

105TH CONGRESS
1ST SESSION

H. R. 1759

To reform foreign assistance programs and to authorize appropriations for foreign assistance programs for fiscal years 1998 and 1999, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1997

Mr. GILMAN introduced the following bill; which was referred to the
Committee on International Relations

A BILL

To reform foreign assistance programs and to authorize appropriations for foreign assistance programs for fiscal years 1998 and 1999, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL PROVISIONS**

4 **SEC. 101. SHORT TITLE AND TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Foreign Assistance Reform Act of 1997”.

- 1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

TITLE I—GENERAL PROVISIONS

- Sec. 101. Short title and table of contents.
 Sec. 102. Declaration of policy.

TITLE II—CONSOLIDATION OF CERTAIN INTERNATIONAL AFFAIRS AGENCIES

CHAPTER 1—GENERAL PROVISIONS

- Sec. 201. Short title
 Sec. 202. Definitions.

CHAPTER 2—UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

SUBCHAPTER A—ABOLITION OF UNITED STATES INTERNATIONAL DEVELOP- MENT COOPERATION AGENCY AND TRANSFER OF FUNCTIONS TO UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

- Sec. 211. Abolition of United States International Development Cooperation
Agency.
 Sec. 212. Transfer of functions to United States Agency for International De-
velopment.
 Sec. 213. Transition provisions.

SUBCHAPTER B—CONTINUATION OF UNITED STATES AGENCY FOR INTER- NATIONAL DEVELOPMENT AND PLACEMENT OF ADMINISTRATOR OF AGENCY UNDER THE DIRECTION OF THE SECRETARY OF STATE

- Sec. 221. Continuation of United States Agency for International Development
and placement of Administrator of Agency under the direction
of the Secretary of State.

SUBCHAPTER C—CONFORMING AMENDMENTS

- Sec. 231. Conforming amendments.
 Sec. 232. Other references.
 Sec. 233. Effective date.

TITLE III—FOREIGN ASSISTANCE REFORM

- Sec. 301. Graduation from development assistance.
 Sec. 302. Limitation on government-to-government assistance.
 Sec. 303. Micro- and small enterprise development credits.
 Sec. 304. Microenterprise development grant assistance.
 Sec. 305. Private sector enterprise funds.
 Sec. 306. Development credit authority.
 Sec. 307. Foreign government parking fines.
 Sec. 308. Withholding United States assistance to countries that aid the Gov-
ernment of Cuba.

TITLE IV—DEFENSE AND SECURITY ASSISTANCE

CHAPTER 1—NARCOTICS CONTROL ASSISTANCE

- Sec. 401. Definition.
- Sec. 402. Authorization of appropriations.
- Sec. 403. Authority to withhold bilateral assistance and oppose multilateral development assistance for major illicit drug producing countries, drug-transit countries, and money laundering countries.

CHAPTER 2—NONPROLIFERATION, ANTITERRORISM, DEMINING, AND RELATED PROGRAMS

- Sec. 411. Nonproliferation, antiterrorism, demining, and related programs.

CHAPTER 3—FOREIGN MILITARY FINANCING PROGRAM

- Sec. 421. Authorization of appropriations.
- Sec. 422. Assistance for Israel.
- Sec. 423. Assistance for Egypt.
- Sec. 424. Authorization of assistance to facilitate transition to NATO membership under NATO Participation Act of 1994.
- Sec. 425. Loans for Greece and Turkey.
- Sec. 426. Limitations on loans.
- Sec. 427. Administrative expenses.

CHAPTER 4—INTERNATIONAL MILITARY EDUCATION AND TRAINING

- Sec. 431. Authorization of appropriations.
- Sec. 432. IMET eligibility for Panama and Haiti.

CHAPTER 5—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES

- Sec. 441. Authority to transfer naval vessels.
- Sec. 442. Costs of transfers.
- Sec. 443. Expiration of authority.
- Sec. 444. Repair and refurbishment of vessels in United States shipyards.

CHAPTER 6—INDONESIA MILITARY ASSISTANCE ACCOUNTABILITY ACT

- Sec. 451. Short title.
- Sec. 452. Findings.
- Sec. 453. Limitation on military assistance to the Government of Indonesia.
- Sec. 454. United States military assistance and arms transfers defined.

CHAPTER 7—OTHER PROVISIONS

- Sec. 461. Excess defense articles for certain European countries.
- Sec. 462. Transfer of certain obsolete or surplus defense articles in the war reserve allies stockpile to the Republic of Korea.
- Sec. 463. Additional requirements relating to stockpiling of defense articles for foreign countries.
- Sec. 464. Delivery of drawdown by commercial transportation services.
- Sec. 465. Cash Flow Financing Notification.
- Sec. 466. Multinational arms sales code of conduct.

TITLE V—ECONOMIC ASSISTANCE

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- Sec. 501. Economic support fund.
- Sec. 502. Assistance for Israel.

- Sec. 503. Assistance for Egypt.
- Sec. 504. International Fund for Ireland.
- Sec. 505. Assistance for training of civilian personnel of the Ministry of Defense of the Government of Nicaragua.
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CHAPTER 2—DEVELOPMENT ASSISTANCE

SUBCHAPTER A—DEVELOPMENT ASSISTANCE AUTHORITIES

- Sec. 511. Authorization of appropriations.
- Sec. 512. Child survival activities.
- Sec. 513. Requirement on assistance for Russian Federation.
- Sec. 514. Humanitarian assistance for Armenia and Azerbaijan.
- Sec. 515. Agricultural development and research assistance.
- Sec. 516. Activities and programs in Latin America and the Caribbean region and the Asia and the Pacific region.
- Sec. 517. Support for agricultural development assistance.

SUBCHAPTER B—OPERATING EXPENSES

- Sec. 521. Operating expenses generally.
- Sec. 522. Operating expenses of the Office of the Inspector General.

CHAPTER 3—URBAN AND ENVIRONMENTAL CREDIT PROGRAM

- Sec. 531. Urban and environmental credit program.

CHAPTER 4—THE PEACE CORPS

- Sec. 541. Authorization of appropriations.
- Sec. 542. Activities of the Peace Corps in the former Soviet Union and Mongolia.
- Sec. 543. Amendments to the Peace Corps Act.

CHAPTER 5—INTERNATIONAL DISASTER ASSISTANCE

- Sec. 551. Authority to provide reconstruction assistance.
- Sec. 552. Authorizations of appropriations.

CHAPTER 6—DEBT RELIEF

- Sec. 561. Debt restructuring for foreign assistance.
- Sec. 562. Debt buybacks or sales for debt swaps.

CHAPTER 7—OTHER ASSISTANCE PROVISIONS

- Sec. 571. Exemption from restrictions on assistance through nongovernmental organizations.
- Sec. 572. Funding requirements relating to United States private and voluntary organizations.
- Sec. 573. Documentation requested of private and voluntary organizations.
- Sec. 574. Encouragement of free enterprise and private participation.
- Sec. 575. Sense of the Congress relating to United States cooperatives and credit unions.
- Sec. 576. Food assistance to the Democratic People's Republic of Korea.

Sec. 577. Withholding of assistance to countries that provide nuclear fuel to Cuba.

TITLE VI—TRADE AND DEVELOPMENT AGENCY

Sec. 601. Authorization of appropriations.

TITLE VII—SPECIAL AUTHORITIES AND OTHER PROVISIONS

CHAPTER 1—SPECIAL AUTHORITIES

Sec. 701. Enhanced transfer authority.
 Sec. 702. Authority to meet unanticipated contingencies.
 Sec. 703. Special waiver authority.
 Sec. 704. Termination of assistance.
 Sec. 705. Local assistance to human rights groups in Cuba.

CHAPTER 2—REPEALS

Sec. 711. Repeal of obsolete provisions.

TITLE VIII—FUNDING LEVELS

Sec. 801. Authorization of appropriations for certain programs.

1 **SEC. 102. DECLARATION OF POLICY.**

2 The Congress declares the following:

3 (1) United States leadership overseas must be
 4 maintained to support America's vital national secu-
 5 rity, economic, and humanitarian overseas interests.

6 (2) As part of this leadership, United States
 7 foreign assistance programs are essential to support
 8 America's overseas interests.

9 (3) Following the end of the Cold War, foreign
 10 assistance programs must be reformed to take ad-
 11 vantage of the opportunities for the United States in
 12 the 21st century.

1 **TITLE II—CONSOLIDATION OF**
2 **CERTAIN INTERNATIONAL AF-**
3 **FAIRS AGENCIES**

4 **CHAPTER 1—GENERAL PROVISIONS**

5 **SEC. 201. SHORT TITLE.**

6 This title may be cited as the “International Affairs
7 Agency Consolidation Act of 1997”.

8 **SEC. 202. DEFINITIONS.**

9 The following terms have the following meanings for
10 the purposes of this title:

11 (1) The term “USAID” means the United
12 States Agency for International Development.

13 (2) The term “Federal agency” has the mean-
14 ing given to the term “agency” by section 551(1) of
15 title 5, United States Code.

16 (3) The term “function” means any duty, obli-
17 gation, power, authority, responsibility, right, privi-
18 lege, activity, or program.

1 CHAPTER 2—UNITED STATES INTER-
2 NATIONAL DEVELOPMENT COOPERA-
3 TION AGENCY

4 Subchapter A—Abolition of United States
5 International Development Cooperation
6 Agency and Transfer of Functions to
7 United States Agency for International
8 Development

9 SEC. 211. ABOLITION OF UNITED STATES INTERNATIONAL
10 DEVELOPMENT COOPERATION AGENCY.

11 (a) IN GENERAL.—The United States International
12 Development Cooperation Agency is hereby abolished.

13 (b) CONFORMING AMENDMENTS.—The following
14 shall cease to be effective:

15 (1) Reorganization Plan Numbered 2 of 1979
16 (5 U.S.C. App.).

17 (2) Sections 1–101 through 1–103, sections 1–
18 401 through 1–403, and such other provisions that
19 relate to the United States International Develop-
20 ment Cooperation Agency or the Director of such
21 Agency, of Executive Order 12163 (22 U.S.C. 2381
22 note; relating to administration of foreign assistance
23 and related functions).

24 (3) The International Development Cooperation
25 Agency Delegation of Authority Numbered 1 (44

1 Fed. Reg. 57521), except for section 1–6 of such
 2 Delegation of Authority.

3 (4) Section 3 of Executive Order 12884 (58
 4 Fed. Reg. 64099; relating to the delegation of func-
 5 tions under the Freedom for Russia and Emerging
 6 Eurasian Democracies and Open Markets Support
 7 Act of 1992, the Foreign Assistance Act of 1961,
 8 the Foreign Operations, Export Financing and Re-
 9 lated Programs Appropriations Act, 1993, and sec-
 10 tion 301 of title 3, United States Code).

11 (c) EFFECTIVE DATE.—This section shall take effect
 12 6 months after the date of the enactment of this Act.

13 **SEC. 212. TRANSFER OF FUNCTIONS TO UNITED STATES**
 14 **AGENCY FOR INTERNATIONAL DEVELOP-**
 15 **MENT.**

16 (a) IN GENERAL.—There are transferred to the Ad-
 17 ministrator of the United States Agency for International
 18 Development all functions of the Director of United States
 19 International Development Cooperation Agency and all
 20 functions of such Agency and any officer or component
 21 of such agency under any statute, reorganization plan, Ex-
 22 ecutive order, or other provision of law before the effective
 23 date of this title.

24 (b) EFFECTIVE DATE.—This section shall take effect
 25 6 months after the date of the enactment of this Act.

1 **SEC. 213. TRANSITION PROVISIONS.**

2 (a) TRANSFER OF PERSONNEL, PROPERTY,
3 RECORDS, AND UNEXPENDED BALANCES.—

4 (1) PERSONNEL, PROPERTY, AND RECORDS.—

5 So much of the personnel, property, and records of
6 the United States International Development Co-
7 operation Agency as the Director of the Office of
8 Management and Budget shall determine shall be
9 transferred to the United States Agency for Inter-
10 national Development at such time or times as the
11 Director of the Office of Management and Budget
12 shall provide.

13 (2) UNEXPENDED BALANCES.—To the extent
14 provided in advance in appropriations Acts, so much
15 of the unexpended balances of appropriations, alloca-
16 tions, and other funds employed, used, held, avail-
17 able, or to be made available to the United States
18 International Development Cooperation Agency as
19 the Director of the Office of Management and Budg-
20 et shall determine shall be transferred to the United
21 States Agency for International Development at
22 such time or times as the Director of Office of Man-
23 agement and Budget shall provide, except that no
24 such unexpended balances transferred shall be used
25 for purposes other than those for which the appro-
26 priation was originally made.

1 (b) TERMINATING AGENCY AFFAIRS.—The Director
 2 of the Office of Management and Budget shall provide for
 3 terminating the affairs of the United States International
 4 Development Cooperation Agency and for such further
 5 measures and dispositions as such Director deems nec-
 6 essary to accomplish the purposes of this subchapter.

7 **Subchapter B—Continuation of United States**
 8 **Agency for International Development**
 9 **and Placement of Administrator of Agen-**
 10 **cy under the Direction of the Secretary of**
 11 **State**

12 **SEC. 221. CONTINUATION OF UNITED STATES AGENCY FOR**
 13 **INTERNATIONAL DEVELOPMENT AND PLACE-**
 14 **MENT OF ADMINISTRATOR OF AGENCY**
 15 **UNDER THE DIRECTION OF THE SECRETARY**
 16 **OF STATE.**

17 (a) CONTINUATION OF USAID AS FEDERAL AGEN-
 18 CY.—The United States Agency for International Develop-
 19 ment, established in the Department of State pursuant to
 20 the State Department Delegation of Authority Numbered
 21 104 (26 Fed. Reg. 10608) and subsequently transferred
 22 to the United States International Development Coopera-
 23 tion Agency pursuant to the International Development
 24 Cooperation Agency Delegation of Authority Numbered 1

1 (44 Fed. Reg. 57521), shall be continued in existence as
2 a Federal agency of the United States.

3 (b) PLACEMENT OF ADMINISTRATOR OF USAID
4 UNDER DIRECTION OF SECRETARY OF STATE.—

5 (1) IN GENERAL.—The Administrator of the
6 United States Agency for International Develop-
7 ment, appointed pursuant to section 624(a) of the
8 Foreign Assistance Act of 1961 (22 U.S.C.
9 2384(a))—

10 (A) shall continue to head such Agency;
11 and

12 (B) shall be under the direction of the Sec-
13 retary of State.

14 (2) OTHER REQUIREMENTS.—Except to the ex-
15 tent inconsistent with other provisions of this Act,
16 the Administrator—

17 (A) shall continue to exercise all functions
18 that the Administrator exercised before the ef-
19 fective date of this Act; and

20 (B) shall exercise all functions transferred
21 to the Administrator pursuant to section 212.

22 (c) OTHER OFFICERS OF AID.—The other officers
23 of the United States Agency for International Develop-
24 ment, appointed pursuant to section 624(a) of the Foreign
25 Assistance Act of 1961 (22 U.S.C. 2384(a)), shall con-

1 tinue to exercise such functions as the Administrator
 2 deems appropriate.

3 **Subchapter C—Conforming Amendments**

4 **SEC. 231. CONFORMING AMENDMENTS.**

5 (a) TITLE 5, UNITED STATES CODE.—Section
 6 7103(a)(2)(iv) of title 5, United States Code, is amended
 7 by striking “the United States International Development
 8 Cooperation Agency” and inserting “the United States
 9 Agency for International Development”.

10 (b) INSPECTOR GENERAL ACT OF 1978.—Section 8A
 11 of the Inspector General Act of 1978 (5 U.S.C. App. 8A)
 12 is amended—

13 (1) in subsection (a)—

14 (A) by striking paragraph (2);

15 (B) by striking “Agency for International
 16 Development—” and all that follows through
 17 “shall supervise” and inserting “Agency for
 18 International Development shall supervise”; and

19 (C) by striking “; and” at the end and in-
 20 serting a period;

21 (2) by striking subsection (c); and

22 (3) by striking subsection (f).

23 (c) INTERNATIONAL SECURITY AND DEVELOPMENT
 24 COOPERATION ACT OF 1980.—Section 316 of the Inter-

1 national Security and Development Cooperation Act of
2 1980 (22 U.S.C. 2151 note) is amended—

3 (1) in subsection (a)—

4 (A) in the first sentence, by striking “Di-
5 rector of the United States International Devel-
6 opment Cooperation Agency” and inserting
7 “Administrator of the United States Agency for
8 International Development”; and

9 (B) in the second sentence, by striking
10 “Director” and inserting “Administrator”; and

11 (2) in subsection (b), by striking “Director”
12 and inserting “Administrator”.

13 (d) STATE DEPARTMENT BASIC AUTHORITIES ACT
14 OF 1956.—(1) Section 25(f) of the State Department
15 Basic Authorities Act of 1956 (22 U.S.C. 2697(f)) is
16 amended by striking “Director of the United States Inter-
17 national Development Cooperation Agency” and inserting
18 “Administrator of the United States Agency for Inter-
19 national Development”.

20 (2) Section 26(b) of such Act (22 U.S.C. 2698(b))
21 is amended by striking “Director of the United States
22 International Development Cooperation Agency” and in-
23 serting “Administrator of the United States Agency for
24 International Development”.

1 (3) Section 32 of such Act (22 U.S.C. 2704) is
2 amended in the second sentence by striking “Director of
3 the United States International Development Cooperation
4 Agency” and inserting “Administrator of the United
5 States Agency for International Development”.

6 (e) FOREIGN SERVICE ACT OF 1980.—(1) Section
7 202(a)(1) of the Foreign Service Act of 1980 (22 U.S.C.
8 3922(a)(1)) is amended by striking “Director of the Unit-
9 ed States International Development Cooperation Agency”
10 and inserting “Administrator of the United States Agency
11 for International Development”.

12 (2) Section 210 of such Act (22 U.S.C. 3930) is
13 amended in the second sentence by striking “United
14 States International Development Cooperation Agency”
15 and inserting “United States Agency for International De-
16 velopment”.

17 (3) Section 1003(a) of such Act (22 U.S.C. 4103(a))
18 is amended by striking “United States International De-
19 velopment Cooperation Agency” and inserting “United
20 States Agency for International Development”.

21 (4) Section 1101(c) of such Act (22 U.S.C. 4131(c))
22 is amended by striking “United States International De-
23 velopment Cooperation Agency” and inserting “United
24 States Agency for International Development”.

1 (f) INTERNAL REVENUE CODE OF 1986.—(1) Sec-
2 tion 170(m)(7) of the Internal Revenue Code of 1986, is
3 amended by striking “Director of the United States Inter-
4 national Development Cooperation Agency” and inserting
5 “Administrator of the United States Agency for Inter-
6 national Development”.

7 (2) Section 2055(g)(6) of the Internal Revenue Code
8 of 1986, is amended by striking “Director of the United
9 States International Development Cooperation Agency”
10 and inserting “Administrator of the United States Agency
11 for International Development”.

12 (g) TITLE 49, UNITED STATES CODE.—Section
13 40118(d) of title 49, United States Code, is amended by
14 striking “Director of the United States International De-
15 velopment Cooperation Agency” and inserting “Adminis-
16 trator of the United States Agency for International De-
17 velopment”.

18 (h) EXPORT ADMINISTRATION ACT OF 1979.—Sec-
19 tion 6(g) of the Export Administration Act of 1979 (50
20 U.S.C. App. 2405(g)) is amended—

21 (1) in the third sentence, by striking “Director
22 of the United States International Development Co-
23 operation Agency” and inserting “Administrator of
24 the United States Agency for International Develop-
25 ment”;

1 (2) in the fourth sentence, by striking “Direc-
2 tor” and inserting “Administrator”; and

3 (3) in the sixth sentence, by striking “Director
4 of the United States International Development Co-
5 operation Agency” and inserting “Administrator of
6 the United States Agency for International Develop-
7 ment”.

8 **SEC. 232. OTHER REFERENCES.**

9 Any reference in any statute, reorganization plan,
10 Executive order, regulation, agreement, determination, or
11 other official document or proceeding to—

12 (1) the Director of the United States Inter-
13 national Development Cooperation Agency or any
14 other officer or employee of the United States Inter-
15 national Development Cooperation Agency shall be
16 deemed to refer to the Administrator of the United
17 States Agency for International Development; and

18 (2) the United States International Develop-
19 ment Cooperation Agency shall be deemed to refer
20 to the United States Agency for International Devel-
21 opment.

22 **SEC. 233. EFFECTIVE DATE.**

23 This subchapter shall take effect 6 months after the
24 date of the enactment of this Act.

1 **TITLE III—FOREIGN ASSISTANCE**
2 **REFORM**

3 **SEC. 301. GRADUATION FROM DEVELOPMENT ASSISTANCE.**

4 Section 634 of the Foreign Assistance Act of 1961
5 (22 U.S.C. 2394) is amended to read as follows:

6 **“SEC. 634. CONGRESSIONAL PRESENTATION DOCUMENTS.**

7 “(a) REQUIREMENT FOR SUBMISSION.—As part of
8 the annual requests for enactment of authorizations and
9 appropriations for foreign assistance programs for each
10 fiscal year, the President shall prepare and transmit to
11 the Congress annual congressional presentation docu-
12 ments for the programs authorized under this Act and the
13 Arms Export Control Act (22 U.S.C. 2751 et seq.).

14 “(b) MATERIALS TO BE INCLUDED.—The documents
15 submitted pursuant to subsection (a) shall include—

16 “(1) the rationale and direct United States na-
17 tional interest for the allocation of assistance or con-
18 tributions to each country, regional, or centrally-
19 funded program, or organization, as the case may
20 be;

21 “(2) a description of how each such program or
22 contribution supports the objectives of this Act or
23 the Arms Export Control Act, as the case may be;

24 “(3) a description of planned country, regional,
25 or centrally-funded programs or contributions to

1 international organizations and programs for the
2 coming fiscal year; and

3 “(4) for each country for which assistance is re-
4 quested under this Act or the Arms Export Control
5 Act—

6 “(A) the total number of years since 1946
7 that the United States has provided assistance;

8 “(B) the total amount of bilateral assist-
9 ance provided by the United States since 1946,
10 including the principal amount of all loans,
11 credits, and guarantees; and

12 “(C) the total amount of assistance pro-
13 vided to such country from all multilateral or-
14 ganizations to which the United States is a
15 member, including all international financial in-
16 stitutions, the United Nations, and other inter-
17 national organizations.

18 “(c) GRADUATION FROM DEVELOPMENT ASSIST-
19 ANCE.—

20 “(1) DETERMINATION.—As part of the congres-
21 sional presentation documents transmitted to the
22 Congress under this section, the President shall
23 make a separate determination for each country
24 identified in such documents for which bilateral de-
25 velopment assistance is requested, estimating the

1 year in which each such country will no longer be re-
 2 ceiving bilateral development assistance.

3 “(2) DEVELOPMENT ASSISTANCE DEFINED.—

4 For purposes of this section, the term ‘development
 5 assistance’ means assistance under—

6 “(A) chapter 1 of part I of this Act;

7 “(B) chapter 10 of part I of this Act;

8 “(C) chapter 11 of part I of this Act; and

9 “(D) the Support for East European De-
 10 mocracy (SEED) Act of 1989 (22 U.S.C. 5401
 11 et seq.).”.

12 **SEC. 302. LIMITATION ON GOVERNMENT-TO-GOVERNMENT**
 13 **ASSISTANCE.**

14 (a) IN GENERAL.—For each of the fiscal years 1998
 15 and 1999, the President should allocate an aggregate level
 16 to private and voluntary organizations and cooperatives
 17 under the Foreign Assistance Act of 1961 (22 U.S.C.
 18 2151 et seq.) which reflects an increasing level allocated
 19 to such organizations and cooperatives under such Act
 20 since fiscal year 1995.

21 (b) DEFINITION.—For purposes of this section, the
 22 term “private and voluntary organization” means a pri-
 23 vate non-governmental organization which—

24 (1) is organized under the laws of a country;

25 (2) receives funds from private sources;

1 (3) operates on a not-for-profit basis with ap-
2 propriate tax-exempt status if the laws of the coun-
3 try grant such status to not-for-profit organizations;

4 (4) is voluntary in that it receives voluntary
5 contributions of money, time, or in-kind support
6 from the public; and

7 (5) is engaged or intends to be engaged in vol-
8 untary, charitable, development, or humanitarian as-
9 sistance activities.

10 (c) REPORT.—

11 (1) IN GENERAL.—Not later than September
12 30, 1997, the United States Agency for Inter-
13 national Development shall submit a report to the
14 Congress on the amount of its funding being chan-
15 neled through and private and voluntary organiza-
16 tions.

17 (2) ADDITIONAL REQUIREMENTS.—(A) The re-
18 port should use fiscal year 1995 as a baseline and
19 include an implementation plan for steadily increas-
20 ing the percentage of assistance channeled through
21 such organizations, consistent with the funding com-
22 mitment announced by Vice President Gore in
23 March 1995.

(B) The report should also indicate the proportion of funds made available under the following provisions and channeled through such organizations:

(i) Chapter 11 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2295 et seq.).

(ii) The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C. 5401 et seq.).

(iii) Chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346).

SEC. 303. MICRO- AND SMALL ENTERPRISE DEVELOPMENT

CREDITS.

Section 108 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f) is amended to read as follows:

“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT

CREDITS.

“(a) FINDINGS AND POLICY.—The Congress finds and declares that—

“(1) the development of micro- and small enterprise, including cooperatives, is a vital factor in the stable growth of developing countries and in the development and stability of a free, open, and equitable international economic system;

“(2) it is, therefore, in the best interests of the United States to assist the development of the pri-

1 vate sector in developing countries and to engage the
2 United States private sector in that process;

3 “(3) the support of private enterprise can be
4 served by programs providing credit, training, and
5 technical assistance for the benefit of micro- and
6 small enterprises; and

7 “(4) programs that provide credit, training, and
8 technical assistance to private institutions can serve
9 as a valuable complement to grant assistance pro-
10 vided for the purpose of benefiting micro- and small
11 private enterprise.

12 “(b) PROGRAM.—To carry out the policy set forth in
13 subsection (a), the President is authorized to provide as-
14 sistance to increase the availability of credit to micro- and
15 small enterprises lacking full access to credit, including
16 through—

17 “(1) loans and guarantees to credit institutions
18 for the purpose of expanding the availability of cred-
19 it to micro- and small enterprises;

20 “(2) training programs for lenders in order to
21 enable them to better meet the credit needs of
22 micro- and small entrepreneurs; and

23 “(3) training programs for micro- and small en-
24 trepreneurs in order to enable them to make better
25 use of credit and to better manage their enterprises.

1 “(c) AUTHORIZATION OF APPROPRIATIONS.—

2 “(1) IN GENERAL.—There is authorized to be
3 appropriated the following amounts for the following
4 purposes (in addition to amounts otherwise available
5 for such purposes):

6 “(A)(i) \$1,500,000 for each of the fiscal
7 years 1998 and 1999 to carry out subsection
8 (b)(1).

9 “(ii) Funds authorized to be appropriated
10 under this subparagraph shall be made avail-
11 able for the subsidy cost, as defined in section
12 502(5) of the Federal Credit Reform Act of
13 1990, for activities under such subsection.

14 “(B) \$500,000 for each of the fiscal years
15 1998 and 1999 to carry out paragraphs (2) and
16 (3) of subsection (b).

17 “(2) AVAILABILITY OF AMOUNTS.—Amounts
18 authorized to be appropriated under paragraph (1)
19 are authorized to remain available until expended.”.

20 **SEC. 304. MICROENTERPRISE DEVELOPMENT GRANT AS-**
21 **SISTANCE.**

22 Chapter 1 of part I of the Foreign Assistance Act
23 of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting
24 after section 108, as amended by this Act, the following
25 new section:

1 **“SEC. 108A. MICROENTERPRISE DEVELOPMENT GRANT AS-**
2 **SISTANCE.**

3 “(a) AUTHORIZATION.—(1) In carrying out this part,
4 the Administrator of the United States Agency for Inter-
5 national Development is authorized to provide grant as-
6 sistance for programs of credit and other assistance for
7 micro enterprises in developing countries.

8 “(2) Assistance authorized under paragraph (1) shall
9 be provided through organizations that have a capacity to
10 develop and implement microenterprise programs, includ-
11 ing particularly—

12 “(A) United States and indigenous private
13 and voluntary organizations;

14 “(B) United States and indigenous credit
15 unions and cooperative organizations; or

16 “(C) other indigenous governmental and
17 nongovernmental organizations.

18 “(3) Approximately one-half of the credit assistance
19 authorized under paragraph (1) shall be used for poverty
20 lending programs, including the poverty lending portion
21 of mixed programs. Such programs—

22 “(A) shall meet the needs of the very poor
23 members of society, particularly poor women; and

24 “(B) should provide loans of \$300 or less in
25 1995 United States dollars to such poor members of
26 society.

1 “(4) The Administrator should continue support for
2 mechanisms that—

3 “(A) provide technical support for field mis-
4 sions;

5 “(B) strengthen the institutional development
6 of the intermediary organizations described in para-
7 graph (2); and

8 “(C) share information relating to the provision
9 of assistance authorized under paragraph (1) be-
10 tween such field missions and intermediary organiza-
11 tions.

12 “(b) MONITORING SYSTEM.—In order to maximize
13 the sustainable development impact of the assistance au-
14 thorized under subsection (a)(1), the Administrator shall,
15 in accordance with section 1115 of title 31, United States
16 Code (relating to performance plans), establish a monitor-
17 ing system that—

18 “(1) establishes performance goals for such as-
19 sistance and expresses such goals in an objective and
20 quantifiable form, to the extent feasible;

21 “(2) establishes performance indicators to be
22 used in measuring or assessing the achievement of
23 the goals and objectives of such assistance; and

24 “(3) provides a basis for recommendations for
25 adjustments to such assistance to enhance the sus-

1 tainable development impact of such assistance, par-
 2 ticularly the impact of such assistance on the very
 3 poor, particularly poor women.”.

4 **SEC. 305. PRIVATE SECTOR ENTERPRISE FUNDS.**

5 The Foreign Assistance Act of 1961 (22 U.S.C. 2151
 6 et seq.) is amended by inserting after section 601 the fol-
 7 lowing new section:

8 **“SEC. 601A. PRIVATE SECTOR ENTERPRISE FUNDS.**

9 “(a) **AUTHORITY.**—(1) The President may provide
 10 funds and support to Enterprise Funds designated in ac-
 11 cordance with subsection (b) that are or have been estab-
 12 lished for the purposes of promoting—

13 “(A) development of the private sectors of eligi-
 14 ble countries, including small businesses, the agricul-
 15 tural sector, and joint ventures with United States
 16 and host country participants; and

17 “(B) policies and practices conducive to private
 18 sector development in eligible countries;

19 on the same basis as funds and support may be provided
 20 with respect to Enterprise Funds for Poland and Hungary
 21 under the Support for East European Democracy (SEED)
 22 Act of 1989 (22 U.S.C. 5401 et seq.).

23 “(2) Funds may be made available under this section
 24 notwithstanding any other provision of law, except sections
 25 502B and 490 of this Act.

1 “(b) COUNTRIES ELIGIBLE FOR ENTERPRISE
2 FUNDS.—(1) Except as provided in paragraph (2), the
3 President is authorized to designate a private, nonprofit
4 organization as eligible to receive funds and support pur-
5 suant to this section with respect to any country eligible
6 to receive assistance under part I of this Act in the same
7 manner and with the same limitations as set forth in sec-
8 tion 201(d) of the Support for East European Democracy
9 (SEED) Act of 1989 (22 U.S.C. 5421(d)).

10 “(2) The authority of paragraph (1) shall not apply
11 to any country with respect to which the President is au-
12 thorized to designate an enterprise fund under section
13 498B(c) of this Act or section 201 of the Support for East
14 European Democracy (SEED) Act of 1989 (22 U.S.C.
15 5421).

16 “(c) TREATMENT EQUIVALENT TO ENTERPRISE
17 FUNDS FOR POLAND AND HUNGARY.—Except as other-
18 wise specifically provided in this section, the provisions
19 contained in section 201 of the Support for East Euro-
20 pean Democracy (SEED) Act of 1989 (22 U.S.C. 5421)
21 (excluding the authorizations of appropriations provided
22 in subsection (b) of that section) shall apply to any Enter-
23 prise Fund that receives Funds and support under this
24 section. The officers, members, or employees of an Enter-
25 prise Fund that receive funds and support under this sec-

1 tion shall enjoy the same status under law that is applica-
2 ble to officers, members, or employees of the Enterprise
3 Funds for Poland and Hungary under section 201 of the
4 Support for East European Democracy (SEED) Act of
5 1989 (22 U.S.C. 5421).

6 “(d) REPORTING REQUIREMENT.—Notwithstanding
7 any other provision of this section, the requirement of sec-
8 tion 201(p) of the Support for East European Democracy
9 (SEED) Act of 1989 (22 U.S.C. 5421(p)), that an Enter-
10 prise Fund shall be required to publish an annual report
11 not later than January 31 each year, shall not apply with
12 respect to an Enterprise Fund that receives funds and
13 support under this section for the first twelve months after
14 it is designated as eligible to receive such funds and sup-
15 port.

16 “(e) FUNDING.—(1) Amounts made available for a
17 fiscal year to carry out chapter 1 of part I of this Act
18 (relating to development assistance) and to carry out
19 chapter 4 of part II of this Act (relating to the economic
20 support fund) shall be available for such fiscal year to
21 carry out this section, in addition to amounts otherwise
22 available for such purposes.

23 “(2) In addition to amounts available under para-
24 graph (1) for a fiscal year, amounts made available for
25 such fiscal year to carry out chapter 10 of part I of this

1 Act (relating to the Development Fund for Africa) shall
2 be available for such fiscal year to carry out this section
3 with respect to countries in Africa.”.

4 **SEC. 306. DEVELOPMENT CREDIT AUTHORITY.**

5 The Foreign Assistance Act of 1961 (22 U.S.C. 2151
6 et seq.) is amended by inserting after section 106 the fol-
7 lowing:

8 **“SEC. 107A. DEVELOPMENT CREDIT AUTHORITY.**

9 “(a) GENERAL AUTHORITY.—The President is au-
10 thorized to use credit authority (loans, loan guarantees,
11 and other investments involving the extension of credit)
12 to achieve any of the development purposes of this part
13 in cases where—

14 “(1) the borrowers or activities are deemed suf-
15 ficiently creditworthy and do not otherwise have ac-
16 cess to such credit; and

17 “(2) the use of credit authority would be appro-
18 priate to the achievement of such development pur-
19 poses.

20 **“(b) PRIORITY SECTOR POLICIES AND ACTIVITIES.—**

21 “(1) IN GENERAL.—To the maximum extent
22 practicable, preference shall be given to the use of
23 credit authority to promote—

24 “(A) micro- and small enterprise develop-
25 ment policies of section 108;

1 “(B) sustainable urban and environmental
2 activities pursuant to the policy directives set
3 forth in this part; and

4 “(C) other development activities that will
5 support and enhance grant-financed policy and
6 institutional reforms under this part.

7 “(2) DEVELOPMENT CREDIT AUTHORITY.—The
8 credit authority described in paragraph (1) shall be
9 known as the ‘Development Credit Authority’.

10 “(c) GENERAL AUTHORITY.—

11 “(1) AUTHORITY.—Of the amounts made avail-
12 able to carry out this chapter, chapters 10 and 11
13 of this part, chapter 4 of part II of this Act, and
14 the Support for East European Democracy (SEED)
15 Act of 1989 for fiscal years 1998 and 1999, not
16 more than \$13,000,000 for each such fiscal year
17 may be made available to carry out this section.

18 “(2) LIMITATIONS.—(A) Funds made available
19 under paragraph (1) shall be used for activities in
20 the same geographic region for which such funds
21 were originally allocated.

22 “(B) The President shall notify the congres-
23 sional committees specified in section 634A at least
24 fifteen days in advance of each transfer of funds
25 under paragraph (1) in accordance with procedures

1 applicable to reprogramming notifications under
2 such section.

3 “(3) SUBSIDY COST.—Amounts made available
4 under paragraph (1) shall be made available for the
5 subsidy cost, as defined in section 502(5) of the
6 Federal Credit Reform Act of 1990, for activities
7 under this section.

8 “(4) ADMINISTRATIVE EXPENSES.—

9 “(A) AMOUNTS MADE AVAILABLE.—Of the
10 amounts made available under paragraph (1)
11 for a fiscal year, not more than \$1,500,000
12 may be made available for administrative ex-
13 penses to carry out this section.

14 “(B) AUTHORIZATION OF APPROPRIA-
15 TIONS.—In addition to amounts made available
16 under subparagraph (A), there are authorized
17 to be appropriated for administrative expenses
18 to carry out this section and section 221
19 \$6,000,000 for each of the fiscal years 1998
20 and 1999.

21 “(C) TRANSFER AUTHORITY.—Amounts
22 made available under and subparagraph (A)
23 and amounts authorized to be appropriated
24 under subparagraph (B) may be transferred
25 and merged with amounts made available for

1 ‘Operating Expenses of the Agency for Inter-
2 national Development’.

3 “(5) AVAILABILITY.—Amounts made available
4 under paragraph (1) are authorized to remain avail-
5 able until expended.

6 “(d) GENERAL PROVISIONS APPLICABLE TO DEVEL-
7 OPMENT CREDIT AUTHORITY.—

8 “(1) POLICY PROVISIONS.—In providing the
9 credit assistance authorized by this section, the
10 President should apply, as appropriate, the policy
11 provisions in this part applicable to development as-
12 sistance activities.

13 “(2) DEFAULT AND PROCUREMENT PROVI-
14 SIONS.—

15 “(A) DEFAULT PROVISION.—The provi-
16 sions of section 620(q) of this Act, or any com-
17 parable provisions of law, shall not be construed
18 to prohibit assistance to a country in the event
19 that a private sector recipient of assistance fur-
20 nished under this section is in default in its
21 payment to the United States for the period
22 specified in such section.

23 “(B) PROCUREMENT PROVISION.—Assist-
24 ance may be provided under this section with-
25 out regard to section 604(a) of this Act.

1 “(3) TERMS AND CONDITIONS OF CREDIT AS-
2 SISTANCE.—(A) Assistance provided under this sec-
3 tion shall be offered on such terms and conditions,
4 including fees charged, as the President may deter-
5 mine.

6 “(B) The principal amount of loans made or
7 guaranteed under this section in any fiscal year,
8 with respect to any single country or borrower, may
9 not exceed \$100,000,000.

10 “(C) No payment may be made under any
11 guarantee issued under this section for any loss aris-
12 ing out of fraud or misrepresentation for which the
13 party seeking payment is responsible.

14 “(4) FULL FAITH AND CREDIT.—All guarantees
15 issued under this section shall constitute obligations,
16 in accordance with the terms of such guarantees, of
17 the United States of America and the full faith and
18 credit of the United States of America is hereby
19 pledged for the full payment and performance of
20 such obligations to the extent of the guarantee.

21 “(5) CO-FINANCING AND RISK SHARING.—

22 “(A) IN GENERAL.—(i) Assistance pro-
23 vided under this section shall be in the form of
24 co-financing or risk sharing.

1 “(ii) Credit assistance may not be provided
2 to a borrower under this section unless the Ad-
3 ministrators of the United States Agency for
4 International Development determines that
5 there are reasonable prospects of repayment by
6 such borrower.

7 “(B) ADDITIONAL REQUIREMENT.—The
8 investment or risk of the United States in any
9 one development activity may not exceed 80
10 percent of the total outstanding investment or
11 risk.

12 “(6) ELIGIBLE BORROWERS.—

13 “(A) IN GENERAL.—In order to be eligible
14 to receive credit assistance under this section, a
15 borrower shall be sufficiently credit worthy so
16 that the estimated costs (as defined in section
17 502 of the Federal Credit Reform Act of 1990)
18 of the proposed credit assistance for the bor-
19 rower does not exceed 30 percent of the prin-
20 cipal amount of credit assistance to be received.

21 “(B) ADDITIONAL REQUIREMENT.—(i) In
22 addition, with respect to the eligibility of for-
23 eign governments as an eligible borrowers under
24 this section, the Administrator of the United
25 States Agency for International Development

1 shall make a determination that the additional
2 debt of the government will not exceed the debt
3 repayment capacity of the government.

4 “(ii) In making the determination under
5 clause (i), the Administrator shall consult, as
6 appropriate, with international financial institu-
7 tions and other institutions or agencies that as-
8 sess debt service capacity.

9 “(7) ASSESSMENT OF CREDIT RISK.—(A) The
10 Administrator of the United States Agency for
11 International Development shall use the Interagency
12 Country Risk Assessment System (ICRAS) and the
13 methodology approved by the Office of Management
14 and Budget to assess the cost of risk credit assist-
15 ance provided under this section to foreign govern-
16 ments.

17 “(B) With respect to the provision of credit to
18 nongovernmental organizations, the Administrator—

19 “(i) shall consult with appropriate private
20 sector institutions, including the two largest
21 United States private sector debt rating agen-
22 cies, prior to establishing the risk assessment
23 standards and methodologies to be used; and

1 “(ii) shall periodically consult with such in-
 2 stitutions in reviewing the performance of such
 3 standards and methodologies.

4 “(C) In addition, if the anticipated share of fi-
 5 nancing attributable to public sector owned or con-
 6 trolled entities, including the United States Agency
 7 for International Development, exceeds 49 percent,
 8 the Administrator shall determine the cost (as de-
 9 fined in section 502(5) of the Federal Credit Reform
 10 Act of 1990) of such assistance by using the cost
 11 and risk assessment determinations of the private
 12 sector co-financing entities.

13 “(8) USE OF UNITED STATES TECHNOLOGY,
 14 FIRMS, AND EQUIPMENT.—Activities financed under
 15 this section shall, to the maximum extent prac-
 16 ticable, use or employ United States technology,
 17 firms, and equipment.”.

18 **SEC. 307. FOREIGN GOVERNMENT PARKING FINES.**

19 (a) IN GENERAL.—Chapter 1 of part III of the For-
 20 eign Assistance Act of 1961 (22 U.S.C. 2351 et seq.), as
 21 amended by this Act, is further amended by adding at the
 22 end the following new section:

23 **“SEC. 620K. FOREIGN GOVERNMENT PARKING FINES.**

24 “(a) IN GENERAL.—An amount equivalent to 110
 25 percent of the total unpaid fully adjudicated parking fines

1 and penalties owed to the District of Columbia, Virginia,
2 Maryland, New York, and New York City by the govern-
3 ment of a foreign country as of the end of a fiscal year,
4 as certified and transmitted to the President by the chief
5 executive officer of each State, City, or District, shall be
6 withheld from obligation for such country out of funds
7 available in the next fiscal year to carry out part I of this
8 Act, until the requirement of subsection (b) is satisfied.

9 “(b) REQUIREMENT.—The requirement of this sub-
10 section is satisfied when the Secretary of State determines
11 and certifies to the appropriate congressional committees
12 that such fines and penalties are fully paid to the govern-
13 ments of the District of Columbia, Virginia, Maryland,
14 and New York.

15 “(c) APPROPRIATE CONGRESSIONAL COMMITTEES
16 DEFINED.—For purposes of this section, the term ‘appro-
17 priate congressional committees’ means the Committee on
18 International Relations and the Committee on Appropria-
19 tions of the House of Representatives and the Committee
20 on Foreign Relations and the Committee on Appropria-
21 tions of the Senate.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 subsection (a) shall apply with respect to fines certified
24 as of the end of fiscal year 1998 or any fiscal year there-
25 after.

1 (c) TECHNICAL AMENDMENT.—The second section
2 620G of the Foreign Assistance Act of 1961, as added
3 by section 149 of Public Law 104–164 (110 Stat. 1436),
4 is amended—

5 (1) by redesignating such section as section
6 620J of such Act; and

7 (2) by inserting such section after section 620I
8 of such Act.

9 **SEC. 308. WITHHOLDING UNITED STATES ASSISTANCE TO**
10 **COUNTRIES THAT AID THE GOVERNMENT OF**
11 **CUBA.**

12 (a) IN GENERAL.—Except as provided in subsection
13 (b), not later than 180 days after the date of the enact-
14 ment of this Act, the President shall withhold assistance
15 under the Foreign Assistance Act of 1961 to any foreign
16 government providing economic, development, or security
17 assistance for, or engaging in nonmarket based trade with
18 the Government of Cuba.

19 (b) WAIVER.—The President may waive the provi-
20 sions of subsection (a) if the President certifies to the ap-
21 propriate congressional committees that the provision of
22 United States assistance is important to the national secu-
23 rity of the United States.

24 (c) NONMARKET BASED TRADE DEFINED.—For the
25 purpose of this section, the term “nonmarket based trade”

1 means exports, imports, exchanges, or other arrangements
2 that are provided for goods and services on terms more
3 favorable than those generally available in applicable mar-
4 kets or for comparable commodities, including—

5 (1) exports to the Cuban Government on terms
6 that involve a grant, concessional price, guaranty,
7 insurance, or subsidy;

8 (2) imports from the Cuban Government at
9 preferential tariff rates;

10 (3) exchange arrangements that include ad-
11 vance delivery of commodities, arrangements in
12 which the Cuban Government is not held account-
13 able for unfulfilled exchange contracts, and arrange-
14 ments under which Cuba does not pay appropriate
15 transportation, insurance, or finance costs; and

16 (4) the exchange, reduction, or forgiveness of
17 debt of the Cuban Government in exchange for a
18 grant by the Cuban Government of an equity inter-
19 est in a property, investment, or operation of the
20 Cuban Government or of a Cuban national.

1 **TITLE IV—DEFENSE AND**
2 **SECURITY ASSISTANCE**
3 **CHAPTER 1—NARCOTICS CONTROL**
4 **ASSISTANCE**

5 **SEC. 401. DEFINITION.**

6 (a) IN GENERAL.—Section 481(e)(4) of the Foreign
7 Assistance Act of 1961 (22 U.S.C. 2291(e)(4)) is amend-
8 ed—

9 (1) in subparagraph (A)(ii), inserting “or under
10 chapter 5 of part II” after “(including chapter 4 of
11 part II)”; and

12 (2) in subparagraph (B), by inserting before
13 the semicolon at the end the following: “, other than
14 sales or financing provided for narcotics-related pur-
15 poses following notification in accordance with proce-
16 dures applicable to reprogramming notifications
17 under section 634A of this Act”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 subsection (a) shall apply with respect to assistance pro-
20 vided on or after the date of the enactment of this Act.

21 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

22 Section 482(a)(1) of the Foreign Assistance Act of
23 1961 (22 U.S.C. 2291a(a)(1)) is amended by striking
24 “\$147,783,000 for fiscal year 1993 and \$171,500,000 for

1 fiscal year 1994” and inserting “\$230,000,000 for each
2 of the fiscal years 1998 and 1999”.

3 **SEC. 403. AUTHORITY TO WITHHOLD BILATERAL ASSIST-**
4 **ANCE AND OPPOSE MULTILATERAL DEVEL-**
5 **OPMENT ASSISTANCE FOR MAJOR ILLICIT**
6 **DRUG PRODUCING COUNTRIES, DRUG-TRAN-**
7 **SIT COUNTRIES, AND MONEY LAUNDERING**
8 **COUNTRIES.**

9 (a) IN GENERAL.—Section 490 of the Foreign Assist-
10 ance Act of 1961 (22 U.S.C. 2291j) is amended to read
11 as follows:

12 **“SEC. 490. AUTHORITY TO WITHHOLD BILATERAL ASSIST-**
13 **ANCE AND OPPOSE MULTILATERAL DEVEL-**
14 **OPMENT ASSISTANCE FOR MAJOR ILLICIT**
15 **DRUG PRODUCING COUNTRIES, DRUG-TRAN-**
16 **SIT COUNTRIES, AND MONEY LAUNDERING**
17 **COUNTRIES.**

18 “(a) IN GENERAL.—For every country identified in
19 the report under section 489(a)(3), the President shall,
20 on or after March 1, 1998, and March 1 of each succeed-
21 ing year, to the extent considered necessary by the Presi-
22 dent to achieve the purposes of this chapter, take one or
23 more of the following actions:

24 “(1) Withhold from obligation and expenditure
25 any or all United States assistance allocated each

1 fiscal year in the report required by section 653 for
2 each such country.

3 “(2) Instruct the Secretary of the Treasury to
4 instruct the United States Executive Director of
5 each multilateral development bank to vote, on and
6 after March 1 of each year, against any loan or
7 other utilization of the funds of their respective in-
8 stitution to or for any such country.

9 “(b) CONSIDERATIONS.—In determining whether or
10 not take one or more actions described in subsection (a),
11 the President shall consider the extent to which—

12 “(1) the country has—

13 “(A) met the goals and objectives of the
14 United Nations Convention Against Illicit Traf-
15 fic in Narcotic Drugs and Psychotropic Sub-
16 stances, including action on such issues as illicit
17 cultivation, production, distribution, sale, trans-
18 port and financing, and money laundering,
19 asset seizure, extradition, mutual legal assist-
20 ance, law enforcement and transit cooperation,
21 precursor chemical control, and demand reduc-
22 tion;

23 “(B) accomplished the goals described in
24 an applicable bilateral narcotics agreement with
25 the United States or a multilateral agreement;

1 “(C) reached agreement, or is negotiating
2 in good faith to reach agreement, to ensure that
3 banks and other financial institutions of the
4 country maintain adequate records of large
5 United States currency transactions;

6 “(D) reached agreement, or is negotiating
7 in good faith to reach agreement, to establish a
8 mechanism for exchanging adequate records on
9 international currency transactions in connec-
10 tion with narcotics investigations and proceed-
11 ings; and

12 “(E) taken legal and law enforcement
13 measures to prevent and punish public corrup-
14 tion, especially by senior government officials,
15 that facilitates the production, processing, or
16 shipment of narcotic and psychotropic drugs
17 and other controlled substances, or that dis-
18 courages the investigation or prosecution of
19 such acts; and

20 “(2) such actions will—

21 “(A) promote the purposes of this chapter;
22 and

23 “(B) affect other United States national
24 interests.

25 “(c) CONSULTATIONS WITH THE CONGRESS.—

1 “(1) CONSULTATIONS.—The President shall
2 consult with the Congress on the status of counter-
3 narcotics cooperation between the United States and
4 each major illicit drug producing country, major
5 drug-transit country, or major money laundering
6 country.

7 “(2) PURPOSE.—

8 “(A) IN GENERAL.—The purpose of the
9 consultations under paragraph (1) shall be to
10 facilitate improved discussion and understand-
11 ing between the Congress and the President on
12 United States counter-narcotics goals and ob-
13 jectives with regard to the countries described
14 in paragraph (1), including the strategy for
15 achieving such goals and objectives.

16 “(B) REGULAR AND SPECIAL CONSULTA-
17 TIONS.—In order to carry out subparagraph
18 (A), the President (or senior officials designated
19 by the President who are responsible for inter-
20 national narcotics programs and policies) shall
21 meet with Members of Congress—

22 “(i) on a quarterly basis for discus-
23 sions and consultations; and

24 “(ii) whenever time-sensitive issues
25 arise.

1 “(d) DEFINITION.—For purposes of this section, the
 2 term ‘multilateral development bank’ means the Inter-
 3 national Bank for Reconstruction and Development, the
 4 International Development Association, the Inter-Amer-
 5 ican Development Bank, the Asian Development Bank,
 6 the African Development Bank, and the European Bank
 7 for Reconstruction and Development.”.

8 (b) CONFORMING AMENDMENTS.—(1) Section
 9 481(e)(8) of such Act (22 U.S.C. 2291(e)(8)) is amended
 10 by striking “Committee on Foreign Affairs” and inserting
 11 “Committee on International Relations”.

12 (2) Section 485(b) of such Act (22 U.S.C. 2291d(b))
 13 is amended by striking “Committee on Foreign Affairs”
 14 and inserting “Committee on International Relations”.

15 (3) Section 488(a)(3) of such Act (22 U.S.C.
 16 2291g(a)(3)) is amended by striking “Committee on For-
 17 eign Affairs” and inserting “Committee on International
 18 Relations”.

19 (4) Section 489(a) of such Act (22 U.S.C. 2291h(a))
 20 is amended—

21 (A) in paragraph (3)(A), by striking “as deter-
 22 mined under section 490(h)”; and

23 (B) in the matter preceding subparagraph (A)
 24 of paragraph (7), by striking “paragraph (3)(D)”
 25 and inserting “paragraph (3)(C)”.

1 **CHAPTER 2—NONPROLIFERATION,**
 2 **ANTITERRORISM, DEMINING, AND RE-**
 3 **LATED PROGRAMS**

4 **SEC. 411. NONPROLIFERATION, ANTITERRORISM,**
 5 **DEMINING, AND RELATED PROGRAMS.**

6 (a) IN GENERAL.—Part II of the Foreign Assistance
 7 Act of 1961 (22 U.S.C. 2301 et seq.) is amended by add-
 8 ing at the end the following:

9 **“CHAPTER 9—NONPROLIFERATION,**
 10 **ANTITERRORISM, DEMINING AND RE-**
 11 **LATED PROGRAMS**

12 **“SEC. 581. NONPROLIFERATION AND DISARMAMENT FUND.**

13 “(a) ESTABLISHMENT OF FUND.—The President
 14 shall establish a Nonproliferation and Disarmament Fund,
 15 which may be used notwithstanding any other provision
 16 of law, to promote bilateral and multilateral nonprolifera-
 17 tion and disarmament activities—

18 “(1) to halt the proliferation of nuclear, biologi-
 19 cal, and chemical weapons, their delivery systems,
 20 related technologies, and other weapons;

21 “(2) to dismantle and destroy nuclear, biologi-
 22 cal, and chemical weapons, their delivery systems,
 23 and conventional weapons;

24 “(3) to prevent the diversion of weapons-related
 25 scientific and technical expertise; and

1 “(4) to support science and technology centers
2 in Russia and the Ukraine.

3 “(b) PROHIBITED ACTIVITIES.—Amounts made
4 available to carry out subsection (a) may not be used to
5 implement United States obligations pursuant to bilateral
6 or multilateral arm control treaties or nonproliferation ac-
7 cords, including the payment of salaries and expenses.

8 “(c) ADDITIONAL REQUIREMENTS.—

9 “(1) NOTIFICATION.—Amounts made available
10 to carry out subsection (a) may be provided only if
11 the congressional committees specified in section
12 634A of this Act are notified at least fifteen days
13 before providing funds under such subsection in ac-
14 cordance with procedures applicable to reprogram-
15 ming notifications under such section.

16 “(2) ASSISTANCE FOR THE INDEPENDENT
17 STATES OF THE FORMER SOVIET UNION AND INTER-
18 NATIONAL ORGANIZATIONS.—Amounts made avail-
19 able to carry out subsection (a) may only be pro-
20 vided for the independent states of the former Soviet
21 Union and international organizations if the Sec-
22 retary of State—

23 “(A) determines it is in the national inter-
24 est of the United States to do so; and

1 “(B) includes such determination in the
2 notification described in paragraph (1).

3 “(d) AVAILABILITY OF AMOUNTS.—

4 “(1) IN GENERAL.—Of the amounts made
5 available to carry out this chapter for fiscal years
6 1998 and 1999—

7 “(A) not less than \$15,000,000 for each
8 such fiscal year may be made available to carry
9 out subsection (a); and

10 “(B) not more than \$5,000,000 of the
11 amount made available under subparagraph (A)
12 for fiscal year 1998, and not more than
13 \$3,000,000 of such amount made available in
14 fiscal year 1999, may be used to support export
15 control programs.

16 “(2) AVAILABILITY.—Amounts made available
17 under paragraph (1) are authorized to remain avail-
18 able until expended.

19 **“SEC. 582. ASSISTANCE FOR ANTITERRORISM.**

20 “Amounts made available to carry out this chapter
21 for fiscal years 1998 and 1999 may be made available to
22 carry out chapter 8 of part II of this Act.

1 **“SEC. 583. ASSISTANCE FOR DEMINING.**

2 “The President is authorized to provide assistance for
3 demining activities, notwithstanding any other provision
4 of law, including—

5 “(1) to enhance the ability of countries, inter-
6 national organizations, and nongovernmental organi-
7 zations to detect and clear landmines; and

8 “(2) to educate affected populations about the
9 dangers of landmines.

10 **“SEC. 584. ASSISTANCE FOR RELATED PROGRAMS.**

11 “(a) IN GENERAL.—Amounts made available to carry
12 out this chapter for fiscal years 1998 and 1999 may be
13 made available to carry out section 301 of this Act for
14 voluntary contributions to the International Atomic En-
15 ergy Agency (IAEA) and the Korean Peninsula Energy
16 Development Organization (KEDO) and to programs ad-
17 ministered by such organizations.

18 “(b) LIMITATION.—Of the amounts made available
19 under subsection (a) for fiscal years 1998 and 1999, not
20 more than \$30,000,000 may be made available for each
21 fiscal year to KEDO for the administrative expenses and
22 heavy fuel oil costs associated with implementation of the
23 Agreed Framework.

24 **“SEC. 585. DEFINITIONS.**

25 “As used in this chapter—

1 “(1) AGREED FRAMEWORK.—The term ‘Agreed
2 Framework’ means the documents agreed to between
3 the United States and the Democratic People’s Re-
4 public of Korea on October 21, 1994, regarding
5 elimination of the nuclear weapons program of the
6 Democratic People’s Republic of Korea and the pro-
7 vision of certain assistance to that country.

8 “(2) INDEPENDENT STATES OF THE FORMER
9 SOVIET UNION.—The term ‘independent states of
10 the former Soviet Union’ has the meaning given
11 such term in section 3 of the Freedom for Russia
12 and Emerging Eurasian Democracies and Open
13 Markets Support Act of 1992 (22 U.S.C. 5801).

14 **“SEC. 586. AUTHORIZATION OF APPROPRIATIONS.**

15 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated \$110,000,000 for fiscal
17 year 1998 and \$111,000,000 for fiscal year 1999, in addi-
18 tion to amounts otherwise available for such purposes, to
19 carry out the purpose of this chapter.

20 “(b) ADMINISTRATIVE AUTHORITIES.—Any agency
21 of the United States Government may utilize such funds
22 in accordance with authority granted under this Act or
23 under authority governing the activities of that agency.

24 “(c) DESIGNATION OF ACCOUNT.—Appropriations
25 pursuant to subsection (a) may be referred to as the ‘Non-

1 proliferation, Antiterrorism, Demining and Related Pro-
 2 grams Account’ or ‘NADR Account’.”.

3 (b) REFERENCE IN OTHER PROVISIONS OF LAW.—
 4 A reference in any other provision of law to section 504
 5 of the Freedom for Russia and Emerging Eurasian De-
 6 mocracies and Open Markets Support Act of 1992 (22
 7 U.S.C. 5854) shall be deemed to include a reference to
 8 chapter 9 of part II of the Foreign Assistance Act of 1961,
 9 as added by subsection (a).

10 (c) CONFORMING AMENDMENTS.—(1) Section 504 of
 11 the Freedom for Russia and Emerging Eurasian Democ-
 12 racies and Open Markets Support Act of 1992 (22 U.S.C.
 13 5854) is hereby repealed.

14 (2) The table of contents of such Act is amended by
 15 striking the item relating to section 504.

16 **CHAPTER 3—FOREIGN MILITARY** 17 **FINANCING PROGRAM**

18 **SEC. 421. AUTHORIZATION OF APPROPRIATIONS.**

19 There are authorized to be appropriated to the Presi-
 20 dent for grant assistance under section 23 of the Arms
 21 Export Control Act (22 U.S.C. 2763) and for the subsidy
 22 cost, as defined in section 502(5) of the Federal Credit
 23 Reform Act of 1990, of direct loans under such section—

24 (1) \$3,318,000,000 for fiscal year 1998; and

25 (2) \$3,274,250,000 for fiscal year 1999.

1 **SEC. 422. ASSISTANCE FOR ISRAEL.**

2 (a) **MINIMUM ALLOCATION.**—Of the amounts made
3 available for fiscal years 1998 and 1999 for assistance
4 under section 23 of the Arms Export Control Act (22
5 U.S.C. 2763; relating to the “Foreign Military Financing
6 Program”), not less than \$1,800,000,000 for each such
7 fiscal year shall be available only for Israel.

8 (b) **TERMS OF ASSISTANCE.**—

9 (1) **GRANT BASIS.**—The assistance provided for
10 Israel for each fiscal year under subsection (a) shall
11 be provided on a grant basis.

12 (2) **EXPEDITED DISBURSEMENT.**—Such assist-
13 ance shall be disbursed—

14 (A) with respect to fiscal year 1998, not
15 later than 30 days after the date of the enact-
16 ment of the Foreign Operations, Export Fi-
17 nancing, and Related Programs Appropriations
18 Act, 1998, or by October 31, 1997, whichever
19 is later; and

20 (B) with respect to fiscal year 1999, not
21 later than 30 days after the date of the enact-
22 ment of the Foreign Operations, Export Fi-
23 nancing, and Related Programs Appropriations
24 Act, 1999, or by October 31, 1998, whichever
25 is later.

1 (3) ADVANCED WEAPONS SYSTEMS.—To the ex-
2 tent that the Government of Israel requests that
3 funds be used for such purposes, funds described in
4 subsection (a) shall, as agreed by the Government of
5 Israel and the Government of the United States, be
6 available for advanced weapons systems, of which
7 not less than \$475,000,000 for each fiscal year shall
8 be available only for procurement in Israel of de-
9 fense articles and defense services, including re-
10 search and development.

11 **SEC. 423. ASSISTANCE FOR EGYPT.**

12 (a) MINIMUM ALLOCATION.—Of the amounts made
13 available for fiscal years 1998 and 1999 for assistance
14 under section 23 of the Arms Export Control Act (22
15 U.S.C. 2763; relating to the “Foreign Military Financing
16 Program” account), not less than \$1,300,000,000 for each
17 such fiscal year shall be available only for Egypt.

18 (b) TERMS OF ASSISTANCE.—The assistance pro-
19 vided for Egypt for each fiscal year under subsection (a)
20 shall be provided on a grant basis.

21 **SEC. 424. AUTHORIZATION OF ASSISTANCE TO FACILITATE**
22 **TRANSITION TO NATO MEMBERSHIP UNDER**
23 **NATO PARTICIPATION ACT OF 1994.**

24 (a) MINIMUM ALLOCATION.—Of the amounts made
25 available for fiscal years 1998 and 1999 for assistance

1 under section 23 of the Arms Export Control Act (22
2 U.S.C. 2763; relating to the “Foreign Military Financing
3 Program”), not less than \$50,900,000 for each such fiscal
4 year shall be made available for the program established
5 under section 203(a) of the NATO Participation Act of
6 1994 (title II of Public Law 103–447; 22 U.S.C. 1928
7 note).

8 (b) TERMS OF ASSISTANCE.—The assistance pro-
9 vided under subsection (a) may be provided on a grant
10 basis, and may also be made available for the subsidy cost,
11 as defined in section 502(5) of the Federal Credit Reform
12 Act of 1990, of direct loans to countries eligible for assist-
13 ance under the program established under section 203(a)
14 of the NATO Participation Act of 1994 (title II of Public
15 Law 103–447; 22 U.S.C. 1928 note).

16 **SEC. 425. LOANS FOR GREECE AND TURKEY.**

17 Of the amounts made available for fiscal year 1998
18 under section 23 of the Arms Export Control Act (22
19 U.S.C. 2763)—

20 (1) not more than \$12,850,000 shall be made
21 available for the subsidy cost, as defined in section
22 502(5) of the Federal Credit Reform Act of 1990,
23 of direct loans for Greece; and

1 (2) not more than \$33,150,000 shall be made
2 available for such subsidy cost of direct loans for
3 Turkey.

4 **SEC. 426. LIMITATIONS ON LOANS.**

5 Of the amounts made available for fiscal year 1999
6 under section 23 of the Arms Export Control (22 U.S.C.
7 2763) for the subsidy cost, as defined in section 502(5)
8 of the Federal Credit Reform Act of 1990, of direct loans,
9 no such amounts shall be made available to any country
10 which has an Inter-Agency Country Risk Assessment Sys-
11 tems (ICRAS) rating of less than grade C — .

12 **SEC. 427. ADMINISTRATIVE EXPENSES.**

13 Of the amounts made available for fiscal years 1998
14 and 1999 for assistance under section 23 of the Arms Ex-
15 port Control Act (22 U.S.C. 2763; relating to the “For-
16 eign Military Financing Program”), not more than
17 \$23,250,000 for each of the fiscal years 1998 and 1999
18 may be made available for necessary expenses for the gen-
19 eral costs of administration of military assistance and
20 sales, including expenses incurred in purchasing passenger
21 motor vehicles for replacement for use outside the United
22 States.

1 **CHAPTER 4—INTERNATIONAL MILITARY**
2 **EDUCATION AND TRAINING**

3 **SEC. 431. AUTHORIZATION OF APPROPRIATIONS.**

4 Section 542 of the Foreign Assistance Act of 1961
5 (22 U.S.C. 2347a) is amended by striking “\$56,221,000
6 for the fiscal year 1986 and \$56,221,000 for the fiscal
7 year 1987” and inserting “\$50,000,000 for each of the
8 fiscal years 1998 and 1999”.

9 **SEC. 432. IMET ELIGIBILITY FOR PANAMA AND HAITI.**

10 Notwithstanding section 660(c) of the Foreign As-
11 sistance Act of 1961 (22 U.S.C. 2420(c)), assistance
12 under chapter 5 of part II of such Act (22 U.S.C. 2347)
13 may be provided to Panama and Haiti for each of the fis-
14 cal years 1998 and 1999.

15 **CHAPTER 5—TRANSFER OF NAVAL VES-**
16 **SELS TO CERTAIN FOREIGN COUN-**
17 **TRIES**

18 **SEC. 441. AUTHORITY TO TRANSFER NAVAL VESSELS.**

19 (a) BRAZIL.—The Secretary of the Navy is author-
20 ized to transfer to the Government of Brazil the
21 “HUNLEY” class submarine tender HOLLAND (AS 32).

22 (b) CHILE.—The Secretary of the Navy is authorized
23 to transfer to the Government of Chile the “KAISER”
24 class oiler ISHERWOOD (T-AO 191).

1 (c) EGYPT.—The Secretary of the Navy is authorized
2 to transfer to the Government of Egypt the “KNOX”
3 class frigates PAUL (FF 1080), MILLER (FF 1091),
4 JESSE L. BROWN (FFT 1089), and MOINESTER
5 (FFT 1097), and the “OLIVER HAZARD PERRY”
6 class frigates FAHRION (FFG 22) and LEWIS B.
7 PULLER (FFG 23).

8 (d) ISRAEL.—The Secretary of the Navy is author-
9 ized to transfer to the Government of Israel the “NEW-
10 PORT” class tank landing ship PEORIA (LST 1183).

11 (e) MALAYSIA.—The Secretary of the Navy is author-
12 ized to transfer to the Government of Malaysia the
13 “NEWPORT” class tank landing ship BARBOUR
14 COUNTY (LST 1195).

15 (f) MEXICO.—The Secretary of the Navy is author-
16 ized to transfer to the Government of Mexico the
17 “KNOX” class frigate ROARK (FF 1053).

18 (g) TAIWAN.—The Secretary of the Navy is author-
19 ized to transfer to the Taipei Economic and Cultural Rep-
20 resentative Office in the United States (which is the Tai-
21 wan instrumentality designated pursuant to section 10(a)
22 of the Taiwan Relations Act) the “KNOX” class frigates
23 WHIPPLE (FF 1062) and DOWNES (FF 1070).

24 (h) THAILAND.—The Secretary of the Navy is au-
25 thorized to transfer to the Government of Thailand the

1 “NEWPORT” class tank landing ship SCHENECTADY
2 (LST 1185).

3 (i) FORM OF TRANSFERS.—Each transfer authorized
4 by this section shall be on a sales basis under section 21
5 of the Arms Export Control Act (22 U.S.C. 2761; relating
6 to the foreign military sales program).

7 **SEC. 442. COSTS OF TRANSFERS.**

8 Any expense of the United States in connection with
9 a transfer authorized by this chapter shall be charged to
10 the recipient.

11 **SEC. 443. EXPIRATION OF AUTHORITY.**

12 The authority granted by section 451 shall expire at
13 the end of the 2-year period beginning on the date of the
14 enactment of this Act.

15 **SEC. 444. REPAIR AND REFURBISHMENT OF VESSELS IN**
16 **UNITED STATES SHIPYARDS.**

17 The Secretary of the Navy shall require, to the maxi-
18 mum extent possible, as a condition of a transfer of a ves-
19 sel under this chapter, that the country to which the vessel
20 is transferred have such repair or refurbishment of the
21 vessel as is needed, before the vessel joins the naval forces
22 of that country, performed at a shipyard located in the
23 United States, including a United States Navy shipyard.

1 **CHAPTER 6—INDONESIA MILITARY**
2 **ASSISTANCE ACCOUNTABILITY ACT**

3 **SEC. 451. SHORT TITLE.**

4 This chapter may be cited as the “Indonesia Military
5 Assistance Accountability Act”.

6 **SEC. 452. FINDINGS.**

7 The Congress finds the following:

8 (1)(A) Despite a surface adherence to demo-
9 cratic forms, the Indonesian political system remains
10 strongly authoritarian.

11 (B) The government is dominated by an elite
12 comprising President Soeharto (now in his sixth 5-
13 year term), his close associates, and the military.

14 (C) The government requires allegiance to a
15 state ideology known as “Pancasila”, which stresses
16 consultation and consensus, but is also used to limit
17 dissent, to enforce social and political cohesion, and
18 to restrict the development of opposition elements.

19 (2) The Government of Indonesia recognizes
20 only one official trade union, has refused to register
21 independent trade unions such as the Indonesian
22 Prosperity Trade Union (SBSI), has arrested
23 Muchtar Pakpahan, the General Chairman of the
24 SBSI, on charges of subversion, and other labor ac-

1 tivists, and has closed the offices and confiscated
2 materials of the SBSI.

3 (3) Civil society organizations in Indonesia,
4 such as environmental organizations, election-mon-
5 itoring organizations, legal aid organizations, stu-
6 dent organizations, trade union organizations, and
7 community organizations, have been harassed by the
8 Government of Indonesia through such means as de-
9 tentions, interrogations, denial of permission for
10 meetings, banning of publications, repeated orders to
11 report to security forces or judicial courts, and ille-
12 gal seizure of documents.

13 (4)(A) The armed forces of Indonesia continue
14 to carry out torture and other severe violations of
15 human rights in East Timor, Irian Jaya, and other
16 parts of Indonesia, to detain and imprison East
17 Timorese and others for nonviolent expression of po-
18 litical views, and to maintain unjustifiably high
19 troop levels in East Timor.

20 (B) Indonesian civil authorities must improve
21 their human rights performance in East Timor,
22 Irian Jaya, and elsewhere in Indonesia, and aggres-
23 sively prosecute violations.

24 (5) The Nobel Prize Committee awarded the
25 1996 Nobel Peace Prize to Bishop Carlos Felipe

1 Ximenes Belo and Jose Ramos Horta for their tire-
2 less efforts to find a just and peaceful solution to
3 the conflict in East Timor.

4 (6) In 1992, the Congress suspended the inter-
5 national military and education training (IMET)
6 program for Indonesia in response to a November
7 12, 1991, shooting incident in East Timor by Indo-
8 nesian security forces against peaceful Timorese
9 demonstrators in which no progress has been made
10 in accounting for the missing persons either in that
11 incident or others who disappeared in 1995–96.

12 (7) On August 1, 1996, then Secretary of State
13 Warren Christopher stated in testimony before the
14 Committee on Foreign Relations of the Senate, “I
15 think there’s a strong interest in seeing an orderly
16 transition of power there [in Indonesia] that will rec-
17 ognize the pluralism that should exist in a country
18 of that magnitude and importance.”.

19 (8) The United States has important economic,
20 commercial, and security interests in Indonesia be-
21 cause of its growing economy and markets and its
22 strategic location astride a number of key inter-
23 national straits which will only be strengthened by
24 democratic development in Indonesia and a policy

1 which promotes political pluralism and respect for
2 universal human rights.

3 **SEC. 453. LIMITATION ON MILITARY ASSISTANCE TO THE**
4 **GOVERNMENT OF INDONESIA.**

5 (a) IN GENERAL.—The United States shall not pro-
6 vide military assistance and arms transfers programs for
7 a fiscal year to the Government of Indonesia unless the
8 President determines and certifies to the Congress for that
9 fiscal year that the Government of Indonesia meets the
10 following requirements:

11 (1) DOMESTIC MONITORING OF ELECTIONS.—

12 (A) The Government of Indonesia provides official
13 accreditation to independent election-monitoring or-
14 ganizations, including the Independent Election
15 Monitoring Committee (KIPP), to observe national
16 elections without interference by personnel of the
17 Government or of the armed forces.

18 (B) In addition, such organizations are allowed
19 to assess such elections and to publicize or otherwise
20 disseminate the assessments throughout Indonesia.

21 (2) PROTECTION OF NONGOVERNMENTAL ORGA-
22 NIZATIONS.—The police or military of Indonesia do
23 not confiscate materials from or otherwise engage in
24 illegal raids on the offices or homes of members of
25 both domestic or international nongovernmental or-

1 organizations, including election-monitoring organiza-
2 tions, legal aid organizations, student organizations,
3 trade union organizations, community organizations,
4 environmental organizations, and religious organiza-
5 tions.

6 (3) ACCOUNTABILITY FOR ATTACK ON PDI
7 HEADQUARTERS.—As recommended by the Govern-
8 ment of Indonesia's National Human Rights Com-
9 mission, the Government of Indonesia has inves-
10 tigated the attack on the headquarters of the Demo-
11 cratic Party of Indonesia (PDI) on July 27, 1996,
12 prosecuted individuals who planned and carried out
13 the attack, and made public the postmortem exam-
14 ination of the five individuals killed in the attack.

15 (4) RESOLUTION OF CONFLICT IN EAST
16 TIMOR.—

17 (A) ESTABLISHMENT OF DIALOGUE.—The
18 Government of Indonesia is doing everything
19 possible to enter into a process of dialogue,
20 under the auspices of the United Nations, with
21 Portugal and East Timorese leaders of various
22 viewpoints to discuss ideas toward a resolution
23 of the conflict in East Timor and the political
24 status of East Timor.

1 (B) REDUCTION OF TROOPS.—The Gov-
2 ernment of Indonesia has established and im-
3 plemented a plan to reduce the number of Indo-
4 nesian troops in East Timor.

5 (C) RELEASE OF POLITICAL PRISONERS.—
6 Individuals detained or imprisoned for the non-
7 violent expression of political views in East
8 Timor have been released from custody.

9 (5) IMPROVEMENT IN LABOR RIGHTS.—The
10 Government of Indonesia has taken the following ac-
11 tions to improve labor rights in Indonesia:

12 (A) The Government has dropped charges
13 of subversion, and previous charges against the
14 General Chairman of the SBSI trade union,
15 Muchtar Pakpahan, and released him from cus-
16 tody.

17 (B) The Government has substantially re-
18 duced the requirements for legal recognition of
19 the SBSI or other legitimate worker organiza-
20 tions as a trade union.

21 (b) WAIVERS.—

22 (1) IN GENERAL.—The limitation on United
23 States military assistance and arms transfers under
24 subsection (a) shall not apply if the President deter-
25 mines and notifies the Congress that—

1 (A) an emergency exists that requires pro-
2 viding such assistance or arms transfers for the
3 Government of Indonesia; or

4 (B) subject to paragraph (2), it is in the
5 national interest of the United States to provide
6 such assistance or arms transfers for the Gov-
7 ernment of Indonesia.

8 (2) APPLICABILITY.—A determination under
9 paragraph (1)(B) shall not become effective until 15
10 days after the date on which the President notifies
11 the Congress in accordance with such paragraph.

12 (c) EFFECTIVE DATE.—The limitation on United
13 States military assistance and arms transfers under sub-
14 section (a) shall apply only with respect to assistance pro-
15 vided for, and arms transfers made pursuant to agree-
16 ments entered into, fiscal years beginning after the date
17 of enactment of this Act.

18 **SEC. 454. UNITED STATES MILITARY ASSISTANCE AND**
19 **ARMS TRANSFERS DEFINED.**

20 As used in this chapter, the term “military assistance
21 and arms transfers” means—

22 (1) small arms, crowd control equipment, ar-
23 mored personnel carriers, and such other items that
24 can commonly be used in the direct violation of
25 human rights; and

1 (2) assistance under chapter 5 of part II of the
 2 Foreign Assistance Act of 1961 (22 U.S.C. 2347 et
 3 seq.; relating to international military education and
 4 training or “IMET”), except such term shall not in-
 5 clude Expanded IMET, pursuant to section 541 of
 6 such Act.

7 **CHAPTER 7—OTHER PROVISIONS**

8 **SEC. 461. EXCESS DEFENSE ARTICLES FOR CERTAIN EURO-** 9 **PEAN COUNTRIES.**

10 Section 105 of Public Law 104–164 (110 Stat. 1427)
 11 is amended by striking “1996 and 1997” and inserting
 12 “1998 and 1999”.

13 **SEC. 462. TRANSFER OF CERTAIN OBSOLETE OR SURPLUS** 14 **DEFENSE ARTICLES IN THE WAR RESERVE** 15 **ALLIES STOCKPILE TO THE REPUBLIC OF** 16 **KOREA.**

17 (a) AUTHORITY.—

18 (1) IN GENERAL.—Notwithstanding section 514
 19 of the Foreign Assistance Act of 1961 (22 U.S.C.
 20 2321h), the President is authorized to transfer to
 21 the Republic of Korea, in return for concessions to
 22 be negotiated by the Secretary of Defense, with the
 23 concurrence of the Secretary of State, any or all of
 24 the items described in paragraph (2).

1 (2) ITEMS DESCRIBED.—The items described in
2 this paragraph are equipment, tanks, weapons, re-
3 pair parts, and ammunition that—

4 (A) are obsolete or surplus items;

5 (B) are in the inventory of the Department
6 of Defense;

7 (C) are intended for use as reserve stocks
8 for the Republic of Korea; and

9 (D) as of the date of enactment of this
10 Act, are located in a stockpile in the Republic
11 of Korea.

12 (b) CONCESSIONS.—The value of the concessions ne-
13 gotiated pursuant to subsection (a) shall be at least equal
14 to the fair market value of the items transferred. The con-
15 cessions may include cash compensation, services, waiver
16 of charges otherwise payable by the United States, and
17 other items of value.

18 (c) ADVANCE NOTIFICATION OF TRANSFER.—Not
19 less than 30 days before making a transfer under the au-
20 thority of this section, the President shall transmit to the
21 Committee on Foreign Relations of the Senate, the Com-
22 mittee on International Relations of the House of Rep-
23 resentatives, and the congressional defense committees a
24 notification of the proposed transfer. The notification shall

1 identify the items to be transferred and the concessions
2 to be received.

3 (d) EXPIRATION OF AUTHORITY.—No transfer may
4 be made under the authority of this section more than two
5 years after the date of the enactment of this Act.

6 **SEC. 463. ADDITIONAL REQUIREMENTS RELATING TO**
7 **STOCKPILING OF DEFENSE ARTICLES FOR**
8 **FOREIGN COUNTRIES.**

9 (a) VALUE OF ADDITIONS TO STOCKPILES.—Section
10 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22
11 U.S.C. 2321h(b)(2)(A)) is amended by inserting before
12 the period at the end the following: “and \$60,000,000 for
13 fiscal year 1998”.

14 (b) REQUIREMENTS RELATING TO THE REPUBLIC OF
15 KOREA AND THAILAND.—Section 514(b)(2)(B) of such
16 Act (22 U.S.C 2321h(b)(2)(B)) is amended by adding at
17 the end the following: “Of the amount specified in sub-
18 paragraph (A) for fiscal year 1998, not more than
19 \$40,000,000 may be made available for stockpiles in the
20 Republic of Korea and not more than \$20,000,000 may
21 be made available for stockpiles in Thailand.”.

22 **SEC. 464. DELIVERY OF DRAWDOWN BY COMMERCIAL**
23 **TRANSPORTATION SERVICES.**

24 Section 506 of the Foreign Assistance Act of 1961
25 (22 U.S.C.2318) is amended—

1 (1) in subsection (b)(2), by striking the period
2 and inserting the following: “, including providing
3 the Congress with a report detailing all defense arti-
4 cles, defense services, and military education and
5 training delivered to the recipient country or inter-
6 national organization upon delivery of such articles
7 or upon completion of such services or education and
8 training. Such report shall also include whether any
9 savings were realized by utilizing commercial trans-
10 port services rather than acquiring those services
11 from United States Government transport assets.”;

12 (2) by redesignating subsection (c) as sub-
13 section (d); and

14 (3) by inserting after subsection (b) the follow-
15 ing:

16 “(c) For the purposes of any provision of law that
17 authorizes the drawdown of defense or other articles or
18 commodities, or defense or other services from an agency
19 of the United States Government, such drawdown may in-
20 clude the supply of commercial transportation and related
21 services that are acquired by contract for the purposes of
22 the drawdown in question if the cost to acquire such com-
23 mercial transportation and related services is less than the
24 cost to the United States Government of providing such
25 services from existing agency assets.”.

1 **SEC. 465. CASH FLOW FINANCING NOTIFICATION.**

2 Section 25 of the Arms Export Control Act (22
3 U.S.C. 2765) is amended—

4 (1) in the second subsection (d)—

5 (A) by striking “(d)” and inserting “(e)”;

6 and

7 (B) by striking the semicolon at the end
8 and inserting a period; and

9 (2) by adding at the end the following:

10 “(f) For each country that has been approved for
11 cash flow financing (as defined in subsection (e)) under
12 section 23 of this Act (relating to the ‘Foreign Military
13 Financing Program’), any letter of offer and acceptance
14 or other purchase agreement, or any amendment thereto,
15 for a procurement in excess of \$100,000,000 that is to
16 be financed in whole or in part with funds made available
17 under this Act shall be submitted in accordance with the
18 procedures applicable to reprogramming notifications pur-
19 suant to section 634A of this Act and through the regular
20 notification procedures of the Committee on Appropria-
21 tions.”.

22 **SEC. 466. MULTINATIONAL ARMS SALES CODE OF CON-**
23 **DUCT.**

24 (a) IN GENERAL.—Not later than 180 days after the
25 date of the enactment of this Act, the President shall con-
26 vene negotiations with all Wassenaar Arrangement coun-

1 tries for the purpose of establishing a multinational arms
2 sales code of conduct.

3 (b) CONDUCT OF NEGOTIATIONS.—Such negotiations
4 shall achieve agreement on restricting or prohibiting arms
5 transfers to countries that—

6 (1) do not respect democratic processes and the
7 rule of law;

8 (2) do not adhere to internationally-recognized
9 norms on human rights; or

10 (3) are engaged in acts of armed aggression.

11 (c) REPORT.—Not later than 1 year after the date
12 of the enactment of this Act, the President shall prepare
13 and transmit to the Committee on International Relations
14 of the House of Representative and the Committee on For-
15 eign Relations of the Senate a report on—

16 (1) efforts to establish a multinational arms
17 sales code of conduct;

18 (2) progress toward establishing such code of
19 conduct; and

20 (3) any obstacles that impede the establishment
21 of such code of conduct.

1 **TITLE V—ECONOMIC**
2 **ASSISTANCE**
3 **CHAPTER 1—ECONOMIC SUPPORT**
4 **ASSISTANCE**

5 **SEC. 501. ECONOMIC SUPPORT FUND.**

6 Section 532(a) of the Foreign Assistance Act of 1961
7 (22 U.S.C. 2346a(a)) is amended to read as follows:

8 “(a) There are authorized to be appropriated to the
9 President to carry out the purposes of this chapter
10 \$2,388,350,000 for fiscal year 1998 and \$2,350,600,000
11 for fiscal year 1999.”.

12 **SEC. 502. ASSISTANCE FOR ISRAEL.**

13 (a) MINIMUM ALLOCATION.—Of the amounts made
14 available for fiscal years 1998 and 1999 for assistance
15 under chapter 4 of part II of the Foreign Assistance Act
16 of 1961 (22 U.S.C. 2346; relating to the economic support
17 fund), not less than \$1,200,000,000 for each such fiscal
18 year shall be available only for Israel.

19 (b) TERMS OF ASSISTANCE.—

20 (1) CASH TRANSFER.—The total amount of
21 funds allocated for Israel for each fiscal year under
22 subsection (a) shall be made available on a grant
23 basis as a cash transfer.

24 (2) EXPEDITED DISBURSEMENT.—Such funds
25 shall be disbursed—

1 (A) with respect to fiscal year 1998, not
2 later than 30 days after the date of the enact-
3 ment of the Foreign Operations, Export Fi-
4 nancing, and Related Programs Appropriations
5 Act, 1998, or by October 31, 1997, whichever
6 is later; and

7 (B) with respect to fiscal year 1999, not
8 later than 30 days after the date of the enact-
9 ment of the Foreign Operations, Export Fi-
10 nancing, and Related Programs Appropriations
11 Act, 1999, or by October 31, 1998, whichever
12 is later.

13 (3) **ADDITIONAL REQUIREMENT.**—In exercising
14 the authority of this subsection, the President shall
15 ensure that the amount of funds provided as a cash
16 transfer to Israel does not cause an adverse impact
17 on the total level of nonmilitary exports from the
18 United States to Israel.

19 **SEC. 503. ASSISTANCE FOR EGYPT.**

20 (a) **MINIMUM ALLOCATION.**—Of the amounts made
21 available for fiscal years 1998 and 1999 for assistance
22 under chapter 4 of part II of the Foreign Assistance Act
23 of 1961 (22 U.S.C. 2346; relating to the economic support
24 fund), not less than \$815,000,000 for each such fiscal
25 year shall be available only for Egypt.

1 (b) ADDITIONAL REQUIREMENT.—In exercising the
2 authority of this section, the President shall ensure that
3 the amount of funds provided as a cash transfer to Egypt
4 does not cause an adverse impact on the total level of non-
5 military exports from the United States to Egypt.

6 (c) DECLARATION OF POLICY.—The Congress de-
7 clares the following:

8 (1) Assistance to Egypt is based in great meas-
9 ure upon Egypt's continued implementation of the
10 Camp David accords and the Egyptian-Israeli peace
11 treaty.

12 (2) Fulfillment by Egypt of its obligations
13 under the agreements described in paragraph (1)
14 has been disappointing, particularly the failure by
15 Egypt to meet fully its commitment made at Camp
16 David to establish with Israel "relationships normal
17 to states at peace with one another", and in its re-
18 cent support for reimposing the Arab economic boy-
19 cott of Israel.

20 (3) Support for future funding levels of assist-
21 ance for Egypt will be determined largely on whether
22 Egypt fulfills its obligations to develop normal rela-
23 tions with Israel and to promote peace with Israel
24 and other critical United States interests both in
25 Egypt and the wider Arab world.

1 **SEC. 504. INTERNATIONAL FUND FOR IRELAND.**

2 (a) FUNDING.—Of the amounts made available for
3 fiscal years 1998 and 1999 for assistance under chapter
4 4 of part II of the Foreign Assistance Act of 1961 (22
5 U.S.C. 2346; relating to the economic support fund), not
6 more than \$19,600,000 for each of the fiscal years 1998
7 and 1999 shall be available for the United States contribu-
8 tion to the International Fund for Ireland in accordance
9 with the Anglo-Irish Agreement Support Act of 1986
10 (Public Law 99–415).

11 (b) ADDITIONAL REQUIREMENTS.—

12 (1) PURPOSES.—Section 2(b) of the Anglo-Irish
13 Agreement Support Act of 1986 (Public Law 99–
14 415; 100 Stat. 947) is amended by adding at the
15 end the following new sentences: “United States con-
16 tributions shall be used in a manner that effectively
17 increases employment opportunities in communities
18 with rates of unemployment significantly higher than
19 the local or urban average of unemployment in
20 Northern Ireland. In addition, such contributions
21 shall be used to benefit individuals residing in such
22 communities.”.

23 (2) CONDITIONS AND UNDERSTANDINGS.—Sec-
24 tion 5(a) of such Act is amended—

25 (A) in the first sentence—

1 (i) by striking “The United States”
2 and inserting the following:

3 “(1) IN GENERAL.—The United States”;

4 (ii) by striking “in this Act may be
5 used” and inserting the following: “in this
6 Act—

7 “(A) may be used”;

8 (iii) by striking the period and insert-
9 ing “; and”; and

10 (iv) by adding at the end the follow-
11 ing:

12 “(B) may be provided to an individual or
13 entity in Northern Ireland only if such individ-
14 ual or entity is in compliance with the prin-
15 ciples of economic justice.”; and

16 (B) in the second sentence, by striking
17 “The restrictions” and inserting the following:

18 “(2) ADDITIONAL REQUIREMENTS.—The re-
19 strictions”.

20 (3) PRIOR CERTIFICATIONS.—Section 5(c)(2) of
21 such Act is amended—

22 (A) in subparagraph (A), by striking
23 “principle of equality” and all that follows and
24 inserting “principles of economic justice; and”;
25 and

1 (B) in subparagraph (B), by inserting be-
2 fore the period at the end the following: “and
3 will create employment opportunities in regions
4 and communities of Northern Ireland suffering
5 the highest rates of unemployment”.

6 (4) ANNUAL REPORTS.—Section 6 of such Act
7 is amended—

8 (A) in paragraph (2), by striking “and” at
9 the end;

10 (B) in paragraph (3), by striking the pe-
11 riod and inserting “; and”; and

12 (C) by adding at the end the following new
13 paragraph:

14 “(4) each individual or entity receiving assist-
15 ance from United States contributions to the Inter-
16 national Fund has agreed in writing to comply with
17 the principles of economic justice.”.

18 (5) REQUIREMENTS RELATING TO FUNDS.—
19 Section 7 of such Act is amended by adding at the
20 end the following:

21 “(c) PROHIBITION.—Nothing included herein shall
22 require quotas or reverse discrimination or mandate their
23 use.”.

24 (6) DEFINITIONS.—Section 8 of such Act is
25 amended—

1 (A) in paragraph (1), by striking “and” at
2 the end;

3 (B) in paragraph (2), by striking the pe-
4 riod at the end and inserting a semicolon; and

5 (C) by adding at the end the following new
6 paragraphs:

7 “(3) the term ‘Northern Ireland’ includes the
8 counties of Antrim, Armagh, Derry, Down, Tyrone,
9 and Fermanagh; and

10 “(4) the term ‘principles of economic justice’
11 means the following principles:

12 “(A) Increasing the representation of indi-
13 viduals from underrepresented religious groups
14 in the workforce, including managerial, super-
15 visory, administrative, clerical, and technical
16 jobs.

17 “(B) Providing adequate security for the
18 protection of minority employees at the work-
19 place.

20 “(C) Banning provocative sectarian or po-
21 litical emblems from the workplace.

22 “(D) Providing that all job openings be ad-
23 vertised publicly and providing that special re-
24 cruitment efforts be made to attract applicants
25 from underrepresented religious groups.

1 “(E) Providing that layoff, recall, and ter-
2 mination procedures do not favor a particular
3 religious group.

4 “(F) Abolishing job reservations, appren-
5 ticeship restrictions, and differential employ-
6 ment criteria which discriminate on the basis of
7 religion.

8 “(G) Providing for the development of
9 training programs that will prepare substantial
10 numbers of minority employees for skilled jobs,
11 including the expansion of existing programs
12 and the creation of new programs to train, up-
13 grade, and improve the skills of minority em-
14 ployees.

15 “(H) Establishing procedures to assess,
16 identify, and actively recruit minority employees
17 with the potential for further advancement.

18 “(I) Providing for the appointment of a
19 senior management staff member to be respon-
20 sible for the employment efforts of the entity
21 and, within a reasonable period of time, the im-
22 plementation of the principles described in sub-
23 paragraphs (A) through (H).”.

1 (7) EFFECTIVE DATE.—The amendments made
2 by this subsection shall take effect 180 days after
3 the date of the enactment of this Act.

4 **SEC. 505. ASSISTANCE FOR TRAINING OF CIVILIAN PER-**
5 **SONNEL OF THE MINISTRY OF DEFENSE OF**
6 **THE GOVERNMENT OF NICARAGUA.**

7 Notwithstanding section 531(e) of the Foreign As-
8 sistance Act of 1961 (22 U.S.C. 2346(e)), amounts made
9 available for fiscal years 1998 and 1999 for assistance
10 under chapter 4 of part II of such Act (22 U.S.C. 2346;
11 relating to the economic support fund) may be made avail-
12 able for assistance and training for civilian personnel of
13 the Ministry of Defense of the Government of Nicaragua
14 if, prior to the provision of such assistance, the Secretary
15 of State determines and reports to the Congress that such
16 assistance is necessary to establishing a civilian Ministry
17 of Defense capable of effective oversight and management
18 of the Nicaraguan armed forces and ensuring respect for
19 civilian authority and human rights.

20 **SEC. 506. AVAILABILITY OF AMOUNTS FOR CUBAN LIBERTY**
21 **AND DEMOCRATIC SOLIDARITY (LIBERTAD)**
22 **ACT OF 1996 AND THE CUBAN DEMOCRACY**
23 **ACT OF 1992.**

24 Of the amounts made available for fiscal years 1998
25 and 1999 for assistance under chapter 4 of part II of the

1 Foreign Assistance Act of 1961 (22 U.S.C. 2346; relating
 2 to the economic support fund), not less than \$2,000,000
 3 for each such fiscal year shall be made available to carry
 4 out the programs and activities under the Cuban Liberty
 5 and Democratic Solidarity (LIBERTAD) Act of 1996 (22
 6 U.S.C. 6021 et seq.) and the Cuban Democracy Act of
 7 1992 (22 U.S.C. 6001 et seq.).

8 **CHAPTER 2—DEVELOPMENT ASSISTANCE**

9 **Subchapter A—Development Assistance**

10 **Authorities**

11 **SEC. 511. AUTHORIZATION OF APPROPRIATIONS.**

12 (a) DEVELOPMENT ASSISTANCE FUND.—The For-
 13 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is
 14 amended by inserting after section 106 and before section
 15 107A, as added by this Act, the following:

16 **“SEC. 107. DEVELOPMENT ASSISTANCE FUND.**

17 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
 18 are authorized to be appropriated to the President to carry
 19 out sections 103 through 106, in addition to amounts oth-
 20 erwise available for such purposes, \$1,203,000,000 for
 21 each of the fiscal years 1998 and 1999.

22 “(b) ADDITIONAL USE OF AMOUNTS.—Of the
 23 amounts authorized to be appropriated under subsection
 24 (a)—

1 “(1) the President may use such amounts as he
2 deems appropriate to carry out the provisions of sec-
3 tion 316 of the International Security and Develop-
4 ment Cooperation Act of 1980;

5 “(2) \$2,500,000 for fiscal year 1998 and
6 \$4,000,000 for fiscal year 1999 may be made avail-
7 able to carry out section 510 of the International
8 Security and Development Cooperation Act of 1980
9 (relating to the African Development Foundation)
10 (such amounts are in addition to amounts otherwise
11 made available to carry out section 510 of such Act);
12 and

13 “(3) \$2,000,000 for fiscal year 1998 and
14 \$7,000,000 for fiscal year 1999 may be made avail-
15 able to carry out section 401 of the Foreign Assist-
16 ance Act of 1969 (relating to the Inter-American
17 Foundation) (such amounts are in addition to
18 amounts otherwise made available to carry out sec-
19 tion 401 of such Act).

20 “(c) AVAILABILITY.—The amounts authorized to be
21 appropriated under subsection (a) are authorized to re-
22 main available until expended.”.

23 (b) DEVELOPMENT FUND FOR AFRICA.—Section 497
24 of the Foreign Assistance Act of 1961 (22 U.S.C. 2294)
25 is amended to read as follows:

1 **“SEC. 497. AVAILABILITY OF AMOUNTS.**

2 “(a) IN GENERAL.—Of the amounts made available
3 to carry out sections 103 through 106 (including section
4 104(c)) for fiscal years 1998 and 1999, not less than
5 \$700,000,000 for each of the fiscal years 1998 and 1999
6 shall be made available to carry out this chapter (in addi-
7 tion to amounts otherwise available for such purposes).

8 “(b) AVAILABILITY.—Amounts made available under
9 subsection (a) are authorized to remain available until ex-
10 pended.”.

11 (c) ASSISTANCE FOR THE INDEPENDENT STATES OF
12 THE FORMER SOVIET UNION.—Section 498C(a) of the
13 Foreign Assistance Act of 1961 (22 U.S.C. 2295c(a)) is
14 amended by striking “for fiscal year 1993 \$410,000,000”
15 and inserting “for economic assistance and related pro-
16 grams, \$839,900,000 for fiscal year 1998 and
17 \$789,900,000 for fiscal year 1999”.

18 (d) ASSISTANCE FOR EAST EUROPEAN COUN-
19 TRIES.—

20 (1) IN GENERAL.—There are authorized to be
21 appropriated to the President, in addition to
22 amounts otherwise available for such purposes,
23 \$471,000,000 for fiscal year 1998 and
24 \$337,000,000 for fiscal year 1999 for economic as-
25 sistance and related programs for Eastern Europe
26 and the Baltic states under the Foreign Assistance

1 Act of 1961 (22 U.S.C. 2151 et seq.) and the Sup-
2 port for East European Democracy (SEED) Act of
3 1989 (22 U.S.C. 5401 et seq.).

4 (2) DEBT RELIEF FOR BOSNIA AND
5 HERZEGOVINA.—Notwithstanding any other provi-
6 sion of law, of the amounts authorized to be appro-
7 priated for fiscal years 1998 and 1999 under para-
8 graph (1), not more than \$5,000,000 may be made
9 available for the cost, as defined in section 502 of
10 the Federal Credit Reform Act of 1990, of modify-
11 ing direct loans and loan guarantees for Bosnia and
12 Herzegovina.

13 (3) AVAILABILITY.—Amounts authorized to be
14 appropriated under paragraph (1) are authorized to
15 remain available until expended.

16 (e) INTER-AMERICAN FOUNDATION.—Section
17 401(s)(2) of the Foreign Assistance Act of 1969 (22
18 U.S.C. 290f(s)(2)) is amended to read as follows:

19 “(2)(A) There are authorized to be appropriated to
20 the President to carry out programs under this section,
21 in addition to amounts otherwise available for such pur-
22 poses, \$20,000,000 for fiscal year 1998 and \$15,000,000
23 for fiscal year 1999.

1 “(B) Amounts authorized to be appropriated under
 2 subparagraph (A) are authorized to remain available until
 3 expended.”.

4 (f) AFRICAN DEVELOPMENT FOUNDATION.—The
 5 first sentence of section 510 of the International Security
 6 and Development Cooperation Act of 1980 (22 U.S.C.
 7 290h–8) is amended by striking “\$3,872,000 for fiscal
 8 year 1986 and \$3,872,000 for fiscal year 1987” and in-
 9 serting “\$11,500,000 for fiscal year 1998 and
 10 \$10,000,000 for fiscal year 1999.”.

11 **SEC. 512. CHILD SURVIVAL ACTIVITIES.**

12 Section 104(c) of the Foreign Assistance Act of 1961
 13 (22 U.S.C. 2151b(c)) is amended to read as follows:

14 “(c) ASSISTANCE FOR CHILD SURVIVAL, HEALTH,
 15 BASIC EDUCATION FOR CHILDREN, AND DISEASE PRE-
 16 VENTION.—

17 “(1) AUTHORITY.—The President is authorized
 18 to furnish assistance, on such terms and conditions
 19 as he may determine, for child survival and health
 20 programs, including programs that address the spe-
 21 cial health and nutrition needs of children and moth-
 22 ers, and basic education programs for children. As-
 23 sistance under this subsection may be used for the
 24 following:

1 “(A) Activities whose primary purpose is
2 to reduce child morbidity and child mortality
3 and which have a substantial, direct, and meas-
4 urable impact on child morbidity and child mor-
5 tality, such as—

6 “(i) immunization;

7 “(ii) oral rehydration;

8 “(iii) activities relating to Vitamin A
9 deficiency, iodine deficiency, and other
10 micronutrients;

11 “(iv) programs designed to reduce
12 child malnutrition;

13 “(v) programs to prevent and treat
14 acute respiratory infections;

15 “(vi) programs for the prevention,
16 treatment, and control of, and research on,
17 polio, malaria and other diseases primarily
18 affecting children; and

19 “(vii) programs whose primary pur-
20 pose is to prevent neonatal mortality.

21 “(B) Other child survival activities such
22 as—

23 “(i) basic integrated health services;

24 “(ii) assistance for displaced and or-
25 phaned children;

1 “(iii) safe water and sanitation;

2 “(iv) health programs, and related
3 education programs, which primarily ad-
4 dress the needs of mothers and children;
5 and

6 “(v) related health planning and re-
7 search.

8 “(C) Basic education programs for moth-
9 ers and children.

10 “(D) Other disease activities such as pro-
11 grams for the prevention, treatment and control
12 of, and research on, tuberculosis, HIV/AIDS,
13 and other diseases.

14 “(2) PRIORITY.—Child survival activities ad-
15 ministered by the United States Agency for Inter-
16 national Development under this subsection shall be
17 primarily devoted to activities of the type described
18 in paragraph (1)(A).

19 “(3) APPLICATION OF OTHER AUTHORITIES.—
20 Funds made available to carry out this subsection
21 that are provided for countries receiving assistance
22 under chapters 10 and 11 of part I of this Act or
23 the Support for East European Democracy (SEED)
24 Act of 1989, may be made available—

1 “(A) only for the activities described in of
2 paragraph (1); and

3 “(B) except to the extent inconsistent with
4 subparagraph (A), pursuant to the authorities
5 otherwise applicable to the provision of assist-
6 ance for such countries.

7 “(4) INTERNATIONAL ORGANIZATIONS.—Funds
8 made available to carry out this subsection may be
9 used to make contributions on a grant basis to the
10 United Nations Children’s Fund (UNICEF) pursu-
11 ant to section 301 of this Act.

12 “(5) PVO/CHILD SURVIVAL GRANTS PRO-
13 GRAM.—Of amounts made available to carry out this
14 subsection for a fiscal year, not less than
15 \$30,000,000 should be provided to the private and
16 voluntary organizations under the PVO/Child Sur-
17 vival grants program carried out by the United
18 States Agency for International Development.

19 “(6) REPORT.—The Administrator of the Unit-
20 ed States Agency for International Development
21 shall report to Congress, as part of the congressional
22 presentation document required under section 634 of
23 this Act, the total amounts to be provided for activi-
24 ties under each subparagraph of paragraph (1).

1 “(7) AUTHORIZATION OF APPROPRIATIONS.—

2 (A) In addition to amounts otherwise available for
3 such purposes, and in addition to amounts made
4 available under section 107, there are authorized to
5 be appropriated to the President \$600,000,000 for
6 each of the fiscal years 1998 and 1999 for use in
7 carrying out this subsection.

8 “(B) Amounts appropriated under this para-
9 graph are authorized to remain available until ex-
10 pended.

11 “(8) DESIGNATION OF FUND.—Appropriations
12 pursuant to this subsection may be referred to as
13 the ‘Child Survival and Disease Programs Fund’.”.

14 **SEC. 513. REQUIREMENT ON ASSISTANCE TO THE RUSSIAN**
15 **FEDERATION.**

16 (a) IN GENERAL.—Of the amounts made available to
17 carry out chapter 11 of part I of the Foreign Assistance
18 Act of 1961 (22 U.S.C. 2295 et seq.) for fiscal years 1998
19 and 1999, not more than \$95,000,000 for each such fiscal
20 year may be provided to the Russian Federation unless
21 the President determines and reports to the Congress for
22 each such fiscal year that—

23 (1) the Government of the Russian Federation
24 has terminated all official cooperation with, and
25 transfers of goods and technology to, ballistic missile

1 or nuclear programs in Iran, and has taken all ap-
2 propriate steps to prevent cooperation with, and
3 transfers of goods and technology to, such programs
4 in Iran by persons and entities subject to its juris-
5 diction; and

6 (2) the Government of the Russian Federation
7 has terminated all official cooperation with, and
8 transfers of goods and technology to, nuclear reactor
9 projects in Cuba, and has taken all appropriate
10 steps to prevent cooperation with, and transfers of
11 goods and technology to, such projects in Cuba by
12 persons and entities subject to its jurisdiction.

13 (b) ADDITIONAL LIMITATION.—

14 (1) IN GENERAL.—Notwithstanding subsection
15 (a), none of the funds made available to carry out
16 chapter 11 of part I of the Foreign Assistance Act
17 of 1961 (22 U.S.C. 2295 et seq.) for fiscal years
18 1998 and 1999 may be made available for the Rus-
19 sian Federation if the Russian Federation, on or
20 after the date of the enactment of this Act, transfers
21 an SS–N–22 missile system to the People’s Republic
22 of China.

23 (2) EXCEPTION.—Paragraph (1) shall not
24 apply if the President determines that making such
25 funds available is important to the national security

1 interest of the United States. Any such determina-
2 tion shall cease to be effective 6 months after being
3 made unless the President determines that its con-
4 tinuation is important to the national security inter-
5 est of the United States.

6 **SEC. 514. HUMANITARIAN ASSISTANCE FOR ARMENIA AND**
7 **AZERBAIJAN.**

8 (a) SENSE OF THE CONGRESS.—It is the sense of the
9 Congress that the President should seek cooperation from
10 the governments of Armenia and Azerbaijan to ensure
11 that humanitarian assistance, including assistance deliv-
12 ered through nongovernmental organizations and private
13 and voluntary organizations, shall be available to all needy
14 citizens within Armenia and Azerbaijan, including those
15 individuals in the region of Nagorno-Karabakh.

16 (b) REPORT.—The President shall prepare and trans-
17 mit a report to the Congress on humanitarian needs
18 throughout Armenia and Azerbaijan and the provision of
19 assistance to meet such needs by United States and other
20 donor organizations and states.

21 **SEC. 515. AGRICULTURAL DEVELOPMENT AND RESEARCH**
22 **ASSISTANCE.**

23 (a) FINDINGS.—The Congress finds that the propor-
24 tion of United States development assistance devoted to

1 agricultural development and research has declined sharp-
2 ly from 17 percent in 1990 to 8 percent in 1996.

3 (b) SENSE OF THE CONGRESS.—It is the sense of
4 the Congress that—

5 (1) United States investment in international
6 agricultural development and research has been a
7 critical part of many economic development suc-
8 cesses;

9 (2) agricultural development and research ad-
10 vance food security, thereby reducing poverty, in-
11 creasing political stability, and promoting United
12 States exports; and

13 (3) the United States Agency for International
14 Development should increase the emphasis it places
15 on agricultural development and research and ex-
16 pand the role of agricultural development and re-
17 search in poverty relief, child survival, and environ-
18 mental programs.

19 **SEC. 516. ACTIVITIES AND PROGRAMS IN LATIN AMERICA**
20 **AND THE CARIBBEAN REGION AND THE ASIA**
21 **AND THE PACIFIC REGION.**

22 Of the amounts made available for fiscal years 1998
23 and 1999 for assistance under sections 103 through 106
24 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151a
25 through 2151d), including assistance under section 104(c)

1 of such Act (22 U.S.C. 2151b(c)), the amount made avail-
2 able for activities and programs in Latin America and the
3 Caribbean region and the Asia and the Pacific region
4 should be in at least the same proportion to the total
5 amount of such assistance made available as the amount
6 identified in the congressional presentation documents for
7 development assistance for each of the fiscal years 1998
8 and 1999, respectively, for each such region is to the total
9 amount requested for development assistance for each
10 such fiscal year.

11 **SEC. 517. SUPPORT FOR AGRICULTURAL DEVELOPMENT**
12 **ASSISTANCE.**

13 (a) IN GENERAL.—For each of the fiscal years 1998
14 and 1999 the President should allocate an aggregate level
15 to programs under section 103 of the Foreign Assistance
16 Act of 1961 (22 U.S.C. 2151a; relating to agriculture,
17 rural development, and nutrition) in amounts equal to the
18 level provided to such programs in fiscal year 1997.

19 (b) INCREASING LEVELS.—If appropriations for pro-
20 grams under chapter 1 of part I of the Foreign Assistance
21 Act of 1961 (22 U.S.C. 2151 et seq.; relating to develop-
22 ment assistance) increase in fiscal year 1998 or 1999
23 above levels provided in fiscal year 1997, the President
24 should allocate an increasing level for programs under sec-

tion 103 of such Act (22 U.S.C. 2151a; relating to agriculture, rural development, and nutrition).

Subchapter B—Operating Expenses

SEC. 521. OPERATING EXPENSES GENERALLY.

Section 667(a)(1) of the Foreign Assistance Act of 1961 (22 U.S.C. 2427(a)(1)) is amended to read as follows:

“(1) \$473,000,000 for fiscal year 1998 and \$465,000,000 for fiscal year 1999 for necessary operating expenses of the United States Agency for International Development (other than the Office of the Inspector General of such agency);”.

SEC. 522. OPERATING EXPENSES OF THE OFFICE OF THE INSPECTOR GENERAL.

Section 667(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2427(a)), as amended by this Act, is further amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

“(2) \$29,047,000 for each of the fiscal years 1998 and 1999 for necessary operating expenses of the Office of the Inspector General of such agency; and”.

1 **CHAPTER 3—URBAN AND**
 2 **ENVIRONMENTAL CREDIT PROGRAM**

3 **SEC. 531. URBAN AND ENVIRONMENTAL CREDIT PROGRAM.**

4 (a) IN GENERAL.—The heading for title III of chap-
 5 ter 2 of part I of the Foreign Assistance Act of 1961 is
 6 amended to read as follows:

7 “TITLE III—URBAN AND ENVIRONMENTAL
 8 CREDIT PROGRAM”.

9 (b) REPEALS.—(1) Section 222(k) of the Foreign As-
 10 sistance Act of 1961 (22 U.S.C. 2182(k)) is hereby re-
 11 pealed.

12 (2) Section 222A of such Act (22 U.S.C. 2182a) is
 13 hereby repealed.

14 (3) Section 223(j) of such Act (22 U.S.C. 2183(j))
 15 is hereby repealed.

16 **CHAPTER 4—THE PEACE CORPS**

17 **SEC. 541. AUTHORIZATION OF APPROPRIATIONS.**

18 Section 3(b) of the Peace Corps Act (22 U.S.C.
 19 2502(b)) is amended to read as follows:

20 “(b)(1) There are authorized to be appropriated to
 21 carry out the purposes of this Act \$222,000,000 for fiscal
 22 year 1998 and \$225,000,000 for fiscal year 1999.

23 “(2) Amounts authorized to be appropriated under
 24 paragraph (1)—

1 “(A) with respect to fiscal year 1998 are au-
2 thorized to remain available until September 30,
3 1999; and

4 “(B) with respect to fiscal year 1999 are au-
5 thorized to remain available until September 30,
6 2000.”.

7 **SEC. 542. ACTIVITIES OF THE PEACE CORPS IN THE**
8 **FORMER SOVIET UNION AND MONGOLIA.**

9 Of the amounts made available for fiscal years 1998
10 and 1999 to carry out chapter 11 of part I of the Foreign
11 Assistance Act of 1961 (22 U.S.C. 2295 et seq.; relating
12 to assistance for the independent states of the former So-
13 viet Union), not more than \$11,000,000 for each such fis-
14 cal year shall be available for activities of the Peace Corps
15 in the independent states of the former Soviet Union (as
16 defined in section 3 of the Freedom for Russia and
17 Emerging Eurasian Democracies and Open Markets Sup-
18 port Act of 1992) and Mongolia.

19 **SEC. 543. AMENDMENTS TO THE PEACE CORPS ACT.**

20 (a) **TERMS AND CONDITIONS OF VOLUNTEER SERV-**
21 **ICE.**—Section 5 of the Peace Corps Act (22 U.S.C. 2504)
22 is amended—

23 (1) in subsection (f)(1)(B), by striking “Civil
24 Service Commission” and inserting “Office of Per-
25 sonnel Management”;

1 (2) in subsection (h), by striking “the Federal
2 Voting Assistance Act of 1955” and all that follows
3 through the end of the subsection and inserting
4 “sections 5584 and 5732 of title 5, United States
5 Code (and readjustment allowances paid under this
6 Act shall be considered as pay for purposes of such
7 section 5732), section 1 of the Act of June 4, 1920
8 (22 U.S.C. 214), and section 3342 of title 31, Unit-
9 ed States Code.”; and

10 (3) in subsection (j), by striking “section 1757
11 of the Revised Statutes” and all that follows through
12 the end of the subsection and inserting “section
13 3331 of title 5, United States Code.”.

14 (b) GENERAL POWERS AND AUTHORITIES.—Section
15 10 of such Act (22 U.S.C. 2509) is amended—

16 (1) in subsection (a)(4), by striking “31 U.S.C.
17 665(b)” and inserting “section 1342 of title 31,
18 United States Code”; and

19 (2) in subsection (a)(5), by striking “: *Provided*,
20 That” and all that follows through the end of the
21 paragraph and inserting “, except that such individ-
22 uals shall not be deemed employees for the purpose
23 of any law administered by the Office of Personnel
24 Management.”.

1 (c) UTILIZATION OF FUNDS.—Section 15 of such Act
2 (22 U.S.C. 2514) is amended—

3 (1) in the first sentence of subsection (c)—

4 (A) by striking “Public Law 84–918 (7
5 U.S.C. 1881 et seq.)” and inserting “sub-
6 chapter VI of chapter 33 of title 5, United
7 States Code (5 U.S.C. 3371 et seq.)”; and

8 (B) by striking “specified in that Act” and
9 inserting “or other organizations specified in
10 section 3372(b) of such title”; and

11 (2) in subsection (d)—

12 (A) in paragraph (2), by striking “section
13 9 of Public Law 60–328 (31 U.S.C. 673)” and
14 inserting “section 1346 of title 31, United
15 States Code”;

16 (B) in paragraph (6), by striking “without
17 regard to section 3561 of the Revised Statutes
18 (31 U.S.C. 543)”;

19 (C) in paragraph (11)—

20 (i) by striking “Foreign Service Act of
21 1946, as amended (22 U.S.C. 801 et
22 seq.),” and inserting “Foreign Service Act
23 of 1980 (22 U.S.C. 3901 et seq.)”; and

24 (ii) by striking “and” at the end;

1 (D) in paragraph (12), by striking the pe-
 2 riod at the end and by inserting “; and”; and

3 (E) by adding at the end the following:

4 “(13) the transportation of Peace Corps em-
 5 ployees, Peace Corps volunteers, dependents of em-
 6 ployees and volunteers, and accompanying baggage,
 7 by a foreign air carrier when the transportation is
 8 between 2 places outside the United States without
 9 regard to section 40118 of title 49, United States
 10 Code.”.

11 (d) PROHIBITION ON USE OF FUNDS FOR ABOR-
 12 TIONS.—Section 15 of such Act (22 U.S.C. 2514) is
 13 amended, as amended by this Act, is further amended by
 14 adding at the end the following new subsection:

15 “(e) Funds made available for the purposes of this
 16 Act may not be used to pay for abortions.”.

17 **CHAPTER 5—INTERNATIONAL DISASTER**
 18 **ASSISTANCE**

19 **SEC. 551. AUTHORITY TO PROVIDE RECONSTRUCTION AS-**
 20 **SISTANCE.**

21 Section 491 of the Foreign Assistance Act of 1961
 22 (22 U.S.C. 2292) is amended—

23 (1) in subsection (a), by striking “and rehabili-
 24 tation” and inserting “, rehabilitation, and recon-
 25 struction, as the case may be,”;

1 (2) in subsection (b), by striking “and rehabili-
 2 tation” and inserting “, rehabilitation, and recon-
 3 struction”; and

4 (3) in subsection (c), by striking “and rehabili-
 5 tation” and inserting “, rehabilitation, and recon-
 6 struction”.

7 **SEC. 552. AUTHORIZATIONS OF APPROPRIATIONS.**

8 Section 492(a) of the Foreign Assistance Act of 1961
 9 (22 U.S.C. 2292a(a)) is amended in the first sentence to
 10 read as follows: “There are authorized to be appropriated
 11 to the President to carry out section 491, in addition to
 12 funds otherwise available for such purposes, \$190,000,000
 13 for each of the fiscal years 1998 and 1999.”.

14 **CHAPTER 6—DEBT RELIEF**

15 **SEC. 561. DEBT RESTRUCTURING FOR FOREIGN ASSIST-**
 16 **ANCE.**

17 Chapter 6 of part I of the Foreign Assistance Act
 18 of 1961 (22 U.S.C. 2271 et seq.) is amended to read as
 19 follows:

20 **“CHAPTER 6—DEBT RELIEF**

21 **“SEC. 461. SPECIAL DEBT RELIEF FOR POOR COUNTRIES.**

22 “(a) **AUTHORITY TO REDUCE DEBT.**—The President
 23 may reduce amounts owed to the United States Govern-
 24 ment by a country described in subsection (b) as a result
 25 of—

1 “(1) loans or guarantees issued under this Act;
2 or

3 “(2) credits extended or guarantees issued
4 under the Arms Export Control Act (22 U.S.C.
5 2751 et seq.).

6 “(b) COUNTRY DESCRIBED.—A country described in
7 this subsection is a country—

8 “(1) with a heavy debt burden that is eligible
9 to borrow from the International Development Asso-
10 ciation but not from the International Bank for Re-
11 construction and Development (commonly referred
12 to as an ‘IDA-only’ country);

13 “(2) the government of which—

14 “(A) does not have an excessive level of
15 military expenditures;

16 “(B) has not repeatedly provided support
17 for acts of international terrorism; and

18 “(C) is not failing to cooperate with the
19 United States on international narcotics control
20 matters;

21 “(3) the government (including the military or
22 other security forces of such government) of which
23 does not engage in a consistent pattern of gross vio-
24 lations of internationally recognized human rights;
25 and

1 “(4) that is not ineligible for assistance because
2 of the application of section 527(a) of the Foreign
3 Relations Authorization Act, Fiscal Years 1994 and
4 1995.

5 “(c) LIMITATIONS.—The authority under subsection
6 (a) may be exercised—

7 “(1) only to implement multilateral official debt
8 relief ad referendum agreements (commonly referred
9 to as ‘Paris Club Agreed Minutes’); and

10 “(2) only to the extent that appropriations for
11 the cost of the modification, as defined in section
12 502 of the Congressional Budget Act of 1974, are
13 made in advance.

14 “(d) CERTAIN PROHIBITIONS INAPPLICABLE.—A re-
15 duction of debt pursuant to the exercise of authority under
16 subsection (a)—

17 “(1) shall not be considered assistance for pur-
18 poses of any provision of law limiting assistance to
19 a country; and

20 “(2) may be exercised notwithstanding section
21 620(r) of this Act or any comparable provision of
22 law.

23 “(e) AUTHORIZATION OF APPROPRIATIONS.—

24 “(1) IN GENERAL.—There are authorized to be
25 appropriated to the President for the purpose of car-

1 rying out this section and the Foreign Operations,
2 Export Financing, and Related Programs Supple-
3 mental Appropriations Act, 1994 (title VI of the
4 Foreign Operations, Export Financing, and Related
5 Programs Appropriations Act, 1994; Public Law
6 103–306) \$32,000,000 for each of the fiscal years
7 1998 and 1999.

8 “(2) AVAILABILITY.—Amounts authorized to be
9 appropriated under paragraph (1) are authorized to
10 remain available until expended.”.

11 **SEC. 562. DEBT BUYBACKS OR SALES FOR DEBT SWAPS.**

12 Part IV of the Foreign Assistance Act of 1961 (22
13 U.S.C. 2430 et seq.) is amended by adding at the end
14 the following:

15 **“SEC. 711. AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR**
16 **SALES.**

17 “(a) LOANS ELIGIBLE FOR SALE, REDUCTION, OR
18 CANCELLATION.—

19 “(1) AUTHORITY TO SELL, REDUCE, OR CANCEL
20 CERTAIN LOANS.—Notwithstanding any other provi-
21 sion of law, the President may, in accordance with
22 this section, sell to any eligible purchaser any
23 concessional loan or portion thereof made before
24 January 1, 1995, pursuant to this Act, to the gov-
25 ernment of any eligible country, as defined in section

1 702(6), or on receipt of payment from an eligible
2 purchaser or such eligible country, reduce or cancel
3 such loan or portion thereof, only for the purpose of
4 facilitating—

5 “(A) debt-for-equity swaps, debt-for-devel-
6 opment swaps, or debt-for-nature swaps; or

7 “(B) a debt buyback by an eligible country
8 of its own qualified debt, only if the eligible
9 country uses an additional amount of the local
10 currency of the eligible country, equal to not
11 less than 40 percent of the price paid for such
12 debt by such eligible country, or the difference
13 between the price paid for such debt and the
14 face value of such debt, to support activities (i)
15 that link conservation and sustainable use of
16 natural resources with local community develop-
17 ment, and (ii) for child survival and other child
18 development activities, in a manner consistent
19 with sections 707 through 710, if the sale, re-
20 duction, or cancellation would not contravene
21 any term or condition of any prior agreement
22 relating to such loan.

23 “(2) TERMS AND CONDITIONS.—Notwithstand-
24 ing any other provision of law, the President shall,
25 in accordance with this section, establish the terms

1 and conditions under which loans may be sold, re-
2 duced, or canceled pursuant to this section.

3 “(3) ADMINISTRATION.—The Facility, as de-
4 fined in section 702(8), shall notify the Adminis-
5 trator of the United States Agency for International
6 Development of purchasers that the President has
7 determined to be eligible, and shall direct such agen-
8 cy to carry out the sale, reduction, or cancellation of
9 a loan pursuant to this section. Such agency shall
10 make an adjustment in its accounts to reflect the
11 sale, reduction, or cancellation.

12 “(4) LIMITATION.—To the extent that appro-
13 priations for the cost of the modification, as defined
14 in section 502 of the Congressional Budget Act of
15 1974, are necessary, the authorities of this sub-
16 section shall be available only where such appropria-
17 tions are made in advance.

18 “(b) DEPOSIT OF PROCEEDS.—The proceeds from
19 the sale, reduction, or cancellation of any loan sold, re-
20 duced, or canceled pursuant to this section shall be depos-
21 ited in an account or accounts established in the Treasury
22 for the repayment of such loan.

23 “(c) ELIGIBLE PURCHASERS.—A loan may be sold
24 pursuant to subsection (a)(1)(A) only to a purchaser who
25 presents plans satisfactory to the President for using the

1 loan for the purpose of engaging in debt-for-equity swaps,
 2 debt-for-development swaps, or debt-for-nature swaps.

3 “(d) DEBTOR CONSULTATIONS.—Before the sale to
 4 any eligible purchaser, or any reduction or cancellation
 5 pursuant to this section, of any loan made to an eligible
 6 country, the President shall consult with the country con-
 7 cerning the amount of loans to be sold, reduced, or can-
 8 celed and their uses for debt-for-equity swaps, debt-for-
 9 development swaps, or debt-for-nature swaps.”.

10 **CHAPTER 7—OTHER ASSISTANCE** 11 **PROVISIONS**

12 **SEC. 571. EXEMPTION FROM RESTRICTIONS ON ASSIST-** 13 **ANCE THROUGH NONGOVERNMENTAL ORGA-** 14 **NIZATIONS.**

15 Section 123(e) of the Foreign Assistance Act of 1961
 16 (22 U.S.C. 2151u(e)) is amended to read as follows:

17 “(e)(1) Subject to paragraph (3), restrictions con-
 18 tained in this Act or any other provision of law with re-
 19 spect to assistance for a country shall not be construed
 20 to restrict assistance under this chapter, chapter 10, and
 21 chapter 11 of this part, chapter 4 of part II, or the Sup-
 22 port for East European Democracy (SEED) Act of 1989
 23 (22 U.S.C. 5401 et seq.), in support of programs of non-
 24 governmental organizations.

1 “(2) The President shall take into consideration, in
 2 any case in which a restriction on assistance for a country
 3 would be applicable but for this subsection, whether assist-
 4 ance for programs of nongovernmental organizations is in
 5 the national interest of the United States.

6 “(3) Whenever the authority of this subsection is
 7 used to furnish assistance in support of a program of a
 8 nongovernmental organization, the President shall notify
 9 the congressional committees specified in section 634A(a)
 10 of this Act in accordance with procedures applicable to re-
 11 programming notifications under that section. Such notifi-
 12 cation shall describe the program assisted, the assistance
 13 provided, and the reasons for furnishing such assistance.”.

14 **SEC. 572. FUNDING REQUIREMENTS RELATING TO UNITED**
 15 **STATES PRIVATE AND VOLUNTARY ORGANI-**
 16 **ZATIONS.**

17 (a) IN GENERAL.—Section 123(g) of the Foreign As-
 18 sistance Act of 1961 (22 U.S.C. 2151u(g)) is amended
 19 to read as follows:

20 “(g) Funds made available to carry out this chapter
 21 or chapter 10 of this part may not be made available to
 22 any United States private and voluntary organization, ex-
 23 cept any cooperative development organization, that ob-
 24 tains less than 20 percent of its total annual funding for

1 its international activities from sources other than the
2 United States Government.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) applies with respect to funds made available
5 for programs of any United States private and voluntary
6 organization on or after the date of the enactment of this
7 Act.

8 **SEC. 573. DOCUMENTATION REQUESTED OF PRIVATE AND**
9 **VOLUNTARY ORGANIZATIONS.**

10 Section 620 of the Foreign Assistance Act of 1961
11 (22 U.S.C. 2370) is amended by inserting after subsection
12 (u) the following:

13 “(v) None of the funds made available to carry out
14 this Act shall be available to any private and voluntary
15 organization which—

16 “(1) fails to provide upon timely request any
17 document, file, or record necessary to the auditing
18 requirements of the United States Agency for Inter-
19 national Development; or

20 “(2) is not registered with the United States
21 Agency for International Development.”.

22 **SEC. 574. ENCOURAGEMENT OF FREE ENTERPRISE AND**
23 **PRIVATE PARTICIPATION.**

24 Section 601(a) of the Foreign Assistance Act of 1961
25 (22 U.S.C. 2351(a)) is amended—

1 (1) by striking “(a)” and inserting “(a)(1)”;
2 and

3 (2) by adding the following:

4 “(2) To the maximum extent feasible, in providing
5 assistance under Part I of this Act, the President should
6 give special emphasis to programs and activities that en-
7 courage the creation and development of private enterprise
8 and free market systems, including—

9 “(A) the development of private cooperatives,
10 credit unions, labor unions, and civic and profes-
11 sional associations;

12 “(B) the reform and restructuring of banking
13 and financial systems; and

14 “(C) the development and strengthening of
15 commercial laws and regulations, including laws and
16 regulations to protect intellectual property.”.

17 **SEC. 575. SENSE OF THE CONGRESS RELATING TO UNITED**
18 **STATES COOPERATIVES AND CREDIT UNIONS.**

19 It is the sense of the Congress that—

20 (1) United States cooperatives and cooperative
21 development organizations and credit unions can
22 provide an opportunity for people in developing
23 countries to participate directly in democratic deci-
24 sionmaking for their economic and social benefit
25 through ownership and control of business enter-

1 prises and through the mobilization of local capital
2 and savings; and

3 (2) such organizations should be utilized in fos-
4 tering democracy, free markets, community-based
5 development, and self-help projects.

6 **SEC. 576. FOOD ASSISTANCE TO THE DEMOCRATIC PEO-**
7 **PLE'S REPUBLIC OF KOREA.**

8 None of the funds made available in this Act and the
9 amendments made by this Act shall be made available for
10 assistance for food to the Democratic People's Republic
11 of Korea unless the President certifies to the Congress
12 that—

13 (1) the Government of the Republic of Korea
14 does not oppose the delivery of United States assist-
15 ance for food to the Democratic People's Republic of
16 Korea;

17 (2) the United States Government is confident
18 that previous United States assistance for food and
19 official concessional food deliveries have not been di-
20 verted to military needs;

21 (3) military stocks of the Democratic People's
22 Republic of Korea have been tapped to respond to
23 unmet food aid needs;

24 (4) the World Food Program and other inter-
25 national food delivery organizations have been per-

1 mitted to take and have taken all reasonable steps
2 to ensure that all upcoming food aid deliveries will
3 not be diverted from intended recipients; and

4 (5) the Government of the United States has
5 directly acted to encourage, and acting through ap-
6 propriate international organizations, has encour-
7 aged such organizations to urge, the Democratic
8 People’s Republic of Korea to initiate fundamental
9 structural reforms of its agricultural sector.

10 **SEC. 577. WITHHOLDING OF ASSISTANCE TO COUNTRIES**
11 **THAT PROVIDE NUCLEAR FUEL TO CUBA.**

12 (a) IN GENERAL.—Section 620 of the Foreign Assist-
13 ance Act of 1961 (22 U.S.C. 2370), as amended by this
14 Act, is further amended by adding at the end the follow-
15 ing:

16 “(y)(1) Except as provided in paragraph (2), the
17 President shall withhold from amounts made available
18 under this Act or any other Act and allocated for a coun-
19 try for a fiscal year an amount equal to the aggregate
20 value of nuclear fuel and related assistance and credits
21 provided by that country, or any entity of that country,
22 to Cuba during the preceding fiscal year.

23 “(2) The requirement to withhold assistance for a
24 country for a fiscal year under paragraph (1) shall not
25 apply if Cuba—

1 “(A) has ratified the Treaty on the Non-
2 Proliferation of Nuclear Weapons (21 UST
3 483) or the Treaty of Tlatelelco, and Cuba is
4 in compliance with the requirements of either
5 such Treaty;

6 “(B) has negotiated and is in compliance
7 with full-scope safeguards of the International
8 Atomic Energy Agency not later than two years
9 after ratification by Cuba of such Treaty; and

10 “(C) incorporates and is in compliance
11 with internationally accepted nuclear safety
12 standards.

13 “(3) The Secretary of State shall prepare and submit
14 to the Congress each year a report containing a descrip-
15 tion of the amount of nuclear fuel and related assistance
16 and credits provided by any country, or any entity of a
17 country, to Cuba during the preceding year, including the
18 terms of each transfer of such fuel, assistance, or cred-
19 its.”.

20 (b) EFFECTIVE DATE.—Section 620(y) of the For-
21 eign Assistance Act of 1961, as added by subsection (a),
22 shall apply with respect to assistance provided in fiscal
23 years beginning on or after the date of the enactment of
24 this Act.

TITLE VI—TRADE AND DEVELOPMENT AGENCY

SEC. 601. AUTHORIZATION OF APPROPRIATIONS.

Section 661(f)(1)(A) of the Foreign Assistance Act of 1961 (22 U.S.C. 2421(f)(1)(A)) is amended to read as follows:

“(1) AUTHORIZATION.—(A) There are authorized to be appropriated for purposes of this section, in addition to funds otherwise available for such purposes, \$43,000,000 for each of the fiscal years 1998 and 1999.”.

TITLE VII—SPECIAL AUTHORITIES AND OTHER PROVISIONS

CHAPTER 1—SPECIAL AUTHORITIES

SEC. 701. ENHANCED TRANSFER AUTHORITY.

Section 610 of the Foreign Assistance Act of 1961 (22 U.S.C. 2360) is amended to read as follows:

“SEC. 610. TRANSFER BETWEEN ACCOUNTS.

“(a) GENERAL AUTHORITY.—Whenever the President determines it to be necessary for the purposes of this Act or the Arms Export Control Act (22 U.S.C. 2751 et seq.), not to exceed 20 percent of the funds made available to carry out any provision of this Act (except funds made available pursuant to title IV of chapter 2 of part I) or

1 section 23 of the Arms Export Control Act (22 U.S.C.
2 2763)—

3 “(1) may be transferred to, and consolidated
4 with, the funds in any other account or fund avail-
5 able to carry out any provision of this Act or the
6 Arms Export Control Act; and

7 “(2) may be used for any purpose for which
8 funds in that account or fund may be used.

9 “(b) LIMITATION ON AMOUNT OF INCREASE.—The
10 total amount in the account or fund for the benefit of
11 which transfer is made under subsection (a) during any
12 fiscal year may not be increased by more than 20 percent
13 of the amount of funds otherwise made available.

14 “(c) NOTIFICATION.—The President shall notify in
15 writing the congressional committees specified in section
16 634A at least fifteen days in advance of each such transfer
17 between accounts in accordance with procedures applicable
18 to reprogramming notifications under such section.”.

19 **SEC. 702. AUTHORITY TO MEET UNANTICIPATED CONTIN-**
20 **GENCIES.**

21 Paragraph (1) of section 451(a) of the Foreign As-
22 sistance Act of 1961 (22 U.S.C. 2261(a)(1)) is amended
23 by striking “\$25,000,000” and inserting “\$50,000,000”.

1 **SEC. 703. SPECIAL WAIVER AUTHORITY.**

2 (a) LAWS AFFECTED.—Section 614 of the Foreign
3 Assistance Act of 1961 (22 U.S.C. 2364) is amended by
4 striking subsections (a)(1) and (a)(2) and inserting the
5 following:

6 “(a) AUTHORITY TO AUTHORIZE ASSISTANCE,
7 SALES, AND OTHER ACTIONS; LIMITATIONS.—(1) The
8 President may authorize assistance, sales, or other action
9 under this Act, the Arms Export Control Act, or any an-
10 nual (or periodic) foreign assistance authorization or ap-
11 propriations legislation, without regard to any of the pro-
12 visions described in subsection (b), if the President deter-
13 mines, and notifies in writing the Speaker of the House
14 of Representatives and the chairman of the Committee on
15 Foreign Relations of the Senate—

16 “(A) with respect to assistance or other actions
17 under chapter 2 or 5 of part II of this Act, or assist-
18 ance, sales, or other actions under the Arms Export
19 Control Act, that to do so is vital to the national se-
20 curity interests of the United States; and

21 “(B) with respect to other assistance or actions
22 that to do so is important to the national interests
23 of the United States.

24 “(2) The President may waive any provision de-
25 scribed in paragraph (1), (2), or (3) of subsection (b) that
26 would otherwise prohibit or restrict assistance or other ac-

1 tion under any provision of law not described in those
 2 paragraphs if the President determines, and notifies in
 3 writing the Speaker of the House of Representatives and
 4 the chairman of the Committee on Foreign Relations of
 5 the Senate, that to do so is important to the national in-
 6 terests of the United States.”.

7 (b) ANNUAL CEILINGS.—Section 614(a)(4) of such
 8 Act (22 U.S.C. 2364(a)(4)) is amended—

9 (1) in subparagraph (A)—

10 (A) in clause (i), by striking
 11 “\$750,000,000” and inserting
 12 “\$1,000,000,000”;

13 (B) in clause (ii), by striking
 14 “\$250,000,000” and inserting “\$500,000,000”;
 15 and

16 (C) in clause (iii), by striking
 17 “\$100,000,000” and inserting “\$200,000,000”;
 18 and

19 (2) in subparagraph (C)—

20 (A) by striking “\$50,000,000” and insert-
 21 ing “\$75,000,000”; and

22 (B) by striking “\$1,000,000,000” and in-
 23 serting “\$1,500,000,000”.

1 (c) LAWS WHICH MAY BE WAIVED.—Section 614 of
 2 such Act (22 U.S.C. 2364) is amended by striking sub-
 3 sections (b) and (c) and inserting the following:

4 “(b) LAWS WHICH MAY BE WAIVED.—The provi-
 5 sions referred to in paragraphs (1) and (2) of subsection
 6 (a) are—

7 “(1) the provisions of this Act;

8 “(2) the provisions of the Arms Export Control
 9 Act;

10 “(3) the provisions of any annual (or periodic)
 11 foreign assistance authorization or appropriations
 12 legislation, including any amendment made by any
 13 such Act;

14 “(4) any other provision of law that restricts
 15 assistance, sales or leases, or other action under the
 16 Acts referred to in paragraph (1), (2), or (3); and

17 “(5) any law relating to receipts and credits ac-
 18 cruing to the United States.”.

19 (d) CONFORMING AMENDMENT.—Section
 20 614(a)(4)(B) of such Act (22 U.S.C. 2364(a)(4)(B)) is
 21 amended by striking “the Arms Export Control Act or
 22 under”.

23 **SEC. 704. TERMINATION OF ASSISTANCE.**

24 Section 617 of the Foreign Assistance Act of 1961
 25 (22 U.S.C. 2367) is amended to read as follows:

1 **“SEC. 617. TERMINATION OF ASSISTANCE.**

2 “(a) IN GENERAL.—(1) In order to ensure the effec-
3 tiveness of assistance provided under this Act, notwith-
4 standing any other provision of law, funds made available
5 under this Act or the Arms Export Control Act to carry
6 out any program, project, or activity of assistance shall
7 remain available for obligation for a period not to exceed
8 8 months after the date of termination of such assistance
9 for the necessary expenses of winding up such programs,
10 projects, or activities, and funds so obligated may remain
11 available until expended.

12 “(2) Funds obligated to carry out any program,
13 project, or activity of assistance before the effective date
14 of the termination of such assistance are authorized to be
15 available for expenditure for the necessary expenses of
16 winding up such programs, projects, and activities, not-
17 withstanding any provision of law restricting the expendi-
18 ture of funds, and may be reobligated to meet any other
19 necessary expenses arising from the termination of such
20 assistance.

21 “(3) The necessary expenses of winding up programs,
22 projects, and activities of assistance include the obligation
23 and expenditure of funds to complete the training or stud-
24 ies outside their countries of origin of students whose
25 course of study or training program began before assist-
26 ance was terminated.

1 “(b) LIABILITY TO CONTRACTORS.—For the purpose
 2 of making an equitable settlement of termination claims
 3 under extraordinary contractual relief standards, the
 4 President is authorized to adopt as a contract or other
 5 obligation of the United States Government, and assume
 6 (in whole or in part) any liabilities arising thereunder, any
 7 contract with a United States or third-country contractor
 8 to carry out any program, project, or activity of assistance
 9 under this Act that was subsequently terminated pursuant
 10 to law.

11 “(c) GUARANTEE PROGRAMS.—Provisions of this or
 12 any other Act requiring the termination of assistance
 13 under this Act shall not be construed to require the termi-
 14 nation of guarantee commitments that were entered into
 15 before the effective date of the termination of assistance.”.

16 **SEC. 705. LOCAL ASSISTANCE TO HUMAN RIGHTS GROUPS**
 17 **IN CUBA.**

18 Section 109 of the Cuban Liberty and Democratic
 19 Solidarity (LIBERTAD) Act of 1996 (22 U.S.C. 6039)
 20 is amended by adding at the end the following:

21 “(d) LOCAL ASSISTANCE.—

22 “(1) IN GENERAL.—For the purposes of provid-
 23 ing assistance to independent nongovernmental orga-
 24 nizations and individuals in Cuba as authorized by
 25 subsection (a), amounts made available under such

1 subsection may be used for assistance to individuals
 2 and nongovernmental organizations in Cuba and for
 3 local costs incurred in delivering such assistance.

4 “(2) CERTIFICATION.—A certification by a rep-
 5 resentative of a United States or local nongovern-
 6 mental organization, or other entity, administering
 7 assistance described in paragraph (1), that such as-
 8 sistance is being used for its intended purpose, shall
 9 be deemed to satisfy any accountability requirement
 10 of the United States Agency for International Devel-
 11 opment for the administration of such assistance.”.

12 **CHAPTER 2—REPEALS**

13 **SEC. 711. REPEAL OF OBSOLETE PROVISIONS.**

14 (a) 1987 FOREIGN ASSISTANCE APPROPRIATIONS
 15 ACT.—Section 539(g)(2) of the Foreign Assistance and
 16 Related Programs Appropriations Act, 1987, as included
 17 in Public Law 99–591, is hereby repealed.

18 (b) 1986 ASSISTANCE ACT.—The Special Foreign
 19 Assistance Act of 1986 is hereby repealed except for sec-
 20 tion 1, section 204, and title III of such Act.

21 (c) 1985 ASSISTANCE ACT.—The International Secu-
 22 rity and Development Cooperation Act of 1985 is hereby
 23 repealed except for section 1, section 131, section 132, sec-
 24 tion 502, section 504, section 505, part B of title V (other

1 than section 558 and section 559), section 1302, section
2 1303, and section 1304.

3 (d) 1985 JORDAN SUPPLEMENTAL ACT.—The Jor-
4 dan Supplemental Economic Assistance Authorization Act
5 of 1985 is hereby repealed.

6 (e) 1985 AFRICAN FAMINE ACT.—The African Fam-
7 ine Relief and Recovery Act of 1985 is hereby repealed.

8 (f) 1983 ASSISTANCE ACT.—The International Secu-
9 rity and Development Assistance Authorization Act of
10 1983 is hereby repealed.

11 (g) 1983 LEBANON ASSISTANCE ACT.—The Lebanon
12 Emergency Assistance Act of 1983 is hereby repealed.

13 (h) 1981 ASSISTANCE ACT.—The International Secu-
14 rity and Development Cooperation Act of 1981 is hereby
15 repealed except for section 1, section 709, and section 714.

16 (i) 1980 ASSISTANCE ACT.—The International Secu-
17 rity and Development Cooperation Act of 1980 is hereby
18 repealed except for section 1, section 110, section 316, and
19 title V.

20 (j) 1979 DEVELOPMENT ASSISTANCE ACT.—The
21 International Development Cooperation Act of 1979 is
22 hereby repealed.

23 (k) 1979 SECURITY ASSISTANCE ACT.—The Inter-
24 national Security Assistance Act of 1979 is hereby re-
25 pealed.

1 (l) 1979 SPECIAL SECURITY ASSISTANCE ACT.—The
2 Special International Security Assistance Act of 1979 is
3 hereby repealed.

4 (m) 1978 DEVELOPMENT ASSISTANCE ACT.—The
5 International Development and Food Assistance Act of
6 1978 is hereby repealed, except for section 1, title IV, and
7 section 603(a)(2).

8 (n) 1978 SECURITY ASSISTANCE ACT.—The Inter-
9 national Security Assistance Act of 1978 is hereby re-
10 pealed.

11 (o) 1977 DEVELOPMENT ASSISTANCE ACT.—The
12 International Development and Food Assistance Act of
13 1977 is hereby repealed except for section 1, section
14 132(b), and section 133.

15 (p) 1977 SECURITY ASSISTANCE ACT.—The Inter-
16 national Security Assistance Act of 1977 is hereby re-
17 pealed.

18 (q) 1976 SECURITY ASSISTANCE ACT.—The Inter-
19 national Security Assistance and Arms Export Control Act
20 of 1976 is hereby repealed except for section 1, section
21 201(b), section 212(b), section 601, and section 608.

22 (r) 1975 DEVELOPMENT ASSISTANCE ACT.—The
23 International Development and Food Assistance Act of
24 1975 is hereby repealed.

1 (s) 1975 BIB ACT.—Public Law 94–104 is hereby
2 repealed.

3 (t) 1974 ASSISTANCE ACT.—The Foreign Assistance
4 Act of 1974 is hereby repealed.

5 (u) 1973 EMERGENCY ASSISTANCE ACT.—The
6 Emergency Security Assistance Act of 1973 is hereby re-
7 pealed.

8 (v) 1973 ASSISTANCE ACT.—The Foreign Assistance
9 Act of 1973 is hereby repealed.

10 (w) 1971 ASSISTANCE ACT.—The Foreign Assistance
11 Act of 1971 is hereby repealed.

12 (x) 1971 SPECIAL ASSISTANCE ACT.—The Special
13 Foreign Assistance Act of 1971 is hereby repealed.

14 (y) 1969 ASSISTANCE ACT.—The Foreign Assistance
15 Act of 1969 is hereby repealed except for the first section
16 and part IV.

17 (z) 1968 ASSISTANCE ACT.—The Foreign Assistance
18 Act of 1968 is hereby repealed.

19 (aa) 1964 ASSISTANCE ACT.—The Foreign Assist-
20 ance Act of 1964 is hereby repealed.

21 (bb) LATIN AMERICAN DEVELOPMENT ACT.—The
22 Latin American Development Act is hereby repealed.

23 (cc) 1959 MUTUAL SECURITY ACT.—The Mutual Se-
24 curity Act of 1959 is hereby repealed.

1 (dd) 1954 MUTUAL SECURITY ACT.—Sections 402
 2 and 417 of the Mutual Security Act of 1954 are hereby
 3 repealed.

4 (ee) DEPARTMENT OF STATE AUTHORIZATION ACT,
 5 FISCAL YEARS 1982 AND 1983.—Section 109 of the De-
 6 partment of State Authorization Act, Fiscal Years 1982
 7 and 1983, is hereby repealed.

8 (ff) DEPARTMENT OF STATE AUTHORIZATION ACT,
 9 FISCAL YEARS 1984 AND 1985.—Sections 1004 and
 10 1005(a) of the Department of State Authorization Act,
 11 Fiscal Years 1984 and 1985, are hereby repealed.

12 (gg) SAVINGS PROVISION.—Except as otherwise pro-
 13 vided in this Act, the repeal by this Act of any provision
 14 of law that amended or repealed another provision of law
 15 does not affect in any way that amendment or repeal.

16 **TITLE VIII—FUNDING LEVELS**

17 **SEC. 801. AUTHORIZATION OF APPROPRIATIONS FOR CER-** 18 **TAIN PROGRAMS.**

19 Subject to section 634A of the Foreign Assistance
 20 Act of 1961, there are authorized to be appropriated to
 21 the President for fiscal year 1998, \$116,878,000.
 22 Amounts made available pursuant to such authorization
 23 shall be transferred to and merged with funds made avail-
 24 able to accounts authorized to be appropriated by this Act
 25 (and amendments made by this Act) that are below the

1 President's fiscal year 1998 request. Amounts transferred
2 and merged under this subsection may not increase an ap-
3 propriation account above the President's fiscal year 1998
4 request.

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