes several adjustments that accommodate a number of executive concerns:

- Kosovo and other Balkan reconstruction assistance would grow considerably under the bill's \$535 million earmark for East European assistance. This represents no change from the vetoed H.R. 2606.

- Funding levels for former Soviet states received a major boost in the revised Foreign Operations bill from amounts approved in H.R. 2606. The new bill sets spending at \$839 million — up \$104 million from H.R. 2606 — a level \$38 million higher than FY1999, but \$193 million less than requested for FY2000. H.R. 3422 earmarks \$241 million for the one of the President's top priorities, the counter-proliferation Expanded Threat Reduction Initiative. Other earmarks for Ukraine, Armenia, and Georgia protect funding for these countries, while allocations for Russia and several other former Soviet states might be reduced because of overall account reductions and the earmarks.
- Middle East assistance, especially for Israel, Egypt, and Jordan, would be funded at or above requested levels for regular aid programs. Moreover, the new Foreign Operations measure fully funds the Wye River accord, the absence of which in H.R. 2606 had been a primary reason for the veto.
- Given the worldwide reductions in H.R. 2606 under both the development assistance and ESF accounts, it was likely that spending in Africa, Latin America, and Asia would fall below the President's request. An additional \$168.5 million in ESF aid added in H.R. 3422 will reduce this impact somewhat, although the decisions of how to allocate the specific cuts will be up to the Administration. H.R. 3422 further does not re-establish a separate Development Fund for Africa, as proposed.

Korean Energy Development Organization (KEDO) and U.S. North Korea Policy. At the heart of the Clinton Administration's North Korea policy is the 1994 U.S.-North Korea Agreed Framework, an arrangement under which the United States provides the DPRK with a package of nuclear, energy, economic, and diplomatic benefits, in exchange for suspension by North Korea in the operations and infrastructure development of its nuclear program. As part of the accord, two new light water nuclear reactors will be constructed — financed largely by South Korea and Japan — to replace the nuclear facilities shut down under the Agreed Framework that have the potential to produce nuclear weapons grade material. While the new reactors are being built, the United States and other nations have been contributing funds to the Korean Energy Development Organization (KEDO) for the purchase of heavy fuel oil to supplement North Korea's power and electricity production. Administration officials previously estimated that annual KEDO contributions, appropriated in the Foreign Operations bill, would total about \$20-\$30 million.

The Administration's policy of engagement with North Korea and the approach outlined in the Agreed Framework have been a frequent source of controversy in congressional debates in recent years. But a series of actions in 1998 by the North Korean government — missile sales to Iran, suspected construction of a new nuclear site, and the launch of a rocket that traveled over Japanese airspace — prompted a sharp reaction from congressional critics, during which the House voted to prohibit the President's FY1999 \$35 million request for KEDO.

Although lawmakers ultimately agreed to provide the \$35 million payment of heavy fuel oil, Congress attached stiff conditions that had to be met in 1999 prior to the full transfer of funds. Under terms provided in P.L. 105-277, the first \$15 million became available only after March 4, 1999, when the President certified that progress

was occurring on implementing several nuclear-related agreements with North Korea, that the DPRK was cooperating fully in the canning and storage of all spent fuel from its graphite-moderated nuclear reactors, that North Korea had not diverted any assistance, and that the U.S. was moving ahead with efforts to block DPRK's development and export of ballistic missiles.

The remaining \$20 million became available June 1 following a second presidential certification that progress has been made on the nuclear and ballistic missile issues, and that the U.S. and North Korea had agreed on the means to satisfy U.S. concerns about the DPRK's suspect underground construction. P.L. 105-277 further limited the President's "special" waiver authority (Section 614 of the Foreign Assistance Act of 1961), blocking its use to provide more than \$35 million to KEDO in FY1999. In addition, Congress required the President to appoint a senior North Korea Policy Coordinator by January 1, 1999, to review U.S.-DPRK policy and to direct negotiations with North Korea. The President named former Secretary of Defense William Perry to the position in late 1998.

The review of North Korean policy was delayed until after a visit by Secretary Perry to North Korea in May and a separate visit by U.S. inspectors to the suspected underground nuclear site. In a preliminary report, the inspectors said, that although they found an extensive underground tunnel complex, work had ceased, the tunnels were empty, and there was not evidence that North Korea was in violation of the Agreed Framework. Reportedly, North Korea had been demanding payment for a U.S. inspection, something the United States rejected. Nevertheless, shortly following the mid-March announcement by the State Department that North Korea had agreed to multiple site visits, officials said that the United States would proceed with a bilateral pilot agricultural project designed to improve potato production in North Korea and contribute an additional 200,000 metric tons of food aid to help North Korea deal with its continuing food shortage and widespread starvation and malnutrition. This was followed by an another 400,000 food pledge on May 17. While officials argue that food assistance is based solely on humanitarian considerations and need, some observers contend there is a connection between arrangements to visit the suspected nuclear site and the food decision.

Beyond issues related to conditions in last year's Foreign Operations measure and the release of FY1999 funds for KEDO, Congress considered this year the Administration's \$55 million request for KEDO payments in FY2000. The proposal is the highest since the U.S. first began financing heavy fuel oil in FY1995, largely due to past shortfalls in U.S. funding and lower-than-anticipated contributions from other nations. (For further information, see CRS Issue Brief 91141, *North Korea's Nuclear Weapons Program*, by Larry Niksch.)

Congressional Action. H.R. 3422, drawing on the same language in H.R. 2606, reduces the President's \$55 million KEDO request to \$35 million and, like for FY1999, makes available the first \$15 million before June 1, 2000, and \$20 million after June 1, subject to certain Presidential certifications regarding North Korea's nuclear program, ballistic missile threat, and several other items. The President may waive the certification requirements for vital national security interests. The bill further drops a House-passed provision that would have blocked the President from

reprogramming funds to increase the \$35 million appropriation if he chose to do so at a later date.

Debt Reduction Initiatives for Poor Countries. Providing debt relief to poor developing nations that borrowed in the past from the United States, other creditor governments, and international financial institutions has emerged as one of the key issues in the Foreign Operations debate for FY2000, the result of several factors. First, the Administration's initial request of \$120 million was nearly four times the amount appropriated for FY1999 in support of continuing debt reduction programs and two new activities for FY2000. Secondly, encouraged by various international campaigns promoting more expansive debt relief that will target poverty reduction, including the Jubilee 2000 movement,¹¹ several congressional initiatives have been introduced in 1999 that go beyond the President's FY2000 request. Further, on March 16, 1999, the White House announced more ambitious U.S. debt reduction policies for the world's most heavily indebted poor nations. At the G-7 Summit in June, the President's new policy was largely endorsed by the other major creditor governments. Finally, during World Bank/IMF meetings in September the institutions endorsed the G-7 proposals for reforming the Heavily Indebted Poor Country (HIPC) Initiative.

For the past decade, the United States has engaged in various forms of debt relief for developing nations, resulting in the cancellation of about \$14.4 billion of foreign debt. Much of it — \$10.1 billion — resulted from special cases involving key U.S. national interests: for Egypt in 1990 (\$7 billion), for Poland in 1991 (\$2.5 billion), and for Jordan in 1995 (\$635 million). U.S. debt reduction policy for other nations based strictly on need has been guided by the principle that eligible countries must have demonstrated a strong and sustained commitment to economic policy reforms prior to receiving debt relief. Under budget rules instituted in 1992, Congress has had to appropriate funds in advance representing the costs of canceling debt. The cost determination methodology is based on a complicated formula that takes into account among other things, the loan's net present value, its interest rate, and the likelihood the loan will be repaid. For especially poor countries with particularly large debt overhangs, the appropriation requirement may be quite small relative to the loan's face value — perhaps 10% or less.

When it was first introduced in 1996, HIPC was hailed as the first arrangement that included relief from debts owed to the World Bank, the IMF, and other international institutions, organizations that hold over 25% of debt held by the most heavily indebted nations. Previously, multilateral organizations had declined to participate in debt cancellation, arguing that it would increase their costs of raising new money to lend, expenses that would have to be passed on to borrowers. Forty-one countries — mostly in Africa — are eligible for HIPC, although only 29 likely have “unsustainable” debt, a further criterion for being a HIPC participant. Countries

¹¹ Launched at the June 1997 G-8 Denver Summit, the Jubilee 2000 campaign is spearheaded primarily by Catholic and Protestant organizations from over 60 countries, together with other religious and non-governmental organizations. The principal aim of Jubilee 2000 is to achieve unconditional debt forgiveness for the most heavily indebted poor countries by the year 2000 on terms that will maximize the benefits for the poorest segments of the population.

deemed eligible for HIPC terms may have their bilateral public debt reduced by 80% after they have maintained a record of strong economic performance for as much as six years. At present, Uganda, Bolivia, and Mozambique are the only nations that enjoy full HIPC benefits.

Strong critics of HIPC emerged, especially among non-governmental organizations and religious groups working in developing countries. They charge that HIPC terms are not deep enough — that 90% or 100% of bilateral debt owed should be canceled and multilateral debt write-offs should go further — and that six years is far too long a period for countries to qualify. They further believe that the non-sustainable debt criteria, based largely on a ratio of a country's debt-to-exports, is too high and therefore excludes many countries that are also in need of debt relief. Some critics oppose the economic reform requirements and argue for unconditional debt reduction. A number of organizations further advocate instituting mechanisms that would ensure that savings realized by debtor governments would be channeled into spending on basic services, such as health and education, that would improve the quality of life of the very poor. Many of these arguments are reflected in legislative initiatives launched in 1999, including H.R. 1095 (Debt Relief Poverty Reduction Act of 1999), H.R. 772 (Hope for Africa Act), and H.R. 2232 (Debt Relief and Development in Africa Act of 1999). Complicating enactment of such bills, however, is the large additional costs that would be associated with efforts to broaden, deepen, and accelerate HIPC or U.S. bilateral debt reduction policies.

For FY2000, the President sought in February 1999 \$120 million for three debt reduction activities funded under the Foreign Operations legislation. But between March and June the White House expanded U.S. debt reduction policy addressing many of the concerns expressed by HIPC critics. The President's new initiative, much of which was endorsed by other leaders at the June G-7 economic summit in Cologne, would provide deeper debt relief to more poor developing countries. Some of these steps are similar to those proposed in pending legislation — especially H.R. 1095 — although all congressional initiatives would expand HIPC beyond the Administration's revised policy. Reflecting the higher costs of an enhanced HIPC initiative, the White House sent to Congress on September 21 an \$850 million budget amendment to cover the anticipated U.S. costs. The revised \$970 million total request over three years have the following major components:

- \$110 million (plus \$210 million more in FY2001-2003) to continue U.S. bilateral debt relief agreements for reforming poor countries.
- \$210 million (plus \$390 million more in FY2001-2003) for U.S. contributions to the HIPC Trust Fund. While the World Bank and the IMF will finance their own participation in HIPC, some multilateral organizations, such as the African Development Bank, do not have the necessary resources to extend debt relief to their debtors. The Trust Fund, which has received contributions of over \$450 million from about 19 countries, is designed to assist these international agencies to reduce debt owed by eligible HIPC nations.
- \$50 million for debt relief to countries that are committed to protecting their tropical forests. Congress enacted last year the Tropical Forest Conservation Act of 1998 (P.L. 105-214), authorizing the President to buy back, swap, or

cancel concessional U.S. economic and food aid loans in order to generate local currencies that will be used to support tropical forest conservation programs.

Congressional Action. The \$33 million appropriation for debt reduction, limited entirely for bilateral relief, was a major factor in the President's decision to veto H.R. 2606. While the revised Foreign Operations bill adds \$90 million for bilateral debt cancellation, no U.S. contributions can be made to the HIPC Trust Fund and funding for FY2001-2003 must be dealt with in the future. Nevertheless, in separate legislation (H.R. 3425) that is also enacted by reference in the Consolidated Appropriations measure, the White House gained congressional approval an authorization that would allow the United States to vote in favor of an IMF off-market gold sale that will finance the Fund's costs of HIPC participation.

FY1999 Supplemental Appropriations and Foreign Operations

Congress considered several major FY1999 supplemental appropriation requests as part of S. 544 and H.R. 1141, and a separate emergency Kosovo military and humanitarian initiative. H.R. 1141, which cleared Congress and was signed by the President on May 21 (P.L. 106-31), includes \$1 billion for Central American and Caribbean reconstruction aid in the wake of hurricanes that struck the region in late 1998; \$100 million for Jordan, the most urgently sought portion of a \$1.9 billion, three-year aid package for Israel, Jordan, and the Palestinians to help implement the terms of the Wye Memorandum negotiated in October 1998; and \$819 million in humanitarian and refugee aid to Kosovo and surrounding countries. All of the Middle East and Kosovo assistance, and nearly \$700 million of the Central American relief package fall under the jurisdiction of the Foreign Operations measure.

Because of congressional decisions to offset the costs of the new spending, however, the President threatened to veto preliminary House and Senate bills. Proposed offsets — cuts to existing appropriations — affected Foreign Operations programs especially in H.R. 1141. Among the most controversial offsets in the House bill was the rescission of \$648 million in callable capital appropriated prior to 1980 that is used by multilateral development banks to leverage borrowing in global markets and to maintain their high credit ratings. Administration officials claimed this might lead to higher borrowing costs by the World Bank and others, and thereby, recommend that the President veto the legislation. H.R. 1141 would have further cut existing funds for the Export-Import Bank and USAID development assistance programs. As enacted, most of the Foreign Operations offsets were dropped, except for a \$25 million rescission of prior appropriations for U.S. contributions to the Global Environment Facility, and \$5 million in ESF funding. (For further information, see CRS Report RL30083, *Supplemental Appropriations for FY1999: Central America Disaster Aid, Middle East Peace, and Other Initiatives*, by Larry Nowels.)

For Additional Reading

Foreign Operations Programs

CRS Issue Brief 88093. *Drug Control: International Policy*, by Raphael Perl.

CRS Issue Brief 96008. *Multilateral Development Banks: Issues for the 106th Congress*, by Jonathan Sanford.

CRS Issue Brief 86116. *U.N. System Funding*, by Vita Bite.

CRS Issue Brief 96026. *U.S. International Population Assistance: Issues for Congress*, by Larry Nowels.

Foreign Operations Country/Regional Issues

CRS Issue Brief 95052. *Africa: U.S. Foreign Assistance Issues*, by Raymond Copson.

CRS Issue Brief 95077. *The Former Soviet Union and U.S. Foreign Assistance*, by Curt Tarnoff.

CRS Issue Brief 85066. *Israel: U.S. Foreign Assistance*, by Clyde Mark.

CRS Issue Brief 91141. *North Korea's Nuclear Weapons Program*, by Larry Nicksch.

Selected World Wide Web Sites

Asian Development Bank
[<http://www.asiandevbank.org/>]

CRS Foreign Affairs, Defense and Trade Division
[<http://www.loc.gov/crs/foreign/fandpage.html>]

Export-Import Bank
[<http://www.exim.gov/>]

Inter-American Development Bank
[<http://www.iadb.org/>]

International Monetary Fund
[<http://www.imf.org/>]

Peace Corps
[<http://www.peacecorps.gov/>]

Trade and Development Agency
[<http://www.tda.gov/>]

United Nations Children's Fund (UNICEF)
[<http://www.unicef.org/>]

United Nations Development Program (UNDP)
[<http://www.undp.org/>]

U.S. Agency for International Development
[<http://www.info.usaid.gov/>]

U.S. Department of State
[<http://www.state.gov/>]

World Bank
[<http://www.worldbank.org/>]

Appendix — Detailed Foreign Operations Accounts

**Table 7. Foreign Operations Appropriations:
Discretionary Budget Authority**
(millions of dollars)

Program	FY1999 Enacted	FY2000 Request ^a	House HR 2606	Senate S 1234	HR 2606 Conf.	FY2000 Enacted
Title I - Export and Investment Assistance:						
Export-Import Bank	790.00	881.0	799.0	825.0	799.0	799.0
Overseas Private Investment Corp.	(175.4)	(244.0)	(247.5)	(247.5)	(244.0)	(244.0)
OPIC-Emergency Y2K	2.1	--	--	--	--	--
Trade & Development Agency	44.0	48.0	44.0	43.0	44.0	44.0
Total, Title I - Export Aid	660.7	685.0	595.5	620.5	599.0	599.0
Title II - Bilateral Economic:						
Development Assistance:^b						
Child Survival/Disease/UNICEF	650.0	700.0	685.0	--	715.0	727.5 ^c
Child Survival-Emergency Supp	50.0	--	--	--	--	--
Development Asst Fund	1,225.0	817.1	1,201.0	1,928.5	1,228.0	1,215.5 ^c
Development Fund for Africa	-- ^d	512.6 ^d	—	--	—	—
Subtotal	1,925.0	2,029.7	1,886.0	1,928.5	1,943.0	1,943.0
<i>Of which:</i>						
UNICEF	[100.0]	[100.0]	[110.0]	[105.0]	[110.0]	[110.0]
Population aid	[385.0]	[400.0]	[385.0]	[425.0]	[385.0]	[372.5] ^e
Africa aid	[730.0]	[745.0]	[735.0]	--	--	--
Inter-American Foundation	[20.0]	[22.3]	[5.0]	--	[5.0]	[5.0]
African Development Foundation	[11.0]	[14.4]	[14.4]	[12.5]	[14.4]	[14.4]
International Disaster Aid	200.0	220.0	200.9	175.0	175.9	202.9
Central Amer Disaster-Emerg Supp	25.0	--	--	--	--	--
Kosovo Disaster-Emergency Supp	163.0	--	--	--	--	--
Micro/Small Enterprise programs	2.0	2.0	2.0	2.0	2.0	2.0
Urban/Environment credit program	6.5	8.0	5.0	5.5	6.5	6.5
Subtotal, Development Aid	2,321.5	2,259.7	2,093.9	2,111.0	2,127.4	2,154.4
USAID Operating Expenses	480.0	522.7	479.7	495.0	495.0	520.0
USAID-Emergency Y2K	10.2	--	--	--	--	--
USAID Inspector General	30.8	25.3	25.0	25.0	25.0	25.0
Economic Support Fund (ESF)	2,367.0	2,393.0	2,177.0	2,195.0	2,177.0	2,345.5
ESF-Emergency Supp.-Kenya/Tanz.	50.0	--	--	--	--	--
ESF-Wye River Accord ^e	50.0	450.0	50.0	0.0	0.0	450.0
ESF-Balkans Emergency Supp	105.0	--	--	--	--	--
ESF-E. Timor Elections Supp	6.5	--	--	--	--	--
ESF rescission	(5.0)	--	--	--	--	--
International Fund for Ireland	19.6	[19.6] ^f	19.6	--	19.6	19.6
East Europe	430.0	393.0	393.0	535.0	535.0	535.0

Program	FY1999 Enacted	FY2000 Request ^a	House HR 2606	Senate S 1234	HR 2606 Conf.	FY2000 Enacted
E. Europe-Balkans Emergency Supp	120.0	--	--	--	--	--
Former Soviet Union (IS/FSU)	801.0	1,032.0	725.0	780.0	735.0	839.0
FSU Emergency Supplemental	46.0	--	--	--	--	--
Central America-Emergency Supp	621.0	--	--	--	--	--
Debt reduction, FY2000 ^g	33.0	370.0	33.0	43.0	33.0	123.0
<i>Debt reduction, FY2001-2003^g</i>	—	<i>[600.0]</i>	<i>[0.0]</i>	<i>[0.0]</i>	<i>[0.0]</i>	<i>[0.0]</i>
Debt reduction-Emergency Supp	41.0	--	--	--	--	--
Treasury Dept. technical asst	1.5	8.5	1.5	1.5	1.5	1.5
Treasury-IFI&IMF Comm Supp	1.5	--	--	--	--	--
U.S. Community Adjustment Credits	10.0	17.0	0.0	--	--	10.0
Peace Corps	240.0	270.0	240.0	220.0	235.0	245.0
Intl Narcotics	261.0	295.0	285.0	215.0	285.0 ^h	305.0 ^h
Intl Narcotics-Emergency Supp	232.6	--	--	--	--	--
Intl Narcotics-Emergency Supp	23.0	--	--	--	--	--
Migration & refugee asst	640.0	660.0	640.0	610.0	625.0 ^h	625.0 ^h
Kosovo Refugees-Emergency Supp	266.0	--	--	--	--	--
Emergency Refugee Fund (ERMA)	30.0	30.0	30.0	20.0	12.5	12.5
ERMA-Kosovo Emergency Supp	165.0	--	--	--	--	--
Non-Proliferation/anti-terrorism	198.0	231.0	181.6	175.0	181.6	216.6
Terrorism-Emergency Supp	20.0	--	--	--	--	--
Terrorism Commission-Supp	0.8	--	--	--	--	--
Religious Freedom Comm.-Supp	3.0	--	--	--	--	--
Total, Title II- Bilateral Economic	9,616.2	8,957.2	7,374.3	7,425.5	7,487.6	8,427.1
Title III - Military Assistance:						
Intl Military Education & Training	50.0	52.0	45.0	50.0	50.0	50.0
Foreign Mil Financing (FMF) grants	3,330.0	3,430.0	3,420.0	3,410.0	3,420.0	3,420.0
FMF-Wye River Accord ^e	50.0 ^b	1,350.0	50.0	0.0	0.0	1,375.0
Foreign Mil Financing loan subsidy	20.0	0.0	0.0	0.0	0.0	0.0
Special Defense Acquisition Fund	(19.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Peacekeeping Operations	76.5	130.0	76.5	80.0	78.0	153.0
Total, Title III-Military Aid	3,507.5	4,956.0	3,585.5	3,534.0	3,542.0	4,992.0
Title IV - Multilateral Economic Aid:						
World Bank-Intl Development Assc	800.0	803.4	568.6	776.6	625.0	775.0
World Bank-Environment Facility <i>of which arrears</i>	192.5 <i>[192.5]</i>	143.3 <i>[35.8]</i>	50.0 <i>[0.0]</i>	25.0 <i>[25.0]</i>	35.8 <i>[0.0]</i>	35.8 <i>[0.0]</i>
WB Environment Fac.-rescission <i>of which arrears</i>	(25.0) <i>[-25.0]</i>	-- <i>--</i>	-- <i>--</i>	-- <i>--</i>	-- <i>--</i>	-- <i>--</i>
World Bank-Mult Invst Guaranty Ag	--	10.0	0.0	10.0	4.0	4.0
Inter-American Development Bank	96.8	79.1	25.6	25.6	25.6	41.6

Program	FY1999 Enacted	FY2000 Request ^a	House HR 2606	Senate S 1234	HR 2606 Conf.	FY2000 Enacted
<i>of which arrears</i>	[71.2]	[28.5]	[0.0]	[0.0]	--	[0.0]
Asian Development Bank <i>of which arrears</i>	223.2 [187.0]	190.7 [77.0]	113.7 [0.0]	63.7 [50.0]	90.7 [77.0]	90.7 [77.0]
African Development Fund <i>of which arrears</i>	128.0 [88.3]	127.0 [27.0]	108.0 [0.0]	0.0 [0.0]	77.0 [0.0]	128.0 [0.0]
African Development Bank	--	5.1	0.0	5.1	1.0	4.1
European Bank for R & D	35.8	35.8	35.8	35.8	35.8	35.8
Intl Organizations & Programs	187.0	193.0	167.0	170.0	170.0	183.0
Total, Title IV - Multilateral <i>of which Mult. Dev. Bank arrears</i>	1,638.3 [514.0]	1,587.4 [168.3]	1,068.7 [0.0]	1,111.8 [75.0]	1,064.9 [77.0]	1,298.0 [77.0]
Title VI - IMF:						
IMF New Arrangements to Borrow ⁱ	3,361.0	--	--	--	--	--
IMF Quota Increase ^h	14,500.0	--	--	--	--	--
TOTAL, "Base" Appropriation^j	13,401.0	16,185.6	12,624.0	12,691.8	12,693.5	15,316.1
TOTAL, with FY99 Supplementals	15,422.7	16,185.6	12,624.0	12,691.8	12,693.5	15,316.1
TOTAL, with FY99 Supp. & IMF	33,283.7	16,185.6	12,624.0	12,691.8	12,693.5	15,316.1

- a. The FY2000 request includes amendments made since the initial submission on Feb. 1, 1999, as well as the complete three year request for the Wye River/Middle East peace accord.
- b. The account structure for development aid differs among various versions of the bills. This table shows a consistent and comparable account structure based on the conference agreement for development aid, FY2000.
- c. Amounts reflect the transfer of \$12.5 million from development assistance/population aid to child survival due to the President's exercise of his waiver authority to exempt abortion restrictions from applying certain population funds.
- d. For FY2000, the Administration requested a separate account under development assistance for Africa (the Development Fund for Africa, or DFA). African aid was also proposed within the Child Survival account. The total amount requested for Africa — DFA plus Africa Child Survival — was \$745 million. This compares to an FY1999 level of \$730 million appropriated within the Child Survival and Development Assistance Fund accounts.
- e. The Administration requested \$1.9 billion in ESF and FMF funds to support the Wye River Accord over the period FY1999-2001. Congress approved \$100 million of the total for FY1999 and an additional \$1.825 billion that is available through FY2002.
- f. The Administration request included the Ireland Fund as part of the Economic Support Fund.
- g. On September 21, 1999, the Administration amended its pending budget request for debt reduction, seeking \$250 million more for debt reduction in FY2000, and \$600 million for FY2001-2003.
- h. Of this amount, however, \$21 million is not available until September 30, 2000.
- i. IMF funding occurs only occasionally — about every five years. There was no request for FY2000.
- j. The "Base" Appropriation refers to amounts funded in the regular Foreign Operations Appropriations for FY1999, as included in Division A of the Omnibus Appropriations Act, FY1999 (P.L. 105-277). Congress approved additional Foreign Operations funds in two supplemental measures: \$411 million for Child Survival programs, aid to Russia, victims of the Kenya/Tanzania embassy bombings, counter-narcotics, counter-terrorism, and Y2K upgrades (Division B of P.L. 105-277); and \$1.641 billion for Central America hurricane relief, Kosovo humanitarian assistance, counter-narcotics, and the administration of three foreign affairs commissions. All but about \$5 million of the supplementals were declared "emergencies" and do not count against the Foreign Operations FY1999 allocation limits. Under special allowances provided in the Balanced Budget Act of 1997, Foreign Operations Appropriations for multilateral development bank arrearage payments and IMF funds also do not count against the FY1999 allocation limits

