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DOC DATE: 13 JAN 00
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KEYWORDS: BUDGET
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PERSONS:

SUBJECT: BUDGET CHAPTER 10 - ADVANCING US LEADERSHIP IN WORLD

ACTION: NO FURTHER ACTION REQUIRED

DUE DATE: 19 JAN 00 STATUS: C

STAFF OFFICER: BOUCHARD

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D O C U M E N T D I S T R I B U T I O N

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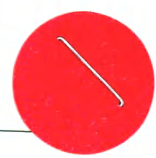
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WHITE HOUSE STAFFING MEMORANDUM

Date: 1/13/00 ACTION / CONCURRENCE/ COMMENT DUE BY: ASAP - 2pm Sat. 1/15

Subject: BUDGET - CHAP 10

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LOCKHART	<input type="checkbox"/>	<input type="checkbox"/>
PODESTA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MARSHALL	<input type="checkbox"/>	<input type="checkbox"/>
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REMARKS: Comments to Linda Ricci (57254) [in hardcopy]

RESPONSE: _____

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

January 20, 2000

TO:	<u>Name</u>	<u>Organization</u>	<u>Fax Number</u>
	Ann Richard	State/RPP	647-1681
	Jim Painter	USAID/M	216-3453
	Bill Schuerch	Treasury	622-2536
	Mara Rudman	NSC	6-9460
	Rick Samans	NEC	6-2223 ✓

FROM: Mike Casella
Chief, Economic Affairs Branch
International Affairs Division
(202) 395-4594
(202) 395-5770 (fax)
mcasella@omb.eop.gov

For: Phil Cullom
From: Mara Rudman

10 pages follow

NUMBER OF PAGES: 9 (excluding cover sheet)

SUBJECT: Attached is the page proof of the international affairs chapter of the FY 2001 budget. To the maximum extent possible, this incorporates changes suggested by your agencies. At this late stage in the process, we can accept only very small factual edits, such as changes in incorrect numbers. In order for us to meet our absolutely inflexible deadline of COB tomorrow (Friday, January 21), please provide comments and clearance to Ron Silberman at 395-4595 no later than **3 pm tomorrow**, or call me if you cannot reach Ron.

Thanks for your help.

Comments/questions on pages are from Nancy R.

8. ADVANCING UNITED STATES LEADERSHIP IN THE WORLD

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At the start of a new century, the United States has reached new heights of influence in the world. At the same time, the new challenges posed by rapid advances in technology and the opening of borders have increased our need to exercise this influence: more and more, what happens overseas affects our security, health, and prosperity at home.

Our Nation now has the greatest opportunity in its history to advance American interests and values while building a better and more peaceful world. However, doing so requires leadership and engagement. We need to work with others to prevent war and defuse crises, combat terrorism and counter the spread of weapons of mass destruction, deepen democracy and the rule of law, strengthen free market economics, protect the global environment, and fight poverty and diseases. For if the United States can do this, using its resources effectively and wisely, our citizens will be safer, our economy stronger, our world more stable, and our freedoms more secure.

In this past year, America's leadership was essential to the success of the NATO alliance in halting the ethnic cleansing of Kosovo's ethnic Albanians and containing the risk of wider war at the doorstep of our allies. Nearly a million Kosovars who fled in terror have returned to their homes; with our support, they have begun the difficult work of building a tolerant democratic society and a new economy. We have played a critical role in the strides made toward lasting peace in Northern Ireland and Sierra Leone and to end the bloodshed in East Timor. Our support has also been crucial

as Israelis, Palestinians, and others in the Middle East have taken brave steps toward forging a lasting peace there. We have worked to detect and counter terrorist threats as well as to continue efforts with Russia and other former Soviet Nations to halt the spread of dangerous weapons materials. We have also taken actions to advance global prosperity: bringing China into the global trading system and launching a new debt reduction initiative to help the world's most impoverished ~~Nation~~ eliminate crushing debt burdens and reform their economies.

As we seek to build on these efforts, the 2001 Budget proposes several initiatives to further America's leadership in the world and address these and other challenges. During the coming year, the Administration intends to seek a 2000 emergency supplemental to provide critical assistance to the people and Government of Colombia in their fight against ~~narcotics~~ traffickers. The supplemental, which is included in the President's 2001 budget request, will help finance a multi-year strategy developed by the democratically-elected Government of Colombia, known as Plan Colombia. The Administration will also request funds for renewed initiatives to promote economic growth, stability, and democracy in Kosovo and across southeast Europe.

For 2001, the budget requests increased funding for several priorities. Funding for international family planning assistance is increased by \$156 million over the 2000 level of \$327 million in the Development Assistance ~~(DA)~~ account. Funding for U.S. Government efforts to contain the global

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Note from MR: re: the budget requests ...
The dominant style in this volume is
"proposes" or "included"

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THE BUDGET FOR FISCAL YEAR 2001

spread of HIV/AIDS has been increased by \$100 million, more than double the amount spent in 1999. These initiatives will respond to pressing prevention, health infrastructure, and treatment needs, but will also be used to leverage increased funding from other donors, and from developing countries themselves, for these critical objectives. Increased funding for urgent humanitarian and refugee assistance programs is also included.

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This includes an increase of more than \$500 million for initiatives that will further protect the men and women who serve America in our missions overseas. This request builds on last year's long-term construction designed to address the current and future security needs of those serving abroad. The total proposed for enhanced security in our diplomatic posts is \$1.1 billion for 2001, an essential step in a multi-year plan that will be necessary to meet the Administration's long-term commitment to construction of secure diplomatic and consular facilities worldwide.

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Finally, the budget proposes an increase of \$211 million over the 2000 enacted level to support UN peacekeeping missions around the world. U.S. funding for these missions is critical to the success of diplomatic efforts to end destructive and costly conflicts in Africa and elsewhere.

This chapter describes these and other initiatives in more detail, linking the budget resources of FY2001 to our international policies and the Administration's commitment to protecting our national security, promoting prosperity, and advancing our values.

Protecting American Security by Promoting Peace and Democracy Abroad

The budget proposes a substantial increase for counter-narcotics efforts in Colombia. Colombia supplies an estimated 80 percent of the cocaine in the United States. Colombia's role in the world heroin and cocaine market is growing rapidly as the supply of cocaine from Colombia has more than doubled between 1997 and 1999. The Colombian drug trade is controlled largely by paramilitary groups and insurgents who are engaged in a 20 year old civil war against the Government of Colombia.

Colombia President Andres Pastrana has devised a comprehensive, integrated plan, Plan Colombia, to address Colombia's narcotics and related political and economic troubles. The budget proposes to increase assistance programs through a 2000 supplemental of \$954 billion and 2001 new funding of \$8 million. Funds will be used for Colombia counter-drug efforts and for other programs to help President Pastrana deepen democracy and promote prosperity. The proposal would enhance alternative development, strengthen civil justice and democratic institutions, and provide military assistance to the counter-narcotics effort. The Administration will also encourage U.S. allies and the international institutions to assist Colombia in implementing President Pastrana's Plan Colombia strategy. Strengthening stability and democracy in Colombia, and fighting the drug trade, is in America's national interest.

* 7 drug appropriation
* 8 drug

Kosovo: The budget requests \$175 million to help the people of Kosovo build a democratic society and a stronger economy. The members of the European Union will bear the bulk of these costs, but the United States must also contribute. In May 1999, shortly after the conflict ended and peace was reestablished in Kosovo, the United States pledged \$556 million to address humanitarian needs, such as the provision of shelter, health care, and food aid for returnees and other urgent requirements. At the November 17, 1999, Donor's Conference in Brussels, the international community pledged a total of \$1.056 billion towards peace implementation, reconstruction and recovery, budget support, and humanitarian assistance, of which the U.S. Government pledged \$156.6 million, or 14.8 percent.

This amount is in addition to the \$556 million that the U.S. pledged in May 1999 and continues to spend in 2000 to address humanitarian needs, such as the provision of shelter, health care, and food aid for returnees, and other urgent requirements.

In 2001, resources will be used to help rebuild Kosovo's economy and society. A growing economy, with new employment opportunities, is critical if Kosovo is to overcome problems of crime and ethnic violence. Such assistance will create jobs for former refugees and provide incentives for segments of the

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8. ADVANCING UNITED STATES LEADERSHIP IN THE WORLD

population to lay down their arms. ~~The problem of violence in Kosovo is acute. According to the UN, about 420 murders have been committed in the past six months, with Serbs as the primary targets of Albanian Kosovars seeking revenge or retaliation. Kosovar youths—nearly half the population of two million—are blamed for most of the killings, while almost two thirds of the work force is unemployed. For this reason, reconstruction assistance may contribute to ending the violence.~~ In conjunction with other donors, U.S. resources will provide working capital to stimulate economic activity.

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Southeastern Europe Initiative (SEI): Central to lasting peace in Europe is the political and economic integration of the Balkans into Europe and the global community. The budget requests \$428 million for this important initiative. Also critical to a peaceful future for Europe is the replacement of the Milosevic regime. For that reason, about \$96 million will help promote the democratic opposition in Serbia and provide assistance to Montenegro.

Such assistance will create jobs for former refugees and provide incentives for the nearly two-thirds of the work force currently unemployed not to engage in or support revenge killings or other violent acts.

About \$6 million of U.S. assistance is intended to accelerate the integration of south-east Europe's countries into the global trading system by breaking down barriers to trade and investment. U.S. assistance will encourage economic reform, the rule of law, deepening of democracy, and adoption of international standards governing trade.

UN Reform and Contributions to International Peacekeeping: Peace and security operations of the United Nations directly support U.S. national interests. Peacekeeping has the capacity, under the right circumstances, to separate adversaries, maintain cease-fires, facilitate the delivery of humanitarian relief, enable refugees and displaced persons to return home, demobilize combatants, and create conditions under which political reconciliation may occur and free elections may be held. In so doing, it can help nurture new democracies, lower the global tide of refugees, and prevent small wars from growing into wider regional conflicts which would be far more costly in terms of lives and resources. This budget requests an increase of \$241 million above the 2000 level of \$498 million for UN peacekeeping.

In recent years, there have been significant improvements in the management, efficiency, and effectiveness of the United Nations and other international organizations. UN Secretary General Kofi Annan has carried out numerous restructuring and consolidation measures, many closely conforming to U.S. proposals, and there have been solid advances within major specialized agencies to improve management.

The Administration is strongly committed to work with the Congress on a bipartisan basis to further advance the UN reform process. The Congress, with Administration support, has linked UN reform measures to U.S. payment of specific arrearage amounts in 2000. We will continue to use our influence to push for management improvements, organizational streamlining, and the necessary budget discipline to ensure zero nominal growth in UN and specialized agencies' budgets. We are also committed to working with other UN members to revise the scale of assessments—including a reduction in the rate at which the United States is charged for the UN regular budget, UN peacekeeping, and the large specialized agencies.

Expanded Threat Reduction Initiative (ETRI): The effort launched seven years ago, spurred by the bipartisan Nunn-Lugar legislation, to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and promote stability has produced important results, helping to: deactivate nearly 5,000 nuclear warheads; eliminate nuclear weapons from Ukraine, Belarus and Kazakhstan; strengthen the security of nuclear weapons and materials at over 100 sites; tighten export controls and detect illicit trafficking; and, engage over 30,000 former Soviet weapons scientists in productive civilian research. The recent conclusion of agreements between Georgia and Russia and between Moldova and Russia for the withdrawal of Russian troops creates the opportunity to help these countries address some of the costs associated with Russian force reductions, thereby strengthening the sovereignty of Georgia and Moldova and the stability of the region.

But more work needs to be done. The two major economies in the Newly Independent States—Russia and Ukraine—con-

tinue to require substantial external support to sustain the necessary infrastructure to protect against the diversion of WMD nuclear, biological, and chemical—and related technology. Scientists, facilities guards, customs officers, and technical experts are underpaid, vulnerable to temptations for illicit trafficking of WMD and related materials—clearly a threat to our interests.

The \$974 million 2001 request for ETRI programs includes \$469 million in programs administered by the Department of Defense, \$364 million in those administered by the Department of Energy (DOE), and \$141 in those administered by the Department of State, a total that is \$85 million above the 2000 level of \$889 million. ETRI programs address nuclear security for existing weapons and delivery systems, protection and disposition of fissile materials, destruction of chemical weapons, military relocation and regional stabilization. Among the critical programs funded under ETRI are science centers and other programs to finance civilian research by former Soviet weapons experts, enhanced border control assistance to decrease the likelihood that critical weapons technologies or materials can be smuggled to other Nations, and programs to enhance regional security efforts in Georgia, Armenia, Azerbaijan, and Moldova. The proposed DOE request for ETRI includes a \$100 million initiative in Russia to expand protection of fissile material; accelerate closure of nuclear weapons production facilities; and, provide an alternative to continued plutonium production in Russia.

Middle East Peace: The 2001 requests for Economic Support Funds (ESF) of \$2.2 billion and Foreign Military Financing (FMF) grants of \$3.5 billion will continue to support our efforts to promote progress and stability around the world, particularly the progress made recently in negotiations between Israel and its neighbors on a comprehensive peace for the Middle East. In emergency legislation, \$1.9 billion was provided in 1999 and 2000 to Israel, Jordan, Egypt, and the West Bank to support the W. River and Sharm-el-Sheikh interim accord between Israelis and Palestinians. For 2001, ESF levels for Israel continue the declining path started last year and levels of FMF military assistance increase, as agreed to by the Administration and Congress. The 2001 re-

quest of \$1.8 billion in ESF and \$3.4 billion in FMF programs for the Middle East will provide a strong supporting base for the next phase of negotiations between Israel and its neighbors.

Democracy Initiatives: In addition, the budget requests increases for countries outside of the Middle East in both ESF and FMF. These funds will support the transitions to democracy that are emerging in Africa, including Nigeria, and in Indonesia, and will continue to support ongoing democratic reforms in Latin America. They will also support military modernization and increased civilian control over the military in eastern Europe, the states of the former Soviet Union, and Africa. Helping these Nations build stable democracies will enhance America's own security and prosperity.

Transnational Threats: The proliferation of weapons of mass destruction, drug trafficking, and the spread of crime and terrorism on an international scale present a continuing threat to U.S. and global security. U.S. diplomacy and law enforcement play a key role in stemming the spread of weapons of mass destruction to countries such as Libya, Iraq, Iran, Syria, and North Korea.

The Administration is strengthening its fight against terrorism by, among other things, increasing funding for the construction of new embassies overseas and continuing the ongoing worldwide program of physical security upgrades to our most at-risk posts. The budget also proposes a new initiative for the destruction or improved guarding of small arms storage facilities abroad, which might otherwise be used by terrorists or others to foment local wars.

America must continue to lead against the spread of weapons of mass destruction. The Comprehensive Nuclear Test Ban Treaty (CTBT) remains an important element of the global nuclear nonproliferation regime. The Administration is committed to working to create the conditions for a successful vote to approve the CTBT in the Senate at the earliest possible date. We will continue to adhere to our long-standing moratorium on nuclear tests and urge other Nations to do the same.

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8. ADVANCING UNITED STATES LEADERSHIP IN THE WORLD

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The budget seeks \$194 million from Congress to support multi-national efforts to combat the spread of weapons of mass destruction: the International Atomic Energy Agency's (IAEA's) safeguards regime, the Organization for the Prohibition of Chemical Weapons, and a global network of sensors to detect nuclear explosions. The request includes funding for the Korean Peninsula Energy Development Organization, which has just signed contracts to construct two proliferation-resistant nuclear power reactors in North Korea. Before key components are shipped, North Korea will have to come into full compliance with its commitments to the IAEA and the Nuclear Non-Proliferation Treaty.

budget

Promoting Prosperity to Advance Stability

Debt Forgiveness: The United States is committed to helping people in the world's poorest countries join the global economy and implement economic reform by expanding the scale of debt relief. At the Cologne Summit, the G-8 expanded the Heavily Indebted Poor Country (HIPC) initiative to include more countries; provide deeper debt relief (up to 90 percent of bilateral debt); increase participation by the international financial institutions; and, increase the focus of the resources freed by debt reduction on economic reform, health, education, and other human needs. The President led this effort with a proposal that was largely adopted and remains at the forefront on the issue with his commitment to forgive 100 percent of debt owed to the United States by the poorest countries, a majority of them in sub-Saharan Africa. To fulfill the U.S. commitments, the Administration is requesting \$600 million for the HIPC program: \$75 million to forgive about \$450 million in bilateral debt of the poorest countries; \$150 million for the HIPC Trust Fund which will allow for further debt relief through the multilateral organizations; and, \$375 million in advance appropriations. Finally, we are requesting \$37 million for the Tropical Forest Initiative to use debt relief mechanisms in support of conservation. In order to fund HIPC Trust Fund requirements for the remainder of 2000, we are also requesting a fully offset 2000 supplemental appropriation of \$210 million.

Multilateral Development Banks: The MDBs play a prominent role in bringing developing and transition countries into the global economy through financial and technical assistance. Such a process not only helps lift people from poverty and toward prosperity overseas; it also creates new opportunities for U.S. businesses and workers and helps promote stability and enhance our security. As the largest shareholder in the World Bank and a significant shareholder in all of the MDBs, the United States exercises considerable influence over the organizations' external lending policies and internal governance. The United States has been able to maintain this position despite lower levels of commitments, which have been reduced by forty percent since the mid-1990s. Beginning in FY 1998, the Administration and the Congress reached bipartisan agreement to reduce the level of MDB arrears. However, much of the progress in clearing MDB arrears was reversed by the 2000 appropriations process, with the overall arrears level rising from \$335 million at the end of 1999 to an expected \$457 million by the end of 2000. Increasing arrears limit the Administration's ability to engage other donors and gain agreement on important new policy measures and institutional reforms during new replenishment negotiations. The budget proposes to clear all MDB arrears by the end of FY 2003, with \$167 million in 2001 arrears payments. The budget also proposes \$1.2 billion for scheduled payments to these institutions, meeting all current commitments.

Promoting Trade Agreements: The Administration is committed to opening global markets and integrating the global economic system, which has become a key element of continuing economic prosperity here at home. The budget proposes significant increases for efforts by our trade negotiators to pursue open markets and fair, rules-based trading systems. The Administration will work within the World Trade Organization (WTO) to pursue the negotiating mandate for agriculture and services that were "built-in" to the Uruguay Round, develop consensus on the negotiating agenda for a new Round of multilateral negotiations, work for China's membership in the WTO on the foundation of the historic bilateral agreement reached last November to open the Chinese market, and also pursue the accession

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to the WTO of a number of other important trading partners. In doing so, we will work to ensure that the benefits of trade are shared broadly across all sectors of society and do not come at the expense of core labor standards or the environment.

* health

A key priority of the Administration, in addition to securing passage of permanent Normal Trade Relations with China, is to assure the enactment of the trade legislation that passed in the House and Senate addressing trade benefits for Africa, a high priority of the President, extending the Generalized System of Preferences (GSP) and enhancing the Caribbean Basin Initiative (CBI). The Administration has also submitted legislation that would extend new benefits to the Balkan countries. The Budget supports a 10-year initiative for Africa, five-year initiatives for the CBI and Balkan proposals, and for GSP, a 33-month extension is proposed to be added to the 27-month extension that passed in the first session of the 106th Congress.

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Trade and Investment Promotion: The budget proposes an increase of over \$200 million in 2001 for the Export-Import Bank. To a large extent, this increase is to enable the Export-Import Bank to continue to responsibly increase the level of U.S. exports it supports given the upward revision in the cost of U.S. Government international lending in the wake of the recent global financial crisis. Some of this increase will also provide additional resources for the Export-Import Bank to finance the export of clean energy technologies. Finally, the budget proposes an increase in Export-Import Bank administrative expenses, part of which will finance a modern information system critically necessary to improve the delivery of the Export-Import Bank's insurance product to US exporters.

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The Budget also proposes increased resources for the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency (TDA). An additional \$4 million in administrative resources for OPIC will help modernize critical information systems, and improve vital portfolio, environmental, and worker rights monitoring. An additional \$10 million for TDA will expand its capacity to conduct feasibility studies on international projects that can lead to

U.S. exports, including clean energy projects and increased feasibility studies in Africa

Humanitarian Programs

The budget continues America's tradition of responding generously to address and mitigate human suffering caused by natural and man-made crises. The budget increases funding for both the State Department's Migration and Refugee Assistance account and U.S. Agency for International Development (USAID) international disaster assistance and food aid programs. The budget provides increases of \$33 million for the State Department Migration and Refugee assistance programs and \$18 million for USAID International Disaster Assistance programs over 2000 levels. These increases are justified given continued humanitarian needs as a result of crises in Sudan, Burundi, Angola, Afghanistan, the North Caucasus and elsewhere, and forecasting that indicates increasing numbers of natural disasters with devastating human consequences. The budget also funds bilateral demining efforts to reduce the dangers to civilians caused by land mines in areas of former conflict.

Global Programs that Help Us by Helping Others

In our increasingly interconnected world, it has become clear that many of the problems faced by the developing world are actually global problems that threaten the health and well being of all people, including our own. That is why the budget includes a number of foreign assistance initiatives, under the auspices of the USAID and other federal agencies, that are aimed at problems that directly affect the United States.

International Family Planning: It is estimated that 34,000 children under age five in developing countries die every day, and that over 580,000 women die each year of causes related to pregnancy and childbirth. By helping women bear their children during the healthiest times for both mother and baby, family planning helps prevent the deaths of children and mothers; it also prevents unintended pregnancies and abortion. By helping countries improve the health and prosperity of their citizens and stabilize their population growth, U.S. international family planning as-

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sistance also helps to ensure that we have increasingly stable and prosperous partners in the developing world. Therefore, the budget funds a significant increase for international family planning assistance programs and removes unnecessary and harmful restrictions that were imposed on the implementers of this assistance during the 2000 appropriations process. The goal of this initiative is to save lives by making voluntary family planning services widely available to women in the developing world.

HIV/AIDS: The budget provides a second consecutive \$100 million increase Government-wide for programs that address the scourge of AIDS, which has become one of the most deadly diseases in the developing world. USAID will implement \$54 million of this increase, almost doubling USAID's global AIDS effort since 1999. The bulk of this initiative will address the spread of HIV/AIDS in Africa, where AIDS has become the number one cause of death, and where infection rates in some countries exceed 30 percent. However, the initiative will also address AIDS in other countries where increasing infection rates are of particular concern. This significant increase in resources over the past two years should leverage additional resources from other donors and from the Governments of developing countries. (see Chapter 3, "Strengthening Health Care," for additional details on the Global HIV/AIDS Initiative.)

Vaccines for Developing Countries: In his September 1999 address to the United Nations General Assembly, President Clinton called for a concerted effort to make vaccines more widely available in the developing world, where more than three million children die each year from vaccine-preventable diseases. As an important first step, the budget proposes a \$50 million contribution to the newly-established Global Alliance for Vaccines and Immunizations (GAVI). These funds will be used to purchase existing vaccines for Hepatitis B, Haemophilus influenzae type B, and Yellow Fever, and to ensure their safe delivery. The U.S. contribution to GAVI is expected to leverage additional resources from other donors. This initiative will be complemented by increased funding for the National Institutes of Health to accelerate the development of vaccines for major infectious diseases.

pneumonia

Clean Energy and Tropical Forests: \$50 million of funding for international affairs agencies is included in the budget to promote the use of clean energy overseas. Of this total, USAID will use \$30 million for technical assistance for legal and regulatory reform, and to expand training programs for energy sector policy makers and regulators. The Export-Import Bank intends to use \$15 million to assist in the financing of clean energy technology exports, especially renewable energy exports, while TDA will use \$5 million to fund feasibility studies and other project planning activities to promote U.S. exports of clean energy technology.

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\$45 million is also included for international affairs agencies to increase U.S. support for the preservation of tropical forests and other biologically-significant areas. Of this amount, \$33 million will be added to USAID biodiversity resources (for a total of \$100 million), allowing USAID to increase the work it does with host countries. \$12 million will be added to Treasury Department resources (for a total of \$37 million) for the budget cost of debt swaps and debt reduction agreements that require beneficiary countries to devote a portion of their own resources to tropical forest conservation.

Peace Corps: The volunteer programs of the Peace Corps promote mutual understanding between Americans and the people of developing Nations, while providing technical assistance in education, health, the environment, agriculture, and small business development. The agency also responds to humanitarian crises and natural disasters through its Crisis Corps program. The budget proposes \$275 million, a 12-percent increase over the 2000 budget for the Peace Corps. This increase will provide opportunities for 4,200 Americans in 2001 to enter service as new volunteers. With these levels, the Peace Corps can continue toward its goal of placing a total of 10,000 volunteers early in the next century.

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Development Foundations: The African Development Foundation (ADF) and the Inter-American Foundation (IAF) fund indigenous grassroots development efforts. The ADF's assistance helps generate new jobs, protect Africa's environment, and strengthen basic democratic values and civil society. The budget pro-

poses to increase funding for the ADF to support new initiatives for Nigeria and for AIDS/HIV awareness programs. The IAF provides social investment grants to local private sector partners, conducts joint ventures with Latin American corporate foundations, and promotes philanthropy and corporate social responsibility. The budget reverses the 2000 appropriation action to phase out U.S. Government funding of the IAF by proposing to restore funding for the IAF to pre-2000 levels. This action is based on the significant reforms that have been adopted by the IAF, including: improved capabilities to effectively monitor projects and identify quality grant proposals; a greater emphasis on corporate and business involvement in the development process; and, increased involvement, including final approval authority, of U.S. embassies in grant making decisions.

Rightsizing and Protecting our Representation Abroad

Advisory Panel on Overseas Presence : In the aftermath of the embassy bombings in Nairobi and Dar Es Salaam in 1998, and in response to recommendations of Admiral Crowe's Accountability Review Boards, the Secretary of State established an expert panel, chaired by Lewis Kaden, to recommend improvements with respect to the U.S. presence abroad. The Panel released its report in November 1999. Among other recommendations, the Panel reiterated the need for a sustained, multi-year program of investment in overseas facilities and security measures. The Administration has initiated a thorough review of recommendations contained in the Kaden panel's report including an examination of the U.S. Government's overseas presence needs and the current structure of financing and management for overseas facilities. The Administration will continue to work with Congress in a bipartisan manner to address the continuing challenge of making our overseas posts secure.

The budget supports a strong U.S. presence at over 250 embassies and other posts overseas, promoting U.S. interests abroad and protecting and serving Americans by providing consular services. This work will be aided by an Administration review of overseas presence of all agencies as recommended in

the report of the Advisory Panel on Overseas Presence.

Effective diplomacy is the foundation of our ability to meet foreign policy goals. The work of the Department of State and U.S. missions supports the aims of American foreign policy, and anticipates and helps to prevent threats to our national security. Overseas posts serve as the administrative platform for more than 30 other U.S. agencies with personnel abroad, including USAID and the Departments of Defense, Justice, Commerce, Agriculture, and the Treasury.

Facility Vulnerability: Protection of American and foreign national employees who work abroad in U.S. Government facilities remains a top priority within the 2001 budget. The budget proposes a total of \$1.1 billion for embassy security initiatives, including \$500 million for new State Department and USAID diplomatic facility construction, \$200 million for additional steps to protect existing buildings from terrorist attack, and \$400 million for maintenance of security readiness including construction of a new Center for Anti-terrorism and Security Training. In total, this represents an increase of over \$500 million, nearly doubling the 2000 enacted level for enhanced security measures. The budget continues the Administration's commitment to a long-term program of overseas facility construction including additional resources in future years necessary to fulfill the Administration's strategy to effectively and efficiently meet America's security needs.

State Department Operations: The budget proposes \$3.2 billion in 2001 for the State Department, including public diplomacy and arms control activities. This funding level will maintain the Department's world-wide operations, continue efforts to upgrade information technology and communications systems, and accommodate increased security and facility requirements at posts abroad. It will also provide for additional technology and training investments as recommended by the Overseas Presence Advisory Panel.

USAID Operating Expenses: The budget proposes \$520 million for USAID operating expenses. This is a \$16 million increase over the 2000 enacted level (excluding the \$15 million for the new mission in Dar Es Salaam). The 2001

8. ADVANCING UNITED STATES LEADERSHIP IN THE WORLD

9

face is partly for information technology, including full implementation of the "off-the-shelf" financial management system. This funding level will also help maintain work force levels necessary to effectively manage

USAID's overseas programs. These remaining information technology improvements are critical to USAID's plan to fully comply with all Government-wide financial management requirements in 2001.

Section IV, Chapter 10:

Advancing United States Leadership in the World

At the start of a new century, the United States has reached new heights of influence in the world. At the same time, the new challenges posed by rapid advances in technology and the opening of borders have increased our need to exercise this influence: more and more, what happens overseas affects our security, health and prosperity at home.

Our nation now has the greatest opportunity in its history to advance American interests and values while building a better and more peaceful world. Doing so requires leadership and engagement. We need to work with others to prevent war and defuse crises, to combat terrorism and counter the spread of weapons of mass destruction, deepen democracy and the rule of law, strengthen free market economies, protect the global environment and fight poverty and diseases. For if the United States can do this, using its resources effectively and wisely, our citizens will be safer, our economy stronger, our world more stable and our freedoms more secure.

In this past year, America's leadership was essential to the success of the NATO alliance in halting the ethnic cleansing of Kosovo's ethnic Albanians and containing the risk of wider war at the doorstep of our allies. Nearly a million Kosovars who fled in terror have returned to their homes; with our support they have begun the difficult work of building a tolerant democratic society and a new economy. We have played a critical role in the strides toward lasting peace in Northern Ireland and Sierra-Leone, and to end the bloodshed in East Timor. And our support has been crucial as Israelis, Palestinians, and others in the Middle East have taken brave steps toward forging a lasting peace there. We have worked to detect and counter terrorist threats as well as continuing efforts with Russia and other former Soviet nations to halt the spread of dangerous weapons materials. We have also taken actions to advance global prosperity, bringing China into the global trading system and launching a new debt reduction initiative to help the world's most impoverished nation eliminate crushing debt burdens and reform their economies.

→ *the* As we seek to build on these efforts, the President's FY 2001 budget proposes several initiatives to further America's leadership in the world and address these and other challenges. And during the coming year, Administration intends to seek an FY 2000 emergency supplemental to provide critical assistance to the people and Government of Colombia in their fight against *drug* narcotics traffickers. The supplemental, which is included in the President's budget request, will help finance a multi-year strategy developed by the democratically-elected Government of Colombia, known as "Plan Colombia." The Administration will also request funds for renewed initiatives to promote economic growth, stability and democracy in Kosovo and across southeast Europe. *working to*

For FY 2001, this budget requests increased funding for several priorities. [Possible

insertion of global trade/manufacturing initiative.] Funding for international family planning assistance is increased by \$156 million over the FY 2000 level of \$327 million in the Development Assistance (DA) account. Funding for U.S. government efforts to contain the global spread of HIV/AIDS has been increased by \$100 million, more than double the amount spent in FY 1999. These initiatives will respond to pressing prevention, health infrastructure and treatment needs, but will also be used to leverage increased funding from other donors, and from developing countries themselves, for these critical objectives. Increased funding for urgent humanitarian and refugee assistance programs is also included.

An additional \$544 [check] million is included for initiatives that will further protect the men and women who serve America in our missions overseas. This brings the total for enhanced security in our diplomatic posts to \$1.1 billion proposed for FY 2001. **[Was there specific decision to leave out the multi-year plan we announced last year. Has that changed? Possibly insert line about long-term commitment, in context of rightsizing our presence overseas.]**

Finally, the budget proposes an increase of \$239 million over the FY 2000 enacted level to support UN peacekeeping missions around the world. US funding for these missions is critical to the success of diplomatic efforts to end destructive and costly conflicts in Africa and elsewhere.

This chapter describes these and other initiatives in more detail, linking the budget resources of FY2001 to our international policies which are determine by the Administration's commitment to protecting our national security, promoting prosperity, and advancing our values.

1. Protecting American security by promoting peace and democracy abroad.

Colombia: *(bold)* The budget proposes *an estimated drug* a substantial increase for counter-narcotics efforts in Colombia. Colombia *allegedly* supplies 80% of the cocaine in the United States. Colombia's role in the world heroin and cocaine market is growing rapidly as the *supply* of cocaine from Colombia has more than doubled between 1997 and 1999. The Colombian drug trade is controlled largely by paramilitary groups and insurgents who are engaged in a thirty year old civil war against the government of Colombia. *drug production in*

Colombia President Pastrana has devised a comprehensive, integrated plan, "Plan Colombia," to address Colombia's *narcotics* and related political and economic troubles. The budget proposes to increase assistance programs through an FY 2000 supplemental of \$x.x billion and FY 2001 new funding of \$x.x billion. Funds will be used for Colombia counter-drug efforts and for other programs to help President Pastrana deepen democracy and promote prosperity. The proposal would enhance alternative development and strengthening of civil

→ justice and democratic institutions, as well as provide military assistance to the counter-^{drug}narcotics effort. The Administration will also encourage U.S. allies and the international institutions to assist Colombia in implementing President Pastrana's Plan Colombia strategy. Strengthening stability and democracy in Colombia, and fighting the drug trade, is in America's national interest.

Kosovo: The budget requests \$200 million to help the people of Kosovo build a democratic society and a stronger economy. The members of the European Union will bear the bulk of these costs, but the United States must also contribute. At the November 17, 1999, Donor's Conference in Brussels, the international community pledged a total of \$1.056 billion towards peace implementation, reconstruction and recovery, budget support, and humanitarian assistance, of which the US Government pledged \$156.6 million, or 14.8 percent. This amount is in addition to the \$556 million that the U.S. pledged in May 1999 and continues to spend in FY 2000 to address humanitarian needs, such as the provision of shelter, health care and food aid for returnees, and other urgent requirements.

In FY 2001, resources will be used to help ^{revive} rebuild the Kosovar economy and society. A growing economy, with new employment opportunities, is critical if Kosovo is to overcome problems of crime and ethnic violence. Such assistance will create jobs for former refugees and provide incentives for segments of the population to lay down their arms. ~~The problem of violence in Kosovo is acute. According to the UN, about 420 murders have been committed in the past six months, with Serbs as the primary targets of Albanian Kosovars seeking revenge or retaliation. Kosovar youths—nearly half the population of 2 million—are blamed for most of the killings, while almost two thirds of the workforce is unemployed. For this reason, reconstruction assistance may contribute to ending the violence. In conjunction with other donors, US resources will provide working capital to stimulate economic activity.~~

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Southeastern Europe Initiative (SEI): Central to lasting peace in Europe is the political and economic integration of the Balkans into Europe and the global community. The budget requests \$403 million for this important initiative. Also critical to a peaceful future for Europe is the replacement of the Milosevic regime.. For that reason, about \$96 million will help promote the democratic opposition in Serbia and provide assistance to Montenegro.

About \$6 million of the US assistance is intended to accelerate the integration of southeast Europe's countries into the global trading system by breaking down barriers to trade and investment. The US assistance will encourage economic reform, the rule of law, deepening of democracy, and adoption of international standards governing trade.

UN Reform and Contributions to International Peacekeeping: Peace and security operations of the United Nations directly support U.S. national interests. Peacekeeping has the capacity,

Such assistance will create jobs for former refugees and provide incentives for the nearly two-thirds of the workforce that is currently unemployed not to engage

in or support revenge killings or other violent acts.

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under the right circumstances, to separate adversaries, maintain cease-fires, facilitate the delivery of humanitarian relief, enable refugees and displaced persons to return home, demobilize combatants, and create conditions under which political reconciliation may occur and free elections may be held. In so doing, it can help nurture new democracies, lower the global tide of refugees, and prevent small wars from growing into wider regional conflicts which would be far more costly in terms of lives and resources. This budget requests an increase of \$239 million above the enacted FY 2000 level of \$500 million for UN peacekeeping.

In recent years there have been significant improvements in the management, efficiency, and effectiveness of the United Nations and other international organizations. UN Secretary General Kofi Annan has carried out numerous restructuring and consolidation measures, many closely conforming to U.S. proposals, and there have been solid advances within major specialized agencies to improve management.

The Administration is strongly committed to work with the Congress on a bipartisan basis to further advance the UN reform process. The Congress, with Administration support, has linked UN reform measures to US payment of specific arrearage amounts in fiscal year 2000. We will continue to use our influence to push for management improvements, organizational streamlining, and the necessary budget discipline to ensure zero nominal growth in UN and specialized agencies' budgets. We are also committed to working with other UN members to revise the scale of assessments -- including a reduction in the rate at which the U.S. is charged for the UN regular budget, UN peacekeeping, and the large specialized agencies.

Expanded Threat Reduction Initiative (ETRI): The effort launched seven years ago, spurred by the bipartisan Nunn-Lugar legislation, to contain the spread of weapons of mass destruction (WMD) from the former Soviet Union and promote stability has produced important results, helping to: deactivate nearly 5000 nuclear warheads; eliminate nuclear weapons from Ukraine, Belarus and Kazakhstan; strengthen the security of nuclear weapons and materials at over 100 sites; tighten export controls and detect illicit trafficking; and engage over 30,000 former Soviet weapons scientists in productive civilian research. The recent conclusion of agreements between Georgia and Russia and between Moldova and Russia for the withdrawal of Russian troops creates the opportunity help these countries address some of the costs associated with Russian force reductions, thereby strengthening the sovereignty of Georgia and Moldova and the stability of the region.

But more work needs to be done to address these critical issues. The two major economies in the Newly Independent States -- Russia and Ukraine -- continue to require substantial external support to sustain the necessary infrastructure to protect against the diversion of WMD -- nuclear, biological, and chemical -- and related technology. . Scientists, facilities guards, customs officers, and technical experts are underpaid, vulnerable to temptations for illicit

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trafficking of WMD and related materials - clearly a threat to our interests.

The \$1054 million FY 2001 request for Expanded Threat Reduction Initiative programs includes \$508 million in programs administered by the Department of Defense, \$370 million in those administered by the Department of Energy, and \$176 million in those administered by the Department of State, a total that is above the FY 2000 level of \$915 million. ETRI programs address nuclear security for existing weapons and delivery systems; protection and disposition of fissile materials; destruction of chemical weapons; military relocation and regional stabilization. Among the critical programs funded under ETRI are science centers and other programs to finance civilian research by former Soviet weapons experts, enhanced border control assistance to decrease the likelihood that critical weapons technologies or materials can be smuggled to other nations, and programs to enhance regional security efforts in Georgia, Armenia, Azerbaijan, and Moldova. The proposed Department Energy request for ETRI includes a \$105 million initiative in Russia to expand protection of fissile material; accelerate closure of nuclear weapons production facilities; and provide an alternative to continued plutonium production in Russia.

Middle East Peace: The FY 2001 requests for Economic Support Funds (ESF) of \$2.2 billion and Foreign Military Financing (FMF) grants of \$3.5 billion will continue to support our efforts to promote progress and stability around the world, particularly the progress made recently in negotiations between Israel and its neighbors on a comprehensive peace for the Middle East. In emergency legislation, \$1.9 billion was provided in FY 1999 and FY 2000 to Israel, Jordan, Egypt, and the West Bank to support the Wye River and Sharm-el-Sheikh interim accords between Israelis and Palestinians. For FY 2001, ESF levels for Israel continue the declining path started last year and levels of FMF military assistance increase, as agreed to by the Administration and Congress. The FY 2001 request of \$1.8 billion in ESF and \$3.4 billion in FMF programs for the Middle East will provide a strong supporting base for the next phase of negotiations between Israel and its neighbors. .

Democracy initiatives: In addition, the budget requests increases for countries outside of the Middle East in both ESF and FMF. These funds will support the transitions to democracy that we are emerging in Africa, including Nigeria, and in Indonesia, and will continue to support ongoing democratic reforms in Latin America. They will also support military modernization and increased civilian control over the military in eastern Europe, the states of the former Soviet Union, and Africa. Helping these nations build stable democracies will enhance America's own security and prosperity.

→ **Transnational Threats:** The proliferation of weapons of mass destruction, drug trafficking, and the spread of ~~crime and~~ terrorism on an international scale present a continuing threat to U.S. and global security. U.S. diplomacy and law enforcement play a key role in stemming the spread of weapons of mass destruction to countries such as Libya, Iraq, Iran, Syria and North

*(the globalization of
and other organized crime*

Korea.

The Administration is strengthening its fight against terrorism by, among other things, increasing funding for the construction of new embassies overseas and continuing the ongoing worldwide program of physical security upgrades to our most at-risk posts.

America must continue to lead against the spread of weapons of mass destruction. The Comprehensive Nuclear Test Ban Treaty (CTBT) remains an important element of the global nuclear nonproliferation regime. The Administration is committed to working to create the conditions for a successful vote to approve the CTBT in the Senate at the earliest possible date. We will continue to adhere to our long-standing moratorium on nuclear tests and urge other nations to do the same.

The budget seeks \$X million from Congress to support multi-national efforts to combat the spread of weapons of mass destruction: the International Atomic Energy Agency's safeguards regime and a global network of sensors to detect nuclear explosions. The request includes funding for the Korean Peninsula Energy Development Organization, which has just signed contracts to construct two proliferation-resistant nuclear power reactors in North Korea. Before key components are shipped, North Korea will have to come into full compliance with its commitments to the IAEA and the Nuclear Non-Proliferation Treaty. The budget also proposes a new initiative for the destruction or improved guarding of small arms abroad, which might otherwise be used by terrorists or others to foment local wars.

2. Promoting prosperity to advance stability.

Multilateral Development Banks (MDBs): The Multilateral Development Banks play a prominent role in bringing developing and transition countries into the global economy through financial and technical assistance. Such a process not only helps lift people from poverty and toward prosperity overseas; it also creates new opportunities for U.S. businesses and workers and helps promote stability and enhance our security. As the largest shareholder in the World Bank and a significant shareholder in all of the MDBs, the United States exercises considerable influence over the organizations' external lending policies and internal governance. The U.S. has been able to maintain this position despite lower levels of commitments, which have been reduced by forty percent since the mid-1990s. Beginning in FY 1998, the Administration and the Congress reached bipartisan agreement to reduce the level of MDB arrears. However, much of the progress in clearing MDB arrears was reversed by the FY 2000 appropriations process, with the overall arrears level rising from \$310 million at the end of FY 1999 to an expected \$447 million by the end of FY 2000. Increasing arrears limit the Administration's ability to engage

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other donors and gain agreement on important new policy measures and institutional reforms during new replenishment negotiations. The budget proposes to clear all MDB arrears by the end of FY 2003, with \$167 million in FY 2001 arrears payments. The budget also proposes \$1.2 billion for scheduled payments to these institutions, meeting all current commitments.

→ **Debt Forgiveness:** The United States is committed to improving helping people in the world's poorest countries to join the global economy, promoting economic reform and expanding the scale of debt relief. At the Cologne Summit, the G-7 expanded the Heavily Indebted Poor Country (HIPC) initiative to include more countries, provide deeper debt relief (up to 90 percent of bilateral debt), increase participation by the international financial institutions organizations, and increase the focus of the resources freed by debt reduction on economic reform, health, education and other human needs. The President led this effort with a proposal that was largely adopted and remains at the forefront on the issue with his commitment to forgive 100 percent of debt owed to the U.S. by the poorest countries, a majority of them in sub-Saharan Africa. To fulfill the U.S. commitments, the Administration is requesting \$75 million to forgive about \$450 million in bilateral debt of the poorest countries and \$125 million for the HIPC Trust Fund which will allow for further debt relief through the multilateral organizations. In addition, we are requesting \$37 million for the Tropical Forest Initiative to use debt relief mechanisms in support of conservation.

→ **Promoting Trade Agreements:** The Administration is committed to opening global markets and integrating the global economic system, which has become a key element of continuing economic prosperity here at home. The budget proposes significant increases for efforts by our trade negotiators to pursue open markets and fair, rules-based trading systems. The Administration will work within the WTO to pursue the negotiating mandate for agriculture and services that were "built-in" to the Uruguay, develop consensus on the negotiating agenda for a new Round of multilateral negotiations, work for China's membership in the WTO on the foundation of the historic bilateral agreement reached last November to open the Chinese market, and also pursue the accession to the WTO of a number of other important trading partners. In doing so, we will work to ensure that the benefits of trade are shared broadly across all sectors of society and do not come at the expense of core labor standards or the environment.

→ *Health,*
A key priority of the Administration, in addition to securing passage of permanent Normal Trade Relations with China, is to assure the enactment of the trade legislation that passed in the House and Senate and addressed trade benefits for Africa, extending the Generalized System of Preferences (GSP) and enhancing the Caribbean Basin Initiative in addition to the Africa provisions. The Administration has also submitted legislation that would extend new benefits to the Balkan countries. The Budget supports five-year initiatives in each of these areas, except GSP where a 33 month extension is proposed to be added to the 27 month extension that passed in the first session of the 106th Congress.

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[Possible insertion of global trade/manufacturing initiative - TK]

Trade and Investment Promotion: The budget proposes an increase of over \$200 million in FY 2001 for the Export-Import Bank. To a large extent, this increase is to enable the Export-Import Bank to continue to responsibly increase the level of U.S. exports it supports given the upward revision in the cost of U.S. Government international lending in the wake of the recent global financial crisis. Some of this increase will also provide additional resources for Export-Import Bank to finance the export of clean energy technologies. Finally, the budget proposes an increase in Export-Import Bank administrative expenses, much of which will finance a modern information system critically necessary to improve the delivery of the Export-Import Bank's insurance product to US exporters.

The Budget also proposes increased resources for the Overseas Private Investment Corporation, and the Trade and Development Agency. An additional \$4 million in administrative resources for OPIC will help modernize critical information systems, improve vital portfolio, environmental and worker rights monitoring. An additional \$10 million for TDA will expand its capacity to conduct feasibility studies on international projects that can lead to U.S. exports, including clean energy projects and increased feasibility studies in Africa.

3. Humanitarian programs.

The FY 2001 budget continues America's tradition of responding generously to address and mitigate human suffering caused by natural and man-made crises. The budget increases funding for both the State Department's Migration and Refugee Assistance account and USAID international disaster assistance and food aid programs. The budget provides increases of \$33 million for the State Department Migration and Refugee assistance programs and \$17 million for USAID International Disaster Assistance programs over FY 2000 levels. These increases are justified given continued humanitarian needs as a result of crises in Sudan, Burundi, Angola, Afghanistan, the North Caucasus and elsewhere, and forecasting indicating increasing numbers of natural disasters with devastating human consequences. The budget also funds bilateral demining efforts to reduce the dangers to civilians caused by land mines in areas of former conflict.

4. Global programs that help us by helping others.

In our increasingly interconnected world, it has become clear that many of the problems faced by the developing world are actually global problems that threaten the health and well being of all people, including our own. That is why the budget includes a number of foreign assistance initiatives, under the auspices of the U.S. Agency for International Development and other federal agencies, that are aimed at problems that directly affect the United States.

International Family Planning: It is estimated that 34,000 children under age five in developing countries die every day, and that over 580,000 women die each year of causes related to pregnancy and childbirth. By helping women bear their children during the healthiest times for both mother and baby, family planning helps prevent the deaths of children and mothers; it also prevents unintended pregnancies and abortion. By helping countries improve the health and prosperity of their citizens, and stabilize their population growth, U.S. international family planning assistance also helps to ensure that we have increasingly stable and prosperous partners in the developing world. Therefore, the budget funds a significant increase for international family planning assistance programs and removes unnecessary and harmful restrictions that were imposed on the implementers of this assistance during the FY 2000 appropriations process. The goal of this initiative is to save lives by making voluntary family planning services widely available to women in the developing world.

HIV/AIDS: The budget provides a second consecutive \$100 million increase government-wide for programs that address the scourge of AIDS, which has become one of the most deadly diseases in the developing world. USAID will implement \$54 million of this increase, almost doubling USAID's global AIDS effort since FY 1999. The bulk of this initiative will address the spread of HIV/AIDS in Africa, where AIDS has become the number one cause of death, and where infection rates in some countries exceed 30 percent. However, the initiative will also address AIDS in other countries where increasing infection rates are of particular concern. This significant increase in resources over the past two years should leverage additional resources from other donors and from the governments of developing countries. (See chapter V for additional details on the Global HIV/AIDS Initiative.)

Vaccines for Developing Countries: In his September 1999 address to the United Nations General Assembly, President Clinton called for a concerted effort to make vaccines more widely available in the developing world, where more than three million children die each year from vaccine-preventable diseases. As an important first step, the budget proposes a \$50 million contribution to the newly-established Global Alliance for Vaccines and Immunizations (GAVI). [These funds will be used to purchase existing vaccines for Hepatitis B, Haemophilus influenzae type B, and Yellow Fever, and to ensure their safe delivery. The U.S. contribution to GAVI is expected to leverage additional resources from other donors. This initiative will be complemented by increased funding for NIH to accelerate the development of vaccines for HIV/AIDS, tuberculosis, malaria, and other major infectious diseases.]

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pneumonia,

Clean Energy and Tropical Forests: \$50 million of funding for international affairs agencies is included in the budget to promote the use of clean energy overseas. Of this total, USAID will use \$30 million for technical assistance for legal and regulatory reform, and to expand training programs for energy sector policy makers and regulators. The Export-Import Bank intends to use \$15 million to assist in the financing of clean energy technology exports, especially

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renewable energy exports, while the Trade and Development Agency will use \$5 million to fund feasibility studies and other project planning activities to promote US exports of clean energy technology.

\$45 million is also included for international affairs agencies to increase U.S. support for the preservation of tropical forests and other biologically-significant areas. Of this amount, \$33 million will be added to USAID biodiversity resources (for a total of \$100 million), allowing USAID to increase the work it does with host countries. \$12 million will be added to Treasury Department resources (for a total of \$37 million) for the budget cost of debt swaps and debt reduction agreements that require beneficiary countries to devote a portion of their own resources to tropical forest conservation.

Peace Corps: The volunteer programs of the Peace Corps promotes mutual understanding between Americans and the people of developing nations, while providing technical assistance in education, health, the environment, agriculture, and small business development. The agency also responds to humanitarian crises and natural disasters through its Crisis Corps program. The budget proposes \$275 million, a 12 percent increase over the FY 2000 budget for the Peace Corps. This increase will provide opportunities for 4,200 Americans in 2001 to enter service as new volunteers. With these levels, the Peace Corps can continue toward its goal of placing a total of 10,000 volunteers early in the next century.

Development Foundations: The African Development Foundation (ADF) and the Inter-American Foundation (IAF) fund indigenous grassroots development efforts. The ADF's assistance helps generate new jobs, protect Africa's environment, and strengthen basic democratic values and civil society. The budget proposes to increase funding for the ADF to support new initiatives for Nigeria and for AIDS/HIV awareness programs. The IAF provides social investment grants to local private sector partners, conducts joint ventures with Latin American corporate foundations, and promotes philanthropy and corporate social responsibility. The budget reverses the FY 2000 appropriation action to phase out U.S. Government funding of the IAF by proposing to restore funding for the IAF to pre-2000 levels. This action is based on the significant reforms that have been adopted by the IAF, including: improved capabilities to effectively monitor projects and identify quality grant proposals; a greater emphasis on corporate and business involvement in the development process; and, increased involvement, including final approval authority, of U.S. embassies in grant making decisions.

4. Rightsizing our representation abroad.

Advisory Panel on Overseas Presence : In the aftermath of the embassy bombings in Nairobi and Dar Es Salaam in 1998, and in response to recommendations of Admiral Crowe's Accountability Review Boards, the Secretary of State established an expert panel, chaired by

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Lewis Kaden, to recommend improvements with respect to the US presence abroad. The Panel released its report in November 1999. Among other recommendations, the Panel reiterated the need for a sustained, multi-year program of investment in overseas facilities and security measures. The Administration has initiated a thorough review of recommendations contained in the Kaden panel's report including an examination of the U.S. Government's overseas presence needs and the current structure of financing and management for overseas facilities. The Administration will continue to work with Congress in a bipartisan manner to address the continuing challenge of making our overseas posts secure.

The budget supports a strong U.S. presence at over 250 embassies and other posts overseas, promoting U.S. interests abroad and protecting and serving Americans by providing consular services. This work will be aided by an Administration review of overseas presence of all agencies as recommended in the report of the Advisory Panel on Overseas Presence.

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Facility Vulnerability: Protection of American and foreign national employees who work abroad in U.S. Government facilities remains a top priority within the FY 2001 budget. The budget proposes a total of \$1.1 billion for embassy security initiatives including \$500 million for new State Department and USAID diplomatic facility construction, \$200 million for additional steps to protect existing buildings from terrorist attack, and \$400 million for maintenance of security readiness including construction of a new Center for Anti-terrorism and Security Training. In total, this represents an increase of over \$500 million, nearly doubling the FY 2000 enacted level for enhanced security measures.

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USAID Operating Expenses: The budget proposes \$520 million for USAID operating expenses. This is a \$15 million increase over the FY 2000 enacted level (when the \$15 million included in FY 2000 for the new mission in Dar Es Salaam is excluded). The FY 2001 increase is primarily for information technology, including full implementation of the "off-the-shelf" financial management system. This funding level will also help maintain work force levels

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necessary to effectively manage USAID's overseas programs. These remaining information technology improvements are critical to USAID's plan to fully comply with all Government-wide financial management requirements in FY 2001.