

United States Department of State and  
U.S. Agency for International Development

# U.S. FOREIGN ASSISTANCE REFERENCE GUIDE





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# I. Introduction

This guide has been prepared under the direction of the State-USAID Joint Policy Council as a general foreign assistance reference tool for managers. It is designed to meet the need for increased expertise in development work on the part of practitioners of diplomacy.

State and USAID established the Joint Policy Council to strengthen the links between foreign assistance and the foreign policy goals and objectives set forth in the State-USAID FY 2004-2009 Strategic Plan. Implementing the State/USAID Strategic Plan demands the best possible synchronization of diplomacy and foreign assistance programming.

What follows is a partial collection of basic information, figures and principles underpinning 19 core accounts in five categories of U.S. foreign assistance programming, as follows:

**Bilateral Economic Assistance**

**Humanitarian Assistance**

**Multilateral Economic Assistance**

**Military Assistance**

**Law Enforcement Assistance**

Included are basic fact sheets for 19 accounts each containing citations of important underlying laws, itemizing primary activities, outlining recent funding history, and describing important statutory restrictions. Activity descriptions are drawn from references in statute, Congressional Budget Presentations, or in some cases both. Also included are an overall funding summary, a collection of significant general authorities and restrictions, and a lexicon of key terms.

This guide will be updated annually. Comments and suggestions are welcome, and should be addressed to State's Office of Strategic & Performance Planning (202-647-0300; RMSPPRefGuide@state.gov) and/or USAID's Bureau for Policy and Program Coordination (202-712-1430).

## II. Lexicon of Basic Principles/Terms

**Appropriation:** A law to permit the actual expenditure of public funds, which must be passed by both Houses of Congress and signed by the President to take effect; a basic governing foundation stone under Article I of the U.S. Constitution: “No money shall be drawn from the Treasury, but in consequence of *appropriations* made by law.” Most appropriations acts are subdivided into specific amounts of money (accounts) to be spent on set categories of activities over limited amounts of time, usually one or two years. A supplemental appropriation is one enacted in between annual cycles, often to meet specific additional emergency requirements unforeseen at the time regular appropriations measures were enacted.

**Continuing Resolution:** A stopgap appropriations measure permitting the expenditure of public funds, often “continuing” at the prior year’s levels, in the absence of regularly-enacted appropriations legislation.

**Authorization:** A law setting policy, defining the activities a particular government entity may carry out, and specifying methods for their conduct. To the extent that authorization acts comprise funding provisions, these are considered to be policy statements of financial ceilings on the appropriations acts which must follow. Authorization Acts may comprise permanent statutes, time-limited statutes, or both. The Foreign Assistance Act of 1961 and the Arms Export Control Act are the two primary authorization acts affecting foreign assistance.

**The President’s Budget:** An annual submission to both Houses of Congress jointly. The only comprehensive outline of all programs the President proposes to execute in the following fiscal year, and how much money is requested for their pursuit. Not a constitutional requirement, but a requirement of permanent law enacted in 1974.

**Obligation:** An accounting transaction effected as an immediate prerequisite to any operational action (for example conclusion of a grant agreement) that legally commits the USG to future expenditure of funds. The practical consequence is reservation of a specific amount of available funding for a specific recipient or project-executing agent.

**Apportionment:** An OMB-based budgetary action executing provisions of an approved appropriations act. Apportionments are account-specific, and transmit to agencies delegated authority to incur obligations in specified amounts per quarter, subject to applicable laws, limitations and regulations.

**Allocation or allotment:** A sub-component of an apportionment, established by agency administrative action. Allotments are defined in terms of specified amounts of funding for (usually geographic) subsets of the account’s underlying purposes.

**Earmark:** A statutory requirement that a minimum amount of funds be obligated for a specific country, project or purpose.

**Directive:** A non-statutory statement of legislative intent directing that funds be used for a specific program, project or activity, usually embodied in a committee report.

**Liquidation:** Disbursement of previously obligated funds consistent with the purposes set out at the time an underlying obligation was established. Liquidations may continue during one or more subsequent fiscal years depending on account-specific limitations.

**Reprogramming:** An executive-branch action to shift funding from one program, project or activity to another in mid-cycle. By law, most reprogrammings require advance notification to Congress. In practice, reprogramming is not carried out without Congressional concurrence.



## III. Bilateral Economic Assistance

### General Purposes

*“... The Congress finds that fundamental political, economic, and technological changes have resulted in the interdependence of nations. The Congress declares that the individual liberties, economic prosperity, and security of the people of the United States are best sustained and enhanced in a community of nations which respect individual civil and economic rights and freedoms and which work together to use wisely the world’s limited resources in an open and equitable international economic system. Furthermore, the Congress reaffirms the traditional humanitarian ideals of the American people and renews its commitment to assist people in developing countries to eliminate hunger, poverty, illness, and ignorance.”*

(Foreign Assistance Act of 1961 (FAA), P.L. 87-195, §101).

### Accounts

- **Child Survival and Health Programs (CSH)**
- **Development Assistance (DA)**
- **Economic Support Fund (ESF)**
- **Transition Initiatives (TI)**
- **FREEDOM Support Act (FSA)**
- **Support for East European Democracy (SEED)**
- **Global HIV/AIDS Initiative (GHAI)**
- **Millennium Challenge Account (MCA)**
- **Nonproliferation, Anti-Terrorism, Demining & Related Programs (NADR)**

# Child Survival and Health Programs (CSH)

**Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §104.**

## ■ Assumptions/Purposes

The protection of human health and nutrition in developing and transitional countries directly affects public health in the U.S. by preventing the spread of infectious diseases that know no borders. Investing in the health of the developing world contributes to global economic growth, reduction of poverty, a sustainable environment, and regional security.

The Child Survival and Health Programs Fund (CSH) supports programs that expand basic health services, and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations.

## ■ Uses

Child survival, health, and family planning/reproductive health activities, including:

1. Support of basic integrated health services,
2. Training of health auxiliary and other appropriate personnel,
3. Immunization programs,
4. Oral rehydration programs,
5. Health, nutrition, water and sanitation programs which directly address the needs of mothers and children, and related education programs,
6. Assistance for children displaced or orphaned by causes other than AIDS,
7. Programs for the prevention, treatment, control of, and research on HIV/AIDS, tuberculosis, polio, malaria, and other infectious diseases, and for communities severely affected by HIV/AIDS,
8. Family planning/reproductive health, including:
  - a) Provision of family planning information and services,
  - b) The conduct of directly relevant demographic research, and
9. Other related research and analysis programs, undertaken "to the maximum extent practicable in developing countries by developing country personnel, linked as appropriate with private and governmental biomedical research facilities within the United States."

Funds from this account are also used to make contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") and the U.N. Joint Program on HIV/AIDS (UNAIDS). In addition, funds in this account are used to provide assistance for the victims of trafficking in persons.

## ■ Responsible agencies/bureaus/decision-makers

USAID: Bureau for Global Health, Assistant Administrator, and Regional Assistant Administrators.



## ■ Fiscal Year availability for obligation/liquidation

2 years/5 years

Five-year Appropriations History (\$ millions)	
2001	1,274
2002	1,178
2003	1,940
2004	1,824
2005	1,538
Principal FY 2005* beneficiaries (\$ millions)	
Nigeria	43.7
India	43.4
Ethiopia	39.2
Bangladesh	36.3
Uganda	34.3 <i>*request</i>

## ■ Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives

1. 2004 Appropriations earmarks include:
 

a) Child survival and maternal health	\$330,000,000
b) Vulnerable children	\$28,000,000
c) Other infectious diseases	\$185,000,000
d) Family planning/reproductive health	\$375,500,000
e) Afghanistan	\$21,000,000
f) HIV/AIDS	\$516,500,000
g) AIDS/TB/Malaria Global Fund	\$400,000,000
2. No funds may be provided as non-project assistance except for ongoing health activities.
3. No HIV/AIDS, malaria, or tuberculosis funds can be made available to organizations that do not have policies explicitly opposing prostitution and sex trafficking.
4. Assistance for child survival activities and disease programs may be provided notwithstanding any other provision of law except for abortion-related limitations and provisions of the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003.

## ■ Significant New Initiatives

A new \$50 million initiative to assist victims of trafficking in persons and to combat such trafficking was initiated in FY 2004 in part using funds transferred to CSH from the International Organizations and Programs (IO&P) account.

# Development Assistance (DA)

## **Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), Chapters 1 and 10 of Part I.**

“ ... [for] sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political, and social institutions which will improve the quality of their lives.”

“United States development cooperation policy should emphasize five principal goals:

1. Alleviation of the worst physical manifestations of poverty among the world’s poor majority;
2. Promotion of conditions enabling developing countries to achieve self-sustaining economic growth with equitable distribution of benefits;
3. Encouragement of development processes in which individual civil and economic rights are respected and enhanced;
4. Integration of the developing countries into an open and equitable international economic system; and
5. Promotion of good governance through combating corruption and improving transparency and accountability.”

### ■ **Uses**

1. Agriculture, Rural Development, and Nutrition
2. Education and Human Resources Development
3. Energy & Technology
4. Economic Growth
5. Environment and Natural Resources
6. Democracy, Good Governance, Human Rights

### ■ **Responsible agencies/bureaus/decision-makers**

USAID, Regional Assistant Administrators.

### ■ **Fiscal Year availability for obligation/liquidation**

2 year/5 years.

Five-year appropriations history (\$ millions)		
2001	1,274	
2002	1,178	
2003	1,479	
2004	1,377	
2005	1,448	
Principal FY 2005* beneficiaries (\$ millions)		
Afghanistan	150.0	
Sudan	70.0	
Indonesia	32.7	
Pakistan	29.0	
South Africa	26.8	<i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. 2004 Appropriations earmarks include:

- |                               |               |
|-------------------------------|---------------|
| a) Basic Education            | \$235,000,000 |
| b) Trade Capacity-building    | \$190,000,000 |
| c) Biodiversity               | \$155,000,000 |
| d) Water Supply               | \$100,000,000 |
| e) Plant Biotechnology R&D    | \$25,000,000  |
| f) American Schools/Hospitals | \$19,000,000  |

2. Whenever the President determines it to be necessary for the purposes of this chapter [“Development Assistance”], not to exceed 15 per centum of the funds made available for any provision of this chapter may be transferred to, and consolidated with, the funds made available for any other provision of this chapter, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 25 per centum of the amount of funds made available for such provision. Funds made available pursuant to this chapter may not be transferred for use for purposes of any other provision of this Act...

(FAA Part I, Chapter 1, §109).

3. No [Development] assistance shall be furnished by the United States Government to a country ... until the country provides assurances to the President, and the President is satisfied, that such country provide at least 25 per centum of the costs of the entire program, project, or activity with respect to which such assistance is to be furnished, except that such costs borne by such country may be provided on an “in-kind” basis.

(FAA Part I, Chapter 1, §110).

■ **Significant New Initiatives**

N/A

# Economic Support Fund (ESF)

## **Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), Part II, Chapter 4**

The Congress recognizes that, under special economic, political, or security conditions, the national interest of the United States may require economic support for countries in amounts which could not be justified solely [for development purposes]. (FAA §531(a)).

The Economic Support Fund (ESF) promotes the economic and political foreign policy interests of the United States by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace negotiations, and financing economic stabilization programs, frequently in a multi-donor context. The U.S. Agency for International Development (USAID), with overall foreign policy guidance from the Department of State, implements most ESF-funded programs.

### ■ **Uses**

To the maximum extent feasible, programming in a manner consistent with development assistance policy, purposes and programs, specifically in support of:

1. Increasing the role of the private sector in the economy, reducing government controls over markets, enhancing job creation, and improving economic growth.
2. Assisting in the development of effective, accessible, independent legal systems operating under the rule of law, as measured by an increase in the use of the courts to decide allegations of human rights abuses or abuses of government authority.
3. Developing and strengthening institutions necessary for sustainable democracy through support for the transformation of the public sector, including assistance and training to improve public administration, promote decentralization, and strengthen local governments, parliaments, independent media, and non-governmental organizations.
4. Assisting in the transition to transparent and accountable governance and the empowerment of citizens, working through civic and economic organizations and democratic political processes that ensure broad-based participation in political and economic life, as well as respect for human rights and fundamental freedoms.
5. Strengthening capacity to manage the human dimension of the transition to democracy and a market economy and to help sustain the poorest sectors of the population during the transition period.
6. Balance of payments support, including cash transfer assistance and assistance to finance commodity imports.
7. Budget support.

### ■ **Responsible agencies/bureaus/decision-makers**

State: The Deputy Secretary, “in cooperation with” (FAA §531(b)) the USAID Administrator.

### ■ **Fiscal Year availability for obligation/liquidation**

2 years/5 years.

Five-year appropriations history (\$ millions)	
2001	2,314.9
2002	3,289.0
2003	4,802.1
2004	3,263.3
2005	2,481.0
Principal FY 2005* beneficiaries (\$ millions)	
Egypt	535.0
Israel	360.0
Pakistan	300.0
Jordan	250.0
Afghanistan	225.0 *request

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. 2004 Appropriations earmarks include:

- |                              |               |
|------------------------------|---------------|
| a) Afghanistan               | \$672,000,000 |
| b) Egypt*                    | \$575,000,000 |
| c) Israel                    | \$480,000,000 |
| d) Jordan                    | \$250,000,000 |
| e) Pakistan                  | \$200,000,000 |
| f) Lebanon                   | \$35,000,000  |
| g) East Timor                | \$22,500,000  |
| h) Ireland                   | \$18,500,000  |
| i) Cyprus                    | \$13,500,000  |
| j) China/Hong Kong democracy | \$13,500,000  |

\*Of the amount earmarked for Egypt, not less than \$200 million must be provided as commodity import program (CIP) assistance.

2. Use prohibited for military or paramilitary purposes.

3. May be used for certain types of police assistance in Latin American and Caribbean countries notwithstanding a general FAA prohibition (§660) on such use of economic assistance. A provision contained in annual Foreign Operations Appropriations Acts expands this authorization to make its scope worldwide.

■ **Significant New Initiatives**

Middle East Partnership Initiative (MEPI), begun in 2003-4, \$150 million requested for FY 2005.

# Transition Initiatives (TI)

**Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §491**

## ■ Assumptions/Purposes

Support for the transition to democracy and to long-term development of countries in crisis, specifically activities such as assistance to develop, strengthen, or preserve democratic institutions and processes, revitalize basic infrastructure, and foster peaceful conflict resolution.

## ■ Uses

Focus areas include:

1. Community-Based Approaches;
2. Media Programming;
3. Conflict Management and Peace Initiatives;
4. Technical Assistance to Government Institutions;
5. Civil Society Development;
6. Election Processes;
7. Civilian-Military Relations;
8. Decentralization;
9. Judicial/Human Rights Processes;
10. Reintegrating Ex-Combatants; and
11. Transparency and Good Governance.

## ■ Responsible agencies/bureaus/decision-makers

USAID: Democracy, Conflict and Humanitarian Assistance, Assistant Administrator

## ■ Fiscal Year availability for obligation/liquidation

TI funds are appropriated to remain available until expended.

Five-year appropriations history (\$ millions)	
2001	49.9
2002	50.0
2003	61.7
2004	54.7
2005	49.0

Principal FY 2005* beneficiaries (\$ millions)		
Sudan	16.0	
Bolivia	5.0	
Venezuela	5.0	
Angola	4.0	
Burundi	4.0	
Congo	4.0	
Sri Lanka	4.0	<i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. TI assistance may be provided notwithstanding any other provision of law.
2. USAID required to submit a report to the Committees on Appropriations at least 5 days prior to beginning any new TI assistance program.

■ **Significant New Initiatives**

N/A



# FREEDOM Support Act (FSA)

(Formal Account Name: Assistance to the Independent States of the former Soviet Union)

## Authorization: FREEDOM Support Act of 1992 (P.L. 102-511)

### ■ Assumptions/Purposes

Given Eurasia's size, large deposits of energy resources, and borders with key countries in Europe, South Asia, and the Middle East, the United States has a vital national interest in helping it become a region characterized by stable, democratic and prosperous countries.

Assistance programs funded under the FREEDOM Support Act (FSA) account seek to facilitate the completion of transitions begun in 1991 to democratic governance and free economies by supporting emerging democratic organizations and market-based institutions. FSA-funded assistance has also helped reform antiquated health care systems, improve maternal and child health, and successfully treat tuberculosis. FSA-funded assistance also helps prevent the proliferation of WMD and related technology and expertise, and combats transnational threats such as drug trafficking, organized crime, and trafficking in persons.

### ■ Uses

1. Meeting urgent humanitarian needs.
2. Promoting democracy and rule of law.
3. Developing free and independent media.
4. Creating and developing private enterprise and free market systems based on the principle of private ownership of property.
5. Creating conditions that promote trade and investment, and encouraging participation of the United States private sector in the development of the private sector in the independent states of the former Soviet Union.
6. Promoting market-based mechanisms for distribution of inputs to agricultural production and for the handling, marketing, storage, and processing of agricultural commodities; encouraging policies that provide incentives for agricultural production; and creating institutions that provide technical and financial support for the agricultural sector.
7. Promoting programs to strengthen and build institutions that provide quality health care and voluntary family planning services, housing, and other components of a social safety net, particularly for infants, children, and people with disabilities.
8. Promoting broad-based educational reform at all levels.
9. Promoting energy efficiency and production.
10. Enhancing the human and natural environment and conserving environmental resources.
11. Improving transportation and telecommunications infrastructure and management.
12. Promoting drug education, interdiction, and eradication programs.
13. Protecting and caring for refugees, displaced persons, and other migrants; addressing the root causes of migration; and promoting the development of appropriate immigration and emigration laws and procedures.



■ **Responsible agencies/bureaus/decision-makers**

State: Bureau of European and Eurasian Affairs, Assistance Coordinator.

USAID: Bureau for Europe and Eurasia, Assistant Administrator.

■ **Fiscal Year availability for obligation/liquidation**

2 years/5 years.

Five-year appropriations history (\$ millions)	
2001	808
2002	958
2003	755
2004	584
2005	556

Principal FY 2005* beneficiaries (\$ millions)	
Georgia	90.0
Russia	79.5
Ukraine	79.5
Armenia	62.0
Azerbaijan	38.0 <i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

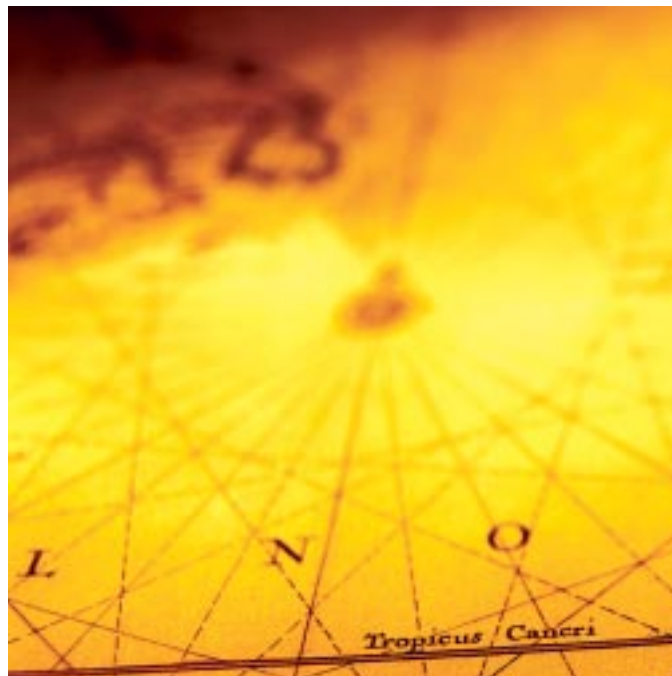
1. 2004 Appropriations earmarks/limitations include:

- a) \$94 million for assistance for Russia.
- b) \$75 million for assistance for Armenia.
- c) \$57 million for child survival, environmental and reproductive health, and HIV/AIDS, tuberculosis and other infectious diseases.
- d) \$17.5 million for assistance for the Russian Far East.
- e) \$4 million to promote freedom of the media and an independent media in Russia.
- f) \$19 million for nuclear reactor safety in Ukraine.
- g) Assistance for the Russian Federation, Armenia, Georgia, and Ukraine subject to special notification requirements.
- h) FSA assistance subject to requirements applicable to other economic assistance programs for environmental review.
- i) Report language directs the funding of other programs or identifies particular organizations to implement assistance programs.

2. Under permanent law:
  - a) Limited to use only in the following countries: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.
  - b) Cannot be provided for the government of any state which:
    - Is engaged in gross violations of human rights or of international law,
    - Has failed to implement applicable arms control obligations,
    - Has transferred to another country missiles or missile technology, or material or technology supporting the manufacture of weapons of mass destruction,
    - Is prohibited from receiving assistance because of the provisions of the Glenn-Symington amendments (related to the transfer of nuclear weapons technology or the explosion of a nuclear device), or
    - Is engaged in nonmarket-based trade with Cuba.
  - c) The amount of assistance provided to any state of the former Soviet Union is to be reduced by the amount of assistance and support that state provides of intelligence facilities in Cuba.
3. Assistance may be made available notwithstanding any other provision of law.
4. Funds made available to carry out the NIS program may be transferred to USAID operating expenses for the cost of administering programs in the NIS.

### ■ Significant New Initiatives

N/A



# Support for East European Democracy (SEED)

(Formal Account Name: Assistance for Eastern Europe and the Baltic States (AEEB))

## Authorization: SEED Act of 1989 (P.L. 101-179)

### ■ Assumptions/Purposes

SEED-funded programs help to ensure that local and regional instability - particularly in South Central Europe - does not threaten the security and well being of the United States and its allies. SEED programs also aim at minimizing the human costs of conflict aftermath, contribute to the protection of human health, help to achieve a sustainable global environment, and promote U.S. exports. SEED-funded bilateral and regional programs will also help to reduce the threat of transnational organized crime and HIV/AIDS.

### ■ Uses

1. To contribute to the development of democratic institutions and political pluralism characterized by:
  - a) The establishment of fully democratic and representative political systems based on free and fair elections;
  - b) Effective recognition of fundamental liberties and individual freedoms, including freedom of speech, religion, and association;
  - c) Termination of all laws and regulations which impede the operation of a free press and the formation of political parties;
  - d) Creation of an independent judiciary; and
  - e) Establishment of non-partisan military, security, and police forces;
2. To promote the development of a free market economic system characterized by:
  - a) Privatization of economic entities;
  - b) Establishment of full rights to acquire and hold private property, including land and the benefits of contractual relations;
  - c) Simplification of regulatory controls regarding the establishment and operation of businesses;
  - d) Dismantlement of all wage and price controls;
  - e) Removal of trade restrictions, including on both imports and exports;
  - f) Liberalization of investment and capital, including the repatriation of profits by foreign investors;
  - g) Tax policies which provide incentives for economic activity and investment;
  - h) Establishment of rights to own and operate private banks and other financial service firms, as well as unrestricted access to private sources of credit; and
  - i) Access to a market for stocks, bonds, and other instruments through which individuals may invest in the private sector.

### ■ Responsible agencies/bureaus/decision-makers

State: Bureau of European and Eurasian Affairs, Assistance Coordinator

USAID: Bureau for Europe and Eurasia, Assistant Administrator.

## ■ Fiscal Year availability for obligation/liquidation

2 years/5 years.

Five-year appropriations history (\$ millions)	
2001	674
2002	621
2003	522
2004	442
2005	393
Principal FY 2005* beneficiaries (\$ millions)	
Serbia/Montenegro	102
Kosovo	72
Bosnia/Herzegovina	41
Macedonia	34
Albania	28 <i>*request</i>

## ■ Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives

1. 2004 Appropriations earmarks/limitations/authorities include:

- \$53.5 million in SEED, FSA, FMF and ESF for HIV/AIDS, tuberculosis, and malaria.
- \$12 million for economic development and environmental programs in the coastal region of Montenegro.
- Assistance for Serbia after March 31, 2004 subject to the government's cooperation with the International Criminal Tribunal for the former Yugoslavia.
- Conference report on the FY 04 Foreign Operations Appropriations Act contains a table allocating all funds appropriated for Eastern Europe and the Baltic States. Deviations from the table are subject to congressional notification requirements.
- Assistance may be made available notwithstanding any other provision of law.

2. Limited by permanent law to use only for the following countries: Albania, Bosnia, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia/Montenegro, Slovakia, Slovenia.

## ■ Significant New Initiatives

N/A

# Global HIV/AIDS Initiative (GHAI)

**Authorization: (a) U.S. Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108-25).  
(b) Foreign Assistance Act of 1961 (P.L. 87-195), §104A.**

## ■ Assumptions/Purposes

The GHAI account is the primary source of funding for activities in fifteen focus countries under the President’s Emergency Plan for AIDS Relief, the purpose of which is to rapidly expand integrated treatment, prevention, and care programs to achieve three specific goals:

1. To support treatment of 2 million HIV-infected people;
2. To prevent 7 million new HIV infections; and
3. To support care for 10 million people infected and affected by HIV/AIDS, including orphans and vulnerable children.

Funding will be ramped up over five years as recipient countries build the necessary human capital and infrastructure needed for long-term success and accountability. Programs are carried out in support of host country objectives and in coordination with other donors and funding sources.

## ■ Uses

1. Treatment, including: (a) assistance to develop the necessary infrastructure, staff, and technical capacity to provide long-term, widespread, high-quality, safe, and essential HIV/AIDS services, and (b) assistance for the purpose of treatment of individuals with HIV/AIDS through provision of pharmaceuticals, including antiretrovirals and other pharmaceuticals and therapies for the treatment of opportunistic infections, nutritional support, and other treatment modalities.
2. Prevention, including: (a) assistance to establish and implement evidence-based prevention programs such as the “ABC” approach of Abstinence, Be faithful, and as appropriate, the correct and consistent use of Condoms, (b) assistance for the purpose of providing voluntary testing and counseling, (c) assistance to prevent of mother-to-child transmission of HIV, (d) assistance to ensure a safe blood supply and sterile medical equipment, (e) assistance to help avoid substance and intravenous drug abuse that can lead to HIV infection, (f) assistance for increasing women’s access to employment opportunities, income, productive resources, and microfinance programs, and (g) support for vaccine research and development.
3. Care, including: (a) assistance to strengthen and expand hospice and palliative care programs, and (b) assistance for care of orphans and vulnerable children affected by HIV/AIDS.

## ■ Responsible agencies/bureaus/decision-makers

State: Office of the Global AIDS Coordinator.

## ■ Fiscal Year availability for obligation/liquidation

Indefinite

Five-year appropriations history (\$ millions)		
2001		N/A
2002		N/A
2003		N/A
2004		488
2005		1,374
Principal FY 2005* beneficiaries (\$ millions)		
Uganda	159	
Kenya	139	
South Africa	129	
Zambia	120	
Nigeria	108	<i>*request</i>

## ■ Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives

1. Designated by statute for use in fourteen countries: Botswana, Cote d'Ivoire, Ethiopia, Guyana, Haiti, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia, "and other countries designated by the President," under which authority Vietnam was subsequently added.
2. For fiscal years 2006 through 2008, not less than 55 percent of the amounts appropriated earmarked for therapeutic medical care of individuals infected with HIV, of which at least 75 percent "should be" expended for the purchase and distribution of antiretroviral pharmaceuticals and at least 25 percent "should be" expended for related care.
3. For fiscal years 2006 through 2008, not less than 33 percent of the amounts appropriated for HIV/AIDS prevention for each such fiscal year earmarked for abstinence-until-marriage programs.

## ■ Significant New Initiatives

N/A

# Millennium Challenge Account (MCA)

## Authorization: Millennium Challenge Act of 2003 (P.L. 108-199, Division D, Title VI.)

### ■ Assumptions/Purposes/Uses

“to provide United States assistance for global development ...in a manner that promotes economic growth and the elimination of extreme poverty and strengthens good governance, economic freedom, and investments in people.”

### ■ Uses

#### 1. Economic Growth:

The Millennium Challenge Corporation (MCC) will focus specifically on promoting sustained economic growth through investments in areas such as agriculture, education, private sector development, and capacity building.

#### 2. Reward Performance:

Using objective indicators, countries will be selected to receive assistance based on their performance in governing justly, investing in their citizens, and encouraging economic freedom.

#### 3. Genuine Partnership:

Working closely with the MCC, countries that receive MCA assistance will be responsible for identifying the greatest barriers to their own development, ensuring civil society participation, and developing an MCA program.

#### 4. Focus on Results:

MCA assistance will go to those countries that have developed well-designed programs with clear objectives, measurable baseline data and provide for an objective evaluation of results.

#### 5. Operating Approach:

MCA participation will require a high-level commitment from the host government. Each country will be required to enter into a public agreement with the MCC that includes a multi-year plan for achieving shared development objectives and the responsibilities of each country in achieving those objectives, regular benchmarks to measure progress, a multi-year financial plan, and a plan to ensure fiscal accountability for the use of MCA assistance. Programs and shared efforts will be designed to enable progress to be sustained after the funding under the MCA Compact has ended.

For implementation purposes, national governments, nongovernmental organizations, local governments, and the private sector can be recipients of funds.

In FY 2004, candidates for possible participation in MCA have a per capita income of \$1,415 or less and International Development Association (IDA) eligibility. For FY 2005, the requirement for IDA eligibility will be relaxed. By FY 2006, the income cutoff level is slated to increase to just under \$3,000, IDA's lower middle-income threshold.

■ **Responsible agencies/bureaus/decision-makers**

Millennium Challenge Corporation Board of Directors with the Secretary of State serving as Chairperson.

■ **Fiscal Year availability for obligation/liquidation**

Indefinite.

Five-year appropriations history (\$ millions)	
2001	-
2002	-
2003	-
2004	994
2005	1,488

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. MCA assistance may not include military assistance or military training.
2. MCA assistance may not be provided for any project that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production.
3. MCA assistance may not be provided for any project that is likely to cause a significant environmental, health, or safety hazard.
4. Use of MCA funds for abortions and involuntary sterilizations prohibited to the same extent and in the same manner as such prohibitions apply to funds made available to carry out part I of the FAA.
5. Eligible countries for 2004: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Mozambique, Nicaragua, Senegal, Sri Lanka and Vanuatu.
6. MCA assistance may not be provided to any country that is ineligible to receive economic assistance under the Foreign Assistance Act of 1961.

■ **Significant New Initiatives**

N/A





# Nonproliferation, Anti-Terrorism, Demining & Related Programs (NADR)

**Authorization: Foreign Assistance Act of 1961 (P.L. 87-195),  
Part I, §301 & Part II, Chapters 8-9.  
Arms Export Control Act (P.L. 90-629), §23.  
FREEDOM Support Act (FSA) of 1992 (P.L. 102-511), §504.**

## ■ Purposes

(FAA §572, §581)

1. “To enhance the ability of ... law enforcement personnel to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnapping, assassination, hostage taking, and hijacking.”
2. “To halt the proliferation of nuclear, chemical, and biological weapons, and conventional weaponry ... [and to establish] verifiable safeguards against the proliferation of such weapons;”

## ■ Uses

1. To enhance the antiterrorism skills of friendly countries by providing training and equipment to deter and counter terrorism.
2. To strengthen the bilateral ties of the United States with friendly governments by offering concrete assistance in areas of mutual concern.
3. To increase respect for human rights by sharing with foreign civil authorities modern, humane, and effective antiterrorism techniques.
4. To enhance the nonproliferation and export control capabilities of friendly countries by providing training and equipment to detect, deter, monitor, interdict, and counter proliferation.
5. Transportation, storage, safeguarding, and destruction of nuclear and other weapons of mass destruction, and of small arms and light weapons.
6. Prevention of proliferation of weapons of mass destruction and destabilizing conventional weapons.
7. Prevention of diversion of weapons-related scientific expertise to terrorist groups or third countries.
8. To support conversion of defense-related industries and equipment for civilian purposes and uses.
9. To promote multilateral activities, including cooperation with international organizations, relating to nonproliferation.
10. To support humanitarian demining operations.

## ■ Responsible agencies/bureaus/decision-makers

State: Assistant Secretaries for Bureaus of Political-Military Affairs and Nonproliferation;  
Office of the Coordinator for Counter-Terrorism.

Five-year appropriations history (\$ millions)	
2001	170
2002	270
2003	332.4
2004	396.4
2005	398.8
Principal FY 2005* activities (\$ millions)	
Non-proliferation	195.0
Anti-Terrorism	141.3
Regional Stability/Humanitarian	78.9 <i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. "... Any agency of the United States Government is authorized to furnish services and commodities, without charge to funds available to [provide anti-terrorism assistance], to an eligible foreign country, subject to payment in advance of the value thereof ... by the foreign country. Credits and the proceeds of guaranteed loans made available to such countries [for Foreign Military Financing] purposes shall not be used for such payments. (FAA §573(a)).
2. "Arms and ammunition may be provided ... only if they are directly related to antiterrorism assistance." (FAA §573(c)).
3. "The value of all equipment and commodities provided [for anti-terrorism purposes] in any fiscal year shall not exceed 30 percent of the funds made available [for such purposes] for that fiscal year." (FAA §573(c)).
4. Provisions prohibiting the "financing [of] exports of nuclear equipment, fuel and technology ... shall not apply" to non-proliferation assistance permitted for purposes such as removal of such equipment from former Soviet states. (FSA 504(c)(3)).

■ **Significant New Initiatives**

N/A



## IV. Multilateral Economic Assistance

### General Purposes

*“The Congress recognizes that the planning and administration of development assistance by, or under the sponsorship of the United Nations, multilateral lending institutions, and other multilateral organizations may contribute to the efficiency and effectiveness of that assistance through participation of other donors in the development effort, improved coordination of policies and programs, pooling of knowledge, avoidance of duplication of facilities and manpower, and greater encouragement of self-help performance.”*

(Foreign Assistance Act §209.)

### Account

#### ■ International Organizations & Programs (IO&P)

# International Organizations and Programs (IO&P)

## Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §201 & 301

### ■ Assumptions/Purposes

The planning and administration of development assistance by, or under the sponsorship of the United Nations, multilateral lending institutions, and other multilateral organizations may contribute to the efficiency and effectiveness of that assistance through participation of other donors in the development effort, improved coordination of policies and programs, pooling of knowledge, avoidance of duplication of efforts, and greater encouragement of self-help performance.

### ■ Uses

Voluntary contributions on a grant basis to international organizations and to programs administered by such organizations when determined to be in the national interest, for uses including:

1. Advancement of democratic principles, human rights and fundamental freedoms, including the advancement of women's rights, based on rule of law;
2. Environmentally sustainable economic growth through market economies, free trade, good governance, private investment, and efficient multilateral development assistance;
3. Cooperation in trade capacity-building, transportation, food and agriculture;
4. Improved standards of health and eradication of major diseases; and
5. Environmental cooperation.

### ■ Responsible agencies/bureaus/decision-makers

State: Bureau of International Organizations Affairs, Assistant Secretary.

### ■ Fiscal Year availability for obligation/liquidation

1 year/1.5 years.

Five-year appropriations history (\$ millions)	
2001	185.6
2002	174.5
2003	169.0
2004	295.0
2005	325.8
Principal FY 2005* beneficiaries (\$ millions)	
UNICEF	120.0
UNDP	90.0
Montreal Protocol Fund	21.5
UNEP	10.0
WFP	6.0 <i>*request</i>

### ■ Principal account-specific prohibitions, limitations and directives

Funding prohibited for the U.S. proportionate share of programs for so-called "pariah states," currently defined as including Burma, North Korea, Syria, Iran, Cuba, or the Palestine Liberation Organization or for projects whose purpose is to provide benefits to the Palestine Liberation Organization or entities associated with it.

### ■ Significant New Initiatives

N/A



## V. Humanitarian Assistance

### General Purposes

*“The Congress, recognizing that prompt United States assistance to alleviate human suffering caused by natural and manmade disasters is an important expression of the humanitarian concern and tradition of the people of the United States, affirms the willingness of the United States to provide assistance for the relief and rehabilitation of people and countries affected by such disasters.”*

*(FAA §491.)*

### Accounts

- **International Disaster and Famine Assistance (IDFA)**
- **Migration and Refugee Assistance (MRA) & Emergency Refugee and Migration Assistance (ERMA)**
- **Food for Peace (P.L. 480, Title II)**

# International Disaster and Famine Assistance (IDFA)

**Authorization:** Foreign Assistance Act of 1961 (P.L. 87-195), Part I, Chapter 9 authorizes relief and rehabilitation assistance; the Foreign Operations, Export Financing, and Related Programs Appropriations Act authorizes reconstruction under the IDFA heading.

## ■ Assumptions/Purposes

The International Disaster and Famine Assistance (IDFA) account funds humanitarian programs that provide relief, rehabilitation, and reconstruction assistance related to natural or man-made disasters, as well as famine prevention and relief activities. Assistance may be furnished to any foreign country, international organization, or private voluntary organization for disaster relief and rehabilitation, disaster preparedness, prediction of and contingency planning for natural disasters abroad, and reconstruction.

IDFA program objectives are to:

1. Meet the critical needs of targeted vulnerable groups in emergency situations;
2. Increase adoption of disaster prevention and mitigation measures in countries at risk of natural and man-made disasters;
3. Reduce the economic impact of disasters on individual livelihoods by supporting and enhancing local capacities and coping mechanisms; and
4. Support early intervention to either preempt famine or mitigate its impact.

## ■ Uses

IDFA program activities include:

1. Search and rescue;
2. Search and rescue capacity-building;
3. Health and medical intervention;
4. Shelter assistance;
5. Emergency and therapeutic feeding;
6. Water purification;
7. Water-supply rehabilitation and maintenance;
8. Sanitation;
9. Incident command training;
10. Flood forecasting;
11. Early warning and hazard mapping for vulnerable and affected communities;
12. Hospital preparedness;
13. Food security improvement; development and distribution of disease- and drought-resistant seed varieties;
14. Procuring food to mitigate impact of famine; and,
15. Promotion of earthquake-resistant construction in seismically active areas.

## ■ Responsible agencies/bureaus/decision-makers

USAID: The Administrator, and Bureau for Democracy, Conflict and Humanitarian Assistance, Assistant Administrator.

## ■ Fiscal Year availability for obligation/liquidation

Indefinite.

Five-year Appropriations History (\$ millions)	
2001	299.3
2002	421.5
2003	431.9
2004	544.0
2005	367.0
<i>(Note: 2001-2004 levels include supplemental appropriations—respectively, \$134.7; \$186.0; \$143.8; and \$220.0)</i>	
Principal FY 2003 beneficiaries (\$ millions)	
Iraq	81.4
Sudan	40.8
Congo (DROC)	31.9
Ethiopia	31.8
Afghanistan	24.5

## ■ Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives

1. IDFA assistance may be provided notwithstanding any other provision of law.
2. The Foreign Assistance Act provides that up to \$50 million of economic assistance funds appropriated in any fiscal year, including development accounts, ESF, FSA and SEED, may be obligated for disaster relief and rehabilitation purposes and in accordance with the authorities applicable to disaster assistance. This authority is commonly referred to as disaster borrowing authority although, in fact, no funds are actually transferred between accounts.

## ■ Significant New Initiatives

1. The establishment of the IDFA account, and its inclusion of \$20 million in famine assistance, embodies in and of itself a new initiative, responding to the administration's FY 2004 request for a separate Famine Fund. Prior to FY 2004, IDFA's predecessor account did not comprise famine assistance funding.
2. The FY 2004 Emergency Supplemental Appropriations Act appropriated/transferred a total of \$220 million for IDFA to respond to or prevent unforeseen complex foreign crises in Liberia and Sudan.

# Migration and Refugee Assistance (MRA) & Emergency Refugee and Migration Assistance (ERMA)

**Authorization: Migration and Refugee Assistance Act (MRAA) of 1962 (P.L. 87-510)  
Immigration & Nationality Act (INA) of 1952 (P.L. 82-414)**

## ■ Assumptions/Purposes

U.S. humanitarian policy is based on the premise that the care of refugees and other conflict victims and the pursuit of permanent solutions for them are shared international responsibilities. The Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance (ERMA) accounts are two of the primary applicable funding mechanisms, focused on three priority areas:

1. Promoting access to effective protection for refugees and conflict victims. Protection of women and children is a priority given their numbers and vulnerability.
2. Providing humanitarian assistance across geographic regions and according to internationally accepted standards.
3. Supporting voluntary repatriation, including sustainable reintegration of refugees in countries of origin, and other durable solutions, including refugee resettlement.

## ■ Uses

1. To respond to the needs of refugees, conflict victims and vulnerable migrants through the United Nations High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the International Organization for Migration (IOM), and other relevant organizations;
2. Provide assistance to or on behalf of refugees outside the United States as designated by the President; and
3. Support the resettlement of refugees in the United States.

## ■ Responsible agencies/bureaus/decision-makers

State: Bureau for Population, Refugees and Migration, Assistant Secretary.

## ■ Fiscal Year availability

Indefinite.



Five-year appropriations history (\$ millions)			
	MRA	ERMA	Supplemental <sup>†</sup>
2001	699	15	-
2002	705	15	100
2003	782	26	106
2004	756	30	157
2005	764	30	-

Principal FY 2005* MRA beneficiaries (\$ millions)		
Africa		208.5
Near East		97.0
South Asia		58.0
Europe		50.0
Western Hemisphere		26.0
		<i>*request</i>

<sup>†</sup>FY02: \$100 million MRA Supplemental for Afghanistan;

FY03: \$106 million Iraq Supplemental, including \$80 million to ERMA;

FY04: Additional funds for Africa (\$44.5 million), Iraq (\$108 million), Afghanistan (\$600,000), Anti-Trafficking (\$3.8 million), HIV/AIDS (\$45,000).

## ■ Principal account-specific earmarks, prohibitions, waiver authorities, limitations and directives

1. For FY 2004, administrative expenses capped (\$21 million) and funding for Humanitarian Migrants to Israel earmarked (\$50 million).
2. Fixed annual contribution to the regular budget of the International Committee of the Red Cross of an amount equivalent to not less than 10 percent of its regular budget (1986-87 Foreign Relations Authorization Act, §109).
3. Assistance and contributions authorized notwithstanding any provision of law which restricts assistance to foreign countries (MRAA §2(f)).
4. “Refugee” defined for the purpose of admission to the United States as a person outside his/her country of nationality or habitual residence ... unable or unwilling to return there because of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion. (INA §101(a)(42)(A)).
5. INA §101(a)(42)(B) provides authority for the President to designate as “refugees” for purposes of admission to the United States certain persons still within their country of nationality or habitual residence, but who otherwise meet the statutory standard (Vietnam, Cuba, the former Soviet Union).

6. Worldwide and regional ceilings for refugee admissions during the next fiscal year determined by the President, following consultations by designated Cabinet-level officials with the Judiciary committees of both houses of Congress. (INA §207).
7. Certain Vietnamese-Amerasians (and family members) admitted to the U.S. as immigrants eligible for refugee benefits (1988 FOAA (P.L.. 100-102), §584).
8. ERMA permanently authorized at \$100 million. Use of the Fund permitted only when the President determines it important to the national interest (MRAA §2(c)).
9. ERMA used for urgent, unforeseen requirements, when reprogramming of MRA funds is not possible, a supplemental appropriation is not possible, or would not be available in time.

## ■ Significant New Initiatives

N/A



# Food for Peace (P.L. 480, Title II)

## Authorization: Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480), Title II.

### ■ Assumptions/Purposes

“It is the policy of the United States to use its abundant agricultural productivity to promote the foreign policy of the United States by enhancing the food security of the developing world through the use of agricultural commodities and local currencies accruing under this Act to:

- Combat world hunger and malnutrition and their causes;
- Promote broad-based, equitable, and sustainable development, including agricultural development; ...
- Foster and encourage the development of private enterprise and democratic participation in developing countries; and
- Prevent conflicts.”

(P.L. 83-480, §2.)

### ■ Uses

“The President shall establish a program ... to provide agricultural commodities to foreign countries on behalf of the people of the United States to:

1. Address famine or other urgent or extraordinary relief requirements;
2. Combat malnutrition, especially in children and mothers;
3. Carry out activities ... to alleviate the causes of hunger, mortality and morbidity;
4. Promote economic and community development;
5. Promote sound environmental practices; and
6. Carry out feeding programs.”

(P.L. 83-480, §201.)

### ■ Responsible agencies/bureaus/decision-makers

USAID: Bureau for Democracy, Conflict & Humanitarian Assistance, Office of Food for Peace.

### ■ Fiscal Year availability for obligation/liquidation

Indefinite.

Five-year appropriations history (\$ in millions)	
2001	835.0
2002	958.8
2003	1,809.6
2004	1,184.7
2005	1,173.0

Principal FY 2004 beneficiaries	
Ethiopia	281.2
Sudan	267.9
Southern Africa	135.1
Uganda	71.6
Angola	70.4

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations and directives**

1. Agricultural commodities may be provided to meet emergency food needs notwithstanding any other provision of law, "...through governments and public or private agencies, including intergovernmental organizations such as the World Food Program and other multilateral organizations, in such manner and on such terms and conditions as [USAID] determines appropriate to respond to the emergency."  
(P.L. 83-480, §202(a))
2. [USAID] "...may not deny a [non-emergency] request for funds ... because the program for which the funds are requested:
  - Would be carried out ... in a foreign country in which the Agency ... does not have a mission, office, or other presence; or
  - Is not part of a development plan for the country prepared by the Agency."
 (P.L. 83-480, §202(b)(2))
3. To be eligible to receive [non-emergency] assistance ... an organization shall be—
  - A private voluntary organization or cooperative that is, to the extent practicable, registered with the Administrator; or
  - An intergovernmental organization, such as the World Food Program.
 (P.L. 83-480, §202(d))
4. "... in making [non-emergency] agricultural commodities available ..., [USAID] shall ensure that not less than 75 percent of the quantity of such commodities be in the form of processed, fortified, or bagged commodities and that not less than 50 percent of the quantity of the bagged commodities that are whole grain commodities be bagged in the United States."  
(P.L. 83-480, §204(b)(1))
5. "No agricultural commodity shall be made available under this Act unless it is determined that ... the distribution of the commodity in the recipient country will not result in a substantial disincentive to or interference with domestic production or marketing in that country."  
(P.L. 83-480, §403(b))

## ■ Significant New Initiatives

The 2002 Farm Security Act (P.L. 107–171) amended P.L. 83-480:

- To expand USAID authority to use part of its total budget to provide dollar grants to the cooperating sponsors and the World Food Program under Section 202 (e), which they could use to pay for administrative and support costs.
- To authorize USAID to use some of its budget to pay for internal transportation, storage and handling (ITSH) for non-emergency programs in least developed countries, extending a provision available to emergency programs.
- Extended the authorization of the program to 2007, eliminated a \$1 billion cap on spending for Title II and expanded the program objectives (see above) to include “conflict prevention.”



## VI. Military Assistance

### General Purposes

*“The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid [through] measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations ...”*

*“... it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part. (FAA §501.)*

### Accounts

- **International Military Education & Training (IMET)**
- **Peacekeeping Operations (PKO)**
- **Foreign Military Financing (FMF)**

# International Military Education & Training (IMET)

## Authorization: Foreign Assistance Act of 1961 (P.L.87-195),§541

### ■ Assumptions/Purposes

“The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine ... military education and training to military and related civilian personnel of foreign countries.”

IMET provides training on a grant basis to students from allied and friendly nations. In addition to improving defense capabilities, IMET training exposes foreign students to U.S. professional military organizations and procedures and the manner in which military organizations function under civilian control.

The objectives of the IMET program are to:

1. Further the goal of regional stability through effective, mutually beneficial military-to-military relations that culminate in increased understanding and defense cooperation between the U.S. and foreign countries;
2. Provide training that augments the capabilities of participant nations' military forces to support combined operations and interoperability with U.S. forces;
3. Expose foreign military and civilian personnel to the important roles democratic values and internationally recognized human rights can play in governance and military operations;
4. Foster greater respect for and understanding of the principle of civilian control of the military;
5. Contribute to cooperation between military and law enforcement personnel with respect to counternarcotics law enforcement efforts;
6. Encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security;
7. Improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries; and
8. Improve military justice systems and procedures in accordance with, and to increase the awareness of nationals of foreign countries participating in such activities of basic issues involving, internationally recognized human rights.

### ■ Uses

Training and education may be provided through:

1. Attendance at military educational and training facilities in the United States (other than Service academies) and abroad;
2. Attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and
3. Observation and orientation visits to military facilities and related activities in the United States and abroad.

■ **Responsible agencies/bureaus/decision-makers**

State: Assistant Secretary for Political-Military Affairs/Under Secretary for Arms Control & International Security.

■ **Fiscal Year availability for obligation/liquidation**

1 year/1 year.

Five-year appropriations history (\$ millions)	
2001	57.7
2002	70.0
2003	79.5
2004	91.2
2005	89.0

Principal FY 2005* beneficiaries (\$ millions)	
Turkey	4.0
Jordan	3.0
Thailand	2.5
Pakistan	2.0
Poland	2.0 <i>*request</i>

■ **Principal account-specific earmarks, prohibitions & limitations**

1. “None of the funds made available for a fiscal year for [IMET] assistance ... may be made available for assistance on a grant basis for [certain] high-income foreign countries ... [and]
2. “The selection of foreign personnel for training under this chapter shall be made in consultation with the United States defense attaché to the relevant country.” (FAA §546-7.)
3. IMET is normally not used to provide lethal military training or law enforcement training.

■ **Significant New Initiatives**

N/A



# Peacekeeping Operations (PKO)

## Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §551

### ■ Assumptions/Purposes

“The President is authorized to furnish assistance to friendly countries and international organizations, on such terms and conditions as he may determine, for peacekeeping operations and other programs carried out in furtherance of the national security interests of the United States. Such assistance may include reimbursement to the Department of Defense for expenses incurred pursuant to section 7 of the United Nations Participation Act of 1945 ...”

U.S. Peacekeeping Operations (PKO) funds support multilateral peacekeeping and regional stability operations that are not funded through the UN mechanism. Similarly, PKO supports U.S. national interests by enhancing the ability of other nations to participate in voluntary peacekeeping and humanitarian operations in order to reduce the burden on U.S. personnel and resources.

### ■ Objectives

1. Promote peace and security by supporting multilateral peacekeeping initiatives around the world.
2. Encourage fair share contributions to peacekeeping efforts from those countries with greater potential to pay, while facilitating increasing participation of poorer countries when resource constraints would otherwise prevent their taking part.
3. Enhance foreign forces' capacity and encourage greater participation in international peacekeeping activities.
4. Strengthen involvement of regional organizations in conflict resolution, often resulting in more politically or cost-effective operations.
5. Enhance interoperability of forces.

### ■ Uses

1. Enhance the existing capabilities of foreign forces and regional organizations to respond to regional crises and humanitarian missions through provision of equipment, training and technical assistance.
2. Support peacekeeping activities that are not UN mandated and/or not funded by UN assessments, specifically support for regional peacekeeping operations for which neighboring countries take primary responsibility.

Activities include:

- a) Separation of adversaries,
- b) Promotion and maintenance of cease-fires,
- c) Facilitation of delivery of humanitarian relief and repatriation of refugees and displaced persons,

- d) Demobilization of combatants, and
- e) Creation of conditions under which political reconciliation, democratic elections and social and economic progress may occur.

■ **Responsible agencies/bureaus/decision-makers**

State: Assistant Secretary for Political-Military Affairs/Under Secretary for Arms Control & International Security.

■ **Fiscal Year availability for obligation/liquidation**

1 year/1 year.

Five-year appropriations history (\$ millions)		
2001	57.7	
2002	70.0	
2003	214.3	
2004	124.5	
2005	103.0	
Principal FY 2005* beneficiaries (\$ millions)		
Africa	60.0	
Afghanistan	24.0	
Sinai MFO	16.5	
OSCE	2.5	<i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations**

“If the President determines that, as the result of an unforeseen emergency, the provision of assistance under this chapter in amounts in excess of funds otherwise available for such assistance is important to the national interests of the United States, the President may:

1. Exercise the authority of section 610(a) of this Act to transfer [Economic Support Funds] for use under this chapter ... except that the total amount so transferred in any fiscal year may not exceed \$15,000,000; and
2. In the event the President also determines that such unforeseen emergency requires the immediate provision of assistance under this chapter, direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government of an aggregate value not to exceed \$25,000,000 in any fiscal year.”  
(FAA §552(c).)

■ **Significant New Initiatives**

N/A

# Foreign Military Financing (FMF)

**Authorization: Arms Export Control Act (P.L. 90-629), §1-3, 5-6, 23.  
Foreign Assistance Act of 1961 (P.L. 87-195), Part II, Chapter 2.**

## ■ Assumptions/Purposes

“The President is authorized to furnish military assistance, on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by ... acquiring from any source and providing (by loan or grant) any defense article or defense service.” (FAA §503).

“The President is authorized to finance the procurement of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations, on such terms and conditions as he may determine ...”

(AECA §23; the statute provides for a loan program. Applicable appropriations bills have annually provided funding for all-grant assistance.)

The objectives of the U.S. Foreign Military Financing program are to:

1. Assist the militaries of friendly countries and allies to procure U.S. defense articles and services that strengthen legitimate self-defense capabilities and security needs.
2. Promote bilateral, regional and multilateral coalition efforts, notably in the global war on terrorism.
3. Improve the military capabilities of key friendly countries to contribute to international crisis response operations, including peacekeeping and humanitarian crises.
4. Contribute to the professionalism of military forces of friendly countries and allies to include their understanding of the rule of law and military subordination to civilian control.
5. Enhance rationalization, standardization and interoperability of military forces of friendly countries and allies.
6. Maintain support for democratically-elected governments that share values similar to the U.S. for democracy, human rights and regional stability.
7. Support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.
8. Create more professionally competent, properly equipped, and better-led peacekeeping units in selected foreign countries, thereby reducing reliance on U.S. forces.
9. Increase interoperability between foreign peacekeeping units and the U.S. military and its key allies.
10. Encourage other countries to establish peacekeeping training centers or dedicated training programs, develop national policies on peacekeeping and encourage nations to increase their own involvement in peacekeeping operations.
11. Expose international military forces to democratic ideals and principles of internationally recognized human rights and to prepare foreign militaries for peace support operations, including the capacity to contribute humanitarian assistance when called upon to do so.

■ **Uses**

FMF provides grants for the acquisition of U.S. defense equipment, services, and training.

■ **Responsible agencies/bureaus/decision-makers**

State: Assistant Secretary for Political-Military Affairs/Under Secretary for Arms Control & International Security.

■ **Fiscal Year availability for obligation/liquidation**

1 year/5 years.

Five-year appropriations history (\$ millions)	
2001	3,568.4
2002	4,052.3
2003	5,991.6
2004	4,622.0
2005	4,745.2
Principal FY 2005* beneficiaries (\$ millions)	
Israel	2,220
Egypt	1,300
Afghanistan	400
Pakistan	300
Jordan	206
Colombia	108 <i>*request</i>

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. 2004 Appropriations earmarks include:

- a) Israel, \$2,160,000,000
- b) Egypt, \$1,300,000,000
- c) Jordan, \$206,000,000

2. "... The authority of section 23(a) of the Arms Export Control Act may be used to provide financing [only] to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers ... if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale. ..."  
(2004 FOAA (P.L. 108-199), Division D, §510).

3. “No defense articles or related training or other defense service shall be furnished to any country on a grant basis unless it shall have agreed that
  - a) It will not, without the consent of the President—
    - permit any use of such articles or related training or other defense service by anyone not an officer, employee, or agent of that country,
    - transfer, or permit any officer, employee, or agent of that country to transfer such articles or related training or other defense service by gift, sale, or other wise, or
    - use or permit the use of such articles or related training or other defense service for purposes other than those for which furnished; and,
  - b) It will maintain the security of such articles or related training or other defense service, and will provide substantially the same degree of security protection afforded to such articles or related training or other defense service by the United States Government ...” (FAA, §505).
4. “Of the amounts made available for a fiscal year [for FMF], not more than \$100,000,000 for such fiscal year may be made available for countries other than Israel and Egypt for the purpose of financing the procurement of defense articles, defense services, and design and construction services that are not sold by the United States Government under this Act.” (AECA §23(h)).
5. As a matter of long-standing policy, FMF is not used to support equipment or training for non-military units, such as police units.
6. FMF cannot be provided to military units without vetting for several purposes, including human rights violations or narco-trafficking. (FAA, §502(b),

## ■ Significant New Initiatives

N/A





## VII. Law Enforcement Assistance

### General Purposes

*“International narcotics trafficking poses an unparalleled transnational threat in today’s world, and its suppression is among the most important foreign policy objectives of the United States.”*

*“International criminal activities, particularly international narcotics trafficking, money laundering, and corruption, endanger political and economic stability and democratic development, and assistance for the prevention and suppression of international criminal activities should be a priority for the United States.”*

(FAA §481.)

### Accounts

- **International Narcotics Control & Law Enforcement (INCLE)**
- **Andean Counterdrug Initiative (ACI)**

# International Narcotics Control and Law Enforcement (INCLE)

**Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §481.**

## ■ Assumptions/Purposes

(FAA §481(a)(1))

“... International narcotics trafficking poses an unparalleled transnational threat in today’s world, and its suppression is among the most important foreign policy objectives of the United States. ...”

“... Effective international cooperation is necessary to control the illicit cultivation, production, and smuggling of, trafficking in, and abuse of narcotic and psychotropic drugs. ...”

“... International criminal activities, particularly international narcotics trafficking, money laundering, and corruption, endanger political and economic stability and democratic development, and assistance for the prevention and suppression of international criminal activities should be a priority for the United States. ...”

Priority goals include:

1. Fighting international crime and drug trafficking and strengthening law enforcement overseas; and
2. “ ... The suppression of the illicit manufacture of and trafficking in narcotic and psychotropic drugs, money laundering, and precursor chemical diversion, and the progressive elimination of the illicit cultivation of the crops from which narcotic and psychotropic drugs are derived.”

## ■ Uses

1. Provision of aviation expertise and resources to eradicate and interdict illicit drugs, as well as illicit drug demand reduction programs.
2. Strengthening of host nation law enforcement capabilities to work jointly with U.S. agencies on counterterrorism operations.
3. Civilian police and justice programs.
4. Improvement of security and political stability in post-conflict situations.
5. Enhancement of host nation capabilities to stem money laundering and interdict sources of terrorist financing.
6. Combating trafficking in persons.
7. Strengthening border protection and countering alien smuggling.
8. Increased host nation capacity to combat corruption and organized crime.
9. Cybercrime, cybersecurity and intellectual property crime programs.

## ■ Responsible agencies/bureaus/decision-makers

State: Bureau of International Narcotics and Law Enforcement Affairs

## ■ Fiscal Year availability for obligation/liquidation

2 years/5 years.

<b>Five-year appropriations history (\$ millions)</b>	
2001	170
2002	270
2003	245
2004	460
2005	326
<b>Principal FY 2004 beneficiaries (\$ millions)</b>	
Afghanistan	90
Pakistan	40
Mexico	40
Indonesia	10
Morocco	6

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. 2004 Appropriations earmarks/limitations include:
  - a) \$12 million for anti-trafficking-in-persons programs;
  - b) \$7.105 million for the International Law Enforcement Academy in Roswell, New Mexico.
2. Not more than \$26.117 million may be available for administrative purposes.
3. Under permanent law, INCLE funds are not available for the procurement of weapons or ammunition with the exceptions of:
  - a) Weapons or ammunition provided only for the defensive arming of aircraft used for narcotics-related purposes, or;
  - b) Firearms and related ammunition provided only for defensive purposes to employees or contract personnel of the Department of State engaged in anti-narcotics activities. (FAA §482(b)).
4. Countries “receiving [INCLE] assistance ... should bear an appropriate share of the costs of any narcotics control program, project, or activity for which such assistance is to be provided. A country may bear such costs on an “in kind” basis.” (FAA §482(c)(1)).
5. “Fifty percent of [U.S.] assistance allocated each fiscal year ... for each major illicit drug producing country or major drug-transit country shall be withheld from obligation and expenditure. ... This paragraph shall not apply ... if the President determines that its application to [a] country would be contrary to the national interest of the United States ...” (FAA §490(a)(1)).

■ **Significant New Initiatives**

N/A



# Andean Counterdrug Initiative (ACI)

**Authorization: Foreign Assistance Act of 1961 (P.L. 87-195), §481.**

## ■ Purposes/Uses

1. Reduce the flow of drugs to the United States by:
  - a) Continued eradication of illicit coca and opium poppy;
  - b) Increased interdiction of essential chemicals and cocaine products;
  - c) Economic development;
  - d) Increased successful prosecutions of narcotics related cases;
  - e) Improved quality of investigations into alleged human rights violations;
  - f) Continued air support and aircraft safety programs, specifically —
    - i. Expanded necessary aircraft maintenance, thus reducing airframe direct operating costs;
    - ii. Continued contractor logistical support, operational sustainment and continuous training for the Colombian Airbridge program;
    - iii. Infrastructure support, communications equipment and aircraft upgrades; and
    - iv. Development of the infrastructure to move forward operating bases closer to where drug trafficking events occur.
2. Prevent instability in the Andean region by –
  - a) Increasing legal economic opportunities by introducing new licit crops, supporting agribusiness and forestry activities and developing local and international markets;
  - b) Supporting vulnerable groups, democracy, rule of law, judicial reform, drug awareness and demand reduction by providing training, equipment, education, technical assistance and advisors in these areas;
  - c) Providing equipment, training and database support to additional bomb squads to help stem further terrorist bombings; and
  - d) Helping to develop/rehabilitate roads, bridges, schools and health care systems and land reform.

## ■ Responsible agencies/bureaus/decision-makers

State: Assistant Secretary for International Narcotics and Law Enforcement

USAID: Assistant Administrator for Latin America and the Caribbean.

## ■ Fiscal Year availability for obligation/liquidation

2 years/5 years.

Five-year appropriations history (\$ millions)	
2001	155
2002	645
2003	788
2004	738
2005	725

Principal FY 2004 beneficiaries (\$ millions)	
Colombia	463
Peru	116
Bolivia	91
Ecuador	35
Brasil	10

■ **Principal account-specific earmarks, prohibitions, waiver authorities, limitations & directives**

1. 2004 Appropriations earmarks include:
  - (a) Alternative Development \$257,000,000
  - (b) Colombia Justice/Rule-of-Law \$25,000,000
  - (c) Human Rights \$13,000,000
2. For FY 2004, not more than \$16,285,000 available for State administrative expenses, and not more than \$4,500,000 for USAID administrative expenses. Funds appropriated under this heading for assistance for the Bolivian military and police should be made available for such purposes subject to a determination by the Secretary of State ... that the Bolivian military and police are respecting human rights and cooperating with investigations and prosecutions of alleged violations of human rights.
3. Funds available ... for assistance to the Government of Colombia ... available unless “the Secretary of State has credible evidence that the Colombian Armed Forces are not conducting vigorous operations to restore government authority and respect for human rights in areas under the effective control of paramilitary and guerrilla organizations.” (FY 2004 Foreign Operations Appropriations Act (FOAA), P.L. 108-199, Division D, Title II). (25% of Colombia military assistance withheld pending review pursuant to this provision.)
4. “Not more than 20 percent of [ACI] funds used for the procurement of chemicals for aerial ... fumigation programs may be made available ... unless the Secretary of State, after consultation with the [EPA] Administrator, certifies ... that: (1) the herbicide mixture is being used in accordance with EPA label requirements for comparable use in the United States and any additional controls recommended by the EPA ..., and with the Colombian Environmental Management Plan for aerial fumigation; and (2) the herbicide mixture ... does not pose unreasonable risks or adverse effects to humans or the environment.” (FY 2004 FOAA, P.L. 108-199, Division D, Title II).

■ **Significant New Initiatives**

N/A

## VIII. Summary of Foreign Assistance Funding

### —Key Accounts

	(\$ Millions)		(\$ Millions)
	<b>FY 2003</b> (Actual)	<b>FY 2004</b> (Actual)	<b>FY 2005</b> (Actual)
<b>Bilateral Economic Assistance</b>			
Child Survival & Health Programs (CSH)	1,939.6	1,824.2	1,538
Development Assistance (DA)	1,480.0	1,376.8	1,448
Economic Support Fund (ESF)	4,802.1	3,263.3	2,481
Transition Initiatives (TI)	61.7	54.7	49
FREEDOM Support Act (FSA)	755.1	583.5	556
Support for Eastern European Democracy (SEED)	521.6	442.4	393
Global HIV/AIDS Initiative (GHAI)	-	488.1	1,374
Millennium Challenge Account (MCA)	-	994.1	1,488
Nonproliferation, Anti-Terrorism, Demining (NADR)	332.4	396.4	399
<b>Multilateral Economic Assistance</b>			
International Organizations & Programs (IO&P)	168.9	295.0	325
<b>Humanitarian Assistance</b>			
International Disaster and Famine Assistance (IDFA)	431.9	544.0	367
Migration and Refugee Assistance (MRA)	781.9	756.0	764
Emergency Refugee & Migration Assistance (ERMA)	15.0	29.8	30
Food For Peace (P.L. 480, Title II)	1,809.6	1,184.9	1,173
<b>Military Assistance</b>			
International Military Education & Training (IMET)	79.5	91.2	89
Foreign Military Financing (FMF)	5,991.6	4,622.0	4,745
Peacekeeping Operations (PKO)	214.3	124.5	103
<b>Law Enforcement Assistance</b>			
International Narcotics Control and Law Enforcement (INCLE)	245.3	460.2	326
Andean Counterdrug Initiative (ACI)	788.4	738.0	725



## IX. Foreign Assistance

### —Key Standing General Provisions

#### **A. Prohibitions & Limitations.**

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##### **■ Abortions and Involuntary Sterilizations**

*(Foreign Assistance Act of 1961 (FAA), P.L. 87-195, §104(f))*

Funds may not be used:

- (a) To perform abortions as a method of family planning or to motivate or coerce any person to practice abortions.
- (b) To pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations.
- (c) To pay for any biomedical research that relates ... to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.
- (d) To furnish assistance to any country or organization if the President certifies that the use of these funds by such country or organization would violate the three provisions above.
- (e) To lobby for or against abortion.
- (f) To furnish assistance to any organization or program that supports or participates in the management of a program of coercive abortion or involuntary sterilization.

Funds may not be provided:

“... to any foreign nongovernmental organization that performs or actively promotes abortion as a method of family planning in USAID-recipient countries or that provides financial support to any other foreign nongovernmental organization that conducts such activities.”

*(Presidential memorandum, March 28, 2001,*

*“Restoration of the Mexico City Policy,” F.R. 17303).*

##### **■ Agricultural Activities**

*(Bumpers Amendment) (FY 2004 Foreign Operations Appropriations Act (FOAA), P.L. 108-199, Division D, §513(b))*

No funds may be used for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training) that would compete with a similar commodity grown or produced in the United States unless the activity

- (a) Is designed to increase food security in developing countries and where such activities will not have a significant impact in the export of agricultural commodities of the United States;  
or
- (b) Is a research activity intended primarily to benefit American producers.

## ■ Agricultural Procurement

(FAA §604(e))

Agricultural commodities and products thereof must be procured within the U.S. unless the commodity or product could not be reasonably produced in the U.S. in fulfillment of the particular assistance program. Waivers are available in some circumstances.

## ■ Allocation of Foreign Assistance

(FAA §653)

“Not later than thirty days after the enactment of any law appropriating funds to carry out any provision of this Act ... or the Arms Export Control Act, the President shall notify the Congress of each foreign country and international organization to which the United States Government intends to provide any portion of the funds under such law and of the amount of funds under that law, by category of assistance, that the United States Government intends to provide to each.”

## ■ Cuba

(FAA §620(y))

- (a) If a country (or any entity in the country) provided (1) nuclear fuel and related assistance and credits or (2) assistance or credits in support of the Cuban nuclear facility at Juragua, Cuba at any time after March 12, 1996, then assistance to such country must be reduced by an amount equal to the sum of any such assistance or credits.
- (b) Assistance to a recipient country must be reduced by an amount equal to the aggregate value of nuclear fuel related assistance and credits provided by that country to Cuba during the preceding fiscal year, unless Cuba
  - (1) Has ratified the Treaty on the Non-Nuclear Proliferation of Nuclear Weapons or the Treaty of Tlatelolco and Cuba is in compliance therewith;
  - (2) Has negotiated and is in compliance with full-scope safeguards of the International Atomic Energy Agency not later than two years after ratification by Cuba of such treaty; and
  - (3) Incorporates and is in compliance with internationally accepted nuclear safety standards.

## ■ Delivery of Humanitarian Assistance

(FAA §620I)

Absent a Presidential determination, assistance is prohibited where the recipient government has prohibited or otherwise restricted, directly or indirectly, the transport or delivery of U.S humanitarian assistance.

## ■ Diplomatic Relations With U.S.

(FAA §620(t))

Assistance is prohibited if diplomatic relations between the U.S. and the recipient country are currently severed.

## ■ Discrimination

(FAA §66(b))

Assistance is prohibited to a recipient country that objects, on the basis of race, religion, national origin, or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA.

## ■ Drug Traffickers

(FAA §487)

(a) PROHIBITION.—The President shall take all reasonable steps to ensure that assistance under this Act and the Arms Export Control Act is not provided to or through any individual or entity that the President knows or has reason to believe—

(1) has been convicted of a violation of, or a conspiracy to violate, any law or regulation of the United States, a State or the District of Columbia, or a foreign country relating to narcotic or psychotropic drugs or other controlled substances; or

(2) is or has been an illicit trafficker in any such controlled substance or is or has been a knowing assistor, abettor, conspirator, or colluder with others in the illicit trafficking in any such substance.

(Foreign Relations Authorization Act of 2003, §706)

Except as determined by the President, no assistance ... may be furnished to a major drug-producing or drug transit country that is not adhering to its obligations under international counternarcotics agreements and is not taking certain counternarcotics measures.

## ■ Exploitation of Children

(FAA §116(b))

Assistance is prohibited where the Department of State has determined that the recipient government has failed to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse, or forced conscription into military or paramilitary services.

## ■ Export of Lethal Military Equipment to Terrorist States

(FAA §620H)

Absent a Presidential determination, assistance is prohibited to a government that provides lethal military equipment to a terrorist government (those described in 7 above).

## ■ Expropriation and Land Reform

(FAA §620(g))

Assistance may not be used to finance compensation to owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President.

## ■ Human Rights Violations

(FAA §116 and 502B)

If the Department of State has determined that the recipient government has engaged in a consistent pattern of gross violations of internationally recognized human rights, then

(a) Security Assistance funds may not be provided to such country; and

(b) Development Assistance funds may not be used to provide assistance to the government of such country unless the assistance will directly benefit the needy.

## ■ **Impact on U.S. Jobs; Relocation; Export Zones; Violation of Workers' Rights**

*(FY 2004 FOAA, §533)*

Assistance may not be provided:

- (a) To a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce its number of U.S. employees;
- (b) For an activity that contributes to the violation of internationally recognized workers rights of workers in the recipient country.

## ■ **Indebtedness to U.S. Citizens**

*(FAA §620(c))*

Absent a Presidential determination based on national security needs, assistance to a government is prohibited if the government is indebted to any U.S. citizen or person, and (a) such citizen or person has exhausted available legal remedies, (b) the debt is not denied or contested, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government (or controlled entity).

## ■ **International Conferences**

*(FY 2004 FOAA §541)*

Development Assistance funds may not be used to pay the costs for participation of another country's delegation at international conferences held under the auspices of multilateral or international organizations.

## ■ **International Criminal Court**

*(American Service Members Protection Act, P.L. 107-206, Title II, §2007.)*

- (a) ...No United States military assistance may be provided to the government of a country that is a party to the International Criminal Court.
- (b) The President may, without prior notice to Congress, waive the prohibition with respect to a particular country ... if he determines and reports to the appropriate congressional committees that it is important to the national interest of the United States ...
- (c) ...The President may, without prior notice to Congress, waive the prohibition with respect to a particular country if he determines and reports to the appropriate congressional committees that such country has entered into an agreement with the United States ... preventing the International Criminal court from proceeding against United States personnel present in such country.
- (d) ...The prohibition of subsection (a) shall not apply to the government of—
  - (1) A NATO member country;
  - (2) A major non-NATO ally (including Australia, Egypt, Israel, Japan, Jordan, Argentina, the Republic of Korea, and New Zealand); or
  - (3) Taiwan.

## ■ **International Terrorism**

*(FAA §620A, 620G)*

Absent a Presidential waiver on national security grounds or for humanitarian reasons, assistance is prohibited to a recipient country that the Secretary of State has determined

- (a) Grants sanctuary from prosecution to any terrorist, or
- (b) Otherwise supports or assists terrorist governments.

## ■ **Loan Default**

*(FAA §620(q))*

Absent a Presidential waiver, government of any assistance is prohibited to the country where

- (a) The government of the recipient country has been in default for more than six months on interest or principal of any loan by the U.S. to such country under the FAA; or
- (b) The country has been in default for more than one calendar year on interest or principal on any U.S. foreign assistance loan.

## ■ **Military Coup or Decree**

*(FY 2004 FOAA §508)*

Assistance is prohibited to the government of a country where the duly elected head of government of the recipient country has been deposed by military coup or decree unless the President has notified Congress that a democratically elected government has since taken office. Since FY 2002, the section does not apply to assistance to promote democratic elections or public participation in democratic processes.

## ■ **Notification of Program Changes**

*(FAA §634)*

“None of the funds appropriated to carry out the purposes of this Act ... or the Arms Export Control Act may be obligated for any activities, programs, projects, types of material assistance, countries, or other operations not justified, or in excess of the amount justified, to the Congress for obligation under this Act or the Arms Export Control Act for any fiscal year unless the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committee on appropriations of each House of the Congress are notified fifteen days in advance of such obligation.”

## ■ **Nuclear Technology**

*(Arms Export Control Act (AECA), P.L. 90-629, §101, 102)*

- (a) Absent special certification by the President, assistance is prohibited if the recipient country has either delivered or received from any other country nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards any time after August 3, 1977.
- (b) Absent special certification by the President, assistance is prohibited if the recipient country has, on or after June 30, 1994,
  - (1) Transferred a nuclear explosive device to a non-nuclear weapon state,
  - (2) Received or detonated a nuclear explosive device, or
  - (3) Exported (or attempted to export) illegally from the U.S. any material, equipment, or technology that would contribute significantly to the ability of a country to manufacture a nuclear explosive device.

## ■ **Police and Prisons**

*(FAA §660)*

Assistance may not be used to provide training or any financial support for police, prisons, or other law enforcement forces (exceptions in Sections 660, 119 and 534 of the FAA and 536 and 582 of FY 2004 FOAA).



## ■ Production of Surplus Commodities

*(FY 2004 FOAA §513(a))*

Assistance may not be provided to establish or expand production of any commodity for export if the commodity is likely to be in surplus on world markets and substantial injury will be caused to U.S. producers of the same, similar, or competing commodities.

## ■ Publicity, Propaganda, and Lobbying

*(Anti-Lobbying Act, 18 U.S.C. 1913)*

Assistance may not be used to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress.

## ■ Seizure of U.S. Property

*(Foreign Relations Authorization Act (FRAA), 1994-95, P.L. 103-236, §527)*

Assistance to a government is prohibited if that government has expropriated or seized ownership or control of property at least 50 percent beneficially owned by U.S. citizens without

- (a) Returning the property to the owner,
- (b) Compensating the owner for the property,
- (c) Offering a domestic procedure providing prompt, adequate, and effective compensation for the property, or
- (d) Submitting the dispute to international arbitration.

## ■ Specific Countries

*(FAA §620(a) & 620(f))*

Assistance is prohibited to Cuba, Iran, Libya, North Korea, and Syria.

## ■ Tropical Forest Degradation

*(FAA §118)*

Funds may not be used for:

- (a) The procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems;
- (b) Actions that will significantly degrade national parks or similar protected areas that contain tropical forests, or introduce exotic plants or animals into such areas;
- (c) Activities that would result in the conversion of forest lands to the rearing of livestock;
- (d) The construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) that pass through relatively undegraded forest lands;
- (e) The colonization of forest lands; or
- (f) The construction of dams or other water control structures that flood relatively undegraded forestlands.

## B. Authorities

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### ■ Allocation and Reimbursement Among Agencies

(FAA §632)

(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, military education and training, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities, defense articles, or military education and training from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

### ■ Contingencies

(FAA §451)

Notwithstanding any other provision of law, the President is authorized to use funds made available to carry out any provision of this Act ... [other than Development Assistance] in order to provide, for any unanticipated contingencies, assistance authorized by this part in accordance with the provisions applicable to the furnishing of such assistance, except that the authority of this subsection may not be used to authorize the use of more than \$25,000,000 during any fiscal year.

### ■ Disaster Assistance

(FAA §491)

“... notwithstanding any other provision of this or any other Act, the President is authorized to furnish assistance to any foreign country, international organization, or private voluntary organization, on such terms and conditions as he may determine, for international disaster relief and rehabilitation, including assistance relating to disaster preparedness, and to the prediction of, and contingency planning for, natural disasters abroad.”

### ■ Health and Disease Prevention

(FAA §104(c)(4))

“Assistance ... may be made available notwithstanding any other provision of law that restricts assistance to foreign countries, except for ... provisions of law that limit assistance to organizations that support or participate in a program of coercive abortion or involuntary sterilization ...”

### ■ Non-governmental organizations

(FY 2004 FOAA §537(a))

“Restrictions contained in this or any other Act ... shall not be construed to restrict assistance in support of programs of nongovernmental organizations to carry out [development and economic assistance] provisions of ... the Foreign Assistance Act of 1961, and [the SEED Act of 1989]: Provided, ... That nothing in this subsection shall be construed to alter any existing statutory prohibitions against abortion or involuntary sterilizations contained in this or any other Act.”

## ■ Special Authorities

*(FAA §614)*

“(A)(1) The President may authorize the furnishing of assistance under this Act without regard to any provision of this Act, the Arms Export Control Act, any law relating to receipts and credits accruing to the United States, and any Act authorizing or appropriating funds for use under this Act, in furtherance of any of the purposes of this Act, when the President determines, and so notifies in writing the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, that to do so is important to the security interests of the United States. ...”

“... (A)(2) The President may make sales, extend credit, and issue guarantees under the Arms Export Control Act, without regard to any provision of this Act, the Arms Export Control Act, any law relating to receipts and credits accruing to the United States, and any Act authorizing or appropriating funds for use under the Arms Export Control Act, in furtherance of any of the purposes of such Act, when the President determines, and so notifies in writing the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, that to do so is vital to the national security interests of the United States.”

“... (c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts. The President shall fully inform the chairman and ranking minority member of the Committee on Foreign Affairs 889 of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection prior to the use of such funds.”

## ■ Transfer Between Accounts

*(FAA §610)*

“(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act [except funds made available for OPIC programs and Arms Credit Sales] ... may be transferred to, and consolidated with, the funds made available for any [other non-military-assistance-related] provision of this Act, ... and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum ...”

“... (c) Any funds which the President has notified Congress ... that he intends to provide in military assistance to any country may be transferred to, and consolidated with, any other funds he has notified Congress ... that he intends to provide to that country for development assistance purposes.

## ■ Waivers of Certain Laws

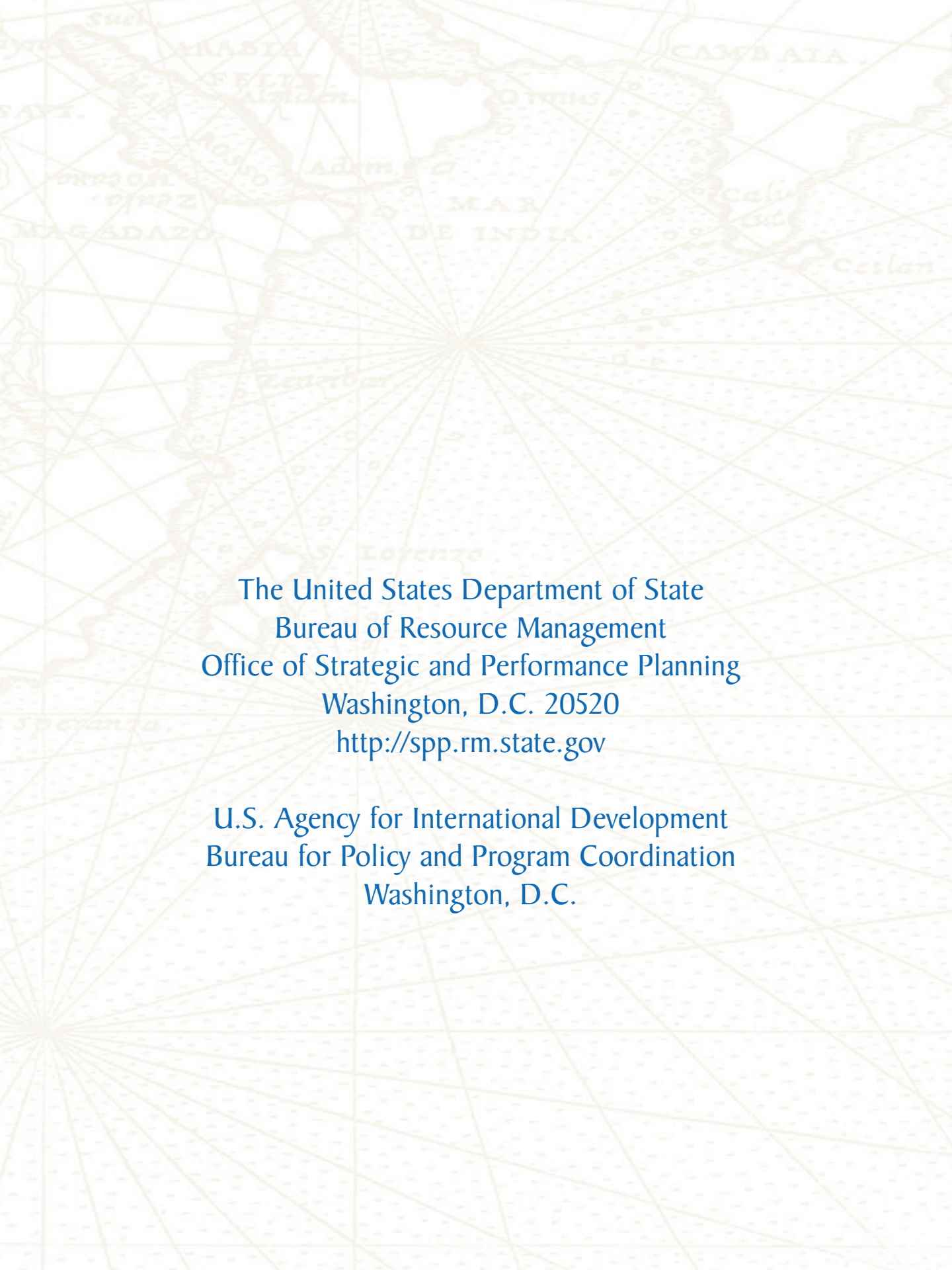
*(FAA §633)*

“...Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law ... regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.”









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THANT J

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