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107TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 107–663

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2003

SEPTEMBER 19, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 5410]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Foreign Operations, Export Financing, and Related Programs, and for sundry independent agencies and corporations for the fiscal year ending September 30, 2003, and for other purposes.

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SUMMARY OF THE BILL

The Committee has recommended foreign assistance and export financing funding at a level that is $78,678,000 above the Administration's fiscal year 2003 request of $16,470,696,000 in discretionary budget authority. The resulting total of $16,549,374,000 in discretionary appropriations is needed to meet the essential requirements of the United States and its President in conducting foreign policy and meeting urgent humanitarian needs abroad. The primary reason the bill exceeds the President's request is the need for additional funds to combat HIV/AIDS.

ACCRUAL FUNDING OF RETIREMENT COSTS AND POST-RETIREMENT HEALTH BENEFITS

The President's Budget included a legislative proposal under the jurisdiction of the House Committee on Government Reform to charge to individual agencies, starting in fiscal year 2003, the fully accrued costs related to retirement benefits of Civil Service Retirement System employees and retiree health benefits for all civilian

employees. The Budget also requested an additional dollar amount in each affected discretionary account to cover these accrued costs.

Without passing judgment on the merits of this legislative proposal, the Committee has reduced the dollar amounts of the President's request shown in the "Comparative Statement of New Budget Authority" and other tables in this report to exclude the accrual funding proposal. The disposition by Congress of the legislative proposal is unclear at this time. Should the proposal be passed by Congress and enacted, the Committee will make appropriate adjustments to the President's request to include accrual amounts.

The Committee further notes that administration proposals requiring legislative action by the authorizing committees of Congress are customarily submitted in the budget as separate schedules apart from the regular appropriations requests. Should such a proposal be enacted, a budget amendment formally modifying the President's appropriation request for discretionary funding is then transmitted to the Congress.

The Committee is concerned that this practice, which has always worked effectively for both Congress and past administrations, was not followed for the accrual funding proposal. In this case, the Office of Management and Budget (OMB) decided to include accrual amounts in the original discretionary appropriations language request. These amounts are based on legislation that has yet to be considered and approved by the appropriate committees of Congress. This led to numerous misunderstandings both inside and outside of Congress of what was the "true" President's budget request. The Committee believes that, in the future, OMB should follow long-established procedures with respect to discretionary spending proposals that require legislative action.

The following chart indicates, by relevant account within this appropriations act, the budget request with and without the accrual proposal of the President.

Account	03 request	Accrual portion	03 w/o accrual
Export-Import Bank administrative expenses	70,300,000	1,928,000	68,372,000
OPIC administrative expenses	40,676,000	791,000	39,885,000
Trade and Development Agency	44,696,000	184,000	44,512,000
USAID Operating Expenses	586,087,000	13,887,000	572,200,000
USAID Inspector General	34,046,000	1,346,000	32,700,000
Inter-American Foundation	14,185,000	185,000	14,000,000
Peace Corps	320,228,000	3,228,000	317,000,000
International Narcotics	197,713,000	713,000	197,000,000
Migration and Refugee Assistance	[1] 705,565,000	565,000	[2] 705,000,000

[1] W/admin. ceiling of 16,565,000.
[2] W/admin. ceiling of 16,000,000.

COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of $723,097,000 which is partially offset by collections and a negative subsidy totaling $319,000,000. The subsidy appropriation for the Export-Import Bank is $541,400,000 and the Trade and Development Agency is funded at $49,512,000. Consistent with the President's budget request, the Committee has provided $24,000,000 in subsidy appropriations for the Overseas Private Investment Corporation.

The Committee has recommended $1,345,997,000 of the $1,437,097,000 requested for the international financial institu-

tions. The overall level is $170,801,000 above the fiscal year 2002 enacted level and $91,500,000 below the request.

For development and humanitarian assistance, the Committee has recommended a total of $4,165,191,000 of which $1,710,000,000 is for child survival and health programs. Another $1,398,000,000 is for longer-term development assistance. The Committee has also included $315,500,000 for disasters worldwide and $40,000,000 for transition initiatives.

The Committee has continued its highly effective Child Survival and Health Programs Fund. The account is designed to ensure that there will not be reductions in these vital programs as the overall bilateral assistance program is constrained. The emphasis is on programs that directly affect children and on accelerating efforts to eradicate diseases that threaten younger children and caregivers alike. As in fiscal year 2002, the account includes population assistance, while basic education for children is funded through the Development Assistance account. It does provide for a grant to UNICEF at a level of $120,000,000.

The Committee has included a total of $755,000,000 in assistance to the Independent States of the Former Soviet Union, and $520,000,000 for Eastern Europe and the Baltic States.

The Committee has recommended a total of $820,000,000 for refugee programs.

For economic assistance under the Economic Support Fund, the Committee has recommended a total of $2,445,000,000.

The Committee has recommended $347,400,000 for a Nonproliferation, Anti-terrorism and Demining account which includes funding for the Nonproliferation and Disarmament Fund, anti-terrorism assistance, demining activities, United States participation in the Korean Energy Development Organization (KEDO), and the U.S. voluntary contribution to the International Atomic Energy Agency (IAEA).

For the Foreign Military Financing program, the Committee has recommended a grant program of $4,080,200,000, including an increase of $60,000,000 in assistance for Israel.

AFGHANISTAN

HUMANITARIAN AND RECONSTRUCTION ASSISTANCE

In response to the ongoing need for assistance for Afghanistan, the Committee recommends a new general provision, section 523, providing that not less than $295,500,000 shall be made available for humanitarian and reconstruction assistance for Afghanistan, including assistance to improve the status of women in Afghanistan, assistance to victims of war, and assistance to repair roads and bridges.

Under the heading, "Economic Support Fund", the Committee recommends language providing that not less than $45,000,000 should be made available for assistance for Afghanistan, which shall be used for reconstruction and other infrastructure assistance, including roads and bridges.

Other humanitarian and economic assistance for Afghanistan is provided under the headings "Child Survival and Health Programs Fund", "International Disaster Assistance", "International Narcotics and Law Enforcement", "Migration and Refugee Assistance",

"Nonproliferation, Anti-terrorism, Demining and Related Programs", and "International Organizations and Programs".

TRADE CAPACITY BUILDING

The Committee this year places major emphasis on economic growth, especially the role of trade capacity building and education. Language is included in titles I, II, and V directing the Trade and Development Agency, the U.S. Agency for International Development, and the Department of State to obligate not less than $452,000,000 for myriad activities designed to promote trade within and between regions. The Committee's emphasis on trade capacity assistance is intended to complement the African Growth and Opportunity and Andean Trade Acts.

The Committee is aware that substantial progress toward rule of law, effective regulatory structures, transparent governance, and a more educated work force are necessary companions to effective trade capacity assistance. The Committee's objective is to benefit the majority of citizens in the beneficiary countries, not the small elite who have typically received the bulk of benefits from oil and gas exports by developing nations.

MILLENNIUM CHALLENGE ACCOUNT

The Committee notes that in March 2002 the President announced a major change in the form and substance of as much as $10,000,000,000 in additional United States foreign assistance over a three year period beginning in 2004. As the Millennium Challenge Account, this new approach to foreign assistance would encourage economic development by creating a positive competition among potential recipients, with this competition rewarding those countries that adopt policies that help their citizens.

On June 27, 2002, the Committee conducted a hearing on the Millennium Challenge Account concept, during which Members and witnesses expressed a broad range of views and concerns regarding the proposed change. A number of members expressed interest in funding a pilot project with a relatively small appropriation in this Act, so that Congress and the Executive branch would better understand the implications of this new approach to economic development assistance. To date, the Administration has made no legislative proposal or budget request for a pilot program. It is the Committee's understanding that the inter-agency process has reached no common approach regarding management or implementation of the proposal. For these reasons, the Committee does not recommend funding for a pilot project to test and perfect the Millennium Challenge Account concept.

The Committee expects to be consulted as development of the Millennium Challenge Account proceeds within the Executive branch. While the Committee welcomes new approaches to foreign aid, it remains determined to protect Congress's constitutional power of the purse.

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

SUBSIDY APPROPRIATION

Fiscal year 2002 level	$727,323,000
Fiscal year 2003 request	541,400,000
Committee recommendation	541,400,000

ADMINISTRATIVE EXPENSES

Fiscal year 2002 level	$63,000,000
Fiscal year 2003 request	68,372,000
Committee recommendation	68,300,000

The Committee is recommending a subsidy appropriation for the Export-Import Bank of $541,400,000 and an appropriation of $68,300,000 for administrative expenses. Taken together, the recommended appropriation for the Export-Import Bank is $180,623,000 less than the fiscal year 2002 level and $72,000 below the request.

Although the $541,400,000 requested by the President for the subsidy appropriation is a $185,923,000 reduction from the fiscal year 2002 level, there should be no cut in Export-Import Bank activity levels due to changes in the methodology for estimating risk factors as estimated by the Office of Management and Budget and required under the Federal Credit Reform Act. The Committee expects that this level of subsidy will support a projected level of Export-Import Bank authorizations of $11,500,000,000 in 2003, approximately $500,000,000 higher than the estimated fiscal year 2002 levels.

The Committee provided no additional funds for a tied-aid "war chest". The estimated $260,500,000 remaining "war chest" balance for tied-aid purposes may be used to support loans.

The Committee has continued prior year language limiting the export of nuclear technology or fuel to certain countries.

The Committee urges the Export-Import Bank to take into account global and domestic market conditions before extending financing to foreign buyers, especially with respect to the domestic steel market and the President's goal of reducing the global excess steel making capacity. The Committee expects the Export-Import Bank to report back to the Committee any steel related proposals posted on the agenda of the Export-Import Bank's Board.

The Committee recommends a one-year extension of the Export-Import Bank's dual use authority, which expired on June 14, 2002. Dual use authority allows the Bank to finance transactions dealing with items that can be used for both civilian and military purposes, but must be non-lethal in nature, and shall be used predominantly by civilian authorities.

REPORT ON AMERICAN CONTENT

The Committee is interested in the implementation of the requirements of the charter of the Export-Import Bank on United States content. Therefore, the Committee directs that the Export-Import Bank prepare and submit a report by February 28, 2003 on the methodology used to determine United States content of goods

which are the product of Export-Import Bank backed loans or guarantees.

BROOKE AMENDMENT PROCEDURES

The Committee is aware of an inter-agency agreement among the Departments of State and Defense, the Export-Import Bank, and USAID that establishes reporting procedures regarding compliance with section 512 of the bill, the so-called Brooke amendment, and section 620(q) of the Foreign Assistance Act. The procedures provide a mechanism to share information among those agencies regarding countries that are either in arrears on loan repayments owed the United States or which may soon become so. Since the provision of foreign assistance to countries in arrears is restricted by those sections, information required by these procedures is of great importance to the administration of foreign assistance funds. The Committee is therefore concerned about reports that the Export-Import Bank has, in at least two instances this year, failed to provide information on arrearages in a timely fashion in accordance with its obligations under the inter-agency agreement. The Committee directs the Export-Import Bank to follow the inter-agency agreement and not allow a similar lapse to occur again.

OVERSEAS PRIVATE INVESTMENT CORPORATION

NONCREDIT ACCOUNT

Fiscal year 2002 level	$38,608,000
Fiscal year 2003 request	39,885,000
Committee recommendation	39,885,000

PROGRAM ACCOUNT

Fiscal year 2002 level	.....
Fiscal year 2003 request	$24,000,000
Committee recommendation	24,000,000

The Committee is recommending a $24,000,000 subsidy appropriation for the Overseas Private Investment Corporation's (OPIC) direct and guaranteed loan credit programs and $39,885,000 for administrative expenses, the same levels as the request.

Because of significant carryover in the credit programs account in fiscal year 2002, there was no request by the President for an appropriation. Because these funds expire at the end of fiscal year 2002, an appropriation is requested and needed in fiscal year 2003.

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

As in last year's report, the Committee directs OPIC to continue to provide on a semi-annual basis written reports including the following information for each investment fund: the identity, selection process, and professional background of current and past managers; the fees and compensation currently provided to senior management; the amount of OPIC guarantees and actual investments made at the end of the previous month; and any additional observations that OPIC may want to include.

The Committee commends the managers of OPIC for exploring new ways of meeting OPIC's development mandate, but the Committee is concerned about attempts by OPIC to offer financing

guarantees in developing countries without coordination with USAID. To ensure that foreign assistance is not provided to countries on different terms by different United States Government agencies, the Committee expects OPIC to coordinate with USAID, OMB and other agencies of the United States Government with which OPIC may overlap in providing financing. The Committee does not believe that OPIC should compete with USAID in countries that have USAID missions and programs.

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

Fiscal year 2002 level	$50,024,000
Fiscal year 2003 request	44,512,000
Committee recommendation	49,512,000

The Committee is recommending $49,512,000 for the Trade and Development Agency (TDA), a decrease of $512,000 below the 2002 level and $5,000,000 above the request.

The Committee understands that TDA has achieved an extraordinary high level of programming activity in fiscal year 2002, and it has demonstrated an ability to respond quickly to changing United States foreign policy needs after September 2001 in frontline states and regions in transition from conflict. The Committee commends TDA's new trade capacity building efforts and initiatives to support United States international economic policy, including those related to the Africa Growth and Opportunity Act (AGOA) initiative and the Partnership for Prosperity.

The Committee believes that the President's request for TDA, a $5,512,000 reduction from fiscal year 2002, is not reflective of current demand and anticipated requirements. Therefore, the Committee has provided $49,512,000 for TDA, of which $5,000,000 above the request is provided for trade capacity building activities. In addition, the Committee urges the Department of State and USAID to transfer up to $24,000,000 from title II accounts to TDA.

In collaboration with the U.S. National Institute of Standards and Technology, TDA is encouraged to support United States participation in the development of national technical standards compatible with American goods and services in key transition country markets.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

AGENCY FOR INTERNATIONAL DEVELOPMENT

STRUCTURE OF DEVELOPMENT ASSISTANCE ACCOUNTS

The Committee provides two accounts for longer-term development assistance programs managed by the U.S. Agency for International Development (USAID). As in fiscal year 2002, the bill includes an account for child survival and health programs. It also includes a separate development assistance account for other program sectors, including economic growth and trade capacity building activities, education, environment, and governance. The Presi-

dent recommended a single account for longer-term development assistance programs.

Two existing regional accounts jointly managed by the Department of State and the Agency for International Development are included elsewhere in title II under "Other Bilateral Assistance". The Committee utilizes the regional accounts to fund most economic and political cooperation with Russia and the independent states of the former Soviet Union as well as the former captive nations of the Soviet Empire in Central Europe.

Finally, authority is provided for the United States to make contributions from the Child Survival and Health Programs Fund to three international health funds: the Global Fund to Fight AIDS, Malaria and Tuberculosis, The Vaccine Fund [associated with the Global Alliance for Vaccines and Immunizations]; and the International AIDS Vaccine Initiative.

CHILD SURVIVAL AND HEALTH PROGRAMS FUND

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 2002 level	$1,433,500,000
Fiscal year 2003 request	.....
Committee recommendation	1,710,000,000
(by transfer)	(6,000,000)

The Committee recommends $1,710,000,000 for the "Child Survival and Health Programs Fund", an amount that is $226,000,000 above the request under the fiscal year 2002 account structure and $276,500,000,000 above the amount enacted for 2002 under the existing account structure. The recommendation includes authority for United States contributions to three international health funds.

OVERVIEW OF HIV/AIDS ASSISTANCE

The United States has been, and is continuing to be, the leader in the global fight against HIV/AIDS. As it has for many years, the Committee continues to support the fight against HIV/AIDS through United States bilateral assistance programs managed by the Agency for International Development. In other appropriation Acts, additional support for the fight against HIV/AIDS is provided through the Centers for Disease Control and the National Institutes of Health.

In order to protect the integrity of the Child Survival and Health Programs Fund and the long-standing role of the Secretary of State as primary agent of the President of the United States in foreign affairs, the Committee includes language from the conference agreement on H.R. 4775 that limits transfer of these funds to another department or agency of the United States Government. Under the overall policy guidance of the Secretary of State, USAID works with both the CDC and the NIH in its overseas operations. All of these bilateral programs are fully operational today; together they are the worldwide leaders in the field.

The Committee has made available a total of $786,500,000 in this bill for HIV/AIDS, of which $746,500,000 is funded through the Child Survival and Health Programs Account. Another $40,000,000 is provided through other AID-managed accounts, such as the Economic Support Fund, International Disaster Assistance, and regional accounts for Eastern Europe and the former Soviet Union.

By comparison, two years ago the Committee recommended a total of $210,000,000 and the final conference agreement provided $315,000,000 for the same purpose. Last year, the comparable amounts were $474,000,000 and $475,000,000. Overall, the fiscal 2003 allowance of $786,500,000 for HIV/AIDS is $311,000,000 above the fiscal year 2002 enacted level, an increase of 150 percent over two years, and $46,500,000 above the President's request for programs funded in this act.

GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

In order to encourage other donors to match and exceed the United States contribution, the Committee recommends that $250,000,000 be provided from USAID's Child Survival and Health Programs Fund to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). To date, the President has requested $100,000,000 for this purpose in this bill. In addition, $100,000,000 has been requested for the Global Fund in the Labor, Health, and Human Services Appropriations bill.

Should the Committee's recommendation in this bill for the Global Fund and the President's request for the Global Fund from the Department of Health and Human Services both be enacted into law, the United States contribution over the 2002–2003 period would total at least $650,000,000, much more than has been made available to the Global Fund, thus far, by all other donors. The Committee urges the President and the Secretary of State to take advantage of the extensive international health field experience of the U.S. Agency for International Development by designating, when a vacancy occurs, the Assistant Administrator for Global Health as the next United States representative on the Governing Board of the Global Fund.

The Committee notes that the Global Fund was established to fight the global resurgence of tuberculosis and malaria as well as HIV/AIDS. In calculating its recommended allocations by USAID of the Child Survival and Health Programs Fund, the Committee assumes that the U.S. contribution will be used for awards that focus on HIV/AIDS, although some may be used for tuberculosis and malaria. The actual distribution of funds by the Global Fund will depend on the merits of the proposals it receives.

In order to support the international character of the Fund, as jointly announced by the UN Secretary General and the U.S. President, the Committee again recommends a burden-sharing provision, similar to one recently enacted into law in the conference agreement on H.R. 4775, limiting the United States cumulative contribution to an amount that does not exceed the total resources made available by other donors for immediate use by the Global Fund.

ESSENTIAL ROLE OF FREE MARKET ECONOMIC GROWTH IN DEVELOPMENT

The Committee has reluctantly resisted appeals to accelerate funding increases for this account. The Child Survival and Health Programs Fund is only one part of the United States effort to help others work toward the standards of living most Americans have achieved already. The Committee recognizes that the long-term benefits of the Fund are limited unless there are future jobs and

income for the children we help when they grow up to be adults. Continuing USAID support for free market approaches to economic growth and trade remains essential to complete the work of child survival. In each poor country helped by American child survival activities, a balanced assistance program also requires cooperation to provide reasonably priced and reliable food, clean water, efficient power, and global communications as well as access to credit.

ALLOCATION OF CHILD SURVIVAL AND HEALTH PROGRAMS FUND

Unless modifications are subsequently notified and agreed to by the Committees on Appropriations, fiscal year 2003 appropriations for the Child Survival and Health Programs Fund are deemed to be allocated as follows:

Category	*Allocation*
Child Survival and Maternal Health	$340,000,000
Vulnerable children	30,000,000
HIV/AIDS	[1] 746,000,000
Other Infectious Diseases	105,000,000
Reproductive Health/Voluntary Family Planning	368,500,000
Grant to UNICEF	120,000,000
Total in this account	1,710,000,000
Other CSH activities in ESF	90,000,000
CSH activities in regional accounts	75,000,000
Total in all bilateral accounts	1,875,000,000

[1] The two categories indicated include amounts for TB prevention among persons with HIV/AIDS that also may be included in the other infectious diseases/TB category.

A definition of program categories and their components can be found on pages 9 through 11 of House Report 107–142 and under the heading "Family Planning/Reproductive Health" on page 12 of Senate Report 107–58. The United States Agency for International Development has also issued guidance on this matter.

The Committee is again including bill language that prohibits the use of certain funds in this account for nonproject assistance, or cash grants, to governments. The provision of cash grants as general budget support for governments is no longer an appropriate development tool, given current funding constraints. To the extent that cash grants are necessary for countries in transition or for specific foreign policy goals, funds are available through the "Economic Support Fund".

CHILD SURVIVAL AND MATERNAL HEALTH: FORMER SOVIET UNION

The Committee continues to be concerned about the low priority assigned to declining maternal and environmental health conditions and the increasing incidence of TB/HIV/AIDS in Russia, Ukraine, and the Central Asian republics. The positive results achieved with the small amounts already spent for such programs in recent years have been dramatic. The Committee has included bill language regarding a minimum level of $45,000,000 to be allocated for child survival and health programs within the separate account, "Assistance to the Independent States of the Former Soviet Union."

CHILD SURVIVAL AND MATERNAL HEALTH: MICRONUTRIENTS

The Committee recommends that USAID make every effort to provide $30,000,000 from all accounts for its overall micronutrient

program. Vitamin A is essential to the functioning of the immune system and increases children's resistance to disease. It affects more than 100 million children and is responsible for as many as one out of every four child deaths in countries where the problem exists. Vitamin A is a low-cost solution to many easily preventable diseases, and at least $20,000,000 of the overall micronutrient program should be for activities related to Vitamin A deficiency.

The Committee is aware that iodine deficiency disorder (IDD) is the leading preventable cause of mental retardation in children. The problems associated with iodine deficiency are particularly of concern in the former Soviet republics and southeast Europe and regions of Africa and South Asia. Private funds, raised by Kiwanis International and implemented by UNICEF, are preventing the mental retardation of millions of children. The Committee recommends that in order to help meet the IDD partnership goals, USAID provide a total of at least $2,500,000 from the Child Survival and Health Programs Fund and $1,000,000 from Europe and Eurasia regional accounts for the Kiwanis/UNICEF IDD partnership program.

CHILD SURVIVAL AND MATERNAL HEALTH: POLIO ERADICATION

The Committee recommendation includes within the child survival and maternal health allocation not less than $25,000,000 for the final phases of the program initiated by the Committee in fiscal year 1996 to eradicate polio by 2006.

CHILD SURVIVAL AND MATERNAL HEALTH: VACCINES AND IMMUNIZATION

The Committee is aware that as many as three million children die each year because they do not receive life-saving immunizations. Over many years, the Committee has funded procurement of polio and other childhood vaccines directly through AID and indirectly through the grant to UNICEF. In addition, The Vaccine Fund provides resources to support the international, public and private partnerships. More than $900,000,000 for 60 countries has been committed for immunization programs—potentially saving as many as two million lives a year. The Committee strongly supports continued funding for this program, and recommends that $60,000,000 be provided to The Vaccine Fund in fiscal year 2003.

VULNERABLE CHILDREN

The Committee directs AID to allocate $30,000,000 for displaced children and orphans and blind children in fiscal year 2003.

Older children permanently placed in orphanages are often dismissed from state care and thrown out on the streets to survive without skills. Most teenage orphans find that their only chance for survival is to participate in criminal acts, including prostitution and selling drugs. United States assistance in establishing a limited number of vocational-technical centers will teach these orphans the necessary skills to become productive members of society. The Committee is aware of the effective programs to address this situation by Kidsave International and the Fabretto Children's Foundation and requests that USAID support them.

The Committee is particularly concerned about the destitution and abuse of such older children in Central America, especially Nicaragua, and requests that the Administrator of USAID submit a brief written report to the Committee by March 1, 2003 on the status of vulnerable older children in Central America and the level of assistance provided to organizations helping them.

The Committee is painfully aware that trafficking in children and youth especially affects vulnerable children. Although the Committee continues to encounter difficulty in obtaining timely information about the identity and funding of anti-trafficking projects (apart from those funded through regional accounts for Europe and Eurasia) that were authorized by P.L. 106–386, it urges USAID officials responsible for vulnerable children activities to work closely with the appropriate anti-trafficking office in the Department of State to alert that office and the Committee regarding any credible reports that any NGO advocates so-called consenting prostitution, especially among children and youth. The Committee was informed of a credible allegation that a European NGO supported court action in South Asia to halt efforts to rescue children in danger of recruitment as prostitutes.

According to the World Health Organization there are 1.5 million blind children around the world. Another 7 million children suffer from low levels of vision. The Committee recognizes the work being done by Helen Keller Worldwide and other organizations to assist blind children and children with low levels of vision. These children can be helped through simple and inexpensive methods of prevention and low cost care. The committee recommends that the AID program for children's blindness be funded at a level of $1,500,000.

The Committee notes that handicapped and other disadvantaged children in USAID countries have few opportunities for physical exercise that promotes development. A significant portion of the $5,000,000 increase above the current level for vulnerable children should be allocated for established organizations such as Special Olympics and Olympic Aid that have a record of accomplishments in this sector.

HIV/AIDS: OVERVIEW

As with all USAID programs, the fight against HIV/AIDS requires "good development partners". The rapid increase in HIV infection in many poor countries can be attributed, in part, to government leaders' refusal to publicly acknowledge the crisis and to their slowness in dedicating resources to fight it. Government leaders have a responsibility to their citizens to foster awareness and education, the causes of transmission, and the scientifically proven methods to combat it. All USAID country strategies for HIV programs must include components to encourage behavioral, cultural and social change.

The United States has long led the world's response to HIV/AIDS and will expand its financial commitment as effective models of assistance and effective partners are identified. For fiscal year 2003, the Committee directs USAID to increase funding for all of its international AIDS and related TB activities from not less than $475,000,000 in 2001 to at least $746,000,000 in 2003.

The Committee urges USAID and the Department of State to focus on three priorities for the increases provided in its fiscal 2003

appropriation for HIV/AIDS: mother-to-child transmission in conjunction with maternal health programs in affected communities; more extensive involvement in treatment programs for people living with HIV/AIDS, and higher funding levels for UNAIDS. Although there is broad agreement about the first two priorities, the last may not be widely understood. Increasing funding for UNAIDS above its current level would enable UNAIDS to support $15,000,000 for effective country coordinating mechanisms, without which the Global Fund to Fight AIDS, Tuberculosis, and Malaria cannot be successful. As in past years, AID should utilize to the maximum extent community-based, nongovernmental organizations that have "on the ground" prevention and care programs.

The grave and urgent nature of the epidemic requires that funds be disbursed as rapidly as possible. With due regard for financial accountability and program effectiveness, USAID, in consultation with the Department of State and the Centers for Disease Control, is strongly encouraged to identify and employ implementation strategies for accelerating the provision of resources to those working on the front lines of the epidemic. Coordination with other bilateral and multilateral donors is encouraged, but should not delay United States efforts to deliver resources to the field.

HIV/AIDS: MOTHER-TO-CHILD TRANSMISSION

Up to $100,000,000, as requested by the President on September 3, 2002, should be made available for International Mother and Child HIV Prevention activities, including awards for this objective by the Global Fund from United States contributions for this purpose.

The Committee commends USAID for its rapidly expanding support of programs to prevent mother-to-child transmission (MTCT) in sub-Saharan Africa, the Caribbean, and other regions currently experiencing or anticipating a high prevalence of HIV infections among pregnant mothers. In addition, USAID should ensure that established MTCT prevention sites expand to provide the most extensive care and treatment program possible for all mothers and infants, along with related social services designed to keep families and communities intact.

HIV/AIDS: VACCINES AND MICROBICIDES

The Committee acknowledges the critical need to find new technologies to prevent HIV infections and continues to support $15,000,000 for research on and testing of AIDS vaccines and microbicides. In addition to research and development, the Committee supports efforts to identify and resolve barriers to accessing those technologies. USAID is urged to participate with organizations such as the International AIDS Vaccine Initiative and the Alliance for Microbicide Development in efforts to insure that microbicides and vaccines are widely available as soon as scientifically possible. The Committee requests the Department of State, in consultation with USAID and the National Institutes of Health, to provide it with a brief written report on the status of federal support for microbicide and vaccine research, including access issues, not later than February 28, 2003.

HIV/AIDS: CARE AND TREATMENT

USAID is urged to accelerate its efforts to identify strategies for implementing broad-based programs that include treatment. The Committee also recognizes the importance of involving people living with HIV/AIDS in the planning and implementation of programs, and urges USAID to increase its efforts in this area through collaborations with established peer organizations. The Committee requests USAID to provide the Committee with a written report on its current and planned activities supporting treatment and care of persons living with HIV/AIDS, including the provision of antiretroviral therapy to the extent possible, not later than March 15, 2003. The report should discuss efforts to involve persons living with HIV/AIDS in its programs for care and treatment.

HIV/AIDS: BURMA AND THE RESURGENCE IN SOUTHEAST ASIA

The Committee is aware that HIV/AIDS is spreading rapidly in Asia, and that Burma is playing a pivotal role in its spread. In Thailand, a country thought to have the epidemic under control, recent evidence shows a resurgence of the disease. Burma itself faces devastating epidemics of heroin addiction and HIV/AIDS infection, with the HIV virus spreading rapidly from intravenous drug users to the wider population. Finally, the Burmese regime officially acknowledged that HIV/AIDS is a serious problem in Burma; however, it has made minimal official effort to contain the disease. The Committee appreciates USAID, State Department, and CDC reporting and analysis of the HIV/AIDS crisis in Burma, and has included a general provision directing USAID to continue to expand its support of Burmese struggling to limit HIV/AIDS.

HIV/AIDS: CHILDREN AND FAMILIES AFFECTED BY HIV/AIDS

AIDS is devastating the family structure in many countries, leaving millions of children orphaned and more vulnerable to HIV infection, poor health, little schooling, and even sexual exploitation. Approximately 600,000 newborns in the developing world contracted the virus just last year. Experts predict that the number of AIDS orphans will reach 40,000,000 by the end of the current decade.

The Committee strongly supports efforts to assist these vulnerable children, and urges that at least $20,000,000 be provided to assist AIDS orphans and HIV positive children. The Committee encourages USAID to support effective programs, including those administered by UNICEF and non-governmental organizations such as HOPE *Worldwide* and Lott Carey International, that are operating within nations affected by the epidemic. The Committee requests that the USAID bureaus for Africa and Latin America and the Caribbean provide periodic reports on USAID support for the activities of Lott Carey International and HOPE Worldwide.

A primary factor in the impoverishment of children affected by HIV/AIDS is the denial of inheritance rights of widowed women in many African countries. Often mothers with children are no longer allowed to remain in the family home or cultivate matrimonial land after a spouse living with HIV/AIDS dies. Denial of inheritance rights also aggravates the HIV/AIDS epidemic by forcing young widows with few resources into relations with men who carry HIV/

AIDS, effectively increasing the number of orphans. The Committee urges USAID to award up to $1,000,000 in grants to private non-governmental organizations with competence to address this issue in Africa.

HIV/AIDS: MEDIA EDUCATION

The fight against HIV/AIDS takes place on many fronts. More education about causes, effect and treatment of HIV/AIDS is needed in many regions, especially in Sub-Sahara Africa and the Caribbean. A promising approach to prevention is the use of unbiased, accurate, and culturally sensitive media to spread information on HIV/AIDS. The Committee supports additional funding for independent media training and effective public service announcements to meet these needs.

HIV/AIDS SUMMARY

The Committee anticipates that at least $40,000,000 for HIV/AIDS will be funded from the Economic Support Fund ($17,000,000), regional accounts ($13,000,000), and accounts administered by the Bureau for Democracy and Humanitarian Assistance ($10,000,000). Together with not less than $746,000,000 from the Child Survival and Health Programs Fund, the bill makes available $786,000,000,000 for HIV/AIDS. The Committee directs that AID include all HIV/AIDS-related activities, such as TB/HIV tuberculosis prevention in its reports on achieving these targets.

OTHER INFECTIOUS DISEASES: MALARIA

The Committee includes not less than the fiscal year 2002 level for the prevention of malaria, a re-emerging global killer of children and a major impediment to economic development in many poor countries. Serious consideration should be given to a grant demonstrating United States support for the Medicines for Malaria Venture, a public/private partnership leading the effort to develop new, affordable malaria drugs. The Bureau for Democracy and Humanitarian Response is urged to provide not less than $2,500,000 for malaria from its grant program for private voluntary organizations, consistent with current practice.

OTHER INFECTIOUS DISEASES: TUBERCULOSIS

The Committee recognizes that tuberculosis (TB) is the major infectious killer of adults in the world, killing between two and three million each year. This disease could result in the deaths of up to 30,000,000 people in the next decade. TB kills more women than any other cause of mortality and is the major killer of persons with AIDS. Many of these will be parents, whose orphans will be a burden on already stressed societies. In addition, the Committee notes the threat to the United States from this disease due to international travel and immigration. An estimated 15 million Americans are currently infected with the TB bacteria.

Therefore the Committee includes in the allocation for other infectious diseases not less than $85,100,000 from all accounts for programs for the prevention, treatment, control of, and research on tuberculosis. The Committee encourages USAID to utilize the Global TB Drug Facility (GDF), as well as the Green Light Committee

(GLC) to treat multi-drug resistant TB, and to inform the Committee not later than 30 days after enactment of this Act of the extent of its support for or proposed use of the GDF and the GLC.

In its last four reports, the Committee requested USAID to assist Texas and Mexico combat a particularly threatening outbreak of tuberculosis along their border. The Committee regrets that the Agency and the Government of Mexico became embroiled in administrative and policy disputes, allowing the shipment of equipment to Mexico to be delayed for more than 8 months. The Committee expects Agency officials to promptly inform the Chairman of such incidents in the future.

OTHER INFECTIOUS DISEASES: ANTIMICROBIAL RESISTANCE AND SURVEILLANCE

The Committee supports the efforts of USAID and the Centers for Disease Control to reduce the spread of antimicrobial resistance. The Committee is aware of the special problems of infectious diseases among patients hospitalized in Asia, Latin America, and Africa, and encourages USAID to encourage the use of proven new technologies to combat antimicrobial resistance. The Committee has been made aware of the work in this area by the Alliance for the Prudent Use of Antibiotics (antimicrobial resistance) and the International Foundation for the Reduction of Infectious Diseases, and suggests that AID cooperate with the Alliance and the Foundation. In addition, AID is encouraged to continue improving capacity for surveillance and response to infectious diseases at the national and local levels.

INFECTIOUS DISEASES: COLLABORATIVE RESEARCH BY UNIVERSITY MEDICAL SCHOOLS

The Committee is aware of and supports the renewed engagement of many United States university medical schools and medical research facilities in the global campaign against infectious diseases, especially those which affect children. As many contributed greatly to domestic public health progress in earlier decades, the Committee welcomes their interest in the global campaign.

The Agency for International Development and multilateral health and child survival agencies benefiting from this bill are urged to give every consideration to detailed proposals submitted by the relevant institutions cited in a separate section of this report following the discussion of the "Development Assistance" account. The Committee notes with concern the continuing inability of the Agency to successfully collaborate, after many meetings with senior officials and numerous prior year report directives, with Tulane University, the University of Notre Dame, and Johns Hopkins University on their joint efforts to limit the spread of malaria.

REPRODUCTIVE HEALTH OVERVIEW

The Committee anticipates that at least $56,500,000 for reproductive health/voluntary family planning will be funded from the Economic Support Fund, Europe and Eurasia regional accounts, and accounts administered by the Bureau for Humanitarian Response. Together with $368,500,000 from the Child Survival and Health Programs Fund, the bill total for reproductive health should

be at least $425,000,000, as requested by the President. The Committee directs that USAID include all reproductive health activities, including those funded from other accounts in this bill, in its reports on achieving these targets.

REPRODUCTIVE HEALTH/VOLUNTARY FAMILY PLANNING: RESTRICTIONS

The Committee has continued prior year language in the bill that requires that none of the funds appropriated in this bill, or any unobligated balances, be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortion. Further, the language indicates that in order to reduce reliance on abortions in developing countries, population funds shall be available only to voluntary family planning projects which offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision in the bill requires that in awarding grants for natural family planning under section 104 of the Foreign Assistance Act, no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning.

The Committee also has continued prior year language that states that nothing in the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act. Further, the Committee has continued prior year language which states that project service providers or referral agents cannot implement or be subject to quotas or other numerical targets of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning.

The Committee is concerned by reports that informed consent problems persist in Peru after the implementation of the "Tiahrt Amendment" in fiscal year 1999. In fiscal year 2001 the Committee asked USAID to conduct an investigation into these allegations and report its findings. Also, the Committee directed USAID to provide biannual reports regarding the monitoring of this provision. The Committee directs USAID to continue such biannual reports on its investigations of allegations of violations per the fiscal year 2001 instructions.

PRIMARY HEALTH CARE IN THE CONGO

The Committee is aware that the vast majority of Congo citizens no longer have access to primary health care as a result of wars and corrupt governments since its independence in 1960. In addition to its ongoing efforts to support restoration of primary health care throughout the former Zaire, the Committee recommends that USAID give every consideration to a proposal for support from a promising public-private partnership, the Dikembe Mutombo Foundation, to build the first major hospital and teaching facility in Kinshasa in almost 40 years. The Committee recommends that up to $2,000,000 be allocated over several years to support a Founda-

tion proposal to promote primary health care and upgrade surviving clinics and health centers throughout the Congo.

PUBLIC HEALTH INFRASTRUCTURE IN THE CARIBBEAN

The Committee is concerned about the deteriorating health situation in the countries of the Caribbean region, and urges that USAID place greater focus on restoring the health infrastructure there. USAID's Global Health Bureau and the Center for Disease Control, in consultation with the Pan American Health Organization, are asked to review the role in regional health of the Caribbean Epidemiology Center (CAREC), headquartered in Trinidad, and report, through USAID, to the Committee not later than March 14, 2003, on the status of CAREC's physical infrastructure, the scope and effectiveness of its applied public health and field epidemiology programs, and the status of proposals made by CAREC to USAID and CDC for funding and technical assistance. The Committee is prepared to support USAID's share of an overall United States Government initiative of up to $10,000,000 to improve public health infrastructure in the Caribbean.

The Committee is also aware of the interest of INOVA Fairfax Hospital in promoting continuing medical and health care education to physicians and nurses in the Pignon region of Haiti, and recommends that USAID gives serious consideration to supporting such a public-private partnership.

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

The Committee supports efforts to reach the child survival goals set by the World Summit for Children. In order to implement these goals, the Committee is recommending that up to $120,000,000 of the funds provided under the Child Survival and Health Programs Fund shall be provided as a contribution in grant form to the United Nations Children's Fund. Funding for the United States, voluntary contribution to UNICEF and other international organizations has been provided for a number of years on a grant basis with minimal direction from the Executive branch or Congress. In order to determine whether there should be exceptions to that policy, the Committee requests the Secretary of State to provide the Committee not later than February 15, 2003, with a report on the policy direction given to UNICEF and similar United Nations affiliates by the United States, direction given by other donor countries, and recommendations, if needed, for modification of the current system of contributions to such international organizations.

DEVELOPMENT ASSISTANCE

Fiscal year 2002 level	$1,178,000,000
Fiscal year 2003 request	2,839,500,000
Committee recommendation	1,398,000,000

The Committee recommends $1,398,000,000 for the general account for development assistance for economic growth, trade and environment. The amount recommended is $1,441,500,000 below the budget request and $220,000,000 above the fiscal year 2002 level.

Funding in this account includes worldwide activities for free market economic development, agriculture, rural development, lit-

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

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

The Committee recommends the transfer of up to $24,500,000, from the "Development Assistance" account, to support development credit activities instead of $12,500,000 as proposed by the President. Should carryover authority from fiscal year 2002 meet or exceed the budget estimate, new transfer authority would not exceed $12,500,000.

ECONOMIC GROWTH: OVERVIEW

The Committee considers free market economic growth, and the USAID programs designed to lead directly to growth, the Agency's most important objective in Latin America and Asia. Simply put, without sustained economic growth, USAID's development programs for health, population, environment and other purposes, can have only marginal long-term benefits in poor countries.

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

The Committee continues to support USAID technical assistance programs to encourage macro-level economic growth. These include programs to assist with privatization of state-run industry and legal and regulatory reform to modify trade and tax barriers which stifle local entrepreneurs and which deter U.S. investment. In addition, AID technical help for improving energy, transportation, telecommunication, and finance sectors is key to directly improving the economic climate of poor countries. Essential to this, of course, AID must continue to search out reform-minded government leaders without whom these programs cannot succeed. The proposed Millennium Challenge Account is based on this approach.

The Committee supports the efforts of USAID to better coordinate with the U.S. Trade Representative and other concerned agencies the significant amounts of aid already being committed to assist other countries to strengthen their trade-related laws and regulatory regimes. It is in the United States national interest to ensure that relevant economic growth funds are programmed to complement trade negotiating objectives.

BASIC EDUCATION

The Committee recognizes that educating children in developing countries provides the foundation for sustained economic growth, poverty alleviation, and the creation of democratic institutions. There is also clear evidence that the collateral benefits of providing basic education for girls, including improved child and maternal

health, lower fertility rates, reduced child labor, and increased political participation, make it one of the most effective expenditures of U.S. foreign assistance.

The Committee strongly recommends a minimum level of $250,000,000 from this and other accounts for basic education, an increase of more than 50 percent above last year's recommendation. In addition, it encourages AID to place particular emphasis on programs that expand access and quality of education for girls, enhance community and parental participation in schools, improve teacher training, and build local management capacity. The Committee also recognizes that USAID's capacity to create and execute innovative and effective basic education programs suffered disproportionately during the reduction in personnel over the last decade, and directs AID to increase the number of direct hire education staff directly supporting and managing field programs.

The Committee also recognizes the importance of education in the fight against HIV/AIDS in developing countries. The pandemic has severely affected not only school-age children, but also the teacher populations in sub-Saharan Africa. The Committee encourages AID to promote approaches to HIV/AIDS prevention which recognize the central role played by schools and teachers, including integrating information into curricula, instituting prevention programs in schools, and focusing on HIV/AIDS in teacher training institutes.

TRADE CAPACITY BUILDING

Trade capacity building is a critical element of development assistance because it can be leveraged to generate economic growth, reduce poverty, promote the rule of law, and help provide the much needed public resources to finance social investments by developing countries. Over time, it plays a catalytic role in helping to leverage other resources for sustainable development.

The committee recognizes USAID's government-wide surveys over the last three years to document all current federal trade capacity building activities. Through these surveys, USAID has demonstrated that the United States is the policy and resource leader in the provision of trade capacity building assistance. Nevertheless, it has become apparent that USAID lacks a clearly defined, coherent, annual trade capacity building budget process aligned with key officials who are empowered to coordinate and approve agency programs. Increasingly, it is imperative that these programs be consistent and responsive to the demands of developing countries and other U.S. Government agencies. At present, the USAID is unable to effectively meet these demands.

At present, the Agency has the ability to assess its trade capacity assistance in a comprehensive way only through retrospective reviews. It does not possess a budget or prospective strategic planning process. The committee strongly encourages USAID efforts to improve its effectiveness in trade capacity building assistance. Such programs help countries build the capacity to participate in the multilateral trading system beyond the border, at the border, and behind the border.

The Committee expects USAID to implement immediately a budget planning process that effectively allows the Agency to track and implement trade capacity building initiatives at a mission, re-

gional and central bureau levels for the submission of the President's FY 2004 budget.

Concurrent with this effort, not later than sixty days after enactment of this Act, the Committee requests that USAID report on its internal structure as it affects trade capacity building development assistance and the process of agency/mission coordination with the Executive branch's inter-agency trade capacity building working group. In this process, USAID should identify the persons or Agency element responsible for carrying out the following:

• Review and coordination of trade capacity building requests by developing country trade, finance, and development ministers.

• Leadership of the Agency's participation in the U.S. Government inter-agency process to provide effective trade capacity building assistance to developing countries consistent with U.S. foreign and international economic policy objectives.

• Communication and coordination of U.S. trade capacity building efforts with multilateral organizations such as OECD, U.N. Development Program, UNCTAD, the World Bank, and the World Trade Organization.

• Resource allocation, review, and approval of trade capacity building initiatives at mission, regional and central bureau levels.

Not later than 90 days after enactment of this Act, the Committee requests that USAID provide a report identifying the trade capacity building strategy of the Agency for deployment of fiscal year 2003 resources. Within this strategy, the Committee urges a special evaluation on capacity building efforts designed to improve transparency, application of best practices in the development of commercial law and regulations, and the provision of assistance for effective developing country participation in the trade negotiation process.

The Committee is concerned that USAID has not complied with the directive regarding support for a Center for Latin American Trade Expansion that was included in the Statement of Managers accompanying the conference agreement on the fiscal year 2001 Act, and directs that the Administrator report to the Committee not later than December 1, 2002 on the resolution of this long-outstanding issue.

GLOBAL ISSUES: URBAN PROGRAMS

The Committee is aware that urban populations in developing nations are growing rapidly, threatening the quality of life of billions of individuals. Within less than ten years, more people will be living in the world's cities than in its small towns and villages. The Committee is concerned that USAID funding for urban programs and associated technical staff has been declining sharply as urban growth accelerates. The new $11,000,000 Urban Water Partnership to supply clean water to urban slum dwellers is a welcome sign of renewed USAID involvement with alleviation of urban poverty.

In order to allow renewed focus on urban challenges to economic growth and poverty alleviation, the Committee directs USAID to provide not less than $10,000,000 for urban programs to support field activities within the Economic Growth, Trade and Agriculture Bureau. The Committee requests that USAID submit a written report not later than April 10, 2003, including, but not limited to, a

USAID definition of "urban programs", a USAID urban strategy, and its central, regional, and country obligations that are classified as urban programs during fiscal years 2002 and 2003.

The Committee supports continuation of the technical assistance program of the International Real Property Program (IRRP) to create private real estate markets and promote property rights in ten former Soviet Bloc countries. As problems with property rights and inefficient property markets characterize many of the countries where USAID is active, the Committee endorses expanding the program into selected countries of Latin America, Asia and Africa. The Committee recommends that USAID allocate not less than $5,000,000 to be divided between the IRPP and an adequate core grant for the Institute for Liberty and Democracy.

The Institute for Liberty and Democracy (ILD) is performing important work in the area of economic growth and poverty reduction for populations living in the extra-legal sector. Of the several hurdles many developing countries struggle to overcome, strengthening the practice of formalized capitalism within their borders is critically important. The promise of capitalism as a tool for economic growth and poverty reduction can never fully be achieved as long as large parts of the world's population have no stake in the capitalist mode of development.

GLOBAL ISSUES: LITERACY AND EDUCATION

The Committee recognizes that expanding access to education, especially combating child and adult illiteracy, is critical to long-term development.

The Committee supports the work of Alfalit International, an educational nongovernmental organization dedicated to promotion of literacy, elementary education, and community development in Africa and Latin America. Alfalit's proven record during the past three decades has helped significantly reduce child and adult illiteracy throughout Latin America and Africa. The Committee urges AID to provide not less than $1,500,000 for Alfalit to jointly develop and implement programs to combat adult illiteracy in additional countries in which USAID operates.

GLOBAL ISSUES: CLEANER ENERGY, RELIABLE POWER AND THE ENVIRONMENT

The Committee is aware that many environment challenges, from urban pollution to rural deforestation, are a result of failures to develop cleaner energy and more efficient power sources. Where lead continues to be used in gasoline, diesel generators substituted for electricity from unreliable grids, and areas surrounding towns and villages are denuded of vegetation in the daily search for cooking fuel, humans and their environment are degraded. The Committee welcomes the new focus of the President and Secretary of State on power generation for sustainable development.

Immediate benefits to human health and economic development would result from support for effective programs to reduce lead and sulfur in gasoline and for reduction of indoor pollution in households resulting from indoor cooking and heating. A number of nongovernmental organizations, such as the Global Lead Network, are already involved in these efforts, and could expand them with support from USAID. Such programs can use Development Assistance

funds to improve health as well as promote economic development. Over a longer-term, technical assistance to improve energy use by municipalities, state-owned enterprises, and large land-holders, all of which often waste energy because of subsidized power, and introduction of modern, more efficient technologies for power generation, as demonstrated in regions of India with USAID support, will promote economic growth and improve the quality of life.

As a key renewable element of the power for sustainable development initiative, the Committee propounds a renewed emphasis on hydropower, using an initial multi-year grant of up to $3,000,000 to a specialized non-governmental organization representing the U.S. hydropower industry to provide project development and implementation services. As with other power and energy sectors, USAID has a key role in assisting foreign governments, international financial institutions, and the local private sector to establish necessary energy and investment framework and governance practices in emerging markets.

The Committee notes the undue delay in renewing existing central procurement mechanisms that are needed to access U.S. for-profit private sector providers of expertise and assistance in the energy/environment sector, and urges the Economic Growth, Agriculture and Trade Bureau and the Office of Procurement to expedite the necessary contracts to facilitate implementation of the power for sustainable development initiative.

GLOBAL ISSUES: ACCESS TO CLEAN WATER AND WATER MANAGEMENT

The Committee is pleased that the Administration is directing additional resources toward clean water and water management, more than $350,000,000 in fiscal year 2003. Competition for scarce fresh water is already predicted to be a major source of international conflict during the 21st Century, as it is now within the Middle East. Elsewhere, intra-regional cooperative programs in water management from the Indus Water Agreement between India and Pakistan more than 40 years ago to the new South Asia Water Resources Program are notable accomplishments for international development assistance. The Committee requests that the Administrator of USAID submit a brief written report to the Committee within 90 days of enactment of this Act detailing the Agency's programs and activities relating to clean water and efficient use of fresh water resources.

GLOBAL ISSUES: THE ROLE OF GIRLS AND WOMEN IN DEVELOPMENT

The Committee recognizes the importance of improving the economic and social situation of women and girls through respect for legal rights and expanded access to educational opportunities, adequate health care, and credit.

The Committee has a history of support for the Office of Women in Development (WID), and has, in previous years, directed that not less than $15,000,000 be allocated to sustain the activities of the WID office. As USAID has undergone its recent reorganization, and as the agency and the development community overall have developed an enhanced awareness of the importance of integrating women into development strategies, the Committee concludes that both the form and the function of the WID office must evolve in

order to ensure women and development issues remain a high priority.

The Committee recommends that USAID replace the existing WID office, currently housed in the Bureau for Economic Growth and Trade, with a new Office for Women and Effective Development, to be housed in the Policy and Program Coordination (PPC) bureau. The office should have adequate direct hire staff and funding to secure its place as a resource for all of USAID's functional and geographic bureaus and, as the agency further decentralizes programming decisions, to the missions themselves. Further, the office should have the capacity and the mandate to participate in strategic planning and policy development agency-wide.

The Committee recommends that the new Office for Women and Effective Development be headed by a senior USAID official with both field experience and expertise in gender and development issues. The director should have liaison counterparts within each functional and geographic bureau to ensure proper communication. The Office for Women and Effective Development should have operating expenses sufficient to hire a robust, permanent staff, and the budget capacity to conduct limited programming, provide technical assistance to missions and bureaus, and the ability to provide incentive funds to missions seeking to invest in upgrading the integration of gender into their programs.

WOMEN'S LEADERSHIP TRAINING

The Committee reiterates language from last year's report concerning support for women's leadership. As USAID has paid minimal attention to this issue and the Committee's guidance, $10,000,000 is provided within the Development Assistance account only for women's leadership training programs. The Committee directs that during the first two years, these funds are to be managed by the Bureau for Democracy, Conflict, and Humanitarian Assistance, including its Office of Transition Initiatives. Funds provided under this directive may be used for various aspects of women's leadership training, including: training women to participate in local, regional and national political processes, facilitating women's involvement in reconciliation and reconstruction processes in conflictive and post-conflict societies, and building capacity of women-led private voluntary organizations to advocate for reform of local legislatures, judicial systems, and security agencies. The Committee directs USAID to submit a written plan for obligation of these funds, including a schedule for individual components, not later than 90 days after the enactment of this Act.

GLOBAL ISSUES: BIODIVERSITY

The Committee applauds the accomplishments of AID in integrating biodiversity and forest management in its economic and social development programs. The Committee urges AID to provide not less than $70,000,000 in fiscal year 2003 for its biodiversity programs.

The Committee welcomes the presidential initiative to conserve the forests of the Congo River Basin, building on USAID's Central African Regional Program for the Environment, and encourages the private not-for-profit and corporate partners in this critical public-

private partnership in a region where conflict and poverty threaten the world's second largest block of intact tropical forest.

The Committee again recommends that AID provide $500,000 to support the Peregrine Fund's Neotropical Raptor Center in Panama to conserve birds of prey in the Panama Canal watershed area and throughout the new-tropics. The Committee notes that the Center expects to receive matching private financing for this project.

ECONOMIC GROWTH: COLLABORATIVE RESEARCH SUPPORT PROGRAMS

The Committee supports the continuation of the collaborative research support programs (CRSPs) and urges USAID to increase funding for the CRSPs in fiscal year 2003. The Committee believes that CRSPs, such as the Peanut CRSP established in 1982, are clearly one of USAID's best investments, funding for which should be increased rather than reduced. The Committee notes that agricultural research and development has led to greater economic development, increased income, and a more available food supply for the world's poor. The Committee is aware of a new process to increase agricultural production in arid areas that would greatly aid in the reduction of world hunger. The Committee supports a grant to a participating university to conduct a demonstration project in a developing country that utilizes this new agricultural technique during 2003.

ECONOMIC GROWTH: MICROENTERPRISE

Microenterprise, while unable to alter economic indicators on a national scale, can significantly improve personal and family incomes, thus providing money for school fees, health supplies, and more nutritious food, and stimulating economic growth at the community level. The Committee expects AID to exceed the authorization level enacted by Public Law 106–309, and to reach a total of $175,000,000. Also, programs of importance to economic growth, such as girls' and women's education and training programs, can assist in opening the marketplace to females.

ECONOMIC GROWTH: DEVELOPMENT OF VOLUNTARY COOPERATION THROUGH CREDIT UNIONS AND COOPERATIVES

The Committee encourages USAID to more fully utilize U.S. credit unions and cooperatives in its overseas programs, especially as the Agency continues to reinvigorate rural development and agriculture programs. The Committee continues to support cooperatives and credit unions as a means to lift families out of poverty through self-help and collective entrepreneurship. In a recent report to Congress, USAID established a new agenda for its relations with U.S. credit unions and cooperatives. The report emphasizes their use in post-conflict localities and communities affect by HIV/AIDS.

The Committee is aware of the World Council of Credit Unions' (WOCCU) international credit development activities, especially its efforts to further develop credit union systems in Mexico and South Africa. The Committee recommends that favorable consideration be given to proposals by the WOCCU to participate in multi-year im-

plementation of USAID economic growth strategies in those countries.

The USAID Office of Private Voluntary Cooperation (PVC) is urged to allocate not less than $8,000,000 in fiscal year 2003 in support of capacity building and dissemination of cooperative approaches to development. The Committee expects PVC to provide more pro-active information and program support for cooperatives seeking to work with USAID field missions whose strategies include economic growth objectives. Strong central support from PVC is essential, particularly for agribusiness development and community infrastructure activities involving better telecommunications and reliable electric power.

GLOBAL ISSUES: COFFEE PRICE CRISIS

The Committee is concerned that 25 million coffee growers, many in Central America and Colombia, have been left destitute by a 70 percent drop in coffee prices since 1997. In several dozen countries, coffee is a critical source of rural employment and foreign exchange, and its price collapse threatens social and political stability. Current assistance programs for coffee-growing areas are insufficient, and sometimes worsen the situation.

The Committee urges USAID to focus its rural development and relief programs on regions severely affected by the coffee crisis, especially in Colombia. A new general provision, section 551, directs USAID to focus development and relief resources in Central American countries where the adverse impact of the coffee crisis has dramatically increased abject poverty, especially in Nicaragua and Honduras.

The Committee also supports efforts of the Polus Center for Social and Economic Development to expand humanitarian and rehabilitative services to landmine victims in both countries, and the programs of the Fabretto Children's Foundation in Nicaragua.

LATIN AMERICA AND THE CARIBBEAN: OVERVIEW

The Committee is pleased that USAID has responded to report language from prior years urging that greater emphasis be provided for programs in Latin America and the Caribbean. The Committee reiterates its intention that the allocation of funds for this region from Development Assistance and the Economic Support Fund should be at least at the combined level for both accounts in fiscal year 2002.

Although the chain of events that have threatened the financial and, in some cases political, stability of Argentina and Brazil directly challenge the effectiveness of the international financial institutions funded in title IV of this Act, and activities to support Colombia and other Andean nations are largely funded under the Andean Counterdrug Initiative, development assistance has a potentially key role in reducing poverty and hunger in Central America and the Caribbean.

The Andean and Central America/Caribbean regions, especially, would benefit from trade capacity building assistance, including that related to agricultural exports.

LATIN AMERICA AND THE CARIBBEAN: PARKS IN PERIL

The Committee notes its strong support for the existing AID Parks in Peril program, a partnership with the private sector to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean. The Committee believes that protection of rare ecosystems is important from an environmental standpoint and also serves the long-term economic interests of these nations and the interests of the United States.

LATIN AMERICA AND THE CARIBBEAN: CORPS OF ENGINEERS

The Committee is pleased that the State Department and USAID have begun to utilize the planning, engineering and design, environmental, and technical capabilities of the U.S. Army Corps of Engineers, particularly in Latin America where the Corps has existing field offices in Honduras, El Salvador, Panama, Colombia, Bolivia, and Peru. A partnership between the Corps and AID that takes advantage of these capabilities can significantly contribute to the strategic interests of the United States. The Committee intends that the State Department and AID use the Corps to a greater extent to support such activities as child survival (water and sanitation); development assistance; disaster assistance; and transition initiatives. Further, the Committee expects that the Department of State and AID will not establish additional engineering capabilities for activities that can be accomplished by the Corps. The Committee again requests that AID and the Department of State report separately within 60 days of enactment into law of this Act regarding plans to develop programs with the Corps during fiscal year 2003, including a Memorandum of Agreement with the Corps.

MEXICO

The Committee is concerned that the Republic of Mexico has unilaterally closed United States sport fishing access to the Revillagigedo Islands. The sport fishing industry provides approximately $5,500,000 in direct revenue to Southern California and employs hundreds of people. The United States and Mexico have maintained a cooperative working relationship with regard to fishing and environmental issues, and United States boats have had access to the Revillagigedo Islands under permits since 1994. The Government of Mexico withdrew these permits in March 2002 and closed the islands to United States sport fishing. The Committee directs the Secretary of State to initiate discussions with Mexico to achieve a resolution allowing the United States sport fishing fleet to return to fishing the islands.

AFRICA: AGRICULTURAL IMPROVEMENTS TO REDUCE HUNGER

Reducing hunger in Africa is the most significant accomplishment needed to meet the international goal of reducing by half the number of severely malnourished and impoverished people by 2015. As Africa is the one continent where hunger is increasing, the Committee agrees with Presidents Bush and Clinton that it is imperative to attempt to make agriculture an engine of growth in suitable areas of the continent. The 25 percent increase in funding for agricultural production and trade in sub-Saharan Africa would bring the total to $148,000,000 in fiscal year 2003. New and proven

approaches based on science and technology, ranging from biofortification for micronutrition to vermiculture for more fertile soil, must be examined and used where appropriate to boost agricultural production. The Committee welcomes the renewed focus in Africa on agricultural policy reform and agricultural trade infrastructure and capacity building, indicating that lessons from the failure of prior donor advice have been identified and taken to heart.

Additionally, the Committee urges USAID to maximize its assistance for the provision of seeds and agricultural imputs to help farmers recover and begin planting crops for the next harvest as a key component of reducing hunger in Africa.

AFRICA: ASSISTANCE TO SOUTHERN SUDAN AND LIBERIA

The Committee commends the Administration for its efforts to bring peace to the people of southern Sudan. Further, the Committee remains concerned about the credible reports of trafficking of human beings and slavery in Sudan. The Committee continues its support for Operation Lifeline Sudan (OLS), a multilateral effort to provide desperately needed food and humanitarian relief to southern Sudan.

The Committee also reiterates its endorsement of proposals to promote democracy and non-governmental organizations, such as the Archdiocese of Monrovia, in Liberia.

AFRICA: EDUCATION INITIATIVES

The Committee notes that both Presidents Bush and Clinton have given priority to improving education in Africa. As the most recent presidential initiative is moving toward implementation, the Committee again notes the Education for Development and Democracy Initiative (EDDI) record of accomplishment over the past two years. As EDDI is incorporated in the latest presidential initiative, the Committee continues to support the educational, technology transfer, and trade capacity components of EDDI, and urges that they be continued.

AFRICA: FARMER-TO-FARMER PROGRAM

The Committee notes with approval efforts made this year by USAID in collaboration with the Department of Agriculture to expand the Farmer-to-Farmer Program in Africa. Programs that link American universities and producers with those of other nations are valuable tools in providing meaningful assistance to people at a critical period of economic development. The Committee encourages the Agency to expand such programs as it increases its focus on agriculture and rural development.

ASIA: OVERVIEW

The Committee notes that Asia (beyond the Middle East) is a region of paramount strategic and economic importance to the United States. This is particularly evident since the events of September 11, 2001.

As the Committee stated in last year's report, "While Asia represents the greatest potential for growth in U.S. exports and investment opportunities, systemic legal, social and economic weak-

nesses throughout the region continue to threaten these interests." The Committee notes that South and East Asia still contain the largest concentration of poor people in the world, as well as the greatest land mass at risk of environmental degradation through poorly managed growth.

Technical assistance in support of updated commercial policies and legal structures also promotes United States trade with, and investment in, Asia. This approach to development assistance should continue to be a high priority, and the Committee again directs the Agency to make available, for a third year, $60,000,000 for this purpose. The Agency is urged to provide sufficient operating expenses to effectively manage and oversee economic growth and other commercial and trade related programs in Asia, especially those in countries where AID does not have a field mission presence. Consideration should be given to opening additional USAID missions in countries where assistance levels exceed $10,000,000.

AMERICAN SCHOOLS AND HOSPITALS ABROAD (ASHA)

The Committee directs AID to provide up to $20,000,000 for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 2003. The Committee directs that none of these funds be reserved for programming in any future fiscal year. All funds are to be allocated and obligated in fiscal year 2003. The Committee further expects that support will be continued, as new resources are needed, for traditional recipients in the Middle East. The Committee expects AID to keep it currently informed regarding institutions which have received ASHA funding in previous years, but which continue to have significant unexpended balances. In addition, funds should be made available for other deserving institutions in all geographical regions, especially in sub-Saharan Africa.

CASS SCHOLARSHIP PROGRAM

The Committee continues to support the work of the Cooperative Association of States for Scholarships (CASS) and supports continued funding for CASS and the extension of its cooperative agreement with USAID. The Committee encourages USAID to work with CASS to meet the current demand from existing program countries, and to accommodate requests from several additional countries for services provided by the program.

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER

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

DAIRY DEVELOPMENT

Information provided by USAID indicates that the agency recently provided $18,600,000 to development projects connected to the dairy industry in developing economies. These projects have provided safe, nutritious and affordable food to the local populations, fostered growth of small businesses through reform of for-

eign government policies, and empowered stakeholders in local projects, especially women, through job creation and increased incomes—and continue to do so today. Such projects also allow the U.S. dairy industry to be more competitive by promoting American technology, equipment, inputs and industry-based technical assistance abroad. As USAID continues to develop its priorities in developing agricultural capacity around the world, the Committee strongly recommends that USAID continue its support for dairy-related programs.

The Committee directs USAID to fund such programs at not less than $25,000,000 for fiscal year 2003. Of this amount, the Committee recommends that at least $10,000,000 be made available for new projects at missions supplementing their existing rural development programs with a dairy component. These projects should facilitate efforts by U.S. dairy livestock businesses and organizations to engage emerging markets in developing local sustainable enterprises capable of delivering dairy livestock-related goods and services. The Committee recognizes the management needs of USAID in overseeing this program, and supports the use of a reasonable amount of operating expenses by the Economic Growth, Agriculture and Trade Bureau to meet its administrative burden.

The Committee directs USAID to provide a report not later than March 31, 2003, outlining its actions in meeting the above directives.

TORTURE TREATMENT CENTERS

Supporting treatment centers as permanent national institutions is the best way of providing treatment services to victims of torture and advocating for the elimination of torture globally. Accordingly, the Committee recommends $10,000,000 for AID to support foreign treatment centers for victims of torture as authorized by the Torture Victims Relief Act and the Torture Victims Relief Reauthorization Act of 1999.

The Committee recommends that USAID significantly increase its direct financial support for the centers' basic treatment services while maintaining an adequate level of support for training and technical assistance. The Committee requests that USAID provide a brief written report not later than February 15, 2003, on implementation of this recommendation.

UNITED STATES UNIVERSITY SUPPORT FOR DEVELOPING COUNTRIES

The Committee continues to receive numerous requests to fund specific activities at or through American institutions of higher education. The Committee strongly supports activities that advance international development and U.S. foreign policy goals. The Committee has reviewed the concepts proposed for funding, and recommends that USAID and/or the Department of State (as appropriate for the proposed project) actively consider proposals submitted by the following organizations.

Unless a proposal demonstrates a unique, innovative, or proprietary capability, or demonstrates special considerations that justify limited or non-competitive treatment, the Committee expects that competitive procedures will be applied with regard to the proposals on the list that follows. The Committee also expects AID to give

priority to proposals that have technical merit, realistic budgets, and achievable objectives.

No later than February 28, 2003, the Agency for International Development shall submit a report to the Committee on the status of each activity identified below. Such report shall include: (1) the status of a funding proposal by the organization associated with each activity; (2) the degree to which the proposal is consistent with United States development assistance and foreign policy goals for the country or region in which the activity would take place; (3) the degree to which matching or other funds would be provided by the organization to complement the Federal contribution; (4) to the extent known at the time, any decision by AID or the Department of State on funding the activity, including the proposed funding level; and (5) any other relevant information deemed important by AID or the Department of State. The Committee also expects to receive a second report on the status of these proposals no later than September 5, 2003. In addition, the Committee requests that AID identify an office or organization within the agency, or within the Department of State if appropriate, to which inquiries can be directed on the status of these proposals.

With the foregoing in mind, the Committee recommends the following proposals for AID's active consideration:

A proposal by Mississippi State University for the continuation of its International Agribusiness Development Program, including activities to add value to production and reduce post-harvest losses;

A proposal by Loma Linda University for its healthcare programs in developing countries;

A proposal by Florida State University to fund a distance learning program of instruction in basic legal principles for students and professionals in Central Asia;

Proposals by Marquette University's project to train a sustainable nursing workforce for HIV/AIDS Care and Counseling in Kenya, and by its Les Aspin Center for Government for continuing training in democracy, leadership, and HIV/AIDS education in Kenya, Ghana, and Nigeria;

A proposal by the National Center for Computational Hydroscience and Engineering (NCCHE) at the University of Mississippi for the purpose of transferring state of the art technology to Belize through programs to enhance waterways navigation safety, flood prediction and prevention, water resources engineering, environmental and ecological impact assessment, and soil conservation;

A proposal by Ave Maria College of the Americas to continue federal funding of its scholarship program to support economic reconstruction within Nicaragua through higher education of disadvantaged students, mostly women from rural areas, until adequate private and corporate support can be secured;

A proposal by a consortium of schools of tropical public health at Tulane University, the University of Notre Dame, and Johns Hopkins University to expand programs to reduce the global reemergence of malaria;

A proposal by the University of Miami-Institute for Cuban and Cuban-American Studies to participate in the Cuban Transition Project;

A proposal by Arizona State University on behalf of its US/Andean Partnership for Science Education;

A proposal by LaRoche College-Pacem in Terris Institute to expand its international private/public scholarship programs;

A proposal by New York University-Robert F. Wagner School for Public Service to establish distance learning and communications technology programs at an International Center for Democratic Public Service;

Proposals by Louisiana State University to develop mariculture in Namibia and by its School of Law-Commercial Law Program of the Americas to support intra-hemispheric trade;

A proposal by San Diego State University to develop the South Asia Water Resources Program to promote efficient use of water through agriculture sector training and transnational cooperation on the efficient use of shared water resources;

A proposal by Dartmouth College and a consortium of public and private institutions to enhance information technology development in Lithuania;

Proposals by the Morehouse School of Medicine to expand its field activities in Africa, especially with regard to HIV/AIDS and childhood infectious diseases;

A proposal by the Atlanta-Tiblisi Healthcare Partnership, consisting of Emory University, Georgia State University, Morehouse School of Medicine, Georgia Institute of Technology, and Grady Memorial Hospital, to continue and expand its support of healthcare infrastructure in the Republic of Georgia;

A proposal by the University of Alabama at Birmingham School of Public Health, the Johns Hopkins School of Public Health and Hygiene, and the Gorgas Memorial Institute for Tropical and Preventive Medicine, Inc. to continue their tuberculosis control programs in Russia, Latin America, Southeast Asia, and South Africa;

A proposal by Educational Advancement Alliance on behalf of the proposed Caribbean American Mission for Education Research and Action initiative to elevate the condition of people of the Caribbean using U.S. expertise in educational methodologies as the major vehicle;

A proposal by Seton Hall University's School of Diplomacy and International Relations to utilize its Middle East and East Asia regional studies programs for development assistance;

A proposal by Boston University/African Presidential Archives and Research Center for the study of democratization and market reform in Africa;

A proposal by the University of Arizona/Sino-U.S. Center for Soil and Water Conservation and Environmental Protection for an exchange or training programs relating to sustainable food, fresh water and clean air resources in western China;

A proposal by the University of Arkansas to continue its partnership with Volgograd State Medical Academy in Russia;

A proposal by Midwestern State University in Wichita Falls to support its MSU/Caribbean Recruitment Program;

A proposal by the Kroc Institute for International Peace Studies at the University of Notre Dame to support regional

religious and cultural institutions in non-violent solutions to problems in Muslim societies;

A proposal by Historically Black Colleges and Universities to strengthen and increase their participation in education efforts targeting Africa and its people;

A proposal from Florida International University for a program to help countries manage international trade relations;

A proposal by the University of Nebraska, Medical Center Office of International Health Care Services to combat a range of infectious diseases;

A proposal by the University of Nebraska, Omaha to further expand efforts to provide basic education in Afghanistan;

A proposal by the University of Northern Iowa to support the Orava Project in eastern Europe; this project has successfully worked with educators in Slovakia to incorporate democratic concepts and practices into schools and teacher education programs; and

A proposal by George Mason University to develop an academic center of excellence for the trade capacity building technical assistance;

A proposal to support establishment of an Asian University for Women in Bangladesh;

A proposal by Florida A&M University to fund a distance learning education program in Ghana.

INTERNATIONAL DISASTER ASSISTANCE

Fiscal year 2002 level	$235,500,000
Emergency supplemental funding	90,000,000
Fiscal year 2003 request	285,500,000
Committee recommendation	315,500,000

The Committee recommends $296,000,000 for the International Disaster Assistance account, $30,000,000 above the request and $10,000,000 below the fiscal year 2002 enacted level including emergency supplemental funding.

The Committee recommendation includes the President's request of $50,000,000 for disaster assistance for the West Bank and Gaza, to remain available until expended. The Committee recommendation also provides that none of the funds appropriated for this purpose may be obligated or expended with respect to providing funds to the Palestinian Authority. The bill language on this matter is the same as that contained in the contingent emergency appropriation for disaster assistance for the West Bank and Gaza in Public Law 107–206. The funding limitation is consistent with the provisions of section 552 of this Act ("Limitation on Assistance to the Palestinian Authority"). The Committee directs that all funds appropriated for the West Bank and Gaza under this heading shall be made available for humanitarian assistance only through nongovernmental organizations.

The Committee again requests two one-time reports from the Administrator of USAID: within 30 days of enactment of the bill, a report on the planned allocation of International Disaster Assistance Funds, including an appropriate amount for reconstruction activities proposed to be undertaken for victims of natural disasters; and within 90 days of enactment, a report on the Agency's recommendations for future budgeting for developmental relief to al-

leviate ongoing complex humanitarian disasters, such as in Sudan, from the disaster assistance and other AID-managed accounts.

AFGHAN WOMEN'S CENTERS

The Committee reiterates its support for multi-service women's centers throughout Afghanistan that are being established by the Ministry for Women's Affairs. The Committee directs USAID to implement the directives relating the Ministry that are contained in House Report 107–583. In addition to the $2,500,000 provided for this purpose in P.L. 107–206, the Committee urges USAID to provide an additional $2,500,000 for the Women's Centers from funds made available in this Act.

REPORTS ON AFGHANISTAN AND SUDAN

As the United States has played a major role in the peace process in Sudan to date, it is likely to continue its lead role in the transition from humanitarian aid to rehabilitation and development. The Committee has been made aware that support for a just peace settlement in Sudan may require as much as $60,000,000 from the "International Disaster Assistance" and "Transition Initiative" accounts for support of the following: reintegration of internally displaced persons and refugees; demobilization of soldiers and reconciliation among communities; basic infrastructure such as roads and communications systems, and health care, combating infectious diseases, and provision of clean water. The Committee is unaware of any budget request that would enable the United States to undertake a rapid and effective response to a peace agreement in Sudan that is being brokered by the United States.

Although the September 3, 2002 budget amendments of the President did not include any request for Afghanistan, the Committee is recommending, in a general provision (section 523) that not less than $295,500,000 shall be provided for Afghanistan, but notes that at least $300,000,000 or more is required to support post-Taliban Afghanistan in fiscal year 2003.

In an attempt to rectify this situation during the remaining weeks of the fiscal year 2003 appropriations process, the Committee requests that the Secretary of State and the Director of the Office of Management and Budget jointly provide the Committee, as soon as possible, a comprehensive financial plan detailing the economic and humanitarian assistance required to bring to a successful conclusion United States initiatives in Sudan and Afghanistan.

TRANSITION INITIATIVES

Fiscal year 2002 level	$50,000,000
Fiscal year 2003 request	55,000,000
Committee recommendation	40,000,000

The Committee recommends $40,000,000 for this account, compared to the budget request of $55,000,000. The Committee does not preclude USAID's Office of Transition Activities from using resources transferred from other development accounts in this Act. Also, the Committee requests that USAID report on a semi-annual basis the expenditure and specific use of funds by OTI.

DEVELOPMENT CREDIT AUTHORITY

(INCLUDING TRANSFER OF FUNDS)

PROGRAM ACCOUNT

Fiscal year 2002 level	.....
(by transfer)	($18,500,000)
Fiscal year 2003 request	.....
(by transfer)	(—)
Committee recommendation	.....
(by transfer)	(—)

ADMINISTRATIVE EXPENSES

Fiscal year 2002 level	$7,500,000
Fiscal year 2003 request	7,591,000
Committee recommendation	7,591,000

The Committee recommends a ceiling of $24,500,000 on the amount that may be transferred from bilateral economic assistance accounts for the subsidy cost of loan guarantees under the Development Credit Authority program. The ceiling is reduced by the amount of any unobligated balances remaining from transfers pursuant to the fiscal year 2002 Act.

The Committee recommends $7,591,000 for administrative expenses, the same as the requested level.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Fiscal year 2002 level	$44,880,000
Fiscal year 2003 request	45,200,000
Committee recommendation	45,200,000

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

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Fiscal year 2002 level	$549,000,000
Emergency funding	7,000,000
Fiscal year 2003 request	572,200,000
Committee recommendation	572,200,000

The Committee has recommended funding for United States Agency for International Development operating expenses at a level of $572,200,000, which is the same as the Administration's request. The Committee has once again included a provision requiring USAID to notify the Committee in advance of opening any new mission overseas and of any capital construction of missions or purchase or long-term lease of offices. The reporting requirement also applies to funds appropriated under the heading "Capital Investment Fund".

FINANCIAL MANAGEMENT CHALLENGES

Since 1997, the Inspector General's office has not been in a position to provide an unqualified opinion on USAID's financial management because its accounting systems do not produce reliable and timely information. In 2001, the Inspector General's office was

able to provide a qualified opinion on three of the five essential financial statements mandated by the Federal Financial Management Improvement Act. Qualified opinions were rendered on USAID's balance sheet, the statement of changes in net position, and the statement on budgetary resources. However, the IG was not able to express an opinion on the statement on net cost and statement of financing. The Committee recognizes that USAID has made substantial progress in financial management allowing for at least a qualified audit to be issued for the first time in three areas since 1997. However, the Committee continues to be disappointed that the lead development agency of the U.S. Government is unable to adhere to financial management practices that allow for annual, routine audits of its operations.

That being said, the Committee would note that the underlying critical issue does not relate to the Inspector General's ability to provide a clean, unqualified audit of the agency's operations. The paramount issue is the fact that agency managers do not have the ability to obtain timely, reliable, and complete financial and performance data on foreign assistance programs on a consistent basis. If agency managers possessed this fundamental managerial ability, they would be in a much better position to know the status of operations on a day to day basis.

In its semiannual report to Congress, the Inspector General reported that USAID requires financial systems that integrate on a world wide basis, support day to day business operations, produce statements without the need for large infusions of agency or contractor resources, and include a cost accounting module that agency managers can use to relate costs to program performance. Specifically, the IG has noted that the agency is not able to attribute costs to organizations, locations, programs, and activities in a timely manner. As a result, the tendency of the Agency is to focus resources on program implementation and operations at the expense of proper program evaluation and reporting.

The Committee strongly encourages USAID to conduct one or more pilot programs for the rollout of a worldwide, integrated financial management system that will meet standards established by the Federal Financial Management Improvement Act of 1996 and standards established by the Federal Accounting Standards Advisory Board, and will allow the agency to produce financial statements in accordance with the 1994 GMRA. Within thirty days after enactment, the Administrator of USAID should report to the Committee in writing on the proposed pilot, including dates of commencement and termination. This proposal should include the rationale for not pursuing a joint USAID-State Department financial management system or other potential options as well as a timeline and cost for worldwide implementation. The pilot should commence not later than January 6th, 2003.

INFORMATION TECHNOLOGY

The electronic mail system at USAID is particularly essential since the new restrictions placed on mail and courier service since September 11, 2001. The Committee directs USAID to evaluate the capacity and reliability of its electronic mail system, and to report on its findings not later than 30 days after the enactment of this Act.

HUMAN RESOURCES

The Committee is concerned that the agency is failing to adequately address its current and future human resource needs necessary to meet the current and rapidly evolving foreign policy challenges of the United States. Specifically, the Committee is very concerned that the agency does not possess a reliable, comprehensive ability to evaluate and align the deployment of personnel and staff (irrespective of hiring status) with agency priorities, resources, and budget preparation processes. The lack of this managerial capability appears to have directly impacted the agency's ability to shift human resources to Afghanistan where U.S. foreign assistance forms an important part of the strategy to support the interim Afghan government.

In the future, both in light of a scale up of U.S. resources to fight the HIV/AIDS pandemic as well as the natural progression of retirements within the agency, USAID faces tremendous human resource challenges. By 2005, almost 60 percent of the U.S. direct hire foreign service personnel will be eligible for retirement. In the same year, thirty percent of the agency's civil service personnel will be eligible for retirement, an amount three times what it is today. Separate from these sobering trends, the Committee notes that USAID has experienced a decline in both Foreign Service and Civil Service staff as a percentage of total work force from 1995 to 2000. In 1995, Foreign Service and Civil Service staff represented about 15.1 and 16.1 percent respectively of the total workforce. By 2001, the percent had dropped to 13.3 and 12.8 percent respectively. The committee is concerned that accompanying this increase is a continued tendency for USAID to rely on non-foreign service officers for the performance of core USG responsibilities, specifically overseas procurement.

The agency's proposed staffing pattern system (E-World) scheduled for roll out and completion by early November 2002 is a step in the right direction toward improved human resources management and meeting this challenge. This new system, nonetheless, appears not to report on the number of institutional contractors working toward an agency strategic objective. The Committee awaits this new system's operational capacity and encourages USAID to make sure it includes data on institutional contractors to facilitate budget planning and execution purposes. The Committee looks forward to future updates from the Agency regarding effective human resource planning, specifically on USAID's Human Capital Strategy and its emphasis on developing a direct hire work force with a core competency of planning and implementing HIV/AIDS programs with third party contractors.

PROCUREMENT

Because USAID seeks to accomplish U.S. foreign policy objectives via third party contractors and grant recipients, an effective procurement management system is integral to spending U.S. taxpayer resources wisely. The Committee finds it distressing that the agency does not possess a system that allows agency managers to track procurement activity worldwide to monitor the efficiency, fairness or competitiveness, and consistency with objectives across countries and regions. The opaque nature of the agency's procure-

ment process contributes to a lack of confidence in the agency's ability to achieve its core development mission. The Committee strongly encourages current agency efforts to develop a worldwide procurement tracking system that allows the agency to regularly evaluate its procurement process and ultimately allow data to be integrated into its financial management system. The Committee notes that agency efforts are underway within the BTEC process to positively address challenges. The agency should be prepared to provide an assessment of problems, challenges, and proposed solutions associated with its planned worldwide system 60 days after enactment.

An important component of USAID's ongoing efforts to improve operations within its Office of Procurement is outreach to small, disadvantaged and minority contractors and grantees. The Committee is aware of the USAIDLINK initiative to train 100 minority firms in 10 leading export cities to better compete for USAID awards, and directs that $2,000,000 be allocated for the USAIDLINK program over the next two years. The Committee recommends that any contract for administration of USAIDLINK should be given to a private concern (or entity) that has previously directed a formal business linkage program to help minority and disadvantaged firms to increase international business by linking them with larger firms that do international business with a broad range of agencies. USAIDLINK will also implement and maintain a national database of qualified small, disadvantaged, and minority firms. Information in the database should be disseminated on a monthly basis to all USAID overseas missions, Washington, staff, and to all USAID prime contractors.

USE OF PERSONAL SERVICE CONTRACTORS

The Committee notes the continued use by USAID of personal service contractors (PSCs). The Committee has traditionally supported this method of employing qualified individuals for short and medium term program implementation.

The Committee again provides special authority for Washington-based personal service contractors in a general provision, section 534(c). In this Act, the number and distribution of such exceptional PSC assignments has been reduced, and the Committee expects that the authority will be used primarily for Washington-based support for USAID activities in countries where new requirements are linked to the war against terrorism. As USAID has neglected to keep a core staff of engineers to supervise its increasing number of infrastructure projects, the Committee directs that priority emphasis be placed on hiring engineers to help draft contracts and monitor infrastructure projects, especially in Afghanistan and the Near East.

The Committee also notes the trend toward employing PSCs over a period of many years at the Agency, who carry out functions similar to career personnel of the Civil Service and the Foreign Service, but who lack comparable health, retirement, and other benefits. The Committee requests USAID report in narrative form not later than March 1, 2003, on the total number of PSCs employed by the Agency, the average length of employment, the typical benefits provided to PSCs (compared to those provided to career Civil and Foreign Service employees), and the planned date for

replacing these positions with direct hire personnel or to eliminate the PSC position.

VOLUNTARY SEPARATION INCENTIVES

The Committee has included bill language providing for the payment of voluntary separation incentives to USAID employees for the purpose of eliminating positions and functions at AID. This provision further amends the fiscal year 2000 authority. The Agency is directed to consult with the Committee prior to announcing to AID employees the positions eligible for the separation incentives. The Committee expects this authority to be utilized to reduce employment levels in Washington, D.C., not at AID's overseas missions.

COMPUTERS

The Committee directs AID to continue to report on a quarterly basis on the status of its computer systems, including the cumulative costs associated with design and implementation of its computer systems. Any costs for computer systems above those originally justified for fiscal year 2003 shall be subject to prior review by the Committees on Appropriations. In addition, the Committee again directs that the Agency's fiscal year 2004 budget justification clearly identify the amounts requested for AID computer operations.

CAPITAL INVESTMENT FUND

Fiscal year 2002 level	.....
Fiscal year 2003 request	$95,000,000
Committee recommendation	43,000,000

The Committee is recommending $43,000,000 for the Capital Investment Fund for fiscal year 2003, $52,000,000 under the request. This is a new account that did not receive funds in fiscal year 2002.

The account is intended to provide the United States Agency for International Development with the funds for overseas construction and related costs, and for the procurement and enhancement of information technology and related capital investments. Funds would remain available until expended and are in addition to funds otherwise available for such purposes.

Of the funds recommended above, $13,000,000, as requested, is intended for enhancements to the agency's information technology systems. In addition, not to exceed $30,000,000 is available for construction of a new office building in Nairobi, Kenya. This building will provide secure space for USAID employees and contractors who are being forced to relocate due to the terrorist attack against the Nairobi Embassy on August 7, 1998.

Due to the urgent need to protect USAID employees in Kenya as a result of terrorism, the Committee considers the Nairobi building to be a special case and withholds judgment as to the advisability of making a special exception for USAID from the policy that the Department of State should fund all overseas construction for consolidated embassy compounds. The Committee notes that only USAID is being asked to fund capital projects at new embassy compounds overseas; buildings and space for all other government agencies is appropriated through the State Department account for

overseas construction. Therefore the Committee has not approved the funding requests for other USAID buildings that would be located on new embassy compounds and urges the Department of State to work with the Office of Management and Budget and USAID to resolve this policy in a fair and equitable manner.

The Committee is recommending bill language that provides the Administrator of USAID with the authority to assess fair and reasonable rent for the use of space by other employees of the United States Government. Such rent shall be deposited into this account as an offsetting collection. In addition, the assignment of United States Government employees or contractors to space in buildings constructed using funds appropriated under this heading shall be subject to the concurrence of the Administrator of the United States Agency for International Development. The Committee believes that if USAID is being asked to fund its own building in Nairobi, it should be given the authority as landlord of that building.

All funds made available under this account, including the obligation of offsetting collections, are subject to the regular notification procedures of the Committees on Appropriations.

OPERATING EXPENSES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, OFFICE OF THE INSPECTOR GENERAL

Fiscal year 2002 level	$31,500,000
Fiscal year 2003 request	32,700,000
Committee recommendation	33,700,000

The Committee has recommended $33,700,000 for the Office of the Inspector General of USAID for fiscal year 2003, $1,000,000 above the budget request and $2,200,000 above the fiscal year 2002 level. The increase above the request is provided for audit activities relating to expanded assistance programs in Asia and the Near East region. The Committee commends the Inspector General for his cooperation with the Committee in its oversight of USAID management.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 2002 level	$2,199,000,000
Emergency supplemental funding	465,000,000
Fiscal year 2003 request	2,490,000,000
Committee recommendation	2,445,000,000
(by transfer)	(200,000,000)

The Committee recommends a total of $2,445,000,000 for the Economic Support Fund, an amount that is $45,000,000 below the request and $219,000,000 below the amount enacted for fiscal year 2002, including emergency supplemental appropriations.

The Committee recommendation assumes a reduction of $160,000,000 in economic support for the Camp David countries. However, an additional $200,000,000 is provided Israel for anti-terrorism assistance. In addition, it reflects a reduction of $25,000,000 associated with the decision to retain a separate appropriations account for the International Fund for Ireland. The Administration's

budget request included $25,000,000 for Ireland within the Economic Support Fund. The Committee recommendation also eliminates $20,000,000 associated with undefined policy initiatives.

As requested by the President, the Committee is recommending the continuation of language similar to that contained in the fiscal year 2002 appropriations act that authorizes assistance to the National Democratic Alliance of Sudan for certain specified activities.

The Committee is also recommending the retention of language from the fiscal year 2002 appropriations act specifying that policy and allocation decisions for funds appropriated under this heading in this Act and in prior acts shall be made by the Secretary of State or the Deputy Secretary of State and shall not be delegated. The Committee is concerned the programs and activities funded through this account accurately reflect both the priorities of the Secretary of State and the budget justification material provided to the Committees on Appropriations, as modified by the Congress. The managers reiterate the importance of Congressional intent in the programming of funds appropriated to the Economic Support Fund, and anticipate the continuation of a cooperative approach during fiscal year 2003 on funding allocations and programming decisions.

ISRAEL

The Committee is continuing the initiative begun five years ago for a phased reduction in economic assistance for Israel that will result in the eventual elimination of "Economic Support Fund" assistance. This proposal was originally made by the Government of Israel in response to new economic realities in the Middle East. The Committee is also convinced that the emerging security threats in the Middle East are significant and warrant increasing military assistance to Israel by $60,000,000 in fiscal year 2003.

The Committee therefore recommends not less than $600,000,000 in economic support shall be provided for Israel, which is $120,000,000 less than the fiscal year 2002 level and the same as the President's budget request. The Committee also requires in bill language that these funds be provided to Israel as a cash grant and that funds be disbursed within 30 days of enactment or by October 31, 2002, whichever is later.

The Committee recommendation also includes the President's request for an additional $200,000,000 for Israel, all or a portion of which may be transferred to, and merged with, funds appropriated by this Act under the heading "Nonproliferation, Anti-Terrorism, Demining and Related Programs" for defensive, non-lethal anti-terrorism assistance in accordance with the provisions of chapter 8 of part II of the Foreign Assistance Act of 1961. The bill language on this matter is the same as that contained in the contingent emergency appropriation for assistance for Israel in Public Law 107–206.

The Committee has retained an overall limit on Middle East spending (section 555) at a level of $5,466,700,000. The change from the fiscal year 2002 ceiling represents the net result of a decrease of $160,000,000 in economic support for the Camp David countries and an increase of $260,000,000 in military and anti-terrorism assistance for Israel, as well as increases for other activities in the region in order to support our allies in the war on terrorism.

EGYPT

As part of the Committee's ongoing review of Middle East aid levels, and as a result of budget constraints affecting the international affairs budget, the Committee is recommending continuation of a policy of reducing economic support for Egypt in a manner which does not inadvertently undermine the guiding principles of the Camp David Accords.

The Committee therefore includes not less than $615,000,000 in economic support be provided for Egypt on a grant basis, which is $40,000,000 less than the fiscal year 2002 level and the same as the President's budget request. A cash transfer may be provided with the understanding that Egypt will continue to implement significant economic reforms.

The Committee notes that language included in the statement of the managers on the conference report accompanying H.R. 2506 (House Report No. 107–345, page 66) stated explicitly the Congressional expectation that an immediate review be conducted of basic education programs in countries whose assistance is primarily provided from the Economic Support Fund. Specifically, the language encourages cooperative efforts to be initiated with ESF-recipient countries to develop and implement creative basic education programs that strengthen the capacity and accessibility of public education systems. The Committee is disappointed by the response of the Administration to this recommendation as it applies to Egypt.

The Committee notes that the recently-released United Nations Development Programme publication on development in the Arab world specifically points to a "human capabilities/knowledge deficit relative to income" which hinders development and which can be redressed, in part, through basic education. The Committee believes Egypt would benefit from an increased focus on this objective, and urges the State Department to consider the Committee's recommendation as it reviews the United States assistance program for Egypt. The Committee also directs the Department of State to submit a report to the Committees on Appropriations on the results of its review of the Egypt program, including recommendations for changes to the program, by March 1, 2003.

CAMP DAVID ACCORDS

The Committee emphasizes once again that the recommended levels of assistance for Israel and Egypt are based in great measure upon their continued participation in the Camp David Accords and the Egyptian-Israeli peace process.

NON-MILITARY EXPORTS

The Committee strongly urges the President to ensure, in providing cash transfer assistance to Egypt and Israel, that the level of such assistance does not cause an adverse impact on the total level of non-military exports from the United States to each such country.

ECONOMIC BOYCOTT OF ISRAEL

The Committee has once again included language in the bill addressing the Arab League boycott of Israel under section 535 of this

Act. This language includes modifications made two years ago to urge that Arab League members normalize relations with Israel.

WEST BANK AND GAZA PROGRAM

The Committee recommendation for the West Bank and Gaza program includes a continuation of language that prohibits funds in this Act from being obligated or expended for the Palestinian Authority (section 552). In addition, the Committee is concerned that funds for this program be provided in conformance with existing law and regulation, and that no funds be provided inadvertently to entities or individuals that advocate, plan, sponsor, engage in, or have engaged in, terrorist activity. Therefore the Committee recommendation includes a modification to section 563 that requires the Secretary of State to take all appropriate steps to ensure that assistance is not provided to such entities or individuals.

In addition, in order to maintain proper oversight of grants and contracts issued under the West Bank and Gaza program, the Committee is recommending bill language requiring annual audits of all contractors and grantees, and significant subcontractors and subgrantees. Up to $1,000,000 is authorized to be made available to the Inspector General of the United States Agency for International Development for audits, inspections, and other activities in furtherance of this provision.

The Committee acknowledges that one of the primary objectives of the West Bank and Gaza program is to create viable infrastructure in Palestinian Authority-controlled areas to ensure the health and welfare of the Palestinian people. Al Quds University, in cooperation with the Kuvin Center for Infectious Diseases of the Hebrew University of Jerusalem, has proposed the establishment of a regional health and disease program, which would work to build an effective infrastructure to deal with serious health and disease problems among the Palestinian people. The Committee understands that cooperative programs of this nature are rare in the current environment, and urges AID to work, through the West Bank and Gaza program, to help Al Quds and the Kuvin Center begin this initiative.

JORDAN

The Committee expresses its continued strong support for and appreciation of Jordan's constructive and critical role in the region and encourages the Administration, in close consultation and cooperation with the Congress, to continue its efforts to assist Jordan in both the economic and security areas. The Committee therefore recommends $250,000,000 in economic assistance for Jordan, the same as the President's budget request.

Within the funds allocated for Jordan under this heading, the Committee urges AID to provide $350,000 for a feasibility study for the creation of an American University in Amman and/or Aqaba. This feasibility study would include the development of plans for the project; a study of the design and operation of other American universities; an identification and evaluation of potential American university partners; and an examination of possible sources of ongoing funding for the construction and operation of the university.

LEBANON FUNDING

The Committee believes support for the people of Lebanon continues to be in the United States national interest. The Committee supports $35,000,000 for assistance for Lebanon for fiscal year 2003. In that regard, the Committee has retained bill language similar to that contained in the fiscal year 2002 appropriations act that directs that not less than $35,000,000 should be made available for Lebanon. Working through such organizations as the Young Men's Christian Association (YMCA), the Catholic Near East Welfare Association, the Cooperative Housing Foundation, Mercy Corps, Save the Children Federation, State University of New York, and the World Rehabilitation Fund, the Agency for International Development is providing the basis for a democratic social and economic infrastructure that does not rely on other organizations operating in that country. In particular, the Committee commends the Rural Community Development Cluster (RCDC) program, which is helping to revitalize and expand economic opportunities in some of the most destitute and poverty-stricken areas of Lebanon.

The Committee is also aware of the key role the Lebanese American University, American University of Beirut, and International College play training leaders in the region and urges that at least the fiscal year 2002 allocation be provided for these important institutions.

The Committee recognizes that Lebanon can never achieve full independence until all foreign security and military forces are withdrawn, and control is reasserted by the national government throughout all of Lebanon, including the south. As it did last year, the Committee calls upon Lebanon and Syria to adopt a timetable for the complete withdrawal of all Syrian forces from Lebanon.

MIDDLE EAST REGIONAL PROGRAMS

The Committee continues to be concerned about issues related to water allocation in the Middle East. Since the start of peace negotiations in the region, this has been one of the most critical issues to resolve, and, given the reality of supply and demand, it is not expected to diminish in importance.

Therefore the Committee strongly supports the continued efforts of the International Arid Lands Consortium in addressing the critical issues of water, energy, and agriculture and land use in the Middle East and Central Asia, and directs AID to make available up to $2,500,000 to the Consortium for this work. These funds are to be allocated from bilateral, centrally managed or regional programs either in this account or in other accounts funded by this Act.

In addition, the Committee continues to urge AID to provide assistance to the Blaustein Institute for Desert Research to investigate the flow and transport of pollutants in groundwater.

SUPPORT FOR IRAQ DEMOCRATIC OPPOSITION

The Committee includes $25,000,000, as requested, for support of the democratic opposition in Iraq. Using funds appropriated for this activity, the Committee urges support for the Universities of Dohuk, Irbil, and Suleimani in the Kurdish region in Northern Iraq

for the purpose of funding education programs, including infrastructure and equipment as appropriate, in order to promote programs in civil society, the rule of law, and democratic institution building. Representatives of Kurdish groups from the region have jointly requested $10,000,000 for this purpose. The Committee urges the Department of State to work with these groups to establish a viable funding level for these activities.

The Committee notes that for several years the Department of State has made funds available for the United Nations guard program in Northern Iraq using section 451 of the Foreign Assistance Act. The Committee no longer considers support for this activity to be an unanticipated contingency and directs that any future funding needs be met through the reprogramming of funds intended for the Iraq democratic opposition.

EAST TIMOR

The Committee recommends that $25,000,000 from the Economic Support Fund be made available to support income producing projects and other reconstruction activities in East Timor.

MONGOLIA

The Committee supports the Administration's $12,000,000 request for assistance for Mongolia for fiscal year 2003.

TIBET

The Committee recommends that $250,000 be made available through a nongovernmental organization, such as the National Endowment for Democracy, for the purpose of providing training and education of Tibetans in democracy activities, and monitoring the human rights situation in Tibet. In addition, language has been included in section 526 to allow for $3,000,000,000 in funding for activities that preserve cultural traditions and promote sustainable development and environmental conservation in Tibetan communities.

The Committee is aware of the valuable assistance the Bridge Fund has provided to promote Tibetan-owned and operated businesses and educational, cultural, and natural resource conservation projects in Tibet, and urges that funds be provided for these activities.

CYPRUS

The Committee strongly supports the budget request of $15,000,000 for educational and other bicommunal projects in Cyprus, and recommends language similar to that included in the fiscal year 2002 act that provides that not less than $15,000,000 should be made available for these purposes. These funds provide a basis for mutual cooperation and preparation for the two communities of Cyprus to live together harmoniously by increasing intercommunal contacts.

LATIN AMERICA AND THE CARIBBEAN

The Committee fully supports the budget request of $6,000,000 for the Cuba democracy program and its goal of promoting a peaceful transition to democracy in that country. When allocating these

funds the Committee expects AID to consider proposals at or through institutions of higher education in the United States and expects that competitive procedures will be followed with regard to such proposals.

The Committee continues to be concerned about the resolution of the cases involving the terrorist bombings of the Israeli Embassy and the AMIA Jewish Community Center in Buenos Aires, Argentina. It is disturbed by recent allegations regarding the role of Iran in these acts, and by possible collusion with former members of the Government of Argentina. The Committee urges the Secretary of State to continue to work with the Government of Argentina to ensure that progress is made in these cases, and to offer technical law enforcement assistance where appropriate to bring to justice the perpetrators of these terrorist acts.

HUMAN RIGHTS AND DEMOCRACY FUND

As in fiscal years 2001, 2002, and 2003 the Committee urges that, of the funds allocated to the Human Rights and Democracy Fund, $1,000,000 should be provided to support the Reagan/Fascell Democracy Fellows Program of the National Endowment for Democracy to enable activists, scholars, journalists, and practitioners from around the world to help make contributions to the strengthening of democracy in their respective countries. This program was authorized in section 104(a)(2)(B) of H.R. 3427 as enacted into law as part of Public Law 106–113. If insufficient funds are available within the Human Rights and Democracy Fund, another funding source within the Economic Support Fund should be identified by the Department of State. However, the Committee requests that the Department of State report within 60 days of enactment on the allocation of the $1,000,000 for this important program.

The Committee also strongly recommends that $1,000,000 be made available in fiscal year 2003, as in fiscal year 2002, for democracy programs in China through the National Endowment for Democracy (NED). Additional funding for worldwide democracy activities through the NED should be allocated at the fiscal year 2002 level from the Human Rights and Democracy Fund with the expectation that the budget request for the Fund will be increased to accommodate these programs. If the Fund budget is not increased commensurate with the needs for these programs, ongoing support for these worldwide democracy activities (exclusive of $1,000,000 in funding for the China democracy programs and $1,000,000 for the Reagan/Fascell Democracy Fellows Program) should be allocated from other appropriate sources within the Economic Support Fund. Due to the delay in allocating and programming these funds in fiscal year 2002, the Committee directs that the State Department report no later than December 15, 2002, on its plans for implementing the intention of Congress as expressed in this paragraph.

TUNA TREATY

The Treaty on Fisheries between the United States and the governments of certain Pacific Island states, popularly known as the South Pacific Regional Fisheries Treaty, requires that economic assistance be provided annually to the South Pacific states. Therefore, the Committee recommends that the treaty obligation be met

through the payment of the full $18,000,000 in fiscal year 2003, as requested by the President.

CONFLICT RESOLUTION

The Committee recognizes the importance of youth training in conflict resolution as a tool for creating a climate of peace in regions of conflict. The Committee commends Seeds of Peace for its commitment to helping future leaders of the Middle East and other regions (such as Cyprus, the Balkans, and South Asia) to overcome prejudice, fear, and other obstacles to peace, and urges AID and the Department of State to provide $1,000,000 in fiscal year 2003 to support the important work of this organization.

The Committee is disappointed that central funding has not been made available for the School for International Training's Conflict Transformation Across Cultures (CONTACT) program, as the Committee recommended in last year's report and in the statement of the managers accompanying the conference report on the fiscal year 2002 appropriations act. This program has trained people from Cyprus and the Balkans to Sri Lanka in the core skills and practical tools for responding to conflict in their communities. The Committee urges the Africa and South Asia bureaus at the Department of State to take greater advantage of this program. The Administrator of USAID, in consultation with the Bureau of Democracy, Conflict, and Humanitarian Assistance, is requested to report to the Committee not less than 80 days after the enactment of this Act on USAID's proposed core support for the CONTACT program. The Committee reiterates that $1,000,000 should be made available, overall, over fiscal years 2003 and 2004.

The Committee supports the work of the Jerusalem International YMCA, which brings together Christian, Jewish and Muslim young people in a positive environment that promotes peace, respect, and understanding, and recommends that funds be provided for its work.

The Committee recognizes the Foundation for Environmental Security and Sustainability's important contribution to United States national security interests. A public foundation working directly with the national security and civil communities, the Foundation focuses on practical actions in foreign countries to mitigate potentially destabilizing environmental and natural resource threats. The Foundation's work provided the United States and the international policy community's critical opportunities to mitigate problems before they become crises, and better prepare for crises that cannot be avoided. The conflict prevention focus of the Foundation provides critical input for USAID, the Department of Defense, and other Federal agencies in prioritizing areas for engagement and technical assistance and implementing focused and effective conflict prevention programs that are more critical than ever in the light of the events of September 11, 2001.

The Committee believes that the International Crisis Group (ICG) provides the high-quality analysis and policy recommendations that can help prevent and reduce the level of deadly violence resulting from complex crises, and strongly recommends that the Department of State and USAID provide funding for the ICG to continue its research in areas of U.S. foreign policy interest.

BURMA

The Committee notes the apparent changes underway in Burma, especially the release of its democratically elected leader from house arrest. It encourages the United States Government and the United Nations to continue their efforts to promote greater political and economic space within Burma for pro-democracy and pro-economic growth elements. The effects of Government violence against Burmese minorities, including forced displacement, laying of landmines, and systematic rape by regime soliders, and the collapse of much rural infrastructure in Burman-majority areas are compounded by rapid environmental degradation in much of Burma. The Committee is aware of reports that many Burmese are severely malnourished and that famine conditions are possible in the near future, and requests that USAID evaluate the food security situation in Burma.

In order to help promote an orderly transition within Burma, which must include meaningful participation by Burmese minorities both inside and outside of the country, the Committee has included a general provision, section 578, providing that not less than $8,500,000 from the Economic Support Fund and $2,000,000 from the Child Survival and Health Programs Fund should be made available for activities within Burma and among Burmese who have fled to neighboring countries, especially Thailand. It is the Committee's intent that current programs that largely serve minority groups within and without Burma continue as increased resources are directed within Burma to benefit a broad range of Burman groups. None of the funds may be used to directly benefit the unelected central Government.

AVAILABILITY OF FUNDS

The Committee has continued language that funds in this account are to remain available for obligation for two years.

INTERNATIONAL FUND FOR IRELAND

Fiscal year 2002 level	$25,000,000
Fiscal year 2003 request	(25,000,000)
Committee recommendation	25,000,000

The Committee recommends $25,000,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Funding for this activity is requested through the Economic Support Fund, but the Committee recommendation would continue a separate account for assistance to Ireland. The amount recommended is the same as the President's budget request and the fiscal year 2002 level.

The Committee strongly urges the International Fund for Ireland to take every step possible to ensure that all recipients of Fund support are promoting equality of opportunity and non-discrimination in employment. The Committee further urges the Fund to focus on those projects that hold the greatest potential for job creation and equal opportunity for the Irish people, regardless of class, creed, gender, or ethnicity.

The Committee encourages the International Fund for Ireland to favorably consider requests to fund training for the new police service of Northern Ireland, in cooperation with other donors.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

Fiscal year 2002 level	$621,000,000
Fiscal year 2003 request	495,000,000
Committee recommendation	520,000,000

The Committee recommends $520,000,000 for Assistance for Eastern Europe and the Baltic States, an amount that is $101,000,000 below the level provided in fiscal year 2002, but $25,000,000 above the budget request. The increase above the budget request is intended for additional assistance for Montenegro, the Baltic States, Croatia, and regional efforts to solidify democratic gains through the National Endowment for Democracy and other institutions.

The Committee intends that funding for democracy programs though the National Endowment for Democracy continue at the fiscal year 2002 level, and be provided as a transfer of funds pursuant to section 632(a) of the Foreign Assistance Act. Funds have been provided above the budget request to allow for continued support for these activities.

KOSOVO

The Committee has retained language from fiscal year 2002 requiring that the United States should not provide more than 15 percent of the resources pledged for Kosovo. In addition, bill language is continued from the fiscal year 2002 appropriations act that would prohibit funding for large scale physical infrastructure reconstruction.

BOSNIA AND HERZEGOVINA

The Committee has recommended the same bill language as in the fiscal year 2002 Act that requires the written approval of the Administrator of AID for loans and projects under the Economic Reconstruction Program For Bosnia; authorizes the use of local currency funds generated by the Bosnia assistance program for programs throughout the region; and authorizes the President to withhold funds for economic revitalization for Bosnia if he determines that Bosnia is not in compliance with the Dayton Accord regarding the presence of foreign forces and has not terminated intelligence cooperation with Iranian officials. All funds are subject to the provisions of section 529 of this Act.

SERBIA

The Committee is aware that the Clinical Center of Serbia is in immediate need of medical equipment to deal with the dramatic increase in recent years of the incidence of cancer in Yugoslavia. This center and an associated institute are public, non-profit organizations located in Belgrade. The Committee urges USAID and the Department of State to assist the center using funds appropriated under this heading or made available elsewhere in title II of this Act.

MONTENEGRO

The Committee strongly supports assistance for the Republic of Montenegro, and urges the Administration to make every effort to assist the Government of the Republic. The Committee rec-

ommendation includes funding above the President's request for this account in order to provide Montenegro with an allocation of $40,000,000, rather than $25,000,000. The Committee notes the strong support given by the Republic to the foreign policy of the United States during the latter years of the Milosovic regime in Serbia.

THE BALTIC STATES

The Committee has included bill language directing that $5,000,000 should be provided for assistance for the Baltic States. The Committee strongly supports continued assistance to the Baltic States. Although these countries no longer have AID missions, they are still emerging from decades of dominance by the Soviet Union and continue to need United States technical assistance in order to emerge into the community of Western nations.

The Committee intends that these resources be used for trade and economic reform programs, environment programs, health programs, anticrime and anticorruption programs, and rule of law programs. The majority of the funds should be programmed through the Agency for International Development.

The Committee requests that the Department of State and the Agency for International Development consult with the Committees on Appropriations by February 1, 2003, on plans to implement these programs in the Baltic States. The Committee does not believe the maintenance of such programs will require AID to open missions in any of these countries. Such programs can and should be managed on a regional basis.

TREATMENT OF ORPHANS

The Committee continues to be very concerned by the condition of orphaned children in the Federation of Bosnia and Herzegovina. While Bosnian families have been reluctant to adopt many of these children, American families have shown an interest in adopting Bosnian children. Unfortunately, legislative barriers within the Federation have prevented foreign adoptions, and the Committee is very disturbed that little action has been taken to modify these provisions. The Committee strongly encourages the Government of the Federation of Bosnia and Herzegovina to enact legislation that will expedite the adoption of Bosnia children by foreign families, and directs the Secretary of State to report not later than December 1, 2002, on the steps that have been taken both by Bosnia and by the Department to encourage passage of such legislation. The Committee also expects the continuation of the orphans program in Bosnia funded in the fiscal year 2002 appropriations act.

LEGAL INITIATIVES AND THE RULE OF LAW

The Committee encourages the Agency for International Development to continue to provide financial support for the Central and Eastern European Law Initiative (CEELI), a project of the American Bar Association. CEELI has received grants to help Central and East Europe and the NIS create new legal frameworks based on the rule of law rather than through party doctrine or caprice.

Through a variety of program components, CEELI is making available legal expertise to assist countries that are in the process

of modifying or restructuring their laws or legal systems. CEELI emphasizes long-term engagement country-by-country and supports projects that facilitate extensive consultations with policy-makers, legal scholars, judges, and attorneys. CEELI has focused work in several critical priority areas: constitutional reform; judicial restructuring; bar reform; commercial law; criminal law and procedure; and legal education reform, and has helped develop and/or institutionalize self-sustaining indigenous nongovernmental organizations (NGOs). The Committee encourages support for this type of private sector involvement.

The Committee strongly supports the USAID-funded program for distance learning legal education that has been initiated in the Central and East European region, and recommends funding for the program in fiscal year 2003 at the level provided in fiscal year 2002.

TRAINING AND EXCHANGES IN THE FORMER SOVIET UNION AND CENTRAL EUROPE

The Committee continues to support training, exchanges, and partnerships between the United States and the nations of Eurasia, Central Europe, and the southern tier of Europe. These programs are in the interest of the United States and important to sustaining democracies. The Committee strongly recommends the Administration provide funding for the Russian, Eurasian, and East European Research and Training Program (Title VIII) at the fiscal year 2002 level.

The Committee continues to support the East Central European Scholarship Program (ECESP) and its important work. The Committee recommends the East Central European Scholarship Program be continued at the same level as in fiscal year 2002. It also expects USAID to continue funding ECESP on a basis that allows the program to operate effectively in the outyears. In addition, the Committee believes that the experience of ECESP might be well suited for several of the New Independent States of the Former Soviet Union.

ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

Fiscal year 2002 level	$784,000,000
Emergency appropriations	110,000,000
Fiscal year 2003 request	755,000,000
Committee recommendation	755,000,000

The Committee recommends $755,000,000 for Ukraine, the Southern Caucasus states, Russia, and the Central Asian republics of the former Soviet Union. This is the same as the request and $29,000,000 less than the enacted fiscal year 2002 level including emergency supplemental funding.

The Committee has included in subsection (a) prior year language providing the funds under this heading "notwithstanding any other provision of law" and applying the provisions of section 498B(j) of the Foreign Assistance Act. A general provision (section 517) also includes long-standing language on human rights, and non-use of funds for enhancing military capacities, and providing all funds subject to separate notification.

The Committee recommendation includes a new paragraph (h) under this heading. It contains language regarding Uzbekistan identical to that carried under the heading "Foreign Military Financing Program" in Public Law 107–206. This language provides that funds made available by this Act for assistance for the Government of Uzbekistan may be made available if the Secretary of State determines and reports to the Committees on Appropriations that the Government of Uzbekistan is making substantial and continuing progress in meeting its commitments under the "Declaration on The Strategic Partnership and Cooperation Framework Between the Republic of Uzbekistan and the United States of America".

CHILD SURVIVAL AND HEALTH

The Committee continues to be concerned about the low priority assigned to declining maternal and environmental health conditions and the increasing incidence of TB/HIV/AIDS in Russia, Ukraine, and the Central Asian Republics. The positive results achieved with the small amounts already spent for such programs in recent years have been dramatic. The health and child survival sector can effectively absorb increased resources, with an immediate and personal impact on the demographically-stressed citizens of these nations. In order to demonstrate its support for these high priority activities that directly affect the citizens of these countries, the Committee has included bill language allocating not less than $60,000,000 for them, including basic education.

The Committee is aware of and commends the Birth Defects Monitoring Program recently instituted in Ukraine to detect the incidence of birth defects related to the Chernobyl accident. The Committee recommends that funds be provided for this purpose and a proposed program to fortify flour with folic acid to reduce the occurrence of spina bifida in Ukraine in fiscal year 2003. The Committee also commends AID for its efforts to prevent the trafficking of young women from the region and expects successful programs to be expanded. The Primary Health Care Initiative of the World Council of Hellenes, has come to the attention of the Committee. Funded by the Coordinator's Office of Humanitarian Assistance in prior years, this project merits consideration, based on its success, for $3,000,000 in 2003.

The Committee recognizes the work of the Eurasian Medical Education Program of the American College of Physicians in continuing medical education of Russian physicians in the treatment of tuberculosis, cardiovascular disease, and diabetes. This exchange program has given volunteer American physicians the opportunity to share experiences and knowledge with their Russian colleagues, greatly benefiting the people of the Russian Federation. The Committee urges continued AID support for this program.

INTERNATIONAL AND COMMUNITY PARTNERSHIPS IN EURASIA

The Committee recognizes that the effectiveness of efforts to promote good government and democracy are dependent on continuing USAID support for independent programs that pair U.S. cities with cities in the countries of the former Soviet Union.

In Ukraine the U.S.-Ukraine Foundation and the Center for Economic Initiatives provide professional-level training and foster eco-

nomic development at the local level. The Committee again urges USAID to expand its direct support for these valuable programs, without requiring them to dilute their unique community-linkages that have been built over several years. In Russia, the Committee has been made aware of the Future of Russia initiative to build a modern birthing clinic and remodel the maternity clinic at Balashikha, Russia, and requests that USAID give serious consideration to a proposal by this organization for participation in USAID's Russian health program.

An example is the Arizona-Kazakhstan Partnership Foundation, which began as a Tuscon-Almaty sister city relationship in 1989 and now includes as many as five sub-partnerships, ranging from the Tuscon Chamber of Commerce to the League of Women Voters and United Way. Identified by AID as one of its key partnerships, the Committee supports the continuation, and, if feasible, the expansion of this and similar regional programs.

The Committee encourages the Office of the State Department Coordinator for Eastern Europe and Former Soviet Union to recognize the importance of strengthening the capacity of organizations such as Sister Cities International (SCI). The Committee further recognizes that a very modest investment in the organizational capacity of SCI will leverage hundreds of thousands of dollars in non-federal community resources that will be used to support community based humanitarian relief, economic development partnerships, and international exchanges. In response to the events of September 11th, SCI has embarked on a multiyear plan to double the number of partnerships that target underserved regions of the world. To this end the Committee urges the Coordinator to contribute an additional $164,000 in core funding to SCI in addition to support that the organization may receive through others grants.

RUSSIA-IRAN

The Committee again recommends language dealing with Russian nuclear and ballistic missile cooperation with Iran. The language is identical with that contained in existing law. The Committee remains extremely disturbed by reports which indicate that Russian entities are extensively engaged with Iran in cooperative projects that significantly enhance Iran's ballistic missile capabilities. The ballistic missile cooperation, combined with Russian nuclear cooperation with Iran, represent a significant step in Iran's efforts to obtain a comprehensive, highly sophisticated weapons of mass destruction capability. The Committee reiterates the language from the fiscal year 2000 Statement of the Managers "that assistance to combat infectious diseases, child survival and nonproliferation activities, support for regional and municipal governments, and partnerships between United States hospitals, universities, judicial training institutions and environmental organizations and counterparts in Russia should not be affected by this section."

UKRAINE-IRAQ

The Committee is extremely concerned about continuing reports that Ukraine has been involved in arms transfers to Iraq. This is particularly disturbing given the possibility that United States troops may soon be engaged in combat against the military of Iraq.

Indeed, Iraq has intensified efforts to destroy military aircraft of the United States and its coalition allies involved in maintaining the "no fly" zones over northern and southern areas of that country. Therefore the Committee is recommending language that prohibits assistance for the Government of Ukraine unless the Secretary of State determines and certifies to the Committees on Appropriations that, since September 11, 2001, the Government of Ukraine has not facilitated or engaged in arms sales or arms transfers to Iraq. This restriction shall not apply to assistance to combat infectious diseases or assistance for victims of trafficking in persons, and to nonproliferation and disarmament activities authorized under title V of the FREEDOM Support Act. The Committee notes that assistance for the first activity does not require a specific exemption in bill language in this case, but has included it for clarity.

AGRICULTURE IN UKRAINE

The Committee is aware of joint efforts by the Departments of State and Agriculture and USAID to develop a United States Government agricultural strategy framework for Ukraine. The development of agriculture production, processing and marketing by small landholders holds great promise for Ukraine and the region. Additionally, the Committee encourages USAID to develop in cooperation with the Department of Agriculture a program similar to the effective Marketing Assistance Program that has been underway in Armenia for the past several years.

SOUTHERN CAUCASUS REGION: NAGORNO-KARABAKH

The Committee continues to be concerned about the plight of the victims of the Nagorno-Karabakh conflict, and expects that the remainder of the $20,000,000 in humanitarian assistance, initially provided in the fiscal year 1998 Act, will be promptly disbursed. In the event the these funds are obligated and expended before the end of fiscal year 2003, up to $5,000,000 should be made available to address ongoing humanitarian needs in Nagorno-Karabakh.

SUPPORT OF PEACEFUL RESOLUTION OF SOUTH CAUCASUS CONFLICTS

The Committee reiterates themes included in its last four reports:

The extent and timing of United States and multilateral assistance, other than humanitarian assistance, to the government of any country in the Caucasus region should be proportional to its willingness to cooperate with the Minsk Group and other efforts to resolve regional conflicts.

In furtherance of a peaceful resolution to the Nagorno-Karabagh conflict, and in support of the confidence building measures discussed at NATO and OSCE summits, the Committee strongly supports confidence-building measures among the parties to the conflict. Such measures include strengthening compliance with the cease-fire, studying post-conflict regional development such as landmine removal, water management, transportation routes and infrastructure, establishing a youth exchange program and other collaborative and humanitarian initiatives to foster greater understanding among the parties and reduce hostilities.

The Committee has included renewed authority for the President to provide humanitarian assistance to the region, notwithstanding the restrictions of section 907 of the FREEDOM Support Act. The bill language is unchanged from last year. This exemption allows for direct assistance by American NGOs to refugees and displaced persons throughout the region, including those in Nagorno-Karabagh. The Committee understands that humanitarian assistance may include a broad range of activities and partnerships with United States hospitals and universities in maternal and children's health, eldercare, basic education and environmental health.

ARMENIA

The Committee recommends that $83,433,000 be made available from funding sources in this title for Armenia. This is $9,500,000 above the request. The Committee is aware that economic recovery is dependent upon the growth of small- and medium-sized businesses in Armenia, and recommends that this sector, including investment funds, be given priority by USAID.

GEORGIA

The Committee recommends that $82,500,000 be made available from funding sources in this title for the Republic of Georgia. This is $6,792,000 less than the request. The Committee intends that a significant part of the assistance for Georgia continue to be provided for technical security assistance for border and export control.

EXPANDED THREAT REDUCTION

The Committee includes $15,000,000 for the bilateral U.S. Civilian Research and Development Foundation (CRDF) in this account, and not less than the request of $15,000,000 for the Georgia Border Security and Related Law Enforcement Assistance Program.

The Committee recommends that of the amounts provided for ETR activities, up to $2,000,000 be made available for collaborative research grants for American and Russian scholars concerning the enhancement of verification of arms control and nonproliferation agreements, confidence-building measures to enhance international security, and economic and political studies of defense conversion.

VIOLENCE AGAINST WOMEN

The Committee continues to be very concerned about the incidence of violence against women in Russia, Ukraine, and Central Asia and the indifference of many law enforcement officials to such crimes. Funds should be made available to improve the response of Russia's and Central Asia's law enforcement and judicial system to women victims of violence.

DEMOCRACY PROGRAMS

Given the increasing repression of the fledgling institutions of civil society and general reversal of progress towards democracy in the Russian Federation and Ukraine, $4,000,000 should be made available through the National Endowment for Democracy and its subgrantees to assist nongovernmental organizations (NGO's). Such funding should be made available pursuant to section 632(a)

of the Foreign Assistance Act. Special emphasis should be given to programs promoting human rights, freedom of information, market reform, rule of law, political party development, freedom of association and NGO development. Attention should be devoted to programs outside of the capital cities and to cross-border programs that promote the exchange of experience and information among the countries of Central and Eastern Europe, Russia and Ukraine.

RELIGIOUS FREEDOM IN RUSSIA

The Committee continues to be concerned about the dire consequences to several religious groups resulting from regional enforcement of the religious freedom statute in the Russian Federation. Recently, federal denial of visas for long-time resident church leaders threatens to further restrict religious freedom in the Russian Federation.

The bill again includes language addressing this matter that is identical to language in prior years Acts.

The Committee does not intend that the limitation on assistance to the Government of the Russian Federation limit assistance for regional and municipal governments or partnerships between United States hospitals and universities and counterpart institutions in Russia.

UNITED STATES RUSSIA INVESTMENT FUND

The Committee remains concerned that funding allocations from this account for the U.S. Russia Investment Fund have not been adequate, if the Fund is to achieve its objectives. The Committee urges the Coordinator of Assistance to Europe and Eurasia to work with USAID and the Overseas Private Investment Corporation to assist the Fund to become adequately capitalized as soon as feasible.

INDEPENDENT AGENCIES

INTER-AMERICAN FOUNDATION

Fiscal year 2002 level	$13,107,000
Fiscal year 2003 request	14,000,000
Committee recommendation	16,000,000

The Committee recommends $16,000,000 for the Inter-American Foundation, $2,000,000 above the request and $2,893,000 above the fiscal year 2002 level.

AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 2002 level	$16,542,000
Fiscal year 2003 request	16,689,000
Committee recommendation	19,689,000

The Committee recommends funding for the African Development Foundation at a level of $19,689,000. This is an increase of $3,147,000 above the fiscal year 2002 level and $3,000,000 above the request. The Committee has reviewed the work of the Foundation, and concludes that it could make effective use of an additional $3,000,000 in African countries where USAID does not have a presence.

PEACE CORPS

Fiscal year 2002 level	$275,000,000
Fiscal year 2003 request	317,000,000
Committee recommendation	317,000,000

The Committee recommends $317,000,000 for the Peace Corps, an amount that is equivalent to the budget request and $42,000,000 above the amount enacted for fiscal year 2002. Prior year language addressing purchase of motor vehicles, abortion, and availability of funds has been continued in this Act. The Committee strongly supports the work of the Peace Corps and of its volunteers who currently work in 70 countries. The Committee has included the entire amount requested by the President for the Peace Corps even though the Committee has concerns regarding plans to rapidly increase the number of Peace Corps volunteers. Safety and security of volunteers must remain the first priority of the agency, even if the Administration's goal to double the number of volunteers must be delayed.

The Committee includes a new provision that allows the Director of the Peace Corps to make appointments to permit Peace Corps employees to serve in excess of five years, the so-called five-year rule, in the case of individuals whose appointment involves the safety of Peace Corps volunteers.

The Committee believes that if safety and security are the top priorities of the Administration, then the personnel regulations should reflect that commitment and not be limited by the five-year rule. Establishing appropriate law enforcement networks in each country takes time and frequent visits by dedicated creditable professionals who have both Peace Corps and law enforcement experience, similar to Regional Security Officers at overseas embassies. According to the July 25, 2002 GAO report on Peace Corps Safety and Security, implementation of the Peace Corps' new security framework is being implemented unevenly, partly as a result of staff turnover because of the five-year rule. Consistency is needed to provide a safe and secure environment. The Committee expects the waiver to apply to overseas and headquarters employees of the new Office of Safety and Security.

The Committee urges the Director of the Peace Corps to submit individual Country Security reports to accompany the annual report that outlines the security environment in all countries in which Peace Corps volunteers currently work.

Currently, there are over 2,100 Peace Corps volunteers participating in HIV/AIDS activities worldwide. The Committee expects the Peace Corps to devote a substantial amount of the fiscal year 2003 funding increase for additional health volunteers working with HIV/AIDS treatment and prevention methodologies and particularly the training of local HIV/AIDS trainers.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

Fiscal year 2002 level	$217,000,000
Emergency supplemental funding	114,000,000
Fiscal year 2003 request	197,000,000
Committee recommendation	197,000,000

The Committee recommends $197,000,000 for "International Narcotics Control and Law Enforcement". This is equivalent to the budget request and $134,000,000 less than the fiscal year 2002 level, including emergency supplemental appropriations. A limitation of $24,062,000 is recommended for administrative expenses.

NARCOTICS AND TERRORISM

Organized crime and terrorist groups throughout the world have long used narcotics as a means to generate revenues to support armed conflict and the means to spread turmoil. The Committee continues to support a strong United States counternarcotics assistance program in order to protect United States communities from the ravages of drugs, but increasingly to deny drug profits that are often used to finance terrorist activities.

TERRORIST FINANCING

The Committee recognizes that the International Narcotics Control and Law Enforcement (INL) bureau at the Department of State has a substantial responsibility to support efforts to fight money laundering and other financial crimes worldwide. Due to the priority of the war against terrorism, the Committee directs the Secretary of State to provide a quarterly report beginning 30 days after the first quarter of fiscal year 2003, of the bureau's obligation and expenditure of funds, by country, in support of combating terrorist financing.

AFGHANISTAN

The Committee is concerned about reports that Afghan farmers are replanting poppy at greater rates even after the Afghan president announced a ban on poppy growing in April 2002. While Operation Enduring Freedom has successfully ousted the Taliban from Afghanistan, one unfortunate consequence has been the resurgence of opium planting and trafficking.

The United States contribution to the Afghanistan poppy eradication program represents approximately 10 percent of the British-led program. While the Committee lauds the efforts of the British government in tackling the opium industry, the Committee hopes the State Department will share with our allies our past experiences of providing individual compensation to farmers for not planting coca in the Andean region. This program faced many problems and resulted in contrary incentives and little means for verification. Given the existing lags in Afghanistan in the delivery of assistance, the difficulty of finding cash in country to make payments, and the resulting destruction of only a fraction of the poppy crop, the Committee recognizes that rural economic development in Afghanistan is the only long-term solution for the elimination of poppy.

DEMAND REDUCTION

The Committee includes a provision that up to $10,000,000 in funds of the funds under this heading should be made available for demand reduction programs. As escalating drug use and abuse continue to take a devastating toll on the health, welfare, security, and economic stability of all nations, the importance of drug demand re-

duction has grown. The Committee expects that these funds could be used to contribute to the preservation of the stability of societies threatened by increasing drug abuse and minimizing the impact of international crime.

ILEA

The Committee is concerned about the limited space and reported health and respiratory problems encountered by students undergoing training at the current classroom facility located at the Roswell Center. Therefore, the Committee strongly advises the administration to complete a new facility by allocating a combination of previously allocated funding, and future year funding to finish construction on a new facility that fully meets the terms of the agreement between INS and the Roswell Center. The Committee remains convinced that future funding necessary to complete construction for this facility will be contained in the next budget request, and that the facility will be completed prior to any initiatives to open an additional center in Latin America.

CUBA

The Committee has included a new general provision, section 581, prohibiting counternarcotics assistance to the Government of Cuba. An estimated 11 percent of the total cocaine flow toward the United States moves along the Jamaica-Cuba-Bahamas route, but according to the July 19, 2002 report from the Department of State, "detected drug shipments to or through Cuban territory are low." Additionally, according to the report, full reporting, transparency, and United States monitoring of the use of counternarcotics assistance would be "challenging" given Cuban "general hostility toward and resistance to the United States government". Finally, the report states that there are "legal and operational barriers" to providing counternarcotics assistance to Cuba, for example:

> * * * the Border Guards (TGF) is the maritime drug interdiction force. TGF officers and men were involved in the 1994 sinking of a tugboat that resulted in the deaths of 41 men, women, and children. Since no adequate investigation of the event and punishment occurred, according to both Amnesty International and the Department's Country Reports on Human Rights Practices * * * provision of assistance to the TGF would violate the Leahy amendment.

TRAFFICKING IN PERSONS

The Committee has encountered difficulty obtaining timely, accurate, or complete information from the Department of State's Office of Trafficking in Persons regarding international programs authorized by Public Law 106–386, the Victims of Trafficking and Violence Protection Act of 2000.

The Committee requests that the Secretary of State obtain from the Office of Trafficking in Persons and transmit to the Committee not later than 30 days after enactment of this Act, a comprehensive financial plan on federal efforts to limit and eliminate international trafficking in persons. This financial plan should include, by agency, program and country of operation, planned obligations for fiscal

year 2003, estimated obligation for fiscal year 2002 and actual obligations and expenditures during fiscal year 2001 by the Department of State, USAID, and other federal agencies operating abroad, and such other material that the Secretary may deem appropriate.

ANDEAN COUNTERDRUG INITIATIVE

Fiscal year 2002 level	$625,000,000
Fiscal year 2003 request	731,000,000
Committee recommendation	731,000,000

The Committee recommends $731,000,000 for the Andean Counterdrug Initiative, an amount equal to the request and $106,000,000 above the 2002 level. The Andean Counterdrug Initiative is the continuation of the Administration's multi-year counterdrug assistance efforts designed to sustain and expand programs initially funded by Plan Colombia in the fiscal year 2000 emergency supplemental appropriations act. A limitation of $15,680,000 is recommended for administrative expenses for the Department of State and $4,500,000 for USAID. The Committee notes the requirement in the bill that the Secretary of State, in consultation with the Administrator of USAID, shall provide to the Committees on Appropriations not later than 45 days after the date of the enactment of this Act and prior to the initial obligation of funds appropriated under this heading, a report on the proposed uses of all funds under this heading on a country-by-country basis for each proposed program, project, or activity. This report is similar to the report required in the fiscal year 2000 emergency supplemental appropriations act and is required again in fiscal year 2003 given the Committee's disappointment in the level of pertinent information included in the Department of State's Congressional Budget Justification and congressional notifications.

The fiscal year 2000 emergency supplemental appropriations act provided over $1,000,000,000 in no-year funding for counternarcotics assistance in the Andean region. The Committee has learned that, more than two years after enactment of that Act, over half of the funds that were transferred by the Department of State to the Department of Justice for counternarcotics programs, have yet to be obligated by Justice. The Committee believes that the national interest of the United States would be better served if those funds, instead of sitting idle, be used to help combat the humanitarian crisis facing Colombia. Therefore, the Committee directs that the Department of State immediately terminate its inter-agency agreement with the Department of Justice and transfer remaining funds to USAID for development, rule of law, and humanitarian assistance programs.

The Committee notes that section 520 of the bill applies to the use of Narcotics Control and Law Enforcement and Andean Counterdrug Initiative funds for Colombia.

ANDEAN NATIONS

The Committee calls on the Department of State to ensure that all United States laws regarding human rights, including section 553 of this Act, are strictly applied in Colombia and each of the Andean nations. Additionally, the caps on the numbers of United States personnel in Colombia remain in effect. The Committee re-

quests that the Secretary of State continue to submit to the Appropriations Committees a semi-annual report with respect to the Andean Counterdrug Initiative. Each report shall include an accounting of all aircraft, vehicles, boats and lethal equipment (other than ammunition) transferred to the militaries or police of any nation with funds made available under this heading. Further, the report shall contain an accounting of the number of United States Armed Forces personnel deployed or assigned to duty in the Andean Region or other nation at any time during the preceding 180 days with funds made available under this heading, the length and purpose of the deployment or assignment, and the associated costs and force protection risks. The Committee directs the Secretary of State to submit this report directly to the Committees on Appropriations.

The Committee recognizes the important contribution The Field Museum of Chicago is making to protect biological and cultural values in the Andean region and urges USAID to support The Field Museum's efforts to collaborate with local populations to promote economically and environmentally sustainable alternatives to growing illicit crops.

COLOMBIA

The Committee urges President Bush to publicly support future peace efforts in Colombia. The Committee commends the Colombian president for his efforts in partnering with the United Nations in the Colombian government's efforts to find a way to revive the peace process. While only a few weeks in office, the Committee hopes the collaboration between the Colombian president and the United Nations Secretariat General continues.

The Committee notes that the people of Colombia have shown a long-term resilience and tolerance for difficult and violent conditions, but the Committee is concerned about the urgency of the current situation facing Colombia. The Committee hopes the government's new fiscal policies will allow it to collect the additional resources needed to invest in the military, police, and social programs to establish security and give Colombians better access to services.

The Committee recommends $1,000,000 for the Naval Post Graduate School (NPS) for programs to strengthen public engagement and democratic control of national security in Columbia. Building on the program stated with fiscal year 2002 funds, funds in this Act should be used to develop and execute programs to help Columbia redesign its strategic planning process, to strengthen democratic control over security decision making, to provide for greater public input and support of Columbian security police, and to institutionalize changes to improve the quality of strategic planning while reinforcing democratic principles.

USE OF UNITED STATES ASSETS IN COLOMBIA

The Committee has extended the availability of funds provided for assistance for Colombia to support a unified campaign against narcotics trafficking, against activities by organizations designated as terrorist organizations, and to take actions to protect health and human welfare. The Committee is supportive of the Colombian government in its attempts to provide security for the Colombian people and has provided the expansion of authorities in recognition

that the narcotics industry is invariably linked to the terrorist groups, including the paramilitary organizations, in Colombia. However, the Committee still concludes that coca provides the revenue and motive behind the violence committed by both the guerrilla and paramilitary groups. Therefore, the Committee expects counternarcotics, alternative development, and judicial reform to remain the principal focus of United States policy in Colombia. The expanded authority is not a signal from the Committee for the United States to become more deeply involved in assisting the Colombian Armed Forces in fighting the terrorist groups, especially not at the expense of the counternarcotics programs, but to provide the means for more effective intelligence gathering and fusion, and to provide the flexibility to the Department of State when the distinction between counternarcotics and counterterrorism are not clear cut. The Committee directs the Secretary of State to report to the Committee 90 days after enactment of the changes in United States policy, including new procedures and operations, as a result of implementing the expanded authorities.

HUMAN RIGHTS

The bill includes again a general provision requiring that the Secretary of State certify that certain human rights conditions have been met before any funds may be made available for assistance for the Colombian Armed Forces. In the fiscal year 2002 appropriations act, section 567 required two certifications in the fiscal year. The Committee was alarmed to learn of the unintended costs to the pilot training program and the helicopter maintenance program that the semiannual certifications incurred at no apparent gain. Therefore the Committee recommends a one-time annual certification process in fiscal year 2003.

ALTERNATIVE DEVELOPMENT IN COLOMBIA

Nearly two-thirds of the coca grown in Colombia is in Putamayo. The Committee notes that spraying of coca only took place for three months over the last 24 months in this region. Therefore, the Committee is hopeful that the concerns of many that the spray program was proceeding faster than the development program in Putamayo have been alleviated, and that development programs have had the opportunity to accelerate over the most recent 17-month reprieve from spraying, from February 2001 to July 2002.

The Committee is aware of the decades old cynicism among local residents of the region concerning alternative development and delivery of services. The Committee recognizes the excessive bureaucratic delays that have hindered day-to-day operations of development workers in Putamayo, and therefore the Committee recognizes the need for full cooperation of the Government of Colombia at the highest levels. With the expiration of the Government of Colombia's social pacts with families in Putamayo, alternative development in Colombia is at a critical pass.

The Committee strongly supports USAID's ambitious new alternative development strategy. This new strategy, started at the beginning of 2002, will focus on the historic underdevelopment of the region and concentrate on local infrastructure needs (roads, electricity, water) and delivery of services at the community level. The new focus on the entire community increases the social pressure for

eradication and also helps organize the community to identify and prioritize local needs. Since the start of this focus, the Committee understands that over 5,000 hectares have been manually and voluntarily eradicated in Putamayo. The Committee hopes USAID partners can continue building on their good working relationships with the mayors and local leaders.

The Committee notes that Afro-Colombians represent at least 25 percent of Colombia's population, and Afro-Colombians suffer disproportionately from violence and displacement. The Pacific Coast region where many Afro-Colombians and indigenous peoples live is experiencing intensification of the Colombian conflict as the recent church massacre in Bojaya, Choco Province, on May 2, 2002 exemplified, in which 119 civilians, all of whom were Afro-Colombians, were killed. The Committee is concerned that United States assistance programs do not address adequately the Afro-Colombian community and people in the Pacific Coast region in general. The Committee expects USAID to take the views and specific problems of Afro-Colombians into account as it formulates assistance projects in the areas of human rights, democracy, displaced persons, and alternative development, including plans of return. The Committee urges USAID to provide significant additional funding to programs that benefit Afro-Colombian communities, municipalities, and NGOs.

HELICOPTER PROGRAM

The Committee recognizes the difficulty the Government of Colombia has had in recruiting the necessary number of Colombian candidates to become helicopter pilots. The Committee encourages the United States embassy in Bogota to continue negotiating with the Colombian Navy and Colombian Air Force in efforts to identify possible candidates to alleviate the pilot shortage. The Committee hopes the United States embassy in Bogota will work closely with the new Colombian Minister of Defense to find a way to combat inter-service and inter-agency rivalries that hinder counternarcotics efforts. The helicopters provided to Colombia as part of Plan Colombia have flown over 28,000 hours since the beginning of the program. The United States has made a significant investment in providing helicopters to Colombia and the Committee recognizes that future maintenance costs will be necessary to ensure the safety of pilots and crew.

PERU

Peru is the second largest recipient of counternarcotics and alternative development assistance from the United States, and while the Committee is aware that the political environment in Peru has direct consequences for eradicating coca, the Committee is alarmed at reports that the Peruvian government is not cooperating fully in counternarcotics matters. The Committee believes that the appointment of the new drug tsar is a positive sign of commitment to counternarcotics by the Peruvian government, but nevertheless, manual eradication efforts are falling behind this year's goals. The Committee realizes that safety issues are also contributing to the slow pace of eradication: that for every 60 eradicators, there must be 30 security forces to protect them from coca growers. Therefore, the Committee urges the INL bureau to provide non-lethal means of

riot control to the Peruvian police, who currently have no non-lethal ammunition at their disposal.

BOLIVIA

The Committee takes special note of the progress that Bolivia has made in the war against drugs. The enormous success of the Bolivian Government's Dignity Plan has been due, in large part, to the support of the United States. This progress was made at a tremendous sacrifice by the Bolivian people, and that the progress could be erased quickly if the commitment by either the Bolivian government or the United States were to falter. The Committee urges the Administration to continue its strong support of Bolivia's efforts when deciding its allocation of aid.

The Committee is concerned, however, with delays in the prosecutions of alleged human rights violations committed by security forces in Bolivia, funded in part with United States assistance. The Committee strongly encourages the Bolivian Government and the Department of State to take all necessary actions to ensure proper implementation of section 553 of this Act.

EUROPEAN CONTRIBUTIONS

The Committee notes that demand for Colombian coca is rising in Europe and approaching United States consumption levels of approximately 300 tons a year. European nations and the European Union have contributed very little to eradication of coca or development programs in Colombia. The Committee again urges the Secretary of State to negotiate with our European allies in order to persuade them to contribute additional funds to counter-narcotics efforts, alternative development, and judicial reform in the Andean region.

MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 2002 level	$705,000,000
Fiscal year 2003 request	705,000,000
Committee recommendation	800,000,000

The Committee recommends $800,000,000 for Migration and Refugee Assistance, an amount that is $95,000,000 above the request and $95,000,000 more than the amount enacted for fiscal year 2002. A limitation of $16,000,000 is recommended for administrative expenses.

AFGHANISTAN

Over 1,600,000 refugees have returned to Afghanistan from January to August 2002, far exceeding estimates by the Department of State and the United Nations High Commission for Refugees (UNHCR). Given the anticipated shortfall in funding in fiscal year 2003 from the accelerated pace of Afghan refugees returning, the Committee expects the greater part of the funding increase that the Committee recommends for fiscal year 2003 be for Afghan refugees.

While the number of internally displaced persons remains at a level of approximately 800,000, the Committee notes that refugee returns have most likely peaked and will continue to decline through fiscal year 2003. The Committee notes the desperate need

for reconstruction and development assistance to combat the poverty facing returning refugees.

REFUGEE RESETTLEMENT

The Committee notes that the President authorized up to 70,000 refugees to be admitted to the United States for fiscal year 2002. To date, fewer than 20,000 have been actually admitted. The Committee is concerned that the discrepancy between authorized and actual number of refugees admitted gives the impression that the United States is abandoning humanitarian commitments and leadership in protecting the world's most vulnerable people. Given the terrorist attacks on the United States, the Committee understands the need for the increased security procedures now applied to the resettlement process. While there has been an increase in the cost per refugee for admission, the Committee notes a significant carryover of funds into fiscal year 2003 because of security-related delays, therefore the Committee expects the Department of State to fully consult with the Committee as it decides the disposition of the 2002 carryover funds.

TIBETAN REFUGEES

The Committee supports continued funding to assist Tibetan refugees and directs $2,000,000 for this purpose. The Committee requests that the Department of State coordinate with the Agency for International Development in determining the funding responsibility for long-term assistance for Tibetan refugees, including assistance to refugees residing in India.

RESETTLEMENT IN ISRAEL

The Committee supports $60,000,000 for humanitarian migrants from the former Soviet Union and other countries of distress resettling in Israel. Since 1989, Israel has accepted more than one million refugees. The Committee remains strongly committed to assisting the resettlement of Russian, Eastern European, Ethiopian and other humanitarian migrants in Israel. The funds provided in this bill assist in the transportation and initial absorption costs for more than 100,000 migrants per year. The Committee notes, however, there has been a modest decline in the numbers arriving from the former Soviet Union in the last year. Should the current decline continue, the Committee expects this program to be funded at a level of $50,000,000 in fiscal year 2004.

MAGEN DAVID ADOM SOCIETY

The Committee is disappointed again this year that the International Committee of the Red Cross (ICRC) has not taken action to admit the Magen David Adom Society of Israel to the International Red Cross and Red Crescent Movement. The American Red Cross has promoted the membership of the Society in the Movement, but little positive action has been forthcoming. As a result, the American Red Cross has withheld its headquarters contribution to the ICRC for the past three years. Therefore the Committee is recommending a continuation of bill language that would also withhold the annual headquarters contribution made by the Department of State unless the Magen David Adom Society is

given the opportunity to participate in the activities of the International Red Cross and Red Crescent Movement. This limitation will not, and is not intended to, restrict funding for humanitarian assistance programs that may be programmed through the ICRC using other funds provided in this account. It is only intended to affect the funding the United States provides on an annual basis to the ICRC bureaucracy in Geneva.

UNHCR

The Committee is aware that the Department of State traditionally contributes twenty to twenty-five percent of the funds required for refugee programs managed by the United Nations High Commissioner for Refugees and certain other international relief agencies. The United States contribution as a share of the total has escalated in the past few years as European nations have not followed through with pledged contributions. The Committee supports the High Commissioner in his efforts to increase UNHCR contributions from Europe.

UNRWA

The Committee is concerned by reports that certain employees of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) may not have acted appropriately during recent violence in the West Bank and Gaza. The Committee notes that section 301(c) of the Foreign Assistance Act mandates that no contribution may be made by the United States to UNRWA except on the condition that UNRWA take all possible measures to assure that no part of the United States contribution shall be used to furnish assistance to any refugee who is receiving military training as a member of the so-called Palestine Liberation Army or any other guerilla type organization or who has engaged in any act of terrorism. In a general provision (section 575) the Committee directs the Comptroller General to review the implementation of section 301(c), and asks for a report from the Secretary of State on procedures that have been established to ensure that section 301(c) is enforced to the fullest extent practicable.

The Committee strongly supports humanitarian assistance for the Palestinian people, both under this account and through the bilateral West Bank and Gaza Program. The importance of such assistance has been highlighted by a recent report issued by the United States Agency for International Development that indicates an increase in malnutrition among Palestinian children in the West Bank and Gaza. For this reason it is especially important that United States humanitarian and refugee assistance be provided strictly for the purposes authorized in law.

NORTH KOREA REFUGEES

The Committee condemns the Government of North Korea for the abuses inflicted upon the people of North Korea and notes that extra-judicial killings, torture, starvation and a failed economy have caused thousands of North Koreans to seek refuge in the People's Republic of China (PRC). The Committee urges the Administration to encourage the PRC to honor its international obligations regarding the treatment of refugees and asylum seekers, and allow

international observers access to the PRC-North Korea border area to help determine which individuals require protection as refugees. The Committee is deeply troubled by the fate that awaits those who are forcibly repatriated to North Korea.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

Fiscal year 2002 level	$15,000,000
Fiscal year 2003 request	15,000,000
Committee recommendation	20,000,000

The Committee recommends $20,000,000 for the Emergency Refugee and Migration Assistance (ERMA) Fund, which is the $5,000,000 above the 2002 enacted level and $5,000,000 above the request.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

Fiscal year 2002 level	$311,600,000
Emergency supplemental appropriations	83,000,000
Fiscal year 2003 request	372,400,000
Committee recommendation	347,400,000

The Committee recommends a total appropriation of $347,400,000 for "Nonproliferation, Anti-terrorism, Demining and Related Programs", an amount that is $25,000,000 below the request and $47,200,000 below the fiscal year 2002 enacted level, including emergency supplemental appropriations.

The Committee recommendation funds the President's budget request for this account with the exception of a reduction of $25,000,000 in the funding for the Korean Peninsula Energy Development Organization (KEDO).

The Committee has included bill language from the fiscal year 2002 appropriations act that imposes the requirement for notice prior to the obligation of funds for the CTBT Preparatory Commission.

The following is a chart that indicates fiscal year 2002 funding for the programs covered by this account, as well as the President's request for fiscal year 2003 and the Committee recommendation:

	FY 2002 enacted	FY 2003 request	FY 2003 House
Nonproliferation and Disarmament Fund	14,000,000	15,000,000	15,000,000
Export Control & Border Security	17,000,000	36,000,000	36,000,000
Science Centers/BW Redirection	37,000,000	52,000,000	52,000,000
IAEA Voluntary Contribution	50,000,000	50,000,000	50,000,000
CTBT International Monitoring System	20,000,000	18,200,000	18,200,000
Korean Peninsula Energy Development Organization	90,500,000	75,000,000	50,000,000
Anti-terrorism Assistance	38,000,000	64,200,000	64,200,000
Terrorist Interdiction Program	4,000,000	5,000,000	5,000,000
Humanitarian Demining Program	40,000,000	45,000,000	45,000,000
International Trust Fund	.....	10,000,000	10,000,000
Small Arms Destruction	3,000,000	2,000,000	2,000,000
Total	313,500,000	372,400,000	347,400,000

Note.—FY 2003 budget consolidates into this account most export control and border security assistance programs previously funded in the account ''Assistance for the Independent States of the Former Soviet Union'' ($20,500,000 estimate for FY 2002), as well as funding for the Biological Warfare Redirect program ($15,000,000 estimate for FY 2002). The FY 2002 column in the above table does not include $155,700,000 allocated to programs in this account from the Emergency Response Fund, or $88,000,000 appropriated for this account in the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States.

KEDO

The funding reduction of $25,000,000 for KEDO is being made with the expectation the Administration will renew its efforts to obtain funding from other donors to help offset the costs for the provision of heavy fuel oil for North Korea pursuant to the Agreed Framework. In addition, the Committee is concerned the President failed to certify in fiscal year 2002 that North Korea is in compliance with the Agreed Framework. The provision of heavy fuel oil and participation in KEDO is predicated on such compliance. In order to clarify this issue, the Committee recommendation regarding the general provision on KEDO (section 559) would not allow the President to waive the requirement for compliance with the Agreed Framework in order to obligate funds for KEDO.

DEMINING

The Committee is recommending the full request of $55,000,000 for humanitarian demining, including $10,000,000 for the Slovenian International Trust Fund. The Committee directs that such amounts may be deposited into that fund only to the extent of deposits of matching amounts by other governments, entities, or persons. In addition, these funds should only be expended by the fund in consultation with the United States Government. The Committee further directs that deposits into the fund shall be subject to the regular notification procedures of the Committees on Appropriations.

ALBANIA

The Committee urges the Department of State to provide up to $1,500,000 as a United States contribution to an international effort to provide Albania with the means to destroy hundreds of tons of excess ammunition. These funds would be used to purchase an explosive waste incinerator. The project has been initiated under the Partnership for Peace (PFP) program. Funding may be derived from this account, or from funds appropriated under the headings "Foreign Military Financing Program" and "Peacekeeping Operations".

DEPARTMENT OF THE TREASURY

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

Fiscal year 2002 level	$6,500,000
Fiscal year 2003 request	10,000,000
Committee recommendation	11,000,000

The Committee recommends $11,000,000 under this heading for international technical assistance by the Department of the Treasury, an amount that is $1,000,000 above the request and $4,500,000 above last year's level. In operation since 1991, Treasury's Office of Technical Assistance provides expert fiscal and monetary policy advisors to countries of the former Soviet Union and Eastern Europe. Beginning in fiscal year 1999, Treasury created the Treasury International Affairs Technical Assistance (TIATA) program and expanded the countries to Asia, Africa and Latin America. The Committee directs the Office of Technical Assistance to notify the Committee prior to the obligation of funds for the com-

pensation or travel expenses of any individual who is not an employee of the Department of Treasury.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 2002 level	$70,000,000
Fiscal year 2003 request	80,000,000
Committee recommendation	80,000,000

The Committee recommends $80,000,000 for the International Military Education and Training program, which represents an increase of $10,000,000 above the fiscal year 2002 level and is the same as the requested level.

The Committee has included language in section 534 to allow the Administration to obligate funds for military education and training for Cambodia, notwithstanding section 557 of this Act. The President's fiscal year 2003 budget request includes $200,000 for this purpose. In implementing this program, the Committee directs that strict vetting procedures be instituted for the individuals that will be involved in the program. The Committee notes that any program must comply with section 553 of this Act, "Limitation on Assistance to Security Forces".

GUATEMALA

The Committee includes prior year bill language limiting Guatemala to Expanded IMET only, subject to notification.

IMET AVAILABILITY

The Committee has retained language from fiscal year 2002, which provides that, of the funds made available for IMET, $3,000,000 may remain available until expended.

FOREIGN MILITARY TRAINING REPORT

The Committee is pleased the Departments of State and Defense responded to the Committee's recommendation and made key information public in the most recent Foreign Military Training Report. The Committee believes this information should remain available to the public in future editions of this report.

INDONESIA

The Committee recommendation does not include prior year language that would have restricted IMET for Indonesia to Expanded IMET (E–IMET). In addition, language in section 564 ("Indonesia") has been modified to require certain determinations prior to the obligation of funds for assistance for Indonesia appropriated in the account "Foreign Military Financing Program", but the obligation of funds for assistance for Indonesia under IMET would not be subject to these determinations.

FOREIGN MILITARY FINANCING PROGRAM

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 2002 level	$3,650,000,000
Emergency supplemental funding	357,000,000
Fiscal year 2003 request	4,107,200,000
Committee recommendation	4,080,200,000
(by transfer)	(98,000,000)

The Committee recommends $4,080,200,000 in Foreign Military Financing grants. This program level is $73,200,000 above the fiscal year 2002 level, including emergency supplemental appropriations, and $27,000,000 below the President's request. The increase above the fiscal year 2002 level is primarily due to an increase of $60,000,000 for Israel, as requested by the President.

Funding of $98,000,000 for Colombia is appropriated in this account, as requested, but for purposes of program implementation bill language is proposed that allows the funds to be transferred to "International Narcotics Control and Law Enforcement". As a result the Committee has also included bill language prohibiting the expenditure of other funds appropriated under this heading for Colombia for helicopters and related support.

ISRAEL

The Committee recommends a total Foreign Military Financing (FMF) program of not less than $2,100,000,000 in grants for Israel which shall be available within 30 days of enactment or by October 31, 2002, whichever is later.

It is the Committee's view that while Israel's economy has improved in recent years, the security situation in the Middle East has significantly worsened. Therefore, the Committee is convinced the United States must make every effort to carry out its longstanding policy of ensuring that Israel's technological edge is maintained. As a result, the Committee has provided an increase of $60,000,000 above the fiscal year 2002 level, as requested by the President. The Committee also believes that a sustained military improvement program will be required over the next five years, at an annual rate of approximately $60,000,000, to assist Israel in responding to these emerging security challenges. However, with respect to this recommended increase in military assistance, the Committee must be very clear that it cannot commit future Congresses to the future appropriation of funds. Therefore, future increases in military assistance will require the annual review of the Congress and will necessarily be based upon an assessment of the security situation at the time.

The Committee also recommends that, to the extent that the Government of Israel requests that FMF grant funds for Israel be used for such purposes, and as agreed by Israel and the United States, funds may be made available for advanced weapons systems of which $550,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development. This represents a $15,000,000 increase over the fiscal year 2002 level and reflects a recognition by the Committee of Israel's need for similar annual increases over the next few years in order to provide Israel with increased flexibility in meeting the emerging security challenges in the Middle East.

JORDAN

The Committee strongly supports the Administration's efforts to improve Jordanian security and therefore recommends full funding of the President's request of $198,000,000 for Jordan. Under the able leadership of King Abdullah, Jordan plays a critical role in supporting peace and security in the Middle East. The Committee is well aware that Jordan's security requirements are extensive, particularly in the areas of ground force modernization and border security.

EGYPT

The Committee recommends a total of $1,300,000,000 in Foreign Military Financing grants for Egypt.

Pursuant to the President's budget request bill language is recommended that would require that funds estimated to be outlayed for Egypt during fiscal year 2003 shall be transferred to an interest bearing account for Egypt in the Federal Reserve Bank of New York within 30 days of enactment of this Act or by October 31, 2002, whichever is later. The Committee is convinced that continued military cooperation between Egypt and the United States remains in the national security interests of both countries.

THE BALTICS

The Committee strongly supports at least the Presidents' budget request of $21,250,000 for Estonia, Latvia, and Lithuania. Previous years' funding has significantly supported the commendable efforts of these countries to attain Western military standards and to improve their capacities to contribute to international security through the provision of peacekeepers to international peacekeeping missions.

TURKEY

The Committee supports the budget request of $17,500,000 for Turkey with the understanding that it will be used only to support that country's command of the International Security Assistance Force (ISAF) in Afghanistan and for its military role in Operation Enduring Freedom and other areas in the war on terrorism. Given these imperatives, the Committee is not considering the traditional 10–to–7 ratio of aid to Greece.

ARMENIA AND AZERBAIJAN

The Committee supports the President's budget request of $3,000,000 for assistance for Armenia and $3,000,000 for assistance for Azerbaijan. In addition, the Committee supports IMET assistance levels of $750,000 for both countries as requested by the President.

MALTA

The Committee is recommending that $6,000,000 be made available for Malta to enable that country to purchase an additional coastal patrol craft and for other military assistance. Malta's position in the middle of the Mediterranean gives it a crucial role in the interdiction of drug trafficking, illegal weapons shipments, and

other smuggling activities. The Committee is also aware of the great increase in recent years in port calls and ship support provided by Malta for the United States Navy.

ADMINISTRATIVE EXPENSES

The Committee has recommended a limitation on administrative expenses of $38,000,000. This is $1,000,000 above the level requested by the President and is $1,000,000 above the fiscal year 2002 level, including $2,000,000 in emergency supplemental funds. The increase above the budget request is intended to allow the Defense Security Cooperation Agency (DSCA) to annualize overseas costs associated with the emergency supplemental appropriations act.

FOREIGN MILITARY FINANCING SURCHARGE

The Committee has included a limitation on Foreign Military Financing operating costs of $356,000,000. This limitation may be waived pursuant to the regular notification procedures of the Committees on Appropriations. This is $8,000,000 more than the fiscal year 2002 level and the same as the request.

FMF EXPENDITURE RATE

The Committee continues prior year language that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services. In addition, it continues language providing that such funds shall be obligated upon apportionment in order to allow for the orderly execution of program funds.

PROCUREMENT AGREEMENTS

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

PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Sudan and Liberia. The Administration did not request military assistance for Sudan or Liberia for fiscal year 2003.

The Committee continues to support United States assistance to Guatemala to implement the Guatemalan peace accords. However, it remains concerned about limited progress in certain areas such as reform of the Guatemalan military. Therefore the Committee retains the existing ban on Foreign Military Financing and International Military Education and Training (IMET), with the exception of E–IMET. The Committee expects the State Department to continue to press the Guatemalan government to address corruption, comply with the peace accords, follow through on the recommendations of the Historical Clarification Commission, and move forward on important unresolved human rights cases.

PEACEKEEPING OPERATIONS

Fiscal year 2002 level	$135,000,000
Emergency supplemental funding	20,000,000
Fiscal year 2003 request	108,250,000
Committee recommendation	125,000,000

The Committee recommends $125,000,000 for voluntary contributions for international peacekeeping operations. This amount is $30,000,000 below the level provided in fiscal year 2002, including emergency supplemental appropriations, and is $16,750,000 above the President's request.

The Committee recommendation reflects recognition of the need for additional resources to respond to recent peace initiatives in Africa, such as in Sudan.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

INTERNATIONAL FINANCIAL INSTITUTIONS

GLOBAL ENVIRONMENT FACILITY

Fiscal year 2002 level	$100,500,000
Fiscal year 2003 request	177,812,533
Committee recommendation	147,812,533

The Committee recommends $147,812,533 for the Global Environment Facility (GEF), administered by the World Bank. Of the amount provided, $107,500,000 is intended for the scheduled United States annual payment to the third replenishment of GEF and $40,312,533 for past payments due. The recommendation is $30,000,000 below the request and $47,312,533 more than the amount enacted for 2002.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 2002 level	$792,400,000
Fiscal year 2003 request	874,338,333
Committee recommendation	874,338,333

The Committee is providing $874,338,333 for the U.S. contribution to the International Development Association (IDA), the same as the request and a $81,938,333 increase above the 2002 enacted level. Of the total, $850,000,000 is intended for the first of three payments under the United States commitment to the thirteenth replenishment of IDA and $24,338,333 for past payments due.

The Committee commends the Department of Treasury in its negotiations for the thirteenth replenishment of IDA, and for the resulting agreement that would expand the use of grants as a part of the World Bank's assistance for the poorest countries. 18 to 21 percent of all IDA resources will be provided in the form of grants. The Committee strongly holds the opinion that countries in Africa, where the HIV/AIDS crisis is deepening, should not be forced to take loans to finance their health care and education. Grants from the World Bank will allow the poorest countries to avoid insupportable levels of debt in the future.

The Committee agrees with the Secretary of Treasury that the World Bank must be more rigorous in measuring the results of its programs, and programs should focus on economic growth, health, education, and the alleviation of poverty. Developing benchmarks

for assessing aid is not a straightforward or precise process, therefore the Committee is concerned about the Administration's announcement that it will seek funding increased levels of $950,000,000 in fiscal year 2004 and $1,050,000,000 in fiscal year 2005 if the World Bank meets certain benchmarks. The Committee expects the Department of Treasury to consult on an on-going basis with the Committee as benchmarks are developed and programs are evaluated.

CONTRIBUTION TO THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

Fiscal year 2002 level	$5,000,000
Fiscal year 2003 request	3,630,696
Committee recommendation	1,630,696

(LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2002 level	($25,000,000)
Fiscal year 2003 request	(14,825,178)
Committee recommendation	(6,825,178)

The Committee is providing $1,630,696 for past payments due by the United States to the World Bank's Multilateral Investment Guarantee Agency, $2,000,000 below the request and $3,369,304 less than the 2002 enacted level.

GENERAL CONCERNS ABOUT THE WORLD BANK GROUP

OBJECTIVES

The Committee is concerned that with the many reform proposals for the World Bank over the years, few have resulted in major changes to the Bank's basic structure or function. The Committee believes the World Bank and other multilateral development banks should have a clear set of objectives with the top priority to raise the standard of living of people throughout the world. The Committee supports the Treasury Department's attempts to focus the World Bank's core objective to raising per capita income and economic growth and the Committee urges the Administration to include basic education in the scope of activities that fall under this purpose.

FORESTS

The Committee notes the World Bank has revised its forest policy, lifting the prohibition against financing of commercial logging operations in primary tropical forest and exempting the policy's application to the International Finance Corporation (IFC) or the Multilateral Investment Guarantee Agency (MIGA), the Bank's private-sector arms, and to structural adjustment lending. The Committee is concerned with the Bank's record in environmentally sensitive sectors and questions the ability of the Bank to implement and monitor the provisions of a more complex forest policy. The Committee directs the Secretary of the Treasury and the United States Executive Director at the World Bank to work with management to ensure that Bank operations do not jeopardize primary or old growth forests or critical natural habitats or the rights and local economies of indigenous peoples and long-term forest inhabitants.

AVAILABILITY OF INFORMATION

The Committee is concerned with the lack of contact and information provided by the World Bank Group and regional development banks. The Committee is disappointed that it must request annual reports and information about the basic functions of each institution. Future and continued support for the banks cannot be guaranteed unless future requests are better justified by the Department of Treasury as well as the management of each individual institution.

INTER-AMERICAN INVESTMENT CORPORATION

Fiscal year 2002 level	$18,000,000
Fiscal year 2003 request	30,351,667
Committee recommendation	30,351,667

The Committee recommends an appropriation of $30,351,667 for the Inter-American Investment Corporation, of which $25,000,000 is to meet the scheduled United States annual purchase of share capital of the Inter-American Investment Corporation and $5,351,667 for past due payments. The recommendation is the same as the request and $12,351,667 more than the 2002 enacted level.

For the past 10 years, the Inter-American Investment Corporation has supported small and medium private enterprises in Latin America and the Caribbean through strategic equity investments and loans. The small and medium enterprise sector is the major source of new jobs and economic growth in the region, but is generally overlooked by multilateral banks that focus on the public sector and bilateral donor agencies that focus on microenterprise credit.

MULTILATERAL INVESTMENT FUND

Fiscal year 2002 level	.....
Fiscal year 2003 request	$29,590,667
Committee recommendation	24,590,667

The Committee recommends an appropriation of $24,590,667 for past due payments for the Multilateral Investment Fund (MIF). The recommendation is $5,000,000 below the request. There was no appropriation in 2002.

The Multilateral Investment Fund (MIF) is the major source of multilateral technical assistance grants for micro and small business development in Latin America and the Caribbean.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 2002 level	$98,017,050
Fiscal year 2003 request	147,386,133
Committee recommendation	97,886,133

The Committee recommends an appropriation of $97,886,133 for the concessional Asian Development Fund, an amount that is $130,917 below the amount provided in fiscal year 2002 and $49,500,000 below the amount requested.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 2002 level	$5,100,000
Fiscal year 2003 request	5,104,473
Committee recommendation	5,104,473

(LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2002 level	($79,991,500)
Fiscal year 2003 request	(79,602,688)
Committee recommendation	(79,602,688)

The Committee recommends an appropriation of $5,104,473 for the African Development Bank, an amount that is $4,473 above the amount provided in fiscal year 2002 and the same as the amount requested. The Committee intends that $5,100,000 of the amount provided be for the annual United States payment and $4,473 for past payments due. The Committee notes the error in the Department of Treasury Congressional budget justification estimates for this request.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 2002 level	$100,000,000
Fiscal year 2003 request	118,073,333
Committee recommendation	113,073,333

The recommendation for the concessional African Development Fund is $113,073,333, which is $5,000,000 less than the amount requested and $13,073,333 above the amount provided in fiscal year 2002.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Fiscal year 2002 level	$35,778,717
Fiscal year 2003 request	35,804,955
Committee recommendation	35,804,955

(LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS)

Fiscal year 2002 level	($123,237,803)
Fiscal year 2003 request	(123,328,178)
Committee recommendation	(123,328,178)

The Committee is recommending $35,804,955 for the European Bank for Reconstruction and Development. This amount is the same as the President's request and $26,238 more than the appropriation provided in fiscal year 2002.

CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Fiscal year 2002 level	$20,000,000
Fiscal year 2003 request	15,004,000
Committee recommendation	15,004,000

The Committee is again providing a separate appropriation for the International Fund for Agricultural Development (IFAD), reflecting the assumption of responsibility for this multilateral institution by the Department of the Treasury in February, 2000. The fiscal year 2003 recommendation is $15,004,000, the same as the request and $4,996,000 below the amount provided in fiscal year 2002.

Cooperatives and credit unions should be a critical element of IFAD programs in reaching low-income farmers and entrepreneurs in developing countries. The Committee encourages IFAD to better utilize the technical know-how of, and to collaborate with, United States cooperative development organizations to build sustainable, member-owned cooperatives and credit unions. In particular, the Committee looks favorably on IFAD's new Rural Finance Policy, a vital tool in poverty reduction and rural development. Cooperatives, credit unions and producer-owned associations are essential for providing sustainable rural financial and business services, including for micro-finance and savings mobilization of small farmers. The Committee encourages IFAD to better tap the United States cooperative and credit union experience in forming sustainable farm credit institutions and rural credit unions.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 2002 level	$208,500,000
Fiscal year 2003 request	310,400,000
Committee recommendation	190,400,000

The Committee has recommended $190,400,000 for International Organizations and Programs. This is $18,100,000 less than the fiscal year 2002 level and $120,000,000 less than the President's request. As in fiscal year 2002, funding for a grant to UNICEF is provided in the "Child Survival and Disease Programs Fund" under title II. Once this funding is taken into account, the Committee recommendation is the same as the request. The United Nations Population Fund (UNFPA) is discussed in section 568.

The Committee recommendation also continues prior year bill language prohibiting the use of funds for the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA). Both organizations are funded under "Nonproliferation, Anti-Terrorism, Demining and Related Programs".

UNITED NATIONS DEVELOPMENT PROGRAM

The Committee recommends a level not less than $100,000,000 in International Organizations and Programs funding be set aside to support the United Nations Development Program (UNDP).

UNITED NATIONS VOLUNTARY FUND FOR VICTIMS OF TORTURE

The Committee supports not less than $5,000,000 for the United States contribution to the United Nations Voluntary Fund for Victims of Torture. Assisting these centers not only reinforces United States opposition to human rights violations but has proven to be an effective method for lessening the incidence of torture and promotes human rights and democracy abroad. The Committee urges the Department of State to negotiate with other governments to persuade them to increase their contributions to the Fund.

TITLE V—GENERAL PROVISIONS

The Committee recommends that 17 of the general provisions carried in the fiscal year 2002 act be deleted. These provisions (sections 523, 541, 551, 552, 559, 560, 561, 566, 579, 583, 585–87, and 589–92) are either addressed elsewhere in permanent law, have

been considered by the appropriate authorizing committee, or are no longer necessary.

The Committee recommends the following new and revised general provisions.

Sec. 509, "Transfers Between Accounts" is modified by adding two new subsections: prohibiting transfers of funds made available by this Act other than those transfers provided for by this Act, any other appropriations Act, or sections 109, 610 and 632 of the Foreign Assistance Act of 1961; and requiring the inspectors general of agencies in receipt of transfers of funds provided by this Act to perform and make available to the Committee periodic program and financial audits of the use of such funds.

Sec. 512, "Limitation on Assistance to Countries in Default" is modified by narrowing the application of the limitation to assistance to the government of any country in default.

Sec. 520, "Special Notification Requirements" is modified to delete Serbia and Haiti.

Sec. 522, "Child Survival and Health Activities" is revised by reducing from $15,500,000 to $11,000,000 the amount from the Child Survival and Health Program Fund that may be used to reimburse other agencies, institutions and private organizations for the full cost of individual USAID staff who would otherwise be compensated from the USAID Operating Expenses account; by increasing from $3,000,000 to $3,500,000 the amount of Development Assistance funds that may be used for similar reimbursements relating to operating expenses for administration of basic education activities; and by deleting the requirement that $446,000,000 shall be made available for family planning/reproductive health.

Sec. 523, "Afghanistan" is a new general provision providing that not less than $295,500,000 shall be provided for humanitarian and reconstruction activities in Afghanistan, of which not less than $2,500,000 should be for women's centers.

Sec. 526, "Democracy Programs" is modified by deleting language providing that not less than $10,000,000 shall be made available for democracy activities in China, but retaining a ceiling of $3,000,000 for certain activities in Tibet that are undertaken by nongovernmental organizations incorporated outside of China; it also modifies a provision regarding democracy, rule of law, and women's development programs in countries with a significant Muslim population by deleting the minimum funding level and all references to the Bureau of Democracy, Human Rights and Labor, Department of State.

Sec. 528, "Debt-for-Development" is modified by limiting its application to debt exchanges and deleting references to endowment and economic assistance activities.

Sec. 534, "Special Authorities" is revised by: in subsection (a) expanding its application to all assistance to Afghanistan and modifying restrictions on assistance for Cambodia; in subsection (c) by reducing the number of additional USAID personal service contractors in the United States from 25 to 15 and limiting their temporary deployment to the offices of Procurement and of Food for Peace and the bureaus for Africa and for Asia and the Near East; and by adding a new subsection (g) that extends an additional year certain authorities contained in section 602 of Public Law 107–206

regarding the shipment of humanitarian assistance that applied only during fiscal year 2002.

Sec. 538, "Earmarks" is modified in subsection (a) by replacing the word "impossible" with the words "not possible".

Sec. 544, "Withholding of Assistance for Parking Fines Owed by Foreign Countries" is modified in subsection (a) by changing a reference to the date of enactment of this Act to the date "September 30, 2002".

Sec. 547, "Landmines" is modified by deleting the change in permanent law that was contained in the proviso.

Sec. 551, "Caribbean Basin" is a new general provision that incorporates sec. 554 of the fiscal year 2002 Act and provides bilateral economic assistance of not less than the following amounts: Haiti (including food aid managed by USAID)—$52,500,000; Honduras—$40,130,000 and Nicaragua—$37,680,000.

Sec. 555, "Assistance for the Middle East" is similar to Section 558 of the fiscal year 2002 appropriations act and is modified by raising the cap on Middle East spending from $5,141,150,000 to $5,466,700,000.

Sec. 557, "Cambodia" is modified by deleting the requirement for a determination and report by the Secretary of State, a reference to the Ministry of Women and Veteran's Affairs, and a requirement for a determination and certification by the President regarding a tribunal; funding under the Child Survival and Health Programs Fund is authorized for Cambodia.

Sec. 559, "Korean Peninsula Energy Development Organization" is revised by reducing the funding ceiling from $95,000,000 to $50,000,000 and modifying the presidential waiver.

Sec. 560, "Palestinian Statehood" is a new general provision replacing section 566 from the fiscal year 2002 appropriations act, "PLO Compliance Report" which is deleted. This provision prohibits United States assistance for a Palestinian state unless certain conditions are met regarding democratic reform and cessation of terrorism, but allows technical assistance to Palestinian institutions to meet those goals without contravening the restriction on direct assistance to the Palestinian Authority.

Sec. 562, "Iraq" is modified by removing all of the provisos.

Sec. 563, "West Bank and Gaza Program" is revised by the addition of two new subsections relating to vetting of individuals or entities and to annual audits under the oversight of USAID of all contractors and grantees; in addition, up to $1,000,000 from the Economic Support Fund may be used by the USAID Office of the Inspector General for such audits.

Sec. 564, "Indonesia" is modified by limiting its application to funds appropriated under the heading "Foreign Military Financing Program".

Sec. 566, "Restrictions on Assistance to Governments Destabilizing Sierra Leone" is similar to section 574 of the fiscal year 2002 appropriations act and is modified by deleting initial subsection.

Sec. 568, "Contributions to the United Nations Population Fund" is identical except for technical date changes to section 585 of the fiscal year 2001 Act with two modifications: it deletes the term "not more than" before the dollar amount; and it adds a new condition on availability of funds to UNFPA—that the UNFPA does not pro-

vide any funding for China's State Planned-Birth Commission or its regional affiliates.

Sec. 573, "Funding for Yugoslavia" is modified by replacing 'Serbia' with 'Yugoslavia' or 'Central Government of the Federal Republic of Yugoslavia' where the former term was used in the title or subsection (a) of section 584 of the fiscal year 2002 Act; also, subsection (d) deletes references to Montenegro, Kosovo and municipalities.

Sec. 574, "Prohibition on Taxation of United States Assistance" is a new general provision that requires the Secretary of State to insert in new bilateral assistance agreements a requirement that United States assistance is exempt from taxation or that tax collected is promptly reimbursed.

Sec. 575, "Prohibition on Use of Multilateral Assistance to Support Terrorism" is a new general provision relating to compliance, especially by the Department of State and United Nations Relief and Works Agency for Palestine Refugees in the Near East, with section 301(c) of the Foreign Assistance Act.

Sec. 576, "Colombia" is similar to Section 567 of the fiscal year 2002 appropriations act and is modified to require the Secretary of State to determine and certify that the Colombian Armed Forces are meeting certain human rights conditions before all the funds for the Colombian Armed Forces are made available.

Sec. 578, "Burma" is a new general provision replacing language carried under that heading in title II of the fiscal year 2002 Act; subsection (a) is identical, except for updated dollar amounts, to language enacted in the fiscal year 1977 appropriations act; subsection (b) provides that not less than $2,000,000 should be made available from the Child Survival and Health Programs Fund for Burma.

Sec. 579, "Tropical Forest Conservation" is a new general provision requested by the President making available from the Development Assistance account $50,000,000 to carry out tropical forest conservation activities, of which up to $40,000,000 may be used for the subsidy cost of debt reduction authorized by the Tropical Forest Conservation Act of 1998.

Sec. 580, "Authorizations" is similar to Section 588 of the fiscal year 2002 appropriations act and authorizes the Secretary of Treasury to make contributions to certain multilateral development banks.

Sec. 581, "Cuba" is a new general provision prohibiting counternarcotics assistance in this Act to the Government of Cuba.

Sec. 582, "Trade Capacity Building" is a new general provision providing that not less than $452,000,000 from five specified accounts should be made available for trade capacity building assistance.

PROVISIONS RETAINED FROM FISCAL YEAR 2002

The following general provisions from the fiscal year 2002 Act are retained in the fiscal year 2003 Act unchanged except for technical corrections, references to fiscal year 2003, and new section numbers where appropriate:

Sec. 501. Obligations During Last Month of Availability.

Sec. 502. Private and Voluntary Organizations.

Sec. 503. Limitation on Residence Expenses.

Sec. 504. Limitation on Expenses.
Sec. 505. Limitation on Representational Allowances.
Sec. 506. Prohibition on Financing Nuclear Goods.
Sec. 507. Prohibition Against Direct Funding for Certain Countries.
Sec. 508. Military Coups.
Sec. 510. Deobligation/Reobligation Authority.
Sec. 511. Availability of Funds.
Sec. 513. Commerce and Trade.
Sec. 514. Surplus Commodities.
Sec. 515. Notification Requirements.
Sec. 516. Limitation on Availability of Funds for International Organizations and Programs.
Sec. 517. Independent States of the Former Soviet Union.
Sec. 518. Prohibition on Funding for Abortions and Involuntary Sterilization.
Sec. 519. Export Financing Transfer Authorities.
Sec. 521. Definition of Program, Project, and Activity.
Sec. 524. Notification of Excess Defense Equipment.
Sec. 525. Authorization Requirement.
Sec. 527. Prohibition on Bilateral Assistance to Terrorist Countries.
Sec. 529. Separate Accounts.
Sec. 530. Compensation for United States Executive Directors to International Financial Institutions.
Sec. 531. Compliance with United Nations Sanctions against Iraq.
Sec. 532. Authorities for the Peace Corps, Inter-American Foundation and African Development Foundation.
Sec. 533. Impact on Jobs in the United States.
Sec. 535. Policy on Terminating the Arab League Boycott of Israel and Normalizing Relations with Israel.
Sec. 536. Administration of Justice Activities.
Sec. 537. Eligibility for Assistance.
Sec. 539. Ceilings and Earmarks.
Sec. 540. Prohibition on Publicity and Propaganda.
Sec. 541. Prohibition of Payments to United Nations Members.
Sec. 542. Nongovernmental Organizations—Documentation.
Sec. 543. Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism.
Sec. 545. Limitation on Assistance for the PLO for the West Bank and Gaza.
Sec. 546. War Crimes Tribunals Drawdown.
Sec. 548. Restrictions Concerning the Palestinian Authority.
Sec. 549. Prohibition of Payment of Certain Expenses.
Sec. 550. Restrictions on Voluntary Contributions to United Nations Agencies.
Sec. 552. Limitation on Assistance to the Palestinian Authority.
Sec. 553. Limitation on Assistance to Security Forces.
Sec. 554. Discrimination Against Minority Religious Faiths in the Russian Federation.
Sec. 556. Enterprise Fund Restrictions.
Sec. 558. Foreign Military Training Report.

Sec. 561. Prohibition on Assistance to the Palestinian Broadcasting Corporation.
Sec. 565. Briefings on Potential Purchases of Defense Articles or Defense Services by Taiwan.
Sec. 567. Voluntary Separation Incentives.
Sec. 569. Procurement and Financial Management Reform.
Sec. 570. Commercial Leasing of Defense Articles.
Sec. 571. War Criminals.
Sec. 572. User Fees.
Sec. 577. Illegal Armed Groups.
Sec. 583. American Churchwomen and Other Citizens in El Salvador and Guatemala.

HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

TRANSFER OF FUNDS

Pursuant to clause 3(f)(2) of rule XIII of the Rules of the House of Representatives, the following is submitted describing the transfer of funds provided in the accompanying bill.

Under "Child Survival and Health Programs Fund" up to $6,000,000 may be transferred to and merged with funds appropriated under the heading "Operating Expenses of the United States Agency for International Development."

Under "Development credit authority" up to $24,500,000 is authorized to be transferred to the account from a variety of sources. In addition, $7,591,000 may be transferred to and merged with funds appropriated under the heading "Operating Expenses of the United States Agency for International Development".

Under "Economic Support Fund", up to $200,000,000 may be transferred to "Nonproliferation, Antiterrorism, Demining and Related Programs".

Under "Foreign Military Financing Program", up to $98,000,000 may be transferred to "International Narcotics Control and Law Enforcement".

RESCISSIONS

Clause 3(f)(2) of rule XIII of the Rules of the House of Representatives requires a separate listing of rescissions. There are no rescissions recommended in the accompanying bill.

CONSTITUTIONAL AUTHORITY

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives states that:

> Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution.

The Committee on Appropriations bases its authority to report this legislation from Clause 7 of Section 9 of Article I of the Constitution of the United States of America which states:

> No money shall be drawn from the Treasury but in consequence of Appropriations made by law * * *

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3(f), rule XIII of the Rules of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill which directly or indirectly change the application of existing law. Most of the language has been provided in previous measures including supplementals for the departments and agencies carried in the accompanying bill.

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 2002 have not yet been enacted. The bill allows funds appropriated in the bill to be obligated in the absence of a prior authorization of appropriations.

2. The bill provides that a number of the appropriations shall remain available for obligation beyond the current fiscal year. In all cases it is deemed desirable to carry such language in order to provide for orderly administration of such programs and effective use of funds.

3. The bill contains a number of general provisions and other language that have been carried in the bill in past years.

4. Under "Export-Import Bank of the United States, Administrative Expenses", authority is provided for the Export-Import Bank to accept and use payment or services provided by transaction participants for legal, financial, or technical services in connection with any transaction for which an application for a loan, guarantee or insurance commitment has been made. In addition, authority is provided for subsection (a) of section 117 to remain in effect until October 1, 2003.

5. Under "Overseas Private Investment Corporation, Program Account", funds are appropriated for the cost of direct and guaranteed loans, to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account. Such costs shall be as defined in section 502 of the Congressional Budget Act of 1974 and may be used for direct loan and loan guaranty commitments incurred or made during fiscal years 2003 and 2004. These funds are available for obligation until 2011 and 2012, depending on the initial date of obligation.

6. Under "Trade and Development Agency", an additional $5,000,000 is made available for trade capacity building assistance and is subject to notification.

7. Under "Child Survival and Health Programs Fund" language is provided that indicates how the funds should be allocated among various activities; not to exceed $32,500, in addition to funds otherwise available for such purposes, may be used to monitor and provide oversight of programs for displaced and orphaned children and victims of war; up to $60,000,000 is authorized to be made available for a contribution to The Vaccine Fund; and language is included that provides that not less than $250,000,000 should be made available for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and shall be expended at the minimum rate necessary to make timely payments for projects and activities, and may not exceed the total resources provided by other donors; and limitations are placed on transfers to other agencies.

8. Under "Development Assistance", language is provided that indicates how the funds should be allocated among various activities, including $162,500,000 for trade capacity building and $218,000,000 for basic education; and language is included that provides that none of the funds appropriated under title II of this Act that are managed by or allocated to the United States Agency for International Development Secretariat may be made available except through the regular notification procedures of the Committees on Appropriations.

9. Under "International Disaster Assistance", $50,000,000 is provided for the West Bank and Gaza, to remain available until expended, and language provides that none of the funds appropriated for this purpose may be obligated or expended with respect to providing funds to the Palestinian Authority, and $65,000,000 is made available for Afghanistan for certain specified purposes.

10. Under "Development Credit Authority", authorized transfers, when added to the funds transferred pursuant to the authority contained under this heading in Public Law 107–115, shall not exceed $24,500,000.

11. Under "Capital Investment Fund", language is provided establishing this new account pursuant to the authority of section 667 of the Foreign Assistance Act, for expenses for overseas construction and related costs, and for the procurement and enhancement of information technology and related capital investments; such appropriations are in addition to those otherwise available for such purposes; the Administrator of USAID is authorized to change fair and reasonable rent in buildings constructed using funds appropriated under this heading, and such rental payments are designated as offsetting collections; obligations of funds (including offsetting collections) are subject to notification; and the assignment of employees or contractors to buildings is subject to the concurrence of the Administrator of USAID.

12. Under "Economic Support Fund", not less than $600,000,000 is made available only for Israel and not less than $615,000,000 is made available only for Egypt; not less than $45,000,000 is made available for Afghanistan for certain specified purposes; not less than $35,000,000 should be available for Lebanon; and not less than $15,000,000 should be available for Cyprus. In addition, $200,000,000 is provided for Israel for certain specified purposes with discretionary transfer authority.

13. Under "Assistance for Eastern Europe and the Baltic States", not less than $5,000,000 should be made available for assistance for the Baltic States.

14. Under "Assistance for the Independent States of the Former Soviet Union", the Committee has modified limitations on the amount of assistance that may be made available for various countries, and the limitations for Georgia and Armenia apply to funds appropriated in this title rather than under this heading, as in current law; in addition, no funds are available for the Government of Ukraine if the Secretary of State cannot certify that it is in compliance with certain specified conditions, subject to several specified exceptions.

15. Under "African Development Foundation", funds made available to grantees may be invested for project purposes when author-

ized by the Board of Directors, instead of by the President as in current law.

16. Under "Peace Corps", the Director of the Peace Corps is allowed to make appointments to permit Peace Corps employees to serve in excess of five years in the case of individuals whose appointment involves the safety of Peace Corps volunteers, notwithstanding section 7 of the Peace Corps Act.

17. Under "International Narcotics Control and Law Enforcement", $10,000,000 should be made available for the demand reduction program; in addition, a limitation of $24,062,000 is placed on administrative expenses.

18. Under "Andean Counterdrug Initiative", assistance for Colombia is made available consistent with the provisions authorizing and limiting such assistance as are contained in Public Law 107–206; the Secretary of State, in consultation with the Administrator of USAID, shall provide to the Committee 45 days after the date of enactment a report on the proposed uses of all funds under this heading on a country-by-country basis for each proposed program, project or activity; in addition, a limitation of $15,680,000 is placed on administrative expenses.

19. Under "Migration and Refugee Assistance", a limitation of $16,000,000 is placed on administrative expenses.

20. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", a limitation of $15,000,000 is placed on funding for the Nonproliferation and Disarmament Fund.

21. Under "International Military Education and Training", assistance for Guatemala is limited to expanded military education and training and is subject to notification.

22. Under "Foreign Military Financing Program", authority is provided for the transfer of up to $98,000,000 to "International Narcotics Control and Law Enforcement" and no other funds may be made available for certain assistance for Colombia; not less than $2,100,000,000 is appropriated for Israel, of which not less than $550,000,000 shall be available for the procurement in Israel of defense articles and defense services; a limitation of $38,000,000 is provided for administrative expenses; and a limitation of $356,000,000 from certain other funds may be obligated for expenses incurred pursuant to section 43(b) of the Arms Export Control Act.

23. Under title IV, funds for a number of international financial institutions are made available for contributions; funds are made available for the United States share of the paid-in portion of the increase in capital stock of certain institutions; and limitations are placed on callable capital subscriptions.

24. Under "Contribution to the Enterprise for the Americas Multilateral Investment Fund", authority is given for the Secretary of the Treasury to make a payment to the Multilateral Investment Fund, to remain available until expended; this account was not contained in the 2002 appropriations act.

25. Under "General Provisions":

Sec. 509, "Transfers Between Accounts" is modified by adding two new subsections: prohibiting transfers of funds made available by this Act other than those transfers provided for by this Act, any other appropriations Act, or sections 109, 610 and 632 of the Foreign Assistance Act of 1961; and requiring the inspectors general

of agencies in receipt of transfers of funds provided by this Act to perform and make available to the Committee periodic program and financial audits of the use of such funds.

Sec. 512, "Limitation on Assistance to Countries in Default" is modified by narrowing the application of the limitation to assistance to the government of any country in default.

Sec. 520, "Special Notification Requirements" is modified to delete Serbia and Haiti.

Sec. 522, "Child Survival and Health Activities" is revised by reducing from $15,500,000 to $11,000,000 the amount from the Child Survival and Health Program Fund that may be used to reimburse other agencies, institutions and private organizations for the full cost of individual USAID staff who would otherwise be compensated from the USAID Operating Expenses account; by increasing from $3,000,000 to $3,500,000 the amount of Development Assistance funds that may be used for similar reimbursements relating to operating expenses for administration of basic education activities; and by deleting the requirement that $446,000,000 shall be made available for family planning/reproductive health.

Sec. 523, "Afghanistan" is a new general provision providing that not less than $295,500,000 shall be provided for humanitarian and reconstruction activities in Afghanistan, of which not less than $2,500,000 should be for women's centers.

Sec. 526, "Democracy Programs" is modified by deleting language providing that not less than $10,000,000 shall be made available for democracy activities in China, but retaining a ceiling of $3,000,000 for certain activities in Tibet that are undertaken by nongovernmental organizations incorporated outside of China; it also modifies a provision regarding democracy, rule of law, and women's development programs in countries with a significant Muslim population by deleting the minimum funding level and all references to the Bureau of Democracy, Human Rights and Labor, Department of State.

Sec. 528, "Debt-for-Development" is modified by limiting its application to debt exchanges and deleting references to endowment and economic assistance activities.

Sec. 534, "Special Authorities" is revised by: in subsection (a) expanding its application to all assistance to Afghanistan and modifying restrictions on assistance for Cambodia; in subsection (c) by reducing the number of additional USAID personal service contractors in the United States from 25 to 15 and limiting their temporary deployment to the offices of Procurement and of Food for Peace and the bureaus for Africa and for Asia and the Near East; and by adding a new subsection (g) that extends an additional year certain authorities contained in section 602 of Public Law 107–206 regarding the shipment of humanitarian assistance that applied only during fiscal year 2002.

Sec. 538, "Earmarks" is modified in subsection (a) by replacing the word "impossible" with the words "not possible".

Sec. 544, "Withholding of Assistance for Parking Fines Owed by Foreign Countries" is modified in subsection (a) by changing a reference to the date of enactment of this Act to the date "September 30, 2002".

Sec. 547, "Landmines" is modified by deleting the change in permanent law that was contained in the proviso.

Sec. 551, "Caribbean Basin" is a new general provision that incorporates sec. 554 of the fiscal year 2002 Act and provides bilateral economic assistance of not less than the following amounts: Haiti (including food aid managed by USAID)—$52,500,000; Honduras—$40,130,000 and Nicaragua—$37,680,000.

Sec. 555, "Assistance for the Middle East" is similar to section 558 of the fiscal year 2002 appropriations act and is modified by raising the cap on Middle East spending from $5,141,150,000 to $5,466,700,000.

Sec. 557, "Cambodia" is modified by deleting the requirement for a determination and report by the Secretary of State, a reference to the Ministry of Women and Veteran's Affairs, and a requirement for a determination and certification by the President regarding a tribunal.

Sec. 559, "Korean Peninsula Energy Development Organization" is revised by reducing the funding ceiling from $95,000,000 to $50,000,000 and modifying the presidential waiver.

Sec. 560, "Palestinian Statehood" is a new provision that prohibits United States assistance for a Palestinian state unless certain conditions are met regarding democratic reform and cessation of terrorism, but allows technical assistance to Palestinian institutions to meet those goals without contravening the restriction on direct assistance to the Palestinian Authority.

Sec. 562, "Iraq" is modified by removing all of the provisos.

Sec. 563, "West Bank and Gaza Program" is revised by the addition of two new subsections relating to vetting of individuals or entities and to annual audits under the oversight of USAID of all contractors and grantees; in addition, up to $1,000,000 from the Economic Support Fund may be used by the USAID Office of the Inspector General for such audits.

Sec. 564, "Indonesia" is modified by limiting its application to funds appropriated under the heading "Foreign Military Financing Program".

Sec. 566, "Restrictions on Assistance to Governments Destabilizing Sierra Leone" is similar to section 574 of the fiscal year 2002 appropriations act and is modified by deleting initial subsection.

Sec. 568, "Contributions to the United Nations Population Fund" is identical except for technical date changes to section 585 of the fiscal year 2001 Act with two modifications: it deletes the term "not more than" before the dollar amount; and it adds a new condition on availability of funds to UNFPA—that the UNFPA does not provide any funding for China's State Planned-Birth Commission or its regional affiliates.

Sec. 573, "Funding for Yugoslavia" is modified by replacing 'Serbia' with 'Yugoslavia' or 'Central Government of the Federal Republic of Yugoslavia' where the former term was used in the title or subsection (a) of section 584 of the fiscal year 2002 Act; also, subsection (d) deletes references to Montenegro, Kosovo and municipalities.

Sec. 574, "Prohibition on Taxation of United States Assistance" is a new general provision that requires the Secretary of State to insert in new bilateral assistance agreements a requirement that United States assistance is exempt from taxation or that tax that was collected is promptly reimbursed.

Sec. 575, "Prohibition on Use of Multilateral Assistance to Support Terrorism" is a new general provision relating to compliance, especially by the Department of State and United Nations Relief and Works Agency for Palestine Refugees in the Near East, with section 301(c) of the Foreign Assistance Act.

Sec. 576, "Colombia" is similar to section 561 of the fiscal year 2002 appropriations act and is modified to require the Secretary of State to determine and certify that the Colombian Armed Forces are meeting certain human rights conditions before all the funds for the Colombian Armed Forces are made available.

Sec. 578, "Burma" is a new general provision replacing language carried under that heading in title II of the fiscal year 2002 Act; subsection (a) is identical, except for updated dollar amounts, to language enacted in the fiscal year 1997 Act; subsection (b) provides that not less than $2,000,000 should be made available from the Child Survival and Health Programs Fund for Burma.

Sec. 579, "Tropical Forest Conservation" is a new general provision requested by the President making available from the Development Assistance account $50,000,000 to carry out tropical forest conservation activities, of which up to $40,000,000 may be used for the subsidy cost of debt reduction authorized by the Tropical Forest Conservation Act of 1998.

Sec. 580, "Authorizations" is similar to section 588 of the fiscal year 2002 appropriations act and authorizes the Secretary of Treasury to make contributions to certain multilateral development banks.

Sec. 581, "Cuba" prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 582, "Trade Capacity Building" is a new general provision providing that not less than $452,000,000 from five specified accounts should be made available for trade capacity building assistance.

APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3(f)(1) of rule XIII of the Rules of the House of Representatives, the following table lists the appropriations in the accompanying bill which, in whole or in part, are not authorized by law:

	Last year authorized	Authorization level	Appropriations in last year of authorization	Appropriations in this bill
Export-Import Bank	2001	Such sums as may be necessary	$865,000,000	$541,400,000
Export-Import Bank administrative expenses.	2001	Such sums as may be necessary	$62,000,000	$68,300,000
Child Survival and Health Programs Fund (See note below).	Population (1987); Health and Disease Prevention (1987); Child Survival Fund (1987); HIV/AIDS (2002).	Population ($290,000,000); Health and Disease Prevention ($180,000,000); Child Survival Fund ($75,000,000); HIV/AIDS ($300,000,000).	Population ($234,625,000); Health and Disease Prevention ($166,762,500); Child Survival Fund ($75,000,000); HIV/AIDS ($474,000,000 in fy2002 recommendation, of which $434,000,000 in this account).	$1,710,000,000 (includes $425,000,000 for population, of which $368,500,000 in this account; funding for other programs, other than HIV/AIDS, difficult to determine due to changing definitions of programs since last authorized)
Development Assistance (See note below)	Agriculture (1987); Education (1987); Energy and selected development activities (1987).	Agriculture ($760,000,000); Education ($180,000,000); Energy and selected development activities ($207,000,000).	Agriculture ($639,613,000); Education ($155,000,000); Energy and selected development activities ($149,990,000).	$1,398,000,000 (includes $250,000,000 for basic education, of which $218,000,000 in this account; other programs difficult to determine due to changing definitions of programs since last authorized)
International Disaster Assistance	1987	$25,000,000	$70,000,000	$315,500,000
Transition initiatives	None (same authorities as international disaster assistance).			$40,000,000
Development credit authority	None			($12,500,000)
Development credit authority administrative expenses.	None			$7,591,000
Payment to the Foreign Service Retirement and Disability Fund.	None; mandatory item			$45,200,000
Operating expenses of the United States Agency for International Development.	1987	$387,000,000	$340,600,000	$572,200,000
Capital Investment Fund	None			$43,000,000
Operating Expenses of the United States Agency for International Development Inspector General.	1987	$21,750,000	$21,000,000	$33,700,000
Economic Support Fund	1987	$3,800,000,000	$3,555,000,000	$2,445,000,000
International Fund for Ireland	1988	$35,000,000	$35,000,000	$25,000,000
Assistance for Eastern Europe and the Baltic States (See note below).	None			$520,000,000
Assistance for the Independent States of the Former Soviet Union.	1993	$410,000,000	$417,000,000	$755,000,000
Inter-American Foundation	1987	$11,969,000	$11,800,000	$16,000,000

African Development Foundation	1987	$3,872,000	$6,500,000	$19,689,000
International Narcotics Control and Law Enforcement.	1994	$171,500,000	$100,000,000	$197,000,000
Andean Counterdrug Initiative	None			$731,000,000
Migration and Refugee Assistance	2001	$750,000,000	$700,000,000	$800,000,000
Nonproliferation, Anti-terrorism, demining and related programs (See note below).	None			$347,400,000
International Affairs Technical Assistance	1999	$5,000,000	$1,500,000	$11,000,000
Foreign Military Financing Program	2002	$3,627,000,000	$4,007,000,000	$4,080,200,000
International Military Education and Training.	2002	$65,000,000	$70,000,000	$80,000,000
Peacekeeping operations	1999	$83,000,000	$76,500,000	$125,000,000
International Development Association		$2,410,000,000 over three years (beginning in fy2000).	$792,400,000	$874,338,333
African Development Fund		$300,000,000 over three years (beginning in fy2000).	$100,000,000	$113,073,333
Asian Development Fund	2001	$400,000,000 over four years (beginning in fy1998).	$72,000,000	$97,886,000
International Organizations and Programs	2001	Such sums as may be necessary	$186,000,000	$190,400,000

Note.—Programs recommended herein under ''Child Survival and Health Programs Fund'' and ''Development Assistance'' were last authorized under a different account structure than that recommended in this bill; the account structure included a number of functional accounts, as described above.

Note.—Programs recommended herein under ''Support for Eastern Europe and the Baltic States'' were last authorized in the Support for East European Democracy (SEED) Act of 1989; however, these funds were authorized for discrete programs and not for the account as a whole. In fiscal year 1991, the first general appropriations act after enactment of the SEED Act included $369,675,000 for this account.

Note.—Programs recommended herein under ''Nonproliferation, Anti-terrorism, Demining, and Related Programs'' include some major programs for which authorizations of appropriations were provided for fiscal year 2002; these programs include $73,000,000 authorized for anti-terrorism assistance and $142,000,000 authorized for nonproliferation activities. In addition, some programs now in this account were previously in accounts which had authorizations of appropriations in prior years.

COMPARISON WITH BUDGET RESOLUTION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives requires an explanation of compliance with section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, which requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 302 of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year from the Committee's section 302(a) allocation.

[In millions of dollars]

	302(b) allocation—		This bill—	
	Budget authority	Outlays	Budget authority	Outlays
Discretionary	$16,550	16,571	16,549	16,568
Mandatory	45	45	45	45

FIVE-YEAR OUTLAY PROJECTIONS

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

Fiscal year 2003	5,963
Fiscal year 2004	5,516
Fiscal year 2005	2,713
Fiscal year 2006	1,082
Fiscal year 2007	1,050

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the following is a statement of general performance goals and objectives for which this measure authorizes funding:

The Committee on Appropriations considers program performance, including a program's success in developing and attaining outcome-related goals and objectives, in developing funding recommendations.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with section 308(a)(1)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, the financing assistance to State and local governments is as follows:

The amounts recommended in the accompanying bill contain no budget authority or budget outlays for State or local governments.

COMPLIANCE WITH RULE XIII, CL. 3(e) (RAMSEYER RULE)

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omit-

ted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 579 OF THE FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

VOLUNTARY SEPARATION INCENTIVES FOR EMPLOYEES OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

SEC. 579. (a) * * *

* * * * * * *

(c) AUTHORITY TO PROVIDE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.—

(1) * * *

(2) AMOUNT AND TREATMENT OF PAYMENTS.—A voluntary separation incentive payment under this section—

(A) * * *

* * * * * * *

(D) may not be made except in the case of any employee who voluntarily separates (whether by retirement or resignation) on or before [December 31, 2002] *December 31, 2003;*

* * * * * * *

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 3(b) of rule XIII of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NO. 1

Date: September 12, 2002.

Measure: Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY 2003.

Motion by: Mr. Hoyer.

Description of motion: To modify section 573 of the bill pertaining to funding for Yugoslavia, to apply the restrictions of that section to all funds to be made available for Serbia after March 31, 2003, rather than funds to be made available to the Central Government of the Federal Republic of Yugoslavia; and to include exemptions from the restrictions for assistance for Montenegro and Kosovo, as well as for assistance to promote democracy in municipalities.

Results: Rejected 15 yeas to 30 nays.

Members Voting Yea	*Members Voting Nay*
Ms. DeLauro	Mr. Aderholt
Mr. Edwards	Mr. Callahan
Mr. Farr	Mr. Cunningham
Mr. Hinchey	Mr. Doolittle
Mr. Hoyer	Mrs. Emerson
Mr. Kennedy	Mr. Frelinghuysen
Mrs. Lowey	Mr. Goode
Mr. Moran	Ms. Granger
Mr. Obey	Mr. Hobson
Mr. Olver	Mr. Istook
Mr. Price	Mr. Kingston
Mr. Rothman	Mr. Knollenberg
Ms. Roybal-Allard	Mr. Kolbe
Mr. Sabo	Mr. LaHood
Mr. Serrano	Mr. Lewis
	Mr. Miller
	Mr. Nethercutt
	Mrs. Northup
	Mr. Regula
	Mr. Rogers
	Mr. Sherwood
	Mr. Skeen
	Mr. Sweeney
	Mr. Tiahrt
	Mr. Vitter
	Mr. Walsh
	Mr. Wamp
	Mr. Wicker
	Mr. Wolf
	Mr. Young

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Subsidy appropriation	727,323	541,400	541,400	-185,923	---
Administrative expenses	63,000	68,372	68,300	+5,300	-72
Negative subsidy	-11,000	-13,000	-13,000	-2,000	---
Rescission (P.L. 107-206)	-50,000	---	---	+50,000	---
Total, Export-Import Bank of the United States	729,323	596,772	596,700	-132,623	-72
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses	38,608	39,885	39,885	+1,277	---
Insurance fees and other offsetting collections	-290,000	-306,000	-306,000	-16,000	---
Subsidy appropriation	---	24,000	24,000	+24,000	---
Total, Overseas Private Investment Corporation	-251,392	-242,115	-242,115	+9,277	---
FUNDS APPROPRIATED TO THE PRESIDENT					
Trade and development agency	50,024	44,512	49,512	-512	+5,000
Total, title I, Export and investment assistance	527,955	399,169	404,097	-123,858	+4,928

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
United States Agency for International Development					
Child survival and health programs fund	1,433,500	---	1,710,000	+276,500	+1,710,000
UNICEF	(120,000)	---	(120,000)	---	(+120,000)
(Transfer out)	---	---	(-6,000)	(-6,000)	(-6,000)
Development assistance	1,178,000	2,839,500	1,398,000	+220,000	-1,441,500
(Transfer out)	(-18,500)	---	---	(+18,500)	---
International disaster assistance	235,500	285,500	315,500	+80,000	+30,000
Emergency supplemental	50,000	---	---	-50,000	---
Emergency appropriations (P.L. 107-206)	40,000	---	---	-40,000	---
Transition Initiatives	50,000	55,000	40,000	-10,000	-15,000
Development Credit Program:					
(By transfer)	(18,500)	---	---	(-18,500)	---
(Guaranteed loan authorization)	(267,500)	---	---	(-267,500)	---
Administrative expenses	7,500	7,591	7,591	+91	---
Subtotal, development assistance	2,994,500	3,187,591	3,471,091	+476,591	+283,500
Payment to the Foreign Service Retirement and Disability Fund	44,880	45,200	45,200	+320	---
Operating expenses of the U.S. Agency for International Development	549,000	572,200	572,200	+23,200	---
Emergency appropriations (P.L. 107-206)	7,000	---	---	-7,000	---
(By transfer)	(3,500)	---	(6,000)	(+2,500)	(+6,000)
Capital Investment Fund	---	95,000	43,000	+43,000	-52,000

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Operating expenses of the U.S. Agency for International Development Office of Inspector General....	31,500	32,700	33,700	+2,200	+1,000
Total, U.S. Agency for International Development	3,626,880	3,932,691	4,165,191	+538,311	+232,500
Other Bilateral Economic Assistance					
Economic support fund:					
Camp David countries.....	1,375,000	1,415,000	1,415,000	+40,000	---
Other.....	824,000	1,075,000	1,030,000	+206,000	-45,000
(Transfer out).....	(-3,500)	---	(-200,000)	(-196,500)	(-200,000)
Emergency appropriations (P.L. 107-206).....	465,000	---	---	-465,000	---
Subtotal, Economic support fund.....	2,664,000	2,490,000	2,445,000	-219,000	-45,000
International Fund for Ireland.....	25,000	---	25,000	---	+25,000
Assistance for Eastern Europe and the Baltic States...	621,000	495,000	520,000	-101,000	+25,000
Assistance for the Independent States of the former Soviet Union.....	784,000	755,000	755,000	-29,000	---
Emergency appropriations (P.L. 107-206).....	110,000	---	---	-110,000	---
Total, Other Bilateral Economic Assistance.....	4,204,000	3,740,000	3,745,000	-459,000	+5,000
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation.....	13,107	14,000	16,000	+2,893	+2,000

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
African Development Foundation					
Appropriation	16,542	16,689	19,689	+3,147	+3,000
Peace Corps					
Appropriation	275,000	317,000	317,000	+42,000	---
Department of State					
International narcotics control and law enforcement	217,000	197,000	197,000	-20,000	---
Emergency appropriations (P.L. 107-206)	114,000	---	---	-114,000	---
(By transfer)	---	---	(98,000)	(+98,000)	(+98,000)
Andean Counterdrug Initiative	625,000	731,000	731,000	+106,000	---
Migration and refugee assistance	705,000	705,000	800,000	+95,000	+95,000
United States Emergency Refugee and Migration Assistance Fund	15,000	15,000	20,000	+5,000	+5,000
Nonproliferation, anti-terrorism, demining and related programs	313,500	372,400	347,400	+33,900	-25,000
Emergency appropriations (P.L. 107-206)	83,000	---	---	-83,000	---
(By transfer)	---	---	(200,000)	(+200,000)	(+200,000)
Subtotal, Department of State	2,072,500	2,020,400	2,095,400	+22,900	+75,000

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Department of the Treasury					
International Affairs Technical Assistance.....	6,500	10,000	11,000	+4,500	+1,000
Debt restructuring.....	229,000	---	---	-229,000	---
Subtotal, Department of the Treasury.....	235,500	10,000	11,000	-224,500	+1,000
Total, title II, Bilateral economic assistance..	10,443,529	10,050,780	10,369,280	-74,249	+318,500
Appropriations.....	(9,574,529)	(10,050,780)	(10,369,280)	(+794,751)	(+318,500)
Emergency appropriations.....	(869,000)	---	---	(-869,000)	---
(By transfer).....	(22,000)	---	(304,000)	(+282,000)	(+304,000)
(Transfer out).....	(-22,000)	---	(-206,000)	(-184,000)	(-206,000)
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training.....	70,000	80,000	80,000	+10,000	---
Foreign Military Financing Program:					
Grants:					
Camp David countries.....	3,340,000	3,400,000	3,400,000	+60,000	---
Other.....	310,000	707,200	680,200	+370,200	-27,000
Subtotal, grants.....	3,650,000	4,107,200	4,080,200	+430,200	-27,000

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
(Limitation on administrative expenses).....	(35,000)	(37,000)	(38,000)	(+3,000)	(+1,000)
Emergency appropriations (P.L. 107-206).....	357,000	---	---	-357,000	---
(Transfer out).....	---	---	(-98,000)	(-98,000)	(-98,000)
Total, Foreign Military Financing.....	4,007,000	4,107,200	4,080,200	+73,200	-27,000
Peacekeeping operations.....	135,000	108,250	125,000	-10,000	+16,750
Emergency appropriations (P.L. 107-206).....	20,000	---	---	-20,000	---
Total, title III, Military assistance.....	4,232,000	4,295,450	4,285,200	+53,200	-10,250
Appropriations.....	(3,855,000)	(4,295,450)	(4,285,200)	(+430,200)	(-10,250)
Emergency appropriations.....	(377,000)	---	---	(-377,000)	---
(Limitation on administrative expenses).....	(35,000)	(37,000)	(38,000)	(+3,000)	(+1,000)
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Global Environment Facility.....	100,500	177,813	147,813	+47,313	-30,000
Contribution to the International Development Association.....	792,400	874,338	874,338	+81,938	---

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Contribution to Multilateral Investment Guarantee Agency	5,000	3,631	1,631	-3,369	-2,000
(Limitation on callable capital subscriptions)	(25,000)	(14,825)	(14,825)	(-10,175)	---
Total, World Bank Group	897,900	1,055,782	1,023,782	+125,882	-32,000
Contribution to the Inter-American Development Bank:					
Contribution to the Inter-American Investment Corporation	18,000	30,352	30,352	+12,352	---
Contribution to the Enterprise for the Americas Multilateral Investment Fund	---	29,591	24,591	+24,591	-5,000
Total, Inter-American Development Bank	18,000	59,943	54,943	+36,943	-5,000
Contribution to the Asian Development Bank:					
Contribution to the Asian Development Fund	98,017	147,386	97,886	-131	-49,500
Contribution to the African Development Bank:					
Paid-in capital	5,100	5,104	5,104	+4	---
(Limitation on callable capital subscriptions)	(79,992)	(79,603)	(79,603)	(-389)	---
Contribution to the African Development Fund	100,000	118,073	113,073	+13,073	-5,000
Total, African Development Bank	105,100	123,177	118,177	+13,077	-5,000
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	35,779	35,805	35,805	+26	---
(Limitation on callable capital subscriptions)	(123,238)	(123,328)	(123,328)	(+90)	---

BUDGET AUTHORITY FOR 2002 AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2003
(Amounts in thousands)

	FY 2002 Enacted	FY 2003 Request	Bill	Bill vs. Enacted	Bill vs. Request
Contribution to the International Fund for Agricultural Development	20,000	15,004	15,004	-4,996	---
Total, International Financial Institutions	1,174,796	1,437,097	1,345,597	+170,801	-91,500
International Organizations and Programs					
Appropriation	208,500	310,400	190,400	-18,100	-120,000
Total, title IV, Multilateral economic assistance	1,383,296	1,747,497	1,535,997	+152,701	-211,500
(Limitation on callable capital subscript)	(228,230)	(217,756)	(217,756)	(-10,474)	---
Grand total	16,586,780	16,492,896	16,594,574	+7,794	+101,678
Appropriations	(15,390,780)	(16,492,896)	(16,594,574)	(+1,203,794)	(+101,678)
Rescissions	(-50,000)	---	---	(+50,000)	---
Emergency appropriations	(1,246,000)	---	---	(-1,246,000)	---
(By transfer)	(22,000)	---	(304,000)	(+282,000)	(+304,000)
(Transfer out)	(-22,000)	---	(-304,000)	(-282,000)	(-304,000)
(Limitation on administrative expenses)	(35,000)	(37,000)	(38,000)	(+3,000)	(+1,000)
(Limitation on callable capital subscript)	(228,230)	(217,756)	(217,756)	(-10,474)	---

ADDITIONAL VIEWS OF HON. NITA M. LOWEY

While I believe that the FY 2003 Foreign Operations bill represents a reasonable, bipartisan compromise, there are several areas of disagreement that need comment. I commend the Chairman for working with me and for accommodating most of my priorities. I intend to work diligently with him, but will seek necessary changes as this bill moves through the House floor and to Conference.

The bill provides a total of $16.59 billion, more than $1.2 billion above the FY 2002-enacted level. We have achieved a significant increase in overall assistance levels in this bill. However, it should come as no surprise that I still believe that the U.S. foreign assistance program is underfunded. We must provide enough resources to respond to critical national security challenges, including fighting the war on terrorism, rebuilding Afghanistan, combating global HIV/AIDS, and reducing poverty. While I support the elements of the Administration's budget amendment request for $350 million, it arrived the day before our subcommittee markup, had no offsets to pay for it, and came at a point in the process when it was all but impossible to secure additions to the Committee's overall allocation. The Committee had no choice but to take funding from other subcommittees to pay for a portion of this request. The budget amendment followed closely on the heels of the President's decision to reject $5.1 billion in Emergency Supplemental Appropriations, which had included all the elements of this request.

I am also concerned that the Administration's proposal for the Millennium Challenge Account for FY 2004 will put all new resources into a lump sum account, and not into core development accounts. I want to make clear now that I view these accounts as the bread and butter of our programs around the world, and will continue to push for increases in them.

The bill provides nearly $800 million for HIV/AIDS, an increase over the President's request, and a significant increase over the FY 2002 level. This total includes $250 million for the Global Fund to fight AIDS, Tuberculosis and Malaria, and additional amounts for bilateral programs, including mother-to-child transmission and treatment and care initiatives. While this may be the best we can do under the current allocation, I believe that we should make a more dramatic commitment to combating this pandemic.

I am particularly proud of what we were able to achieve in the area of basic education. The Chairman and I worked closely to provide a total of $250 million for these initiatives, a significant increase over last year's levels, and a 250 percent increase over the FY 2001 level. We have also mandated that programs in the Middle East and Central Asia for basic education be increased.

I have a few other specific concerns.

Despite the ongoing and growing needs for reconstruction in Afghanistan, the Administration has failed to request funding for reconstruction needs there. The United States recently committed to fund expensive infrastructure projects and provide Presidential security, which are in addition to pledges made to fund ongoing development programs. Congress added an additional $134 million above the President's request for Afghanistan in the FY 2002 Supplemental bill, but the President rejected this when he failed to designate the funding emergency spending.

The President has committed the U.S. to be the major donor for reconstruction of the road network in Afghanistan, which will cost at least $260 million, an expense for which there has been no request. The Committee has also been informed that DOD will no longer pay security costs for the protection of President Karzai, which will add another $50 million to our bill's obligations. In addition, the government of Afghanistan will incur a deficit in excess of $350 million this year, at least half of which remains unfunded by international donors.

While the Administration continues to ignore the needs of Afghanistan, the Committee cannot. The Chairman and I agreed to earmark a total of $296 million for these needs. I believe we had no option but to designate this funding to meet our commitments, and provide real resources in a timely fashion so that reconstruction can continue. We cannot allow OMB's narrow-mindedness to prevent us from providing adequate resources to what should be our highest priority.

The bill before us contains authority to resume full military training for Indonesia. In subcommittee, I offered an amendment to limit that training to "Expanded IMET" only. This would have allowed civilian and military authorities in Indonesia the opportunity to participate in U.S.-sponsored programs to discuss much-needed reform and military respect for civilian authority, something which is sorely lacking at the moment. The murky circumstances surrounding the recent killing of two American employees of the Freeport Mac Moran mining operation in Papua, and the continued detention of an American citizen without U.S. consular access, vividly demonstrates the need for a cautious approach to resuming training. It is my intention to offer an amendment when the bill reaches the House floor to limit military training for Indonesia.

With respect to international family planning, I am pleased that the bill earmarks funding for the United Nations Population Fund (UNFPA), and I appreciate the Chairman's hard work in crafting language laying our clear conditions under which funding to UNFPA may resume. The Administration's recent decision on FY 2002 funding for UNFPA is fundamentally flawed and violates the spirit of the agreement reached on that bill. I believe strongly that Congress should earmark a higher level of funding than is currently in the bill, and that we must alter the Kemp-Kasten language in FY 2003. The Senate bill includes $50 million for UNFPA, and makes significant changes to Kemp-Kasten, which I support. Additionally, I am disappointed that the $425 million provided in the bill for bilateral family planning is a cut of $21.5 million from

last year's enacted level, and that this funding is still subject to the Mexico City policy.

With respect to Colombia, Congress agreed to provide expanded authority to furnish counter-terror assistance for Colombia in the FY02 Supplemental, provided that the new Colombian President committed to us in writing to formulating comprehensive policies on combating drugs, reforming the armed forces and increasing revenues from within Colombia. Those assurances have not been forthcoming. I will therefore reserve judgment on whether I will support extending these authorities for 2003.

Finally, It is my hope that this bill will reach the floor of the House of Representatives before Congress adjourns for the year. The full House should have the opportunity to work its will, and, more importantly, the bill should be enacted into law. It contains many new and important programs, the implementation of which will be severely hindered by having to operate under a long-term continuing resolution.

NITA LOWEY.

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