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Appropriations for FY1999: 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 bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Foreign Operations. 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 FY1999: Foreign Operations, Export Financing, and Related Programs

Summary

The annual Foreign Operations appropriations bill is the primary legislative vehicle through which Congress reviews the U.S. foreign aid budget and influences executive branch foreign policy making generally. It contains the largest share — over two-thirds — of total U.S. international affairs spending. For Foreign Operations programs, President Clinton sought $13.6 billion in discretionary budget authority for FY1999, nearly $800 million, or 6% higher than available for FY1998. But unlike a year ago, when the President concentrated most of the added funds requested on a few high priority areas, the FY1999 request asked for increases across a wide array of Foreign Operations programs, including export promotion agencies, development assistance, debt reduction initiatives, the Peace Corps, drug control aid, arrearage payments for multilateral development banks, and others. Israel, Egypt, Russia, Ukraine, and Bosnia would be the largest recipients of bilateral aid, as has been the case in the recent past. Beyond these regular Foreign Operations programs, the President also sought $17.9 billion for U.S. contributions to two IMF facilities and $502 million for U.S. arreage payments to multilateral development banks.

In addition to funding questions, the Foreign Operations debate also included important policy issues, such as priorities of development aid strategies, abortion restrictions on international family planning programs, adjusting Middle East aid allocations, policy restrictions on aid to Russia and Ukraine, and the use of American assistance as a tool in the Armenian-Azerbaijan dispute over Nagorno-Karabakh.

Foreign Operations is one of eight appropriation bills incorporated and enacted in H.R. 4238, the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999. As passed on October 20/21, H.R. 4328 includes $12.827 billion for discretionary Foreign Operations. In addition, the omnibus bill includes $539 million to clear U.S. arrears at multilateral development banks, $399 million in "emergency" Foreign Operations supplementals, and $17.9 billion for the IMF, funds that are *not* "scored" against the Foreign Operations budget cap, but which provide additional resources for U.S. foreign aid activities. In total, H.R. 4328 provides $31.63 billion for Foreign Operations in FY1999.

Although this still falls about $385 million below the President's request, it provides a substantial increase from what the House and Senate had approved in bills (H.R. 4569 and S. 2334) passed in September. Senior executive branch officials had advised the President to veto these earlier measures because of inadequate funding. Compared with the Senate-passed bill, the higher of the two, budget negotiations between congressional leaders and the White House during the final days of the 105th Congress resulted in $880 million more for Foreign Operations in FY1999. Much of the additional money included in H.R. 4328 is allocated for former Soviet aid, USAID operating expenses, disaster relief, the Peace Corps and U.S. contributions to the Global Environment Facility. The bill caps international family planning aid at $385 million, but drops House-passed abortion restrictions. The enacted legislation also initiates a ten year process to phase out economic aid to Israel and trim by half Egypt's aid, reducing total combined assistance for FY1999 by $100 million to just over $5 billion.

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Most Recent Developments

During executive-legislative budget discussions during the final days of the 105th Congress, negotiators added $880 million for Foreign Operations spending in FY1999 to amounts approved by the House and Senate (H.R. 4569 and S. 2334) in September. Senior executive branch officials had advised the President to veto these earlier measures because of inadequate funding. As enacted on October 21 in H.R. 4328, the Omnibus Consolidated and Emergency Supplemental Appropriations, 1999, Foreign Operations funds total $31.63 billion, including $12.827 billion for regular programs, $539 million for MDB arrears payments, $399 million in Child Survival, former Soviet aid, Africa embassy bombing-related, and counter-narcotics "emergency" supplemental spending, and $17.9 billion for the IMF. Excluding the IMF, total Foreign Operations money approved for FY1999 is $618 million more than for FY1998, but $385 million less than the President requested. Much of the additional Foreign Operations resources added in H.R. 4328 is allocated for former Soviet aid, USAID operating expenses, disaster relief, the Peace Corps and U.S. contributions to the Global Environment Facility.

Congressional negotiators also settled several other major Foreign Operations issues in disagreement between the House and Senate. The bill caps international family planning aid at $385 million but drops House-passed abortion restrictions. H.R. 4328 includes the full $17.9 billion U.S. payment to the International Monetary Fund (IMF), subject to conditions concerning recipient country trade and financial policies, greater transparency in IMF operations, and Fund lending at above-market rates. The measure drops the House-passed ban on U.S. funding for the Administration's program to curb North Korea's nuclear weapons production but subjects the $35 million to additional certification requirements and delays the money's availability until next year. The legislation, as approved by both houses, begins aid reductions for Israel and Egypt.

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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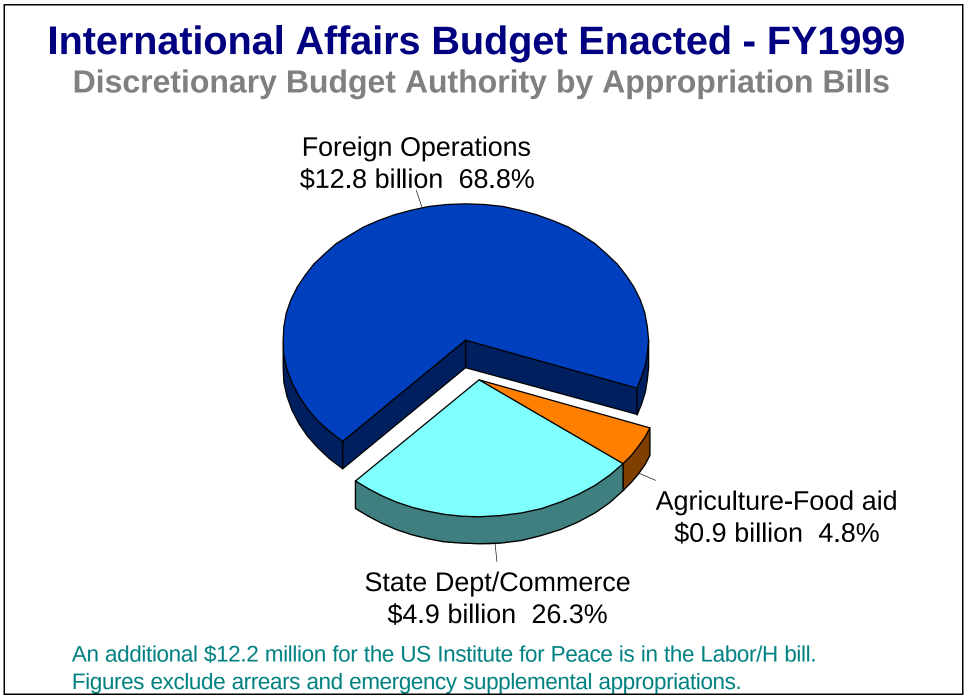
[1]Although the Foreign Operations appropriations bill is often characterized as the "foreign aid" spending measure, it does not include funding for all foreign assistance programs. Food

(continued...)

the largest share — about 69% — of total international affairs spending by the United States (see **Figure 1**). The legislation funds all U.S. bilateral development assistance programs, managed mostly by the U.S. Agency for International Development (USAID), together with several smaller independent foreign aid agencies, such as the Peace Corps and the Inter-American and African Development Foundations. Foreign Operations includes separate accounts for aid programs in the former Soviet Union (also referred to as the New Independent States (NIS) account) and Central/Eastern Europe, activities that are jointly managed by USAID and the State Department. Security assistance (economic and military aid) for Israel and Egypt is also part of the Foreign Operations spending measure, as are smaller security aid programs administered largely by the State Department, in conjunction with USAID and the Pentagon. U.S. contributions to the World Bank and other regional multilateral development banks, managed by the Treasury Department, and voluntary payments to international organizations, handled by the State Department, are also funded in the Foreign Operations bill. Finally, the legislation includes appropriations for three export promotion agencies: the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the Trade and Development Agency.

Figure 1 -- International Affairs Budget



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

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

Status

Table 1. Status of Foreign Operations Appropriations, FY1999

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
7/15/98	NA	9/10/98 H.R. 4569 H.Rept. 105-719	9/17/98 255-161	7/21/98 S. 2334 S.Rept. 105-255	9/2/98 90-3	10/19/98 HR 4328 H.Rept. 105-825	10/20/98 333-95	10/21/98 65-29	10/21/98 105-277

President Clinton submitted his FY1999 Federal budget request to Congress on February 2, 1998, including funding proposals for Foreign Operations Appropriations programs. During the next several months, House and Senate Foreign Operations Subcommittees held a series of hearings, including testimony from Secretary of State Albright, Treasury Secretary Rubin, and USAID Administrator Atwood. In mid-May, House and Senate Appropriations Committees issued budget authority and outlay allocations in May and June to each of their 13 subcommittees, paving the way for initial action on these spending bills. The House Foreign Operations Subcommittee approved a draft bill on July 15, 1998, that was amended and ordered reported by the full Appropriations Committee on September 10 (H.R. 4569). The House passed H.R. 4569 on September 17, 255-161. The Senate skipped a subcommittee markup, as the full Appropriations Committee reported a bill on July 21 (S. 2334). After two days of debate, the full Senate approved S. 2334 on September 2 by a vote of 90-3. Foreign Operations, like seven other regular spending measures, was incorporated into H.R. 4328, the Omnibus Consolidated and Emergency Supplemental Appropriations, 1999, passed by the House and Senate on October 20/21, and signed into law on October 21.

Foreign Operations Funding Trends

In recent years, as the United States has adjusted its foreign and defense policy to a post-Cold War environment, one of the major foreign assistance issues for Congress and executive branch policymakers has been the question of budget resource allocation and how to reduce foreign aid spending while sustaining the program as an effective foreign policy tool.

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

FY1993	FY1994	FY1995	FY1996	FY1997	FY1998*	FY1999*
$13.901	$14.298	$13.611	$12.456	$12.267	$12.787	$12.864

* Amounts for FY1998 and FY1999 do not include appropriations for payments of U.S. arrears to multilateral development banks (MDBs) ($360 million and $539 million, respectively). FY1999 further does not include a $17.861 billion for the IMF and $399 million in "emergency" supplemental funds. Under terms of the Balanced Budget Act of 1997 and other budget laws, appropriations for MDB arrears, the IMF, and "emergency" supplementals are not scored against the Foreign Operations spending allocation. For comparative purposes with prior years, including MDB arrears and "emergency" supplementals, FY1998 appropriations would total $13.147 billion and FY1999 $13.765 billion.

After peaking in size at $20.7 billion in FY1985, Foreign Operations appropriations began a period of declining levels, 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, or nearly 9% from the previous year. Administration officials and many in the broader foreign policy community argued that such severe budget reductions in a short period of time seriously undermined many U.S. foreign policy interests and limited the ability of American officials to influence overseas events. After Foreign Operations funding levels fell again in FY1997 — although by much smaller amounts — the State Department and other executive agencies launched an aggressive campaign in support of a foreign policy budget request for FY1998 that sought to reverse the decade-long downward trend. Congress approved much of the President's $1 billion increase recommended for this year, setting Foreign Operations appropriations at $13.15 billion for FY1998. Currently, Foreign Operations represents 0.78% of the entire federal budget and 2.4% of total discretionary budget authority. By comparison, these same figures in FY1985 were 2% and 4.6%, respectively.

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

At about the time of the end of the Cold War, foreign aid spending began to fall steadily — from about $16.7 billion in FY1992, to $15 billion in FY1995, to $13 billion in FY1997 (real terms). Appropriations for FY1997 were the smallest Foreign Operations level, in real terms, since 1975 when Congress slashed foreign assistance spending during the U.S. withdrawal from Vietnam. Even with additional funding for this year, in real terms FY1998 Foreign Operations spending is about 30% below the average appropriation level approved by Congress during the late 1980s, 19% less than FY1992, a year that might be considered the first post-Cold War foreign aid budget, and 10% less than FY1995 when the majority in Congress changed.

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.

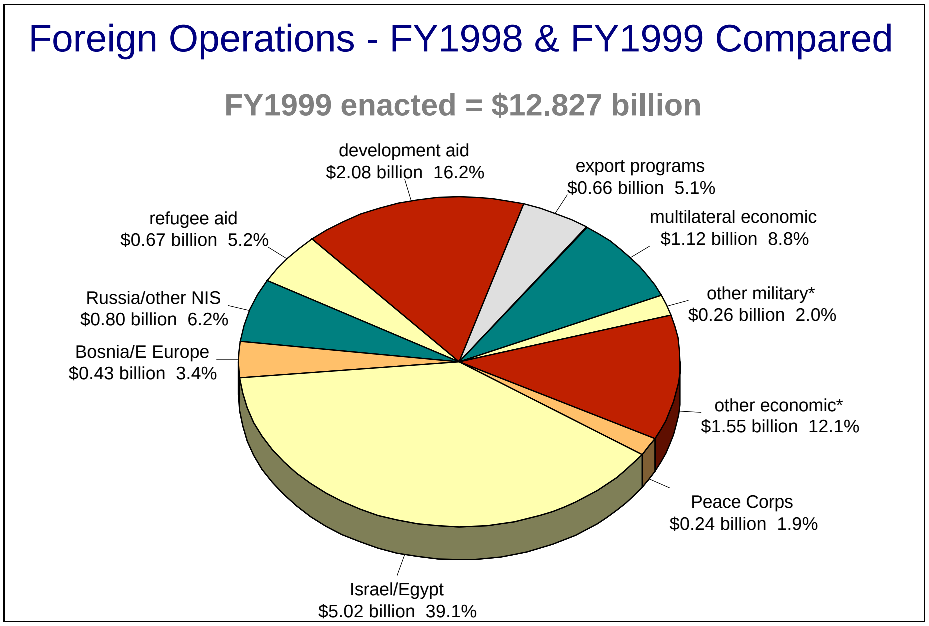
In addition, funding levels and trends discussed in this report exclude U.S. contributions to the International Monetary Fund (IMF), proposals that are enacted periodically (about every five years) in Foreign Operations bills. Congress is presently considering a $17.9 billion IMF request. Including these 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 International Monetary Fund.

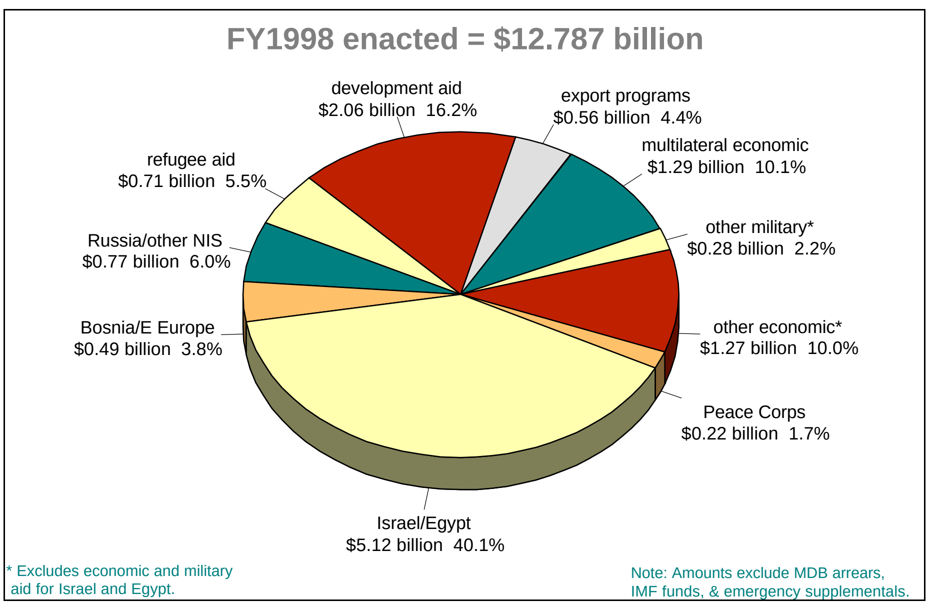
Foreign Operations Appropriations Request for FY1999 and Congressional Consideration

Funding Issues for Foreign Operations Appropriations, FY1999

Total Foreign Operations Funding Levels. After convincing Congress in 1997 to raise Foreign Operations spending by about $500 million over the previous year, the President submitted a request for FY1999 that would set foreign aid appropriations nearly $800 million higher than the level enacted for FY1998. The $13.6 billion proposal was 6.2% higher than FY1998 discretionary budget authority. But unlike a year ago, when the President concentrated most of the added funds requested on a few high priority areas, most notably for payment of arrears at multilateral development banks, the FY1999 request asked for increases across a wide array of Foreign Operations programs. Nearly every major component of foreign aid spending was slated to rise in FY1999. However, as illustrated in Figure 2 and discussed immediately below, enacted FY1999 appropriations for Foreign Operations provides only modest increases from FY1998 for major areas of foreign aid spending, resulting in few changes among the proportional distribution of funds. Table 3 summarizes the President's request and congressional action, while an appendix at the end of this report provides details on individual account spending levels.

Figure 2 -- Foreign Operations FY1998-99 Compared





Initially, Congress was reluctant to meet the President's recommendation for significant foreign aid increases in FY1999. In fact, until final decisions were reached in mid-October regarding overall funding levels, it appeared that Foreign Operations programs would receive less in FY1999 than amounts provided in FY1998. As shown in Figure 2 above, enacted appropriations for regular Foreign Operations programs in FY1999 are $40 million higher than in FY1998. Including additional funds for multilateral development bank arrears and several "emergency" supplementals, none of which are "scored" against Foreign Operations spending limits, FY1999 funds are $618 million higher than the previous year. Not counting the $17.9 billion IMF transfer, Congress approved roughly two-thirds of the overall increase sought by the President for FY1999.

The first step influencing congressional debate on Foreign Operations occurred in mid-May when House and Senate Appropriations Committees issued allocations to each of their 13 subcommittees. This process, known as the "section 302(b) allocations," usually comes after the House and Senate have agreed to a common budget resolution. Because of delays this year in taking up a budget resolution, however, House and Senate Appropriations Committee chairmen decided to issue their 302(b) allocations in advance of final action on a budget resolution.

Both Appropriations Committees issued very low allocations for Foreign Operations. On May 14, the Senate panel provided $12.6 billion in budget authority (BA) and $12.4 billion in outlays for Foreign Operations in FY1999 (outlays were later revised upward to $12.6 billion). (These figures exclude MDB arrears and IMF funding.) The Senate allocation set budget authority for Foreign Operations about $1 billion below the President's request and nearly $250 million less than enacted for FY1998. The House Committee, on May 22, set Foreign Operations BA and outlays each at $12.5 billion, $100 million less than Senate levels.

House and Senate committees began markups on the Foreign Operations request at nearly the same time. On July 15, the House Foreign Operations Subcommittee, recommended a $12.471 billion funding measure ($12.82 billion with MDB arrears), about $315 million (-2.5%) below existing levels for FY1998 and $1.1 billion (-8.1%) less than the President's proposal for FY1999. The full House Appropriations adopted the subcommittee's funding proposals on September 10 (H.R. 4569) and the House passed the measure on September 17 without changes in funding levels. The Senate did not hold a subcommittee markup, but went straight to full committee consideration on July 21, followed by full Senate passage on September 2. As passed by the Senate, S. 2334 included a slightly higher amount than recommended in the House -- $12.575 billion ($12.885 billion including MDB arrears). Added to these amounts were funds for a U.S. contribution to the IMF which brought the House bill to a total of $16.2 billion and the Senate to $30.7 billion. The Senate designated both MDB arrears and IMF appropriations as FY1998 supplementals.

The House and Senate did not hold a formal conference on the Foreign Operations measures, but instead incorporated foreign aid funding into H.R. 4328, the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999. During executive-legislative budget discussions during the final days of the 105th Congress, negotiators added more than $880 million for Foreign Operations spending in FY1999 to amounts approved by the House and Senate in September. Senior executive branch officials had advised the President to veto these earlier measures because of inadequate funding. As enacted on October 21 in H.R. 4328, Foreign Operations funds total $31.63 billion, including $12.827 billion for regular programs, $539 million for MDB arrears payments, $399 million in Child Survival, former Soviet aid, counter-narcotics, and African embassy bombing-related "emergency" supplemental spending, and $17.9 billion for the IMF. Excluding the IMF, total

Foreign Operations money approved for FY1999 is $618 million more than for FY1998, but $385 million less than the President requested.

Funding for Selected Foreign Operations Accounts. Whereas the President sought increased funding in FY1999 for most Foreign Operations programs, Congress was more selective in which areas to add resources above FY1998 levels.

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

Bill Title & Program	FY1998 Enacted	FY1999 Request	H.R. 4569	S. 2334	FY1999 Enacted
Title I - Export Assistance	563.1	708.9	635.3	674.0	656.5
Title II - Bilateral Econ. Aid	7,554.6	8,088.9	7,255.5	7,407.1	7,625.4
(Of which:					
(Development aid)	*(2,061.0)*	*(2,123.7)*	*(2,015.4)*	*(2,113.0)*	*(2,083.5)*
(Africa aid)	*(700.0)*	*(730.0)*	(700.0)	*(NA)*	*(NA)*
(Israel/Egypt economic aid)	*(2,015.0)*	*(2,015.0)*	*(1,855.0)*	*(1,855.0)*	*(1,855.0)*
(Former Soviet Union)	*(770.0)*	*(925.0)*	*(595.0)*	*(740.0)*	*(801.0)*
Title III - Military Assistance	3,378.1	3,409.9	3,449.2	3,448.9	3,420.5
(Of which: Israel/Egypt)	*(3,100.0)*	*(3,100.0)*	*(3,160.0)*	*(3,160.0)*	*(3,160.0)*
Title IV - Multilateral Aid	1,650.9	1,871.8	1,483.6	1,355.3	1,663.3
(Of which: MDB arrears)	*(359.5)*	*(502.0)*	*(352.0)*	*(310.7)*	*(539.0)*
Title VI - Intl Monetary Fund	-.-	*17,861.0*	*3,361.0*	17,861.0	17,861.0
Total - no MDB arrears/IMF	**$12,787.2**	**$13,577.0**	**$12,471.4**	**$12,574.6**	**$12,826.6**
Total - MDB arrears, no IMF	**$13,146.7**	**$14,079.5**	**$12,823.6**	**$12,885.3**	**$13,365.6**
Total - MDB arrears & IMF	**$13,146.7**	**$31,940.5**	**$16,184.6**	**$30,746.3**	**$31,226.6**

Source: House and Senate Appropriations Committees. Under the terms of the Balanced Budget Act of 1997, appropriations for multilateral development bank (MDB) arrearage payments and the IMF do not score against budget allocations for Foreign Operations programs in FY1999. The **TOTAL** lines in this table show three different amounts: 1) excluding MDB arrears and IMF funds, amounts that reflect Foreign Operations allocations; 2) including MDB arrears, but excluding the IMF; and 3) including all funds in the bills. In addition, H.R. 4328 as enacted, includes $399 million in "emergency" supplemental funds for Child Survival, former Soviet aid, counter-narcotics, and Africa embassy bombing-related funds that are not included in this table. These "emergency" supplementals also do score against Foreign Operations budget caps.

IMF funding. Securing full funding for a U.S. transfer to the IMF's New Arrangements to Borrow (NAB) ($3.36 billion) and the Fund's new quota increase ($14.5 billion) was arguably the Administration's highest priority in the Foreign Operations bill. Viewed by supporters as an important tool with which to confront the Asian financial crisis, Russia's economic problems, and other situations threatening global economic stability, the IMF also came under attack by critics who believed the Fund was not equipped to deal with current economic difficulties, was not prescribing the right policy reforms, and was operating without sufficient public scrutiny. The Administration countered that it agreed with many congressional concerns regarding IMF policies, but that some of the conditions proposed by lawmakers for U.S. payments to Fund were unworkable and would ultimately block the transfer of American resources.

The Senate Appropriations Committee, in S. 2334, fully funded the President's $17.9 billion request, attaching conditions that were acceptable to the Administration. During floor debate, the Senate rejected (19-74) an amendment proposed by Senator Kyl setting out a package of conditions regarded as much tougher than what was already included in the bill that the IMF would have to meet before receiving the $14.5 billion quota funds. H.R. 4569, as passed by the House, however, provided funding only for the NAB.

H.R. 4328 as enacted includes full $17.9 billion funding for both the NAB and the quota increase. The payment, however, is conditioned on among other things, a notification that other major industrial nations have agreed to help implement changes in IMF policies that would require that 1) borrowing nations liberalize trade restrictions and financial policies; 2) the Fund operate with greater transparency, and 3) the Fund lend money at higher interest rates and on shorter repayments to balance-of-payments distressed countries.

Export promotion programs. The President proposed that U.S. government-backed export assistance would grow by $146 million, or nearly 30% over FY1998. To a large extent, the additional resources were requested to meet increasing demands by American businesses for Export-Import Bank loans, loan guarantees, and insurance, especially for opportunities in Russia. The House, in H.R. 4569, provided $635 million for the Eximbank and other export promotion agencies, meeting about half of the proposed increase from FY1998, while the Senate appropriated $674 million in S. 2334. As enacted, the Omnibus spending bill allocates $657 million for the Export-Import Bank, the Overseas Private Investment Corporation, and the Trade and Development Agency, nearly 17% more than appropriated in FY1998.

Development assistance. Bilateral development aid managed by USAID would have grown under the President's budget by $45 million in FY1999, a 3% rise, but would have reduced spending for some congressional priorities in order to finance Administration initiatives. The President proposed a $43 million cut in child survival and infectious disease programs, the subject of previous congressional “add-ons,” in order to make way for small increases in population assistance, environment projects, private sector/economic growth programs especially in Africa, and aid to countries in transition from crisis to peace.

The House reduced USAID development aid — by $48 million — while S. 2334 provided slightly more than the full $1.77 billion Administration request. Of this total, the Senate earmarked $435 million for population assistance, while the House limited spending for these purposes to $385 million. The Senate further cut funds for the African Development Foundation to $8 million, well below the existing level ($14 million), and House and requested amounts. H.R. 4569 sharply cut to $150 million disaster relief assistance, while the S. 2334 provided $200 million, just under the President's request.

As enacted, H.R. 4328 funds USAID development aid programs at $1.79 billion, $65 million more than FY1998 and $20 million above the requested amount (including the $50 million in Child Survival "emergency" supplemental). Although USAID will have more development aid resources than it requested, the mix of program funds will be different. Child and infectious disease programs will receive over $100 million more than the FY1999 proposal, while a $385 million cap population aid will limit resources for that development sector. Congress made small cuts from FY1998 to both the Inter-American Foundation ($20 million) and the African Development Foundation ($11 million).

Family planning restrictions and the UN Population Fund (UNFPA). Also within development assistance activities, the President proposed about $400 million for population assistance and $25 million for UNFPA. Throughout the year, the President also restated his position that he would veto any legislation that included so-called "Mexico City" abortion restrictions to U.S. overseas family planning policy. During House Committee markup, the panel adopted an amendment by Representative Wicker inserting revised "Mexico City" abortion restrictions and adding to permanent law a ban on U.S. contributions to UNFPA unless UNFPA terminated programs in China or the President certified that China no longer engaged in coercive family planning practices. This came in addition to a subcommittee-added prohibition of an FY1999 $25 million UNFPA contribution because of the resumption by the organization of a program in China. H.R. 4569 further capped population aid at $385 million. S. 2334 took an opposing position, earmarking $435 million for population assistance without Mexico City abortion restrictions or limitations on contributions to UNFPA. The Omnibus Appropriation places a $385 million cap on population assistance but deletes the House-passed abortion restrictions It further denies all funding for UNFPA due to the organization's new China program (see more discussion below).

Debt reduction. Funds for reducing debt owed to the U.S. government by developing countries would have nearly tripled in FY1999 — from $27 million to $72 million — under the President's budget. This would support Administration initiatives to forgive portions of debt owed by African countries, an element in the President's African trade and investment strategy, and to implement a multilateral effort to reduce debt owed by the Heavily Indebted Poor Countries (HIPC). The House and Senate made substantial reductions to the proposed appropriation ($36 and $25 million, respectively), while the Omnibus Appropriation includes $33 million.

Peace Corps. As part of a two year effort to raise the number of Peace Corps volunteers from 6,500 to 10,000, the FY1999 request sought $270 million for the Peace Corps, a 22% rise. The House appropriated $230 million, while the Senate reduced Peace Corps funding below the FY1998 level to $210 million. As enacted, H.R. 4328 provides $240 million, an amount that will allow the Peace Corps to expand somewhat in FY1999, but not on a schedule consistent with its 10,000 volunteer target by 2000.

Narcotics aid. Appropriations for international narcotics and law enforcement programs would have grown to $275 million in FY1999, nearly 20% higher than FY1998. Much of the increase was concentrated in Latin America, especially for the Andean drug producing nations of Bolivia, Colombia, and Peru. Congress divided on the issue of substantial additional funding for State Department counter-narcotics efforts with the House supporting the President's full request but the Senate approving only $222 million. The Omnibus Appropriations measure includes $261 million, an amount conferees believe will be sufficient to fully fund programs proposed in Bolivia, Colombia, and Peru. Beyond this, the Omnibus bill includes an additional $232.6 million "emergency" supplemental appropriations for counter-narcotics activities, mostly aimed at efforts in the Andean drug producing countries. Of the total, $144 million is expected to finance the procurement of helicopters and other items for Colombia and the program's airwing.

Nonproliferation, Antiterrorism and Demining programs (NADR). Funding for a range of related programs addressing threats posed by weapons of mass destruction, international terrorism, and the spread of anti-personnel landmines would rise in FY1999 to $216 million, two-thirds more than FY1998, under the President's proposed budget. Demining aid would grow from $20 million to $50 million. But much of the increase in this account resulted from funding activities in FY1999 that were previously appropriated in other line-items or other spending bills. For FY1999, the Administration incorporated into the NADR account $21 million to support science centers in Russia and Ukraine aimed at preventing the "brain drain" of scientists from these countries who have special skills in nuclear, chemical, and biological weapons systems. The request also shifted funding from the Commerce, Justice, and State Department Appropriation bill for the Comprehensive Test Ban Treaty Preparatory Convention.

As passed by the House and Senate, NADR account levels were significantly below the $216 million request — $152 million in the House and $170 million in the Senate. Some of the House cuts were attributed to the ban on a $35 million U.S. contribution to the Korean Energy Development Organization (see below) and a $26 million recommendation for demining programs. As approved in the Omnibus Appropriations, Congress allocated $198 million for NADR account programs, including targets of $35 million for demining, $35 million to KEDO (subject to conditions), and $15 million for non-proliferation activities. Separate and in addition to these amounts, Congress approved, as part of the U.S. embassy security emergency supplemental initiative $20 million for State Department anti-terrorism programs.

Multilateral Development Bank arrearage payments. For the second portion of a 3 year plan to clear U.S. arrears at several multilateral development banks (MDBs), the FY1999 request included $502 million, up from $360 million appropriated for FY1998. Although MDB arrearage payments had been expected for FY1999, the Administration recalculated and accelerated the appropriation schedule for the 3-year plan outlined a year ago. Moreover, Congress provided special budget exemptions in the Balanced Budget Act of 1997 so that add-ons for arrearage payments would not "squeeze" funding for other foreign policy programs. Last year, the President projected $367 million for FY1999 and $863 million total over 3 years, compared with the current FY1999 request of $502 million and a total of $998 million.[2]

House and Senate-passed Foreign Operations bills made sharp cuts in the MDB arrears request, providing $352 million and $311 million, respectively. Each measure provided only about one-fourth of the Administration's $192.5 million request for the World Bank's Global Environment Facility (GEF), while S. 2334 further included only $5 million of the $88.3 million proposed for the African Development Fund. Levels for MDB arrears rose substantially in the enacted Omnibus Appropriations — to $539 million — exceeding the President's request. H.R. 4328 includes full funding for both the GEF and the African Development Fund.

Funding for Countries and Regions. At the country level, the FY1999 proposal recommended both continuity and change in the list of leading recipients of U.S. aid. In general, the roster of major recipients included in the President's request reflects U.S. policy emphasis on Middle East peace, democratic transition in the former Soviet Union, implementation of the Dayton Peace accords in Bosnia, and to a somewhat lesser extent, efforts to counter the drug trade in Latin America. Israel ($3 billion), Egypt ($2.116 billion) and Jordan ($198 million) would continue at about the same levels for FY1998, as would assistance for Ukraine, Georgia, Armenia, and Bosnia. Assistance to Russia, which Congress has reduced the past few years due to overall cuts in the former Soviet aid account, would increase significantly — from $134 million allocated from FY1998 appropriations to $230 million for FY1999. U.S. assistance to Haiti would roughly double in FY1999 ($142 million) as the Administration sought to shift its program there from one focused on emergency and short-term requirements, to implementation of a six year strategy focused on reducing long-term poverty. Assistance for Peru and Bolivia, aimed at combating drug production and trafficking, was also scheduled to rise significantly, especially for Bolivia where the Administration reduced FY1998 assistance in order to fund the congressionally-mandated transfer of Blackhawk helicopters to Columbia.

Notably absent from the list of leading U.S. aid recipients proposed for FY1999 were several countries. Turkey and Greece, whose aid levels have been linked by a congressional formula that placed them among the five largest recipients in most years during the past two decades, would receive only nominal amounts of assistance in FY1999. The Administration had raised the prospect several years ago of ending military aid to Turkey and Greece. The first steps came for FY1998 when the State Department converted to military grant aid about $35 million in Foreign Military Financing loan subsidies appropriated by Congress that would have funded nearly $300 million in market rate loans for Turkey and Greece to procure U.S. defense equipment. U.S. assistance to South Africa was also scheduled to decline in FY1999

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[2]In its report on the FY1999 budget resolution (S. Con. Res. 86), the Senate Budget Committee took issue with the Administration's recalculation of the MDB arrears plan, reporting a resolution that assumes an exemption of only $367 million. The Senate Appropriations took a similar approach, stating that S. 2334 completes total arrears payments for the Inter-American Development Bank's Fund for Special Operations, the Asian Development Fund, and the African Development Fund, "consistent with the special treatment provided by the Committee on the Budget." The amounts in the Senate bill do not exactly match those proposed by the Administration or considered by the House.

— from $73 million in FY1998 to $53 million. FY1998 marked the end of the Administration's initial five-year aid package launched in 1994 to assist the post-apartheid government, and the beginning of a smaller program concentrated on strengthening democratic institutions, primary health care services, and education that USAID plans to phase out entirely by 2005.

In most years during the Foreign Operations debate, Congress earmarks in the enacted legislation specific amounts for a only few countries or regions that reflect congressional spending priorities. For the vast majority of recipients, Administration officials retain flexibility to allocate the remaining funds within the limits of overall appropriations. The State Department and USAID usually notify Congress about 60-90 days after passage of the Foreign Operations measure exactly how the funds will be distributed among countries and regions. Table 4 illustrates the country allocations for FY1997 and FY1998, and lists estimates for FY1999 based on the President's request or on congressional earmarks in H.R. 4328. Figures will be revised when the Administration releases its initial allocation in late 1998 or early 1999. As passed on October 21, the Omnibus Appropriations includes several earmarks and limitations that will affect the extent to which the President will be able to distribute foreign aid funds according to his proposed country and regional plan.

Table 4. Leading Recipients of U.S. Foreign Aid: FY1997 — FY1999

(appropriation allocations — $s in millions)

	FY1997 Actual	**FY1998 Allocation**	**FY1999 Estimate**
Israel	$3,000.0*	$3,000.0*	$2,920.0*
Egypt	$2,107.9*	$2,116.0*	$2,076.0*
Russia	$100.8	$134.0	$230.2**
Bosnia	$218.0	$215.6*	$200.6*
Ukraine	$228.8*	$229.1*	$199.1*
Jordan	$156.0*	$192.8*	$198.1*
Haiti	$66.8	$71.4	$141.5**
West Bank/Gaza	$75.0	$85.0	$100.0**
Georgia	$27.2	$92.9*	$86.1*
Peru	$50.8	$62.2	$84.8**
Bolivia	$76.5	$50.6	$81.9**
Armenia	$96.1*	$88.6*	$81.1*
Bangladesh	$47.3	$55.9	$66.8**
Guatemala	$43.9	$55.8	$56.9**

* Total or partial earmarks enacted in FY1997, FY1998, and FY1999 Foreign Operations bills.
** Requested amounts for FY1999 that may change significantly when allocations are announced.
Note: Data exclude food aid, a program not appropriated in the Foreign Operations bill. With food aid included, the rank order above would change somewhat. Food aid projected for FY1999

includes: Peru—$49.7 million; Haiti—$30 million; Bangladesh—$19.4 million; and Guatemala—$10.5 million. Moreover, because of a large food aid program, Ethiopia, India and North Korea would also rank among the lower half of the top 15 U.S. recipients.

Israel and Egypt assistance. Both House and Senate bills proposed the initiation of a ten year process to phase out economic aid to Israel and to reduce Egypt's aid by half, cutting total assistance to the two countries for FY1999 by $100 million to just over $5 billion. H.R. 4328 includes this new initiative, earmarking $2.92 billion for Israel and $2.075 billion for Egypt (see more below).

Indonesia aid. In light of the economic collapse in Indonesia and the devastating social impact on the population, the Senate earmarked $100 million to support a new U.S. economic aid strategy for the country. The initiative, which roughly doubled planned American assistance for FY1999, would focus on programs aimed at local organizations and community leaders, instead of central government ministries, and be largely administered by non-governmental organizations. S. 2334 further removed previous restrictions on military training for Indonesia. The House bill contained no similar initiative. The enacted Omnibus Appropriations earmarks $75 million in economic aid for Indonesia along the policy guidelines proposed by the Senate, and permits training grants for the Indonesian military, limited to Expanded-IMET programs that focus on civilian-military relations and human rights observance courses.

Azerbaijan aid ban. Senate and House bills each retained the six-year prohibition on U.S. aid for Azerbaijan (section 907 of the Freedom Support Act), a provision the Administration had sought to repeal. The House Appropriations Committee recommended repealing section 907, but an amendment sponsored by Representative Porter reinstated section 907 during floor debate (passed 231-182). While the Senate bill did not repeal section 907, it broadened the exemptions to the aid ban by allowing the Export-Import Bank and the Overseas Private Investment Corporation to extend loans and guarantees to American businesses investing in Azerbaijan, particularly for those involved in Caspian basin oil activities. The enacted omnibus measure retains section 907 and adopts the Senate text exempting OPIC and Eximbank from the aid prohibitions. (See below for more discussion.)

North Korea and the Korean Peninsula Energy Development Organization (KEDO). A series of recent actions by the North Korean government — missile sales to Iran, possible new nuclear construction activities, and the launch of a rocket that traveled over Japanese airspace — made the Administration's policy towards North Korea and its request for $35 million for heavy fuel oil especially controversial during congressional debate this year. During House Committee markup, the panel adopted an amendment by Chairman Livingston prohibiting, without Presidential waiver, the $35 million request. Although S. 2334 provided the full $35 million request for this high Administration priority, it required a Presidential certification regarding several compliance issues related to the 1994 Agreed Framework and other nuclear matters, including two additional conditions added on the Senate floor.

In the Omnibus Appropriation, the President will get the requested $35 million for KEDO in FY1999, but on a delayed basis. The first $15 million will be available after March 1, 1999, if the President certifies that progress is occurring on implementing several agreements with North Korea, that the DPRK is cooperating fully in the canning and storage of all spent fuel from its graphite-moderated nuclear reactors, that North Korea has not diverted any assistance, and that the U.S. is moving ahead with efforts to block DPRK's development and export of ballistic missiles. The remaining $20 million is available after June 1 if the President certifies that progress has been made on the nuclear and ballistic missile issues, and that the U.S. and North Korea have agreed on the means to satisfy U.S. concerns about the DPRK's suspect underground construction. These restrictions, however, can be waived for "vital national security" reasons. H.R. 4328 further limits the President's "special" waiver authority (section 614 of the Foreign Assistance Act of 1961), blocking its use to provide more than $35 million to KEDO in FY1999.

Russia, Ukraine, and other former Soviet states. House and Senate recommendations were far apart on aid to Russia, Ukraine, and other former Soviet states, although both were well below the President's overall request. The Senate provided $740 million to the entire region while the House limited spending to $590 million. The final Omnibus Appropriations provides $801 million, plus another $46 million in "emergency" supplemental funds, significantly higher than either House or Senate measures. There were also substantial differences between country aid targets recommended in the two bills, with the Senate measure providing higher amounts for Ukraine ($210 million vs. a maximum of $147 million), Armenia ($90 million vs. not less than $49 million), and Georgia ($95 million vs. at least $49 million). H.R. 4328 sets final earmarks at levels somewhat below the Senate targets: Ukraine--$195 million, Armenia--$79.9 million; and Georgia--$84.4 million. The higher overall account level and the reduced Senate earmarks is likely to allow the Administration to allocate resources for Russia closer to the $225 million request than it has been able in recent years. (Congress did not earmark assistance to these countries from other foreign aid accounts, such as the Peace Corps; these amounts are not included in the figures listed above.)

Africa assistance. As a subset of worldwide development aid, the President asked Congress to appropriate $730 million for African development programs in FY1999, an increase from the $700 million allocated in FY1998. Beyond this, the President's budget included $67 million under the Economic Support Fund (ESF) to finance democracy and other new initiatives for Africa, and $35 million for debt reduction.[3] These proposals came within the context of the President's 1998 visit to the region and the Administration's Africa trade and investment initiative launched last year. USAID planned to use the $30 million increase in African development aid for technical assistance in support of the trade and investment plan. In addition, the Administration expected to begin a Great Lakes Initiative ($25 million from the ESF account) that would help strengthen judicial systems in the region, and an Education

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[3]Africa, like other regions, receives funds from many Foreign Operations accounts, including Peace Corps, refugee aid, Export-Import Bank, Trade and Development Agency, the African Development Foundation, peacekeeping, IMET, and Foreign Military Financing. The Administration estimates that total Foreign Operations funds for Africa included in its FY1999 request is $1.23 billion, up nearly $100 million from the $1.134 billion allocated for FY1998. For more information on U.S. aid to Africa, see CRS Issue Brief 95052, *Africa: U.S. Foreign Assistance Issues,* by Raymond Copson; and CRS Issue Brief 98015, *African Growth and Opportunity Act,* by Theodros Dagne.

for Development and Democracy program ($36 million drawn from ESF and development aid).

Neither House or Senate foreign aid bills for FY1999 earmarked specific amounts for Africa, nor did the enacted appropriations in H.R. 4328 recommend a target or proportional allocation for the region. Nevertheless, given the additional development aid funds appropriated by Congress, USAID will likely be able to allocate resources at or near the $730 million proposed level. With the congressional add-ons for child survival and disease activities, however, aid managers may be forced to program more of these funds in Africa than had been recommended, with equivalent reductions in some of the trade and investment activities.

Policy 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 of Congress' inability to enact foreign aid authorization bills for over a decade, the Foreign Operations legislation often becomes the vehicle for debate on the conduct of U.S. foreign policy more generally. Many of these policy provisions take the form of conditions or restrictions on how the President can use money included in the spending bill. Many of these provisions are opposed by the Administration as excessively limiting his ability to manage American foreign policy. The most serious of these legislative-executive policy differences can ultimately result in delaying the enactment of the Foreign Operations bill or prompting a Presidential veto. Among the most significant policy issues raised during congressional debate this year on the Foreign Operations appropriation measure concerned conflicting executive-legislative branch development assistance strategy priorities, restrictions on international family planning programs, proposals to limit Middle East assistance and reduce economic aid to Israel, conditions on aid to Russia and Ukraine, and aid policy related to the dispute over Nagorno-Karabakh.

Policy priorities of U.S. development aid. Since the end of the Cold War, a common theme of many Administration discussions and congressional debates has been 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, or can it be transformed as a smaller, more targeted instrument, with some elements being "privatized," that would support only the highest U.S. foreign policy interests.

Although there has been no definitive consensus reached on these questions between the executive and legislative branches, 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 has added a fifth strategy aimed at developing human capacity through education.

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

Goals/Targets	FY1997 Estimate		FY1998 Estimate		FY1999 Request	
	$s	% of total	$s	% of total	$s	% of total
Economic Growth	**$426**	**26.1%**	**$425**	**24.7%**	**$463**	**26.2%**
Of which:						
Microenterprise	*$62*	*3.8%*	*$48*	*2.8%*	*$52*	*2.9%*
Agriculture	*$116*	*7.1%*	*$121*	*7.0%*	*$127*	*7.2%*
Other Econ. Growth	*$248*	*15.2%*	*$256*	*14.9%*	*$284*	*16.1%*
Population/Health	**$762**	**46.7%**	**$795**	**46.2%**	**$780**	**44%**
Of which:						
Child Survival	*$248*	*15.2%*	*$245*	*14.2%*	*$227*	*12.8%*
HIV/AIDs	*$118*	*7.2%*	*$121*	*7.0%*	*$121*	*6.8%*
Family Planning	*$353*	*21.6%*	*$343*	*19.9%*	*$375*	*21.2%*
Infectious Diseases	—	—	*$50*	*2.9%*	*$30*	*1.5%*
Other health	*$43*	*2.7%*	*$36*	*2.1%*	*$27*	*1.7%*
Human Capacity/Basic Ed.	**$95**	**5.8%**	**$98**	**5.7%**	**$98**	**5.6%**
Environment	**$223**	**13.6%**	**$244**	**14.2%**	**$290**	**16.4%**
Democracy	**$124**	**7.6%**	**$142**	**8.3%**	**$138**	**7.8%**
Undistributable	—	—	$17	1.0%	—	—
Total Sustainable Develop.	**$1,630**	**100%**	**$1,721**	**100%**	**$1,769**	**100%**

Source: USAID. Amounts in this table only apply to USAID "development aid" programs and do not include funds used for the same purposes, although to a lesser extent, in other accounts, including ESF, East Europe and former Soviet aid programs. For example, USAID estimates that it will spend in FY1998 and FY1999 $385 million and $400 million, respectively, across all accounts for family planning programs; $300 million for agriculture in FY1999; and $135 million for microenterprise, including local currencies.

USAID has maintained since adopting these strategies in 1994 that they must operate as inter-linked, mutually re-enforcing elements of an overall U.S. effort to promote the advancement of market economies and democratic transitions in the developing world 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 re-enforcing principles can be maintained. Congress, for example, limited development aid for population programs in FYs1996-98 to roughly two-thirds the amount provided in FY1995. (See below for more discussion on family planning restrictions.) Further, the State Department's Bureau of Global Affairs places a high priority on environment programs and presses USAID to allocate the maximum amount possible to such activities. As a result, the environment sector of sustainable development probably has not declined as much as it might have otherwise.

But at the center of this issue for the past three years has been differences between Congress and the executive branch regarding funding levels for programs supporting child survival, basic education, and HIV/AIDs and other infectious diseases. Despite cutting overall development aid in FYs1996-97 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%. Although Congress boosted development aid appropriations for FY1998 by $100 million over the previous year, lawmakers earmarked half of the additional funds for the child survival and disease account. Congressional proponents of the child survival earmark 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.

While 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, the "squeeze" that earmarks place on other areas of sustainable development undermines, to some extent, the success of programs that also benefit children.

For FY1999, although USAID proposed to alter only slightly its resource allocation for sustainable development objectives, the few changes recommended drew sharp criticism in some quarters of Congress. The $42 million reduction in child survival and infectious disease programs planned for FY1999 ran counter to the emphasis and increased funding mandated by Congress for these activities the past three years. The request for additional family planning funds, although at levels well below the $548 million appropriated in FY1995, focused even greater attention on the most controversial element of USAID's sustainable development agenda. The largest increase recommended for FY1999 ($46 million) was for environmental programs, a portion of which would support the Administration's stated commitment for USAID to provide at least $150 million annually for the next five years for global climate change activities. Some also challenged the absence of increased funding for certain USAID activities, especially for agriculture programs that agency officials acknowledge have been cut too deeply over the past decade. Although USAID said it was increasing emphasis on agriculture by strengthening links with economic growth and food security strategies, the request for FY1999 was $127 million, the same as for FY1998.

Congressional action. The **House** restored to FY1998 levels ($650 million) the amounts for Child Survival and disease programs, including basic education for children and set a higher earmark ($105 million) for UNICEF. H.R. 4569 further recommended $135 million, plus local currencies, for micro-credit. The President had set $135 million, including local currencies, as an FY1999 target. For other development activities, House spending levels were nearly identical to FY1998 appropriations, although about $100 million less than the request. As in previous years, this would have most likely resulted in reductions to economic growth and environment programs from amounts planned by USAID. Moreover, if funds were transferred out of the development assistance account to shore up funding shortfalls for disaster aid or USAID operating expenses — authority granted by the Committee — larger cuts in economic growth and environment activities might be expected.

The **Senate** provided in S. 2334 funds for development assistance at a level slightly more than the President's requested, but did not continue a separate account for Child Survival and Diseases. S. 2334, however, required the Administration to continue spending for infectious diseases at FY1998 levels and set basic education aid at $100 million. The Senate measure also included $305 million agriculture programs and required micro-credit to receive $145 million, half of which must be for loans of less than $300.

The **Omnibus Appropriations** funds USAID development aid programs at $1.79 billion, $65 million above FY1998 levels and $20 million more than the President's request. The bill includes a separate Child Survival account at $650 million, plus a $50 million Child Survival "emergency" supplemental, bringing resources for child and disease initiatives to $700 million. Although USAID will receive more development aid resources than it requested, the mix of program funds will be different. Children programs will receive over $100 million more than the FY1999 proposal, while a $385 million cap population aid will limit resources for that development sector. Conferees did not include the Senate earmark for agriculture programs, but "recommended" USAID allocate $305 million for these activities in FY1999. The final bill does not earmark a specific amount for micro-credit, but requires that half of the loans be less than $300.

Population and family planning assistance. For FY1999, the President sought $400 million for USAID family planning programs, a $15 million increase over FY1998 levels. But the principal executive-legislative dispute over population assistance goes well beyond funding issues, centering more directly on abortion-related activities of foreign recipients of USAID grants. For over a decade, Congress has engaged in contentious debates over U.S. international family planning policy, often as part of the Foreign Operations Appropriations. Twice, congressional positions on this issue have been one of the major reasons prompting a presidential veto.

U.S. international family planning programs had been one of the largest growth areas of the foreign aid budget in the 1990s. From an average of about $250 million in the late 1980s, FY1995 spending across all Foreign Operations accounts totaled approximately $548 million. When Congress deadlocked over abortion-related restrictions and U.S. population aid policy, a situation that blocked movement of the entire Foreign Operations bill each of the last 3 years, lawmakers adopted interim provisions that, among other things, strictly limited the amount of funding for USAID family planning programs. The FY1997 and FY1998 appropriation cap of $385 million is roughly two-thirds the amount provided in FY1995. As a result of the impasse over abortion restrictions, Congress established a delayed timetable for making these funds available, a schedule that included monthly apportionments or "metering" of the appropriation.

A second issue in the population aid debate, and one directly connected to funding reductions and metering of the past three years, deals with abortion restrictions and the eligibility requirements for foreign organizations receiving funds to implement U.S.-sponsored family planning programs. During the mid-1980s, in what has become known as the "Mexico City" policy, the Reagan, and later the Bush Administrations, restricted funds for foreign non-governmental organizations that were involved in performing or promoting abortions in countries where they worked, even if such activities were undertaken with non-U.S. funds. Several groups, including International Planned Parenthood Federation-London (IPPF), became ineligible for U.S. financial support. In some years, Congress narrowly approved measures to overturn this prohibition, but White House vetoes kept the policy in place. President Clinton in 1993 reversed the position of his two predecessors, allowing the United States to resume funding for all family planning organizations so long as U.S. money was not used in abortion-related work.

During the past three 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.), supported reinstatement of the Mexico City policy restricting U.S. aid funds to foreign organizations involved in performing abortions or in lobbying to change abortion laws or policies in foreign countries. The Senate, on the other side, has rejected House provisions dealing with Mexico City policy, favoring a policy that leaves these decisions in the hands of the Administration. Moreover, Administration officials have stated that President Clinton would veto any bills that include the House-passed Mexico City restrictions.

Unable to reach an agreement satisfactory to both sides, Congress adopted interim arrangements for FY1996-98 that did not resolve the broad population program controversy for Congress, but did permit the stalled Foreign Operations measure to move forward. It was hoped that the arrangement, which neither side liked, would provide incentives for those involved in the debate to find a middle ground. Under the terms of the FY1998 temporary arrangement, as included in P.L. 105-118, Congress deleted the House-supported Mexico City restrictions, limited population aid funding to $385 million, down from $435 million passed by the Senate, and delayed, or "metered" the availability of the funds at a rate of one-twelfth of the $385 million per month.

Although not referenced in the enacted legislation, the inability to resolve the dispute over family planning and abortion has blocked congressional approval of funding for other Administration high priority foreign policy initiatives. At the end of 1997, when conferees removed the House-passed Mexico City restrictions from the FY1998 Foreign Operations measure, House leaders withdrew support for pending legislation providing funds for U.S. participation in the International Monetary Fund's New Arrangements to Borrow and to pay American arrears at the

U.N. and other international organizations. Without White House willingness to compromise on the family planning issue, they said, IMF and U.N. funding would remain linked to Mexico City restrictions. Congress recessed for 1997 without resolving the issue. In early 1998 Congress approved modified Mexico City restrictions[4] to an omnibus foreign policy authorization bill (H.R. 1757), that among other things, authorized U.S. payment of U.N. arrears and reorganized U.S. foreign policy agencies. The President said, however, that he would veto the bill. Congressional delayed submitting H.R. 1757 to the President until October 21, at which time he vetoed the legislation. (For more information, see CRS Issue Brief 96026, *U.S. International Population Assistance, Issues for Congress,* by Kerry Dumbaugh and Larry Nowels.)

Congressional action. As in each of the past two years, the **House** bill (H.R. 4569) capped family planning assistance at $385 million for FY1999 and continued most of the non-controversial restrictions on population aid, including that no U.S. funds may pay for abortions. During Appropriations Committee markup, the House panel, further adopted an amendment by Representative Wicker that inserted the same revised Mexico City abortion restrictions that Congress adopted earlier this year in H.R. 1757; that is, a prohibition on U.S. funds to foreign non-governmental groups and multilateral organizations which (1) perform abortions with their own money, or (2) violate abortion laws or lobby to change abortion laws in foreign countries. It would allow the President to waive the prohibition on performing abortions, but would not permit a waiver for lobbying. Exercising the waiver, however, would result in a reduction of family planning funds from $385 million to $356 million. The bill also banned the $25 million requested U.S. contribution to UNFPA because of the organization's newly initiated program in China. The Wicker amendment further would have placed into permanent law an annual prohibition on UNFPA funding unless the President could certify that UNFPA had terminated its China program or that China no longer engaged in coercive family planning practices. Finally, the House also adopted an amendment by Representative Tiahrt that precisely defined the term, *voluntary* family planning programs, and established criteria for USAID to apply regarding the voluntary nature of its population projects.

The **Senate**, in S. 2334, took a supportive and less restrictive position on family planning issues, earmarking $435 million for population assistance, a level higher than the Administration's request. The legislation continued long-standing, non-controversial restrictions on the use of U.S. government funds for abortions, but did not include the Mexico City conditions or limitations on contributions to UNFPA.

The **Omnibus Appropriation** caps population aid at $385 million and "meters" the funds on a monthly basis of about 8%, but deletes the House-passed modified "Mexico City" restrictions. It further denies the $25 million request for UNFPA

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[4] This revised amendment would ban U.S. funds to foreign non-governmental groups and international organizations which (1) perform abortions with their own money, or (2) lobby to change abortion laws in foreign countries. It allowed, however, the President to waive the prohibition on performing abortions, but did not allow a waiver for lobbying. If the President exercised the waiver, family planning funds would drop from $385 million appropriated to $356 million.

because of the China program and adds a modified version of House-passed Tiahrt amendment regarding the voluntary nature of U.S. family planning activities.

Middle East aid and Israel's plan to phase-out economic assistance. Since the late 1970s, by far the largest portion of U.S. foreign aid has supported American friends and allies in the Middle East, especially Israel and Egypt. Combined, these two countries have received over $100 billion during the past 20 years. For a decade, foreign aid bills annually have earmarked $3 billion for Israel and $2.115 billion for Egypt in economic and military assistance. The FY1999 request matched these traditional levels.

Although annual aid allocations for Israel and Egypt have not grown in dollar terms, the decline in overall Foreign Operations funding the past several years has meant that the proportion of worldwide foreign aid going to the Middle East climbed to 44% in FY1997. Some in Congress and in the Executive branch suggested that, at a time of overall budget cuts, all aid activities, including those for Israel and Egypt, should be examined for possible reductions in order to fund other emerging initiatives for which new money is not available. In a similar vein, others have argued that if the Administration wants to launch new regional initiatives to advance the peace process, it should finance them through the reallocation of existing Middle East aid resources so funds are not drawn from other foreign aid activities. Following this suggestion, the Administration has financed about $100 million in additional assistance to Jordan in each of the past two years by transferring $50 million from Israel and Egypt's economic aid packages.

Last year, Congress took steps to legislate a cap on Foreign Operations resources for the Middle East. Largely 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, a level representing 41% of all Foreign Operations funds. Israel ($3 billion), Egypt ($2.115 billion), and Jordan ($225 million) accounted for all but $60 million of the regional total, although it was assumed that Israel would contribute $50 million for Jordan and prior-year appropriations for Egypt would be tapped for another $50 million. The Administration's FY1999 proposal exceeded the $5.4 billion cap for FY1998 by about $200 million, but State Department budget justification documents pledged to "work with Congress on an appropriate formula" in order to keep spending within the maximum permitted for FY1998

As Congress and the Administration have searched the past two years for ways to finance new Middle East peace initiatives while straight-lining or reducing aid to the region, Israel put forth in January 1998 a plan to cut its aid over the next ten-to-twelve years. The concept behind an Israeli initiative to decrease assistance from the United States was first raised by Prime Minister Netanyahu during a speech before a joint session of Congress on July 10, 1996. As outlined to congressional and Administration officials by Israeli Finance Minister Neeman in late January 1998, the United States would cut economic aid by $120 million each year for about ten years, while increasing military assistance by $60 million annually. At the end of the period, Israel would be receiving an annual appropriation of $2.4 billion in military aid but no longer receive any economic assistance. If done over a ten-year period, in net terms, U.S. aid to Israel would fall $60 million each year, with a total savings of $600 million by 2009.

Congressional reaction to the Israeli proposal generally was positive. Some cautioned, however, that perhaps the plan could be implemented over a shorter period of time, and that further study was needed to assess if Israel needed additional military aid. Because many in Congress have viewed Egypt's aid as linked to Israel's through the Camp David peace process, a reduction in assistance to Israel has also affected Egypt's aid funding level. (For more information, see CRS Report 98-104, *Israel: Proposed Changes in U.S. Foreign Assistance, FY1999,* by Clyde Mark.)

Congressional action. Both H.R. 4569 and S. 2334 reduced aid to Israel and Egypt in a generally proportional manner and along the lines set out by Israeli officials earlier this year. For Israel, economic aid was cut by $120 million ($1.08 billion) and military assistance increased by $60 million ($1.86 billion) for a net reduction of $60 million. In addition, the House measure allowed Israel to use $490 million of its $1.86 billion military funding for procurement outside the United States, up $15 million from the existing allowance. S. 2334 permitted $492.9 million for these purposes. Egypt would receive $40 million less in economic aid ($775 million) and the same $1.3 billion military package in both measures.

The **Omnibus Appropriation, H.R. 4328,** includes this Israel/Egypt aid reduction initiative basically along the lines included in both House and Senate bills. Israel may spend $490 million in military aid outside the United States, as the House proposed. The legislation further continues the $5.4 billion cap on Middle East bilateral assistance, permitting a Presidential waiver to exceed this amount if its important to U.S. national security.

Aid Restrictions for Russia and Ukraine. Since the collapse of the Soviet Union, the Administration, with relatively steady support from Congress, has utilized U.S. economic assistance to facilitate the transition of Russia, Ukraine, and the other successor states (referred to as the New Independent States or NIS) to democracy and free market economies. Past Foreign Operations debates have focused on both the size of assistance for the NIS account, as well as conditions attached to providing the aid, especially to Russia. Conditions have dealt with a wide range of policy concerns including the initiation of economic policy and political reforms, non-aggression against neighbors, Russian troop withdrawal from the Baltics, among others. Despite congressional aid restrictions, in the past the President has been able to make the necessary certifications that permitted the transfer of U.S. assistance.

For FY1999, President Clinton requested $925 million for the NIS account, $155 million or 20% more than FY1998 appropriations. Nearly two-thirds ($95 million) of the additional funds were slated for Russia. Congress not only scrutinized closely the size of the NIS request, but lawmakers also re-examined policy conditions attached to previous appropriation measures concerning Russian support for Iran's nuclear program, implementation of a Russian law that could discriminate against religious minorities, and Ukrainian practices that undermine efforts by American businesses to invest in Ukraine.[5]

Under conditions enacted in the FY1998 Foreign Operations spending measure (Title II of P.L. 105-118), the President must withhold 50% of assistance scheduled to be allocated to the Government of Russia until he certifies to Congress that Russia "has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability." (Aid transferred directly to the Russian private sector or non-governmental organizations would not affected by these conditions.) The President could waive the provision if instead he determines that the assistance is "vital" to U.S. national security interests *and* Russia is taking "meaningful steps" to reduce nuclear support for Iran.

Also serving as a potential limitation for U.S. assistance to the Russian government in FY1998 was a provision (section 577 of P.L. 105-118) that became effective about April 26, 1998. Under section 577, the Russian government could not receive any further U.S. aid in FY1998 unless the President certified to Congress by late May 1998 that the government had not implemented laws, executive orders, or other regulations that would discriminate against religious groups or communities in Russia. The law provided no waiver authority. President Clinton issued the necessary determination on May 26, stating that "Russia has applied the new Russian law on Religion in a manner that is not in conflict with its international obligations on religious freedom."

A further restriction attached by Congress to NIS assistance for FY1998 concerned complaints lodged by American businesses investing in Ukraine that they have been the subject of corruption and harassment by Ukrainian officials. Ukraine has enjoyed strong congressional support for several years, becoming the third highest ($225 million) recipient of U.S. economic aid. Nevertheless, the FY1998 Foreign Operations measure required the Secretary of State to withhold one-half of Ukraine's assistance (about $100 million, excluding election support and nuclear reactor safety programs) until she certified to Congress by April 30, 1998, that the Ukrainian government had made significant progress in resolving complaints made by American investors. Secretary Albright issued such a notice on April 29, although she acknowledged that she remained "extremely concerned about the overall investment climate in Ukraine" and investor problems that have yet to be resolved. Due to these concerns, she said, the U.S. will continue to withhold about $25 million from government assistance in sectors where economic reforms have stalled. If progress is not forthcoming and the funds cannot be used effectively, the aid would be shifted to private sector and non-governmental programs.

Congressional action. The **House** bill continued restrictions related to Russian-Iranian nuclear cooperation but dropped conditions on Ukraine's assistance. The **Senate** incorporated existing restrictions on Russia and Ukraine for FY1999, after making some significant changes. In the case of Russia's cooperation with Iran on

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[5]For more information on NIS aid issues, see CRS Issue Brief 95077, *The Former Soviet Union and U.S. Foreign Assistance*, by Curt Tarnoff; and CRS Report 97-696, *Russia's Religious Law: Assessments and Implications*, by James Nichol, October 27, 1997.

nuclear and missile programs, S. 2334 made all U.S. assistance to Russia — not just 50% of aid designated for the Russian government — subject to a certification that Moscow had terminated such arrangements with Iran. There was no waiver included. On the issue of minority religious persecution, S. 2334 required that no funds could be provided for Russian government aid programs for six months unless the President certified that no law or other government action had been implemented that would discriminate against religious groups. The Senate measure added a new restriction blocking any aid to Russia until the Secretary of State certified that the U.S. and Russian governments had reached an agreement that American aid would not be taxed. For Ukraine, the S. 2334 withheld half of the assistance (exclusive of funds for nuclear safety, law enforcement, and the Free Market Democracy Fund) until the Secretary of State notified Congress that Ukraine had undertaken significant economic reforms beyond those achieved this year.

H.R. 4328, as enacted, appropriates $801 million for the NIS, plus an additional $46 million in "emergency" supplemental funds. Combined, the $847 million provides the President with a $77 million increase over FY1998. With earmarks for Ukraine, Armenia, and Georgia at or below requested levels, it is likely that the Administration will be able to allocate to Russia resources closer to proposed amounts ($225 million in FY1999) than has been the case in recent years. Nevertheless, conditions on aid to both Russia and Ukraine will continue for this year and could limit final amounts provided. For Russia, the State Department must withhold 50% of U.S. aid to the government unless Moscow ends its nuclear and ballistic missile cooperation with Iran. The restriction, however, can be waived by the President. Further, no assistance to the Russian government can be provided after April 21, 1999, unless the President certifies that the Russian Federation has not implemented laws or regulations that discriminate against religious groups. Finally, the omnibus bill includes a modified condition added by the Senate blocking further U.S. aid to the Russian government after April 21, 1999, unless the Secretary of State has certified that American aid will not be taxed, or that significant progress has been made on reaching an agreement that exempts U.S. assistance from customs duties. For Ukraine, Congress requires that the President withhold half of the funds for six months until the Secretary of State has certified that Ukraine has undertaken significant economic reforms, including efforts to resolve complaints by American investors.

U.S. aid to the Caucasus and the Armenia-Azerbaijan conflict. In another part of the former Soviet Union, Congress has also used foreign assistance as a key tool — both as a reward and as a sanction — in influencing American foreign policy in the Southern Caucasus, often at odds with the Administration. The longest interethnic dispute in the former Soviet Union between Armenia and Azerbaijan, and the status of Nagorno-Karabakh, especially have been a growing focus of congressional debate in Foreign Operations appropriation bills during the last several years. Nagorno-Karabakh is a predominately Armenian-populated enclave in Azerbaijan. Armenia argues for the right of self-determination for the people of Nagorno-Karabakh, while Azerbaijan insists on the territorial integrity of its borders. Fighting over the territory claimed thousands of lives and created approximately 350,000 Armenian and 1.1 million Azeri refugees. Since 1992, efforts to mediate the conflict, overseen largely by the Organization for Security and Cooperation in

Europe's (OSCE) Minsk Group, but also with extensive Russian participation, gained a cease-fire in 1994, but no permanent resolution.[6]

Congress has tended to favor Armenia in the dispute by earmarking high amounts of economic aid to Armenia and designating Nagorno-Karabakh as a recipient of humanitarian aid, distinct from Azerbaijan, and enacting in 1992 a ban on all U.S. assistance to Azerbaijan (section 907 of the Freedom Support Act, P.L. 102-511). Concern over the situation of Azeri refugees and the growing importance of potential American investment in the large Azerbaijan oil sector has led Congress to soften the out-right ban on aid to Azerbaijan and to construct for FY1998 a regional assistance package aimed in part at supporting the Minsk Group peace efforts.

Previous Foreign Operations bills have permitted humanitarian aid for Armenian and Azeri refugees in the region, as well as assistance to the government of Azerbaijan for disarmament programs. For FY1998, Congress also exempted democracy projects from the section 907 prohibition as well as export promotion aid provided by the Trade and Development Agency and activities performed by U.S. Foreign Commercial Officers in Azerbaijan. The Foreign Operations spending measure for FY1998 also included $250 million for the Southern Caucasus region with the intent, in part, to encourage the regional parties to cooperate with Minsk Group peace efforts. Out of this total, Armenia was allocated $87.5 million, Georgia $92.5 million, and up to $70 million could assist refugees and internally displaced persons as well as reconstruction efforts throughout the region, including those in Nagorno-Karabakh. Although the section 907 aid restrictions continued to apply to Azerbaijan in FY1998 (with modifications noted above), Congress assumed that with an interim settlement brokered by the Minsk Group, the President would be able to meet the requirements stated in section 907 for fully lifting the aid ban and permit Azerbaijan to receive portions of reconstruction assistance. If an interim agreement was not reached by May 30, 1998, however, the President could reallocate up to $43.75 million of the $70 million total for other NIS states, including those in Central Asia or Russia.

For FY1999, the Administration sought $80 million for Armenia and $80.7 million for Georgia, down somewhat from the FY1998 earmarks, and $31.5 million for Azerbaijan, up from an allocation of $21.4 million for FY1998. The program in Azerbaijan would continue humanitarian and democracy-related activities, plus initiate new programs aimed at the private sector and demining activities, all consistent, according to USAID, with the terms of section 907. Moreover, the Administration asked Congress to repeal section 907, saying that it continued to act as a "handicap" for U.S. negotiators who need to be perceived as fair and honest brokers to all sides in the dispute. In addition, Executive branch officials argued that section 907 restrictions block U.S. efforts to promote economic, legal, and regulatory reforms that will be important to protecting American firms and their large investments in Caspian

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[6]For further information on the dispute, see CRS Issue Brief 92109, *Armenia-Azerbaijan Conflict,* by Carol Migdalovitz.

basin oil opportunities, including pipeline projects that would bring the oil to market without having to pass through Iran.[7]

Congressional action. Following the general framework of the FY1998 program, the **House** bill (H.R. 4569) funded the Southern Caucasus account at not less than $197 million, of which roughly $79 million must be reserved for post-conflict reconstruction. Armenia and Georgia would receive at least $49 million each of the Southern Caucus account. During Committee markup, the House Appropriations Committee adopted an amendment by Chairman Livingston repealing the Sec. 907 aid ban on Azerbaijan. During floor consideration, however, the full House approved (231-182) an amendment by Representative Porter reversing the Committee action and restoring section 907. In S. 2334, the **Senate** earmarked $90 million for Armenia and $95 million for Georgia. While the bill did not repeal Sec. 907, it expanded the list of programs explicitly exempted from the prohibition by adding OPIC and the Export-Import Bank to current waivers for humanitarian aid, democracy programs, and TDA. The Senate Appropriations Committee further urged in its report that these U.S. export promotion agencies "aggressively pursue" funding for an east-west oil pipeline that would cross Turkey.

H.R. 4328, as enacted, provides $228 million for the Southern Caucus region, of which $40 million is designated for the U.S. share of an international peace restoration effort. It earmarks aid to Georgia at $84.4 million and $79.9 million for Armenia. While section 907 restrictions will remain, the omnibus spending measure broadens the programs exempted, like the Senate proposed, to include OPIC and the Export-Import Bank.

For Additional Reading

Foreign Operations Programs:

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

CRS Issue Brief 96008. *Multilateral Development Banks*, by Jonathan Sanford.

CRS Issue Brief 89150. *Refugee Assistance in the Foreign Aid Bill*, by Lois McHugh.

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

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

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[7] See, for example, statements made by Ambassador Richard Morningstar, NIS Special Advisor, to the House International Relations Committee on March 26, and by Deputy Secretary of State Strobe Talbott to the Senate Foreign Operations Subcommittee on April 1, 1998.

Foreign Operations Country/Regional Issues:

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

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

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

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

Selected World Wide Web Sites

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

CRS Foreign Affairs and National Defense Division
[http://www.loc.gov/crs/foreign/fandpage.html]

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

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

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

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

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

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

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

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

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

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

Appendix — Detailed Foreign Operations Accounts

Table 6. Foreign Operations Appropriations — Discretionary Budget Authority

(millions of dollars)

Program	FY1998 Enacted	FY1999 Request	HR 4569	S. 2334	FY1999 Enacted
Title I - Export and Investment Assistance:					
Export-Import Bank	680.6	834.9	770.8	809.0	790.0
Overseas Private Investment Corp.	-159.0	-176.0	-177.0	-178.0	-177.5
Trade & Development Agency	41.5	50.0	41.5	43.0	44.0
Total, Title I - Export Aid	**563.1**	**708.9**	**635.3**	**674.0**	**656.5**
Title II - Bilateral Economic:					
Development Assistance:[a]					
Child Survival/Disease/UNICEF	650.0	602.8	650.0	NA	650.0[b]
Development Asst Fund	1,210.0	1,301.8	1,207.9	1,904.0	1,225.0
Subtotal	**1,860.0**	**1,904.6**	**1,857.9**	**1,904.0**	**1,875.0**
of which UNICEF	*[100.0]*	*[100.0]*	*[105.0]*	*[100.0]*	*[105.0]*
of which Population aid	*[385.0]*	*[400.0]*	*[385.0]*	*[435.0]*	*[385.0]*
of which Africa aid	*[700.0]*	*[730.0]*	*[700.0]*	*[NA.]*	*[NA.]*
of which Inter-American Fdation	*[22.0]*	*[22.0]*	*[20.7]*	*[20.0]*	*[20.0]*
of which Africa Develop Fdation	*[14.0]*	*[14.0]*	*[13.2]*	*[8.0]*	*[11.0]*
International Disaster Aid	190.0	205.0	150.0	200.0	200.0
Micro/Small Enterprise programs	2.0	2.0	2.0	2.0	2.0
Urban/Environment credit program	9.0	12.1	5.5	7.0	6.5
Subtotal, Development Aid	**2,061.0**	**2,123.7**	**2,015.4**	**2,113.0**	**2,083.5**
USAID Operating Expenses	473.0	483.9	460.0	475.0	480.0
USAID Inspector General	29.0	33.0	31.5	30.0	30.8
Economic Support Fund	2,400.0	2,513.6[c]	2,326.0	2,305.6	2,367.0[b]
International Fund for Ireland	19.6	[19.6][c]	19.6	[19.6][c]	19.6
Eastern Europe	485.0	464.5	450.0	432.5	430.0
Former Soviet Union (NIS)	770.0	925.0	590.0	740.0	801.0[b]
Debt restructuring (Treasury)	27.0	72.0	36.0	25.0	33.0
Treasury Dept. technical asst	-.-	5.0	.0	3.0	1.5
U.S. Community Adjustment Credits	-.-	37.0	.0	.0	10.0
Peace Corps	222.0	270.3	230.0	221.0	240.0
International narcotics control	230.0	275.0	275.0	222.0	261.0[b]
Migration & refugee asst	650.0	650.0	640.0	650.0	640.0
Refugee resettlement asst	5.0	.0	.0	.0	.0
Emergency Refugee Asst Fund	50.0	20.0	30.0	20.0	30.0
Non-Proliferation/anti-terrorism	133.0	215.9	152.0	170.0	198.0[b]
Total, Title II- Bilateral Economic	**7,554.6**	**8,088.9**	**7,255.5**	**7,407.1**	**7,625.4**

Program	FY1998 Enacted	FY1999 Request	HR 4569	S. 2334	FY1999 Enacted
Title III - Military Assistance:					
Intl Military Education & Training	50.0	50.0	50.0	50.0	50.0
Foreign Military Financing grants	3,296.6	3,275.9	3,335.9	3,322.9	3,330.0
Foreign Mil Financing loan subsidy	60.0	20.0	20.0	20.0	20.0
Special Defense Acquisition Fund	-106.0	-19.0	-19.0	-19.0	-56.0
Peacekeeping Operations	77.5	83.0	62.3	75.0	76.5
Total, Title III-Military Aid	**3,378.1**	**3,409.9**	**3,449.2**	**3,448.9**	**3,420.5**
Title IV - Multilateral Economic Aid:					
World Bank-Intl Development Assc *of which arrears*[d]	1,034.5 *[234.5]*	800.0 *[.0]*	800.0 *[.0]*	800.0 *[.0]*	800.0 *[.0]*
World Bank-Environment Facility *of which arrears*[d]	47.5 *[.0]*	300.0 *[192.5]*	42.5 *[42.5]*	47.5 *[47.5]*	192.5 *[192.5]*
Inter-American Development Bank *of which arrears*[d]	76.4 *[30.0]*	96.8 *[71.2]*	96.8 *[71.2]*	96.8 *[71.2]*	96.8 *[71.2]*
Asian Development Bank *of which arrears*[d]	163.2 *[50.0]*	263.2 *[150.0]*	223.2 *[150.0]*	200.2 *[187.0]*	223.2 *[187.0]*
African Development Fund *of which arrears*[d]	45.0 *[45.0]*	155.0 *[88.3]*	128.0 *[88.3]*	5.0 *[5.0]*	128.0 *[88.3]*
European Bank for R & D	35.8	35.8	35.8	35.8	35.8
North American Development Bank	56.5	-.-	-.-	-.-	-.-
IMF-Enhanced Struc Adjustment Fd	.0	7.0	.0	.0	.0
Intl Organizations & Programs	192.0	214.0	157.3	170.0	187.0
Total, Title IV - Multilateral ***of which Mult. Dev. Bank arrears*[d]**	**1,650.9** ***[359.5]***	**1,871.8** ***[502.0]***	**1,483.6** ***[352.0]***	**1,355.3** ***[310.7]***	**1,663.3** ***[539.0]***
Title VI - IMF:					
IMF New Arrangement to Borrow[d]	-.-	3,361.0	3,361.0	3,361.0	3,361.0
IMF Quota Increase[d]	-.-	14,500.0	.0	14,500.0	14,500.0
TOTAL, no MDB arrears & IMF[d]	**12,787.2**	**13,577.0**	**12,471.4**	**12,574.6**	**12,826.6**
TOTAL, MDB arrears, no IMF[d]	**13,146.7**	**14,079.5**	**12,823.6**	**12,885.3**	**13,365.6**
TOTAL, MDB arrears & IMF[d]	**13,146.7**	**31,940.5**	**16,184.6**	**30,746.3**	**31,226.6**

a. The account structure for development aid differs among various versions of the bills. This table shows a consistent and comparable account structure based on enacted development aid for FY1998 and FY1999.
b. In addition, Division B, Emergency Supplemental Appropriations, of H.R. 4328 includes $50 million for Child Survival programs, $46 million for the former Soviet aid, $20 million for anti-terrorism, $233 million for counter-narcotics, and $50 million in ESF for Africa embassy bombing-related aid. Because they are designated as "emergency" requirements, these funds do not score against the Foreign Operations totals.
c. The Administration request and Senate bill included the Ireland Fund as part of the Economic Support Fund.
d. Under the terms of the Balanced Budget Act of 1997, appropriations for multilateral development bank (MDB) arrearage payments and the IMF do not score against budget allocations for Foreign Operations programs in FY1999. The **TOTAL** lines in this table show three different amounts from which common comparisons are made: 1) excluding MDB arrears and IMF funds, amounts that reflect Foreign Operations allocations; 2) including MDB arrears, but excluding the IMF, a figure useful for comparing FY1998 and FY1999; and 3) including all funds in the bill. None of these totals include the $399 million emergency supplementals.