

FOREIGN OPERATIONS, EXPORT FINANCING, AND  
 RELATED PROGRAMS APPROPRIATIONS BILL, 2006

JUNE 24, 2005.—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. 3057]

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, 2006, and for other purposes.

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## OVERVIEW

The fiscal year 2006 budget request for the activities under the jurisdiction of the Subcommittee on Foreign Operations, Export Financing, and Related Programs is \$22,826,245,000 in new discretionary budget authority. The section 302(b) allocation for the Subcommittee is \$20,270,000,000, \$2,556,245,000 below the budget request.

The recommendation of \$20,269,977,000 in discretionary budget authority provided in H.R. 3057 and detailed in this accompanying report, reflects three priorities of the Committee:

1. Responding to the global HIV/AIDS pandemic;
2. Supporting our allies in the War on Terrorism; and
3. Supporting innovative approaches to foreign assistance through the Millennium Challenge Corporation.

## EMERGENCY PLAN FOR AIDS RELIEF

The Committee recommendation includes \$2,695,000,000 for the third year of the Emergency Plan for AIDS Relief, \$131,000,000 more than requested by the President and \$502,000,000 more than in fiscal year 2005. Of this, \$2,319,000,000 is provided for HIV/AIDS programs, \$234,000,000 is for malaria programs, and \$142,000,000 is for tuberculosis programs. Not less than \$400,000,000, twice that requested by the President, is available for a United States contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

These funds support the largest program ever by any government to address a health issue. As of June, 2005, the Emergency Plan is supporting more than 230,000 people in the developing world on AIDS medication, up from 50,000 at the Plan's inception in early 2004. More than one million HIV-infected people and AIDS orphans are receiving care and support, and millions more potential cases of AIDS have been averted.

## SUPPORT TO OUR ALLIES IN THE WAR ON TERRORISM

The fiscal year 2006 budget request included a total of \$3,036,000,000 for Economic Support Fund (ESF) programs and \$4,589,000,000 for Foreign Military Financing (FMF) programs. The vast majority of the ESF and FMF programs support ongoing and new assistance for our allies in the War on Terror. These funds support traditional methods of providing United States taxpayer assistance in the form of programs, projects, and activities to improve quality of life, support of existing military systems such as radios and spare parts for aircraft and trucks, as well as the purchase of new systems such as aircraft and radar systems.

The Committee recommends a total of \$2,558,525,000 for ESF programs, \$477,850,000 below the 2006 request and \$4,442,300,000 for FMF programs, \$146,300,000 below the 2006 request. The Committee notes the allocation of funds was simply insufficient to appropriate the total request to meet requirements identified by the Administration. Furthermore, circumstances not anticipated when the 2006 budget was submitted led the Committee to re-evaluate the 2006 request and appropriate reductions in funding were made.

## MILLENNIUM CHALLENGE CORPORATION

The President's budget includes the third year of funding for the Millennium Challenge Corporation (MCC). The Committee strongly supports the goals and policies of the MCC in fighting poverty and raising the standard of living for millions of the world's poorest people through locally proposed programs designed to increase economic growth. The President is requesting a total of \$3,000,000,000 for the MCC for fiscal year 2006, an increase of \$1,512,000,000 from the enacted fiscal year 2005 level. The constraints of the 302(b) allocation do not provide the Committee with the flexibility to fully fund this important initiative, however \$1,750,000,000 is recommended for the MCC in an effort to respond positively to the President's proposal.

## OVERSIGHT OF FOREIGN ASSISTANCE

The Committee is concerned about the recent trend of providing foreign assistance through budgetary support or cash transfers in lieu of project level support or other forms of foreign assistance that provide greater accountability for the use of funds.

Budgetary assistance in the form of cash transfers, if excessive or frequent, can undermine the principle of encouraging countries to become fiscally responsible and good stewards of internal resources. Furthermore, it thwarts the Committee's ability to effectively monitor implementation of taxpayer assistance and to ensure effective expenditure of appropriated dollars. To the extent that the Department of State or USAID may consider providing budgetary support by means of cash transfers to individual countries, both organizations must highlight such intent with the submission of the budget.

The Committee urges the Secretary of State and the Board of the Millennium Challenge Corporation to be particularly cognizant of these concerns as it seeks to create innovative mechanisms for the implementation of assistance under a compact.

## FUNDING FOR IRAQ

The President requested \$458,500,000 for Iraq in fiscal year 2006. The Committee recommends no funding for Iraq programs in this Act given that over \$5,000,000,000 in funds previously appropriated for Iraq relief and reconstruction remain unobligated and could be used to fund the requirements presented in the fiscal year 2006 request. Therefore the Committee directs the Department of State to use funds originally appropriated in the Iraq Relief and Reconstruction Fund in the Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan (Public Law 108-106) as necessary to finance the following Iraq programs in the fiscal year 2006 request:

Economic Support Funds .....	\$360,000,000
Nonproliferation, Antiterrorism, and Demining .....	29,000,000
International Narcotics Control and Law Enforcement .....	26,500,000
Migration and Refugee Assistance .....	43,000,000
Total Iraq funding .....	458,500,000

## IMPORTANCE OF RESULTS

The Committee recognizes that an effective foreign assistance program must set transparent goals and measure progress toward or achievement of those goals in tangible ways. Results, rather than resource levels, should be the yardstick for measuring United States assistance programs. An effective foreign aid program must take into account the host country context, especially those government policies that affect sectors in which United States assistance operates. It must also take into account the private sector, including foreign capital and trade flows, as well as assistance provided by other donors, both official and unofficial. The Committee encourages the State Department and USAID to continue and improve upon the analytical work that sets tangible, realistic goals and measures progress toward those goals.

## TITLE I—EXPORT AND INVESTMENT ASSISTANCE

## EXPORT-IMPORT BANK OF THE UNITED STATES

## SUBSIDY APPROPRIATION

Fiscal year 2005 level .....	\$59,322,000
Fiscal year 2006 request .....	186,500,000
Committee recommendation .....	125,000,000

## ADMINISTRATIVE EXPENSES

Fiscal year 2005 level .....	\$72,614,000
Fiscal year 2006 request .....	73,200,000
Committee recommendation .....	73,200,000

The Committee recommends a level of \$125,000,000 for the subsidy appropriation.

The Committee directs the President of the Export-Import Bank to report quarterly to the Committee on the level of authorizations, subsidy used, and subsidy balances from current and prior years.

In addition, the Committee provides \$73,200,000 for administrative expenses, the same as the request and \$586,000 above the fiscal year 2005 enacted level. The Committee recommends no appropriation for establishing a new office of inspector general.

The Committee provides 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 still expects that none of the funds appropriated by prior acts for tied-aid credits or grants may be used for any other purpose except through the regular notification procedures of the Committees on Appropriations.

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

Again this year, the Committee recommends a one-year extension of the Export-Import Bank’s dual use authority, which originally 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 which must be non-lethal in nature and shall be used predominantly by civilian authorities.

The Committee is aware of several pending applications at the Export-Import Bank of the United States. The Export-Import Bank should act promptly on all applications for assistance. The Committee therefore requests that Bank to report to the Committee within 60 days of enactment of this Act on the status of pending applications. The Committee also requests an explanation for any rejection of requests for assistance, specifically applications affecting the semiconductor industry. The Committee also expects to be kept informed of possible transactions affecting world soda ash production.

## 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 this Act, Limitation on Assistance to Countries in Default, 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 directs the Export-Import Bank to continue to follow the inter-agency agreement.

#### CONTROLLED ENVIRONMENT AGRICULTURE

Controlled environment agriculture, which includes commercial greenhouse facilities and other related technologies, is an efficient and environmentally beneficial method of producing many fruits, vegetables, and floral crops. Some companies in the United States are exporting such technologies, products, and services to developing nations, thereby creating jobs for American agricultural technology experts and educators, manufacturers of greenhouses, steel, plastics, irrigation products, ventilation systems, fertilizers, seeds, environmental control computers, and related hardware items. The Committee urges the Export-Import Bank to continually evaluate opportunities to support the export of controlled environment agriculture technology to developing nations, including facilitating the use of export finance.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

##### NONCREDIT ACCOUNT

Fiscal year 2005 level .....	\$42,542,000
Fiscal year 2006 request .....	42,274,000
Committee recommendation .....	42,274,000

##### PROGRAM ACCOUNT

Fiscal year 2005 level .....	\$23,808,000
Fiscal year 2006 request .....	20,276,000
Committee recommendation .....	20,276,000

The Committee provides \$42,274,000 for OPIC's administrative expenses, a level equal to the request and \$268,000 lower than last year's enacted level. The Committee is recommending a \$20,276,000 subsidy appropriation for the Overseas Private Investment Corporation's (OPIC) direct and guaranteed loan credit programs, the same level as the request and \$3,532,000 less than the fiscal year 2005 level.

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

As in prior years, 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 six months; and any additional observations that OPIC may want to include. The Committee commends OPIC for its judicious management of its investment fund portfolio.

The Committee commends the managers of OPIC for exploring new ways of meeting OPIC's development mandate, but during times of high political risk and instability in some countries, OPIC also must fulfill its mandate of facilitating increased United States direct investment abroad and increase exports from the United States. The Committee is aware of OPIC's policy that it only provides insurance for a project after a company has attempted to access the private market, and this policy has solidified OPIC's role as insurer of last resort. With global risk remaining high for foreign direct investment, and investment's primary role in creating jobs and raising income levels in the developing world, the Committee expects OPIC to retain its strong role as insurer of last resort for political risk insurance, including terrorism insurance, for United States companies.

Additionally, the Committee remains concerned about OPIC's coordination with the other United States Government agencies that operate overseas. To ensure that foreign assistance and credit is not provided to countries on different terms by different agencies (including financing that could be considered debt by the Paris Club), the Committee again expects OPIC to coordinate with USAID, the Millennium Challenge Corporation, the Treasury Department, the Office of Management and Budget and other agencies of the United States Government with which OPIC may overlap in providing assistance.

The Committee directs OPIC to consult with the Committee before exercising local currency loan guaranty authority, and to provide to the Committee, prior to the consultation, justification for the need to exercise such authority, the use of OPIC subsidy required, the degree to which the United States would be exposed to additional risk as a result of such transactions, and which other United States Government agencies have been consulted.

The Committee directs the President of OPIC to continue current policy and consult with the Committee on Appropriations before any future financing for nongovernmental organizations or private and voluntary organizations is approved.

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### TRADE AND DEVELOPMENT AGENCY

Fiscal year 2005 level .....	\$51,088,000
Fiscal year 2006 request .....	48,900,000
Committee recommendation .....	50,900,000

The Committee is recommending \$50,900,000 for the Trade and Development Agency (TDA), a decrease of \$188,000 below the 2005 level and \$2,000,000 above the request. The Committee commends TDA for its trade capacity building activities and its efforts to keep the Committee informed of its programs.

The Committee commends TDA for its efforts to assist countries in improving their aviation safety and security systems, which have had a positive effect on enhancing United States trade for our aviation and aerospace industries. The Committee has provided \$1,500,000 above the request for TDA to conduct a development and training program to assist countries with meeting their obligations for international aviation security and safety standards.

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.

Additionally, the Committee expects TDA to continue to comply with language in the Joint Explanatory Statement of the Committee of Conference accompanying P.L. 108–106, the emergency supplemental appropriations act of 2004 and report quarterly to the Committee during fiscal year 2006 regarding the agency’s activities in Iraq.

## TITLE II—BILATERAL ECONOMIC ASSISTANCE

### FUNDS APPROPRIATED TO THE PRESIDENT

#### AGENCY FOR INTERNATIONAL DEVELOPMENT

##### STRUCTURE OF DEVELOPMENT ASSISTANCE ACCOUNTS

The Committee appropriates funding for longer-term development assistance programs managed by the United States Agency for International Development (USAID) in two accounts. As in previous fiscal years, the Act 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. Other accounts, such as the “Global HIV/AIDS Initiative” account, are largely implemented by USAID.

Three existing regional accounts jointly managed by the Department of State and the Agency for International Development are included elsewhere in title II. The Committee utilizes the regional accounts to fund most economic and political cooperation with Russia, the independent states of the former Soviet Union, Central and Eastern European States, and several Andean countries.

Finally, authority is provided for the United States to make contributions from the Child Survival and Health Programs Fund to two international health funds: the Global Fund to Fight AIDS, Malaria and Tuberculosis (the “Global Fund”) and The Vaccine Fund (associated with the Global Alliance for Vaccines and Immunizations).

#### CHILD SURVIVAL AND HEALTH PROGRAMS FUND

*[including transfer of funds]*

Fiscal year 2005 level .....	\$1,537,500,000
Fiscal year 2006 request .....	1,251,500,000
Committee recommendation .....	1,497,000,000

The Committee recommends \$1,497,000,000 for the “Child Survival and Health Programs Fund”, an amount that is \$245,500,000 above the request and \$40,600,000 below the amount enacted for fiscal year 2005.

The Committee has made available a total of \$2,695,000,000 in this Act for HIV/AIDS, tuberculosis (TB), and malaria, of which \$720,000,000 is funded through the Child Survival and Health (CSH) Programs Fund, \$1,920,000,000 is funded under the “Global HIV/AIDS Initiative” account, and \$55,000,000 is provided from

other accounts, such as the Economic Support Fund, International Disaster Assistance, and regional accounts for Eastern Europe and the former Soviet Union.

#### ALLOCATION OF CHILD SURVIVAL AND HEALTH PROGRAMS FUND

Unless modifications are subsequently notified and agreed to by the Committees on Appropriations, fiscal year 2006 appropriations for the Child Survival and Health Programs Fund are deemed to be allocated as follows:

Category	Allocation
Child Survival and Maternal Health .....	\$347,000,000
Vulnerable children .....	25,000,000
HIV/AIDS (bilateral) .....	350,000,000
Other Infectious Diseases (including TB and malaria) .....	200,000,000
Reproductive Health/Voluntary Family Planning .....	375,000,000
Global Fund to Fight AIDS, TB, and Malaria .....	200,000,000
<hr/>	
Total in Child Survival and Health Programs Fund .....	1,497,000,000
Other health activities in Global HIV/AIDS Initiative .....	1,920,000,000
Other health activities in ESF .....	145,000,000
Other health activities in regional accounts .....	97,000,000
<hr/>	
Total in all Foreign Operations accounts .....	3,659,000,000

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 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: SUMMARY

The Committee directs USAID to allocate \$347,000,000 for child survival and maternal health, \$21,000,000 more than requested.

#### CHILD SURVIVAL AND MATERNAL HEALTH: MICRONUTRIENTS

The Committee recognizes that more than 2.8 million children die each year from causes related to Vitamin A deficiency. The Committee recommends at least \$30,000,000 from all accounts for USAID’s overall micronutrient program, including at least \$20,000,000 for activities related to Vitamin A deficiency.

Iodine deficiency disorder (IDD) is the leading preventable cause of mental retardation in children. The Committee recommends that USAID provide at least \$2,000,000 for the Kiwanis/UNICEF IDD partnership from the “Child Survival and Health Programs Fund” and at least \$1,000,000 from Europe and Eurasia regional accounts.

## CHILD SURVIVAL AND MATERNAL HEALTH: POLIO ERADICATION

The Committee is aware that the global effort to eradicate polio has faced significant challenges over the last two years. However, the importance of this drive for the millions of young people still at risk from this disease, mostly in the developing world, has not diminished. The Committee continues its strong support and recommends a fiscal year 2006 level of \$32,000,000 within this allocation for the program initiated by the Committee nearly ten years ago, in fiscal year 1996.

## CHILD SURVIVAL AND MATERNAL HEALTH: VACCINES AND IMMUNIZATION

The Committee is aware that at least 3 million lives could be saved each year if every child received lifesaving immunizations. The Vaccine Fund/Global Alliance for Vaccines and Immunization is working to close the gap between children who receive immunizations and those who do not. Since its initiation five years ago, more than \$1,200,000,000 for 74 countries has been committed for immunization programs—potentially saving more than two million lives and reducing many vaccine costs by half. The Bill and Melinda Gates Foundation has pledged an additional \$750,000,000 for this effort and the Committee recommendation includes \$65,000,000 for The Vaccine Fund in fiscal year 2006.

## VULNERABLE CHILDREN

The Committee directs USAID to allocate \$25,000,000 for displaced children and orphans and blind children in fiscal year 2006, \$15,000,000 more than requested. As in previous years, the Committee addresses assistance for children affected by HIV/AIDS elsewhere.

The Committee is concerned that one and a half million children are currently blind, and another 7 million suffer from poor vision. The Committee recognizes the work done by Helen Keller International and other organizations such as CBMI to assist these children, who can often be helped through simple and inexpensive methods of prevention and low cost care. The Committee recommends that the USAID program for children's blindness be funded at \$1,800,000. The Committee also encourages USAID to consider applications from international organizations which address hearing loss, including through technology appropriate for developing countries.

The Committee is aware that unintentional injury is a growing cause of child death worldwide. The Committee urges USAID to consider applications from organizations, such as SAFEKIDS Worldwide, that have a proven record in designing and implementing cost-effective programs to reduce overall child morbidity and mortality.

The Committee supports initiatives such as the work of Kidsave International and encourages USAID to consider the Kidsave Family Visit Model in Latin America, Eastern Europe, Africa, and Asia.

## HIV/AIDS: SUMMARY AND OVERVIEW

The Committee directs USAID to allocate \$350,000,000 for HIV/AIDS from this account in fiscal year 2006. Additional language ad-

ressing United States bilateral HIV/AIDS funding is found under the “Global HIV/AIDS Initiative” heading.

As in fiscal year 2005, no funding for the “focus” countries is included in “Child Survival and Health Programs Fund” and funding for the United Nations Joint Programme on HIV/AIDS (UNAIDS) is included in the Global HIV/AIDS Initiative account. The Committee has included \$50,000,000 for the “non-focus” countries in the recommendation for the Global HIV/AIDS Initiative account and recognizes the formal process by which these funds are allocated to agencies.

#### HIV/AIDS: MEDIA

The Committee notes that local and national media can play an effective role in combating HIV/AIDS, including the dissemination of knowledge through accurate and unbiased coverage of the disease. The Committee once again recommends that USAID at a minimum sustain its current media programs and consider expanding to other countries, especially to India and countries in Africa.

#### HIV/AIDS: COUNTRY AND REGIONAL PROGRAMS

The Committee strongly supports the decentralized approach USAID and the Office of the Global AIDS Coordinator have developed to select and implement programs at the country level. The Committee recommends that the relevant country team consider an application from the Health Education for Africa Resource Team (HEART) Model Village Project.

The Committee supports efforts to provide prevention, treatment and care interventions to HIV/AIDS affected communities in rural areas of focus countries and urges the Office of the Global HIV/AIDS Coordinator to explore programs that reach affected rural communities. The Committee further urges the country team in Nigeria to consider as part of the country plan a \$700,000 proposal for African World Expo to partner with Health Concerns and Counseling Center in Nigeria for an HIV/AIDS rural intervention program in Nigeria.

The Committee understands the difficulty of establishing regional solutions to challenges involving the delivery of safe and effective HIV/AIDS treatments. The Committee urges USAID to consider opportunities to support such regional solutions, including a proposal by TREAT Asia, a regional collaborative research, education, and training network in the Asia and Pacific region.

#### HIV/AIDS: ROLE OF VOLUNTEERS AND COMMUNITY SERVICE

The Committee appreciates the value of community service in providing opportunities for young people to play an active role in fighting HIV/AIDS, such as by fighting stigma and discrimination. The Committee encourages USAID to consider funding opportunities for young people to promote behavior change and to assist with home-based care including through support for Innovations in Civic Participation for their initiative on creating an African Youth Corps.

## OTHER INFECTIOUS DISEASES, INCLUDING TB AND MALARIA

The Committee directs USAID to allocate \$200,000,000 for other infectious diseases, including tuberculosis (TB) and malaria, \$61,000,000 more than requested.

The Committee's recommendation includes \$90,000,000 for malaria from this account. The Committee recommends that an additional \$20,000,000 be provided from other accounts, including regional accounts, and estimates that an additional \$124,000,000 of the recommended contribution to the Global Fund would benefit malaria programs. Overall, the Committee recommendation includes \$234,000,000 from all accounts for malaria programs.

The Committee's recommendation also includes \$80,000,000 for TB from this account. The Committee recommends that an additional \$10,000,000 be provided from other accounts, including regional accounts, and estimates that an additional \$52,000,000 of the recommended contribution to the Global Fund would benefit TB programs. Overall, the Committee recommendation includes \$142,000,000 from all accounts for TB programs.

The Global TB Drug Facility (GDF) supports expanded access to, and availability of, high-quality TB drugs to facilitate expanded treatment against the disease. The Committee encourages the increased cooperation between GDF and the Global Fund to Fight AIDS, TB and Malaria, and urges USAID to provide support to the GDF of not less than the level provided in fiscal year 2005.

## REPRODUCTIVE HEALTH: OVERVIEW

The Committee recommends \$432,000,000 for reproductive health/voluntary family planning, \$7,000,000 more than requested by the President. The Committee expects that \$375,000,000 of this total will be derived from the Child Survival and Health Programs Fund.

## REPRODUCTIVE HEALTH/VOLUNTARY FAMILY PLANNING: RESTRICTIONS

The Committee has continued prior year language that requires that none of the funds appropriated in this Act, 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 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 that offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision 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 Act is to alter any existing statutory prohibitions against abortion that 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 has continued prior year language requiring that information on condom use provided by programs supported by funds made available by this Act shall be medically accurate and shall include the public health benefits and failure rates of such use.

#### RESEARCH AND DEVELOPMENT

The Committee notes that USAID is increasingly called upon to support research and development of products, including vaccines and therapies. The Committee received with appreciation the June, 2005, report "Health-Related Research and Development Activities at USAID", which made clear that funding for research has increased from \$112,000,000 in fiscal year 2002 to \$155,000,000 in fiscal year 2004.

The Committee feels strongly that other agencies, such as the Department of Health and Human Services and its National Institutes for Health, have the institutional expertise and resources to take the lead on basic research. With its experience in the developing world, USAID does and should play a valuable role in facilitating international clinical trials, consolidating markets, and finding new opportunities to speed the discovery, development, and delivery of products to improve the lives of those in the developing world.

At times, however, basic scientific discoveries that could lead to improvements in health in the developing world are not pursued. The Committee is aware of ongoing initiatives, such as the HIV Vaccine Trial Network, which are attempting to overcome this deficiency. As the June report describes, USAID spends roughly 28 percent of its research and development dollars on creating or improving interventions and technologies; 45 percent on facilitating the adoption or implementation of strategies and technologies; and 27 percent on problem identification and priority setting.

The Committee notes with appreciation the quality of the June report. The Committee now requests USAID to develop a proactive strategy for the use of its fiscal year 2006 research and development funds. The Committee requests the Administrator of USAID, in conjunction with other officials such as the Global AIDS Coordinator and the Secretary of Health and Human Services, to consult with the Committee and submit, not later than 180 days following enactment of this Act, a plan for stimulating the research and development of key products to address diseases affecting the developing world. This plan should clearly articulate the targeted diseases and illnesses, collaborating partners, and USAID's role. The Committee requests USAID to include similar information in its budget justification for fiscal year 2007. USAID should make every effort to include current research and development partners, including those mentioned below, in the plan.

Given the impact of HIV/AIDS, TB, and malaria on developing countries, the Committee expects USAID to include these diseases in its research and development strategy. As part of this strategy, the Committee recommends that USAID continue funding for cur-

rent partners such as the International AIDS Vaccine Initiative, Medicines for Malaria Venture and the Malaria Vaccine Initiative at not less than fiscal year 2005 recommended levels. The Committee also recommends that USAID consider support for the Aeras Global TB Vaccine Foundation.

The Committee also expects USAID to continue its strong support for microbicide research and development. An effective microbicide could be developed by the end of the decade and, once available, could change the course of the epidemic. The Committee recommends not less than \$36,000,000 in bilateral HIV/AIDS funds for such efforts, including funding for the International Partnership for Microbicides.

VOLUNTARY CONTRIBUTION TO THE GLOBAL FUND TO FIGHT AIDS,  
TUBERCULOSIS AND MALARIA

The President has requested \$200,000,000 for the Global Fund in this Act and an additional \$100,000,000 for the Global Fund from the Act providing appropriations for the Department of Health and Human Services. The Committee recommendation includes not less than \$400,000,000 from this Act including \$200,000,000 from this account to support the Global Fund. Further information about the Committee's recommendation is found under the heading "Global HIV/AIDS Initiative".

The Committee notes that USAID has been one of the foremost contributors of technical assistance to the Global Fund and has helped to establish and sustain Country Coordinating Mechanisms, monitor grants, and otherwise improve the functioning of the Global Fund. Under "Global HIV/AIDS Initiative", the Committee requests a report describing the support USAID has provided for the Global Fund and how such support is coordinated with the Global Fund and with other bilateral initiatives.

HEALTH CARE IN AFRICA

The Committee continues to be concerned about the debilitation and ostracism caused by obstetric fistula, which affects an estimated 3 million women in the developing world. This condition can often be prevented altogether by trained birth attendants and improved medical care. The Committee notes that USAID has rapidly increased its funding for fistula programs from their inception in fiscal year 2004. The Committee includes \$6,000,000 for obstetric fistula, and instructs USAID to consult with the Committee not later than 60 days following enactment of this Act on how these funds will be programmed.

While improving the health of Africans is a long-term prospect, alleviating human suffering is a pressing imperative. Groups that combine immediate health services with longer-term training can make a lasting difference for those in need. One such group, Mercy Ships, provides obstetric fistula operations, orthopedic and ophthalmic surgeries, primary healthcare education, and sanitation and pure water programs. The Committee understands that Mercy Ships has specific operational needs of up to \$9,500,000, and urges USAID to consider and, where feasible, provide support to an application from this organization. The Committee also recommends that USAID consider cooperation with the West African Health Organization.

The Committee continues to be concerned about the lack of capacity and coordination to address the manifold and complex health challenges facing sub-Saharan Africa. The Committee requests USAID, in collaboration with the Department of Health and Human Services and the Office of the Global AIDS Coordinator, and in consultation with the Committee, to submit a report, not later than 180 days after the enactment of this Act, describing existing cooperation between the United States and regional entities in Africa to strengthen health infrastructure, policy and programs in sub-Saharan Africa. The report should also identify recommendations for increasing United States support to such efforts.

The Committee is aware that the conflict in Sudan has left a very serious impact on education in South Sudan, especially in the Nuba Mountains, and urges USAID to emphasize strengthening the health system, including training of health workers, in its redevelopment assistance plan.

HEALTH CARE IN THE WESTERN HEMISPHERE

The Committee is concerned that poor health infrastructure in Mexico places expensive and unsupportable burdens upon health facilities in the United States, specifically along the United States side of the border. The Committee notes that maternity services are in especially high demand. The Committee provides \$3,000,000 to USAID to establish a pilot program to support public private partnerships that address the need for improved healthcare facilities on the Mexican side of the border. Improved health care facilities in Mexico will reduce the requirement for care that is provided to undocumented migrants within the United States. The grants should be awarded on a competitive basis and expended in Mexico. The Committee urges USAID to limit the process to hospitals located in United States states bordering Mexico who would agree to a twinning concept of technical support with a Mexican hospital or health clinic.

The Committee commends USAID's efforts to strengthen bilateral cooperation to fight HIV/AIDS in Mexico. The Committee urges USAID to continue such efforts.

The Committee is concerned by recent reports that informed consent problems continue in Peru. In fiscal year 2001 the Committee asked USAID to conduct an investigation into these allegations and report its findings. The Committee directs USAID to provide the Committee with an update of Peru's policy of informed consent and any substantiated claims of its violation.

The Committee again notes that the hospital Bienfaisance de Pignon in Pignon, Haiti, a 60-bed hospital with four outlying medical clinics, is providing much needed quality health care to the people of Haiti. The Committee urges USAID to continue its support for this important medical service.

DEVELOPMENT ASSISTANCE

*[including transfers of funds]*

Fiscal year 2005 level .....	\$1,448,320,000
Fiscal year 2006 request .....	1,103,233,000
Committee recommendation .....	1,460,000,000

The Committee recommends \$1,460,000,000 for the general account for development assistance for economic growth, trade and environment. The amount recommended is \$346,767,000 above the budget request and \$1,680,000 above the fiscal year 2005 level. Funding in this account includes worldwide activities for free market economic development, agriculture, rural development, literacy and basic education for children and adults, environment, energy, science and technology and other programs related to longer-term development.

#### IMPORTANCE OF RESULTS

The Committee recognizes an effective foreign assistance program must set transparent goals and measure progress toward or achievement of those goals in tangible ways. Results rather than resource levels should be the yardstick for measuring United States assistance programs. An effective foreign aid program must take account of the host country context, most especially those governmental policies that affect sectors in which United States assistance operates. It must also take into account the private sector, including foreign capital and trade flows, as well as assistance provided by other donors, both official and unofficial. The Committee encourages the State Department and USAID to continue and improve upon the analytical work that sets tangible, realistic goals and measures progress toward those goals.

#### ECONOMIC GROWTH: OVERVIEW

The Committee considers sustainable economic growth—which can only happen in the context of free markets—USAID’s most important long term objective. Without sustained economic growth, USAID’s development programs for health, population, environment and other purposes, can have only marginal or transitory benefits in poor countries. Lasting improvement in social conditions can come only when countries themselves are able to generate the necessary resources to invest in their people.

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 citizens. Therefore, the Committee encourages USAID to increase funding for free market economic development in its development programs.

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 that stifle local entrepreneurs and which deter foreign United States investment. In addition, USAID 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, USAID must continue to search out reform-minded government leaders without whom these programs cannot succeed. The Millennium Challenge Corporation is based on this approach.

The Committee supports the efforts of USAID to better coordinate with the United States Trade Representative and other con-

cerned 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.

#### HUMAN CAPACITY BUILDING: BASIC EDUCATION

Education is the foundation for sustained economic growth and the creation of democratic institutions in developing countries. For that reason, the Committee has been extremely supportive of increased funding for basic education, increasing it from \$126,000,000 in fiscal year 2001 to \$400,000,000 in fiscal year 2005. This year, the Committee recommends \$465,000,000 for basic education.

Both last year and the year before, the Committee recommended the Secretary of State articulate a strategy for the use of basic education funds, particularly with reference to country strategies. The State Department should have an evident interest in education, particularly as a sound education assistance program is a frontal attack on ignorance, one of the major breeding causes of terrorism. In June 2002, President Bush stated that “education is the foundation of development and democracy—in every culture, on every continent.” Nonetheless, the State Department has not produced a strategy for United States education assistance in developing countries.

USAID did release a report in April 2005 (“Education Strategy”). The report conveys the importance of education to development and the many benefits that stem from education, such as faster economic growth, improved income distribution, enhanced public revenues, democracy promotion and the like. Unfortunately, the report does not provide any relevant information or data about education strategies in countries that receive United States assistance. One apparent problem is that USAID itself does not collect information about its educational assistance programs in a consistent manner from all of its organizational units. Clearly, USAID should collect information about its education assistance programs in a consistent manner. More fundamentally, the USAID report does not address country funding levels or project descriptions, how the assistance is used, who implements the programs or what impact the assistance programs have on education levels in the recipient countries.

The Committee has therefore decided to task the Government Accountability Office with preparing a report that covers basic information, such as country and project breakdowns of United States assistance, an analysis of host country contributions to education, an analysis of what assistance other donors are providing in the education sector and what can be done to improve United States assistance to education in developing countries. The report should also provide an analysis of the effectiveness of the current basic education funding strategy and include recommendations for improving program delivery.

Last year, the Committee supported creation of a pilot program to address the issues caused by fees that many developing countries require of families whose children attend school. Such fees are a major barrier to school enrollment among lower income children, especially girls. However, removing the fees also reduces the finan-

cial resources for education, leading to shortages of teachers and school supplies as well as inadequate school infrastructure. The Committee set aside \$15,000,000 in fiscal year 2005 to design and fund innovative pilot programs in Africa. In fiscal year 2006, the Committee provides an additional \$15,000,000 to extend and expand these programs.

The Committee urges USAID to increase its support for Books for Africa, an organization that participates in USAID basic education programs by transporting donated books to needy African schools and the Sabre Foundation, which works closely with a network of indigenous partner organizations in identifying and meeting the educational needs of developing and transitional countries.

The Committee supports the work of Alfalit International, an educational interdenominational nonprofit organization that provides children and adults with basic education and literacy programs that promote health, nutrition and community development in Africa and Latin America.

#### HUMAN CAPACITY BUILDING: WOMEN'S LEADERSHIP TRAINING

The Committee continues to believe a Women in Development (WID) office empowered to monitor, assess, and make recommendations regarding the quality of gender integration at USAID could be of great benefit to the agency. The Committee strongly recommends that the Office be funded at \$15,500,000 in fiscal year 2006.

#### TRADE CAPACITY BUILDING

Trade capacity building (TCB) programs are critical elements of development assistance because of their large multiplier effects on economic growth, poverty reduction and promotion of the rule of law. These programs help developing countries participate in and benefit from the global trading system. Economic growth provides much needed resources to finance social investments in developing countries. Over time, growth through trade reduces dependency on official aid.

For fiscal year 2006, the Committee provides \$214,000,000 for trade capacity building efforts, an amount that is \$15,000,000 above last year. The Committee requests that USAID prioritize these resources where economic growth can best be achieved particularly in the context of building developing country capacity to implement and benefit from special trade arrangements with the United States. Programs of particular importance include trade facilitation through improvements in customs, sanitary and phytosanitary measures; improvements in governance and transparency regarding government procurement; and related regulatory reforms that may be necessary for the developing country to benefit fully from the trading arrangement.

Programs should also include trade policy and related training for government officials, such as customs officers, environmental analysts, trade and investment policy officials, patent and copyright officials, food safety inspectors, and financial service regulators; technical assistance for environmental reviews; technical assistance and other initiatives that foster trade policy coordination among government agencies to improve effectiveness and transparency, and to improve outreach to civil society and the private

sector; and technical assistance to improve government agencies' statistical and analytical capabilities in the areas of trade, investment and services.

The Committee expects that these resources will be used to respond to developing country requests for assistance.

Inter-agency coordination is key to the creation and implementation of practical and effective TCB work plans. The Committee encourages USAID to continue to exercise leadership and participation in the interagency process and to be an active partner in TCB action plans created by developing countries. Where appropriate and throughout all regions, the Committee supports USAID's efforts to use these resources in inter-agency agreements or otherwise to accomplish development objectives, particularly in the context of labor and environmental cooperation related to special trading arrangements with the United States. These efforts do not specifically need to be related to trade capacity building. This is particularly true in the context of the African Growth and Opportunity Act and free trade agreements the United States is negotiating.

The Committee recognizes that, more than other forms of development assistance, trade capacity building programs require increased flexibility because their implementation must track the ever-changing dynamics at multilateral, regional and bilateral levels. Therefore, the Committee urges USAID to be able to account for the shifting nature of developing country efforts to integrate into the global economy by being able to make continual adjustments to five-year strategic plans that run the risk of being outdated.

In resource allocation and programming, USAID should also consult with the Office of Trade Capacity Building of the United States Trade Representative. When responding to trade capacity building proposals or action plans by developing countries, USAID also should solicit expertise from relevant federal agencies such as Customs, Department of Commerce's Commercial Law Development Program, United States Food and Drug Administration, the Department of Agriculture's Animal and Plant Health and Inspection Service, and the International Trade Commission.

In its report accompanying the fiscal year 2004 appropriations bill, the Committee identified the importance of identifying aid effectiveness in the context of TCB programs. In February, 2005 the Government Accountability Office (GAO) issued a report recommending that the Administrator of USAID develop a cost effective strategy to systematically monitor and measure program results and to evaluate the effectiveness of TCB activities. The Committee asks USAID to provide a report 180 days after the beginning of the fiscal year on the implementation of TCB performance indicators to be used by field missions and agency bureaus in on-going or future TCB programs.

The Committee recognizes USAID's government-wide surveys over the last several years that document United States assistance for TCB activities. Through these surveys, USAID has demonstrated that the United States is the policy and resource leader in the provision of this form of assistance. Nevertheless, despite this leadership, USAID lacks a clearly defined, annual budget process that identifies TCB activities as a component of the President's budget request. As it has in the past, the Committee continues to

encourage USAID to implement a budget planning process that is prospective in nature. Allocation decisions of TCB assistance should be linked to opportunities for aid effectiveness.

#### URBAN PROGRAMS

The Committee is aware that urban populations in developing nations are growing rapidly, threatening the quality of life for billions of individuals. Within less than ten years, more people will be living in the world's cities than 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.

#### GLOBAL ISSUES: CLEANER ENERGY, HYDROPOWER AND THE ENVIRONMENT

The Committee recommends a renewed emphasis on hydropower with a grant of up to \$3,000,000 to promote the development of overseas markets for environmentally-friendly hydropower technology manufactured in the United States. The Committee commends consideration of funding for a specialized non-governmental organization representing the United States hydropower industry to provide project development and implementation services. The Committee directs USAID to consult with the Committee on its plans for the allocation of these funds. 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.

#### GLOBAL ISSUES: ACCESS TO CLEAN WATER AND WATER MANAGEMENT

Competition for scarce fresh water is predicted to be a major source of international conflict during the twenty-first century, as it is now within the Middle East. Elsewhere, intra-regional cooperative programs for 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.

In Africa, especially in communities severely impacted by HIV/AIDS, ready access to clean water is lacking, resulting, in increasing rates of water-borne diseases and higher infant mortality rates. The Committee urges the President to direct not less than \$50,000,000 from this Act to build wells in rural areas, and secure water delivery systems in urban areas, of African communities that lack access to fresh water. Within this level, the Committee recommends \$15,000,000 for programs in east Africa.

#### GLOBAL ISSUES: BIODIVERSITY

The Committee applauds the accomplishments of USAID in integrating biodiversity and forest management in its economic and social development programs. The Committee urges USAID to provide not less than \$110,000,000 in fiscal year 2006 for its biodiversity and related environment programs.

Concerned with contributions to regional instability from resource scarcity and other issues of environmental security, the

Committee continues to support the work of centers of expertise. In this regard, the Committee continues to support the work of the Foundation for Environment Security and Sustainability to address critical United States security interests in the context of regional instability arising from resource scarcity and management practices, natural hazards and other environmental stresses.

The Committee recommends \$550,000 for projects in southern Africa that help protect the population of wild cheetah. Harvesting otherwise undesirable species of brush and processing them into fuel can prevent the ruinous encroachment of the brush into woodland savannah where cheetahs hunt for food.

The Committee also supports the USAID Parks in Peril program, a partnership with the Nature Conservancy, which has leveraged hundreds of millions of dollars in non-United States Government funds for conservation of imperiled ecosystems throughout Latin America.

The Committee is concerned about environmental degradation along the United States/Mexico border. The Committee requests USAID to consider programs in Mexico that will help ameliorate border region pollution.

The Committee recognizes the work of Trees for the Future in helping the Arcadine Coast and Terrible Mountain communities of Haiti restore ecological resources and increasing economic viability, and urges USAID to consider funding for this organization.

The Committee notes the trend toward Payment for Ecological Services programs by which landowners are paid for the environmental services they provide to the larger society. For example, small farmers are paid to protect trees that are vital to a watershed for a city, or to conserve biological diversity that attracts tourism. Such programs have great potential to create reliable, long-term streams of domestically generated funds for conservation. The Committee urges USAID to expand its support for this area.

#### ECONOMIC GROWTH: COLLABORATIVE RESEARCH SUPPORT PROGRAMS

The Committee recognizes the important contributions the Collaborative Research Support Programs (CRSPs) have made in the area of agricultural development and human capacity building. The Committee believes CRSPs are excellent investments and urges USAID to support efforts by the CRSPs to expand their activities in Africa and South Asia. The Committee recommends USAID support the creation of a new CRSP to focus on water issues and expand its current horticulture assessment into a CRSP. The Committee strongly recommends USAID fund CRSPs in fiscal year 2006 at \$28,000,000.

#### ECONOMIC GROWTH: MICROENTERPRISE

In most developing countries, small, informally organized businesses—microenterprises—constitute the vast majority of business enterprises. Microenterprises are the source of employment and income for hundreds of millions of people in developing countries. To flourish, microenterprises need a supportive policy environment and growing markets, as well as capital and technical assistance. The Committee expects USAID's programs to reach the largest possible number of microenterprises, whether through grants to private, non-governmental organizations that on-lend to microenter-

prises or by sponsoring economic policy reforms that directly stimulate such enterprises. The Committee recommends USAID achieve a level of \$200,000,000 for microenterprise programs. Furthermore, the Committee recommends \$30,000,000 be available to USAID's Office of Microenterprise through a central funding mechanism for contracts, cooperative agreements and grants. The Committee directs USAID to take measures to preserve the viability of the leading private NGO Microfinance Networks, and to consult with the Committee on these measures.

#### CREDIT UNIONS, COOPERATIVES AND PARTNERSHIPS

The Committee recognizes the important role that cooperatives and credit unions play in overseas programs. The Committee recommends that priority be given to funding overseas cooperatives working in the areas of agriculture, financial systems, rural electric and telecommunications infrastructure, housing and health.

The Committee supports the principles of the Sullivan Summit, which emphasizes the need to build partnerships between American and African businesses, healthcare professionals, educators, financial institutions and clergy. The Committee recommends USAID support these partnerships.

#### LATIN AMERICA: OVERVIEW

The Committee is disappointed that USAID has ignored Committee report language from prior years urging that greater emphasis be provided for programs in Latin America. The Committee notes that the President's request for this region from Development Assistance and the Child Survival and Health Programs Fund is substantially less than the combined level for both accounts enacted and allocated in fiscal year 2004. The Committee is concerned that the Central American nations received disproportionate reductions in the request and does not believe that this reflects the priorities of United States economic, trade, humanitarian and immigration policies with these neighboring countries. Therefore, the Committee directs USAID to provide assistance to Central American nations from Development Assistance and the Child Survival and Health Programs Fund at a combined level not less than that provided in fiscal year 2005. This calculation should include resources programmed in the regional account.

In fiscal year 2006, USAID should exercise flexibility in allocating this higher level of resources among the Central American countries recognizing that some countries are receiving Millennium Challenge Corporation resources. The allocation of resources should be shaped by the following high priorities: improved labor rights and environmental capacity, basic education, child and maternal health, empowerment of the poor through private property rights, and opportunities for farmers to participate in the formal economy. Foreign assistance can facilitate the efforts of these countries to integrate into the global economy and leverage trade for development. Furthermore, such assistance can encourage Central American countries to undertake the changes necessary to become eligible for a compact in subsequent years if such countries meet the eligibility requirements of the MCC.

## MEXICO: PARTNERSHIP FOR PROSPERITY INITIATIVE

The Committee requests a report from USAID that outlines in detail the national security and development justification of the President's Partnership for Prosperity Initiative and describes the linkages between all United States Government efforts and their relationship with the initiative. In the context of helping reduce the pressures of illegal immigration, the report should discuss the importance of rural development, property rights for the poor and formalizing the extra legal sector, access to financial services through such mechanisms as micro-credit institutions, and effective public finance and the rule of law. The Committee requests that USAID consult with the Committee thirty days after enactment and provide a report to the Committee no later than February 15, 2006.

## LATIN AMERICA AND THE CARIBBEAN: SCHOLARSHIP PROGRAM

The Committee strongly supports the work of the Cooperative Association of States for Scholarships (CASS) for its effective approaches to providing individuals with the skills that enable them to contribute effectively to the economic growth of their communities and nations. The Committee notes that the CASS program has offered technical education, job training, and leadership skills to young adults and leaders from communities of Central America and the Caribbean in fields such as agriculture, education, business, construction, environmental science, health care and technology training. The Committee expects USAID to fully fund the current CASS agreement. The Committee also notes that the CASS program is undertaking new activities in Mexico in support of the Administration's efforts to strengthen the United States-Mexico relationship, and believes the program's long history in Haiti could contribute significantly to USAID efforts in that nation, particularly in the field of health care training.

## AMERICAN SCHOOLS AND HOSPITALS ABROAD

The Committee directs USAID to provide up to \$20,000,000 for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 2006. The Committee further expects that support will be continued, as new resources are needed, for traditional recipients in the Middle East. The Committee expects USAID to keep it well 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.

The Committee notes that innovative medical technology such as haptic medical simulation can help train medical personnel in medically underserved developing countries. Such technology can provide a safe alternative to practicing on human subjects for a variety of procedures, such as intravenous therapy and endoscopy, and should be considered for use where appropriate.

## 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, ade-

quate health care, and credit. Over the past year, Department of State has allocated significant resources from the Economic Support Fund in order to improve the economic and social situation of women in the Middle East.

#### DAIRY DEVELOPMENT

The Committee continues its strong support for dairy industry development as an effective economic development tool. The Committee urges USAID to obligate new funding for dairy industry development project activities at a minimum of \$15,000,000 in fiscal year 2006 to strengthen the agency's economic growth, rural development and trade initiatives. The Committee particularly urges USAID to use no less than \$7,500,000 of this amount to fund new centrally funded projects that initiate activities in countries not previously engaged in dairy development.

The program has assisted producers, cooperatives, processors and industry associations in recipient countries to increase incomes, create jobs and improve the nutritional status of the population. While the Committee encourages the use of creative program mechanisms, it is important that dairy programs under this provision address both United States dairy industry needs as well as developmental goals.

#### TORTURE TREATMENT CENTERS

The Torture Victims Relief Act of 1998 states that assistance to foreign treatment centers "shall be provided in the form of grants to treatment centers and programs in foreign countries that are carrying out projects or activities specifically designed to treat victims of torture for the physical and psychological effects of the torture." The Committee urges USAID to ensure that this program complies with the congressional authorization. By so doing, USAID will be helping to ensure the growth of indigenous institutions providing culturally appropriate care to their torture victims and seeking to prevent and eventually eliminate the practice of torture in their country. The Committee recommends that USAID devote \$12,000,000 for this program in fiscal year 2006. The Committee requests that USAID report on implementation of these recommendations not later than 60 days of enactment of this Act.

#### ESTHER'S AID

The Committee notes the good work of Esther's Aid for Needy and Abandoned Children, a faith-based NGO active in Rwanda, in protecting and rehabilitating the children of Rwanda through educational, health, and income-generation activities. USAID is directed to provide \$150,000 to Esther's Aid to support these activities.

#### 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 United States 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 USAID to give priority to proposals that have technical merit, realistic budgets, and achievable objectives.

No later than March 1, 2006, the Administrator of USAID 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 USAID or the Department of State on funding the activity, including the proposed funding level; and (5) any other relevant information deemed important by USAID or the Department of State. The Committee also expects to receive a second report on the status of these proposals no later than September 1, 2006. In addition, the Committee requests that USAID 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 USAID's active consideration:

A proposal by Alabama A&M University to develop textbooks and teaching materials in Africa;

A proposal by the University of Alabama to conduct a feasibility study to establish a Central American Food Export Trade Association at the University;

A proposal by the University of South Alabama to initiate a birth defects monitoring program in the Ukraine;

A project from the University of Arizona and Mexico's Consejo Nacional de Ciencia Y Tecnologia to support a United States-Mexico binational optics program with the purpose of establishing a program to improve Mexico's competitiveness;

A proposal by the University of Arkansas for a logistics assessment and a pilot project for telemedicine;

A proposal by the University of Arkansas Medical School to work in partnership with Russian institutions on critical health problems in Russia;

A proposal by the University of California at San Diego's Scripps Institute of Oceanography to assess the impact of air pollution and persistent brown haze in Asia;

A proposal by California Western University School of Law to help Latin American countries reform their judicial systems;

Proposals by Loma Linda University, California, to expand its medical education and health care programs in developing countries, including the refurbishment of the Wazir Akbar Khan Hospital in Kabul, Afghanistan;

A proposal by the University of California at Los Angeles to support the WorldSpace Health Communications Initiative;

A proposal by Morehouse College to help build infrastructure for Sub-Saharan African leadership development, education and training;

A proposal by Northwestern University, Illinois, in association with partner organizations through the Consortium for Development Partnerships, to respond to the slow pace of economic development, democratization, and conflict resolution in many African countries;

Proposals by DePaul University, Illinois, to provide training for diplomats and 30 to 45 police officials, prosecutors, judges, defense attorneys, prison officials and to establish a Summer Human Rights Law Intensive program to provide training in international human rights and humanitarian law for diplomats;

A proposal by the Kansas State University Plant Biotechnology Center to solve intractable problems of cereal crop production in developing countries;

A proposal by Tulane University and Xavier University, Louisiana, to work with the West African Health Organization to prevent and treat HIV/AIDS in the militaries of the Economic Community of Western African States;

A proposal by the Louisiana State University Law Center to support intra-hemispheric trade through partnerships with law schools in Latin America;

A proposal by St. Mary's College of Maryland with the University of The Gambia to assist in up-grading the University;

A proposal by the John Joseph Moakley Center for Law, Justice, and Human Rights at Boston College, Massachusetts, to support programs that promote justice and human rights around the world through the College's undergraduate and graduate international programs;

A proposal by the John W. McCormack Graduate School of Policy Studies at the University of Massachusetts to assist countries with developing democracies to set up sound legal systems;

A proposal by Brandeis University and the Al-Quds University to strengthen academic excellence and educational opportunities and to support the Heller School's Sustainable International Development Program;

A proposal by Bemidji State University, Minnesota, to create a Central Asian Institute to facilitate cross-cultural understanding and enhance the education of citizens in Central Asia;

A proposal by the University of Montana and the Montana World Trade Center to help increase the capacity of developing countries to reach international trade agreements with the United States;

A proposal by the University of Nebraska-Lincoln to establish a global standard joint undergraduate and MBA programs at Jordanian universities;

A proposal by the University of Nebraska Omaha to jump start teacher training and vocational education programs in Afghanistan;

A proposal by the University of Nebraska Lincoln to initiate collaborative programs for teaching, research and outreach in Jordan;

A proposal by Rutgers University, Thomas Edison State College and the SAS Institute to jointly provide a post graduate program in non-profit business and government administration;

Proposals by Monmouth University to establish opportunities for Armenian students in the United States and to support an anti-trafficking in persons training program;

A proposal by Ohio University to train Afghans in the development of rural infrastructure;

A proposal by the Pacem In Terris Institute at La Roche College, Pennsylvania, for an international scholarship program;

A proposal by Chestnut Hill College to establish a working relationship with the International Center for Education and Research Distance Learning Center in Ukraine;

A proposal by the American University in Kosovo to educate the future political and economic leaders;

A proposal by George Mason University, Virginia, to support continued operations of the Center for World Religions and Conflict Resolution to support an initiative to reduce violence;

Proposals by the South Dakota School of Mines and Technology to provide educational opportunities for foreign students, particularly from developing nations, to provide engineering services to water and sanitation programs in India, to enhance its relationship with the University of Belgrade and to enhance its relationship with the Mongolia University of Science and Technology;

A proposal by Austin Peay State University, Tennessee, to enhance the international curriculum to meet the needs of military personnel at Fort Campbell, Kentucky;

A proposal coordinated by the Texas A&M University and other partnering universities for the Norman E. Borlaug International Science and Technology Fellows Program;

A proposal by Texas A&M University and other Alabama and Texas institutions of higher learning to expand research in the United States, Ghana and other cooperating countries to further refine the technology for remediating the effects of mycotoxins in food and feed;

A proposal by George Mason University, Virginia, to support continued operations of the Center for World Religions, Diplomacy and Conflict Resolution to support an initiative to reduce violence in the name of religion;

A proposal by Washington State University to address challenges in water management and the environment;

A proposal by City University, Washington, to improve and expand information technology infrastructure for Central and Eastern European distance learning programs;

A proposal by the Asian University for Women, Bangladesh, to educate disadvantaged women from diverse backgrounds around Asia in a non-sectarian environment;

A proposal by the American University of Bulgaria to support liberal arts education and the core values of an open, democratic society;

A proposal on behalf of the George Washington Academy in Morocco for additional buildings and equipment; and

A proposal on behalf of universities in Nigeria to establish cyber centers and technical training facilities.

A proposal by the Mrs. Helena Kaushik Women’s College, India, to increase opportunities for women to receive undergraduate and graduate degrees;

A proposal by universities on behalf of the Caribbean American Mission for Education Research and Action (CAMERA).

INTERNATIONAL DISASTER AND FAMINE ASSISTANCE

Fiscal year 2005 level .....	\$367,040,000
Emergency supplemental funding .....	207,850,000
Fiscal year 2006 request .....	655,500,000
Committee recommendation .....	356,000,000

The Committee recommends \$356,000,000 for the International Disaster Assistance and Famine Assistance account.

The President’s budget request for fiscal year 2006 for this account included \$300,000,000 that in previous years would have been included in the request for PL–480 Title II grants. The President’s budget sought the reallocation of these resources because USAID wished to purchase commodities overseas whereas PL–480 Title II grants must be used to purchase commodities in the United States.

Because of insufficient resources, the Committee does not support the proposed reallocation of resources. If food security, poverty reduction or other life saving objectives would be better served through the purchase of local or regional commodities, the Committee notes that USAID has existing authority in this and other accounts to meet those objectives.

The Committee includes \$20,000,000 of funding for early intervention to prevent or mitigate the effects of famine.

The Committee notes the Famine Early Warning System Network and other collaborations USAID has undertaken to lower the occurrence of famine caused by drought or floods. Access by decision-makers to accurate, timely information and data on vegetation, rainfall, and agricultural conditions affecting global food security is crucial for appropriate interventions, and the Committee recognizes the role of the United States Geological Survey in collecting, managing, and archiving such data.

The Committee recommendation includes \$390,000,000 for Sudan from all accounts. Despite some positive developments in Darfur, the Committee continues to be gravely concerned about the ongoing atrocities against the citizens of that region. In section 569, the Committee continues its prohibition against funding from this Act for that government or for initiatives to alleviate Khartoum’s debt burden unless the Secretary of State makes a certification outlined in subsection (c). Humanitarian assistance, assistance provided to the Darfur region and to the area outside of the control of the north, and support to the Comprehensive Peace Agreement are specifically not restricted by section 569. Funding for Sudan is also explicitly restricted elsewhere in this Act, including under “Debt Restructuring” and “Foreign Military Financing Program”.

The Committee also requests that the President, not later than 60 days following enactment of this Act, consult with the Committee and submit a plan for supporting the political and economic development of South Sudan.

This plan should describe sectoral strategies and include all ongoing and proposed programs, projects, and activities. It should

also describe how the United States sectors, programs, projects, and activities are coordinated with those supported by funding from other multilateral and bilateral donors, as well as by the financial resources of South Sudan. This plan shall be updated quarterly and each update shall clearly note changes from the previous submission.

#### TRANSITION INITIATIVES

Fiscal year 2005 level .....	\$48,608,000
Fiscal year 2006 request .....	325,000,000
Committee recommendation .....	50,000,000

The Committee recommends \$50,000,000 for this account.

The President's fiscal year 2006 budget request included \$275,000,000 for Afghanistan, Sudan, Haiti and Ethiopia that in previous years would have been requested in the Development Assistance account. Such an increase would have allowed USAID to use the authorities underpinning this account, including availability of funds until expended and so-called "notwithstanding" authority. The Committee does not agree with the scope of the proposed change. The potent authorities of this account were granted for use in limited and carefully targeted situations where flexibility and nimbleness were vital to successful transition. They were not intended to cover all USAID assistance to a given country. With respect to work in countries in transition, the Committee acknowledges the contributions of the International Crisis Group (ICG), which has conducted field-based, high-quality analysis of the causes of conflict in more than 40 countries around the world. 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]*

	<i>(by transfer)</i>
Program account:	
Fiscal year 2005 level .....	(\$20,876,000)
Fiscal year 2006 request .....	(21,000,000)
Committee recommendation .....	(21,000,000)
Administrative expenses:	
Fiscal year 2005 level .....	7,936,000
Fiscal year 2006 request .....	8,000,000
Committee recommendation .....	8,000,000

The Committee recommends a ceiling of \$21,000,000 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 Committee recommends \$8,000,000 for administrative expenses, the same as the requested level.

#### PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Fiscal year 2005 level .....	\$42,500,000
Fiscal year 2006 request .....	41,700,000
Committee recommendation .....	41,700,000

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

*(including transfer of funds)*

Fiscal year 2005 level .....	\$613,056,000
Emergency supplemental funding .....	24,400,000
Fiscal year 2006 request .....	680,735,000
Committee recommendation .....	630,000,000

The Committee has recommended funding for United States Agency for International Development operating expenses at a level of \$630,000,000, which is \$16,944,000 above last year's level.

USAID MANAGEMENT OF ITS HUMAN RESOURCES

USAID is making progress in managing its employees. The President's fiscal year 2006 budget request gives USAID a "green" mark for progress in human capital. In April 2005, USAID submitted a report to the Committee that provides considerable detail on the USAID workforce and operating expenses at each of its overseas missions. The data in the report are useful and provide an excellent basis for discussion about the right size, cost and allocation of USAID's workforce.

Further work, however, is necessary. The April 2005 report draws comparisons among USAID's bureaus and missions, thereby providing a relative measure of mission cost, but it does not provide an absolute measure. In other words, one USAID mission may be more effective than another mission in another country but that does not mean that it is as effective as it could be. The challenge is to provide USAID missions with incentives and benchmarks for efficient management.

To that end, the Committee supports USAID's efforts to introduce management incentives by looking at ways to allocate overhead expenditures in areas such as personnel, technology and office space. These expenditures are currently paid for and allocated centrally, which leaves little incentive for managers at individual offices and missions to use these resources to maximum advantage. The Committee understands that USAID is undertaking a "shadow budget" to provide individual managers with these incentives. The Committee requests a consultation no later than December 15, 2005, to review progress on the fiscal year 2006 "shadow budget". The consultation should address the formula used to determine decentralized costs and a long-term plan, including benchmarks with relevant timeline. In addition, the Committee requests an updated version of the administrative cost analysis report, initially presented in April, 2005, broken out by country.

The Committee continues to seek to provide flexibility so that Agency management will be better able to meet the development assistance challenges of the future. For example, in section 577, the Committee has included bill language allowing USAID to use temporary Foreign Service Office (FSO) appointments overseas, funded by program accounts, so the agency will employ FSO's responsible to the Administrator and the USAID management structure, rather

than the current tendency to hire and rely on Personal Service Contractors (PSCs). These PSC's are too often entrusted with managing USAID's Foreign Service National workforce and, in some cases, managing the entire United States foreign assistance programs in countries, including representing the United States in discussion and negotiations with foreign governments.

#### USAID CONTRACTING AND PROCUREMENT

Last year, the Committee directed USAID to prepare a detailed and comprehensive analysis of its procurement process. USAID presented its analysis of spending in May to the Committee. The report divided USAID spending into two broad categories: (1) "acquisition instruments", composed of contracts, contract modifications and task orders; and (2) "assistance instruments", composed of grants, grant modifications, cooperative agreements and inter-agency agreements. USAID noted that in preparing the report, it discovered that data it collected centrally was both incomplete and not of the highest quality. Bearing those caveats in mind, the report noted that USAID/Washington used assistance instruments for 82 percent of its spending in fiscal year 2004, with only about 18 percent going to acquisition instruments. Conversely, USAID missions overseas used assistance instruments for only 26 percent of their spending in the same year, with 74 percent going to acquisition instruments.

In discussions about procurement, USAID also noted it had about \$20,000,000 in face value of outstanding Indefinite Quantity Contracts (IQC), although the full scope of agency use of IQCs is unknown as only an initial amount of IQC contracts are obligated. IQCs are contracts that provide for indefinite quantities of supplies or services over a fixed period of time. Most IQCs are either Cost-Plus-Fixed-Fee contracts or Fixed Daily Rate contracts. USAID argues that IQCs are competitively awarded and that in addition the task orders—the mechanisms through which USAID uses the IQCs—are also competitively selected.

The goal of all government procurement should be to achieve desired results at lowest cost to the taxpayer. The Committee therefore requests that USAID do additional analysis of its procurement process. The new analysis should fill in the quality and completeness gaps in data of the first report, as USAID itself recognized. The report should also delve more completely into the competitive process by which USAID awards its grants and contracts. The Committee firmly supports full, fair and open competition as a means of lowering costs and getting better products. USAID should do everything it can to stimulate this competition. The Committee requests the report analyze the metrics the USAID uses to evaluate the competitiveness, efficiency, long term structural openness to new entrants, and procurement vehicle consistency with the strategic objective. The new report should be presented to the Committee on November 1, 2005.

The Committee recognizes that waivers of federal acquisition rules are sometimes necessary, but it believes such waivers should be rare and issued in a fully transparent manner. The Committee requests the Administrator of USAID provide the Committee with an annual report not later than five months after the end of the fiscal year, on the extent and detail during the preceding fiscal

year of USAID's sole-source and limited competition awards for contracts, cooperative agreements, and grants in excess of \$100,000. USAID's should consult with the Committee before beginning to draft the report.

The Committee is aware of the difficult adjustment facing many of USAID's long-serving and effective implementing organizations, especially private voluntary organizations (PVOs), micro-enterprise networks, cooperatives and small disadvantaged and minority firms.

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 initiatives to train minority firms in leading US export cities to better compete for USAID awards, and requests that sufficient resources be allocated over the next two years to train small, minority, and disadvantaged firms in leading export cities for such purposes.

The Committee recommends that those entities competing for the training contract have prior experience in working with small, minority and disadvantaged firms in increasing their ability in doing business in the international arena.

The Committee is also aware that USAID maintains a national database of qualified small, disadvantaged, and minority firms. This database should be expanded to include firms who benefit from the outreach initiative. In addition, information from the database should be disseminated on a regular basis to all USAID overseas missions, relevant Washington, DC staff, and USAID prime contractors.

The Committee supports USAID's continuing efforts to improve its procurement efforts. The Committee supports a human capital strategy for USAID's procurement office, both to increase the number of contracting officers and to improve their training. Further, the Committee directs USAID to set up a task force to make recommendations about how its procurement and contracting can be further improved. The task force should be composed of members of the PVO community, the business community and outside experts on procurement and development. The task force should examine how USAID's procurement and contracting processes can be made more transparent, more competitive and more expeditious. The task force should also examine how USAID's acquisition and assistance tools can be best fit to the relevant development context. The Committee expects the task force to make its recommendations by March 1,2006.

CAPITAL INVESTMENT FUND

Fiscal year 2005 level .....	\$58,528,000
Fiscal year 2006 request .....	77,700,000
Committee recommendation .....	77,700,000

The Committee is recommending \$77,700,000 for the Capital Investment Fund for fiscal year 2006, the same as the President's request. In total, the Committee recommendation includes \$55,800,000 for USAID participation in the Capital Cost-Sharing Program, under which all agencies with overseas staff operating under Chief of Mission authority will contribute toward the costs of constructing secure embassy compounds. The Committee sup-

ports the concept of Capital Cost Sharing but wants to ensure that all agencies are treated equitably.

The Committee continues to support the implementation of the Procurement Systems Improvement Project (PSIP), a worldwide upgrade and implementation of acquisition and assistance software and report tools. In the report accompanying the Foreign Operations Appropriations Act, 2003, the Committee urged USAID to develop a world wide procurement tracking system that would allow the agency to evaluate regularly its procurement process and ultimately allow data to be integrated into its financial management system. The Committee recognizes USAID-identified PSIP objectives, but also encourages USAID to use the system as a means to improve the competitiveness of procurement as well as to measure the continuous opportunity of new entrants as third party implementers.

All funds made available under the Capital Investment Fund, including the obligation of offsetting collections, and the capital appropriation in the Economic Support Fund, are subject to the regular notification procedures of the Committees on Appropriations. The Committee also has included bill language under Operating Expenses of the United States Agency for International Development that requires notification before USAID commits to new overseas missions that will require additional capital investments.

#### FINANCIAL MANAGEMENT

In October, 2004, the Inspector General issued for the second year in a row clean, unqualified opinions on all five of USAID's fiscal year 2004 financial statements. The Committee recognizes this significant progress was achieved through the hard work of both USAID and its Inspector General. These clean opinions show vast improvement over fiscal year 2001, when three of USAID's financial statements were given qualified approval, and two were given a disclaimer.

The Committee is intensely interested in the roll out of USAID's financial management system, known as Phoenix. The Committee appreciates USAID's commitment to complete deployment of Phoenix to all of the field missions by mid fiscal year 2006. The Committee maintains its desire to be kept informed on a routine basis of major milestones accomplished and encourages adequate planning in order to avoid any further delay in implementation. The Committee is aware USAID faces increased challenges as the roll-out continues to those areas of the world where telecommunications are less than optimal. As the system is implemented, the Committee wishes to emphasize the importance of USAID missions' commitment to using the system.

Although clean, unqualified opinions on USAID's annual financial statements are important, the Committee repeats its stress on the paramount importance of USAID managers having timely, reliable and complete financial and performance data on foreign assistance programs on a consistent basis. USAID's managers will not have this data as long as there is no worldwide, integrated financial system.

Consistent with the President's budget request, the Committee funds \$21,900,000 of information technology improvements, of which \$2,600,000 is for Phoenix, the financial management system.

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

Fiscal year 2005 level .....	\$34,720,000
Fiscal year 2006 request .....	36,000,000
Committee recommendation .....	36,000,000

The Committee has recommended \$36,000,000 for the Office of the Inspector General of USAID for fiscal year 2006, which is the same as the budget request. The Committee again commends the Inspector General for his cooperation with the Committee in its oversight of USAID management. Not later than 120 days after the date of the enactment of this Act, the Inspector General of USAID is requested to prepare and submit to the Committee a report that describes and evaluates the extent to which the task ordering process carried out by mission directors of USAID affects USAID's ability to meet the goals established by the Small Business Administration relating to contracting with small businesses.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

Fiscal year 2005 level .....	\$2,462,640,000
Emergency supplemental funding .....	1,433,600,000
Fiscal year 2006 request .....	3,036,375,000
Committee recommendation .....	2,558,525,000

The Committee recommends a total of \$2,558,525,000 for the Economic Support Fund (ESF), an amount that is \$477,850,000 below the request and \$95,885,000 above the amount enacted for fiscal year 2005, excluding emergency supplemental appropriations.

ISRAEL PROGRAMS

The Committee recommends funding for Israel programs at the President's request of \$240,000,000, which is \$120,000,000 below the funding level for 2005.

ELEM YOUTH IN DISTRESS

The Committee recognizes the work of ELEM/Youth in Distress, which works with Israeli, Palestinian, Druze, and Bedouin youth living on the streets. The Committee urges the State Department and USAID to consider funding for this organization.

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 a provision (sec. 535) addressing the Arab League boycott of Israel. The Committee strongly opposes this boycott and believes that the Department of State must take strong action to combat this practice. This provision has

been modified to recognize the recent return of some Arab League members to normalized relations with Israel.

#### EGYPT PROGRAMS

The Committee recommends funding for Egypt programs at the President's request of \$495,000,000, which is \$40,000,000 below the funding level for 2005.

The Committee recommends that not less than 50 percent of the funds provided for Egypt for democracy, governance, and human rights be provided through nongovernmental organizations for the purpose of strengthening Egyptian civil society organizations, enhancing their participation in the political process, and enhancing their ability to promote and monitor human rights. The Committee further recommends that not less than 50 percent of the funds provided for Egypt for education be used to improve access to basic education. The remainder of the funds provided for education shall be used to strengthen institutions of higher education, promote academic freedom, and fund educational and cultural exchange programs.

The Committee understands that the Department of State has recently reached an agreement with the Egyptian government with respect to cash transfer assistance. This agreement includes a requirement that the Government of Egypt commit to achieving specific goals by specific dates. The Committee believes that in order for assurances that the fiscal year 2006 assistance will be properly disbursed, the Department of State should ensure these goals are met and shall immediately notify the Committee if the Egyptian government fails to comply with its commitment to achieve these goals.

#### RELIGIOUS FREEDOM—EGYPT

The Department of State 2003 International Religious Freedom Report notes that there has been some improvement in the Egyptian Government's respect for religious freedom, such as greater recognition and tolerance of Coptic Christians. However, the Government has not yet brought to justice those responsible for the death of Christians in the village of Al-Kush in January 2000. The Committee remains concerned about the problems faced by Egypt's Coptic Christian community and believes the Government of Egypt needs to do everything possible to provide full opportunity for Coptic Christians in employment and educational opportunities. The Committee expects the Department of State to make every effort to reinforce the importance of actively enforcing the religious freedoms that are, in fact, provided for in the Egyptian Constitution.

#### WOMEN'S EMPOWERMENT—EGYPT

The Committee recognizes that promoting women's empowerment, education and full participation in the social, political and economic life is a critical part of promoting democracy. The Committee recommends support for programs and organizations that seek to strengthen the role and capacity of women to be full participants in Egyptian society including \$150,000 for the National Council for Women in Egypt.

## AFGHANISTAN PROGRAMS

The Committee recommends funding for Afghanistan programs at the President's request of \$430,000,000, which is \$205,000,000 above the funding level for 2005. The Committee has included language that limits the expenditure of these funds to not more than \$225,000,000 until the Secretary of State certifies to the Committee on Appropriations, that the Government of Afghanistan at both the national and local level, is cooperating fully with United States funded eradication and interdiction efforts in Afghanistan. Understanding the certification may include sensitive or classified information the Department of State may submit the certification to the Committee in the form of a classified report.

The Committee is greatly concerned that the Government of Afghanistan, at both the national and local level, is not fully supporting efforts to eradicate poppy growth and interdict the heroin byproduct of these poppies. Without full cooperation and support of the government for eradication and interdiction programs, the Committee believes the illegal drug trade of Afghanistan will flourish. The Committee cannot condone increasing assistance for Afghanistan if the government is not willing to fully participate in ending the growth and trade of an illegal drug that tears apart the fabric of society and has the potential to undermine the legitimacy of the government.

Within the \$225,000,000 that may be expended immediately, the Committee urges funding of up to \$5,000,000 to refurbish the existing Wazir Akbar Kahn Hospital with its American partner and to initiate the start-up program for managing and providing health care delivery in Kabul. The Committee requests that the Department of State, no later than March 1, 2006, issue a report detailing its progress in addressing this matter.

## AFGHAN WOMEN AND GIRLS

The Committee recommendation includes \$50,000,000 in fiscal year 2006 funds to support programs for Afghan women and girls. With these funds, \$10,000,000 is for women's legal rights and \$5,000,000 is for programs that provide economic opportunity for women. The Committee strongly encourages the recipients of these funds to partner with local, women-led organizations in the implementation of these activities.

## AFGHANISTAN HUMAN RIGHTS COMMISSION

The Committee recommends that \$5,000,000 be used to support the Afghan Independent Human Rights Commission.

## WOMEN'S LEADERSHIP IN AFGHANISTAN

The Committee commends the work of the Refugee Women in Development organization. This organization focuses on providing capacity building and strengthening women leaders to advance education, health, advocacy, and human rights programs in Afghanistan.

## PAKISTAN PROGRAMS

The Committee recommends funding for Pakistan programs at the President's request of \$300,000,000, the same as the 2005 funding level.

The Committee urges that within the amount provided, \$10,000,000 be used for rural access, health and education needs in South and North Waziristan Provinces.

## JORDAN PROGRAMS

The Committee recommends funding for Jordan programs at the President's request of \$250,000,000, the same as the 2005 funding level. The Committee notes appreciation for that nation's strong support for the United States and our military forces during the recent conflict in Iraq. Jordan has played a leadership role in facilitating efforts to bring peace between Israelis and Palestinians. The Committee notes that ESF assistance will help Jordan deal with economic impacts from increased oil prices, and it will help the Kingdom continue to modernize information technology investments and education.

## MIDDLE EAST REGIONAL PROGRAMS

The need for fresh water is a reality for all parties in the Middle East. Fresh water is essential for economic development, agriculture, health, and improving the quality of life for everyone in the region. 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 urges USAID to make available \$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.

## IRAQ PROGRAMS

The Committee recommends no funding for Iraq programs, instead of \$360,000,000 as requested. The Committee has not included these funds based on an understanding that over \$5,000,000,000 in funds previously appropriated for Iraq reconstruction and relief remain unobligated and could be used to fund the requirements presented in the fiscal year 2006 request. Therefore, as an alternative to the appropriation of additional taxpayer dollars for this requirement, the Committee directs the Department of State to ensure that unobligated balances from funds originally appropriated for the Iraq Relief and Reconstruction Fund (IRRF) in the Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan (Public Law 108-106) be used as necessary to finance the Iraq program requirements presented in the fiscal year 2006 budget request.

## IRISH VISA PROGRAM

The Committee recommends funding for the Walsh Irish Visa program of \$3,500,000, as requested. This program, authorized since 1998, assists young people who are residents of Northern Ireland and the border counties of Ireland with developing job skills

and conflict resolution abilities. Eligible youth receive non-immigrant visas that enable them to work for up to three years in the United States.

#### WEST BANK AND GAZA PROGRAM

The Committee recommends funding for the West Bank and Gaza program at the President's request of \$150,000,000. The Committee recommends retaining language that prohibits funds in this Act from being obligated or expended directly to the Palestinian Authority (Sec 550). The Committee recommends retaining language that requires the Secretary of State to exercise oversight and ensure that such assistance is not diverted to individuals, entities, or educational institutions that engage, have engaged, advocate or sponsor terrorist activity (Sec 559(b)).

In order to maintain proper oversight of grants and contracts issued under the West Bank and Gaza program, the Committee recommends retaining language that requires annual audits of all contractors and grantees, and significant subcontractors and subgrantees (Sec 559). Prior to the obligation of funds for the West Bank and Gaza program, the Secretary of State is required to take all appropriate steps to ensure that such assistance is not provided through any individual, private or government entity, or educational institution, that the Secretary knows or has reason to believe advocates, plans, sponsors, engages in, or has engaged in, terrorist activity and requires the Secretary of State to terminate any assistance to any individual, entity, or educational institution found to be involved in or advocating terrorist activity. The Committee also recommends retaining language that provides up to \$1,000,000 for the Inspector General of the United States Agency for International Development for audits, inspections, and other activities in furtherance of this provision.

The Secretary of State shall submit to the Committee on Appropriations not later than December 1, 2005, and prior to the initial obligation of funds appropriated for the West Bank and Gaza program, a financial plan that details the proposed use of the funds on a project-by-project basis for which the obligation of these funds is anticipated. The Committee directs that this financial plan of the West Bank and Gaza program be updated on a quarterly basis and submitted to the Committee noting any changes from the previous financial plan.

The Committee directs the President to submit to Congress, a report detailing the information requested in Section 2106 of PL 109-13 no later than 60 days after enactment of this Act and provide updates of this report on a quarterly basis throughout fiscal year 2006.

The Committee understands that the fiscal year 2006 request for the West Bank and Gaza program is associated with programs, projects, and activities administered by the United States Agency for International Development (USAID) and does not include funds for direct budgetary assistance for the Palestinian Authority.

#### HEALTH AND WELFARE OF THE PALESTINIAN PEOPLE

The Committee notes 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 that potentially exist among the Palestinian people. The Committee urges USAID to work through the West Bank and Gaza Program, to help Al Quds and the Kuvin Center implement this proposal.

The Committee recognizes the work of Save a Child's Heart, an Israeli organization, dedicated to treating children in developing nations who are suffering from heart disease. The Committee supports the organization's efforts to expand its activities among Palestinian children, and urges the organization to explore ways in which its volunteer surgeons can help build indigenous Palestinian medical expertise in this field.

#### LEBANON PROGRAM

The Committee recommends \$40,000,000 for Lebanon programs, \$5,000,000 over the request. The Committee directs that not less than \$6,000,000 should be used for scholarships and other direct support of the American educational institutions in Lebanon. Providing an American education to the young people of Lebanon and the region makes a unique contribution to the long term development of political and economic stability in that country. Broadening understanding of American values in the Middle East is particularly important to United States efforts to counter violence and terrorism.

#### MIDDLE EAST PARTNERSHIP INITIATIVE

The Committee recommends \$85,000,000 for the Middle East Partnership Initiative (MEPI), \$35,000,000 less than the request and \$10,000,000 over the 2005 funding level. The Committee is concerned that the large funding request of \$120,000,000, up from \$75,000,000 provided in 2005, would prove difficult to effectively expend.

The Committee directs that within the funds provided for MEPI, up to \$4,500,000 be set aside to establish a scholarship program to educate students from countries with significant Muslim populations at the American educational institutions in those countries. The American educational institutions are uniquely positioned to improve understanding and strengthen shared values with the Muslim world.

The Committee recognizes the work of Carnegie Hall in promoting cross-cultural exchanges through music, and urges the State Department to consider these programs in the Middle East for funding through the MEPI program.

#### INDONESIA

The Committee recommends \$67,500,000 for Indonesia, an increase of \$2,500,000 over the 2005 level and \$2,500,000 less than the 2006 request. Within the \$15,000,000 provided for education programs, the Committee recommends funds be provided as nec-

essary to re-establish midwifery education systems throughout Aceh, Indonesia.

COMPLETION OF FINANCIAL COMMITMENT—YITZHAK RABIN CENTER

The Committee notes that direction was provided in fiscal year 2004 that up to \$5,000,000 be provided for the Yitzhak Rabin Center in Tel Aviv, Israel, to assist in the creation of the Israel Society and Democracy Educational Center. The Committee understands that the Rabin Center has not yet received the entire \$5,000,000 as identified in House Report 108–401. The Committee urges the Department of State to complete the \$5,000,000 financial commitment for the Yitzhak Rabin Center.

EAST TIMOR

The Committee recommends \$13,500,000 for programs in East Timor, as requested, to support income producing projects and other reconstruction activities.

The Committee notes that East Timor is eligible under the Threshold Country Assistance Program funded within the Millennium Challenge Corporation (MCC) account. The MCC estimates that East Timor is eligible for an estimated \$5,000,000 to \$7,000,000 in assistance, which would bring the total for East Timor provided in this bill to approximately \$18,500,000 to \$20,500,000.

TIBET

The Committee recommends not less than \$4,000,000 in assistance for programs that preserve cultural traditions, and promote economic 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 recommends that \$2,000,000 of these funds should be provided to the Bridge Fund.

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. The Committee supports the use of a greater portion of the funds made available, for activities that have a primary impact inside Tibet, to the extent practicable. The Committee encourages the Bureau for Democracy, Human Rights and Labor to work closely with the Office of the Special Coordinator on Tibetan Issues in carrying out these programs.

At the same time, the Committee encourages organizations involved in China rule of law programs to seek out opportunities to conduct programs that can improve the human rights situation and the administration of justice in Tibetan areas, including Tibetan areas outside the Tibetan Autonomous Region (TAR).

CYPRUS

The Committee recommends \$20,000,000 for Cyprus as requested only for educational and other bicomunal projects. These funds

provide a basis for mutual cooperation and preparation for the two communities of Cyprus to live together harmoniously by increasing inter-communal contacts. These funds provide funding for Fulbright scholarships, the Bicommunal Support Program, the United Nations Office for Project Service, and other related activities. The Committee believes that the key to successful mutual cooperation is balanced economic growth throughout Cyprus.

LABOR AND ENVIRONMENTAL COOPERATION EFFORTS IN CENTRAL  
AMERICA

The Committee is recommending a continuation of a minimum regional allocation of \$20,000,000 for labor and environmental capacity building activities relating to the free trade agreement with the countries of Central America and the Dominican Republic. This amount is the same as last year. The Committee expects these funds to be coordinated with the Office of Trade Capacity Building of the United States Trade Representative's Office and other agencies integral to cooperation in the context of special trading arrangements.

INTER-AGENCY COORDINATION AND CAPACITY BUILDING IN TRADE AND  
OTHER AREAS

The Committee supports the utilization of Economic Support Funds to build capacity in trade, labor and the environment, and other areas identified by the United States and developing countries. Specifically, given the fluid nature of cooperation related to special trading arrangements with the United States, the Committee places a premium on interagency coordination to provide the Department of State the latest insight into what constitutes the most appropriate cooperation. For this reason, the Committee continues to encourage the Department of State to consult with the Office for Trade Capacity Building of the Office of the United States Trade Representative (USTR) in resource allocation and programming. For this fiscal year, the Committee requests that the Department of State, in coordination with USTR, report not later than 120 days after enactment on the allocation of fiscal year 2006 resources (by region and country) used to support these special trading relationships in the furtherance of United States foreign policy objectives. The report should provide perspective on the Department's ability to prospectively budget for trade capacity building assistance and to evaluate aid effectiveness.

FOUNDATION FOR SECURITY AND SUSTAINABILITY

The Committee recommends that up to \$3,000,000 be provided to continue regional stability, conflict management and mitigation efforts. The Committee continues to support the work of the Foundation for Environmental Security and Sustainability (FESS) to address critical United States national security interests in the context of regional instability arising from resource scarcity and management practices, natural hazards, and other environmental stresses. The Committee recognizes the continuing importance of FESS's conflict management and mitigation efforts, in particular, FESS's new initiative to develop a regional/global approach for ex-

tractive industries that promote stability and security in some of the most troubled areas of the world.

#### PARLIAMENTARY EXCHANGES

The Committee recognizes that recent political changes, especially in Eastern Europe and Central Asia, have created new opportunities for broadening democracy. The Committee believes that parliamentary exchanges with the Congress can provide mutual benefits by facilitating the exchange of information and knowledge. The Committee is aware that United States government programs have been working for years to provide support to legislatures and notes in particular the "Open World" program operated by the Library of Congress and ongoing programs operated through the State Department and USAID.

The House Democracy Assistance Commission was recently created to facilitate international legislative exchanges, and the Committee urges this new Commission to complement ongoing programs. The Committee recommendation includes \$1,000,000 to support the work of the Commission. The Committee understands that this \$1,000,000 is not contained in the congressional budget justification for fiscal year 2006 and is thus subject to the notification requirements of section 515.

#### REGIONAL TOLERANCE CENTERS

The Committee commends the work of the Bay Area's Climate of Trust Program and notes that it desires to expand exchanges between United States and Russian law enforcement authorities, expand the number of Russian Regional Tolerance Centers, and implement activities in Central Asia.

#### IRAN

The Committee commends the work of many organizations, including the Iran Freedom Foundation (IFF), that seek to educate the Iranian people about American solidarity with their freedom efforts by providing access to accurate information. The Committee urges funding from ESF for these efforts.

#### HUMAN RIGHTS AND DEMOCRACY FUND

The Committee recommends \$27,000,000 for the Human Rights and Democracy Fund as requested and recommends that \$1,200,000 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, and helps keep alive the legacy of our former President.

#### SOUTH PACIFIC FISHERIES 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 \$21,000,000 in economic assistance be provided annually to the South Pacific Is-

lands. Therefore, the Committee recommends that the treaty obligations be met through the payment of \$21,000,000 in fiscal year 2006.

#### CONFLICT RESOLUTION AND RECONCILIATION PROGRAMS

The Committee recognizes the importance of conflict resolution and reconciliation programs as a tool for creating a climate of peace in regions of conflict. The Committee is recommending \$15,000,000 in bill language to support reconciliation programs and activities, which bring together individuals of different ethnic, religious, and political backgrounds from areas of civil conflict and war. Funding should be made available through an established process for organizations that provide such programming. The Committee recommends the Department of State actively consider proposals submitted by the following organizations: Playing for Peace; Interfaith Encounter Association; REDPRODEPAZ; Interns for Peace; Seeds of Peace; Arava Institute; Jerusalem International YMCA Project Children; Cooperation Ireland; OneVoice; Middle East Children's Association; Hand-in-Hand Center; Abildso Foundation Middle East Program for Young Leaders; Humanity in Action; Givat Haviva; Self Reliance Foundation/Salaam Olam; and, Facing History and Ourselves.

The Committee requests that the Department of State initiate an annual report on the status of applications and funding for these and other organizations supported through this program. Such report should be provided to the Committee not later than May 1 of each year.

#### MEXICO

The Committee supports the Administration's request for foreign assistance to Mexico, particularly the Training, Internships, Exchanges, and Scholarships (TIES) program. The Committee urges a special emphasis in this program on public policy training essential to creating the incentives for Mexican migrants to repatriate voluntarily from the United States, including the creation of effective micro-credit or other financial services in rural areas and strengthening property rights for home ownership and mortgage lending.

The Committee requests the Secretary of the State withhold \$3,000,000 in United States bilateral programs contained in Title II for improved Mexican border health infrastructure until the Secretary of State advises the Committee in a report that the Government of Mexico is cooperating in efforts to increase control of its northern and southern borders, to create incentives for Mexican citizens to return to Mexico after illegally immigrating to the United States, and to reduce non-Mexican illegal immigration. Along the northern border, the Secretary of State should particularly evaluate and describe humanitarian efforts to reduce border deaths from unsafe travel as well as efforts to reduce organized crime. The Committee expects the report no later than February 15, 2006.

## BURMA

The Committee recommends \$8,000,000 for Burma, to be made available to support democracy activities in Burma, including continuation of newspapers, publications, and media activities along the Burma-Thailand border and the provision of humanitarian assistance to displaced Burmese along Burma's borders. The Committee also recommends \$3,000,000 be allocated from Migration and Refugee Assistance to community-based organizations operating in Thailand to provide food, medical and other humanitarian assistance to internally displaced peoples in eastern Burma.

## ALLOCATION OF FUNDS RELATIVE TO REQUEST

The Committee recommends the following adjustments to the President's budget request, not referenced above:

- \$12,000,000 for the Trafficking in Persons initiative;
- No funding for the new line item entitled Hemispheric Cooperation Program. The projects that would otherwise be funded here are included in the Committee's recommendation of \$20,000,000 for trade capacity;
- A reduction of \$17,000,000, to be assessed against country-level and programmatic increases identified in the President's budget request for East Asia and the Pacific, and the Near East (excluding Israel, Egypt, and Jordan).

## INTERNATIONAL FUND FOR IRELAND

Fiscal year 2005 level .....	\$18,500,000
Fiscal year 2006 request .....	(8,500,000)
Committee recommendation .....	13,500,000

The Committee recommends \$13,500,000 for the International Fund for Ireland in support of the Anglo-Irish Accord, \$5,000,000 less than the 2005 level and \$5,000,000 above the 2006 request. Funding for this activity was requested as part of the Economic Support Fund appropriation. The Committee recommendation restores the separate appropriation account for assistance to Ireland.

## ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

Fiscal year 2005 level .....	\$393,427,000
Fiscal year 2006 request .....	382,000,000
Committee recommendation .....	357,000,000

The Committee recommends \$357,000,000 for Assistance for Eastern Europe and the Baltic States, an amount that is \$36,427,000 below the level provided in fiscal year 2005 and \$25,000,000 below the budget request. The Committee intends that funding for democracy programs through the National Endowment for Democracy continue at a level not less than that commensurate with the reduction in the account when compared to funding provided in fiscal year 2005, and be provided as a transfer of funds pursuant to section 632(a) of the Foreign Assistance Act.

The Committee has recommended the same bill language as in the fiscal year 2005 Act that 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 co-

operation with Iranian officials. All funds are subject to the provisions of section 529 of this Act.

#### MONTENEGRO

The Committee strongly supports assistance for the Republic of Montenegro, and notes the strong support given by the Republic to the foreign policy of the United States during the latter years of the Milosevic regime in Serbia. It urges the Administration to make every effort to assist the Government of the Republic. The Committee recommendation includes \$15,000,000 for Montenegro, a reduction of \$5,000,000 below fiscal year 2005. The Committee expects the Department of State and USAID to consult with the Committee prior to the programming of funds for Montenegro for fiscal year 2006.

#### REGIONAL PROGRAMS

The Committee recommendation includes \$45,000,000 for regional programs. This category funds environmental infrastructure, independent media support, civil society and rule of law, health promotion and care, economic development and other programs. While specific amounts are not earmarked for the Baltic States, the Committee notes that projects and programs are authorized for, and should continue in, Estonia, Latvia and Lithuania.

The Committee supports efforts to establish a Museum of the History of Polish Jews in Warsaw, Poland, and believes that such a museum would make a valuable contribution to teaching tolerance and respect for ethnic differences.

#### RULE OF LAW

The Committee views efforts to promote the rule of law worldwide as a critical component of United States foreign policy. The Committee strongly supports the public service projects initiated by the American Bar Association (ABA) to strengthen democracy through programs that promote the rule of law in transitional countries. These effective programs rely predominantly on the volunteer efforts of American lawyers and have achieved sustainable results.

The Central European and Eurasian Law Initiative (CEELI), created in 1990, has been successful in 27 countries in Eastern Europe and the former Soviet Union. The Committee recommends that funding for these programs continues at a level not less than that commensurate with the reduction in the account when compared to funding provided in fiscal year 2005. The ABA has expanded its public service project into Asia, Africa, Latin America and the Middle East. The Committee recommends expanded funding for ABA programs in these regions.

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

The Committee recommendation includes funding for the Russian, Eurasian, and East European Research and Training Program (Title VIII) at not less than the fiscal year 2005 level. The Committee also encourages the use of Title VIII funds to include

comparative research and language training concerning Eurasian countries critical to the war against terrorism.

The Committee notes that the USAID-supported East Central European Scholarship Program (ECESP) has provided public- and private-sector leaders in East Central Europe with the skills to assist in democratic and economic reforms. The Committee believes that ECESP can make a valuable contribution to the Community Connections Program, which will be operated by USAID in fiscal year 2006. The Committee urges USAID incorporate ECESP into the implementation of the Community Connections Program and requests USAID to submit a report not later than 90 days after the enactment of this Act on specific projects that USAID is implementing with the support of ECESP.

SEX TRAFFICKING

The Committee is aware that several countries in this region and the former Soviet Union are struggling with sex trafficking. The Committee urges the Department of State to consider funding for groups, such as Different and Equal and MiraMed Institute, that are working to find lasting solutions to this problem.

ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

Fiscal year 2005 level .....	\$555,520,000
Emergency Supplemental .....	70,000,000
Fiscal year 2006 request .....	482,000,000
Committee recommendation .....	477,000,000

The Committee recommends \$477,000,000 for the Independent States of the Former Soviet Union. This is \$5,000,000 below the request and \$78,520,000 less than the fiscal year 2005 level.

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

CHILD SURVIVAL AND HEALTH

The Committee continues to be concerned about adverse maternal and environmental health conditions and the increasing incidence of TB/HIV in Russia, Ukraine, and the Central Asian Republics. The health and child survival sector can effectively absorb increased resources, with an immediate and personal impact on the stressed citizens of these nations. As this account is phasing down, however, investments in these activities are made from a smaller base. In order to demonstrate its support for these high priority activities, the Committee has included bill language allocating not less than \$52,000,000 for health and child survival activities. For instance, the Primary Health Care Initiative of the World Council of Hellenes is an important project, and the Committee urges USAID to increase support for this program in fiscal year 2006. In addition, the Committee notes that the Firefly Children's Network is working in Russia to help children with disabilities.

## 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 disturbed by reports that 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, represents 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 non-proliferation 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

The Committee strongly supports the efforts of President Yushchenko to lead his country toward a stronger economy and closer ties with the international community. During this period of transition, the Committee recognizes the need to support the consolidation of democracy at the central and local government levels, fight corruption, and promote economic reform, especially within the agricultural sector. The Committee urges the State Department to consider proposals from organizations, such as the U.S.-Ukraine Foundation and Ukrainian Congress Committee of America, with existing experience in Ukraine in one or more of these sectors.

The Committee recommends that all efforts be made to cooperate with public and private efforts to return confiscated religious property to their confessions. The Committee also supports the goals of the Ohio-Kharkiv Initiative, and commends the Department of State, the State of Ohio, and the Kharkiv Oblast for working with the Great Lakes Consortium as the primary facilitator.

## SUPPORT OF PEACEFUL RESOLUTION OF SOUTH CAUCASUS CONFLICTS

The Committee reiterates its view that 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 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 expects the State De-

partment to use its authority under section 498B of the Foreign Assistance Act as necessary to carry out such programs.

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.

The Committee continues to be concerned about the plight of the victims of the Nagorno-Karabakh conflict, and recommends that up to \$5,000,000 should be made available to address ongoing humanitarian needs in the Nagorno-Karabakh region.

ARMENIA

The Committee directs that \$67,500,000 be made available from funding sources in this title for Armenia. Funding for this increase should be derived by reducing the funding available for countries that have recently received emergency supplemental funding.

DEMOCRACY AND HUMAN RIGHTS

The Committee is encouraged by democratic developments in the region, especially in Ukraine and Georgia. The Committee nonetheless continues to be concerned by the risks to democracy and human rights in other former Soviet states, particularly Russia, Belarus, and Uzbekistan. The Moscow School of Political Studies has performed valuable work to educate young Russian professionals and public servants on how to participate honestly and productively in running their own country. The Committee encourages the State Department to consider an application from this School in the amount of \$500,000.

The Committee notes the many accomplishments of the Civilian Research and Development Foundation (CRDF), which has, for the last decade, helped to channel the research activities of weapons scientists in the Former Soviet Union (FSU) in constructive directions. The Committee also notes that CRDF has recently initiated program for scientists and engineers from FSU and Baltic Countries to work collaboratively on HIV/AIDS and co-infection research and development, and urges the Administration to continue robust funding for CRDF.

INDEPENDENT AGENCIES

INTER-AMERICAN FOUNDATION

Fiscal year 2005 level .....	\$17,856,000
Fiscal year 2006 request .....	17,826,000
Committee recommendation .....	19,500,000

The Committee recommends \$19,500,000 for the Inter-American Foundation, \$1,674,000 above the request and \$1,644,000 above the fiscal year 2005 level.

AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 2005 level .....	\$18,848,000
Fiscal year 2006 request .....	18,850,000
Committee recommendation .....	20,500,000

The Committee recommends \$20,500,000 for the African Development Foundation, \$1,650,000 above the request and \$1,652,000 over the fiscal year 2005 level.

The Committee supports the African Development Foundation's efforts to identify and leverage nonappropriated resources. The Committee requests the President of the Foundation to include in his annual report to the Committee the amount and use of any non-appropriated funds received.

#### PEACE CORPS

Fiscal year 2005 level .....	\$317,440,000
Fiscal year 2006 request .....	345,000,000
Committee recommendation .....	325,000,000

The Committee recommends \$325,000,000 for the Peace Corps, an amount that is \$20,000,000 below the budget request and \$7,560,000 above the amount enacted for fiscal year 2005.

The Committee has included language permitting the Peace Corps Director to transfer up to \$2,000,000 to establish an account to help mitigate the effects of currency exchange fluctuation. The Committee also expects the Peace Corps to transfer into this account net gains due to beneficial currency fluctuations when applicable.

The Committee expects the Peace Corps to consult with the Committee, not later than 15 days before transferring money into this account, on the reporting mechanism that the Peace Corps will use to provide the Committee with regular updates on the use of this account.

The Committee notes the strengthened safety and security system Peace Corps has implemented over the previous two years. The Committee urges Peace Corps to incorporate into its emergency planning and response system a global volunteer mapping system to store and maintain country level information about volunteer locations and emergency assets.

#### MILLENNIUM CHALLENGE CORPORATION

Fiscal year 2005 level .....	\$1,488,000,000
Fiscal year 2006 request .....	3,000,000,000
Committee recommendation .....	1,750,000,000

The Committee recommends \$1,750,000,000 for the Millennium Challenge Corporation (MCC), an amount that is \$1,250,000,000 below the request and \$262,000,000 more than the fiscal year 2005 enacted level. The recommended reduction solely reflects the constrained budgetary situation in fiscal year 2006, and more specifically the Committee's allocation relative to the President's request and the need to address funding increases for other Presidential initiatives for fiscal year 2006. Additionally, a funding limitation of \$75,000,000 is set for administrative expenses.

The Committee believes that the MCC provides the United States with an opportunity to demonstrate global leadership in helping poor countries generate broad based economic growth and reduce poverty. Within United States bilateral assistance, the MCC provides the strongest opportunity for the United States Government to respond to the need for local ownership in the development process as well as the strongest incentives for encouraging coun-

tries to invest in health and education, to strengthen economic freedom, and to govern justly. The Committee recognizes that no other foreign assistance account creates the same incentive effect. The Committee believes that the MCC therefore is an appropriate complement to other critical foreign assistance efforts undertaken through the Development Assistance and the Child Survival and Health accounts.

The Committee notes that for fiscal year 2006, fully funding the budget request would have provided funding for 10 compacts, 3 amendments to existing compacts, continuation of the threshold country program, and administrative and audit expenses. With the reduction in funding necessary in fiscal year 2006, the Committee expects the MCC to eliminate funding for compact amendments in order to maximize the number of compacts for which funding will be available.

The Committee commends the MCC for consulting with the Committee as it has begun operations and initiated negotiating compacts with selected countries and urges the MCC to continue these consultations.

#### MCC COUNTRY DETERMINATIONS

The Committee recognizes that the MCC identified the following countries as eligible for MCC assistance in fiscal years 2004 and 2005: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka, and Vanuatu.

To the extent that prior year resources are insufficient to fund quality compacts approved by the MCC Board, the Committee understands that these countries, as well as other countries not yet determined eligible, will compete for MCC eligibility and funding from the fiscal year 2006 appropriation. In July, 2004, the MCC identified 68 candidate countries competing for such resources, and the Committee understands that an even greater number of countries will be competing in fiscal year 2006.

The Committee continues to support MCC eligibility criteria and methodology for selecting eligible countries. The Committee expects that country selection by the MCC Board should continue to be an objective, non-politicized process to distinguish countries that are committed to sound development policies and that can use aid effectively from those countries that are not.

#### IMPORTANCE OF REDUCING POVERTY AND GENERATING BROAD BASED ECONOMIC GROWTH

The Committee notes that the populations of the 17 eligible countries selected in fiscal years 2004 and 2005 total 170 million people with over 90 million living on less than \$2 per day. Despite this poverty, these 17 countries are demonstrating a commitment to fighting corruption, investing in girls' education, allowing businesses to form and operate, and creating a better rule of law. The Committee notes that the MCC has created effective incentives in an additional 13 countries through its threshold country program affecting another 240 million of the world's poorest people.

## THRESHOLD COUNTRIES

The Committee has included a provision providing for authority to provide assistance to certain countries that miss MCC eligibility as defined in section 616 of the Millennium Challenge Act of 2003. The Committee has included a limitation of 10 percent of funds again in 2006 for such activities.

The Committee reaffirms prior year report language on effective inter-agency cooperation and implementation of the threshold country assistance. In fiscal years 2004 and 2005, the Committee notes that the MCC identified the following countries as potential recipients of MCC threshold country assistance: Albania, Burkina Faso, East Timor, Guyana, Kenya, Malawi, Paraguay, the Philippines, São Tomé and Príncipe, Tanzania, Uganda, Yemen, and Zambia.

The Committee understands that threshold country assistance will be used to help countries address issues impeding MCC eligibility, and that these countries may earn eligibility status in fiscal year 2006 or subsequent fiscal years. The Committee expects threshold country assistance to reaffirm the incentives of the MCC eligibility process. The Committee directs the MCC and USAID to transparently disclose this process and justify it in the fiscal year 2007 budget submission.

## CONGRESSIONAL BUDGET JUSTIFICATION

The Committee continues to be concerned with the minimal budget information included in the MCC's Congressional Budget Justification (CBJ). For the fiscal year 2007 CBJ submission, the Committee directs the MCC to include actual and estimated information regarding the following information for fiscal years 2004, 2005, 2006 and 2007: 1) number of employees and detailed estimates of administrative expenses, 2) number of compacts and details for each compact that include: funding at the program, project or activity level (including level of funding and activity per recipient), 3) level of funds transferred to other United States Government agencies, and 4) funds provided for threshold countries by country and program, project or activity. Additionally, the justification should identify countries in preceding fiscal years who were determined eligible by the Board and who expressed commitment, but for which the MCC was unable to engage in a compact negotiation because of limited resources. At a general level, the justification should describe the opportunity to generate economic growth and reduce poverty as well as how the country met or exceeded the eligibility criteria. The Committee directs the MCC to consult with the Committee prior to the submission of the CBJ to ensure that the preceding requirements are met.

## MULTI-YEAR COMPACTS

The Committee includes again a provision that requires the MCC to only enter into compacts for which it has complete funding available from existing appropriations. The Committee does not want the MCC to commit future Congresses to funding prior year compacts.

## MCC OPERATIONS

The Committee recognizes that one objective of the MCC is reliance on country-led processes and proposals. The President and the Congress authorized and encouraged the MCC to pursue this approach, and the Committee continues to support this process as long as the MCC and developing countries recognize that it occurs in a context of accountability and effective use of foreign assistance. In the event of under-performance or misuse of MCC resources, the Committee directs the MCC Board to fully identify in advance the internal and external procedures it will use for purposes of suspension or termination of MCC assistance. The MCC shall consult with the Committee on such procedures by January 31, 2006 and provide supporting documentation.

## LOWER MIDDLE INCOME COUNTRIES

Fiscal year 2006 is the first year in which the MCC will have the flexibility to begin a separate window of assistance of up to 25 percent of the appropriation for lower middle income countries. The Committee recognizes that this second group of countries would compete for grants among themselves, not with any countries in the first group, the least developed countries. The Committee requests that the MCC consult with the Committee on the number of lower middle income countries that could be considered candidate countries and the justification in terms of achievable poverty reduction prior to the announcement of candidate countries, consistent with the terms of the authorization Act.

The Committee believes that it is important for the MCC to provide a separate window of assistance for lower middle income countries even if the number of compacts is limited due to the scarcity of resources. The Committee understands that sharp disparities in income within developing countries can mask extreme poverty, yet the Committee believes that MCC can provide targeted interventions that would greatly reduce poverty. Because of their slightly greater income status, the Committee continues to support the requirement under section 609(b)(2) of the Millennium Challenge Act of 2003, which requires such countries to make an incremental contribution relative to their national budget in support of the poverty reduction objectives of the compact.

## COMPACTS WITH REGIONAL GOVERNMENTS

The Committee is concerned about eligible countries in which the MCC must negotiate a compact around the national government because of corruption and deficiencies in the country's commitment to the rule of law. The Committee is aware that the MCC is currently negotiating the terms and implementation of a compact with the regional and local government in a specific country instead of the national government. The Committee believes that such negotiations in future must be limited or eliminated, therefore, upon enactment of this Act, the Committee directs the MCC to negotiate primarily with the national governments of eligible countries. In instances where the MCC determines that the national government of an eligible country is not an appropriate partner with which to negotiate compacts, the MCC must consult with the Committee immediately. For such countries, the Committee expects the MCC to

further evaluate the appropriateness of its indicators and in these situations, the Committee directs the MCC to consider not only indexes of surveys, but also to assess current conditions and events.

PRIVATE EQUITY FUNDS

The Committee remains concerned about the use of limited resources for the establishment of private equity funds, investment funds, or so-called development funds given the Committee’s past experience and their historically low impact on the development of a country. Additionally, as required by the Millennium Challenge Act of 2003, compact funds may only be disbursed on a grant basis, thereby further distorting the investment incentives of a fund.

However, the Committee has agreed to the establishment of one pilot equity fund as part of one compact. The Committee expects to exercise its full oversight to determine if the fund is managed prudently, administrative costs are kept to a reasonable minimum, and investment in the country is stimulated as a result. Therefore the Committee directs the MCC to keep the Committee fully informed of the management and operation of this fund, as well as benchmarks and evaluations set up by the MCC, so that a future determination can be made.

LOCAL CAPACITY BUILDING

The Committee expects that assistance provided to countries through compacts and the threshold country program be provided in a manner that focuses on establishing and upgrading the institutional capacities of developing countries. The Committee believes that long-term development cannot occur in a country without increasing local capacity, and therefore the Committee supports a focus on the creation of development programs that increase recipient-country participation in the planning of those programs, promote recipient-country ownership of programs, and build capacity within the recipient-country.

CIVIL SOCIETY PARTICIPATION

The Committee understands that strong participation from local civil society organizations is critical to increasing public support for and ensuring that the MCC successfully meets its intended goals of economic growth and poverty reduction. Such participation would also strengthen the nascent democratic processes in eligible countries and contribute to the MCC criteria of good governance. Meaningful civil society participation entails timely availability and access to critical information, organizing public fora to identify, discuss, and suggest civil society priorities and independent monitoring of government use of MCC funding. The Committee urges the MCC to use existing authorities and resources, if appropriate, to generate meaningful and independent participation of local civil society organizations, particularly during the compact development and oversight stage.

DEPARTMENT OF STATE

GLOBAL HIV/AIDS INITIATIVE

Fiscal year 2005 level ..... \$1,373,920,000

Fiscal year 2006 request .....	1,970,000,000
Committee recommendation .....	1,920,000,000

GLOBAL HIV/AIDS INITIATIVE: SUMMARY

The Committee appropriates \$1,920,000,000 for the “Global HIV/AIDS Initiative” account, \$546,080,000 more than enacted in fiscal year 2005 and \$50,000,000 less than requested by the President. As in the previous year, the Committee appropriates all funding for the fifteen focus countries in this account.

The Committee notes that this account is the primary source of funding for the Emergency Plan for AIDS Relief. Amounts under Child Survival and Health Programs Fund, other accounts in this Act, and funding provided from other appropriations Acts are also included.

The Committee has included total Emergency Plan funding of \$2,695,000,000 from all titles in this Act, \$131,000,000 more than requested by the President and \$502,000,000 more than in fiscal year 2005. The Committee notes that the President has requested another \$596,000,000 in his budget request for the Department of Health and Human Services. The Committee has included a recommended contribution of \$400,000,000 for the Global Fund to Fight AIDS, Tuberculosis and Malaria in this Act, \$200,000,000 more than requested by the President.

The Committee includes \$2,319,000,000 for HIV/AIDS from all accounts in this Act:

Global HIV/AIDS Initiative (bilateral) .....	\$1,720,000,000
Child Survival and Health (bilateral) .....	350,000,000
Global Fund to Fight AIDS, TB, and Malaria (estimated) .....	224,000,000
Other accounts .....	25,000,000
Total .....	2,319,000,000

In addition to this funding for HIV/AIDS, the Committee recommendation includes \$142,000,000 and \$234,000,000 for TB and malaria programs, respectively. These amounts are more fully described under the heading “Child Survival and Health Programs Fund”. As elsewhere in this report, the amounts of the Global Fund grant estimated to be allocated to HIV/AIDS, TB, and malaria programs are determined using historical Global Fund grant approval trends.

The Committee commends the Office of the Global AIDS Coordinator for its efforts at transparency. The Committee notes that the Office of the Global AIDS Coordinator’s website makes available to the public the current fiscal year operational plan, and that plans are underway to make available to each focus country’s operational plan. The Committee requests the Office of the Global AIDS Coordinator to continue to submit quarterly obligation and transfer reports as required in prior years.

NON-FOCUS COUNTRIES

The Committee has included not less than \$50,000,000 in this account for “non-focus” country programs. The Committee requests that the Office of the Global AIDS Coordinator submit to the Committee within 60 days of enactment a list of the non-focus countries that will receive additional “Global HIV/AIDS Initiative” funding in fiscal year 2006. The Committee expects that for fiscal year 2007

this information will be incorporated into the Office of the Global AIDS Coordinator's congressional budget justification for that year, as well as the report required by section 653(a) of the Foreign Assistance Act.

VOLUNTARY CONTRIBUTION TO THE GLOBAL FUND TO FIGHT AIDS,  
TUBERCULOSIS AND MALARIA

The President has requested \$200,000,000 for the Global Fund in this Act and an additional \$100,000,000 from the Act providing appropriations for the Department of Health and Human Services. The Committee recommendation includes not less than \$400,000,000 from this Act to support the Global Fund: \$200,000,000 from this account and \$200,000,000 from the "Child Survival and Health Programs Fund".

This funding is subject to provisions in Public Law 108-25, including the "matching funding" provision, and to additional provisions contained in this Act. Any funding not released to the Global Fund due to the provisions in this Act or Public Law 108-25 should be used by the Office of the Global AIDS Coordinator for programs to strengthen the Global Fund and for bilateral activities, including additional funding to "non-focus" countries. The Committee expects the Office of the Global AIDS Coordinator to consult with the Committee on the use of such funds.

The Committee is aware that some participants at the November, 2004, Global Fund Board meeting in Arusha advocated to move the Global Fund from project support to budget support, to soften the Global Fund's insistence on progress benchmarks and results-based disbursement, and to halt the Global Fund's responsible Comprehensive Funding Policy. The Committee is strongly opposed to each of these proposals and notes that any movement along these lines may jeopardize Congressional support for the Fund. The Committee directs the Office of the Global AIDS Coordinator to notify the Committee of any proposal that would move the Global Fund from project support to budget support, erode the Global Fund's results-based disbursement structure, or jeopardize the Comprehensive Funding Policy, and to use its position as United States Representative on the Global Fund Board to oppose such proposals.

In the fiscal year 2005 Act, Congress conditioned 25 percent of the United States contribution to the Global Fund on certain steps the Global Fund needed to take to improve its efficiency, transparency, and accountability. Both the Interim Assessment issued by the Office of the Global AIDS Coordinator on June 12, 2005, and the June 10, 2005 Government Accountability Office (GAO) report found that the Global Fund has taken several significant steps to improve its operations as urged in the fiscal year 2005 Act. In particular, the Committee notes the establishment of an independent Inspector General and the adoption of strong guidelines for the inclusiveness and transparency of Country Coordinating Mechanisms (CCMs). The Committee will continue to closely monitor the implementation of these decisions and urges the Office of the Global AIDS Coordinator to provide updates to the Committee on the development of the Global Fund's Office of Inspector General, the implementation of the CCM guidelines, and coordination of technical assistance.

Nonetheless, both the Interim Assessment and the GAO report found reason for continued strong Congressional oversight of the operations of the Global Fund. Specifically, both documents reported serious deficiencies with the Global Fund's performance-based funding decision-making processes. While both documents also found that the Fund has been strengthening this process, the Committee is gravely concerned about this finding and has in section 525 conditioned funding for 2006 on the Global Fund's addressing this deficiency.

Both documents also expressed concern relevant to Local Fund Agents (LFAs). The Office of the Global AIDS Coordinator's Interim Assessment reported that the Global Fund Secretariat may not be providing sufficient resources or policy guidance to enable the LFAs to carry out their work. The GAO report found that information submitted by LFAs, especially information upon which Phase II renewal decisions should be based, is often inadequate. The Committee strongly supports the role of LFAs as the local monitor of grant implementation and has in section 525 conditioned funding for 2006 on the Global Fund's addressing this deficiency.

Additionally, the Committee remains concerned that technical assistance to the Global Fund and its activities is not well-organized or coordinated. The Committee supports the Global Fund's decision to allow funding for technical assistance to CCMs, and urges the Global Fund to complete its comprehensive "Early Warning System".

The Committee notes with concern recent decisions taken by the Global Fund Board regarding the renewal of Phase II grants. While the Committee strongly concurs that the Global Fund Board should have the final decision in major financial matters such as approvals of grants and grant renewals, the Committee is also concerned that geopolitical considerations are influencing decisions of which grants should be continued and discontinued.

The Committee notes that in the past fiscal year, funding for such technical assistance was drawn from bilateral child survival funding for non-focus countries. The Committee is concerned that such use of these funds will draw resources from ongoing programs in non-focus countries and therefore recommends that such funds be used as a last resort for providing technical assistance for Global Fund activities.

The Committee again provides permissive authority for a portion of the funding allocated for a Global Fund contribution to be used to provide technical assistance related to Global Fund activities. The Committee directs that this funding should not be used to provide assistance for writing applications since other donors provide such assistance. The Committee requests that the Office of the Global AIDS Coordinator, in coordination with USAID and the Secretary of Health and Human Services, submit a report to the Committee describing United States support to the Global Fund in addition to the United States financial contribution, such as technical assistance and diplomatic support.

#### UNAIDS

The Committee reiterates its commitment to ensuring coordination of all donor assistance for HIV/AIDS at the country level, and acknowledges the important role of UNAIDS in ensuring in-country

coordination, capacity building, and monitoring and evaluation activities. These are critical functions which must be expanded to keep pace with both the epidemic and the growing global response to it. The Committee therefore expects that the Global AIDS Coordinator will provide not less than the fiscal year 2005 level of support to UNAIDS.

#### RESEARCH AND DEVELOPMENT

While the Committee strongly supports the Emergency Plan's five-year goals, it believes that these efforts should include support for the research and development of new prevention and treatment technologies and products. The worthy treatment goals that the office of the Coordinator is pursuing will not stop the spread of the disease and, perversely, the spread of treatment to those in need will likely speed the development of drug-resistance strains of HIV. New drugs must be developed. At the same time, more effective prevention strategies and products must be developed to keep people from being infected, and a search for a cure and vaccine must continue. The Office of the Global AIDS Coordinator, working with USAID and the Department of Health and Human Services, is well positioned to use its political, diplomatic, and financial resources to spur the research and development of these products and other interventions.

The Committee includes under the heading "Child Survival and Health Programs Fund" direction for the USAID, working in collaboration with the Office of the Global AIDS Coordinator and the Secretary of Health and Human Services, to develop a strategy to stimulate the research and development of products and interventions for diseases affecting the developing world. The Committee strongly urges the Office of the Global AIDS Coordinator to take a proactive role in shaping the HIV/AIDS portion of that strategy.

#### SUPPLY CHAIN MANAGEMENT

The Committee is aware of claims that products on USAID's eligible list for procurement with United States taxpayer funds do not undergo screening for quality, and that criteria for purchase inadequately take into account such factors as appropriateness of use in a developing country context, programmatic advantages, and quality assurance. The Committee requests the Office of the Global AIDS Coordinator to submit, in coordination with USAID and the Department of Health and Human Services, an explanation of how products are screened for eligibility and what factors are used to determine which products are purchased. The Committee expects this explanation to include information on rapid HIV-tests, including both blood and oral fluid tests.

#### EDUCATION

The Committee notes that a negative correlation exists between levels of basic education and HIV infection rates. The Committee believes that the Office of the Global AIDS Coordinator should work closely with the basic education programs operated by USAID to identify opportunities for collaboration. The Committee requests the Office of the Global AIDS Coordinator, working with USAID, to provide a report not later than 120 days after enactment of this

Act on how the Emergency Plan is collaborating with USAID on such programs.

#### GENDER-BASED VIOLENCE

The Committee understands that physical and sexual violence, coercion, and other factors increase women's vulnerability to HIV infection and pose barriers for women who are HIV-positive to accessing care and treatment. The Committee notes that programs to address social and societal factors such as access to employment, income, property and inheritance rights, and attitudes toward violence are core components to addressing the underlying causes of HIV-infection. The Committee requests the Office of the Global AIDS Coordinator, working with USAID and other offices of the State Department, to submit a report not later than 120 days after enactment of this Act on the funding and range of programs the United States Government is supporting to address gender-based violence and treatment of HIV-positive victims of such violence.

#### MOTHER-TO-CHILD TRANSMISSION

The Committee continues to strongly support funding for programs to prevent mother-to-child transmission (MTCT) of HIV as an integral component of a comprehensive approach to fighting HIV/AIDS. To facilitate expansion and to provide more access to MTCT services and expanded care and treatment programs, infrastructure improvements and education and training of health care workers are needed as well as better linkages between MTCT and comprehensive care and treatment services. The Committee urges the Office of the Global AIDS Coordinator to continue its work to expand access to MTCT services and encourage stronger linkages between MTCT and care and treatment programs.

#### TREATMENT AND PREVENTION

The Committee encourages the Office of the Global AIDS Coordinator to allocate appropriate resources for pediatric treatment needs, including the development and purchase of high-quality, low-cost pediatric formulations of anti-retrovirals and other HIV/AIDS medicines; pediatric-specific training for doctors and other appropriate personnel; and the purchase of pediatric-appropriate diagnostic technologies.

The Committee notes that as of this fiscal year, not less than one-third of all United States funds for the prevention of HIV/AIDS globally must be reserved for "abstinence until marriage" programs. The Committee is pleased to see that the Emergency Plan already is supporting a wide range of interventions that promote skill-building strategies to empower young people to more effectively practice abstinence. The Committee concurs with the Office of the Global AIDS Coordinator's strategy that United States funds should be available for programs and interventions that most efficiently delay sexual debut and, among those already sexually experienced, increase faithfulness.

#### REFUGEES AND INTERNALLY DISPLACED PERSONS

The Committee notes that the Global AIDS Coordinator has not yet developed a "comprehensive approach to addressing the special

HIV/AIDS needs of refugees and IDPs”, as requested in last year’s House report. The Committee therefore directs the Global AIDS Coordinator, in coordination with USAID, the Bureau of Population, Refugees, and Migration, and other stakeholders, to consult with the Committee not later than 30 days following enactment of this Act on the development of this approach, and expects the Global AIDS Coordinator to submit the approach not later than 60 days following enactment of this Act.

SAFE BLOOD SUPPLIES

The Committee is concerned about the problem of unsafe or contaminated blood as a source of infection for HIV. The Committee is encouraged that the Office of the Global AIDS Coordinator has made safe blood programs a central part of its strategy and recommends increased funding in fiscal year 2006 for such programs, especially in Africa. The Committee expects the Office of the Global AIDS Coordinator and USAID to consider joint funding for a \$2,000,000 multi-country program, such as one proposed by Safe Blood for Africa, to provide blood free of malaria, HIV, and other blood-borne diseases, and to train healthcare professionals in proper medical procedures and practices for blood transfusions.

The Committee further asks that 120 days after enactment, the Office of the Global AIDS Coordinator, in coordination with USAID, the Centers for Disease Control and the World Health Organization, provide a report to the Committees on Appropriations on the magnitude of the problem posed by unsafe blood supplies, the level of resources required to address the problem, the feasibility of a non-incremental approach and the cost effectiveness of implementing a Safe Blood Program in reducing rates of infection.

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

Fiscal year 2005 level .....	\$326,189,000
Emergency supplemental funding .....	620,000,000
Fiscal year 2006 request .....	523,874,000
Committee recommendation .....	437,400,000

The Committee recommends \$437,400,000 for “International Narcotics Control and Law Enforcement”. This is \$86,474,000 less than the budget request and \$111,211,000 above the fiscal year 2005 level, excluding the emergency supplemental appropriations Act. A limitation of \$33,484,000 is recommended for administrative expenses.

The Committee assumes all funding for Indonesian police training will remain in the Economic Support Fund as it has in previous years. The Committee recommends \$31,500,000 for Pakistan from funds under this heading and notes that \$30,000,000 of fiscal year 2005 emergency supplemental funds for Pakistan remain unobligated and are available for the same purpose.

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.

#### IRAQ PROGRAMS

The Committee recommends no funding for Iraq programs, instead of \$26,500,000 as requested. The Committee has not included these funds based on an understanding that over \$5 billion in funds previously appropriated for Iraq reconstruction and relief remain unobligated and could be used to fund the requirements presented in the fiscal year 2006 request. Therefore, as an alternative to the appropriation of additional taxpayer dollars for this requirement, the Committee directs the Department of State to ensure that unobligated balances from funds originally appropriated for the Iraq Relief and Reconstruction Fund (IRRF) in the Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan (Public Law 108–106) be used as necessary to finance the Iraq program requirements presented in the fiscal year 2006 budget request.

#### MEXICO, CENTRAL AMERICA AND THE CARIBBEAN

The President's request includes decreases for ongoing programs in Mexico, Central American countries and the Caribbean. The Committee disagrees with the Administration's funding allocation by country given the direct positive impact on the United States of narcotics eradication, drug interdiction and border security in these neighboring nations. Therefore, the Committee recommends funding in fiscal year 2006 at a level not less than the fiscal year 2005 level for each of these countries.

#### MEXICO

The Committee provides \$40,000,000 for programs in Mexico, \$10,000,000 above the President's request. The Committee supports the recent Security and Prosperity Partnership Initiative agreed to by the Presidents of Mexico and the United States as well as the Prime Minister of Canada. The Committee recommends an increase above the President's request specifically for additional non-intrusive inspection equipment, SENTRI lanes, or other physical infrastructure at United States/Mexico border crossing points with high volumes of agricultural trade, specifically fresh produce. The Committee requests a consultation on the use of these funds prior to their obligation.

#### AFGHANISTAN COUNTERNARCOTICS

The Committee notes that \$220,000,000 was provided to the Department of State in the fiscal year 2005 emergency supplemental appropriations Act for opium poppy eradication, and heroin interdiction in Afghanistan. An additional \$245,000,000 was provided under the heading "Economic Support Fund" in the same Act for alternative livelihoods in Afghanistan. According to the State Department, the fiscal year 2005 funds would allow the State trained eradication teams to eradicate manually 15,000 hectares in 2005. The Committee is aware that a lack of cooperation by the Afghan government at the local level and a lack of support by the Afghan government at the national level for United States-funded eradi-

cation teams has produced a situation in Afghanistan where the State Department eradication goals cannot feasibly be met.

The Committee therefore does not support fully funding the fiscal year 2006 request of \$184,000,000 for counternarcotics support in Afghanistan and recommends a level of \$135,000,000 in fiscal year 2006. The Committee directs the Secretary of State, in consultation with the Secretary of Defense and the Administrator of USAID, prior to the obligation of funds for this purpose to provide the Committee a report, with a classified annex if necessary, including the following information: the multi-year strategy of the United States Government in assisting the Government of Afghanistan in the fight against poppy cultivation and heroin trafficking including the provision of alternative livelihoods; a detailed list of the different responsibilities of the Department of Defense versus the Department of State as it relates to police training and assistance programs and counternarcotic programs; a description of the policy and program aimed at disrupting laboratories and shipments of opium paste and heroin; a description of the policy and program to train and deploy heliborne troops and laborers to conduct manual eradication; the status of the Afghan Government and State Department policies regarding aerial eradication; eradication goals estimated for each year; a detailed accounting of other donor assistance in the preceding 12 months for eradication, interdiction and the provision of alternative livelihoods; and a detailed accounting of air assets and operation and maintenance costs budgeted in its entirety for fiscal years 2005 and 2006.

The Committee notes that increased security, government presence in rural areas, and rural economic development in Afghanistan are the only long-term solutions for significant reduction of poppy production in Afghanistan.

The Committee directs the Secretary of State to consult with the Committee before participating in any renewed opium farmer compensation program in Afghanistan from funds under this heading or funds in this or prior appropriations Acts.

#### AFGHAN POLICE TRAINING

The Committee notes that \$360,000,000 was provided in fiscal year 2005 emergency supplemental funds for police training programs in Afghanistan, yet funds for this same purpose in the fiscal year 2006 request are requested under the Department of Defense. The Committee expects that any funds in this or any prior Act that were appropriated under this heading for Afghanistan police training remain the fiscal and operational responsibility of the Department of State.

#### DEMAND REDUCTION

The Committee again includes a provision that \$10,000,000 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 reduction has grown. The Committee expects that these funds would be used to contribute to the preservation of the stability of societies threatened by increasing drug abuse and minimizing the impact of international crime.

## INTELLECTUAL PROPERTY

The Committee supports the President's request of \$5,000,000 for programs to combat intellectual property piracy.

## CUBA

The Committee has again included a general provision, section 572, prohibiting counternarcotics assistance to the Government of Cuba. Full reporting and transparency by the Cuban Government and United States monitoring of the use of counternarcotics assistance in Cuba would be difficult if not impossible, according to the State Department, given Cuban general hostility toward the United States Government. Additionally, provision of assistance to the maritime drug interdiction force (the TGF) would, according to both Amnesty International and the State Department's Country Reports on Human Rights Practices, violate section 551 of this Act, the so-called Leahy amendment.

## ANTICORRUPTION COMPACTS

The Committee notes that the concept of anticorruption compacts was developed as a multilateral form of assistance at the G-8 Evian Summit in June 2003, yet funding for these compacts is requested again in 2006 as a bilateral program. While fighting corruption is integral to promoting economic growth overseas, the Committee remains concerned that the anticorruption compact concept was developed outside of the context of the Millennium Challenge Corporation (MCC). Therefore the Committee has included no funds for this activity under this heading partly as a reflection of the Committee's allocation relative to the President's request and the need to address funding increases for other Presidential initiatives for 2006.

## ANDEAN COUNTERDRUG INITIATIVE

Fiscal year 2005 level .....	\$725,152,000
Fiscal year 2006 request .....	734,500,000
Committee recommendation .....	734,500,000

The Committee recommends \$734,500,000 for the Andean Counterdrug Initiative, an amount equal to the request and \$9,348,000 more than the 2005 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 \$19,015,000 is recommended for administrative expenses for the Department of State and \$7,500,000 for USAID.

The Committee rejects the Administration's requested 16 percent reduction for eradication, interdiction and alternative development programs in Peru and expects last year's level of funding to be provided through reductions in the air bridge denial program and the new air assets program for Colombia and Bolivia.

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.

The Committee requests that the Secretary of State 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. Additionally, the Committee requires that the personnel cap and Plan Colombia reports as required in the fiscal year 2000 emergency supplemental also be submitted to the Committees on Appropriations.

#### COLOMBIA

The Committee notes the successes of Plan Colombia and the measurable improvements that have resulted in the everyday lives of the Colombian people. Since the start of Plan Colombia, coca cultivation has been reduced by one-third, the Government of Colombia has increased its security and police forces by 11,000 people since 2000, and for the first time in Colombian history, there is a police presence in all municipalities of the country. The improved security situation of Colombia cannot be doubted as the number of violent crimes has fallen drastically in the last five years. This increased security coupled with strong economic growth is proof that United States assistance to Colombia has shown measurable results.

The Committee notes that Plan Colombia was proposed and implemented as a 6-year program, to be complete by the end of 2005, yet the Committee has not been consulted by the Administration on its follow-up program to Plan Colombia. Therefore, the Committee directs the Secretary of State, in consultation with the Secretary of Defense and the Administrator of USAID, to report to the Committee no later than 60 days after enactment of this Act on the future, multi-year strategy of the United States assistance program to Colombia. The Committee expects this strategy to include all aspects of current and future United States assistance and detailed explanations for how the Colombian government will assume responsibility for maintaining more of Plan Colombia's assets.

The Committee again 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 directs the Secretary of State to consult with the Committee if the implementation of the expanded authorities changes from that described in the May 2003 report to Congress.

The Committee is concerned about the many levels of bureaucratic approval needed before the State Department's air assets can be used for program support or rescue operations, which is hindering efficient operations and possibly endangering human welfare. Additionally, the Committee has held the longstanding view that the Colombian Government immediately should begin the process of assuming the operational and maintenance functions of Plan Colombia's assets. Therefore, the Committee directs the Secretary of State to report back to the Committee no later than 60

days after the enactment of this Act, what actions are being taken by the Departments of State and Defense to transfer responsibilities for programs funded in this Act currently being executed by United States contractors to Colombian nationals.

The Committee notes the increased cost of oil and fuel as a leading factor in higher operating costs of the Colombian counter-narcotics program. The Committee also notes that Colombia is a net exporter of oil with revenues from oil approaching \$4,500,000,000 annually. Given that United States foreign assistance is being used to safeguard the Colombian oil supplies and pipelines, including \$17,300,000 in fiscal year 2006 to operate air assets protecting the Arauca pipeline, the Committee expects the Government of Colombia to offset some of these increased costs given the increased revenues the Government of Colombia has collected as the price of oil has risen. The Committee directs the Secretary of State to report back to the Committee no later than 90 days after enactment of this Act on levels of revenue the Government of Colombia is devoting to offsetting the increased fuel prices borne by the United States as a result of Plan Colombia.

The Committee notes that there are no funds in the fiscal year 2006 budget request for demobilization of paramilitaries. The Committee has retained language requiring consultation and notification before the obligation of funds for this purpose.

The Committee directs the Secretary of State to transfer \$5,000,000 to the Department of State's Bureau for Population, Refugees, and Migration to continue programs benefiting internally displaced persons programs in Colombia.

The Committee strongly supports USAID's continuing alternative development strategy that focuses on the historic underdevelopment of Colombia's outlying regions. The programs concentrate on local infrastructure needs (roads, electricity, water) and delivery of services at the community level. This focus on an entire community increases the social pressure for eradication and also helps organize the community to identify and prioritize local needs. It is the Committee's view that alternative development integrated with the presence of the state and the presence of law enforcement and security are fundamentally the key to long term peace and security in Colombia.

The Committee directs USAID to report back to the Committee no later than 60 days after enactment of this Act what detailed steps the Government of Colombia is taking to develop a comprehensive rural development strategy.

The Committee has not recommended funding for a new, fourth eradication team for Colombia because the President did not request this funding in fiscal year 2006 and due to the Committee's restrictive budgetary allocation relative to the President's request. The Committee notes that this recommendation is made without prejudice and is solely a result of pressures to fund other Presidential priorities.

#### PERU

The Committee is alarmed at the Administration's request for a 16 percent cut to eradication, interdiction and alternative development programs in Peru, especially at a time when there are reports of an upsurge in coca cultivation and new opium poppy cultivation

in Peru. Therefore, the Committee directs that not less than \$114,000,000 shall be available from funds under this heading for assistance for Peru, of which \$61,000,000 shall be available for eradication and interdiction and \$53,000,000 shall be available for alternative development and institution building. The Committee notes its support for “autoeradication”, a pilot policy of voluntary eradication combined with the use of community development projects as an incentive for cooperation.

The Committee urges USAID to continue working with The Field Museum of Chicago on the Cordillera Azul National Park project in central Peru, an alternative community development and conservation education project that has already demonstrated effective use of ACI funds to prevent coca cultivation. The Committee directs that the balance of the grant, \$1,398,000,000 in fiscal year 2006, be programmed over the remaining duration of the agreement to support community capacity building, education, land-use planning and zoning, park protection, and park maintenance.

#### HUMAN RIGHTS

The Committee calls on the Department of State to ensure that all United States laws regarding human rights, including section 551 of this Act, are strictly applied in Colombia and each of the Andean nations. The Committee again includes a general provision requiring that the Secretary of State certify that certain human rights conditions have been met before 25 percent of funds may be made available for assistance for the Colombian Armed Forces.

#### MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 2005 level .....	\$763,840,000
Fiscal year 2006 request .....	892,770,000
Committee recommendation .....	790,720,000

The Committee recommends \$790,720,000 for Migration and Refugee Assistance, an amount that is \$102,050,000 below the request and \$26,880,000 more than the amount enacted for fiscal year 2005. A limitation of \$22,000,000 is recommended for administrative expenses.

#### IRAQ PROGRAMS

The Committee recommends no funding in this account for Iraq programs, instead of \$43,000,000 as requested. The Committee has not included these funds based on an understanding that over \$5,000,000,000 in funds previously appropriated for Iraq reconstruction and relief remain unobligated and could be used to fund the requirements presented in the fiscal year 2006 request. Therefore, as an alternative to the appropriation of additional taxpayer dollars for this requirement, the Committee directs the Department of State ensure that unobligated balances from funds originally appropriated for the Iraq Relief and Reconstruction Fund (IRRF) in the Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan (Public Law 108–106) be used as necessary to finance the Iraq program requirements presented in the fiscal year 2006 budget request.

## TIBETAN REFUGEES

The Committee recommends not less than \$2,000,000 from this account for Tibetan refugees in Nepal and India. The Committee remains concerned about the situation of Tibetan refugees transiting through Nepal to resettlement in India, and in particular the recent decision by Nepal to close two Tibetan-run offices in Kathmandu that provide vital services to refugees. In light of recent events in Nepal, the Committee expects that the Government of Nepal will fulfill its commitment to provide safe passage to Tibetans fleeing repression in their homeland, and respect the rights of the legally resident Tibetan refugee community that lives in Nepal.

## RESETTLEMENT IN ISRAEL

The Committee supports \$40,000,000 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 such migrants. The Committee remains strongly committed to assisting the resettlement of Russian, Ethiopian and other humanitarian migrants in Israel. The Committee notes that the number of migrants resettling in Israel has dramatically declined in recent years, from nearly 54,000 in the year 2000 to a projected 13,000 in 2005. The Committee commends the Jewish Agency for Israel for its decision—in coordination with the Government of Israel—to bring to Israel over the next three years all eligible humanitarian migrants still residing in Ethiopia.

## GENDER-BASED VIOLENCE

As the humanitarian emergencies in Darfur, the Democratic Republic of Congo, and Uganda demonstrate, sexual exploitation and violence against women and girls is a continuing problem among internally displaced and refugee populations. The Committee urges the Department of State to scale up resources to address these critical issues, and requests that the Department provide, not later than 120 days following enactment of this Act, a report on United States Government funding from this account during fiscal year 2005 and proposed during fiscal year 2006 for programs that target gender-based violence.

## MAGEN DAVID ADOM SOCIETY

The Committee is disappointed again this year that the International Committee of the Red Cross (ICRC) has not admitted the Magen David Adom Society of Israel to the International Red Cross and Red Crescent Movement, but notes that steps have been taken in this direction. The Committee is recommending a continuation of bill language that would 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.

## UNITED NATIONS RELIEF AND WORKS AGENCY (UNRWA)

While long-term stability in the Gaza Strip requires the Palestinian Authority to be the main provider of services to the Palestinian people, the Committee recognizes that progress toward stability and development in the Palestinian territories must involve the cooperation and participation of UNRWA. The Committee also urges the Department of State to work with UNRWA, the Palestinian Authority, and other bilateral donors to ensure coordination in the development plan for the Palestinian Territories, especially the Gaza Strip.

## UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

Fiscal year 2005 level .....	\$29,760,000
Fiscal year 2006 request .....	40,000,000
Committee recommendation .....	30,000,000

The Committee recommends \$30,000,000 for the Emergency Refugee and Migration Assistance (ERMA) Fund, which is \$240,000 more than the 2005 enacted level and \$10,000,000 less than the request.

## NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

Fiscal year 2005 level .....	\$398,784,000
Emergency supplemental appropriations .....	24,600,000
Fiscal year 2006 request .....	440,100,000
Committee recommendation .....	400,350,000

The Committee recommends a total appropriation of \$400,350,000 for “Nonproliferation, Anti-terrorism, Demining and Related Programs”, an amount that is \$39,750,000 below the request and \$1,566,000 above the fiscal year 2005 enacted level, excluding emergency supplemental appropriations.

The following table compares fiscal year 2005 funding for the programs covered by this account, as well as the President’s request for fiscal year 2006 and the Committee recommendation:

## NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

	Fiscal year 2005 enacted	Fiscal year 2006 request	Fiscal year 2006 Committee recommendation
<b>Nonproliferation Programs:</b>			
Nonproliferation and Disarmament Fund .....	31,744,000	37,500,000	37,500,000
Export Control & Border Security .....	37,696,000	44,400,000	43,400,000
Science Centers/Nonproliferation of WMD .....	50,096,000	52,600,000	52,600,000
IAEA Voluntary Contribution .....	52,576,000	50,000,000	50,000,000
International Monitoring System .....	18,848,000	14,350,000	14,350,000
Subtotal Nonproliferation .....	190,960,000	198,850,000	197,850,000
<b>Anti-Terrorism Programs:</b>			
Anti-terrorism Assistance .....	117,800,000	133,500,000	122,500,000
Counterterrorism Financing .....	7,192,000	7,500,000	7,500,000
Terrorist Interdiction Program .....	4,960,000	7,500,000	5,500,000
CT Engagement w/Allies .....	1,984,000	2,000,000	1,000,000

	Fiscal year 2005 enacted	Fiscal year 2006 re- quest	Fiscal year 2006 Committee rec- ommendation
Subtotal Anti-Terrorism .....	131,936,000	150,500,000	136,500,000
Regional Stability and Humanitarian Assistance:			
Humanitarian Demining .....	59,024,000	72,000,000	56,000,000
International Trust Fund .....	9,920,000	10,000,000	10,000,000
Small Arms/Light Weapons Destruction .....	6,944,000	8,750,000	.....
Subtotal Regional Stability/Humanitarian Assistance	75,888,000	90,750,000	66,000,000
Total .....	<sup>1</sup> 398,784,000	440,100,000	400,350,000

<sup>1</sup>In addition, \$24,600,000 in emergency supplemental appropriations were provided for this account.

#### IRAQ

The Committee recommends no funding for Iraq programs, instead of \$29,000,000 as requested. The Committee has not included these funds based on an understanding that over \$5,000,000,000 in funds previously appropriated for Iraq reconstruction and relief remain unobligated and could be used to fund the requirements presented in the fiscal year 2006 request. Therefore, as an alternative to the appropriation of additional taxpayer dollars for this requirement, the Committee directs the Department of State ensure that unobligated balances from funds originally appropriated for the Iraq Relief and Reconstruction Fund (IRRF) in the Emergency Supplemental Appropriations Act for Defense and Reconstruction of Iraq and Afghanistan (Public Law 108–106) be used as necessary to finance the Iraq program requirements presented in the fiscal year 2006 budget request.

#### ANTI-TERRORISM ASSISTANCE

The Committee recommends \$122,500,000 for Anti-Terrorism Assistance, an increase of \$4,700,000 over the fiscal year 2005 enacted level. This program, run by the State Department's Diplomatic Security officials under the policy direction of the Coordinator for Counterterrorism, provides training and skills, technical assistance, and equipment to improve professionalism and capability in the War on Terrorism.

#### DEMINEING

The Committee recommends \$10,000,000 for the Slovenian International Trust Fund, the same as the budget request. The Committee continues to support the work of the International Trust Fund for Demining and Mine Victim Assistance to make the Balkans mine-safe. The Committee directs that such amounts may be deposited into that fund only to the extent matching amounts are deposited by other governments, entities, or persons. In addition, these funds may only be expended by the fund in consultation with the United States Government.

#### COUNTERTERRORISM FINANCING

The Committee continues to support the work of the Department of State, the Department of Justice and the Department of Treasury in assisting countries whose financial systems are assessed to be at risk to terrorist financing. The Committee requests that not

be at risk to terrorist financing. The Committee requests that not later than 60 days after enactment, the Secretary of State, in consultation with the Secretary of Treasury, provide a comprehensive report of all funds in function 150 provided for counterterrorism financing in fiscal years 2002, 2003, 2004, and 2005 and include an accounting of obligations and expenditure rates to date.

The Committee urges the Secretary of State to consider the Department of Treasury's Office of Technical Assistance (OTA) as implementers for programs funded with assistance provided under this heading given OTA's outstanding history of improving financial systems in numerous post-conflict and developing countries.

#### DEPARTMENT OF THE TREASURY

##### INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

Fiscal year 2005 level .....	\$18,848,000
Fiscal year 2006 request .....	20,000,000
Committee recommendation .....	20,000,000

The Committee recommends \$20,000,000 under this heading for international technical assistance by the Department of the Treasury, an amount that is the same as the request and \$1,152,000 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 (OTA) to notify the Committee prior to the obligation of funds for the compensation or travel expenses of any individual who is not an employee of the Department of Treasury.

##### DEBT RESTRUCTURING

Fiscal year 2005 level .....	\$99,200,000
Fiscal year 2006 request .....	99,750,000
Committee recommendation .....	65,000,000

The Committee recommends \$65,000,000 under this heading for international debt restructuring by the Department of the Treasury, an amount that is \$34,750,000 less than the request and \$34,200,000 less than the fiscal year 2005 level. The Committee makes \$20,000,000 available under this heading for the Tropic Forest Conservation Act (TFCA) programs and up to \$45,000,000 for a contribution to the Heavily Indebted Poor Countries (HIPC) Trust fund. Funds in this account are subject to the regular notification procedures of the Committees on Appropriations.

The Committee commends the Department of Treasury for fully consulting on a periodic basis, as required by law, to review the countries eligible for benefits from the Tropical Forest Conservation Act (TFCA) programs. The Committee expects the Department of Treasury to consult with the Committee 15 days prior to the Treasury determination that additional countries are found eligible for TFCA.

## HEAVILY INDEBTED POOR COUNTRIES (HIPC) DEBT RELIEF

The Committee is concerned about the effectiveness of past funding provided by the Congress for debt relief. It now appears that the HIPC initiative is failing, and instead of solving the indebtedness problems of developing countries, it has made the situation worse. The \$750,000,000 provided in prior acts by this Committee for the HIPC initiative can only be viewed now as a series of stop-gap measures that did not address the perverse incentives for excessive borrowing and the lack of oversight provided by the multilateral development banks. According to the Treasury Department, from 1989 to 2002, \$40,000,000,000 in HIPC debt relief was provided while these same countries took on new debt in an amount totaling \$93,000,000,000. Therefore, the Committee will only approve funding for further debt relief commitments in future appropriations acts if these long term issues are addressed.

## CONGO

The Committee notes that all dispersed funds provided by the United States to the HIPC Trust Fund in the fiscal year 2004 have been made available for debt relief for the Democratic Republic of Congo (DRC). Therefore, in fiscal years 2004 and 2005, the Committee made available \$155,000,000 in bilateral and multilateral debt relief specifically for the DRC.

## TITLE III—MILITARY ASSISTANCE

## FUNDS APPROPRIATED TO THE PRESIDENT

## INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 2005 level .....	\$89,012,000
Fiscal year 2006 request .....	86,744,000
Committee recommendation .....	86,744,000

The Committee recommends \$86,744,000 for the International Military Education and Training (IMET) program as requested and \$2,268,000 below the 2005 level.

IMET is part of the overall United States security assistance program, and through it the United States Government provides training to predominantly military students from allied and friendly nations. The IMET program exposes students to the United States professional military establishment and the American way of life, including democratic values and rule of law, and respect for individual and human rights. In 1990, Congress directed the Department of Defense to establish a program within IMET—called Expanded-IMET or “E-IMET” focused on training foreign civilian and military officials in three areas: managing and administering military establishments and budgets; creating and maintaining effective military judicial systems and military codes of conduct, and fostering greater respect for the principle of civilian control of the military.

## UZBEKISTAN

The Committee is concerned that the recent uprising in Uzbekistan may have been met with a disproportionate military response. The Committee understands that there is a potential concern that members of the military who may have been involved

with this response could have been previous recipients of IMET. The Committee believes the Department of State and the Department of Defense should review this potential concern before proceeding with the fiscal year 2006 IMET program for Uzbekistan.

#### GREECE

The Committee recognizes the country of Greece as a friend and ally and urges at least \$2,000,000 in funding assistance for Greece from the funds appropriated under this heading.

#### FOREIGN MILITARY FINANCING PROGRAM

Fiscal year 2005 level .....	\$4,743,232,000
Emergency supplemental funding .....	250,000,000
Fiscal year 2006 request .....	4,588,700,000
Committee recommendation .....	4,442,300,000

The Committee recommends \$4,442,300,000 for the Foreign Military Financing Program, \$300,732,000 below the fiscal year 2005 level and \$146,400,000 below the fiscal year 2006 request. The Foreign Military Financing (FMF) assistance program provides grants for the acquisition of United States defense equipment, services and training. The FMF program enables key allies and friendly nations to improve defensive capabilities, and fosters bilateral military relationships with the United States and interoperability with United States forces.

#### ISRAEL

The Committee recommends a total FMF program of not less than \$2,280,000,000 in grants for Israel, which shall be available within 30 days of enactment of this Act. This amount is the same as the fiscal year 2006 budget request and \$60,000,000 over the fiscal year 2005 level.

The Committee remains committed to helping Israel maintain security. Therefore, the Committee is convinced the United States must make every effort to carry out its long-standing policy of ensuring that Israel's technological edge is maintained.

#### JORDAN

The Committee recommends a total FMF program of \$206,000,000 for Jordan. This amount is the same as the fiscal year 2006 budget request and the same as the fiscal year 2005 level.

The Committee strongly supports the Administration's efforts to improve Jordanian security. Under the 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 FMF program of \$1,300,000,000 in grants for Egypt, which shall be transferred within 30 days of enactment of this Act. This amount is the same as the fiscal year 2006 budget request and the same as the fiscal year 2005 level.

The Committee is convinced that continued military cooperation between Egypt and the United States remains in the national security interests of both countries.

#### ARMENIA AND AZERBAIJAN

The Committee recommends a FMF program of \$5,000,000, as requested for each of the countries of Armenia and Azerbaijan. In addition, the Committee supports IMET assistance levels of \$750,000 for both countries as requested.

#### PAKISTAN

The Committee recommends a total FMF program of \$220,000,000 for Pakistan, \$70,000,000 more than the fiscal year 2005 level and \$80,000,000 less than the fiscal year 2006 request.

The Committee notes that Pakistan has been a reliable ally of the United States in the War on Terrorism and this reduction is not a reflection of a lessening of the Committee's appreciation for Pakistan's support. Rather, the intention of the reduction is to call into question what is clearly the Administration's plan to incrementally finance Pakistan's foreign military acquisition program. It has long been the position of the Committee on Appropriations that full funding of the acquisition of weapons systems provides budgetary accountability, transparency, and accuracy in determining taxpayer debt. The Committee directs the Department of State and the Department of Defense, to review the Pakistan FMF program to ensure full funding of weapons systems acquisition.

#### TURKEY

The Committee recommends a total FMF program of \$4,400,000 for Turkey, \$29,600,000 less than the fiscal year 2005 level and \$20,800,000 less than the fiscal year 2006 request.

The Committee notes that Turkey has been a reliable ally of the United States in the War on Terrorism and this reduction is not a reflection of a lessening of the Committee's appreciation for Turkey's support. Rather, the reduction is applied to the logistics support for Turkey's armed forces due to a lack of sufficient justification. The Committee hopes that such justification will be provided in the future.

#### UZBEKISTAN

The Committee recommends no FMF program for Uzbekistan, \$11,000,000 less than the fiscal year 2005 level and \$4,000,000 less than the 2006 request.

The Committee recommends this reduction based on the changing circumstances in Uzbekistan, which the Committee believes should not be rewarded with the FMF request contained in the 2006 request.

#### ESTONIA, LATVIA AND LITHUANIA

The Committee recommends a total FMF program of \$15,000,000, \$5,000,000 each, for Estonia, Latvia and Lithuania, as requested. 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 inter-

national security through the provision of peacekeepers for international peacekeeping missions.

#### GUATEMALA

The Committee recommends no FMF program for Guatemala, the same as the fiscal year 2005 level and \$500,000 less than the 2006 request. The Committee retains language carried in previous legislation that prohibits the expenditure of FMF funds to Guatemala.

#### INDONESIA

The Committee strongly supports the efforts of the civilian authorities in Indonesia to promote the rule of law, including efforts to exert control over the Indonesian military forces (TNI). It is critical that the Government of the United States closely monitor the use and dissemination of assistance under the FMF program for Indonesia. The restoration of the FMF program for Indonesia in no way signals decreased concern about the poor human rights record of the Indonesian military forces and is intended only as a sign of measured support for the continuing efforts of the civilian Government of Indonesia to bring the Indonesian military forces under control. Congress has restricted the FMF program for Indonesia since fiscal year 2000, conditioning the provision of assistance under the FMF program for Indonesia on the budget transparency of the Indonesian military forces and accountability and justice for gross human rights violations. The Committee directs the Secretary of State to submit to Congress, not later than 180 days after the date of the enactment of this Act, a report on the progress of the Government of Indonesia in achieving the benchmarks specified in section 572 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2005.

#### OPERATION ENDURING FRIENDSHIP

The Committee recommends no FMF financing of a new initiative entitled, Operation Enduring Friendship. The Committee believes the justification of this program was not sufficient to warrant an appropriation of \$5,000,000 as requested in 2006.

#### ADMINISTRATIVE EXPENSES

The Committee recommends \$40,500,000 for FMF administrative expenses, the same level as 2005 and a reduction of \$2,500,000 from the 2006 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 retains language that requires 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 retains language that prohibits military assistance to Guatemala, and Sudan. The Administration did not request FMF appropriations for these nations for fiscal year 2005.

#### PEACEKEEPING OPERATIONS

Fiscal year 2005 level .....	\$103,168,000
Emergency supplemental appropriation .....	314,400,000
Fiscal year 2006 request .....	195,800,000
Committee recommendation .....	177,800,000

The Committee recommends \$177,800,000 for voluntary contributions for international peacekeeping operations, \$74,632,000 less than the 2005 level not including emergency appropriations and \$18,000,000 less than the 2006 request.

#### GLOBAL PEACEKEEPING OPERATIONS

The fiscal year 2006 budget request included \$196,000,000 for United States Peacekeeping Operations to support multilateral peacekeeping and regional stability operations that are not funded through mechanisms of the United Nations. The Committee recommends a total of \$177,800,000 for Peacekeeping Operations, a reduction of \$18,200,000 from the request.

*Africa.*—Within the amount provided, not less than \$78,800,000, as requested, is for the Africa Regional Peacekeeping program and the African Contingency Operations Training and Assistance (ACOTA) program.

*Multinational Force Observers (MFO).*—Within the amount provided, not less than \$19,000,000, as requested, is for the MFO program to support, among other initiatives, the ongoing peace efforts in the Middle East. 2005 level

*Global Peace Operations Initiative (GPOI).*—In fiscal year 2005, the Administration launched a new approach within the Peacekeeping Operations account: the Global Peace Operations Initiative (GPOI). The goal of this five-year program is to increase the capacity of countries to deploy to international peace support operations by training 75,000 peace support troops worldwide, increase the number of gendarme units deployable to international operations and facilitate deployments by providing equipment and transportation for these peacekeeping units. In fiscal year 2006, the budget included a total request of \$114,400,000 for GPOI. The Committee recommends a total of \$96,400,000, a reduction of \$18,000,000 from the request for this effort.

The Committee's reduction should not be viewed as a disapproval of this initiative because the Committee is supportive of the effort to expand the number of peace support troops and gendarme units for multilateral peacekeeping and regional stability operations. The Committee believes that through this effort, the United States can reduce the emphasis on the use of military troops for these operations. The reduction of \$18,000,000 from the request is simply a recognition of issues associated with the establishment of a new initiative and the view that not all of the \$63,000,000 requested for

equipment and transportation requirements for the “beyond Africa” component of GPOI can be obligated and expended in 2006.

#### TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

##### INTERNATIONAL FINANCIAL INSTITUTIONS

##### GLOBAL ENVIRONMENT FACILITY

Fiscal year 2005 level .....	\$106,640,000
Fiscal year 2006 request .....	107,500,000
Committee recommendation .....	- 0 -

The Committee recommends no appropriation in fiscal year 2006 for the Global Environment Facility (GEF), administered by the World Bank. The Committee is disappointed to learn that the GEF has backed away from its 2002 multilateral agreement to implement a performance-based allocation system. The GEF is a grant-making international financial institution, and every concessional international financial institution of which the United States is a donor is implementing a system where governance, performance, and other measurable results are key determinants in how each institution distributes its grants. Without such a system, the Committee has no assurance that United States taxpayer’s dollars are being used efficiently, effectively or in a transparent manner. Given the difficulty with which the United States Government conducts oversight of multilateral institutions, it is imperative that each institution, including the GEF, implement the series of reforms to which it has agreed. Until the GEF adopts a performance-based allocation system, the Committee can recommend no funding for this institution.

##### CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 2005 level .....	\$843,200,000
Fiscal year 2006 request .....	950,000,000
Committee recommendation .....	950,000,000

The Committee is providing \$950,000,000 for the entire regularly scheduled United States contribution to the International Development Association (IDA), the same as the request and \$106,800,000 more than the 2005 enacted level. The recommended level is intended for the first of three payments under the United States commitment to the fourteenth replenishment of IDA.

##### GRANTS

The Committee supports the President’s goal to designate 50 percent of IDA resources for grants to the poorest nations for critical needs such as health and education spending and 100 percent grants for HIPC countries. Given the unending cycle of unsustainable debt levels in the poorest countries, the Committee supports the Secretary of Treasury’s position in the negotiations for the fourteenth replenishment of IDA. Grants programs are well-established in IDA and the African Development Fund (AfDF), and the Committee is encouraged by the new grant program in the Asian Development Fund (AsDF).

## OBJECTIVES

The Committee remains concerned about the expansion of the Bank's focus from development functions to humanitarian lending, health activities, cultural projects, disarmament activities, and post-conflict reconstruction. Without a focus, the Bank risks losing any comparative advantage in the developing world, will duplicate bilateral donor assistance, and reduce its effectiveness. The Committee continues to believe that 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 on raising per capita income and economic growth.

## CONCERNS ABOUT THE MULTILATERAL DEVELOPMENT BANKS

## AVAILABILITY OF INFORMATION

The Committee again requests copies of all annual reports and information about the basic functions of each institution as they become available, including the European Bank for Reconstruction and Development and the International Fund for Agricultural Development. Future and continued support for the banks cannot be guaranteed unless future requests are justified by the Department of Treasury as well as the management of each individual institution.

## BUDGET SUPPORT

The Committee is concerned about the recent trend of providing World Bank loans and grants through budget support in lieu of project level support. The Committee believes that providing assistance by means of budget support should be employed only as an emergency measure and, if excessive or frequent, can undermine the principle of encouraging countries to become fiscally responsible and good stewards of internal resources. Furthermore, it thwarts the Committee's ability to effectively monitor implementation of foreign assistance to ensure effective expenditure of appropriated dollars. Future support for funding increases of the World Bank and the other MDBs cannot be guaranteed if the MDBs increase their reliance further on budget support. The Committee directs the Secretary of Treasury to consult with the Committee before any changes in budget support ceilings are adopted by any of the MDBs.

## ANTICORRUPTION PROVISIONS

The Committee has been pleased at the level of transparency reforms that the Secretary of the Treasury has instigated at the multilateral development banks. Specifically these reforms have been key in the fight against corruption at all levels of the Bank's operations. However, the Committee is dismayed to learn that the World Bank is considering the implementation of the proposal paper entitled "Increasing the Use of Country Systems in Procurement" that would effectively reverse the trend by the World Bank to standardize and harmonize procurement procedures among the regional MDBs. The Committee had been encouraged by the devel-

opment of the World Bank’s procurement guidelines over the last few years, that while not perfect, have helped create an international standard for procurement that is focused on transparency, international competitive bidding, and fair dispute resolution. The Committee was encouraged by recent efforts by the InterAmerican Development Bank and the Asian Development Bank to begin adopting these standard procedures.

The Committee has long determined that transparent procurement procedures are the primary means to fight and lessen corruption at the MDBs. Any backtracking on such transparency and uniformity in such guidelines will be viewed by the Committee as an attempt by the World Bank to lessen anticorruption measures.

The language included in section 582 of this Act would withhold 25 percent of the funds for the World Bank’s International Development Association until the Secretary of Treasury certifies that the proposal to use local country procurement rules and systems for World Bank loans and grants is not being implemented. Additionally, section 582 would reinforce a strong central procurement office at the World Bank, and an office that has lost staff and influence over the past 10 years, and an office that is necessary in a context where corruption and graft can flourish. Additionally section 582 would require the World Bank to establish procurement thresholds for international competitive bidding. Such thresholds have eroded over the past few years, thereby allowing de facto local country procurement to occur at a greater pace. Finally, section 582 would require advertisement of bank-funded tenders on a much broader basis, something that is currently limited to international competitive bidding. The Committee expects that transparency should be the goal of all World Bank procurement not just that which is internationally bid.

The Committee expects that the term “loans” as used in section 582 is defined to include IBRD loans as well as IDA credit agreement or grants and project preparation advances, and “World Bank procurement guidelines” include following World Bank Guidelines: Procurement Under IBRD Loans and IDA Credits; Guidelines: Selection and Employment of Consultants by World Bank Borrowers; and, all relevant Standard Bidding Documents applicable to World Bank-funded tenders.

CONTRIBUTION TO THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

Fiscal year 2005 level .....	-0-
Fiscal year 2006 request .....	\$1,742,000
Committee recommendation .....	1,742,000
(Limitation on callable capital subscriptions)	
Fiscal year 2005 level .....	(\$ 0 )
Fiscal year 2006 request .....	(\$8,127,000)
Committee recommendation .....	(8,127,000)

The Committee is providing \$1,742,000 for past payments due to the Multilateral Investment Guaranty Agency (MIGA), the same as the request and \$1,742,000 more than the 2005 enacted level.

CONTRIBUTION TO THE INTER-AMERICAN INVESTMENT CORPORATION

Fiscal year 2005 level .....	-0-
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Fiscal year 2006 request .....	\$1,742,000
Committee recommendation .....	1,742,000

The Committee recommends an appropriation of \$1,742,000 for past due payments for the Inter-American Investment Corporation (IIC), the private sector lending facility of the Inter-American Development Bank. The recommendation is the same as the request and \$1,742,000 above the 2005 enacted level.

CONTRIBUTION TO THE ENTERPRISE FOR THE AMERICAS  
MULTILATERAL INVESTMENT FUND

Fiscal year 2005 level .....	\$10,912,000
Fiscal year 2006 request .....	1,742,000
Committee recommendation .....	1,742,000

The Committee recommends an appropriation of \$1,742,000 for past due payments for the Multilateral Investment Fund (MIF). The recommendation is the same as the request and \$9,170,000 below the 2005 enacted level.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 2005 level .....	\$99,200,000
Fiscal year 2006 request .....	115,250,000
Committee recommendation .....	115,250,000

The Committee recommends an appropriation of \$115,250,000 for the Asian Development Fund, the concessional facility of the Asian Development Bank (AsDB), an amount that is the same as the level requested and \$16,050,000 more than the fiscal year 2005 enacted level. The Committee recommends the full amount be made available for the second scheduled payment to the ninth replenishment of the Asian Development Fund.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK

Fiscal year 2005 level .....	\$4,067,000
Fiscal year 2006 request .....	5,638,000
Committee recommendation .....	5,638,000
(Limitation on callable capital subscriptions)	
Fiscal year 2005 level .....	(\$106,000,000)
Fiscal year 2006 request .....	(88,334,000)
Committee recommendation .....	(88,334,000)

The Committee recommends an appropriation of \$5,638,000 for the African Development Bank for the scheduled United States contribution to the African Development Bank, an amount that is \$1,571,000 above the amount provided in fiscal year 2005 and the same as the amount requested.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 2005 level .....	\$105,152,000
Fiscal year 2006 request .....	135,700,000
Committee recommendation .....	135,700,000

The recommendation for the concessional African Development Fund is \$135,700,000, an amount that is \$30,548,000 more than the amount provided in fiscal year 2005 and the same level as the request.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

Fiscal year 2005 level .....	\$35,148,000
Fiscal year 2006 request .....	1,016,000
Committee recommendation .....	1,016,000
(Limitation on callable capital subscriptions)	
Fiscal year 2005 level .....	(\$121,997,000)
Fiscal year 2006 request .....	(2,250,000)
Committee recommendation .....	(2,250,000)

The Committee is recommending \$1,016,000 for the European Bank for Reconstruction and Development (EBRD). This amount is the same as the President's request and \$34,132,000 less than the appropriation provided in fiscal year 2005.

CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL  
DEVELOPMENT

Fiscal year 2005 level .....	\$14,880,000
Fiscal year 2006 request .....	15,000,000
Committee recommendation .....	15,000,000

The fiscal year 2005 recommendation for the International Fund for Agricultural Development (IFAD) is \$15,000,000, the same as the request and \$120,000 below the amount provided in fiscal year 2005.

The Committee is concerned about the decisions by IFAD management to sit on the board of directors of groups that advocate and lobby donor governments. The Committee believes that such board membership is inappropriate for a multilateral organization that must represent the view of all its nation donors and directs the Secretary of Treasury to report to the Committee no later than 30 days after enactment of this Act, a list of all advocacy groups on which the IFAD is a sitting member.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 2005 level .....	\$325,767,000
Fiscal year 2006 request .....	281,908,000
Committee recommendation .....	328,958,000

The Committee has recommended \$328,958,000 for International Organizations and Programs. This is \$3,191,000 above the fiscal year 2005 level and \$47,050,000 above the President's request. The United Nations Population Fund (UNFPA) is discussed in section 560.

The Committee recommendation also continues prior year bill language prohibiting the use of funds for the International Atomic Energy Agency (IAEA). Funding for IAEA is addressed elsewhere.

UNITED NATIONS DEVELOPMENT PROGRAM

The Committee recommends a level not less than \$110,000,000 in International Organizations and Programs funding be used to support the United Nations Development Program (UNDP), \$15,000,000 more than the request and \$1,872,000 more than provided in 2004.

## UNITED NATIONS CHILDREN'S FUND

UNICEF is an essential partner of the United States in achieving child survival and health objectives, especially those in the areas of immunization, HIV/AIDS, and early childhood development. The Committee recommendation includes not less than \$127,000,000 for a contribution to UNICEF. This does not preclude USAID from providing additional funding for specific UNICEF projects.

## UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

The Committee supports a total of \$5,000,000 for the United Nations Development Fund for Women (UNIFEM) including a \$3,500,000 contribution to the Fund and a \$1,500,000 contribution to the Trust Fund in Support of Actions to Eliminate Violence Against Women. This level is \$4,050,000 above the request and \$2,020,000 more than provided in the 2005 Act.

## UNITED NATIONS ENVIRONMENT PROGRAM

The Committee notes the importance of UNEP's work in restoring and preserving environmental quality in the Palestinian territories.

## ANGKOR WAT

The Committee notes the historical and archeological value of the restoration of the Phnom Bakheng temple in the Angkor Wat complex in Siem Reap, Cambodia, and supports continued United States government funding to this critical international effort.

## TITLE V—GENERAL PROVISIONS

The Committee recommends that 20 of the general provisions carried in the fiscal year 2005 Act be deleted. These provisions (sections 531, 572, 573, 575, 576, 577, 578, 579, 580, 582, 583, 585, 586, 587, 589, 590, 592, 593, 594, and 595) 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. 507, "Prohibition Against Direct Funding for Certain Countries", is modified by exempting Libya from the prohibition against Export-Import Bank programs.

Sec. 517, "Independent States of the Former Soviet Union" is modified by including subsection (a) of the fiscal year 2005 House bill, and by deleting "Georgia" and "Ukraine" and adding "Kazakhstan" and "Uzbekistan" to the list of notification countries.

Sec. 520, "Special Notification Requirements" is modified to delete Liberia and Cambodia.

Sec. 522, "Child Survival and Health Activities" is revised by deleting the earmark for family planning/reproductive health.

Sec. 523, "Afghanistan" is modified by changing the number to \$954,000,000 and by deleting all earmarks except \$50,000,000 for Afghan women and girls.

Sec. 525, "HIV/AIDS" is modified by requiring an assessment based on strengthening the results-based disbursement system and support to country-level monitoring mechanisms.

Sec. 526, "Democracy Programs" is modified by reverting to language, similar to subsections (d) and (e) of the fiscal year 2005 Act, providing not less than \$27,000,000 of Economic Support Funds for the Human Rights and Democracy Fund; up to \$1,200,000 for the Reagan/Fascell Democracy Fellows Program; up to \$1,500,000 for democracy and human rights program in Iran and Syria, including through the National Endowment for Democracy.

Sec. 531, "Financial Market Assistance in Transition Countries" is a new general provision that designates a minimum level of \$40,000,000 to be provided for helping countries in transition build and improve capital markets and financial market systems. Effective and efficient financial markets are vital cornerstones of economic development. Countries in transition need technical assistance building and developing stock exchanges, central banks, financial regulatory institutions and private financial intermediaries. The Committee strongly supports the work of not for profit organizations and volunteers with experience in the private sector in developing countries.

Among the work that outside technical experts can help with is developing a legal and regulatory framework for financial systems, advancing sound policies and procedures for corporate governance, developing payments systems, promoting pension system reforms and combating money laundering. The Committee affirms the principle of rigorous competitive selection of proposals based on technical merit.

Sec. 534, "Special Authorities", is modified by including a new subsection (j), "Extension of Authority", which provides technical changes to Public Law 107-57, and by deleting subsections (i) through (p) of the fiscal year 2005 Act.

Sec. 535, "Arab League Boycott of Israel", is modified by to take into account that some Arab League countries have normalized relations with Israel since the passage of the fiscal year 2005 Act.

Sec. 539, "Prohibition on Publicity and Propaganda", is modified by deleting the limitation of \$750,000 to carry out section 316 of Public Law 96-533.

Sec. 549, "Haiti" is modified by reverting to fiscal year 2005 House language.

Sec. 552, "Authorization Requirement", is modified by deleting "Millennium Challenge Corporation".

Sec. 554, "Cambodia" is modified by deleting all after the first subsection in the 2005 Act.

Sec. 556, "Colombia" is modified by deleting the notwithstanding authority provided in subsection (a) of the 2005 Act.

Sec. 559, "West Bank and Gaza Program", is modified to conform to amendments made in the fiscal year 2005 emergency supplemental, providing for a mandatory GAO audit of fiscal year 2006 Economic Support Funds for the West Bank and Gaza Program.

Sec. 560, "Contributions to the United Nations Population Fund" is identical to section 560 of the fiscal year 2005 Act except for technical date changes and the deletion of a subsection providing for reprogramming of fiscal year 2003 and 2004 funds.

Sec. 567, "Basic Education" is modified to establish a minimum level within title II of this Act for basic education programs of \$465,000,000 and to require an analysis of United States basic education programs.

Sec. 568, "Reconciliation Programs" is modified by changing a "shall" to a "should" and raising the figure to \$15,000,000.

Sec. 569, "Sudan" is modified by raising the dollar figure to \$367,000,000 from title II, exempting support for the Comprehensive Peace Agreement from restrictions under this section, deleting a notification requirement, and clarifying regional definitions. Subsections (g) and (h) of the fiscal year 2005 Act, making available emergency appropriations and providing for technical changes, are deleted.

Sec. 570, "Trade Capacity Building" is modified to establish a minimum level of \$522,000,000 from certain accounts of this Act.

Sec. 571, "Excess Defense Articles for Central and South European Countries and Certain Other Countries" is modified by adding "Afghanistan" and "Iraq".

Sec. 572, "Cuba" is the same general provision as included in the House-Reported Foreign Operations, Export Financing and Related Programs Bill, 2005 and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 573, "Gender-Based Violence Training" is a new general provision requiring that police, judicial and military training funded by this Act shall include training on gender-based violence. A report on the implementation of this section is required.

Sec. 574, "Limitation on Economic Support Fund Assistance for Certain Foreign Governments That Are Parties to the International Criminal Court" is modified by including a Presidential national interest waiver authority.

Sec. 575, "Tibet" is modified by deleting the earmark for the National Endowment for Democracy in subsection (b).

Sec. 576, "Central America" is modified by deleting all after subsection (a) of the fiscal year 2005 Act.

Sec. 577, "United States Agency for International Development Management", is modified by increasing the level in subsection (a) to \$75,000,000, deleting the limitation on employment in the United States, deleting the consultation requirement of subsection (c)(2), and removing the clarifying authority of subsection (g).

Sec. 578, "HIPC Debt Reduction" is modified to include, for Liberia, debt under the Lend-Lease Act of 1941.

Sec. 579, "OPIC Transfer Authority" is a new general provision that allows up to \$20,000,000 appropriated under Title II of this Act to be transferred to and merged with funds appropriated to OPIC's Program Account.

Sec. 580, "Conflict Response", is a new general provision clarifying that the Secretary of State may transfer up to \$100,000,000 in order to support reconstruction and stabilization assistance.

Sec. 581, "Rescission", is a new general provision rescinding \$64,000,000 in previously appropriated funds.

Sec. 582, "Anticorruption Provisions", is a new general provision conditioning 25 percent of "International Development Association" funding on a certification that the World Bank is not changing its procurement system in ways which reduce transparency, accountability, and competition.

## PROVISIONS RETAINED FROM FISCAL YEAR 2005

The following general provisions from the fiscal year 2005 Act are retained in the fiscal year 2006 Act unchanged except for technical corrections, references to fiscal year 2006, and new section numbers where appropriate:

Sec. 501. Compensation for United States Executive Directors to International Financial Institutions.

Sec. 502. Restrictions on Voluntary Contributions to United Nations Agencies.

Sec. 503. Limitation on Residence Expenses.

Sec. 504. Limitation on Expenses.

Sec. 505. Limitation on Representational Allowances.

Sec. 506. Prohibition on Taxation of United States Assistance.

Sec. 508. Military Coups.

Sec. 509. Transfers.

Sec. 510. Commercial Leasing of Defense Articles.

Sec. 511. Availability of Funds.

Sec. 512. Limitation on Assistance to Countries in Default.

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. 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. 527. Prohibition on Bilateral Assistance to Terrorist Countries.

Sec. 528. Debt-For-Development.

Sec. 529. Separate Accounts.

Sec. 530. Enterprise Fund Restrictions.

Sec. 532. Authorities for the Peace Corps, Inter-American Foundation and African Development Foundation.

Sec. 533. Impact on Jobs in the United States.

Sec. 536. Eligibility for Assistance.

Sec. 537. Reservations of Funds.

Sec. 538. Ceilings and Earmarks.

Sec. 540. Prohibition of Payments to United Nations Members.

Sec. 541. Nongovernmental Organizations—Documentation.

Sec. 542. Prohibition on Assistance to Foreign Governments that Export Lethal Military Equipment to Countries Supporting International Terrorism.

Sec. 543. Withholding of Assistance for Parking Fines Owed by Foreign Governments.

Sec. 544. Limitation on Assistance for the PLO for the West Bank and Gaza.

Sec. 545. War Crimes Tribunals Drawdown.

Sec. 546. Landmines.

Sec. 547. Restrictions Concerning the Palestinian Authority.

Sec. 548. Prohibition of Payment of Certain Expenses.

Sec. 550. Limitation on Assistance to the Palestinian Authority.

Sec. 551. Limitation on Assistance to Security Forces.

- Sec. 552. Foreign Military Training Report.
- Sec. 555. Palestinian Statehood.
- Sec. 557. Illegal Armed Groups.
- Sec. 558. Prohibition on Assistance to the Palestinian Broadcasting Corporation.
- Sec. 561. War Criminals.
- Sec. 562. User Fees.
- Sec. 563. Serbia.
- Sec. 564. Community Based Police Assistance.
- Sec. 565. Special Debt Relief for the Poorest.
- Sec. 566. Authority to Engage in Debt Buybacks or Sales.

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” up to \$6,000,000 may be transferred to and merged with funds under the heading “Operating Expenses of the United States Agency for International Development.”

Under “Development Credit Authority” up to \$21,000,000 is authorized to be transferred to the account from a variety of sources. In addition, \$8,000,000 may be transferred to and merged with funds appropriated under the heading “Operating Expenses of the United States Agency for International Development”.

Under “Peace Corps”, not to exceed \$2,000,000 may be transferred to the Foreign Currency Fluctuations Account to help mitigate exchange rate losses.

Under section 579, “OPIC Transfer Authority”, up to \$20,000,000 of funds under title II may be transferred to funds appropriated by this Act for the Overseas Private Investment Corporation Program Account.

Under section 580, “Conflict Response”, up to \$100,000,000 may be transferred within accounts of the Department of State and to other Federal agencies as necessary to support reconstruction and stabilization assistance.

RESCISSIONS

Pursuant to clause 3(f)(2) of the rule XIII of the Rules of the House of Representatives, the following is submitted describing the rescissions recommended in the accompanying bill:

Under “General Provisions” in title V, section 581 rescinds \$64,000,000 of funds provided under the heading “Other Bilateral Economic Assistance, Economic Support Fund” in title II of Public Law 108–447.

RESCISSIONS RECOMMENDED IN THE BILL

<i>Department or Activity</i>	<i>Amounts recommended for rescission</i>
Other Bilateral Economic Assistance, Economic Support Fund title II of Public Law 108–447 .....	\$64,000,000

## 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 2006 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 few of the appropriations shall remain available for obligation beyond the current fiscal year. In all cases it is deemed desirable to carry such language in order to provide for orderly administration of such programs and effective use of funds.

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

4. Under "Export-Import Bank of the United States", authority is provided for Sections 1(a) and (b) of Public Law 103-428 to remain in effect until October 1, 2006. Under "Export-Import Bank of the United States, Subsidy Appropriations", funds are appropriated for the cost of direct loans, loan guarantees, insurance, and tied-aid grants. Such costs shall be as defined in section 502 of the Congressional Budget Act of 1974 and may be used for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 2006, 2007, 2008, and 2009. These funds are available for obligation until September 30, 2024.

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 2006 and 2007. These funds are

available for obligation until 2014 and 2015, depending on the initial date of obligation.

6. Under “Child Survival and Health Programs Fund” language is provided that indicates how the funds should be allocated among various activities; not to exceed \$250,000, 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 \$65,000,000 is authorized to be made available for a contribution to The Vaccine Fund; and language is included that provides not less than \$200,000,000, subject to matching contributions, for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, which shall be expended at the minimum rate necessary to make timely payments for projects and activities.

7. Under “Development Assistance”, language is provided that indicates how the funds should be allocated among various activities, including \$214,000,000 for trade capacity building including \$20,000,000 for certain activities, \$365,000,000 for basic education, and \$15,000,000 for drinking water supply projects in east Africa. Also, \$15,000,000 shall be made available only for programs to improve women’s leadership capacity in recipient countries.

8. Under “Transition Initiatives”, authority is provided to utilize up to \$15,000,000 of funds appropriated to carry out part I of the Foreign Assistance Act of 1961 in excess of funds appropriated under this heading.

9. 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 \$21,000,000.

10. Under “Capital Investment Fund”, 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; and the assignment of employees or contractors to buildings is subject to the concurrence of the Administrator of USAID. Language is included that limits funding for implementing the Capital Security Cost Sharing Program to \$55,800,000.

11. Under “Economic Support Fund”, not less than \$240,000,000 is made available only for Israel and is required to be disbursed as a cash grant within 30 days of enactment of this Act; and not less than \$495,000,000 is made available only for Egypt of which not less than \$50,000,000 is for democracy programs and not less than \$50,000,000 is for education; \$250,000,000 should be made available only for assistance for Jordan; not less than \$40,000,000 should be available for Lebanon of which not less than \$6,000,000 should be available for American educational institutions for scholarships and other programs; and not less than \$20,000,000 should be available for Cyprus. Also fences \$225,000,000 in funding for Afghanistan until the Government of Afghanistan is fully cooperating with the United States on poppy eradication and interdiction efforts.

12. Under “Assistance for the Independent States of the Former Soviet Union”, limits to administrative expenses for programs under section 807 of Public Law 102–511 to 6 percent, and directs

that not less than \$52,000,000 should be made available for assistance for child survival and health activities.

13. Under "African Development Foundation", funds made available to grantees may be invested for project purposes when authorized by the Board of Directors, instead of by the President as in current law.

14. Under "Peace Corps", permits the Director to transfer up to \$2,000,000 to help mitigate exchange rate losses.

15. Under "Millennium Challenge Corporation", language is included allowing up to 10 percent of funds for assistance to threshold countries but restricting the availability of funds until after the submission of a report describing the proposed implementation of the threshold program for fiscal year 2006. Section 605(e)(4) is also applied to funds appropriated under this heading. Administrative expenses are limited to \$75,000,000. Language is included requiring the MCC to fully fund compacts.

16. Under "Global HIV/AIDS Initiative", not less than \$200,000,000 is made available for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, which shall be expended at the minimum rate necessary to make timely payments for projects and activities. Also, administrative expenses are limited to not more than \$12,000,000.

17. Under "International Narcotics Control and Law Enforcement", the Department of State is given the authority to use section 608 of the Foreign Assistance Act of 1961 to provide excess property to a foreign country; the account funds demand reduction programs at \$10,000,000; and a limitation of \$33,484,000 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; section 482(b) of the Foreign Assistance Act is waived, subject to notification; 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 \$19,015,000 is placed on administrative expenses of the Department of State, and not more than \$7,800,000 may be available for administrative expenses of the United States Agency for International Development.

19. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", a limitation of \$37,500,000 is placed on funding for the Nonproliferation and Disarmament Fund with authority to use such funds outside of the Independent States of the former Soviet Union and international organizations when it is in the national security interests of the United States to do so; administrative expenses for operation and management of the demining program are limited to \$705,000; and extends availability of "Anti-terrorism Assistance" and "Export Control and Border Security" funding to 2007.

20. Under "Debt Restructuring" funds are provided for the cost of selling, reducing or canceling debts owed to the United States, of modifying concessional credit agreements with least developed countries, and of canceling amounts owed as a result of loans or

guarantees. In addition funds are provided for the Secretary of Treasury to pay the Heavily Indebted Poor Countries Trust Fund amounts for the benefits of countries that are eligible for debt reduction.

21. Under “Foreign Military Financing Program”, not less than \$2,280,000,000 is appropriated for Israel, of which not less than \$595,000,000 shall be available for the procurement in Israel of defense articles and defense services and that all funds for Israel must be disbursed within 30 days of enactment of this Act; \$1,300,000,000 shall be made available for grants only for Egypt; a limitation of \$41,600,000 is provided for administrative expenses; \$206,000,000 should be made available for Jordan; and a limitation of \$373,000,000 from certain other funds may be obligated for expenses incurred pursuant to section 43(b) of the Arms Export Control Act.

22. 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.

23. Under “General Provisions”:

Sec. 517, “Independent States of the Former Soviet Union” is modified by including subsection (a) from the fiscal year 2005 House bill, and by deleting “Georgia” and “Ukraine” and adding “Kazakhstan” and “Uzbekistan” to the list of notification countries.

Sec. 520, “Special Notification Requirements” is modified to delete Liberia and Cambodia.

Sec. 522, “Child Survival and Health Activities” is revised by deleting the earmark for family planning/reproductive health.

Sec. 523, “Afghanistan” is modified by changing the number to \$954,000,000 and by deleting all earmarks except \$50,000,000 for Afghan women and girls.

Sec. 525, “HIV/AIDS” is a modified by requiring an assessment based on a results-based disbursement system and support to country-level monitoring mechanisms.

Sec. 526, “Democracy Programs” is modified by reverting to language, similar to subsections (d) and (e) of the fiscal year 2005 Act, providing not less than \$27,000,000 of Economic Support Funds for the Human Rights and Democracy Fund; up to \$1,200,000 for the Reagan/Fascell Democracy Fellows Program; up to \$1,500,000 for democracy and human rights program in Iran and Syria, including through the National Endowment for Democracy.

Sec. 531, “Financial Market Assistance in Transition Countries” is a new general provision that designates a minimum level of \$40,000,000 to be provided for helping countries in transition build and improve capital markets and financial market systems. Effective and efficient financial markets are vital cornerstones of economic development. Countries in transition need technical assistance building and developing stock exchanges, central banks, financial regulatory institutions and private financial intermediaries. The Committee strongly supports the work of non-profit organizations and volunteers with experience in the private sector in developing countries. The Committee affirms the principle of competitive selection of proposals based on technical merit.

Sec. 534, "Special Authorities", is modified by including a new subsection (j), "Extension of Authority", which provides technical changes to public law 107-57, and by deleting subsections (i) through (p) of the fiscal year 2005 Act.

Sec. 535, "Arab League Boycott of Israel", is modified to take into account that some Arab League countries have normalized relations with Israel since the passage of the fiscal year 2005 Act.

Sec. 539, "Prohibition on Publicity and Propaganda", is modified by deleting the limitation of \$750,000 to carry out section 316 of Public Law 96-533.

Sec. 549, "Haiti" is modified by reverting to fiscal year 2005 House language.

Sec. 552, "Authorization Requirement", is modified by deleting "Millennium Challenge Corporation".

Sec. 554, "Cambodia" is modified by deleting all after the first subsection in the 2005 Act.

Sec. 556, "Colombia" is modified by deleting the notwithstanding authority provided in subsection (a) of the 2005 Act.

Sec. 559, "West Bank and Gaza Program", is modified to conform to amendments made in the fiscal year 2005 emergency supplemental, providing for a mandatory GAO audit of fiscal year 2006 Economic Support Funds for the West Bank and Gaza Program.

Sec. 560, "Contributions to the United Nations Population Fund" is identical to section 560 of the fiscal year 2005 Act except for technical date changes and the deletion of a subsection providing for reprogramming of fiscal year 2003 and 2004 funds.

Sec. 567, "Basic Education" is modified to establish a minimum level within title II of this Act for basic education programs of \$465,000,000 and to require an analysis of United States basic education programs.

Sec. 568, "Reconciliation Programs" is modified by changing a "shall" to a "should" and raising the figure to \$15,000,000.

Sec. 569, "Sudan" is modified by raising the dollar figure to \$367,000,000 from title II, exempting support for the Comprehensive Peace Agreement from restrictions under this section, deleting a notification requirement, and clarifying regional definitions. Subsections (g) and (h) of the fiscal year 2005 Act, making available emergency appropriations and providing for technical changes, are deleted.

Sec. 570, "Trade Capacity Building" is modified to establish a minimum level of \$522,000,000 from certain accounts of this Act.

Sec. 571, "Excess Defense Articles for Central and South European Countries and Certain Other Countries" is modified by adding "Afghanistan" and "Iraq".

Sec. 572, "Cuba" is the same general provision as included in the House-Reported Foreign Operations, Export Financing and Related Programs Bill, 2005 and prohibits counternarcotics assistance in this Act to the Government of Cuba.

Sec. 573, "Gender-Based Violence Training" is a new general provision requiring that police, judicial and military training funded by this Act shall include training on gender-based violence. A report on the implementation of this section is required.

Sec. 574, "Limitation on Economic Support Fund Assistance for Certain Foreign Governments That Are Parties to the International

Criminal Court” is modified by including a Presidential national interest waiver authority.

Sec. 575, “Tibet” is modified by deleting the earmark for the National Endowment for Democracy in subsection (b).

Sec. 576, “Central America” is modified by deleting all after subsection (a) of the fiscal year 2005 Act.

Sec. 577, “United States Agency for International Development Management”, is modified by increasing the level in subsection (a) to \$75,000,000, deleting the limitation on employment in the United States, deleting the consultation requirement of subsection (c)(2), and removing the clarifying authority of subsection (g).

Sec. 578, “HIPC Debt Reduction” is modified to include, for Liberia, debt under the Lend-Lease Act of 1941.

Sec. 579, “OPIC Transfer Authority” is a new general provision that allows up to \$20,000,000 appropriated under Title II of this Act to be transferred to and merged with funds appropriated to OPIC’s Program Account.

Sec. 580, “Conflict Response”, is a new general provision clarifying that the Secretary of State may transfer up to \$100,000,000 in order to support reconstruction and stabilization assistance.

Sec. 581, “Rescission”, is a new general provision rescinding \$64,000,000 in previously appropriated funds.

Sec. 582, “Anticorruption Provisions”, is a new general provision conditioning 25 percent of “International Development Association” funding on a certification that the World Bank is not changing its procurement system in ways which reduce transparency, accountability, and competition.

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
Overseas Private Investment Corporation Administrative Expenses.	2003 .....	Such sums as may be necessary.	\$39,626,000 .....	\$42,274,000
Overseas Private Investment Corporation Noncredit Account.	2003 .....	Such sums as may be necessary.	\$23,844,000 .....	\$20,276,000
Child Survival and Health Programs Fund (See note below).	Population (1987); Health and Disease Prevention (1987); Child Survival Fund (1987).	Population (\$290,000,000); Health and Disease Prevention (\$180,000,000); Child Survival Fund (\$75,000,000).	Population (\$234,625,000); Health and Disease Prevention (\$166,762,500); Child Survival Fund II (\$75,000,000).	\$1,497,000,000 (includes \$375,000,000 for population)

	Last year authorized	Authorization level	Appropriations in last year of authorization	Appropriations in this bill
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).	\$1,460,000,000 (includes \$365,000,000 for basic education; other programs difficult to determine due to changing definitions of programs since last authorized)
International Disaster and Famine Assistance.	1987 .....	\$25,000,000 .....	\$70,000,000 .....	\$356,000,000
Transition initiatives ...	None (same authorities as international disaster assistance).	.....	.....	\$50,000,000
Development credit authority.	None .....	.....	.....	(\$21,000,000)
Development credit authority administrative expenses.	None .....	.....	.....	\$8,000,000
Payment to the Foreign Service Retirement and Disability Fund.	None; mandatory item .....	.....	.....	\$41,700,000
Operating Expenses of the United States Agency for International Development.	1987 .....	\$387,000,000 .....	\$340,600,000 .....	\$630,000,000
Capital Investment Fund.	None .....	.....	.....	\$77,700,000
Operating Expenses of the United States Agency for International Development Inspector General.	1987 .....	\$21,750,000 .....	\$21,000,000 .....	\$36,000,000
Economic Support Fund	1987 .....	\$3,800,000,000 .....	\$3,555,000,000 .....	\$2,558,525,000
International Fund for Ireland.	1988 .....	\$35,000,000 .....	\$35,000,000 .....	\$13,500,000
Assistance for Eastern Europe and the Baltic States (See note below).	None .....	.....	.....	\$357,000,000
Assistance for the Independent States of the Former Soviet Union.	1993 .....	\$410,000,000 .....	\$417,000,000 .....	\$477,000,000
Inter-American Foundation.	1993 .....	\$31,000,000 .....	\$30,960,000 .....	\$19,500,000
African Development Foundation.	1987 .....	\$3,872,000 .....	\$6,500,000 .....	\$20,500,000
Peace Corps .....	2003 .....	\$365,000,000 .....	\$295,069,000 .....	\$325,000,000
Millennium Challenge Corporation.	2005 .....	Such sums as may be necessary.	\$1,488,000,000 .....	\$1,750,000,000
International Narcotics Control and Law Enforcement.	1994 .....	\$171,500,000 .....	\$100,000,000 .....	\$437,400,000
Andean Counterdrug Initiative.	None .....	.....	.....	\$734,500,000
Migration and Refugee Assistance.	2003 .....	\$820,000,000 .....	\$781,884,000 .....	\$790,720,000

	Last year authorized	Authorization level	Appropriations in last year of authorization	Appropriations in this bill
U.S. Emergency Refugee and Migration Assistance Fund (See note below).	1962 .....	Such amounts as may be necessary.	N/A .....	\$30,000,000
Nonproliferation, Anti-terrorism, demining and related programs (See note below).	None .....	.....	.....	\$400,350,000
International Affairs Technical Assistance.	1999 .....	\$5,000,000 .....	\$1,500,000 .....	\$20,000,000
Debt restructuring (See note below).	2001 .....	\$435,000,000 .....	\$448,000,000 (included up to \$435,000,000 for Heavily Indebted Poor Countries (HIPC) debt relief; additional sums for unauthorized bilateral debt relief).	\$65,000,000 (Note: section 578 includes additional authorization for HIPC debt relief, consistent with appropriations recommendation for this account)
International Military Education and Training.	2003 .....	\$85,000,000 .....	\$79,480,000 .....	\$86,744,000
Foreign Military Financing Program.	2003 .....	\$4,107,000,000 .....	\$6,104,632,000 .....	\$4,442,300,000
Peacekeeping operations.	1999 .....	\$83,000,000 .....	\$76,500,000 .....	\$177,800,000

**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. Microenterprise programs were reauthorized in 2004, covering the period through 2009.

**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.**—Funds for the United States Emergency Refugee and Migration Assistance Program (ERMA) are authorized in such amounts as may be necessary; however, appropriations which would result in a balance in the fund of more than \$100,000,000 are prohibited (22 U.S.C. 2601 (c)) absent a waiver of this provision of law.

**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.

**Note.**—The Tropical Forest Conservation Act of 1998 was reauthorized in 2004, including program authorization through 2007.

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 .....	20,270	20,080	20,270	25,065
Mandatory .....	42	42	42	42

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, in millions of dollars, associated with the budget authority provided in the accompanying bill:

Fiscal year 2006 .....	\$8,016
Fiscal year 2007 .....	6,548
Fiscal year 2008 .....	3,053
Fiscal year 2009 .....	1,340
Fiscal year 2010 and future years .....	1,176

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House 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.

FINANCIAL 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 financial 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 (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

**PUBLIC LAW 106–113**

AN ACT Making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes.

(H.R. 3425, as introduced on November 17, 1999 and enacted into law by section 1000(a)(5) of division B of Public Law 106–113)

\* \* \* \* \*

TITLE V—INTERNATIONAL DEBT RELIEF

**SEC. 501. ACTIONS TO PROVIDE BILATERAL DEBT RELIEF.**

(a) \* \* \*

(b) PROVISIONS OF LAW.—The provisions of law referred to in subsection (a) are the following:

(1) \* \* \*

\* \* \* \* \*

(5) *The Act of March 11, 1941 (Chapter 11; 55 Stat. 31; 22 U.S.C. 411 et seq.; commonly known as the “Lend-Lease Act”).*

\* \* \* \* \*

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:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE I - EXPORT AND INVESTMENT ASSISTANCE</b>					
<b>EXPORT-IMPORT BANK OF THE UNITED STATES</b>					
Subsidy appropriation.....	59,322	186,500	125,000	+65,678	-61,500
Administrative expenses.....	72,614	73,200	73,200	+586	---
Inspector General.....	---	1,000	---	---	-1,000
Negative subsidy.....	-33,000	-35,000	-35,000	-2,000	---
<b>Total, Export-Import Bank of the United States..</b>	<b>98,936</b>	<b>225,700</b>	<b>163,200</b>	<b>+64,264</b>	<b>-62,500</b>
<b>OVERSEAS PRIVATE INVESTMENT CORPORATION</b>					
Noncredit account:					
Administrative expenses.....	42,542	42,274	42,274	-268	---
Insurance fees and other offsetting collections...	-278,000	-240,000	-240,000	+38,000	---
Subsidy appropriation.....	23,808	20,276	20,276	-3,532	---
<b>Total, Overseas Private Investment Corporation..</b>	<b>-211,650</b>	<b>-177,450</b>	<b>-177,450</b>	<b>+34,200</b>	<b>---</b>
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
Trade and development agency.....	51,088	48,900	50,900	-188	+2,000
<b>Total, title I, Export and investment assistance</b>	<b>-61,626</b>	<b>97,150</b>	<b>36,650</b>	<b>+98,276</b>	<b>-60,500</b>

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>TITLE II - BILATERAL ECONOMIC ASSISTANCE</b>					
<b>FUNDS APPROPRIATED TO THE PRESIDENT</b>					
United States Agency for International Development					
Child survival and health programs fund.....	1,537,600	1,251,500	1,497,000	-40,600	+245,500
(Transfer out).....	(-6,000)	---	(-6,000)	---	(-6,000)
Development assistance.....	1,448,320	1,103,233	1,460,000	+11,680	+356,767
(Transfer out).....	(-21,000)	(-21,000)	(-21,000)	---	---
(Transfer out).....	(-24,000)	---	---	(+24,000)	---
International disaster assistance.....	367,040	655,500	356,000	-11,040	-299,500
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
International disaster and famine assistance (Emergency).....	17,856	---	---	-17,856	---
(By transfer emergency appropriations).....	---	---	---	---	---
(By transfer) (P.L. 108-106).....	---	---	---	---	---
Emergency supplemental (P.L. 108-324).....	100,000	---	---	-100,000	---
Emergency supplemental (P.L. 109-13).....	90,000	---	---	-90,000	---
Subtotal, Disaster assistance.....	574,896	655,500	356,000	-218,896	-299,500
Transition Initiatives.....	48,608	325,000	50,000	+1,392	-275,000
Development Credit Authority:					
(By transfer).....	(21,000)	(21,000)	(21,000)	---	---
Administrative expenses.....	7,936	8,000	8,000	+64	---
Subtotal, Development assistance.....	3,617,360	3,343,233	3,371,000	-246,360	+27,767

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Payment to the Foreign Service Retirement and Disability Fund.....	42,500	41,700	41,700	-800	---
Operating expenses of the U.S. Agency for International Development.....	613,056	680,735	630,000	+16,944	-50,735
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
(By transfer).....	(6,000)	---	(6,000)	---	(+6,000)
(By transfer).....	(24,000)	---	---	(-24,000)	---
Emergency supplemental (P.L. 108-106) (Transfer to U.S. AID Office of Inspector General).....	---	---	---	---	---
Emergency supplemental (P.L. 109-13).....	24,400	---	---	-24,400	---
Subtotal, USAID.....	637,456	680,735	630,000	-7,456	-50,735
Capital Investment Fund.....	58,528	77,700	77,700	+19,172	---
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
Subtotal, Capital investment fund.....	58,528	77,700	77,700	+19,172	---
Operating expenses of the U.S. Agency for Inter- national Development Office of Inspector General....	34,720	36,000	36,000	+1,280	---
Emergency supplemental (P.L. 108-106) (By transfer)	---	---	---	---	---
Emergency supplemental (P.L. 109-13).....	2,500	---	---	-2,500	---
Subtotal, Operating expenses.....	37,220	36,000	36,000	-1,220	---
Total, USAID.....	4,393,064	4,179,368	4,156,400	-236,664	-22,968

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Other Bilateral Economic Assistance					
Economic support fund:					
Israel.....	357,120	240,000	240,000	-117,120	---
Egypt.....	530,720	495,000	495,000	-35,720	---
Other.....	1,574,800	2,301,375	1,823,525	+248,725	-477,850
Economic support fund (P.L. 108-106).....	---	---	---	---	---
(By transfer emergency).....	---	---	---	---	---
(Transfer out).....	(-150,000)	---	---	(+150,000)	---
Emergency supplemental (P.L. 109-13).....	1,433,600	---	---	-1,433,600	---
Subtotal, Economic support fund.....	3,896,240	3,036,375	2,558,525	-1,337,715	-477,850
International Fund for Ireland.....					
Assistance for Eastern Europe and the Baltic States... ..	18,352	---	13,500	-4,852	+13,500
Assistance for the Independent States of the former Soviet Union.....	393,427	382,000	357,000	-36,427	-25,000
Emergency supplemental (P.L. 109-13).....	555,520	482,000	477,000	-78,520	-5,000
Tsunami Recovery and Reconstruction Fund: Emergency supplemental (P.L. 109-13).....	70,000	---	---	-70,000	---
(Transfer out emergency) (P.L. 109-13).....	656,000	---	---	-656,000	---
	(-48,500)	---	---	(+48,500)	---
Total, Other Bilateral Economic Assistance.....	5,589,539	3,900,375	3,406,025	-2,183,514	-494,350

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----					
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation.....	17,856	17,826	19,500	+1,644	+1,674
African Development Foundation					
Appropriation.....	18,848	18,850	20,500	+1,652	+1,650
Peace Corps					
Appropriation.....	317,440	345,000	325,000	+7,560	-20,000
(By transfer).....	---	---	---	---	---
Millennium Challenge Corporation					
Appropriation.....	1,488,000	3,000,000	1,750,000	+262,000	-1,250,000
Department of State					
Global HIV/AIDS initiative.....	1,373,920	1,970,000	1,920,000	+546,080	-50,000
(Transfer out).....	---	---	---	---	---
International narcotics control and law enforcement...	326,189	523,874	437,400	+111,211	-86,474
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
Emergency supplemental (P.L. 109-13).....	620,000	---	---	-620,000	---
Subtotal, Narcotics control.....	946,189	523,874	437,400	-508,789	-86,474

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Andean Counterdrug Initiative.....	725,152	734,500	734,500	+9,348	---
(By transfer).....	---	---	---	---	---
Migration and refugee assistance.....	763,840	892,770	790,720	+26,880	-102,050
Emergency supplemental (P.L. 109-13).....	120,400	---	---	-120,400	---
United States Emergency Refugee and Migration Assistance Fund.....	29,760	40,000	30,000	+240	-10,000
Nonproliferation, anti-terrorism, demining and related programs.....	398,784	440,100	400,350	+1,566	-39,750
(By transfer).....	---	---	---	---	---
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
Emergency supplemental (P.L. 109-13).....	24,600	---	---	-24,600	---
Subtotal, Nonproliferation.....	423,384	440,100	400,350	-23,034	-39,750
Conflict response fund.....	---	100,000	---	---	-100,000
Subtotal, Department of State.....	4,382,645	4,701,244	4,312,970	-69,675	-388,274
Department of the Treasury					
International Affairs Technical Assistance.....	18,848	20,000	20,000	+1,152	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Debt restructuring.....	99,200	99,750	65,000	-34,200	-34,750
Subtotal, Department of the Treasury.....	118,048	119,750	85,000	-33,048	-34,750
=====					
Total, title II, Bilateral economic assistance..	16,325,440	16,282,413	14,075,395	-2,250,045	-2,207,018
Appropriations.....	(13,166,084)	(16,282,413)	(14,075,395)	(+909,311)	(-2,207,018)
Emergency appropriations.....	(3,159,356)	---	---	(-3,159,356)	---
(By transfer).....	(51,000)	(21,000)	(27,000)	(-24,000)	(+6,000)
(By transfer emergency appropriations).....	---	---	---	---	---
(Transfer out).....	(-201,000)	(-21,000)	(-27,000)	(+174,000)	(-6,000)
(Transfer out emergency appropriations).....	(-48,500)	---	---	(+48,500)	---
=====					

TITLE III - MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

International Military Education and Training.....	89,012	86,744	86,744	-2,268	---
Foreign Military Financing Program:					
Grants:					
Israel.....	2,202,240	2,280,000	2,280,000	+77,760	---
Egypt.....	1,289,600	1,300,000	1,300,000	+10,400	---
Other.....	1,253,392	1,008,600	862,300	-391,092	-146,300

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Emergency supplemental (P.L. 108-106) (by transfer).....	(150,000)	---	---	(-150,000)	---
(Transfer out).....	---	---	---	---	---
Emergency supplemental (P.L. 109-13).....	250,000	---	---	-250,000	---
Subtotal, Grants.....	4,995,232	4,588,600	4,442,300	-552,932	-146,300
(Limitation on administrative expenses).....	(40,000)	(42,500)	(41,600)	(+1,600)	(-900)
Total, Foreign Military Financing.....	4,995,232	4,588,600	4,442,300	-552,932	-146,300
Peacekeeping operations.....	103,168	195,800	177,800	+74,632	-18,000
(Emergency appropriation).....	74,400	---	---	-74,400	---
Emergency supplemental (P.L. 108-106).....	---	---	---	---	---
Omnibus Appropriations (transfer from DoD) (P.L. 108-447) (Sec. 117).....	(79,360)	---	---	(-79,360)	---
Emergency supplemental (P.L. 109-13).....	240,000	---	---	-240,000	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Emergency supplemental (P.L. 109-13) (By transfer emergency).....	(50,000)	---	---	(-50,000)	---
Subtotal, Peacekeeping operations.....	417,568	195,800	177,800	-239,768	-18,000
=====					
Total, title III, Military assistance.....	5,501,812	4,871,144	4,706,844	-794,968	-164,300
Appropriations.....	(4,937,412)	(4,871,144)	(4,706,844)	(-230,568)	(-164,300)
Emergency appropriations.....	(564,400)	---	---	(-564,400)	---
(By transfer).....	(229,360)	---	---	(-229,360)	---
(Transfer out).....	---	---	---	---	---
(Limitation on administrative expenses).....	(40,000)	(42,500)	(41,600)	(+1,600)	(-900)
=====					

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.....

106,640	107,500	---	-106,640	-107,500
---------	---------	-----	----------	----------

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
-----					
Contribution to the International Development Association.....	843,200	950,000	950,000	+106,800	---
Contribution to Multilateral Investment Guarantee Agency.....	---	1,742	1,742	+1,742	---
(Limitation on callable capital subscriptions).....	---	(8,127)	(8,127)	(+8,127)	---
Total, World Bank Group.....	949,840	1,059,242	951,742	+1,902	-107,500
-----					
Contribution to the Inter-American Development Bank:					
Contribution to the Enterprise for the Americas Multilateral Investment Fund.....	10,912	1,742	1,742	-9,170	---
Inter-American Investment Corporation.....	---	1,742	1,742	+1,742	---
-----					
Contribution to the Asian Development Bank:					
Contribution to the Asian Development Fund.....	99,200	115,250	115,250	+16,050	---
Contribution to the African Development Bank:					
Paid-in capital.....	4,067	5,638	5,638	+1,571	---
(Limitation on callable capital subscriptions).....	---	(88,334)	(88,334)	(+88,334)	---
Contribution to the African Development Fund.....	105,152	135,700	135,700	+30,548	---
Total, African Development Bank.....	109,219	141,338	141,338	+32,119	---
-----					
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital.....	35,148	1,016	1,016	-34,132	---
(Limitation on callable capital subscriptions).....	(121,997)	(2,250)	(2,250)	(-119,747)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
Contribution to the International Fund for Agricultural Development.....	14,880	15,000	15,000	+120	---
Total, International Financial Institutions.....	1,219,199	1,335,330	1,227,830	+8,631	-107,500
International Organizations and Programs					
Appropriation.....	325,767	281,908	328,958	+3,191	+47,050
Total, title IV, Multilateral economic assistance.....	1,544,966	1,617,238	1,556,788	+11,822	-60,450
(Limitation on callable capital subscript)..	(121,997)	(98,711)	(98,711)	(-23,286)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE V - GENERAL PROVISIONS					
Expenditure transfer (Sec. 542).....	---	---	---	---	---
Emergency supplemental (P.L. 109-13) (rescission).....	-1,000,000	---	---	+1,000,000	---
Rescission.....	---	---	-64,000	-64,000	-64,000
Total, General Provisions.....	-1,000,000	---	-64,000	+936,000	-64,000
=====					
Grand total.....	22,310,592	22,867,945	20,311,677	-1,998,915	-2,556,268
Appropriations.....	(19,586,836)	(22,867,945)	(20,375,677)	(+788,841)	(-2,492,268)
Emergency appropriations.....	(3,723,756)	---	---	(-3,723,756)	---
Contingent emergency appropriations.....	---	---	---	---	---
(By transfer).....	(280,360)	(21,000)	(27,000)	(-253,360)	(+6,000)
(By transfer emergency appropriations).....	(50,000)	---	---	(-50,000)	---
(Transfer out).....	(-201,000)	(-21,000)	(-27,000)	(+174,000)	(-6,000)
(Transfer out emergency appropriations).....	(-48,500)	---	---	(+48,500)	---
(Limitation on administrative expenses).....	(40,000)	(42,500)	(41,600)	(+1,600)	(-900)
(Limitation on callable capital subscript).....	(121,997)	(98,711)	(98,711)	(+1,286)	---
(Emergency Supplementals).....	(3,725,256)	---	---	(-3,725,256)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
CONGRESSIONAL BUDGET RECAP					
Scorekeeping adjustments:					
Emergency appropriations.....	-3,725,256	---	---	+3,725,256	---
Contingent emergency appropriations.....	---	---	---	---	---
Adjustment to balance with CBO's ATB estimate.....	---	---	---	---	---
Total, adjustments.....	-3,725,256	---	---	+3,725,256	---
Total (including adjustments).....	15,861,580	22,867,945	20,375,677	+4,514,097	-2,492,268
Amounts in this bill.....	(19,586,836)	(22,867,945)	(20,375,677)	(-788,841)	(-2,492,268)
Scorekeeping adjustments.....	(-3,725,256)	---	---	(+3,725,256)	---
Prior year outlays.....	---	---	---	---	---
Total mandatory and discretionary.....	18,585,336	22,867,945	20,311,677	+1,726,341	-2,556,268
Mandatory.....	(42,500)	(41,700)	(41,700)	(-800)	---
Discretionary.....	(18,542,836)	(22,826,245)	(20,269,977)	(+1,727,141)	(-2,556,268)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
RECAP BY FUNCTION					
Mandatory.....	42,500	41,700	41,700	-800	---
Prior year outlays.....	---	---	---	---	---
Total, Mandatory.....	42,500	41,700	41,700	-800	---
Discretionary.....	18,542,836	22,826,245	20,269,977	+1,727,141	-2,556,268
Prior year outlays.....	---	---	---	---	---
Total, Discretionary.....	18,542,836	22,826,245	20,269,977	+1,727,141	-2,556,268
Grand total, Mandatory and Discretionary.....	18,585,336	22,867,945	20,311,677	+1,726,341	-2,556,268

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 2005  
AND BUDGET REQUESTS AND AMOUNTS RECOMMENDED IN THE BILL FOR 2006  
(Amounts in thousands)

	FY 2005 Enacted	FY 2006 Request	Bill	Bill vs. Enacted	Bill vs. Request
<b>DISCRETIONARY 302(b) ALLOCATION</b>					
302(b) allocation.....	19,386,000	---	20,270,000	+884,000	+20,270,000
Over/under allocation.....	-843,164	22,826,245	-23	+843,141	-22,826,268

There were no rollcall votes.

## ADDITIONAL VIEWS

The total amount recommended in the House Fiscal Year 2006 appropriations bill is \$20.27 billion, \$2.56 billion below the President's request for this fiscal year. While I believe that this bill reflects, for the most part, a bipartisan compromise on the distribution of resources, I feel that this allocation fails to meet our overall foreign policy and national security needs at a time when the world is facing greater instability due to disease, deprivation and conflict.

The world's attention is currently focused on meeting the Millennium Development Goals and on the upcoming G8 Summit, at which wealthy nations will announce new commitments to achieve development progress. At this time, when the United States should be playing a leading role in generating the international political will and resources to tackle the myriad of global challenges, we have been presented with a budget request and a budget resolution that allow for no substantial new commitments of resources. I am deeply disappointed that we will miss this tremendous opportunity.

I am pleased that the bill at least maintains last year's levels for Child Survival and Health programs and Development Assistance programs, and provides increased funding for HIV/AIDS assistance, Basic Education and the Millennium Challenge Account over the Fiscal Year 2005 enacted levels.

In light of the continuing emergency on the African continent and the fast spread of HIV/AIDS in many parts of Asia, Eastern Europe and Latin America, I wish we could have devoted greater resources toward combating this deadly disease, particularly through the Global Fund. However, I note that this bill allocates \$400 million for the Global Fund, double the amount requested by the Administration.

While the bill cuts \$1.25 billion from the President's request for the Millennium Challenge Corporation, the program receives a total of \$1.75 billion in FY2006, an increase of \$250 million over the FY2005 enacted level. I continue to be concerned both by the slow progress of the MCC in approving and funding programs and by the fact that the President continues to request increases for this Presidential initiative while cutting funding for core development programs.

I am also concerned that the bill provides no funding for the Global Environmental Facility (GEF). The GEF is the largest single funder of projects to improve the global environment, and every dollar invested by the U.S. in the GEF leverages \$14 from other sources.

I understand that the Chairman has proposed this cut due to concerns that the GEF has not implemented a performance-based allocation system. While I support the Chairman's desire to spur management reforms at the GEF, I believe withholding our funding for the GEF is the wrong way to accomplish this.

While we have conditioned all assistance to the GEF on the completion of specific reforms, we have removed conditionality currently in law on U.S. military assistance to Indonesia. For the first time since Indonesian military-backed militias laid waste to East Timor in the wake of its August, 1999 independence referendum, we will provide FMF to Indonesia free of any conditions. And, despite the Guatemalan government's noncompliance with military reforms stipulated in the Peace Accords, we have removed IMET restrictions on that country as well.

I also regret that the bill does not fully fund the President's requests for refugees and peacekeeping and reduces funding for the International Fund for Ireland from FY2005 levels. I do note, however, that additional funds for refugees and peacekeeping were included in the FY2005 Emergency Supplemental Appropriations bill.

I am pleased that that this bill does restore funding for reproductive health programs which were cut in the President's request. It increases bilateral family planning assistance to \$432 million, the FY2005 House-passed level, and earmarks an additional \$25 million in International Organizations and Programs funds for the United Nations Population Fund (UNFPA.) The bill further specifies that any funds for UNFPA that cannot be spent should be transferred to USAID specifically for bilateral family planning programs—a provision that was carried in the FY2005 bill as well.

This bill also provides a total of \$465 million for basic education, \$65 million more than the FY05 level, including \$15 million for a pilot program to eliminate school fees. It also requires a GAO study on our education programs to ensure we maximize the effectiveness of our aid dollars.

Importantly, Israel's annual economic and military aid package is fully funded in this bill, including early disbursement of these funds within 30 days of the bill's passage. The bill includes language carried in previous years placing conditions on U.S. support for any future Palestinian state. This year, the bill includes an additional provision requiring a GAO audit of the FY06 West Bank and Gaza program, as well as a project-by-project plan from the State Department on how these funds are being spent. It also extends a requirement from the FY05 Supplemental for regular reports on Palestinian progress toward reforming security services, ending violence and incitement, and other key steps toward peace. These provisions will help ensure that U.S. assistance is properly monitored and is achieving the intended results.

An amendment offered by Ranking Member Obey and adopted during full Committee consideration of the bill will focus greater attention on democracy and education programs in Egypt. This provision, which earmarks \$50 million for democracy, governance, rule of law and human rights programs and \$50 million to improve access to primary and higher education, promote academic freedom and expand educational exchange programs, is intended to strengthen Egyptian civil society, enhance political participation, and spur democratic reforms. While the provision does not specify from where this additional funding should be drawn within overall economic assistance to Egypt, I urge that it be offset from cash transfer assistance and not from other project assistance.

I am also pleased that the bill and report carry a number of provisions aimed at increasing the U.S. commitment to fighting gender-based violence around the world, including in areas with high HIV infection rates and in areas undergoing conflict and civil strife. I thank the Chairman for including a provision in the bill requiring that police, judicial, and military training programs funded in the bill develop training curricula on how to prevent and deal with victims of gender-based violence. I also note that the bill increases funding for UNIFEM and the UNIFEM Trust Fund for a total of \$5 million.

I commend the Chairman of the Subcommittee on Foreign Operations for working with me to put together a bipartisan bill within an unfortunately tight budget.

NITA M. LOWEY.

