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Appropriations for FY2001: Foreign Operations, Export Financing, and Related Programs

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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 bound 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.

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Appropriations for FY2001: 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.

President Clinton asked Congress initially to appropriate $15.1 billion for FY2001 Foreign Operations, plus $1.25 billion in FY2000 supplemental funds. Congress approved some of the supplemental spending in P.L. 106-246, but in October 2000 reconsidered and approved as FY2001 emergency appropriations portions of the FY2000 supplemental rejected earlier. Consequently, the combined FY2000 supplemental/FY2001 regular Foreign Operations request, as it stood when Congress debated the FY2001 Foreign Operations conference report in October, totaled $15.45 billion. The largest program increases for FY2001 were those for the Export-Import Bank (+26%), USAID development aid (+18%), nonproliferation, terrorism, and demining (+44%), voluntary contributions to international organizations (+45%), and multilateral development bank contributions (+24%).

S. 2522, as approved by the Senate on June 22, provided $13.4 billion for FY2001 Foreign Operations Appropriations. The measure was about $65 million less than FY2000 enacted and about $1.7 billion, or 11%, below the President's initial FY2001 request. A major new initiative in S. 2522 was the creation of a Global Health account ($691 million). Population aid would have increased by $110 million and a new set of conditions on family planning programs would have effectively eliminated the FY2000 abortion-related restrictions.

H.R. 4811, as approved by the House on July 13, provided $13.3 billion, about $200 million less than the FY2000 enacted, and 13% less than the President's original request. The bill maintained the FY2000 funding level and abortion-related restrictions for family planning programs. At $238 million, the bill provided most of the Administration's FY2001 request for debt relief, but still fell well short of the combined FY2000/2001 debt reduction request of $472 million.

On October 25, Congress approved the conference report on H.R. 4811 (H.Rept. 106-997), increasing FY2001 Foreign Operations spending to $14.9 billion, well above levels passed earlier by either the House or Senate. The enacted legislation (P.L. 106-429) falls about $550 million, or 3.5% below the President's combined FY2000 supplemental/FY2001 requests, but fully funds several top Administration priorities, including international debt relief and global health programs. For international family planning, Congress increased spending to $425 million, but restricted the obligation of funds until after February 15, 2001. Prior to the release of these funds, President Bush reimposed the so-called "Mexico City" abortion restrictions that apply to FY2001 and future U.S. family planning appropriations

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Most Recent Developments

For the most controversial FY2001 Foreign Operations issue – international family planning – Congress increased spending to $425 million. Lawmakers, however, restricted the obligation of funds until after February 15, 2001. On January 22, 2001, two days after taking office, President George W. Bush issued a Memorandum to the USAID Administrator directing him to "reinstate in full all of the requirements of the Mexico City Policy in effect on January 19, 1993." A separate statement from the President's press secretary stated that President Bush was "committed to maintaining the $425 million funding level" for population assistance "because he knows that one of the best ways to prevent abortion is by providing quality voluntary family planning services." On February 15, 2001, USAID released specific policy and contract guidelines to implement the President's directive. These guidelines were re-issued by the White House on March 28 in order to block an early congressional vote to overturn the Mexico City restrictions.

Previously, on November 6, 2000, President Clinton signed into law a $14.9 billion Foreign Operations Appropriations for FY2001 (P.L. 106-429; H.R. 4811). The spending measure includes both regular FY2001 requested programs as well as selected FY2000 supplemental funding proposals that Congress had rejected earlier in the year. The enacted legislation falls about $550 million, or 3.5%, below the President's combined FY2000 supplemental/FY2001 requests, but is substantially higher than the roughly $13.4 billion spending measures passed by the House and Senate during the summer. Moreover, P.L. 106-429 fully funds several top Administration priorities, including $435 million for international debt relief under the Heavily Indebted Poor Country (HIPC) initiative. Congress further boosted funding for several global health programs, including $315 million for HIV/AIDS and $60 million for malaria control.

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

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[1] Although the Foreign Operations appropriations bill is often characterized as the "foreign
(continued...)

the largest share — about two-thirds — 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. Most humanitarian aid activities are funded within Foreign Operations, including USAID's disaster program and State Department's refugee relief support.[2] Foreign Operations includes separate accounts for aid programs in the former Soviet Union (also referred to as the Independent States 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 15 years. 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 developed by the appropriations committees 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.

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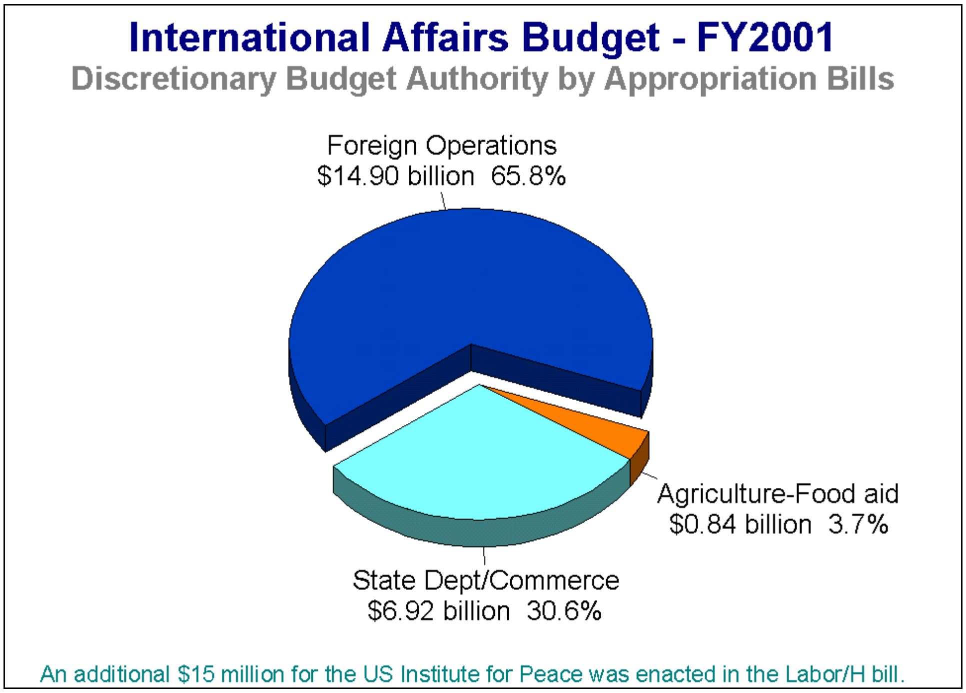
[1] (...continued)
aid" spending measure, it does not include funding for all foreign assistance programs. Food aid, administered under the P.L. 480 program and managed by USAID, is appropriated in the Agriculture appropriations bill. Furthermore, the Foreign Operations measure includes funds for one 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 recent years, funding for food aid and the Eximbank have been about the same, so that the Foreign Operations appropriation and the official "foreign aid" budget are nearly identical. Throughout this report, references to Foreign Operations and foreign aid are used interchangeably.

[2] Another international humanitarian aid program – food assistance or P.L. 480 title II grants – is funded under the Agriculture appropriations bill.

Figure 1. International Affairs Budget, FY2001



Status

Table 1. Status of Foreign Operations Appropriations, FY2001

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Pres. Action
House	Senate						House	Senate	
June 20	—	June 27 106-720	July 13	May 11 106-291	June 22	Oct. 24 106-997	Oct. 25	Oct. 25	Nov. 6 PL 106-429

President Clinton submitted his FY2001 federal budget request to Congress on February 7, 2000, including funding proposals for Foreign Operations Appropriations programs. Subsequently, House and Senate Foreign Operations Subcommittees held hearings, including testimony from Secretary of State Albright, Treasury Secretary Summers, and USAID Administrator Anderson. The Senate Appropriations Committee bypassed subcommittee markup, and ordered reported S. 2522 on May 9. Because of disputes over scheduling and the opportunity by the minority to offer amendments to other legislation, the Senate delayed taking up S. 2522. Those problems were settled and the Senate approved S. 2522 on June 22. The House Foreign Operations Subcommittee marked up its companion bill, H.R. 4811, on June 20, followed by full Committee approval on June 27. The House approved H.R. 4811 on July 13 (239-185). House and Senate conferees filed a conference report for H.R. 4811 on October 24 (H.Rept. 106-997). Congress approved the report on October

25, the House by a vote of 307-101 and Senate by a vote of 65-27. President Clinton signed into law H.R. 4811 on November 6, 2000 (P.L. 106-429).[3]

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. A dominant characteristic of Foreign Operations funding trends in the most recent years has been the degree to which foreign policy contingencies and international disasters have created demands for additional resources beyond those originally requested by the President. Congress approved substantial amounts for FY1999 and FY2000 through "emergency" or supplemental appropriation mechanisms, amounts that are over and above what is enacted in "regular" Foreign Operations bills.

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 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 $15.4 billion in FY1999 when lawmakers, at the urging of the White House, added nearly $900 million in the final days of the 105th Congress and another $2.1 billion for Central American hurricane relief and Kosovo emergency assistance in supplemental funding.

Amounts enacted for FY2000 – $16.5 billion – were also augmented by late-year "emergency" add-ons recommended by the President, including $1.8 billion for the Wye River/Middle East peace accord and $1.1 billion supplemental assistance, mostly for a new counternarcotics initiative in Colombia. As shown in **Table 2**, the amount for FY2000 is the highest in six years and the largest funding level, in nominal terms, for Foreign Operations since FY1985. Nevertheless, when calculated using constant

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[3] Subsequently, Congress enacted two additional Foreign Operations funding items as part of the Consolidated Appropriations Act, FY2001 (H.R. 5666 enacted by reference in H.R. 4577). The first earmarks $1.35 million of funds appropriated in P.L. 106-429 for the Protection Project to continue its study of international trafficking in women and children. H.R. 5666 further permits the President to utilize Economic Support Funds in P.L. 106-429 for compensating China for the May 1999 U.S. bombing of its embassy in Belgrade. H.R. 4577 also requires a 0.22% reduction in most appropriations that lowers the final Foreign Operations appropriations by about $33 million.

dollars – taking into account the effects of inflation – FY2000 Foreign Operations amounts are 47% less than the high point of FY1985, 15% less than the annual average appropriation during the late 1980s, and 3% less than FY1992, a year that might be considered the first post-Cold War foreign aid budget. FY2000 Foreign Operations spending level represents 0.91% of the entire federal budget and 2.8% of total discretionary budget authority. By comparison, these same figures in FY1985 were 2% and 4.6%, respectively.

Table 2. Foreign Operations Appropriations, FY1994 to FY2000
(discretionary budget authority in billions of current dollars)

FY1995	**FY1996**	**FY1997**	**FY1998**	**FY1999***	**FY2000**	**FY2001**
13.611	12.456	12.267	13.147	15.439	16.410	14.897

* FY1999 excludes $17.861 billion for the IMF.

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 more, see CRS Report 96-279, *U.S. Budgetary Treatment of the IMF*.

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

Usually, Appropriation Committees begin markups of their spending bills only after 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 67-70% 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 FY2001 budget resolution that cleared Congress on April 13 (H.Con.Res. 290) strongly indicated that the Foreign Operations subcommittees would receive a significantly reduced Section 302(b) allocation from that assumed in the President's budget. H.Con.Res. 290 sets a $20 billion target for total international affairs discretionary budget authority, a figure about 12% below the request.[4]

On May 4, House and Senate Appropriations Committees released Section 302(b) funding allocations for each of their 13 appropriation bills. In the House, Foreign Operations programs received $13.28 billion, sharply below the President's $15.1 billion request ($14.8 billion if Plan Colombia funds were enacted, as they were, in FY2000; see footnote 3). The allocation was over $3 billion less than total amounts approved for FY2000 and $213 million below the "base" FY2000 appropriation, after deducting the Wye River/Middle East peace money. The Senate panel approved a slightly higher Foreign Operations level – $13.39 billion. But this would still be insufficient to fund increases sought for FY2001, and at best, would result in an overall total slightly below a "freeze" as compared to the FY2000 "base" amount.

Practices in the past few years suggest, however, that the initial 302(b) allocation for Foreign Operations, as well as other spending bills, would change significantly, especially at the latter stages of the appropriations debate. In 1999, for example, House and Senate Foreign Operations Subcommittees received allocations of $12.6 billion and $12.7 billion, respectively, levels which established the ceiling for House and Senate passed bills (H.R. 2606 and S. 1234). Nevertheless, following a Presidential veto of H.R. 2606 because of low funding levels and continued White House pressure to raise foreign aid spending, during end-of-the session negotiations, Congress agreed to $15.3 billion for Foreign Operations. Much of the additional funds were designated as "emergency" appropriations, amounts that did not count against allocation limits.

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[4] The FY2001 budget resolution assumed that Congress, would enact, as it did, funding for the entire Plan Colombia counternarcotics initiative as an FY2000 budget item, including the $256 million proposed for FY2001. Using this assumption, the $20 billion for International Affairs was 11% less than the President's request.

Although the early 302(b) allocation for Foreign Operations resulted in House and Senate bills of around $13.3 billion, the Administration pressed for additional funding throughout the process. Between June and October House and Senate Appropriations Committees filed numerous revisions to the original 302(b) allocations, culminating on October 25 in a new Foreign Operations level of $14.9 billion. This subsequently allowed Congress to approve on the following day a $14.9 billion Foreign Operations appropriations for FY2001.

Foreign Operations Appropriations Request for FY2001 and Congressional Consideration

In February 2000 President Clinton asked Congress to appropriate $15.1 billion for FY2001 Foreign Operations. There were two basic ways in which to compare the proposal with existing spending for FY2000. The first was to make a straight comparison between enacted FY2000 Foreign Operations levels and the FY2001 request. Using these reference points, the FY2001 budget recommendation was about $1.4 billion, or 8% *less* than total FY2000 appropriations. Another means of comparison, and one that was frequently used by congressional Budget and Appropriations Committees, was to compare funding for foreign aid programs continuing from year to year, that would deduct appropriations provided under special circumstances, such as emergency requirements, one-time, unique initiatives, or supplemental funding. For FY2000, Congress approved under an emergency designation a one-time, $1.8 billion aid package for Israel, Jordan, and Palestinians in support of the November 1998 Wye River/Middle East peace accord. Congress further enacted in P.L. 106-246 an additional $1.1 billion in FY2000 Foreign Operations supplemental spending, mostly for counternarcotics in Colombia. Under this second comparison approach, which adjusts the FY2000 appropriation level from $16.5 billion to $13.5 billion, the FY2001 Foreign Operations request was 12% *higher* than FY2000 spending.

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

Bill Title & Program	FY2000 Enacted	FY2001 Request	FY2001 Senate	FY2001 House	FY2001 Enacted*
Title I - Export Assistance	599.0	845.0	636.0	606.5	741.0
Title II - Bilateral Economic Aid	9,520.6	9,313.9	7,982.3	8,266.0	9,061.9
Development aid	*2,179.4*	*2,740.0*	*2,428.3*	*2,519.0*	*2,625.5*
Africa aid	*737.8*	*837.0*	–	–	–
Israel/Egypt economic aid	*1,676.4*	*1,535.0*	*1,535.0*	*1,535.0*	*1,535.0*
Former Soviet Union	*839.0*	*830.0*	*775.0*	*740.0*	*810.0*
*Debt reduction***	*123.0*	*472.0*	*75.0*	*238.0*	*448.0*
Intl Narcotics control	*305.0*	*312.0*	*220.0*	*305.0*	*325.0*
Plan Colombia	*1,018.5*	–	–	–	–

Bill Title & Program	FY2000 Enacted	FY2001 Request	FY2001 Senate	FY2001 House	FY2001 Enacted*
Title III - Military Assistance	4,992.0	3,742.9	3,659.0	3,433.2	3,760.9
Israel/Egypt	*3,160.0*	*3,280.0*	*3,280.0*	*3,280.0*	*3,280.0*
Title IV - Multilateral Aid	1,298.0	1,550.0	1,205.9	996.2	1,332.9
Intl Organizations	*183.0*	*206.0*	*178.0*	*188.0*	*191.0*
Total Foreign Operations	**16,409.6**	**15,451.8**	**13,459.2**	**13,301.9**	**14,896.7**
Total, without FY2000 Supp.	**13,491.1**	**15,451.8**	**13,459.2**	**13,301.9**	**14,896.7**

Note: For comparative purposes and to conform to the account structure of the FY2000 and FY2001 enacted Foreign Operations, some funding in the FY2001 request and Senate bill have been shifted: UNICEF, GAVI, Inter-American Foundation, and African Development Foundation amounts requested for FY2001 are included in development aid under title II. Senate funding for UNICEF, approved in title IV, is also shifted to development aid in title II.
* Pursuant to the Consolidated Appropriations Act, FY2001 (H.R. 4577), signed into law on Dec. 21, 2000, most FY2001 appropriation bills, including Foreign Operations, are reduced by 0.22%. For Foreign Operations, there will be a cut of about $33 million from the $14.897 billion level.
** FY2001 includes combined FY2000 supplemental and FY2001 requests for debt relief.

Major Changes to Funding Proposed for FY2001

The President's budget plan raised funding levels for nearly every Foreign Operations account. Those receiving the largest increases or which represented special Administration initiatives included:

- **Export-Import Bank** – The $214 million, or 26% funding increase for Eximbank activities in FY2001 might have actually supported a smaller level of U.S. exports than in FY2000, according to the Administration. OMB issued a new risk assessment methodology, effective for FY2001, which determines the amount of appropriated funds necessary to back Bank lending and insurance operations. Because of higher risk levels for some potential countries, Eximbank estimated that the FY2001 appropriation would fall 14.5% below the equivalent current appropriation.

- **USAID development assistance** – Overall bilateral development aid would have grown by nearly $350 million, or 18%. Most of the increase would support Administration initiatives to bolster **family planning** programs (+45%), **HIV/AIDS** funding (+39%), and **democracy promotion** (+24%), and to launch two new **environmental** activities protecting tropical forests and promoting cleaner energy sources. (See more below under special issues.)

- **Debt reduction for poor developing nations** – The FY2001 request included $262 million for debt reduction, $238 million of which supported U.S. participation in the Heavily Indebted Poor

Country (HIPC) initiative. This was more than double debt relief appropriations for FY2000, although Congress rejected a $210 million supplemental request for a U.S. contribution to the HIPC Trust Fund. For the FY2000 supplemental and FY2001 regular appropriation combined, the Administration sought $435 million for HIPC (See more below under special issues.)

- **Nonproliferation, Anti-terrorism, Demining, and Related Programs account (NADR)** – The Administration sought a $136 million, or 63% increase for an assortment of counterproliferation and anti-terrorism programs in FY2001. Of special note was the doubling of resources for activities aimed at fighting terrorists, including money to establish a new anti-terrorism training facility for foreign officials. The account also projected a $20 million increase – to $55 million – for payment of heavy fuel oil to North Korea as part of the Korean Energy Development Organization (KEDO) designed to block North Korea's nuclear weapons development program. A June 5, 2000 budget amendment added $41.2 million to the account for a contribution to the costs of the trial in the Netherlands of the Lockerbie bombing suspects.

- **Voluntary contributions to International Organizations** – The FY2001 request increased U.S. contributions to about 20 organizations by $83 million, or 45%. Nearly all of the additional resources would support the **U.N. Development Program** (+$10 million) and a new **Global Alliance for Vaccines and Immunizations (GAVI)** initiative ($50 million). The **U.N. Population Fund (UNFPA)** contribution would remain the same at $25 million.

- **Multilateral Development Bank contributions** – Overall, the budget proposed a $235 million, or 24% increase for U.S. commitments to the World Bank and regional multilateral development banks (MDBs). Most of the additional funding ($140 million) would go to the **Global Environment Facility,** an organization for which the United States had fallen into significant arrears due to congressional reductions in recent years.

Congressional Debate on Foreign Operations Spending

Summary of Debate. The first congressional action on the Foreign Operations Appropriations for FY2001 occurred on May 9 when the Senate Appropriations Committee marked up and reported S. 2522. The legislation also included FY2000 supplemental funding for various Foreign Operations programs.[5]

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[5] FY2000 supplemental funds were deleted from S. 2522 during subsequent action. The House earlier had approved a separate supplemental funding measure – H.R. 3908 – but (continued...)

The full Senate approved the measure on June 22. The House Foreign Operations Subcommittee marked up its companion bill, H.R. 4811, on June 20, followed by full Committee endorsement on June 27. The full House approved the measure on July 13. Subsequently, the Senate took up H.R. 4811 on July 18, deleted the House-passed text, and inserted the text of S. 2522. On October 24, House Foreign Operations Subcommittee Chairman Callahan introduced a new bill – H.R. 5526 – reflecting agreements reached during informal Foreign Operations conference committee discussions. On the same day, the full conference committee met and issued a report (H.Rept. 106-997) incorporating the text of H.R. 5526 into H.R. 4811. Congress approved the report on October 25, the House by a vote of 307-101 and Senate by a vote of 65-27. President Clinton signed the legislation on November 6 – P.L. 106-429.[6]

FY2000 Supplemental. On June 29, Congress passed an $11.2 billion supplemental spending measure (P.L. 106-246; H.R. 4425), including $1.094 billion in Foreign Operations funds. Most of money – $1.019 billion – supported the full FY2000/2001 Administration request for a counternarcotics initiative in Colombia. The legislation also provided $50 million in additional economic aid to Kosovo, Croatia, and Montenegro ($251 million requested), and $25 million for southern Africa flood relief ($200 million requested). H.R. 4425 further rejected the President's supplemental request for a $210 million contribution to the HIPC Trust Fund, an initiative to provide multilateral debt relief to the world's poorest nations. Congress reconsidered and approved HIPC funds and portions of other rejected supplemental requests, however, in October when lawmakers made final decisions on FY2001 Foreign Operations spending levels.

Senate action. As approved by the Senate, S. 2522 provided $13.4 billion for Foreign Operations programs in FY2001. The amount was about $110 million less than FY2000 enacted, after subtracting from FY2000 the one-time, $1.8 billion emergency aid package for Israel, Jordan, and the Palestinians in support of the Wye

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[5] (...continued)
Senate leaders decided to attach all supplemental proposals to regular FY2001 appropriation bills, including Foreign Operations. On June 29, Congress cleared for the White House H.R. 4425 (P.L. 106-246), the FY2001 Military Construction Appropriation, including $1.094 billion in Foreign Operations supplemental money. The conference negotiations on H.R. 4425 reflected Senate positions taken in S. 2522 regarding supplemental funding.

[6] Following enactment of the regular Foreign Operations Appropriations, FY2001, President Clinton asked Congress to provide an additional $750 million for supplemental economic and military assistance for Israel, Egypt, and Jordan. While Congress did not approve the Middle East request before adjourning, lawmakers enacted two additional Foreign Operations funding items as part of the Consolidated Appropriations Act, FY2001 (H.R. 5666 enacted by reference in H.R. 4577). The first earmarks $1.35 million of funds appropriated in P.L. 106-429 for the Protection Project to continue its study of international trafficking in women and children. H.R. 5666 further permits the President to utilize Economic Support Funds provided in P.L. 106-429 for compensating China for the May 1999 U.S. bombing of its embassy in Belgrade. The President had requested $28 million in his FY2001 Foreign Operations request. H.R. 4577 further requires that most FY2001 appropriation bills, including Foreign Operations, are reduced by 0.22%. For Foreign Operations, there will be a cut of about $33 million from the $14.897 billion level.

River/Middle East Peace Accord, and the recently approved supplemental.[7] The Senate recommendation fell about $1.7 billion, or 11%, below the President's (at that time) $15.1 billion FY2001 request. Nearly every account was funded below the Administration's request, and several were reduced from FY2000 enacted amounts:

- **USAID operating expenses** ($510 million) was $10 million below enacted and requested amounts. At this level, USAID would most likely face the choice of reducing plans for growth in either staff salaries and benefits, overseas support costs, or information technology enhancements.

- **Former Soviet Union aid** ($775 million) declined by about $65 million compared with enacted and proposed levels. But because earmarks in S. 2522 for Ukraine ($175 million), Georgia ($94 million), and Armenia ($89 million) were slightly higher than amounts requested, the overall account shortfall likely would have fallen most heavily on aid to Russia, proposed at $162 million.

- **Inter-American Foundation** received no funding in S. 2522 for FY2001. The legislation further authorized, but did not require, the President to abolish the Foundation. Last year, Congress also authorized the President to terminate the Inter-American Foundation, appropriating $5 million for the small, grassroots development organization, an amount believed to be sufficient to cover existing grants and contract obligations, and to conclude any other outstanding operations of the Foundation. The President, however, did not exercise this authority, and requested $20 million for FY2001 programs. The Senate Appropriations Committee believed that there would be enough funds carried forward into FY2001 that would cover Foundation termination costs.

- **Peace Corps**. As proposed by the Committee bill, Peace Corps funds ($220 million) would have fallen below FY2000 enacted ($245 million) and FY2001 requested ($275 million), and would undermine Administration efforts to achieve a 10,000 Peace Corps volunteer target. During floor debate, an amendment (Dodd) was approved, providing an additional $24 million to be drawn from other parts of the bill and allowing Peace Corps levels to remain at roughly the FY2000 level.

- **Debt reduction** resources to support the Heavily Indebted Poor Country Initiative (HIPC) – $75 million – were significantly less than the combined $475 million FY2000 supplemental/FY2001 request. The most immediate effect would have been to delay final debt relief for Bolivia because of funding shortfalls in the HIPC Trust Fund. (See below under Major Spending and Policy Issues.)

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[7] Without adjusting for the FY2000 Wye River aid and the supplemental amount, S. 2522 was about $3 billion less than the current level.

- **International narcotics control** appropriations ($220 million) were roughly $90 million below enacted and requested amounts. This would not affect Plan Colombia, which was funded elsewhere, but would cut by nearly one-third continued funding for other anti-drug initiatives.

- **Peacekeeping operations** funds ($85 million) were well below FY2000 ($153 million) and FY2001 proposed ($134 million) amounts. The Senate Appropriations Committee assumed no funding for operations in Haiti ($4 million). Cuts recommended in S. 2522 might also have jeopardized Administration plans to support OSCE activities in Kosovo and train and equip an African crisis peacekeeping force.

- **World Bank, International Development Association (IDA)** contribution of $750 million would have added about $85 million to arrears owed by the U.S. S. 2522 further cut funding for the Global Environment Facility, Asian Development Bank, African Development Fund, and other multilateral organizations.

In a few areas, S. 2522 increased Foreign Operations spending over enacted amounts, supporting in some cases Administration priorities. The major Senate Committee initiative was the creation of a **Global Health account** within development assistance spending. This account, which incorporated much, although not all, of the Child Survival and Infectious Disease fund, represented a comprehensive funding approach to protect global health, attack poverty, and shield Americans from infectious diseases easily transmitted across borders. The $691 million appropriated in S. 2522 (including a Senate floor amendment adding $40 million to the Committee recommendation) provided earmarks for HIV/AIDS ($255 million), malaria ($65 million), tuberculosis ($51 million), and a U.S. contribution ($50 million) to the Global Fund for Children's Vaccines. For another key economic aid issue – **population assistance** – S. 2522 earmarked $425 million within development program funding which, when combined with resources from other accounts, would total about $482 million. This was $110 million higher than FY2000 spending, but below the request of $541 million. S. 2522 further replaced abortion-related restrictions that applied to FY2000 funds with language that would permit the White House to restore previous family planning policy in which no U.S. funds can be used for performing or promoting abortions, but no conditions are imposed on how foreign organizations spend funds raised from non-U.S. Governments sources. (See below under Major Funding and Policy issues for more discussion of development assistance population aid.)

House action. As approved by the House on July 13, H.R. 4811 provided $13.3 billion, about $200 million less than the FY2000 Act (after subtracting from FY2000 the one-time, $1.8 billion Wye River/Middle East peace aid package and the enacted supplemental), and $1.8 billion, or 12%, below the President's (at the time) $15.1 billion FY2001 request.

As is the case with the Senate bill, many accounts fell below the Administration request:

- **USAID development assistance (other than Child Survival)** ($1.258 billion) was roughly $250 million below the request.

- **USAID operating expenses** ($509 million) was $11 million below enacted and requested amounts. As noted above, USAID would confront several options to cut operations in order meet the reduced appropriation.

- **Former Soviet Union aid** ($740 million) declined by about $95 million compared with enacted and proposed levels. The House panel allocated a percentage (12.5%) of the account total for Armenia and Georgia, resulting in similar amounts as earmarked by the Senate. The House bill, however, did not earmark funds for Ukraine, providing somewhat more flexibility for the State Department in making its country allocations for Russia and other former Soviet states.

- **Foreign Military Financing (FMF)** was reduced during House debate by $242 million to $3.268 billion, $270 million below the request. The cuts were part of off-set packages that allowed for an increase in debt reduction and HIV/AIDS funding. Not only would the House-passed amount squeeze FMF requests for new members of NATO, Partnership-for-Peace nations, and Jordan, but also falls $12 million below the combined $3.28 billion request for Israel and Egypt.

- **World Bank, International Development Association (IDA)** contribution of $566.6 million was about $270 million below the requested amount. The House measure further reduced by significant levels proposed U.S. contributions to the Global Environment Facility, Asian Development Bank, African Development Fund, and other multilateral organizations. Overall, the House measure included $1 billion for multilateral assistance, one-third less than requested and 25% below FY2000 amounts.

As has been the case in House Foreign Operations spending bills since 1995, the legislation placed priority on child survival and infectious disease activities. The House bill approved $886 million, $74 million above the request and $117 million higher than FY2000 levels.

Initially, H.R. 4811, as reported, had provided $82.4 million in debt reduction resources to support the Heavily Indebted Poor Country Initiative (HIPC), a level that, like the Senate's, was well below the combined $475 million FY2000 supplemental/FY2001 request. During floor debate, the House adopted an amendment (Waters, 216-211) that raised this amount to $238 million, $24 million below the FY2001 request, but still far less than the combined request.

Conference agreement. As enacted, Congress approved $14.9 billion for Foreign Operations spending in FY2001.[8] The total, however, includes not only amounts requested for this year, but also several items proposed as FY2000 supplementals. Prior to reaching agreement, House and Senate conferees reconsidered some of the FY2000 supplementals that lawmakers rejected earlier in the year, and included about $470 million as part of the $14.9 billion total. After adjusting the combined President's request to include both FY2000 supplementals and regular FY2001 proposals, the $14.9 billion Foreign Operations appropriations falls about $500 million, or 3.5% below the Administration's request. Nevertheless, P.L. 106-429 represents a substantial increase over the roughly $13.35 billion funding bills passed previously by the House and Senate. Moreover, P.L. 106-429 fully funds several top Administration priorities, including HIPC debt relief contributions. Major items enacted in the FY2001 Foreign Operations bill include:

- **HIPC debt relief** is set at $435 million, as requested in both FY2000 supplemental and FY2001 requests. In addition, H.R. 4811 authorizes the United States to support the full IMF gold revaluation transaction which provides the Fund with the necessary resources to cancel debt owed by HIPC qualifying countries.

- **Global health programs** receive substantial funding increases under the enacted legislation, with spending on HIV/AIDS activities climbing to $315 million. Malaria ($50 million), tuberculosis ($45 million), and GAVI ($50 million) are also funded at or well above the requested amounts.

- **The Child Survival and Disease Program Fund** is funded at $963 million, nearly double the level of six years ago and one-third more than in FY2000. Child survival programs are earmarked at $295 million, UNICEF at $110 million, and basic education at $103 million.

- **USAID development assistance** falls about $200 million, or 13% below the President's request, but $90 million, or 7% higher than in FY2000.

- **Family planning assistance** is set at $425 million, the highest level since FY1995, but below the President's $541.5 million request. None of the funds, however, could be obligated until February 15, 2001. As many expected, President Bush elected, on January 22, 2001, to apply abortion restrictions as a condition of eligibility for foreign organizations to receive USAID grants. On February 15, USAID announced guidelines for implementing the re-imposed

[8] Subsequently, Congress approved the Consolidated Appropriations Act, FY2001 (H.R. 4577), signed into law on Dec. 21, 2000,that requires a reduction of 0.22% in most FY2001 appropriation bills. For Foreign Operations, there will be a cut of about $33 million from the $14.9 billion level.

Mexico City policy conditions under which all FY2001 population aid funds will fall.

- **USAID operating expenses** increased in the enacted legislation to $520 million, the same as FY2000 and requested for FY2001.

- **Inter-American Foundation** receives $12 million, less than the $20 million requested, but higher than last year's $12 million appropriation. Once again, Congress grants the President discretionary authority to abolish the Foundation.

- **Serbia aid** is funded at up to $100 million, but cannot be obligated after March 31, 2001, unless the President certifies that, among other things, the Yugoslav government is cooperating with the International Criminal Tribunal regarding the investigation and transfer of those indicted.

- **Peace Corps** receives $265 million, up $20 million from FY2000.

- **Foreign Military Financing (FMF)** is restored to $3.545 billion, slightly above the requested amount and $125 million higher than FY2000. This will provide full funding for Israel, Egypt, and Jordan. Conferees further added $31 million for southeast Europe that had originally been requested as an FY2000 supplemental.

- **Multilateral Development Bank contributions** increase significantly over earlier House and Senate-approved amounts, although the total falls about $200 million below the request. The World Bank IDA receives $775 million, the same as in FY2000, but $60 million less than proposed.

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 appropriations 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 its 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 in 2000 on the Foreign Operations appropriation measure were conflicting executive-legislative branch development assistance strategy priorities and new Administration initiatives, restrictions on international family planning programs, regional and country aid allocations, and efforts by the Administration to secure funding to reduce debt burdens of the poorest developing countries.

Development Aid Policy Priorities

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 rationale can be maintained. Congress, for example, limited development aid for population programs in FY1996-FY2000 to roughly two-thirds of the amount provided in FY1995. (See below for more discussion on family planning restrictions.) Further, the State Department's Bureau of Global Affairs has in the past placed a high priority on environment programs and pressed USAID to allocate the maximum amount possible to such activities. As a result, the environment sector of sustainable development has not declined as much as it might have otherwise.

Table 4. USAID Goals

(in millions of dollars)

Goals/Targets	FY1999 Actual	FY2000 Estimate	FY2001 Request
Economic Growth	**3,392**	**3,443**	**3,181**
Israel cash transfer	*1,080*	*949*	*840*
Agriculture	*309*	*299*	*281*
Microenterprise	*135*	*135*	*135*
Private markets	*1,702*	*1,958*	*1,818*
Population/Health	**1,030**	**1,098**	**1,222**
Child Survival	*341*	*299*	*274*
HIV/AIDS	*135*	*176*	*244*
Family Planning	*385*	*373*	*542*
Infectious Diseases	*62*	*70*	*63*
Human Capacity/Education	**330**	**287**	**268**
Basic Education	*122*	*120*	*114*
Environment	**522**	**600**	**596**
Biodiversity/Trop. Forests	*74*	*102*	*128*
Democracy	**506**	**539**	**627**
Total USAID Goals	**5,780**	**5,967***	**5,894**

Source: USAID. Amounts in this table represent total USAID economic assistance funded across several Foreign Operations accounts, including Development Assistance, Child Survival and Diseases, Economic Support Fund, Eastern Europe, and Independent States of the former Soviet Union.

***** Includes a one-time, $450 million Wye River/Middle East Peace economic package for Jordan and the Palestinians. Excluding this special supplemental, FY2000 totals $5,517 million. The FY2000 estimate does not include supplemental funds approved in P.L. 106-246 for counternarcotics programs in Colombia and Balkan assistance.

A central theme for the past five 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 FY1996-FY1997 by about 23% from FY1995 levels, Congress earmarked children and disease programs at amounts equal to or somewhat greater than those allocated in FY1995, making the cuts on all other elements of sustainable development closer to 30%. Congress reduced the President's FY2000 development aid request by $80 million overall, but lawmakers set funding targets for child survival and infectious disease activities $18 million higher than proposed. As a result, USAID cut funding for economic growth programs by $49 million, environment projects by $37 million, and democracy promotion activities by $18 million below what the agency had planned for FY2000.[9]

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.

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 other programs that benefit children.

FY2001 Request. As has been the pattern the past few years, USAID's economic assistance request for the Agency's five main objectives in FY2001 reduced or maintained at FY2000 levels funding for several congressional priorities while increasing aid overall by $377 million, or 7% (after excluding from FY2000 the one-time Wye River/Middle East peace package). The $5.9 billion request would have cut funds for child survival programs by $25 million and infectious diseases, other than HIV/AIDS, by $7 million from FY2000 appropriations.[10] The proposed budget further held spending steady for microenterprise and reduced amounts for agriculture and food security programs by $18 million.[11] Both of these latter activities are targets of special congressional interest.

USAID requested significant increases for several other sustainable activities, plus funding to launch a few new initiatives:

- Programs combating the spread of **HIV/AIDS**, especially in Africa, were a major priority of the Administration, both within USAID and

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[9] 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.

[10] USAID's child survival budget, however, when combined with appropriations for UNICEF and a planned $50 million U.S. contribution to the Global Alliance for Vaccines and Immunization (GAVI) initiative that is funded under the multilateral assistance title, would boost overall U.S. funding for child health and survival efforts by about 10%.

[11] The reduction in agriculture funding was largely due to a shift in program emphasis in Egypt, where less ESF funding in agriculture is projected. Congress recommended a $305 million target for agriculture resources across all accounts the past two years.

across other Federal agency budgets, including Health and Human Services, Center for Disease Control, and DOD. Vice President Gore announced in January 2000 that the United States would increase spending to $325 million in FY2001, up $100 million from existing levels, for AIDS education, prevention, and treatment in Africa, India, and other areas. HIV/AIDS funding from USAID development aid accounts would grow by nearly $50 million, or 28% in FY2001. Congress has also made AIDS funding a priority in recent years. Numerous bills were introduced in 2000 supporting and/or expanding the Administration's initiative, and one – H.R. 3519; P.L. 106-264 – was enacted into law authorizing $300 million for HIV/AIDS programs.[12]

- **Population assistance** represented the largest single funding increase for FY2001, rising by $169 million, or 45% from FY2000 amounts. Last year, the White House reluctantly accepted new congressional restrictions on abortion and eligibility of foreign family planning organizations implementing USAID population programs. The Administration wanted to restore family planning assistance funding to levels enacted for FY1995, the year before Congress and the President began to engage in contentious debates over abortion and international family planning. (See next section for further discussion on this issue.)

- **Environmental** funding would have grown significantly in two environmental sectors under the Administration's request – for **biodiversity** and for a new **clean energy** initiative. Last year, Congress directed USAID to restore biodiversity funding to the same proportion of development assistance funds it received in FY1995. While USAID met the roughly $100 million congressional target for FY2000 under the proportional requirement, the Administration sought a $26 million, or 27% increase for FY2001. USAID also planned to launch a new, $30 million clean energy initiative.

Congressional action. The **Senate** approved bill, S. 2522, set USAID economic assistance – combining all accounts supporting the Agency's development goals – at $5.8 billion, about $100 million below the request. For sustainable development assistance specifically, the Senate measure set the budget roughly mid-way between FY2000 enacted and FY2001 requested levels. The $2.17 billion sustainable development appropriation (an amount that for comparative purposes includes UNICEF contributions), was nearly $230 million, or 12%, higher than FY2000 spending. The centerpiece of the Senate proposal was the creation of a new $691 million account for Global Health. The Global Health account replaced the Child Survival and Infectious Disease line-item in the FY2000 measure, incorporating

[12] For other bills, see H.R. 3826/S. 2387, H.R. 4039/S. 2030, H.R. 4038/S. 2032, S. 2026, H.R. 4140, and subtitle D, title 2 of S. 2382. For more information regarding these initiatives, see CRS Issue Brief IB10050, *AIDS in Africa*, by Raymond Copson.

most, although not all, child-related programs.[13] In several respects, the new account supported many of the funding initiatives proposed in other legislation (see footnote 9) and in the Administration's request. Committee earmarks and report recommendations allocated resources for several priorities, including HIV/AIDS, tuberculosis, malaria, polio and maternal health. For other non-health development activities, S. 2522 directed that USAID allocate at least $310 million (across all accounts) for agriculture programs, $11 million higher than FY2000 amounts. Population assistance also would have increased under S. 2522, although not to the level proposed by the Administration. (See **Table 5** below for specific amounts and comparisons with House, Administration, and enacted levels.)

Although earmarks and directives in S. 2522 protected and increased resources for Senate priorities, especially in the health area, the overall funding level for USAID sustainable development programs would have resulted in cuts for other, non-earmarked activities, such as those for private markets and democracy promotion. USAID calculated that development programs not earmarked in S. 2522 would fall by about 21% from FY2000 allocations and by nearly one-third from the FY2001 request.

Table 5. Funding for Selected USAID Programs
(tentative estimates across all accounts – in millions of dollars)

Program	FY2000 Estimate	FY2001 Request	FY2001 Senate	FY2001 House	FY2001 Estimate
Health:					
Child Survival/Maternal Health	355	314	[a]	345	350
HIV/AIDS	176	244	255	254	315
GAVI	–	50	50	37	50
Malaria	27	26	65	27	50
Tuberculosis	21	20	51	55	60
Polio	25	25	30	25	[a]
Agriculture	299	274	310	[a]	310
American Schools/Hospitals	15	15	17	[a]	17
Family Planning	373	542	482	385	425
Biodiversity	100	126	[b]	[b]	[b]
Basic Education	120	114	119	119	122

a. No earmark.
b. No earmark, but recommendation for higher spending.

[13] Basic education, for example, was not included in the Global Health account, but was funded at $100 million ($98 million enacted and requested) within regular development aid resources.

As passed by the **House**, H.R. 4811 would provide $5.63 billion across all economic aid accounts for USAID goals, a level about $266 million, or 4.6% below the request. For sustainable development activities specifically, the House measure approved $2.144 billion, nearly $200 million less than requested and about $25 million less than the Senate. The House measure maintained the Child Survival/Disease account at $886 million, an increase of $159 million over amounts enacted in FY2000, and, like the Senate measure, included a number of earmarks and directives increasing a number of priorities, especially in health and children programs. (See **Table 5** for specific amounts and comparisons with Senate, Administration, and enacted levels.)

Although the House continued its practice of recent years of providing higher funding for children activities and cutting requests for other development objectives, the Committee's report acknowledged the need for broader social and economic development. The Committee encouraged USAID to increase spending on economic growth and private sector programs aimed at increasing the number of jobs, educating the population, and providing better health care in developing nations. The House panel further encouraged increased funding for agriculture activities and a microenterprise program of $152 million. Nevertheless, with the number of earmarks and priorities in the children and health sectors endorsed by the House panel, USAID would most likely need to make substantial reductions in a variety of non-health program areas.

Enacted legislation increases USAID funding above levels approved earlier by the House and Senate, and protects, and in some cases adds to amounts for activity of special congressional interest. Overall USAID administered programs in support of its five key goals are set at $5.835 billion, about $60 million, or 1% less than requested, but $200 million and $35 million higher than passed by the House and Senate, respectively. Sustainable development funds total $2.268 billion, also more than $100 million higher than approved earlier by the House and Senate. Nevertheless, congressional directives and earmarks allocating USAID funding will alter, in some cases significantly, how the Agency distributes appropriated resources among the five core goals. Child survival, health, including HIV/AIDS, and basic education will receive substantially higher amounts than requested. Because of overall reductions, protection for priority activities, and some spending limitations, funding for private sector, environment, family planning, and democracy programs will fall below proposed levels, and possibly under FY2000 amounts. USAID decisions on how to allocate FY2001 appropriations are underway, but will not likely finalize until early next year. Table 5, however, provides a tentative estimate of how some of the key USAID programs will be funded, especially those for which Congress has included specific earmarks in P.L. 106-429.

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 FY2001, the President sought $541.6 million for USAID population programs, a $169 million, or 45%, increase over FY2000 levels. The White House further proposed a $25 million U.S. contribution to the U.N. Population Fund (UNFPA), the same as appropriated for FY2000. U.S. international family planning programs had been one of the largest growth areas of the foreign aid budget in the early 1990s.

From an average of about $250 million in the late 1980s, FY1995 spending across all Foreign Operations accounts totaled approximately $541 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-FY2000 is roughly two-thirds the amount provided in FY1995.

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 15 years, Congress has engaged in contentious debates over U.S. international family planning policy, often as part of the Foreign Operations Appropriations.

Family Planning and Abortion Restrictions. The debate over international family planning policy and abortion began nearly three decades ago when Congress added a provision to the Foreign Assistance Act of 1961 prohibiting the use of *U.S. appropriated funds* for abortion-related activities and coercive family planning programs. During the mid-1980s, in what has become known as the "Mexico City" policy (because it was first announced at the 1984 Mexico City Population Conference), the Reagan, and later the Bush, Administrations restricted funds for foreign non-governmental organizations (NGOs) 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-London), 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 no *U.S. money* was used by those involved in abortion-related work.

During the past five 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 hand, has rejected in most cases House provisions dealing with Mexico City policy, favoring a position that leaves these decisions in the hands of the Administration. Moreover, Administration officials routinely said that President Clinton would veto any bills that included 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 adopted interim arrangements for FY1996-FY1999 that did not resolve the broad population program controversy, but permitted the stalled Foreign Operations measure to move forward. The annual "compromise" removed House-added Mexico City restrictions, but reduced population assistance to $385 million, and in several years, "metered" the availability of the funds at a rate of one-twelfth of the $385 million per month.

The FY2000 debate, however, concluded far differently than the previous four years. As Congress and the White House searched in November 1999 for a final FY2000 budget agreement, international family planning and population aid issues became one of the last and most contentious aspects of the negotiations. Congressional leaders insisted that if the President wanted Congress to approve legislation authorizing the payment of nearly $1 billion of U.S. arrears owed to the United Nations, the White House must also accept revised Mexico City language adding abortion restrictions to U.S. population assistance policy. In order to remove the obstacles to U.N. arrears payments, a reluctant President Clinton agreed to the abortion restrictions, marking the first time that Mexico City conditions had been included in legislation signed by the President. (Enacted in the Foreign Operations Act for FY2000, H.R. 3422, incorporated into H.R. 3194, the Consolidated Appropriations Act for FY2000, P.L. 106-113).

Under the terms of Section 599D of H.R. 3422, private foreign non-governmental and multilateral organizations must certify that they neither perform abortions nor lobby to change abortion laws in foreign countries in order to receive USAID population aid grants in FY2000. Section 599D allows the President to waive the certification requirement for up to $15 million in grants to groups that would otherwise be ineligible, but with the penalty that $12.5 million of the $385 million population aid appropriation would be transferred to child health programs. The restrictions apply only to FY2000 and expired on September 30, 2000.

One day after signing the legislation, the President exercised his waiver authority (November 30, 1999), thereby reducing FY2000 population aid funds to $372.5 million. He further instructed USAID to implement Section 599D in a way that will minimize the impact on U.S. funded family planning programs. Under agency guidelines, all non-U.S. NGOs (whether non-profit or for-profit) and multilateral organizations that are prime contractors, grantees, and cooperative agreement recipients must certify (and collect the same certification from their sub-contractors) that they will not engage in three types of activities with either USAID or non-USAID funds from the date they sign an agreement to receive FY2000 USAID population funds through September 30, 2001:

- perform abortions in a foreign country, except where the life of the mother would be endangered, or in cases of forcible rape or incest;
- violate the laws of a foreign country concerning the circumstances under which abortion is permitted, regulated, or restricted; or
- attempt to alter the laws or governmental policies concerning circumstances under which abortion is permitted, regulated, or restricted.

If an organization declines to certify, or does not return the certification form, it will be ineligible to receive FY2000 USAID population funds.

Except for the loss of $12.5 million in funding, it appears that on a programmatic basis, the certification requirement has not had a significant impact on USAID family planning programs. A key issue has been whether the $15 million in total grants allowed under the waiver authority was sufficient to cover all foreign organizations that declined to certify regarding their involvement in abortion-related activities. Although there is still some uncertainty about how many groups have not responded because they disagree with the certification terms, IPPF-London and the World Health Organization have refused. At some point, USAID will review the cases of all foreign organizations that have not responded or declined to certify – nine currently – and decide how to allocate the $15 million available to such groups. Agency officials believe that they will not exceed the $15 million cap.

Critics of the certification requirement oppose it on several grounds. From an administrative standpoint, they say it will increase USAID costs to manage family planning programs because of the additional paperwork and will delay implementation of projects. (USAID has contracted with John Snow, Inc. to track the certification process.) They further believe that family planning organizations will cut back on services because they are unsure of the full implications of the restrictions and do not want to risk losing eligibility for USAID funding. Opponents also believe the new conditions will undermine relations between the U.S. Government and foreign NGOs and multilateral groups, creating a situation where the United States challenges their sovereignty on how to spend their own money and imposes a so-called "gag" order on their ability to promote changes to abortion laws and regulations in developing nations. The latter, these critics note, would be unconstitutional if applied to American groups working in the United States. Supporters of the certification requirement argue that even though permanent law bans USAID funds from being used to perform or promote abortions, money is fungible; that organizations receiving American-taxpayer funding can simply use USAID resources for permitted activities while diverting money raised from other sources to perform abortions or lobby to change abortion laws and regulations. The certification process, they contend, stops the fungibility "loophole."

President Clinton said he would oppose any attempt to extend the abortion restrictions beyond September 30, 2000. Supporters of his position introduced several bills in 2000 that would effectively reverse the Mexico City language, by either:

- making the eligibility requirements for NGOs and multilateral organizations no more restrictive than those that apply to foreign governments (H.R. 3634 and S. 2380);

- subjecting foreign groups (concerning the use of non-USAID funding for advocacy and lobbying activities) to the same restrictions imposed on U.S. NGOs, and maintaining their eligibility so long as these groups do not engage in health or medical services in violation of the laws of the country in which they operate or which would violate U.S. law if provided here (H.R. 4211).

Supporters of the certification process pressed for continuation of the restrictions in the FY2001 funding bill in order to further institutionalize them.

UNFPA Issues. Congress further enacted for FY2000 restrictions on U.S. contributions to the U.N. Population Fund (UNFPA). During the Reagan and Bush Administrations the United States did not support UNFPA, a policy reversed 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 the amount the organization spent in China, but when UNFPA ended its China program in 1997, the controversy subsided. UNFPA, however, reinstituted 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. Congress restored the $25 million earmark for UNFPA in FY2000, but under terms that required a deduction of $3.5 million (the cost of UNFPA's 2000 program in China).

Coercive Family Planning Practices and Peru. 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. These same provisions were continued in the FY2000 appropriation.[14]

Congressional Action. **S. 2522** earmarked $425 million for population assistance out of development assistance funding, a level which, when combined with resources from other accounts, would provide about $482 million for family planning activities. This is significantly higher than for FY2000, but below the Administration's $541 million request.

On the issue of abortion conditions, section 590 of S. 2522 deleted restrictions applying to FY2000 funds, substituting language that would have the effect of restoring previous Clinton Administration policy on foreign NGOs and multilateral organization eligibility for USAID population aid grants. Specifically, the conditions stipulated that such organizations:

- shall not be subject to requirements regarding how they use non-U.S. Government funds for advocacy or lobbying activities that are more restrictive that those that apply to U.S. NGOs which receive economic aid grants; and

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[14] For more information, see CRS Issue Brief IB96026, *U.S. International Population Assistance, Issues for Congress*, by Larry Nowels.

- shall not be ineligible for USAID grants solely on the basis of health or medical services provided with non-U.S. Government funds so long as such services do not violate the laws of the country in which they are provided or would not violate U.S. Federal law if provided in this country.

It is generally held that under the Constitution, U.S. NGOs cannot be restricted from using their own funds to advocate policy positions they support. The first new condition would essentially extend that protection to foreign NGOs and multilateral organizations. The second condition would not disqualify an organization from receiving USAID grants for performing abortions with its own money if abortion or whatever medical service it provided was legal in the country in which it operated, and that the service would be legal in the United States if performed here.

H.R. 4811 made no change in current law, allowing the restrictions established in the FY2000 appropriations to continue. During subcommittee markup, the Foreign Operations panel rejected (7-8) an amendment by Representative Lowey to remove the abortion restrictions from the bill. A similar amendment during full Committee mark-up also failed 26-34, and, on the House floor, another amendment was rejected (Greenwood, 206-221) that would have removed the restrictions. H.R. 4811 further continued current conditions on UNFPA contributions. The bill provided $385 million for population assistance, far below the President's $542 million request. Based on reports of continuing coercive family planning practices in Peru, the House measure required a series of new investigations and reports by USAID and its Inspector General in an effort to strengthen application of the Tiahrt amendment, not only in Peru, but in all countries where USAID maintains family planning programs.

Foreign Operations, **as enacted,** met the Administration's requirement for removal of the abortion-related restrictions, a policy, however, that has subsequently been altered through executive action by President Bush. None of the $425 million appropriation could be obligated until after February 15, 2001, a provision that allowed the new President to decide which policy to apply. On January 22, 2001, two days after taking office, President Bush issued a Memorandum to the USAID Administrator rescinding the 1993 memorandum from President Clinton and directing the Administrator to "reinstate in full all of the requirements of the Mexico City Policy in effect on January 19, 1993." The President further said that it was his "conviction that taxpayer funds should not be used to pay for abortions or advocate or actively promote abortion, either here or abroad."[15] A separate statement from the President's press secretary stated that President Bush was "committed to maintaining the $425 million funding level" for population assistance "because he knows that one of the best ways to prevent abortion is by providing quality voluntary family planning services." The press secretary further emphasized that it was the intent that any restrictions "do not limit organizations from treating injuries or illnesses caused by

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[15] White House. Memorandum for the Administrator of the United States Agency for International Development. January 22, 2001. Found at [http://www.whitehouse.gov/press/releases/20010123-5.html].

legal or illegal abortions, for example, post abortion care."[16] On February 15, the day on which FY2001 population aid funds became available for obligation, USAID issued specific policy language and contract clauses to implement the President's directive. The guidelines are nearly identical to those used in the 1980s and early 1990s when the Mexico City policy applied.[17]

For UNFPA, the FY2001 appropriations includes an earmark of $25 million, as requested, but with the requirement that the amount will be reduced by however much UNFPA spends in China. Conferees did not address the issue of coercive practices in Peru or strengthening the Tiahrt provisions.

Regional Allocations of U.S. Foreign Aid

Although the Middle East has received by far the largest proportion of U.S. assistance over the past three decades — 55-60% 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 from 16% to 4% by the late 1990s. Latin America, had its share fall from 16% to 6% following the end of conflict in Central America in the early 1990s. Africa's proportion has remained about the same — 7 to 9% — 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 over 16% of American bilateral assistance funded in the Foreign Operations bill by the end of the decade.

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 in promoting economic development in Latin America in order to counter the trend of rising illegal immigration to the United States. Foreign Operations appropriation measures in recent years have emphasized the need to maintain or increase assistance especially to Latin America, and more recently, to the Philippines, Thailand, and Indonesia which were most directly affected by the regional economic downturn. Others argued that not enough has been reallocated to Africa to meet the region's unmet needs and to promote future U.S.-African trade opportunities.

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[16] White House. Restoration of the Mexico City Policy. January 22, 2001. Found at [http://www.whitehouse.gov/press/releases/20010123.html].

[17] For more background on the Mexico City policy, see CRS Report RL30830, *International Family Planning: the Mexico City Policy*. President Bush re-issued the Mexico City policy guidelines on March 28 as an Executive memorandum. Some lawmakers introduced legislation (S.J.Res. 9) to reverse the policy and have Congress take an early vote on the USAID guidelines under the process allowed by the Congressional Review Act (CRA) regarding agency rules and congressional review. The new White House memorandum would not fall under the CRA.

When 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. If the Administration wanted to pursue new Middle East peace initiatives using foreign aid as an implementing tool, they argued, resources should be found either within existing Middle East programs or provided on top of overall aid appropriations, rather than being taken from other regions.

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

	FY1999 Actual*		FY2000 Estimate**		FY2001 Request	
	$s	% of total	$s	% of total	$s	% of total
Africa	884	8.9%	899	7.6%	1,018	11.1%
Asia	367	3.7%	431	3.7%	568	6.2%
E. Europe/former Soviet	1,653	16.7%	1,586	13.4%	1,643	17.9%
Latin America	1,535	15.5%	1,786	15.1%	754	8.2%
Middle East	5,463	55.2%	7,103	60.2%	5,216	56.7%
Total, Bilateral Aid	9,902	100.0%	11,805	100.0%	9,199	100.0%

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

* FY1999 includes Central America hurricane reconstruction ($613 million).
** FY2000 includes supplemental funding for Plan Colombia ($1.1 billion), Balkan aid ($50 million), and southern Africa flood relief ($25 million).

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. For FY2000, the Middle East aid cap was lowered to $5.3 billion. Shortly after Congress initiated a Middle East aid ceiling, Israel put forth in January 1998 a plan to cut aid received from the United States over the next 10 to 12 years. Under the Israeli plan, the United States would reduce 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 10-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. Since FY1999, Congress has supported the $60 million net reduction of aid to Israel, also adding a similar $40 million economic aid cut for Egypt.

The President's FY2001 Foreign Operations request reflected several of these regional allocation views expressed by Congress in recent years. Highlights of the Administration's recommendations included the following.

Creation of the Development Fund for Africa Account.[18] After a 5-year absence, the President proposed to re-establish a separate Foreign Operations account for African aid and to increase bilateral funding (including economic and military assistance) by 16% over FY2000 levels. In the late 1980s, 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 proposed a direct DFA appropriation account for FY2000. Congress rejected the DFA recommendation but approved sufficient development funds so that Africa's level grew from $703 million in FY1999 to $737 million estimated for FY2000.

The FY2001 request once again sought the restoration of the DFA account, that when combined with child survival funds would allocate $836 million to Africa, an increase of $99 million. Although some of the additional assistance would support the HIV/AIDS initiative, family planning and other health activities would receive substantial increases. The request for activities financed under the Economic Support Fund, an aid account used for political and security purposes, rose by one-third over FY2000, largely for democracy and economic growth initiatives for countries in transition. Military aid would have grown from about $20 million in FY2000 to $27 million, with the largest increase for stabilizing regional security situations through the promotion of democratic transition within the militaries of countries such as Nigeria, and to assist African forces participate in regional peacekeeping operations. Nigeria, which is one of the State Department's four worldwide aid "focus" countries for FY2001 (along with Ukraine, Indonesia, and Colombia) would be the largest ($81 million) African recipient of economic and military assistance (excluding food aid), followed by Uganda ($54 million), Mozambique ($47 million), and Ethiopia ($41 million).

Increased Funding for Asia. The FY2001 foreign aid budget proposed significant increases in assistance programs throughout the Asian region. The $568 million requested was nearly $137 million, or 32% higher than allocations for FY2000. This follows a 17% increase in FY2000 year for Asia compared with FY1999. The higher amounts would be drawn in roughly equal levels between development and ESF accounts. Of particular priority were economic growth programs aimed at helping economic recovery in southeast Asia. Indonesia, another of the Administration's four aid "focus" countries, would be by far the largest recipient of U.S. economic assistance ($130 million). Another $10 million was

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[18] For more details on U.S. assistance to Africa, see CRS Issue Brief IB95052, *Africa: U.S. Foreign Assistance Issues*, by Raymond Copson.

scheduled for East Timor. India ($72 million), Bangladesh ($69 million), and the Philippines ($45 million) follow as other leading economic aid recipients in the region. For each of these three, the FY2001 proposed allocations were roughly 50% higher than those for FY2000.

Modest Increases for Most Latin America Programs; Major Counternarcotics Initiative for Colombia. Aid allocations for Latin America surged in FY1999, largely due to the $613 million emergency relief package approved to aid the victims of Hurricane Mitch that struck Central America in late 1998. Assistance to the region increased again for FY2000 due to a $1.1 billion add-on for counternarcotics in Colombia. For FY2001, regular economic, anti-drug, and military assistance for Latin America would total $754 million. Counternarcotics aid continued to be a primary focus of assistance to Latin America, accounting for 29% of total resources in the FY2001 request.

Overshadowing continuing Latin American aid programs has been the FY2000/2001 $1.1 billion counternarcotics initiative for Colombia and other drug-producing nations in the region. (Including resources requested from Defense and Justice Department budgets, "Plan Colombia," as the initiative has been labeled, totals $1.272 billion over two years.) The major, and arguably most controversial, component ($600 million) of the initiative is "Push into Southern Colombia," designed to help the Colombian government extend anti-drug efforts throughout southern Colombia where coca cultivation is expanding and where Colombian guerrillas operate. This would include training and equipping two new army counternarcotics battalions and purchasing Black Hawk and Huey helicopters to transport them. On June 29, Congress cleared for the White House (P.L. 106-246) a $1.3 billion supplemental for Colombia ($1.1 billion in Foreign Operations funds) that closely matched the President's funding request but imposed a number of policy changes and conditions on the assistance.[19]

Peru and Bolivia, each scheduled to receive $98 million in FY2001, top the list of Latin American aid recipients. Haiti ($51 million) and Guatemala ($50 million) were also prominent aid recipients planned for FY2001. Colombia, however, has emerged in recent years as one of the main benefactors of U.S. assistance worldwide, representing the fifth largest recipient in FY1999 behind Israel, Egypt, Jordan, and Ukraine. With passage of the counternarcotics initiative, Colombia has become the third top aid recipient worldwide for FY2000.

Middle East Aid Reduced Slightly for FY2001. The President's FY2001 foreign aid request for the Middle East reduced slightly – from $5.278 billion to $5.216 billion – U.S. assistance to the region when compared with regular programs for FY2000 (excluding Wye River accord funding). This is largely the result of continuing for the third year a ten-year plan to downsize aid to Israel and Egypt. The $2.82 billion for Israel would be $60 million less than earmarked for FY2000, and the

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[19] For more on Plan Colombia, see CRS Report RS20451, *Colombia: Fact Sheet on U.S. Assistance and Legislation,* by Nina Serafino.

$1.996 billion for Egypt was $40 million below FY2000 levels.[20] Enactment for FY2000 of a one-time, $1.8 billion Wye River/Middle East peace accord aid package supporting Israel, Jordan, and the Palestinians, pushed total Middle East aid levels far higher in that year. No equivalent initiative was proposed for FY2001.[21] Palestinian assistance in FY2001 was scheduled for $100 million, up from the FY2000 $85 million regular program.

Another element of the FY2001 Middle East recommendation concerned Egypt's request to receive part of its military assistance early in the fiscal year rather than over a much longer period of time as payments become due for defense purchases. For a number of years, Congress has directed that economic and military aid for Israel be disbursed within the first month of a new fiscal year, allowing Israel to invest the funds and earn interest prior to using the money to service debt owed to the United States and make payments on military procurements. Last year, the Administration asked Congress to allow Egypt to receive $475 million in "early disbursements," an action that would have increased Foreign Operations outlays by an equivalent amount. With extremely tight limits on outlays for FY2000, the Appropriation Committees could not accommodate the request. Instead, however, Congress added $25 million for Egypt under the Wye River aid package, an amount roughly equal to the interest Egypt would have gained from an early disbursement. For FY2001, the Administration proposed a somewhat different mechanism to achieve the same purpose: that Egypt receive by October 31, 2000 (or within 30 days of enactment of the appropriation, whichever is later) the amount of military aid that OMB estimates will be disbursed to Egypt throughout FY2001. Egypt would place the funds in an interest-bearing account at the Federal Reserve, and earn about $25 to $30 million during the course of the year. The advantage of this plan from a budget standpoint was that it would not increase outlays over current projections.

Flat Budget Request for Russia and Other Former Soviet States; Increase for Kosovo. After several years of disputes between Congress and the President over proposals to sharply increase assistance to Russia and the other nations comprising the former Soviet region, the Administration's FY2001 request of $830 million for economic assistance was nearly identical to amounts allocated for FY2000. Distribution among recipients, however, changed somewhat from FY2000. Russia's bilateral aid would fall from $178 million to $162 million, while Ukraine, another Administration aid "focus" country, would see its assistance rise from $160 million to $171 million. U.S. assistance to Armenia and Georgia, countries which have received higher levels in the past because of congressional earmarks, would be cut in

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[20] Because of a 0.38% across-the-board rescission for FY2000, aid to Israel and Egypt was reduced slightly below what was earmarked in the Foreign Operations Appropriations, 2000. The cuts in aid proposed for FY2001 are actually somewhat less after deducting the FY2000 rescission amounts.

[21] However, on November 14, 2000, shortly after signing the FY2001 Foreign Operations Appropriations bill, President Clinton sent to Congress a $750 million supplemental request, including $450 million for Israel's withdrawal from southern Lebanon and its strategic missile defense, $225 million for Egypt to enhance its defense capabilities, and $75 million in economic and military aid for Jordan. Congress, however, did not approve the supplemental prior to adjourning for the year.

FY2001, to $75 million and $86 million, respectively. These reductions, as well as those for Russia and Moldova, would be offset by increases for most other former Soviet states, with Azerbaijan growing from $31 million to $55 million.[22]

Table 7. Leading Recipients of U.S. Foreign Aid: FY1999 - FY2001

(Appropriation Allocations; $s in millions)

	FY1999 Actual	FY2000 Allocation	FY2001 Estimate
Israel	2,940	4,069*	2,820
Egypt	2,076	2,054*	1,988
Colombia	210	894	48
Jordan	298	427*	226
Ukraine	212	179	176
Russia	165	188	169
Kosovo	80	165	150
Indonesia	58	95	123
Georgia	93	112	97
Armenia	81	103	90
Peru	109	115	86
Bosnia	197	101	85
West Bank/Gaza	75	485*	85
Bolivia	91	195	81
Nigeria	24	58	81
India	45	49	59
Bangladesh	48	49	57

*Includes regular amounts for Israel, Egypt, Jordan, and the Palestinians, plus the Wye River peace accord: Israel–$1.2 billion; Egypt–$25 million; Jordan–$200 million; Palestinians–$400 million.
** Once allocated, FY2000 supplemental funds will increase amounts for these countries.

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 for FY2001 includes Peru–$30 million; India–$92 million; Bangladesh–$43 million; and Bolivia–$22 million. Moreover, because of a large food aid programs, Ethiopia and Haiti would also rank among the lower 5 of this top 17 list.

For other former eastern bloc and European countries, the FY2001 request proposed an increase of $57 million, or 10% in economic aid, primarily to extend additional support to Kosovo, Croatia, and Montenegro. Foreign Military Financing grants would nearly double to $95 million, with levels for new NATO members

[22] For more information, see CRS Issue Brief IB95077, *The Former Soviet Union and U.S. Foreign Assistance*, by Curt Tarnoff.

Poland, Hungary, the Czech Republic rising by 50%. Partnership for Peace countries were scheduled to receive $62 million in FMF grants for FY2001, up from $33 million in FY2000. [23]

Congressional Action. House, Senate, and enacted bills for FY2001 made several changes to the Administration's regional and country aid proposals.

Africa. Congress rejected the President's request to re-instate the Development Fund for Africa, as requested, but funds development programs for sub-Saharan Africa out of the worldwide development assistance and child survival accounts. Because Congress increased health and child survival funding levels, most of which target Africa, and made only modest cuts for other bilateral development spending, Africa development aid allocation of $794 million fell close to but below the proposed $837 million level. The House-passed bill had required USAID to allocate the same proportion of development aid to Africa in FY2001 that it did for FY2000. Although the conference report made no mention of this requirement, if applied to the enacted development assistance funding totals, Africa would have received about $900 million in FY2001.

Asia. Based on initial Administration aid allocations, Asia will receive slightly more – about $600 million of the funds in P.L. 106-429 – than what had been requested. The enacted measure further includes directives for specific countries and activities.

- Burma – directs that $6.5 million, as requested, be provided to Burmese exiles and refugees for education, health care, and political initiatives.

- Cambodia – recommends $20 million (up from $16.8 million requested) addressing HIV/AIDS, education, and environmental needs, but avoiding direct assistance to the central government.

- Indonesia – earmarks $5 million for economic rehabilitation in the Aceh region, and encourages USAID to support economic restructuring and decentralization programs throughout Indonesia, and especially in the Moluccas.

- East Timor – earmarks $25 million for reconstruction and income-generating projects, higher than the $10 million request.

- North Korea – urges the State Department to support $250,000 for South Korean NGOs involved in democratization efforts in North Korea. This would be in addition to the $55 million approved for the Korean Energy Development Organization (KEDO).

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[23] For more information, see CRS Report RL30453, *Kosovo: Reconstruction and Development Assistance,* by Curt Tarnoff.

Latin America. H.R. 4811, as enacted, limits additional assistance to the Haitian government until the Secretary of State reports that Haiti has held free and fair elections to seat a new parliament. The House bill had placed high priority on Latin American funding levels, directing that the Administration allocate at least the same amounts in FY2001 for the region as it did for FY2000. Conferees, however, did not discuss this issue. Initial allocations for Latin America, excluding counternarcotics aid, suggest that the region will be slightly higher than for FY2000 but about $10 million less than the $750 million request.

Middle East. The enacted FY2001 Foreign Operations spending bill continues the 10-year phased reduction in aid to Israel and Egypt, as proposed, and authorizes that a portion of Egypt's military assistance be transferred to an interest bearing account. H.R. 4811 also directs that $25 million be provided for programs benefitting the Iraqi people, $12 million of which must go for food, medicine, and other humanitarian purposes.

Israel's planned $250 million sale to China of an airborne early warning aircraft became a significant issue during House Committee consideration of the appropriations measure. Because of the proposed transfer of the Phalcon airborne radar system, delivery of which was expected in October 2001, Chairman Callahan offered a provision withholding $250 million in FY2001 aid to Israel until the Secretary of State certified that the sale was terminated or it did not pose a national security threat. The amendment was defeated (6-9). Chairman Callahan proposed the same amendment at full Committee markup, but the House panel approved a substitute amendment expressing the "sense" of Congress that the China sale could threaten both Taiwan and the United States and urged Israel to terminate the sale.[24] On July 12, Israel announced it had cancelled the sale.

Independent States of the Former Soviet Union and East Europe. As enacted, H.R. 4811 reduces slightly – to $810 million – the former Soviet aid account, representing an increase from the $775 million and $635 million passed earlier by the Senate and House, respectively. Amounts for Eastern Europe are set at $600 million, about mid-way between House and Senate-passed levels. These regional totals have resulted in higher allocations for Croatia, Montenegro, and Serbia than requested, but reductions for several former Soviet states including Azerbaijan, Kyrgystan, and Moldova. The Administration allocated slightly more to Russia – $168 million – than had been requested, although the level is down from $187 million in FY2000. The legislation includes several country earmarks that set funding at or above amounts proposed by the President:

- Ukraine – $170 million, down slightly from the $173.5 million request.
- Armenia – $90 million, up from the $75 million proposal.
- Georgia – $92 million, higher than the $85.8 million request.

[24] For more discussion of this issue, see CRS Report RS20583, *Israel's Sale of Airborne Early Warning Aircraft System to China*, by Clyde Mark.

Unlike the Senate bill, the conference agreement does not earmark funds for Montenegro or Croatia, but encourages the Administration to allocate at least $89 million for Montenegro and $65.7 million for Croatia. These totals would include regular FY2001 funding, plus portions of the $75.8 million Congress also approved for the Balkans that had earlier been considered but rejected as an FY2000 supplemental. Lawmakers also added $34 million in military aid for the region that had also been proposed as an FY2000 supplemental. Reflecting recent changes in the political leadership of Serbia, the bill provides that up to $100 million in assistance may be used for Serbia. Nevertheless, the funds cannot be obligated after March 31, 2001, unless Congress is notified that the Yugoslav government is cooperating with the International Criminal Tribunal regarding the investigation and transfer of indicted war criminals.

For other countries, H.R. 4811 limits aid allocations or attaches conditions that must be met prior to distributing the funds:

- Russia – maintains conditions on aid to Russia if it does not terminate sales of nuclear reactor and related technology to Iran, and adds a new condition withholding assistance if Russia is not cooperating with international investigations of war crimes in Chechnya or providing access to Chechnyan refugees. These conditions affect 60%, rather than last year's 50%, of aid allocated to the Russian central government.

- Kosovo – no assistance can be made available for Kosovo until the Secretary of State certifies that U.S. obligations and expenditures of funds do not exceed 15% of total amounts from all donors.

- Bosnia – limits to $80 million ($90 million requested) FY2001 assistance.

Debt Reduction Initiatives for Poor Countries[25]

Providing debt relief to poor developing nations that borrowed in the past from the United States, other creditor governments, and international financial institutions emerged as one of the key foreign aid issues in 1999 and continued as a White House priority in 2000. At the Cologne Summit in June 1999, G-7 leaders endorsed a substantial expansion of the Heavily Indebted Poor Country (HIPC) Initiative largely along the lines of policy changes recommended by the United States and Britain. The World Bank and IMF, institutions that manage HIPC debt relief, adopted these enhancements in September. In late 1999, Congress approved some of the legislation requested by the Administration for full U.S. participation in HIPC, but left several matters incomplete, primarily those associated with the cancellation of multilateral

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[25] For more extensive analysis of debt relief issues, see CRS Report RL30214, *Debt Reduction: Initiatives for the Most Heavily Indebted Poor Countries*, by Larry Nowels; and CRS Report RL30449, *Debt and Developing in Poor Countries: Rethinking Policy Responses*, by J. F. Hornbeck.

debts. In 2000, the White House sought congressional approval for authorizing and appropriating issues left over from 1999.

For the past decade, the United States has engaged in various forms of debt relief for developing nations, resulting in the cancellation of about $14.7 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 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 owed 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 those determined to have "unsustainable" debt would qualify for HIPC terms.

The initial HIPC framework came under heavy criticism in early 1999, especially among non-governmental organizations and religious groups working in developing countries. They charged that HIPC terms were not deep enough — that 90% or 100% of bilateral debt owed should be canceled, and that six years was a far too long qualification period for full HIPC relief. They further believed that the non-sustainable debt criteria, based largely on a ratio of a country's debt-to-exports, was too high and therefore excluded many countries that were also in need of debt relief. Some critics opposed the economic reform requirements and argued for unconditional debt reduction. A number of organizations further advocated 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 were 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), H.R. 2232 (Debt Relief and Development in Africa Act of 1999), and S. 1690 (Debt Relief for Poor Countries Act of 1999). Complicating the expansion of HIPC and enactment of these bills, however, was the large additional costs that would be associated with efforts to broaden, deepen, and accelerate HIPC or U.S. bilateral debt reduction policies.

Following agreement to expand HIPC and insert a strong poverty reduction requirement, President Clinton amended in September 1999 his pending FY2000 foreign aid request, increasing debt relief from $120 million to nearly $1 billion over four years. Congress agreed to $123 million for bilateral debt cancellation at the Paris

Club in 2000 but rejected the $600 million proposed for HIPC Trust Fund contributions, FY2000-FY2003 (H.R. 3422, as incorporated into P.L. 106-113).[26] The President had also asked Congress to allow the United States to support an IMF plan to draw on resources in a contingency fund and to re-value some of its gold holdings at current prices through an off-market gold sale that would allow the IMF to cancel HIPC debts owed to the Fund.[27] Congress authorized the use of the contingency fund but placed a restriction that the IMF could only use 9/14ths of the gold transaction "profits" for HIPC debt relief (H.R. 3425, as incorporated into P.L. 106-113).

Legislative Issues in 2000. The Administration asked Congress to approve items carried over from 1999:

- HIPC Trust Fund $210 million contribution as an FY2000 supplemental appropriation;
- HIPC bilateral and multilateral debt relief request of $225 million for FY2001;
- Tropical forestry debt relief initiative of $37 million;
- HIPC bilateral and multilateral debt relief advance appropriation (FY2002/2003) of $375 million;
- Authorization for the U.S. to participate in the HIPC Trust Fund; and
- Authorization permitting the U.S. to support the full use of the IMF for gold transaction profits for debt relief.

Administration officials were especially concerned about appropriations for the HIPC Trust Fund contribution. They argue that the absence of a U.S. payment had convinced other creditor governments to hold back their own pledges until the U.S. acted. They further contended that while most of the existing Trust Fund pledges were earmarked for African nations that would be among the earliest qualifiers, resources for Latin American debt relief – for Bolivia and Honduras – were not available. Without a U.S. contribution, they said, a debt workout for Bolivia had been delayed because of inadequate resources. Critics of multilateral debt relief, including

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[26] The HIPC Initiative has two major components: cancellation of bilateral debt owed to the United States and other creditor governments, and reduction of debt owed to the World Bank, the IMF, and other regional IFIs. Creditor governments cover their own expenses individually for the forgiveness of bilateral debt at the Paris Club, an informal arena for negotiating debt reschedulings and reduction of publicly held loans. To finance the cancellation of multilateral debts, the World Bank and IMF created the HIPC Trust Fund into which IFIs and aid donor governments would deposit contributions. The Bank and the Fund will cover their own costs, but other IFIs – especially the African Development Bank – do not have enough resources to cover the losses of cancelled loan repayments. Donor governments have agreed to make up the gap for those IFIs with insufficient funds.

[27] The actual process by which the gold was re-valued involved several steps. First, the gold, which is carried on the IMF books at the original price of $48 per ounce, was purchased at current market value (over $270 per ounce) by a member country about to make a large payment on an IMF loan. After buying the gold, the country immediately made its loan payment to the IMF, but in gold that it just purchased, rather than hard currency. The IMF invests the "profits" of its gold transaction in a security instrument and uses the earned interest to pay for the costs of canceling HIPC debt over a 20-year period.

some in Congress, argued, however, that before the U.S. contributes to the Trust Fund, multilateral institutions should agree to suspend new lending to HIPC countries for a period of time once they received debt relief so that they would not return to a severely indebted state.

Congressional Action. Prior to consideration of the FY2001 Foreign Operations spending measure, lawmakers dealt with other aspects of the HIPC requests. In the FY2000 supplemental appropriation (H.R. 4425), Congress rejected the President's request for the HIPC Trust Fund. Supporting other Administration requests, however, the Senate Foreign Relations Committee reported on April 7 legislation (S. 2382) authorizing U.S. participation in the HIPC Trust Fund and U.S. approval of the entire IMF off-market gold sale mechanism. That bill, after referral to the Senate Banking Committee, did not receive full Senate consideration.

S. 2522 provided $75 million in debt reduction for FY2001, far below the combined FY2000/2001 requests for $472 million. The legislation permitted the Administration to use the resources for either bilateral debt relief or contributions to the HIPC Trust Fund. Because several HIPC countries were nearing consideration for HIPC eligibility, it was possible that reduced funding in S. 2522, if enacted at that level, would have resulted in further delays for debt workout negotiations.

H.R. 4811 provided $238 million for debt reduction. The House Appropriations Committee bill had provided $82.4 million for debt reduction, well under the Administration's request. During floor debate, however, the House adopted an amendment (Waters, 216-211) that increased the debt relief allocation by $155.6 million. As reported by the Committee, however, H.R. 4811 required that before any U.S. contribution to the HIPC Trust Fund, the Administration must report to Congress that the HIPC beneficiary country would not receive any new market-rate loans from international financial institutions for 30 months or concessional loans for 9 months. The Administration opposed these limitations. The House Committee expressed support for economic reforms undertaken by Bolivia and Mozambique, and its expectation that all of the debt reduction funds for HIPC would go to these two countries. The House measure further indicated that $13 million of the debt reduction appropriation was reserved for the Tropical Forestry debt initiative.

The **enacted bill** provides a total of $448 million for debt reduction, consisting of $435 million for HIPC (the combined FY2000 supplemental and FY2001 regular request) and $13 million for the Tropical Forestry initiative. Of the HIPC funds, roughly $75 million will be used for bilateral debt relief and $360 million as a Trust Fund contribution. Countries which will receive benefits from U.S. contributions must first agree not to borrow at market rate terms for two years. The limitation on concessional financing, as passed by the House, was dropped from the conference agreement. Instead, conferees endorsed consideration of a policy in which the World Bank's International Development Association would expand grant assistance to HIPC countries. The legislation further includes new reporting requirements regarding implementation of the HIPC initiative that will allow Congress to monitor actions taken in the coming year more closely.

P.L. 106-429 does not, however, approve the full U.S. pledged commitment to the HIPC initiative. The Administration is asking Congress in the FY2002 Foreign

Operations budget for an additional $224 million HIPC Trust Fund contribution. Because Congress authorized in H.R. 4811 only $435 million of the total $600 million Trust Fund pledge, additional authority may be sought in the 107th Congress.

For Additional Reading

Foreign Operations Programs

CRS Issue Brief IB88093. *Drug Control: International Policy*, by Raphael Perl.

CRS Report RL30830. *International Family Planning: The "Mexico City" Policy*, by Larry Nowels.

CRS Issue Brief IB96008. *Multilateral Development Banks: Issues for the 106th Congress*, by Jonathan Sanford.

CRS Issue Brief IB86116. *U.N. System Funding*, by Vita Bite.

CRS Issue Brief IB96026. *U.S. International Population Assistance: Issues for Congress*, by Larry Nowels.

Foreign Operations Country/Regional Issues

CRS Issue Brief IB95052. *Africa: U.S. Foreign Assistance Issues*, by Raymond Copson.

CRS Issue Brief IB95077. *The Former Soviet Union and U.S. Foreign Assistance*, by Curt Tarnoff.

CRS Issue Brief IB85066. *Israel: U.S. Foreign Assistance*, by Clyde Mark.

CRS Issue Brief IB91141. *North Korea's Nuclear Weapons Program*, by Larry Niksch.

Selected World Wide Web Sites

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

CRS Current Legislative Issues: Foreign Affairs
[http://www.crs.gov/products/browse/is-foreignaffairs.shtml]

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/]

United National Population Fund (UNFPA)
[http://www.unfpa.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/]

World Bank HIPC website
[http://www.worldbank.org/hipc/]

Appendix — Detailed Foreign Operations Accounts

Table 8. Foreign Operations Appropriations: Discretionary Budget Authority

(millions of dollars)

Program	FY2000 Enacted[a]	FY2001 Request	Senate FY2001	House FY2001	FY2001 Enacted*
Title I - Export and Investment Assistance:					
Export-Import Bank	799.00	1,011.0	811.0	782.5	912.0
Overseas Private Investment Corp.	(244.0)	(220.0)	(221.0)	(222.0)	(221.0)
Trade & Development Agency	44.0	54.0	46.0	46.0	50.0
Total, Title I - Export Aid	**599.0**	**845.0**	**636.0**	**606.5**	**741.0**
Title II - Bilateral Economic:					
Development Assistance:[b]					
Child Survival/Disease/UNICEF	727.5	769.3	–	886.0	963.0
Development Asst Fund	1,215.5	984.8	1,478.3	1,258.0	1,305.0
Development Fund for Africa	[512.5][c]	532.9[c]	–	–	–
Global Health	–	–	691.0	–	–
Subtotal	**1,943.0**	**2,337.0**	**2,169.3**	**2,144.0**	**2,268.0**
Of which:					
UNICEF	*[110.0]*	*[110.0]*	*[110.0]*	*[110.0]*	*[110.0]*
Population aid	*[372.5]*	*[484.0]*	*[425.0]*	*[385.0]*	*[425.0]*
HIV/AIDS	*[175.0]*	*[244.0]*	*[255.0]*	*[254.0]*	*[300.0]*
GAVI contribution	–	*[50.0]*	*[50.0]*	[37.5]	*[50.0}*
Inter-American Foundation	*[5.0]*	*[20.0]*	–	*[10.0]*	*[12.0]*
African Develop. Foundation	*[14.4]*	*[16.0]*	*[14.4]*	*[16.0]*	*[16.0]*
International Disaster Aid	202.9	220.0	220.0	165.0	165.0
Southern Africa flood supp.	25.0	175.0[d]	35.0[d]	160.0[d]	135.0[d]
Transition Initiatives	[40.5][e]	[55.0][e]	–[e]	40.0	50.0
Development Credit Programs	8.5	8.0	4.0	10.0	7.5
Subtotal, Development Aid	**2,179.4**	**2,740.0**	**2,428.3**	**2,519.0**	**2,625.5**
USAID Operating Expenses	520.0	520.0	510.0	509.0	520.0
USAID Op. Exp. supplemental	–	22.0[d]	–	–	13.0[d]
USAID Inspector General	25.0	27.0	25.0	27.0	27.0
Economic Support Fund (ESF)	2,345.5	2,313.0	2,220.0	2,208.9	2,295.0
ESF-Wye River Accord[f]	450.0	–	–	–	–
International Fund for Ireland	19.6	[19.6][g]	–[g]	25.0	25.0
East Europe	535.0[a]	610.0	635.0	535.0	600.0
Kosovo/Balkans supplemental	50.0	145.0[d]	–	–	75.8[d]
Former Soviet Union (IS/FSU)	839.0	830.0	775.0	740.0	810.0
Treasury Dept. technical asst	1.5	7.0	5.0	2.0	6.0

Program	FY2000 Enacted[a]	FY2001 Request	Senate FY2001	House FY2001	FY2001 Enacted*
Debt reduction	123.0	262.0	75.0	238.0	238.0
Debt reduction supplemental	–	210.0[d]	–	–	210.0[d]
US Community Adjustment Credit	10.0	10.0	0.0	0.0	0.0
Peace Corps	245.0	275.0	244.0	258.0	265.0
International Narcotics	305.0	312.0	220.0	305.0	325.0
Intl Narcotics – Plan Colombia	1,018.5[h]	—[h]	—	—	—
Migration & refugee asst	625.0	658.2	615.0	645.0	700.0
Emergency Refugee Fund (ERMA)	12.5	20.0	15.0	12.5	15.0
Non-Proliferation/anti-terrorism	216.6	352.7	215.0	241.6	311.6
Total Title II-Bilateral Economic	**9,520.6**	**9,313.9**	**7,982.3**	**8,266.0**	**9,061.9**
Title III - Military Assistance:					
Intl Military Education & Training	50.0	55.0	55.0	47.3	55.0
Intl Mil Ed/Training Supplemental	–	2.9[d]	–	–	2.9[d]
Foreign Mil Financing (FMF)	3,420.0	3,538.2	3,519.0	3,268.0	3,545.0
FMF supplemental	–	31.0[d]	–	–	31.0[d]
FMF-Wye River Accord [f]	1,375.0	–	–	–	–
Special Defense Acquisition Fund	(6.0)	–	–	–	–
Peacekeeping Operations	153.0	134.0	85.0	117.9	127.0
FMF loans rescission	–	(18.2)	–	–	–
Total, Title III-Military Aid	**4,992.0**	**3,742.9**	**3,659.0**	**3,433.2**	**3,760.9**
Title IV - Multilateral Economic Aid:					
World Bank-Intl DevelopmentAssn	775.0	835.6	750.0	566.6	775.0
World Bank-Environment Facility	35.8	175.6	50.0	35.8	108.0
World Bank-Mult Invst Guaranty	4.0	16.0	4.0	4.9	10.0
Inter-American Development Bank	41.6	59.9	10.0	18.0	35.0
Asian Development Bank	90.7	125.0	100.0	72.0	72.0
African Development Fund	128.0	100.0	72.0	72.0	100.0
African Development Bank	4.1	6.1	6.1	3.1	6.1
European Bank for R & D	35.8	35.8	35.8	35.8	35.8
Intl Fund for Ag Development	[5.0][i]	[5.0][i]	[5.0][i]	5.0	5.0
Intl Organizations & Programs	183.0	196.0[j]	178.0[j]	183.0[j]	186.0[j]
Total, Title IV - Multilateral	**1,298.0**	**1,550.0**	**1,205.9**	**996.2**	**1,332.9**
TOTAL, Foreign Operations[k]	**16,409.6**	**15,451.8**	**13,459.2**	**13,301.9**	**14,896.7**
TOTAL, without FY2000 Supps.	**13,491.1**	**15,451.8**	**13,459.2**	**13,301.9**	**14,896.7**

* NOTE: Pursuant to the Consolidated Appropriations Act, FY2001 (H.R. 4577), signed into law on Dec. 21, 2000, most FY2001 appropriation bills, including Foreign Operations, are reduced by 0.22%. For Foreign Operations, there will be a cut of about $33 million from the $14.897 billion enacted level.

a. FY2000 enacted includes $1.1 billion in supplemental FY2000 Foreign Operations funds approved in P.L. 106-246 (H.R. 4425).
b. The account structure for development aid differs among versions of the bill. This table shows a consistent and comparable account structure based on the FY2001 conference agreement. For the Administration's request, this means adding amounts to development aid for the Inter-American and African Development Foundations, GAVI, and UNICEF, which are requested in other accounts. For the Senate it means the addition of $110 million for UNICEF which S. 2522 funded under the International Organizations account in title IV.
c. For FY2001, the Administration requested a separate account under development aid for Africa (the Development Fund for Africa, or DFA). Africa aid is also proposed within the Child Survival account. The total amount requested for Africa — DFA plus Africa/Child Survival — is $837 million. This compares to $738 million appropriated for Africa in FY2000 within the Child Survival and Development Assistance Fund accounts.
d. Initially requested and/or approved by the House or Senate as an FY2000 emergency supplemental appropriation. Included in Title VI of P.L. 106-429 as an emergency FY2001 appropriation.
e. Transition Initiative funds included in Disaster Assistance account for FY2000, FY2001 request, and Senate FY2001 bill. Approved by the House and enacted for FY2001 as a separate account.
f. Congress approved for FY2000 a one-time supplemental ESF ($450 million) and FMF ($1.375 billion) package supporting the Wye River/Middle East peace accord with aid for Israel, Jordan, and the Palestinians.
g. The Administration request and Senate bill included the Ireland Fund as part of the Economic Support Fund.
h. FY2000 supplemental enacted in P.L. 106-246. The President's FY2001 request included $256 million for Plan Colombia. Congress incorporated portions of the follow-on $256 million FY2001 Plan Colombia proposal in the FY2000 supplemental. Because additional Plan Colombia funding had already been accommodated and was not part of the final FY2001 debate, the $256 million has been removed from the President's FY2001 request.
i. IFAD was funded in FY2000, FY2001 request and the Senate bill out of development assistance and international organizations and programs accounts. The House and FY2001 enacted bills established IFAD as a separate account.
j. For comparative purposes and to conform to the account structure enacted for FY2000 and FY2001, UNICEF funds ($110 million) have been deducted here and added in the development aid subtotal in title II. The Administration's $50 million FY2001 request for GAVI has also been shifted from here to title II, as enacted.
k. Pursuant to sequestration requirements in P.L. 106-113, the amounts for FY2000 are reduced by $19 million.