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## Appropriations Policy Brief

### H.R. 5522—Foreign Operations Appropriations Act for FY 2007

#### BY THE NUMBERS:

*In Millions of Dollars*

	FY06	FY07 Bush Request	FY07 Committee	Cmte v. Request	Cmte v. FY06
Appropriations	20,672	23,687	21,299	-2,388	+627
<i>Emergency Approps</i>	<i>132</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-132</i>
<b>TOTAL</b>	<b>20,804</b>	<b>23,687</b>	<b>21,299</b>	<b>-2,388</b>	<b>+495</b>

**Excluding Emergency Appropriations, the Committee Bill is:**

- **\$627 million (3%) more than last year**
- **\$2.4 billion (10%) less than the request**

**Budget Compliance:** According to CBO, the bill is within the 302(b) allocation of the Foreign Operations Appropriations Subcommittee and thus complies with the Budget Act.

**Unauthorized Appropriations:** According to the Committee report, the bill appropriates roughly \$17.5 billion for unauthorized appropriations, a significant portion of the entire bill. The Rules of the House prohibit this practice, but the rule governing consideration of the bill waives this restriction.

## Comparison to the RSC Budget

**Overview:** The RSC budget provided \$829 billion in discretionary spending for FY 2007, compared to the \$873 billion allotted in the House-passed resolution (H.Con.Res. 376). While the RSC budget did not apportion this discretionary spending level by subcommittee—the 302(b) allocation process—it did call for many program reductions within the jurisdiction of the Foreign Operations Appropriations Subcommittee. Below are the highlights:

**International Development Association (IDA), Multilateral Development Banks, and the Global Environment Facility.** IDA, an affiliate of the World Bank, is supposed to make low-interest loans to the world's poorest nations. The Multilateral Development Banks (MDBs), including the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the European Bank for Reconstruction and Development, finance development projects in less developed countries. Under the RSC budget, the U.S. would continue to be a member and stockholder in the banks but would stop supplying new capital. The Global Environment Facility, which provides technical assistance and funding for projects to protect the global environment, would also be eliminated in the RSC budget. H.R. 5522 provides \$1.3 billion for such international financial institutions, an increase of \$26 million over last year.

**International Export/Investment Agencies.** OPIC is a government corporation that provides financing and political risk insurance to U.S. companies investing in developing regions, a function that can be performed through the private sector. The Export-Import Bank promotes U.S. exports by providing subsidized financing to foreign buyers of U.S. goods. The bank makes loans set at below-market rates and guarantees private lending without receiving full compensation for the contingent liabilities. Likewise, the U.S. Trade and Development Agency (TDA) provides grants for feasibility studies for major development projects in the developing world. The RSC Budget eliminates these three agencies. H.R. 5522 provides \$65.5 million for OPIC, \$50.3 million for the U.S. Trade and Development Agency, and \$57.6 million for the Export-Import Bank.

**Development and Humanitarian Assistance.** The Agency for International Development (USAID) administers development-related projects and provides technical advice to roughly 100 countries. In many cases, these programs have been wasteful and ineffective. According to the Heritage Foundation, over the past 45 years, the U.S. has spent roughly \$1.5 trillion "with few development success stories—none clearly attributable to provision of development assistance." The RSC Budget eliminates USAID funding. H.R. 5522 provides \$4.1 billion for USAID, which is \$302.8 million less than FY06.

**Millennium Challenge Account.** The Millennium Challenge Account (MCA), President Bush's initiative to restructure foreign aid to reward and therefore provide incentives to countries taking steps towards economic independence has been added on top of, *instead of replacing*, the USAID budget. The RSC Budget eliminated funding for this program. H.R. 5522 provides \$2.0 billion for MCA, \$247 million above last year and \$1.0 billion below the request.

**Economic Assistance to Egypt.** Since 1979, Congress has provided foreign aid to Egypt, as many other nations do. However, Egypt has been unable to spend all of our funds and delayed internal reforms needed to foster self-sustaining growth. Despite being the second largest recipient of U.S. foreign assistance, Egypt's democratic development has been extremely limited and its human rights record remains poor, according to the Department of State's Country Reports on Human Rights Practices for 2004. Egyptian authorities continue to mistreat and torture prisoners, arbitrarily arrest and detain persons, hold detainees in prolonged pretrial detention, and occasionally engage in mass arrests without charge. For instance, according to recent press reports, the runner-up in the last presidential contest, Ayman Nour, was placed behind bars on spurious charges, and in December, 27 Sudanese refugees (including infants and grandparents) were beaten by a Cairo police squad. In addition, according to Freedom in the World 2005, "corruption in Egypt is a serious problem," discrediting claims that such U.S. aid is being spent as intended. The RSC Budget would reduce funding for the Economic Support Fund

by eliminating such assistance to Egypt (funding through the separate Foreign Military Financing Program would continue). H.R. 5522 provides \$455 million in Economic Support Fund assistance to Egypt, which is \$35 million less than FY 2006.

## **Items of Note:**

**Global AIDS, Tuberculosis, and Malaria Funding:** Includes \$3.6 billion to combat international HIV/AIDS, including \$2.8 billion for the State Department's Global HIV/AIDS Initiative and \$838 million for USAID. Such funding levels exceed last year's level by \$821 million.

**Export-Import Bank:** Provides \$57.6 million, a *decrease* of \$54.8 million, for the Export-Import Bank. In the past, some conservatives have expressed concern that the Bank subsidizes corporations that export to other countries. For instance, in FY 2000, Boeing, General Electric, and United Technologies were among the top beneficiaries of the Bank.

**Economic Support Fund:** Contains \$2.7 billion for global economic support, including \$120 million for Israel, \$455 million for Egypt, \$250.5 million for Jordan, \$135 million for Columbia, \$35.5 million for Lebanon, and \$15 million for Cyprus.

**Russian Assistance to Iran:** Withholds 60% of the funds allocated for the Government of the Russian Federation until the President certifies that they terminated any arrangements to provide nuclear assistance to Iran and are providing access to humanitarian relief for Chechen refugees.

**Trade Capacity Enhancement Fund:** Provides \$522 million "to assist a country in efforts to qualify for, implement and benefit from free trade agreements with the United States."

**Foreign Military Financing:** Contains \$4.5 billion for foreign military financing, including \$2.3 billion for Israel (an increase of \$83 million) and \$1.3 billion for Egypt (an increase of \$13 million). Such funding levels for Israel and Egypt fully meet the President's request. The bill bars such funding for Sudan and Guatemala.

**Magen David Adom and the Red Cross:** Retains language that withholds the annual contribution to the International Committee of the Red Cross if the Magen David Adom Society of Israel is denied participation. Although a reevaluation is set for later this year, the Society is still being denied participation because it refuses to use the Red Cross emblem instead of the Red Shield of David. According to the Committee Report: "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." For more information about the Magen David Adom Society, which performs emergency medical services in Israel, please see: <http://www.magendavidadom.org/aboutus.asp>

**Pro-Life Provisions:** Maintains the Kemp-Kasten language that allows the President to take funding away from any group that supports a coercive population control program; maintains the Tiahrt language to require family planning be voluntary; maintains the ban on foreign aid funding for abortion; and maintains the ban on using Peace Corps funds for abortion.

**UNFPA Funding:** Provides \$34 million for the United Nations Population Fund (UNPFA), provided that the UNFPA does not fund abortions and that the U.S. contribution is not spent in China. **Note:** Since FY02, the Bush Administration has determined that “UNFPA’s support of, and involvement in, China’s population-planning activities allows the Chinese government to implement more effectively its program of coercive abortion” (Source: Secretary Powell, July 21, 2002). This determination has triggered the Kemp-Kasten statutory language and thus UNFPA has not received any U.S. taxpayer funds in the past few years, despite the fact that the appropriations committee continues to earmark funds for the organization. Because UNFPA refuses to stop its collusion with the enforcers of China’s brutal one-child policy, it is expected the FY06 funds allocated in this bill would again be frozen.

**Funding Commodities in Surplus:** Restricts funding for expanding production of any commodity for export by a country other than the U.S., if the commodity is likely to be in surplus on the world market and if such assistance will injure U.S. producers.

**Relocation of U.S. Businesses and Workers Rights:** Prohibits funds from being used to provide an incentive for U.S. businesses to relocate outside the U.S. if such a relocation will reduce employment in the U.S. In addition, funding is prohibited for any activity that contributes to a violation of internationally recognized worker rights.

**Prohibition On Assistance to Governments That Support Terrorism:** Prohibits assistance to countries that support international terrorism, including Cuba, Libya, North Korea, Iran and Syria, and countries that export lethal military equipment to such countries.

**Middle East Foundation:** Provides \$35 million to establish and operate a Middle East Foundation to support democracy, governance, human rights, the rule of law, and private enterprise. The Foundation must secure funding from sources other than the U.S. as well.

**Assistance to the PLO:** Contains several specific restrictions on providing assistance to the PLO (See Sections 544, 547, 550, and 558).

**Palestinian State:** Prohibits funding to support a Palestinian State unless certain conditions are met (See Section 555). The President is allowed to waive this prohibition if it is vital to national security.

**Reconciliation Programs:** Provides \$15 million for reconciliation programs that bring together individuals of different ethnic, religious, and political backgrounds from areas experiencing civil war.

**New USAID Trade Office:** Creates a new office of Trade Capacity Enhancement at USAID to coordinate all the government-wide trade capacity building efforts of the U.S. government.

**Debt Relief for the Poorest Countries:** Authorizes the reduction of debt owed to the U.S. by the poorest countries so long as appropriations have been made in advance (and such a debt forgiveness would not be considered as “assistance” if there is a law limiting assistance to such a country).

## Earmarks:

- \$5 million for water infrastructure and clean water projects in the south of Lebanon
- \$4 million to preserve cultural traditions, promote development, and preserve the environment in Tibet and an additional \$250,000 for National Endowment for Democracy efforts in Tibet
- \$200,000 for southern Africa to protect the wild cheetah population
- \$500,000 for the Peregrine Fund's worth through the International Raptor Program (for protecting birds of prey worldwide)
- \$7 million for the Parks in Peril program
- Directs USAID to "actively consider proposals" submitted by a number of colleges and universities. For a list, see pages 22-24 of the Committee Report
- \$5 million for the African Housing and Infrastructure Facility
- \$3 million for a new USAID Guatemala mission

## Funding Summaries:

*In Thousands*

	FY 2006 Enacted	FY 2007 Request	FY 2007 Cmte	Cmte Vs. FY 2006	Cmte Vs. Request	Cmte Vs. FY 2006	Cmte Vs. Request
Export-Import Bank.....	112,458	57,604	57,604	-54,854	0	-48.78%	0.00%
OPIC Subsidy Appropriation.....	20,073	20,035	20,035	-38	0	-0.19%	0.00%
OPIC Admin Expenses.....	41,851	45,453	45,453	3,602	0	8.61%	0.00%
Trade & Development Agency.....	50,391	50,300	50,300	-91	0	-0.18%	0.00%
USAID.....	4,388,650	4,014,526	4,085,813	-302,837	71,287	-6.90%	1.78%
<i>Child Survival</i> .....	1,569,150	1,433,000	1,565,613	-3,537	132,613	-0.23%	9.25%
<i>Development Assistance</i> .....	1,508,760	1,282,000	1,294,000	-214,760	12,000	-14.23%	0.94%
<i>Int'l Disaster Assistance</i> .....	361,350	348,800	348,000	-13,350	-800	-3.69%	-0.23%
<i>AID Operating Expenses</i> .....	623,700	678,826	646,000	22,300	-32,826	3.58%	-4.84%
Economic Support Fund.....	2,607,660	3,214,470	2,650,740	43,080	-563,730	1.65%	-17.54%
Economic Assistance to Israel.....	237,600	120,000	120,000	-117,600	0	-49.49%	0.00%
Economic Assistance to Egypt.....	490,050	455,000	455,000	-35,050	0	-7.15%	0.00%
Int'l Fund for Ireland.....	13,365	0	10,800	-2,565	10,800	-19.19%	
Assistance for Eastern Europe.....	357,390	273,900	227,900	-129,490	-46,000	-36.23%	-16.79%
Assistance to the Former Soviet Union.....	508,860	441,000	371,280	-137,580	-69,720	-27.04%	-15.81%
Inter-American Foundation.....	19,305	19,268	19,268	-37	0	-0.19%	0.00%
African Development Foundation.....	22,770	22,726	22,726	-44	0	-0.19%	0.00%
Peace Corps.....	318,780	336,700	324,587	5,807	-12,113	1.82%	-3.60%
Millennium Challenge Corporation.....	1,752,300	3,000,000	2,000,000	247,700	1,000,000	14.14%	-33.33%
Global HIV/AIDS Initiative.....	1,975,050	2,894,000	2,772,500	797,450	-121,500	40.38%	-4.20%
Int'l Narcotics Control & Law Enforcement.....	472,428	795,490	703,600	231,172	-91,890	48.93%	-11.55%
Andean Counterdrug Initiative.....	727,155	721,500	506,850	-220,305	-214,650	-30.30%	-29.75%
Migration & Refugee Assistance.....	783,090	832,900	750,206	-32,884	-82,694	-4.20%	-9.93%
Emergency Refugee & Migration Assistance Fund.....	29,700	55,000	30,000	300	-25,000	1.01%	-45.45%
Nonproliferation, anti-terrorism, demining.....	405,999	449,430	425,010	19,011	-24,420	4.68%	-5.43%

Conflict Response Fund.....	0	75,000	0	0	-75,000		-100.00%
International Technical Assistance (DOT).....	19,800	23,700	23,700	3,900	0	19.70%	0.00%
Debt Restructuring.....	64,350	182,799	20,000	-44,350	-162,799	-68.92%	-89.06%
Int'l Military Education & Training.....	85,877	88,900	88,000	2,123	-900	2.47%	-1.01%
Foreign Military Financing.....	4,455,000	4,550,900	4,454,900	-100	-96,000	0.00%	-2.11%
<i>Military Assistance to Israel</i> .....	<i>2,257,200</i>	<i>2,340,000</i>	<i>2,340,000</i>	82,800	0	3.67%	0.00%
<i>Military Assistance to Egypt</i> .....	<i>1,287,000</i>	<i>1,300,000</i>	<i>1,300,000</i>	13,000	0	1.01%	0.00%
Peacekeeping Operations.....	173,250	200,500	170,000	-3,250	-30,500	-1.88%	-15.21%
Contribution to the Global Environmental Facility.....	79,200	56,250	56,250	-22,950	0	-28.98%	0.00%
Contribution to the Int'l Development Assoc.....	940,500	950,000	950,000	9,500	0	1.01%	0.00%
Contribution to the Multilateral Invest. Guarantee.....	1,287	0	0	-1,287	0		
Contribution to Inter-American Development Bank...	3,450	25,000	23,000	19,550	-2,000	566.67%	-8.00%
Contribution to the Asian Development Bank.....	99,000	139,000	115,250	16,250	-23,750	16.41%	-17.09%
Contribution to the African Development Bank.....	137,945	140,718	140,718	2,773	0	2.01%	0.00%
Contribution to the European Bank for Reconstruct...	1,006	0	0	-1,006	0	-100.00%	
Contribution to the Int'l Fund for Agriculture.....	14,850	18,000	18,000	3,150	0	21.21%	0.00%
Int'l Organizations and Programs.....	326,163	289,000	327,570	1,407	38,570	0.43%	13.35%