SMALL AGENCY REVIEW

SESSION 11

March 31, 1995

Small Agency Review
Index
March 31,1995

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Divider Title: **A**

EXPORT-IMPORT BANK OF THE UNITED STATES

DESCRIPTION: The Eximbank aids in the financing and promoting of US exports by:

- Assuming commercial and political risks that exporters or private institutions are unwilling or unable to undertake.
- Overcoming maturity and other limitations in private sector export financing.
- Assisting US exporters to meet foreign officially sponsored credit export competition.

The Eximbank provides export credit support through direct loan, loan guarantee and insurance programs

FY 1996 BUDGET PROPOSAL: The proposed FY 1996 appropriation is $520.3 million -- essentially unchanged from the FY 1995 level of $520.5 million. The proposed FY 1996 FTE is 436 -- the FY 1995 is 448. Not included in the budget figures above are: $17,840,000 for Debt Reduction Financing; $2,200,097,000 for Direct Loan Financing; $1,081,279,000 for Guaranteed Loan Financing; and $265,056,000 for Public Enterprise Funds.

AGENCY PROPOSAL: The agency proposes continued operation as a government entity accompanied by some recommended improvements to its operations in line with reinventing government initiatives. Five specific proposals are:

1. Obtaining waivers from some restrictions/requirements for small dollar volume or repetitive actions.
2. Spinning off the short term program to operate like OPIC since it is very close to a "break even" operation.
3. Continuing explorations of encouraging the private sector to take on some of the insurance programs.
4. Pooling and selling insured receivables to expand exporters access to working capital.
5. Establishing a revolving fund and charging fees for some services which would enable them reduce FTEs by contracting for some services.

DECISION OPTIONS:

A. No change. Continue funding at FY 1996 levels.

B. Continue funding at FY 1996 levels and support the proposed initiatives.

C. Terminate the agency.

ADVISORY GROUP RECOMMENDATION: NPR recommends C.

RATIONALE: The Ex-Im Bank appears to be a classic "trade promoting" subsidy exercise. Unless the value to the taxpayer can be clearly demonstrated, it should be eliminated.

STEERING COMMITTEE RECOMMENDATION:

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Tab A

EXPORT-IMPORT BANK OF THE UNITED STATES

NPR PHASE II

Options Paper

Overview.

The Export-Import Bank of the United States ("Ex-Im Bank" or the "Bank") was chartered by statute as a Government corporation in 1934. From that date, Ex-Im Bank has always been a true "sunset" agency; each of its charter renewals has had a specified expiration date at which time its mission and performance have been subject to review by the President and Congress. The most recent charter renewal was at fiscal year-end 1992.. However, the record of Congressional inquiry and debate and the terms of the Bank's revised charter as renewed indicate that there was no serious question then about the validity of the Bank's governmental mission. Rather, Congressional attention focused more on implementation of Ex-Im Bank's programs and the priorities they reflected.

Current (1/94) headcount at the Bank is 458, allocated among: 144 in the Export Finance Group, comprised of staff carrying out the core or primary line functions of delivering Ex-Im Bank's Short-Term Export Credit Insurance and Medium- and Long-Term Loan and Guarantee programs; 30 in the Office of General Counsel, of which about 85% of the resources are devoted to direct support of primary line functions in *e.g.*, documentation of transactions; 57 in the Business Development Group, comprised of staff carrying out the secondary line functions of outreach, intake and counselling; 23 in the Portfolio Management and Review and Claims Divisions, comprised of staff carrying out the tertiary line functions of risk management and recoveries; and 204 in various executive and staff functions, such as the Board of Directors, Management Services and Human Resources, Treasurer/Controller, Quality Review/Secretariat and Equal Opportunity and Diversity Programs. We are on track to carry out Ex-Im Bank's Streamlining Plan to achieve an overall reduction in FTE to 448 this fiscal year-end through buy-outs, attrition and performance management, with a corresponding increase in the overall proportion of line staff (non-supervisory, non-"headquarters") to total headcount from 69% to 71%.

Mission and Goals.

Ex-Im Bank's key programmatic mission is to create employment in the United States by providing financing to support U.S. exports when such support is necessary (i) to level the playing field for the U.S. exporter in a particular bidding situation by matching the support of a foreign export credit agency for a competing exporter, or (ii) because the private sector cannot or will not otherwise provide the financing support necessary for a particular export sale to go forward. Inherent in the latter are the principles that Ex-Im Bank will not compete with or displace the private sector and that the Bank will provide support only if and to the extent necessary to make possible an export that would not otherwise occur (the "Mandates of Non-

Competition and Additionality"). The constraint that shapes our focus in carrying out this mission is the statutory mandate in the Bank's charter that requires a finding in each program and transaction of a "reasonable assurance of repayment." In practice, this mandate has been interpreted and applied to require (i) sound, consistent and principled credit analysis, so that -- while the Bank's mission assumes the assumption of some level of risk -- such risk is taken deliberately, self-consciously and can be quantified (at least in relative terms); and (ii) intelligent allocation of resources and underwriting and structuring of transactions, so that Ex-Im Bank takes no more risk (and the taxpayers absorb no greater cost) than is reasonably required for the financing of export transactions supported under the Bank's programs to be a neutral competitive factor.

The long-term goals to be served by this mission are three-fold: (i) to support the long-standing U.S trade policy strategy of reducing market-distorting practices of export credit agencies; (ii) subject to the foregoing and the standard of a "reasonable assurance of repayment," to ensure that no U.S. business loses an export sale that is otherwise competitive for lack of required financing; and (iii) to "prime the pump," lead the way or otherwise encourage the development of expanded private sector financing alternatives to reduce the need for Ex-Im Bank's programs to a minimum.

Ex-Im Bank vis a vis the Market.

In short, Ex-Im Bank's programs represent subventions in the markets for export finance, in order to make sure that U.S. exporters are not disadvantaged by imperfections or distortions in those markets. However, it is *not* accurate to say that the Bank's programs provide export subsidies in absolute terms. That is, the Bank's programs do not operate to provide "below market" costs for financing exports across the board. In fact, in almost all cases of direct lending, Ex-Im Bank receives a positive spread over the Treasury's cost of funds, and the Bank charges substantial fees for its guarantees.

Rather, the governmental subsidy is measured by the extent to which Ex-Im Bank is inadequately compensated for the risks it takes. The Bank absorbs the credit (repayment) risk of lending to particular buyers or in particular markets for which private sector credit is not otherwise available. In no case, however, will the Bank support financing when a default or loss is *expected* from the circumstances of the particular transaction; by definition, in such case there would be no "reasonable assurance of repayment." The credit risk is expected to be realized on a portfolio basis and is measured in percentage terms: even with sound underwriting in each particular case, it can be expected that, across a portfolio of transactions with the same credit risk profile, the Bank might expect to realize ultimate losses of, say, 20% of the total amounts financed. Therefore, in this example, each such transaction should be assessed a risk cost or premium of 20%. Any for-profit lender or guarantor would make exactly the same analysis of its lines of business and would not go forward with a particular deal unless the *risk adjusted* return (from interest spread, fees, etc.), taking into account this implied cost, was positive. In fact, Ex-Im Bank does set its exposure fees in accordance with relative risk but, in the higher risk markets where the Bank's support is most essential to U.S. exporters, the fees often cannot be set high enough to offset the risk entirely. The difference -- the net portfolio cost of the particular risk -- is the governmental "subsidy" to the transaction and is charged against Ex-Im Bank's annual program budget.

In other words, the Bank's annually appropriated subsidy budget is approximately equal to the present value of the ultimate net losses anticipated to be suffered across the portfolio of transactions to be booked in that year, less the present value of the associated revenues to be booked from the interest spread and fees on the same portfolio of transactions. Even more simply: Ex-Im Bank is operated deliberately to run at a "loss", and the Bank's program priorities, underwriting standards and risk management/recoveries are the tools used by the Bank's management to limit that loss to the appropriated subsidy limit and to leverage the subsidy to maximize support for the most transactions that are consistent with the Bank's mission.

Nevertheless, there are transactions or markets in which the subsidy cost is very low, or zero, or even "negative" (*i.e.*, the Bank is calculated to earn a *positive* risk adjusted return). This would seem to suggest that a private sector or quasi-private (GSE-type) organization could readily substitute for Ex-Im Bank in at least these categories of transactions or markets. Moreover, such an organization presumably would not be constrained by Ex-Im Bank's Mandates of Non-Competition and Additionality and thus might be able to build a book of business in low risk markets, with a high risk adjusted return, to offset low or even negative (now subsidized) returns from higher risk business. However, this calculus is complicated by two factors.

First, the cost to Ex-Im Bank, as a government agency, of the funds for direct lending is the lowest in the market, and of the "full faith and credit" to back its guarantee is free. These costs to a private or quasi-private organization would higher and would commensurately reduce the amount of its economic return.

Second, as a government agency, Ex-Im Bank enjoys three comparative advantages that reduce its risk costs, compared to other lender/guarantors:

-- Accounting for reschedulings. Financings supported by the Bank which are rescheduled by the Paris Club are accounted as "current," so long as the rescheduled payments are made. Private shareholders would not be bemused by this fiction.

-- Risk management and collections. In avoiding defaults and enforcing recoveries after defaults, Ex-Im Bank has the prestige, sovereign power and resources of the U.S government behind it. On the one hand, these factors must be presumed intuitively to operate to reduce ultimate losses by a nontrivial (if unquantifiable) amount; on the other hand, only the direct costs of Ex-Im Bank's own resources are charged back to any recoveries. Other governmental resources (which can be significant) are a free good.

-- Infinite capital. Just as it is only government that has deep enough pockets and broad enough actuarial reach to support flood insurance, so it would be very difficult for any entity without direct backing of the federal fisc to absorb macroeconomic or political risks of systemic credit problems across an entire country or region. In the 1982 Mexican debt crisis, for example, Ex-Im Bank paid 2,356 claims totalling approximately $476 million. To date, the Bank has recovered 86% of the claims paid (plus accrued penalty interest). A private or quasi-private entity with the capital strength to sustain such losses and endure such slow recoveries would have to charge very high fees overall to generate an adequate return on its capital.

The discussion that follows is necessarily simplified. Any of the options pursued in more depth will have to take into account the foregoing factors.

Assessment of Key Functions.

(1) Except as noted in (2) below, according to Ex-Im Bank's customers -- the U.S. exporters -- delivery of the Bank's Long-Term, Medium-Term and Short-Term programs have never been more critical to Ex-Im Bank's mission because: (a) thanks to productivity gains and a weak dollar, more U.S. goods and services are more competitive in terms of price and quality in more markets; (b) the emerging market and transition economies are generally growing much faster than the domestic U.S. economy and provide tremendous penetration opportunities for U.S. goods and services, albeit at risk levels that are often significant; (c) competition for these markets, particularly from European and Japanese firms, is fierce ; and (d) U.S. commercial banks, which largely abandoned export trade finance following the Latin American debt crisis debacle of the mid-1980's, are only slowly returning to the market and are still very risk averse. In addition, smaller and medium sized businesses which are exporters or potential exporters often do not have adequate access to credit markets generally, a problem that is compounded when they seek export financing.

(2) Some of Ex-Im Bank's key functions can and are replicated in state export promotion programs (with which the Bank generally coordinates closely through its City/State Partnership program), but never on the same scale or level of sophistication. In fact, there are substantial impediments to any full scale devolution of Ex-Im Bank's programs to the state or local level. Instead, we are focusing on significant enhancements (through the U.S. Export Assistance Centers and otherwise) to the Bank's City/State Partnership program, through which local

economic development/export promotion agencies are trained and authorized to provide outreach and delivery of Ex-Im Bank's programs to smaller businesses in their regions.

(3) While we do not often find ourselves encroaching on the business of domestic private export credit insurers, it has been suggested by some European insurers that direct governmental delivery of this short-term program is not essential and that the private sector could efficiently deliver the program in a manner consistent with Ex-Im Bank's mission. In fact, the United Kingdom's export credit agency has successfully sold its short-term export credit insurance franchise to the official Dutch provider (which was already private). The Options under review for this program are discussed in Attachment I.

(4) Since Ex-Im Bank's work flow is transaction driven, and each of those transactions is motivated by profit, the Bank could offer substantial efficiencies to its customers and eliminate substantial FTE, if we were clearly permitted to charge fees for certain of our services or service enhancements and to use the fee revenues to contract with expert service providers. Increasingly, for example, the Bank will require the exporter or bank applicant to retain and pay Ex-Im Bank's counsel directly for the structuring of large, novel or complex transactions. Similarly, for large, complicated project financing proposals, the Bank requires the sponsor to retain one of a pre-approved list of expert financial advisory firms to provide a feasibility analysis. Such transfer of transaction costs is routine and expected in the private sector. If the Bank were permitted to charge a sliding scale of fees for, *e.g.*, transaction documentation, depending on the size and complexity of the transaction, and to keep and apply those fees to the related administrative expenses, we could discipline large, sophisticated customers to utilize our services efficiently, while also freeing up resources to provide better service to smaller, unsophisticated customers who genuinely require more time and attention.

EXPORT-IMPORT BANK OF THE UNITED STATES

NPR PHASE II

OPTIONS PAPER

Attachment I

Ex-Im Bank's short-term export credit (and political risk) insurance program:

-- is congruent in many features with products offered by private sector companies, and is already offered through some of the same commercial channels (insurance brokers);

-- carries the lowest average subsidy charge of all of the Bank's programs;

-- is susceptible to delivery through high volume, low overhead operations, with actuarial underwriting.

However, the key to any successful degree of privatization of Ex-Im Bank's short-term programs is volume. Currently, private sector export credit insurers are happy to cede to the Bank both the smaller transactions (typically for the smaller exporters) and, in most cases, the higher risk markets. However, it is possible that this business could be profitably underwritten on an actuarial basis (as opposed to case-by-case credit underwriting, which is obviously more costly), if there were greater volume and diversity in the insured book. In any event, it is possible, if not probable, that "pure" privatization of the program (outright sale with no ongoing governmental involvement or support) would not be sustainable on commercial terms for the reasons discussed above. Accordingly, we will be exploring each of the following four options (which are not, in all cases, mutually inconsistent), in ascending order of "boldness:"

(1) Currently, the Bank's Insurance Division books about 4,000 separate transactions annually, for a total authorization of $4 billion, out of approximately $15 billion total, and a subsidy charge (program budget) of approximately $1.5 billion out of approximately $800 million. The number of FTE dedicated to the Insurance programs is approximately 46 out of total headcount of 466. The target market for the programs is smaller exporters and their bankers who are not willing or able to take the credit risk on short-term (less than one year) export trade receivables. We have not been able to derive any reliable figures on the extent of Ex-Im Bank's current penetration of this potential market, although anecdotal evidence suggests that the two constraints on penetration are (a) outreach, marketing and education for unsophisticated potential users; and (b) the necessary complications in what is Ex-Im Bank's simplest and most customer-friendly program.

With respect to the latter, the various restrictions imposed by law and policy on Ex-Im Bank's programs (no primary military use, U.S. content, Foreign Corrupt Practices Act certifications, the Mandates of Non-Competition & Additionality, etc.) are not generally unduly burdensome in larger and one-off transactions, but compliance for a smaller exporting business in the context of multiple small sales to multiple small foreign buyers can be daunting. Therefore, the Bank is exploring the possibility of obtaining waivers of some or all of these requirements for some categories of users of our short-term Insurance programs. In conjunction with our initiatives to partner more effectively with City/State programs and small business lenders, the goal would be to determine whether these programs could be expanded to the point at which scale economies and the efficiencies of actuarial credit principles could attract greater interest in some form of privatization.

(2) Since the amount of budgetary (subsidy) support currently required for the short-term program is already relatively low -- less than 1.5 cents in subsidy on average for each dollar of program authorizations, compared to approximately 8.7 cents for the Bank's medium- and long-term programs -- we will explore whether the design and operation of the programs could be "tweaked" to function at a break-even as a separate government enterprise (like OPIC).

(3) Simultaneously, we will continue dialogue with private sector insurers and otherwise explore options for some form of privatization of the programs in their current form.

(4) An interrelated concept that holds some promise derives from the following two insights. First, the greatest added value from credit enhancement of export trade receivables is not so much in the transfer of risk from the exporter to Ex-Im Bank directly but in the fact that the insured receivables then become financeable and expand the exporter's borrowing base and access to working capital; and (2) with sufficient volume and experience to develop sound actuarial credit underwriting standards, Ex-Im could consider delivering its credit enhancement to support the expected cash flows from a pooling of such receivables, rather than on a case-by-case, buyer-by-buyer basis. Accordingly, it may be possible to sponsor or support the development of a "conduit" structure to accommodate the wholesale financing of export trade receivables, with no more relative risk to the Federal fisc but with much greater efficiency and breadth in the market. Various investment banks and other potential players in such a structure continue to pursue these concepts with Ex-Im Bank staff.

General and special funds—Continued

SALARIES AND EXPENSES—Continued

WORKFLOW ANALYSIS—Continued

	1994 actual	1995 est.	1996 est.
Charges resolved	12,523	11,894	14,326

The budget for the agency supports three activities:

Executive direction and program support.—This activity provides for the direction and coordination of the Commission's programs. It also provides administrative and management support services for the agency.

Enforcement.—This activity resolves charges of employment discrimination filed with the Commission and litigates to enforce compliance with title VII, the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the Civil Rights Act of 1991.

State and local grants.—This activity provides funds to State and local fair employment practice agencies to assist in the resolution of employment discrimination complaints.

Object Classification (in thousands of dollars)

Identification code 45–0100–0–1–751		1994 actual	1995 est.	1996 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	126,882	131,407	147,069
11.3	Other than full-time permanent	1,639	1,692	1,730
11.5	Other personnel compensation	1,629	887	887
11.8	Special personal services payments	37		
11.9	Total personnel compensation	130,187	133,986	149,686
12.1	Civilian personnel benefits	26,021	26,984	30,657
13.0	Benefits for former personnel	70	75	125
21.0	Travel and transportation of persons	2,341	1,802	2,487
22.0	Transportation of things	117	106	109
23.1	Rental payments to GSA	21,626	22,419	23,844
23.2	Rental payments to others	419	488	504
23.3	Communications, utilities, and miscellaneous charges	5,074	5,464	5,727
24.0	Printing and reproduction	333	319	329
25.2	Other services	10,050	10,300	17,054
26.0	Supplies and materials	2,481	2,575	3,956
31.0	Equipment	4,454	1,982	5,522
41.0	Grants, subsidies, and contributions	26,333	26,500	28,000
42.0	Insurance claims and indemnities	1		
99.0	Subtotal, direct obligations	229,507	233,000	268,000
99.0	Reimbursable obligations	206	300	300
99.9	Total obligations	229,713	233,300	268,300

Personnel Summary

Identification code 45–0100–0–1–751		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment	2,832	2,860	3,219

Public enterprise funds:

EEOC EDUCATION, TECHNICAL ASSISTANCE, AND TRAINING REVOLVING FUND

Program and Financing (in thousands of dollars)

Identification code 45–4019–0–4–751		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Operating expenses: Executive direction and administration	177	140	150
	Capital investment:			
01.01	Technical assistance seminars	290	700	800
01.02	Complaint adjudication seminars		64	30
01.91	Total capital investment	290	764	830
10.00	Total obligations	467	904	980
	Financing:			
17.00	Recovery of prior year obligations	–37		
21.40	Unobligated balance available, start of year: Treasury balance	–1,258	–1,743	–1,743
24.40	Unobligated balance available, end of year: Treasury balance	1,743	1,743	1,743
68.00	Budget authority (gross): Spending authority from offsetting collections	915	904	
	Relation of obligations to outlays:			
71.00	Total obligations	467	904	980
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	101	121	121
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–121	–121	–121
78.00	Adjustments in unexpired accounts	–37		
87.00	Outlays (gross)	410	904	
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources		–64	–30
88.40	Non-Federal sources	–915	–840	–950
88.90	Total, offsetting collections	–915	–904	-
89.00	Budget authority (net)			
90.00	Outlays (net)	–505		

The EEOC Education, Technical Assistance, and Training Revolving Fund Act of 1992 created a revolving fund to pay for the cost of providing education, technical assistance and training relating to the laws administered by the Comm ion.

Object Classification (in thousands of dollars)

Identification code 45–4019–0–4–751		1994 actual	1995 est.	1996 est.
21.0	Travel and transportation of persons	39	75	82
22.0	Transportation of things	4	8	8
23.1	Rental payments to GSA	140	271	294
24.0	Printing and reproduction	73	141	153
25.2	Other services	188	364	395
26.0	Supplies and materials	11	21	23
31.0	Equipment	12	24	25
99.9	Total obligations	467	904	980

EXPORT-IMPORT BANK OF THE UNITED STATES

Federal Funds

Credit accounts:

EXPORT-IMPORT BANK LOANS PROGRAM ACCOUNT

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: *Provided,* That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon State as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act that has detonated a nuclear explosive after the date of enactment of this Act.

SUBSIDY APPROPRIATION

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, [$786,551,000] *$823,000,000,* to remain available until September 30, [1996] *1997*: *Provided,* That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further,* That such sums shall remain available until [2010] *2011* for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years [1995] *1996* and [1996] *1997*: *Provided further,* That up to $100,000,000 of funds appropriated by this paragraph shall remain available until expended and may be used for tied-aid grant purposes: *Provided further,* That none of the funds appropriated by this paragraph may be used for tied-aid credits or grants except through the regular notification procedures of the Committees on Appropriations: *Provided further,* That funds appropriated by this paragraph are made available notwithstanding section 2(b)(2) of the Export-Import Bank Act of 1945, in connection with the purchase or lease of any product by any East European country, any Baltic State, or any agency or national thereof.

ADMINISTRATIVE EXPENSES

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (to be computed on an accrual basis), including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed [$20,000] *$25,000* for official reception and representation expenses for members of the Board of Directors, [$45,228,000] *$47,000,000*: *Provided,* That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, shall be considered nonadministrative expenses for the purposes of this heading: *Provided further,* That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, [1995] *1996. (Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1995.)*

Unavailable Collections (in thousands of dollars)

Identification code 83–0100–0–1–155	1994 actual	1995 est.	1996 est.
Balance, start of year:			
01.99 Balance, start of year	51,780	138,672	261,877
Receipts:			
02.01 Export-Import Bank Direct Loans, negative subsidies	59,392	47,605	89,646
02.02 Export-Import Bank Direct Loans, downward reestimates of subsidies	27,500	75,600	
02.99 Total receipts	86,892	123,205	89,646
04.00 Total: Balances and collections	138,672	261,877	351,523
07.99 Total balance, end of year	138,672	261,877	351,523

Program and Financing (in thousands of dollars)

Identification code 83–0100–0–1–155	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Direct loan subsidy	387,380	58,000	97,900
00.02 Guaranteed loan subsidy	536,757	558,200	658,300
00.06 Direct grants		100,000	100,000
00.08 Loan modifications	12,506	10,000	10,000
00.09 Administrative expenses	44,952	45,228	47,000
10.00 Total obligations	981,595	771,428	913,200
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	-121,351	-171,708	-232,059
24.40 Unobligated balance available, end of year: Treasury balance	171,708	232,059	188,859
25.00 Unobligated balance expiring	417		
39.00 Budget authority	1,032,369	831,779	870,000
Budget authority:			
40.00 Appropriation	1,045,369	831,779	870,000
41.00 Transferred to other accounts	-13,000		
43.00 Appropriation (total)	1,032,369	831,779	870,000
Relation of obligations to outlays:			
71.00 Total obligations	981,595	771,428	913,200
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	907,223	1,620,081	1,778,439
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	-1,620,081	-1,778,439	-2,022,039
90.00 Outlays	268,737	613,070	669,600

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in thousands of dollars)

Identification code 83–0100–0–1–155	1994 actual	1995 est.	1996 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loans	3,016,400	4,567,000	5,307,000
1150 Direct grants		100,000	100,000
1159 Total direct loan levels	3,016,400	4,667,000	5,407,000
Direct loan subsidy (in percent):			
1320 Direct loans	12.84	1.27	1.84
1320 Direct grants	0.00	100.00	100.00
1329 Weighted average subsidy rate	12.84	3.38	3.66
Direct loan subsidy budget authority:			
1330 Direct loans	387,380	58,000	97,900
1330 Direct grants		100,000	100,000
1339 Total subsidy budget authority	387,380	158,000	197,900
Direct loan subsidy outlays:			
1340 Direct loans	29,803	120,672	145,000
1340 Direct grants	13,858	14,600	37,400
1349 Total subsidy outlays	43,661	135,272	182,400
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Loan guarantees	11,870,021	14,340,000	15,210,000
2159 Total loan guarantee levels	11,870,021	14,340,000	15,210,000
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	4.52	3.89	4.33
Guaranteed loan subsidy budget authority:			
2330 Subsidy budget authority	536,757	558,200	658,300
2339 Total subsidy budget authority	536,757	558,200	658,300
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays	180,124	428,600	440,200
2349 Total subsidy outlays	180,124	428,600	440,200
Administrative expense data:			
3510 Budget authority	44,952	45,228	47,000
3590 Outlays	40,982	49,198	47,000

The purpose of the Export-Import Bank (Eximbank) is to aid in financing and promoting U.S. exports. To accomplish its objectives, the Bank's authority and resources are used to: assume commercial and political risks that exporters or private institutions are unwilling or unable to undertake; overcome maturity and other limitations in private sector export financing; assist U.S. exporters to meet foreign officially sponsored export credit competition; and provide leadership and guidance in export financing to the U.S. exporting and banking communities and to foreign borrowers. The Bank provides its export credit support through direct loan, loan guarantee and insurance programs. The Bank is actively assisting small- and medium-sized businesses.

As required by the Federal Credit Reform Act of 1990, this account records, for Eximbank, the subsidy costs associated with direct loans and direct grants obligated, and loan guarantees and insurance committed in 1992 and beyond, as well as administrative expenses. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on an accrual basis.

Object Classification (in thousands of dollars)

Identification code 83–0100–0–1–155	1994 actual	1995 est.	1996 est.
11.1 Personnel compensation: Full-time permanent	26,110	26,569	27,173
12.1 Civilian personnel benefits	5,045	4,966	4,932
21.0 Travel and transportation of persons	990	1,303	1,484
22.0 Transportation of things	317	124	157
23.1 Rental payments to GSA	3,388	3,239	3,277
23.2 Rental payments to others	85	397	436
23.3 Communications, utilities, and miscellaneous charges	773	1,174	1,455
24.0 Printing and reproduction	127	243	244
25.2 Other services	4,842	4,742	5,437
26.0 Supplies and materials	932	1,126	1,262
31.0 Equipment	2,343	1,345	1,143

Credit accounts—Continued

EXPORT-IMPORT BANK LOANS PROGRAM ACCOUNT—Continued

ADMINISTRATIVE EXPENSES—Continued

Object Classification (in thousands of dollars)—Continued

Identification code 83–0100–0–1–155		1994 actual	1995 est.	1996 est.
41.0	Grants, subsidies, and contributions	936,643	726,200	866,200
99.9	Total obligations	981,595	771,428	913,200

Personnel Summary

Identification code 83–0100–0–1–155		1994 actual	1995 est.	1996 est.
1001	Total compensable workyears: Full-time equivalent employment	450	448	436

DEBT REDUCTION FINANCING ACCOUNT

Program and Financing (in thousands of dollars)

Identification code 83–4028–0–3–155		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Payment to liquidating account		33,210	59,471
00.02	Interest on Treasury borrowing		2,374	6,033
10.00	Total obligations		35,584	65,504
	Financing:			
39.00	Financing authority (gross)		35,584	65,504
	Financing authority:			
67.15	Authority to borrow (indefinite)		28,913	49,645
68.00	Spending authority from offsetting collections		6,671	15,859
	Relation of obligations to financing disbursements:			
71.00	Total obligations		35,584	65,504
87.00	Financing disbursements (gross)		35,584	65,504
	Adjustments to financing authority and financing disbursements:			
	Offsetting collections from:			
88.00	Federal sources		−5,535	−11,907
88.40	Non-Federal sources		−1,136	−3,952
88.90	Total, offsetting collections		−6,671	−15,859
89.00	Financing authority (net)		28,913	49,645
90.00	Financing disbursements (net)		28,913	49,645

Status of Direct Loans (in thousands of dollars)

Identification code 83–4028–0–3–155		1994 actual	1995 est.	1996 est.
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year			33,210
1232	Disbursements: Purchase of loans assets from the public		33,210	59,471
1290	Outstanding, end of year		33,210	92,681

Balance Sheet (in thousands of dollars)

Identification code 83–4028–0–3–155		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Net value of assets related to post-1991 direct loans receivable:				
1401	Direct loans receivable, gross			33,210	59,471
1405	Allowance for subsidy cost (-)			−5,535	−11,907
1499	Net present value of assets related to direct loans			27,675	47,564
1999	Total assets			27,675	47,564
	LIABILITIES:				
2203	Non-Federal liabilities: Debt			28,913	78,558
2999	Total liabilities			28,913	78,558
	NET POSITION:				
3999	Total net position				
4999	Total liabilities and net position			28,913	78,558

As required by the Federal Credit Reform Act of 1990, this account records all cash flows to and from the Government resulting from restructuring either loans or claims against guarantees made by the Export-Import Bank of the U.S.

Object Classification (in thousands of dollars)

Identification code 83–4028–0–3–155		1994 actual	1995 est.	1996 est.
41.0	Grants, subsidies, and contributions		33,210	59,471
43.0	Interest and dividends		2,374	6,033
99.9	Total obligations		35,584	65,504

EXPORT-IMPORT BANK DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in thousands of dollars)

Identification code 83–4161–0–3–155		1994 actual	1995 est.	1996 est.
	Program by activities:			
00.01	Direct loans	3,016,400	4,667,000	5,407,000
00.02	Interest on Treasury borrowing	69,453	156,952	327,863
00.03	Payment to downward reestimate receipt account	13,400		
00.05	Payment to negative subsidy receipt account	10,874	47,605	89,646
10.00	Total obligations	3,110,127	4,871,557	5,824,509
	Financing:			
17.00	Recovery of prior year obligations	−334,474	−280,020	−318,420
39.00	Financing authority (gross)	2,775,653	4,591,537	5,506,089
	Financing authority:			
67.15	Authority to borrow (indefinite)	2,313,485	4,008,107	4,250,989
68.00	Spending authority from offsetting collections	462,168	583,430	1,255,100
	Relation of obligations to financing disbursements:			
71.00	Total obligations	3,110,127	4,871,557	5,824,509
	Obligated balance, start of year:			
72.10	Receivables from other government accounts	−116,386	−386,889	−571,366
72.90	Fund balance	2,154,508	4,312,856	7,692,000
	Obligated balance, end of year:			
74.10	Receivables from other government accounts	386,889	571,366	588,376
74.90	Fund balance	−4,312,856	−7,692,000	−10,342,400
78.00	Adjustments in unexpired accounts	−334,474	−280,020	−318,420
87.00	Financing disbursements (gross)	887,808	1,396,870	2,872,699
	Adjustments to financing authority and financing disbursements:			
	Offsetting collections from:			
88.00	Federal sources	−387,380	−158,000	−197,900
	Non-Federal sources:			
88.40	Repayments and prepayments	−26,168	−279,000	−590,700
88.40	Fees and interest on loans	−48,620	−146,430	−466,500
88.90	Total, offsetting collections	−462,168	−583,430	−1,255,100
89.00	Financing authority (net)	2,313,485	4,008,107	4,250,989
90.00	Financing disbursements (net)	425,640	813,440	1,617,599

Status of Direct Loans (in thousands of dollars)

Identification code 83–4161–0–3–155	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans			
1131 Direct loan obligations exempt from limitation	3,016,400	4,667,000	5,407,000
1150 Total direct loan obligations	3,016,400	4,667,000	5,407,000
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	343,902	826,932	1,944,802
1231 Disbursements: Direct loan disbursements	509,198	1,396,870	2,633,700
1251 Repayments: Repayments and prepayments	–26,168	–279,000	–590,700
1290 Outstanding, end of year	826,932	1,944,802	3,987,802

Note.—The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

Balance Sheet (in thousands of dollars)

Identification code 83–4161–0–3–155	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	2,273,894	627,638	646,467	665,861
Investments in US securities:				
1102 Treasury securities, par		394,804	406,648	418,847
1206 Non-Federal assets: Receivables, net	7,655	42,633	43,912	45,229
Net value of assets related to post–1991 direct loans receivable:				
1401 Direct loans receivable, gross	35,000	826,932	851,740	877,292
1402 Interest receivable		14,457	14,891	15,338
1499 Net present value of assets related to direct loans	35,000	841,389	866,631	892,630
1703 Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable: Allowance for estimated uncollectible loans and interest (–)		–61,841	–63,696	–65,607
1803 Other Federal assets: Property, plant and equipment, net		9,883	10,179	10,484
1999 Total assets	2,316,549	1,854,506	1,910,141	1,967,444
LIABILITIES:				
Federal liabilities:				
2102 Interest payable		71,893	74,050	76,272
2103 Debt		1,153,022	1,187,613	1,223,241
Non-Federal liabilities:				
2201 Accounts payable		9,751	10,043	10,344
2207 Other	1,300	300,819	309,843	319,138
2999 Total liabilities	1,300	1,535,485	1,581,549	1,628,995
NET POSITION:				
3100 Appropriated capital		619,168	637,743	656,875
3300 Cumulative results of operations	–2,595,095	–300,147	–309,151	–318,426
3999 Total net position	–2,595,095	319,021	328,592	338,449
4999 Total liabilities and net position	–2,593,795	1,854,506	1,910,141	1,967,444

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.

This account reflects direct loan activity through 1996.

Object Classification (in thousands of dollars)

Identification code 83–4161–0–3–155	1994 actual	1995 est.	1996 est.
33.0 Investments and loans	3,016,400	4,667,000	5,307,000
41.0 Grants, and subsidies, Enterprise for the Americas Initiative restructuring and negative subsidy		47,605	100,000
43.0 Interest and dividends	93,727	156,952	417,509
99.9 Total obligations	3,110,127	4,871,557	5,824,509

Export-Import Bank Guaranteed Loan Financing Account

Program and Financing (in thousands of dollars)

Identification code 83–4162–0–3–155	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Guarantee claims	47,969	12,300	15,400
00.02 Payment to downward reestimate receipt account	14,100		
00.05 Payment to negative subsidy receipt account	57,893	47,605	89,646
10.00 Total obligations	119,962	59,905	105,046
Financing:			
21.90 Unobligated balance available, start of year: Fund balance	–458,287	–1,233,475	–2,183,870
24.90 Unobligated balance available, end of year: Fund balance	1,233,475	2,183,870	3,301,624
68.00 Financing authority (gross): Spending authority from offsetting collections	895,150	1,010,300	1,222,800
Relation of obligations to financing disbursements:			
71.00 Total obligations	119,962	59,905	105,046
72.10 Obligated balance, start of year: Receivables from other government accounts	–829,488	–1,146,151	–1,314,418
74.10 Obligated balance, end of year: Receivables from other government accounts	1,146,151	1,314,418	1,331,298
87.00 Financing disbursements (gross)	436,625	228,172	121,926
Adjustments to financing authority and financing disbursements:			
Offsetting collections from:			
88.00 Payments from program account	–549,263	–558,200	–658,300
88.25 Interest on uninvested funds	–79,164	–105,700	–153,400
88.40 Fees and premiums	–266,723	–346,400	–411,100
88.90 Total, offsetting collections	–895,150	–1,010,300	–1,222,800
89.00 Financing authority (net)			
90.00 Financing disbursements (net)	–458,525	–782,128	–1,100,874

Status of Guaranteed Loans (in thousands of dollars)

Identification code 83–4162–0–3–155	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on commitments:			
2131 Guaranteed loan commitments exempt from limitation	11,871,000	14,340,000	15,210,000
2150 Total guaranteed loan commitments	11,871,000	14,340,000	15,210,000
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	6,146,787	11,745,721	14,552,421
2231 Disbursements of new guaranteed loans	8,773,688	10,649,300	11,862,800
2251 Repayments and prepayments	–3,126,785	–7,830,300	–9,243,500
2263 Adjustments: Terminations for default that result in claim payments	–47,969	–12,300	–15,400
2290 Outstanding, end of year	11,745,721	14,552,421	17,156,321
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	11,745,721	14,552,421	17,156,321

Note.—The appropriations language for this program specifies a limitation that applies to direct and guaranteed loans in total.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond. The amounts in this account are a means of financing and are not included in the budget totals.

This account reflects actual and expected loan guarantee activity through 1996.

Credit accounts—Continued

EXPORT-IMPORT BANK GUARANTEED LOAN FINANCING ACCOUNT—Continued

Balance Sheet (in thousands of dollars)

Identification code 83–4162–0–3–155	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1,638,115	1,182,915	1,218,402	1,254,954
Investments in US securities:				
1102 Treasury securities, par		866,024	892,004	918,764
1206 Non-Federal assets: Receivables, net		166,995	172,005	177,165
1999 Total assets	1,638,115	2,215,934	2,282,411	2,350,883
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable		44,407	45,739	47,111
2204 Liabilities for loan guarantees		84,407	86,939	89,547
2207 Other	1,450	977,441	1,006,764	1,036,967
2999 Total liabilities	1,450	1,106,255	1,139,442	1,173,625
NET POSITION:				
3100 Appropriated capital		1,698,963	1,749,931	1,802,429
3300 Cumulative results of operations	1,316,665	–589,284	–606,962	–625,171
3999 Total net position	1,316,665	1,109,679	1,142,969	1,177,258
4999 Total liabilities and net position	1,318,115	2,215,934	2,282,411	2,350,883

Object Classification (in thousands of dollars)

Identification code 83–4162–0–3–155	1994 actual	1995 est.	1996 est.
41.0 Grants, subsidies, and contributions	71,993	47,605	89,646
42.0 Insurance claims and indemnities	47,969	12,300	15,400
99.9 Total obligations	119,962	59,905	105,046

Public enterprise funds:

EXPORT-IMPORT BANK OF THE UNITED STATES LIQUIDATING ACCOUNT

Program and Financing (in thousands of dollars)

Identification code 83–4027–0–3–155	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Interest expense-Federal Financing Bank	491,294	297,906	179,240
00.02 Interest on advances under letters of credit and other expenses	3,595	800	800
00.03 Guarantee claim accrual	418	220	300
00.04 Insurance claim accrual	398	105	100
00.07 Change in loss reserve		500,000	
10.00 Total obligations	495,705	799,031	180,440
Financing:			
17.00 Recovery of prior year obligations	–446,280		
21.47 Unobligated balance available, start of year: Authority to borrow	–381,856	–962,676	–296,391
24.47 Unobligated balance available, end of year: Authority to borrow	962,676	296,391	376,871
39.00 Budget authority (gross)	630,245	132,746	260,920
Budget authority:			
60.05 Appropriation (indefinite)	717,108	890,000	100,000
60.47 Portion applied to debt reduction	–709,954	–540,000	–100,000
60.49 Portion applied to liquidate contract authority	–7,154	–350,000	
63.00 Appropriation (total)			
68.00 Spending authority from offsetting collections	1,788,445	1,070,058	904,920
68.47 Portion applied to debt reduction	–1,158,200	–937,312	–644,000
68.90 Spending authority from offsetting collections (total)	630,245	132,746	260,920
Relation of obligations to outlays:			
71.00 Total obligations	495,705	799,031	180,440
Obligated balance, start of year:			
72.47 Authority to borrow	1,082,124	385,062	137,020
72.90 Treasury balance	116,565	119,496	122,500
72.91 U.S. Securities: Par value	88,100	57,100	37,000
Obligated balance, end of year:			
74.47 Authority to borrow	–385,062	–137,020	–48,750
74.90 Treasury balance	–119,496	–122,500	–97,500
74.91 U.S. Securities: Par value	–57,100	–37,000	–50,000
78.00 Adjustments in unexpired accounts	–446,280		
87.00 Outlays (gross)	774,556	1,064,169	280,710
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.00 Federal sources		–57,158	–59,471
88.20 Interest on U.S. securities	–12,051	–8,000	–10,000
Non-Federal sources:			
88.40 Loans repaid	–1,304,226	–674,570	–538,225
88.40 Interest and fee revenue from loans	–418,829	–275,330	–242,224
88.40 Guarantee fees	–47,298	–50,000	–50,000
88.40 Insurance premiums	–6,041	–5,000	–5,000
88.90 Total, offsetting collections	–1,788,445	–1,070,058	–904,920
89.00 Budget authority (net)	–1,158,200	–937,312	–644,000
90.00 Outlays (net)	–1,013,888	–5,889	–624,210

Status of Direct Loans (in thousands of dollars)

Identification code 83–4027–0–3–155	1994 actual	1995 est.	1996 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	7,865,248	6,657,713	5,915,918
1231 Disbursements: Direct loan disbursements	139,446	120,000	103,000
1251 Repayments: Repayments and prepayments	–1,223,196	–731,728	–597,696
1263 Write-offs for default: Direct loans	–123,785	–130,067	–259,991
1290 Outstanding, end of year	6,657,713	5,915,918	5,161,231

Status of Guaranteed Loans (in thousands of dollars)

Identification code 83–4027–0–3–155	1994 actual	1995 est.	1996 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	4,983,768	5,019,604	4,628,604
2231 Disbursements of new guaranteed loans	1,079,554	642,000	282,000
2251 Repayments and prepayments	–1,043,718	–1,033,000	–1,160,000
2290 Outstanding, end of year	5,019,604	4,628,604	3,750,604
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	5,019,604	4,628,604	3,750,604

DATA ON DIRECT LOANS

[In thousands of dollars]

	1994 actual	1995 estimate	1996 estimate
Undisbursed loan authorizations, end of year	4,754,435	7,804,565	10,399,865
Credit authorizations	3,016,400	4,667,000	5,407,000
Credit cancellations	174,208	100,000	75,000
Loan disbursements	648,645	1,516,870	2,736,700
Capitalized interest	45,090	75,000	75,000
Loan principal repayments	1,249,364	953,570	1,128,925
Loan write-offs	123,785	107,304	259,991
Loans outstanding, end of year	7,484,645	7,942,945	9,550,720

DATA ON GUARANTEES

[In thousands of dollars]

	1994 actual	1995 estimate	1996 e
Undisbursed balance, end of year	12,810,619	13,568,369	14,482,779
Authorizations	7,608,640	9,600,000	10,561,000
Cancellations	826,054	1,042,250	1,146,590
Shipments	7,670,670	7,800,000	8,500,000
Principal repayments	2,089,910	6,675,600	7,700,000
Outstanding balance, end of year	15,832,370	16,956,770	17,756,770

DATA ON INSURANCE

[In thousands of dollars]

	1994 actual	1995 estimate	1996 estimate
Undisbursed balance, end of year	11,675,199	12,673,899	12,978,099

Authorizations	4,261,381	4,740,000	4,649,000
Cancellations	649,212	650,000	700,000
ipments	2,182,572	3,491,300	3,644,800
ncipal repayments	2,128,562	2,200,000	2,718,900
utstanding balance, end of year	932,956	2,224,255	3,150,155

DATA ON GRANT PORTION OF TIED-AID CREDIT

[In thousands of dollars]

	1994 actual	1995 estimate	1996 estimate
Grant portion of tied-aid credit	0	100,000	100,000
Estimated outlays	72,886	75,000	50,000

Note.—The Export Enhancement Act of 1992 eliminated the fractional reserve.

POSITION WITH RESPECT TO LENDING, GUARANTEE AND INSURANCE AUTHORITY

[In thousands of dollars]

	1993 actual	1994 actual	1995 est.	1996 est.
Statutory authority	75,000,000	75,000,000	75,000,000	75,000,000
Charges against authority:				
Loan program:				
Loans outstanding	8,209,149	7,484,645	7,942,945	9,550,720
Loans undisbursed	2,688,718	4,754,435	7,804,565	10,399,865
Rescheduled claims	1,925,063	1,874,704	1,500,000	1,000,000
Subtotal	12,822,930	14,113,784	17,247,510	20,950,585
Export guarantees and insurance program:				
Export Credit Insurance	24,093,803	12,609,943	14,898,154	16,128,254
Export Credit Guarantees	9,152,568	29,167,458	30,525,139	32,239,549
Subtotal	33,246,370	41,770,401	45,423,293	48,367,803
Total charges against authority	46,069,301	55,891,185	62,670,803	69,318,388
Unused authority	28,930,699	19,108,815	12,329,197	5,681,612

Operating results and financial condition.—The Bank is a wholly owned Government corporation. Capital stock of $1 billion was purchased by the U.S. Treasury. In addition, the Bank is authorized to borrow from the Treasury up to $6 billion. The Bank pays interest on such borrowings.

The Bank has a Reserve for Possible Credit Losses, which provides for the risk of loss inherent in the lending process. This reserve is a general reserve, available to absorb credit losses related to the total loan portfolio. The reserve is increased by provisions charged to expenses and decreased by charge-offs, net of recoveries.

The Provision for Possible Credit Losses is based on the Bank's evaluation of the adequacy of the Reserve, taking into consideration a variety of factors, including repayment status of loans, future risk factors, the relationship of the Reserve to the portfolio, and worldwide economic conditions. Providing for such possible losses does not imply that any loans will be written off. It simply recognizes the fact that the prospects for collection of some of the Bank's loans are impaired. It does not provide for losses on a country-by-country basis and is intended only to provide an overall revaluation of the loan portfolio.

The Bank's net operating loss is estimated to be $340 million in 1995, compared with a loss of $806 million in 1994 and an operating loss of $161 million in 1993. Total Government equity in the corporation is estimated to be negative $550 million on September 30, 1995.

Statement of Operations (in thousands of dollars)

Identification code 83–4027–0–3–155		1993 actual	1994 actual	1995 est.	1996 est.
0101	Revenue	631,200	489,386	450,000	400,000
0102	Expense	-792,000	-1,051,279	-850,000	-750,000
0109	Net income	-160,800	-561,893	-400,000	-350,000

Balance Sheet (in thousands of dollars)

Identification code 83–4027–0–3–155		1993 actual	1994 actual	1995 est.	1996 est.
	ASSETS:				
	Federal assets:				
1101	Fund balances with Treasury	146,014	119,496	122,500	97,500
	Investments in US securities:				
1102	Treasury securities, par	84,700	57,100	37,000	50,000
1206	Non-Federal assets: Receivables, net	23,628	26,575	20,000	20,000
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601	Direct loans, gross	7,865,248	6,657,713	5,915,918	5,161,231
1602	Interest receivable	56,551	39,758	34,000	30,000
1603	Allowance for estimated uncollectible loans and interest (-)	-2,419,183	-2,428,959	-2,437,000	-2,400,000
1699	Value of assets related to direct loans	5,502,616	4,268,512	3,512,918	2,791,231
1701	Defaulted guaranteed loans, gross	2,386,307	2,301,925	2,400,000	2,500,000
1702	Interest receivable	19,153	19,707	20,600	20,000
1703	Allowance for estimated uncollectible loans and interest (-)	-3,615,909	-3,708,909	-3,000,000	-3,000,000
1704	Defaulted guaranteed loans and interest receivable, net	-1,210,449	-1,387,277	-579,400	-480,000
1799	Value of assets related to loan guarantees	-1,210,449	-1,387,277	-579,400	-480,000
1999	Total assets	4,546,509	3,084,406	3,113,018	2,478,731
	LIABILITIES:				
	Federal liabilities:				
2102	Interest payable	49,648	31,839	20,300	12,300
2103	Debt	5,794,591	3,926,437	2,506,283	1,821,754
	Non-Federal liabilities:				
2201	Accounts payable	231	473	600	600
2202	Interest payable	308	803	500	500
2203	Debt	18,164	44,787	30,000	
2204	Liabilities for loan guarantees	375,400	289,946	150,000	50,000
2207	Other	509,435	1,038,047	1,000,000	800,000
2999	Total liabilities	6,747,777	5,332,332	3,707,683	2,685,154
	NET POSITION:				
3100	Appropriated capital	178,218	119,150	80,000	60,000
3200	Invested capital	1,000,000	1,000,000	1,000,000	1,000,000
3300	Cumulative results of operations	-3,379,486	-3,367,076	-1,592,440	-864,738
3999	Total net position	-2,201,268	-2,247,926	-512,440	195,262
4999	Total liabilities and net position	4,546,509	3,084,406	3,195,243	2,880,416

As required by the Federal Credit Reform Act of 1990, this account records, for Eximbank, all cash flows to and from the Government resulting from direct loans obligated and loan guarantees and insurance committed prior to 1992. This account is shown on a cash basis. All new activity in this program in 1992 and beyond is recorded in corresponding program and financing accounts.

Object Classification (in thousands of dollars)

Identification code 83–4027–0–3–155		1994 actual	1995 est.	1996 est.
33.0	Investments and loans		500,000	
	Insurance claims and indemnities:			
42.0	Guarantee claims and indemnities	418	220	300
42.0	Insurance claims and indemnities	398	105	100
43.0	Interest and dividends	494,889	298,706	180,040
99.9	Total obligations	495,705	799,031	180,440

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Divider Title: **B**

INTERNATIONAL TRADE COMMISSION

<u>DESCRIPTION</u>: The International Trade Commission (ITC) conducts investigations and makes findings on fair trade practices of imports. Advises the President and the Congress on economic effects on domestic industry and consumers of changes and modification on trade barriers.

<u>FY 1996 BUDGET PROPOSAL</u>: The ITC proposes an FY96 budget of $47 million (against $42 in FY95) and projects $47 million for FY97.

<u>AGENCY PROPOSAL</u>: The ITC declined to submit an Option Paper.

<u>DECISION OPTIONS</u>:

A. Terminate the agency.

B. Leave the agency unaffected by this review.

C. Provide a greatly reduced staff to make determinations, issue subpoenas (when necessary) and contract on an as needed basis with universities or consulting firms for studies.

<u>ADVISORY GROUP RECOMMENDATION</u>: A

<u>RATIONALE</u>: The private and academic sectors should be able to perform the microeconomic studies the ITC currently does on an as needed basis. There may be a continuing need for governmental judgement and involvement to handle subpoena issues and to make determinations required under various trade statutes.

<u>STEERING COMMITTEE RECOMMENDATION</u>:

CHAIRMAN

UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, D.C. 20436

February 23, 1995

MEMORANDUM

TO: **THE NATIONAL PERFORMANCE REVIEW**

FROM: **PETER S. WATSON**

SUBJECT: **NPR Phase II**

The U.S. International Trade Commission is an independent, nonpartisan, quasi-judicial agency created by an act of Congress. Its six Commissioners are appointed by the President and confirmed by the Senate for terms of nine years. Although the ITC's budget is a part of Function 150, the agency has unique budget bypass authority. 19 U.S.C. section 2232 provides that the Commission's proposed allocations be "transmitted to the President . . . and included by him in the Budget without revision by OMB. . ." Each year, the Chairman appears before the Congress on behalf of the Commission to justify its budget request for the preceding year.

The Commission plays an important role in U.S. international affairs. In its adjudicative role, the ITC determines whether certain imports injure or threaten to injure U.S. industry (Title VII - antidumping and countervailing duty investigations); and, concurrently with the U.S. District Court, whether unfair methods of competition or unfair acts are occurring in the importation of articles into the United States (section 337 - unfair practices in import trade). The Commission also makes recommendations to the President regarding whether domestic industries are being seriously injured by increasing imports (section 201 - escape clause investigations); regarding whether agricultural imports are interfering with USDA farm programs (section 22 investigations); and whether imports from Communist countries are causing market disruption in the United States (section 406 investigations).

As the government's think tank on trade, the ITC gathers and analyzes trade data. At the request of the President or the Congress, the Commission undertakes comprehensive studies on key issues relating to international trade and economic policy matters. Detailed reports on its factfinding (section 332) investigations are provided to the President and Congress and become part of the information upon which U.S. trade policy is based. The Commission, upon request, also monitors import levels and provides other information and technical advice to the President and Congress on tariff and trade matters and proposed legislation.

In the immediate future, the Commission expects to take on new and increased responsibilities. With the passage of Uruguay Round implementing legislation and the establishment of the World Trade Organization the Commission's workload is expected to increase substantially in FY 95. Expected new responsibilities include conducting countervailing duty investigations with respect to countries previously not entitled to injury tests, assisting Commerce and USTR in the pursuit of remedies in the WTO in regard to certain subsidies, increased litigation as a result of the new legislative language, and providing USTR with advisory opinions in connection with the WTO dispute settlement process.

At the moment, the Commission is in the process of completing its Strategic Plan as requested under the National Performance Review. In the context of this planning process, we are examining all Commission functions and processes to identify improvements and efficiencies. I recognize that the memorandum addressed to me of January 3, 1995 does not necessarily overlap requests of the first phase of the NPR, and is distinctively different in material parts. However, we will not be in a position to provide the NPR with a more detailed response to the January 3, 1995 request until we are further advanced in preparing our Strategic Plan and further examine the separate content of that latter memorandum.

INTELLIGENCE COMMUNITY STAFF

Federal Funds

General and special funds:

INTELLIGENCE COMMUNITY STAFF

Program and Financing (in thousands of dollars)

Identification code 95–0400–0–1–054		1994 actual	1995 est.	1996 est.	1997 est.
	Relation of obligations to outlays:				
71.00	Total obligations				
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	4,706	4,453	2,853	1,267
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–4,453	–2,853	–1,267	–1,267
77.00	Adjustments in expired accounts	–253			
90.00	Outlays		1,600	1,586	

The Intelligence Community Staff provided support and assistance to the Director of Central Intelligence in his capacity as the leader of the intelligence community. In 1992, the Intelligence Community Staff was disbanded. Many of its functions were distributed to agencies of the intelligence community with the remaining transferred to the Intelligence Community Management account.

INTERAGENCY COUNCIL ON THE HOMELESS

Federal Funds

General and special funds:

INTERAGENCY COUNCIL ON THE HOMELESS

Program and Financing (in thousands of dollars)

Identification code 48–1300–0–1–604		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations	51		
	Financing:			
17.00	Recovery of prior year obligations	–41		
21.40	Unobligated balance available, start of year: Treasury balance	–57	–53	–53
24.40	Unobligated balance available, end of year: Treasury balance	53	53	53
25.00	Unobligated balance expiring	–6		
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Total obligations	51		
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	147	30	
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	–30		
77.00	Adjustments in expired accounts	–6		
78.00	Adjustments in unexpired accounts	–41		
90.00	Outlays	121	30	

The Interagency Council on the Homeless was authorized in the Stewart B. McKinney Homeless Assistance Act (Public Law 100–77). The Council is an independent establishment, composed of 17 designated Federal agencies. Its purpose is to review Federal activities and programs to help the homeless, to work with State and local governments and private organizations on homeless-related efforts, to collect and disseminate information, and to prepare reports on the homeless issue for the President and Congress.

No separate appropriation was enacted for the Council in 1995 and none is requested for 1996. Staff and administrative support to the Council will continue to be provided by the Department of Housing and Urban Development and the Council will continue as a working group of the Domestic Policy Council.

Object Classification (in thousands of dollars)

Identification code 48–1300–0–1–604		1994 actual	1995 est.	1996 est.
11.1	Personnel compensation: Full-time permanent	–17		
12.1	Civilian personnel benefits	45		
21.0	Travel and transportation of persons	59		
23.3	Communications, utilities, and other rent	–58		
24.0	Printing and reproduction	–9		
25.2	Other services	39		
26.0	Supplies and materials	–8		
99.9	Total obligations	51		

INTERNATIONAL CULTURAL AND TRADE CENTER COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

Program and Financing (in thousands of dollars)

Identification code 48–1800–0–1–804		1994 actual	1995 est.	1996 est.
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	–6	–6	
24.40	Unobligated balance available, end of year: Treasury balance	6		
25.00	Unobligated balance expiring		6	
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Total obligations			
90.00	Outlays			

The International Cultural and Trade Center Commission was authorized by the Federal Triangle Development Act (Public Law 100–113). The purpose of the Commission was to organize the International Cultural and Trade Center (ICTC) which will be located in a building being constructed by the Pennsylvania Avenue Development Corporation. Federal funding for the Commission was limited and restricted to resources transferred from certain departments and agencies having interests in foreign trade and international cultural exchange. The ICTC as originally proposed was found not to be viable and as a result the Commission staff shut down operations on March 31, 1992. The unobligated balance is expected to expire at the end of 1995.

INTERNATIONAL TRADE COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the International Trade Commission, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed $2,500 for official reception and representation expenses, [$42,500,000] *$47,177,000*, to remain available until expended. *(Department of State and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 34–0100–0–1–153		1994 actual	1995 est.	1996 est.
	Program by activities:			
10.00	Total obligations	42,739	44,634	47,177
	Financing:			
21.40	Unobligated balance available, start of year: Treasury balance	–1,373	–2,134	

24.40	Unobligated balance available, end of year: Treasury balance	2,134		
	Budget authority (appropriation)	43,500	42,500	47,177
	Relation of obligations to outlays:			
71.00	Total obligations	42,739	44,634	47,177
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	3,686	3,073	5,207
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	-3,073	-5,207	-5,207
77.00	Adjustments in expired accounts	-118		
90.00	Outlays	43,234	42,500	47,177

The U.S. International Trade Commission is an independent agency created by act of Congress. The Commission's current powers and duties are provided for by the Tariff Act of 1930; the Trade Act of 1974; the Trade Agreements Act of 1979; the Agricultural Adjustment Act; section 1911 of the Financial Institution Regulatory and Interest Rate Control Act of 1978, 12 U.S.C. 635a–2; the Trade and Tariff Act of 1984; and the Omnibus Trade and Competitiveness Act of 1988.

The Commission conducts investigations and makes findings concerning whether: (1) increased imports are a substantial cause of serious injury to an industry; (2) imports of goods that are subsidized or are being sold at less than fair value are materially injuring an industry; (3) unfair import practices have the threat or effect of substantially injuring an industry or restraining or monopolizing trade and commerce in the United States; and (4) imports of agricultural products are materially interfering with certain programs of the U.S. Department of Agriculture.

The Commission advises the President as to the probable economic effect on domestic industry and consumers of modification of duties and other barriers to trade which may be considered for inclusion in any proposed trade agreement with foreign countries. Further, the Commission, at the request of the President, the Congress, or on the Commission's own motion, undertakes comprehensive studies and provides reports on key issues relating to international trade and economic policy matters and upon request provides other information and advice to the Congress and President on tariff and trade matters.

The Commission, in cooperation with the Secretary of the Treasury and the Secretary of Commerce, establishes for statistical purposes an enumeration of articles imported into the United States and exported from the United States, and seeks to establish comparability of such statistics with statistical programs for domestic production.

The Commission also issues a publication containing the U.S. tariff schedule and related matters and considers questions concerning the arrangements of such schedules and the classification of articles.

Pursuant to section 175 of the Trade Act of 1974, the budget estimates for the Commission are included without revision by the President.

Object Classification (in thousands of dollars)

Identification code 34–0100–0–1–153		1994 actual	1995 est.	1996 est.
	Personnel compensation:			
11.1	Full-time permanent	24,468	25,908	27,357
11.3	Other than full-time permanent	284	199	225
11.5	Other personnel compensation	427	300	350
11.8	Special personal services payments	42	47	
11.9	Total personnel compensation	25,221	26,454	27,932
12.1	Civilian personnel benefits	4,839	5,170	5,586
13.0	Benefits for former personnel	21		
21.0	Travel and transportation of persons	394	450	500
22.0	Transportation of things	12	5	5
23.1	Rental payments to GSA	7,706	7,515	7,700
23.2	Rental payments to others	75	75	75
23.3	Communications, utilities, and miscellaneous charges	1,014	1,127	1,110
24.0	Printing and reproduction	148	170	188
25.1	Advisory and assistance services	103	70	70
25.2	Other services	1,178	1,568	1,742
25.3	Purchases of goods and services from Government accounts	882	900	900
26.0	Supplies and materials	755	830	849
31.0	Equipment	391	300	520
99.0	Subtotal, direct obligations	42,739	44,634	47,177
99.9	Total obligations	42,739	44,634	47,177

Personnel Summary

Identification code 34–0100–0–1–153		1994 actual	1995 est.	1996 est.
	Total compensable workyears:			
1001	Full-time equivalent employment	455	454	457
1005	Full-time equivalent of overtime and holiday hours	1	1	1

INTERSTATE COMMERCE COMMISSION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses of the Interstate Commerce Commission, including services as authorized by 5 U.S.C. 3109, hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b), [$30,302,000] *$33,202,000*: *Provided*, That $8,300,000 in fees collected in fiscal year [1995] *1996* by the Interstate Commerce Commission pursuant to 31 U.S.C. 9701 shall be made available to this appropriation in fiscal year [1995] *1996*. *(Department of Transportation and Related Agencies Appropriations Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 30–0100–0–1–401		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Direct program:			
00.01	Motor program	20,922	14,946	14,112
00.02	Rail program	15,774	13,780	15,083
00.03	General management and administration	8,253	4,476	4,007
00.91	Total direct program	44,949	33,202	33,202
01.01	Reimbursable program	7,642	8,500	8,500
10.00	Total obligations	52,591	41,702	41,702
	Financing:			
25.00	Unobligated balance expiring	11		
39.00	Budget authority (gross)	52,602	41,702	41,702
	Budget authority:			
	Current:			
	Appropriation:			
40.00	Appropriation	44,960	30,302	33,202
40.00	Appropriation for severance costs		2,900	
43.00	Appropriation (total)	44,960	33,202	33,202
	Permanent:			
68.00	Spending authority from offsetting collections	7,642	8,500	8,500
	Relation of obligations to outlays:			
71.00	Total obligations	52,591	41,702	41,702
	Obligated balance, start of year:			
72.10	Receivables from other government accounts			
72.40	Unpaid obligations: Treasury balance	5,923	8,286	6,600
	Obligated balance, end of year:			
74.10	Receivables from other government accounts			
74.40	Unpaid obligations: Treasury balance	-8,286	-6,600	-6,102
77.00	Adjustments in expired accounts	3		
87.00	Outlays (gross)	50,231	43,388	42,200
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	-342	-200	-200
88.40	Non-Federal sources	-7,300	-8,300	-8,300
88.90	Total, offsetting collections	-7,642	-8,500	-8,500

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Divider Title: C

OVERSEAS PRIVATE INVESTMENT CORPORATION

DESCRIPTION: OPIC encourages the participation of US private capital and skills in the economic and social development of developing countries and emerging market economies. Its primary credit program is investment financing through direct and guaranteed loans. Its primary non-credit program is political risk insurance against losses due to expropriation, inconvertibility, and political violence damage. OPIC's statute mandates that it operate in a self sustaining manner, as it has done throughout its history. In 1995, aside from $60 million in appropriations transferred to OPIC for activities in the NIS, all other OPIC programs are funded entirely from its own operations.

FY 1996 BUDGET PROPOSAL: Budget authority declines from $144 million in FY 1995 to $132 in FY 1996. FTEs go from 163 in FY1995 to 192 in FY 1996.

AGENCY PROPOSAL: Let it continue to do its work but remove restrictions on types of financial offerings, budgeting, staffing, and compensation levels and exempt it from the onerous and unnecessary requirements of the Federal Credit Reform Act.

DECISION OPTIONS:

A. Terminate agency.
B. Accept agency proposal to remove restrictions.
C. No change.

ADVISORY GROUP RECOMMENDATION: A

RATIONALE: OPIC's only persuasive argument for existing as a federal agency is that it has done useful things for U.S. foreign policy that would otherwise not have been possible. OPIC was asked to provide examples and instead provided a page of generic arguments concerning US control over the assistance and the value to the US economy. Without a strong and demonstrated foreign policy justification this looks just like a subsidy program.

STEERING COMMITTEE RECOMMENDATION:

OVERSEAS PRIVATE INVESTMENT CORPORATION
NATIONAL PERFORMANCE REVIEW OPTION PAPER

Overview/Mission

The mission of the Overseas Private Investment Corporation (OPIC) is to encourage U.S. companies to invest in developing countries and emerging market economies, thereby improving economic conditions in those countries, serving U.S. foreign policy priorities and benefitting the U.S. economy by generating exports and creating U.S. jobs. OPIC accomplishes this mission in a self-sustaining manner by charging market rate interest and fees for its services. Two principal programs are offered to U.S. investors--project financing and political risk insurance for their investments. In addition, OPIC provides pre-investment assistance to U.S. companies through feasibility study funding and related support. Because OPIC makes a profit, it has built up substantial reserves against its contingent liabilities. Rather than costing the taxpayers money, OPIC's budgetary contributions help fund other international programs.

Are OPIC's programs critical to the agency's mission based on "customer" input?

OPIC is in constant contact with its customers--in one-on-one meetings, in organized domestic conferences and calling programs and on investment missions abroad where U.S. companies meet directly with potential local joint venture partners. Based upon these discussions with U.S. companies, we know that both the financing and political risk insurance OPIC provides are critical incentives for U.S. companies considering investment in risky countries. The intent underlying OPIC's legislation was to identify the impediments to overseas investment and to design programs that would help companies overcome those impediments.

OPIC's political risk insurance directly mitigates the risks of political violence, expropriation and currency inconvertibility that are most often cited by our customers as obstacles to investment. When these political risks are added to the increased commercial risks of operating overseas, the difficulty in obtaining long-term financing poses a significant obstacle to investment as well. OPIC financing fills the gap left by private financial institutions that are unwilling to fund investment projects in risky developing markets without OPIC support. OPIC either guarantees loans from private financial institutions or investors or it lends directly to the project. In this way, OPIC fills an unmet need in the marketplace or acts as catalyst to bring private lenders into a risky financing by providing the protection of OPIC's umbrella. In short, we believe the finance and insurance programs are critical to our customers.

With respect to feasibility study funding, there is overlap with the U.S. Government's Trade and Development Agency (TDA). In order to centralize feasibility study assistance for overseas projects in one agency, OPIC has agreed to turn this activity over to TDA.

Can it be done at state or local levels?

By its nature, the promotion of U.S. investment overseas has important foreign policy implications and must be implemented in a manner consistent with the Administration's foreign policy priorities--an inherently federal activity. OPIC has always cooperated with state and local entities that encourage their companies to invest abroad because they too recognize the potential domestic benefits that flow from increased exports. Although states may engage in promotional activities, they do not attempt to finance or insure such companies because they recognize that the financial risks involved in offering catastrophic coverage and all-risk guaranties really do necessitate the full faith and credit of the U.S. Government. Thus, there is a legitimate federal interest that would not be met by state or local governments.

Can we cut costs or improve performance by introducing competition?

OPIC was created to cure a market imperfection--private financial institutions and insurance companies have not been willing to provide the long-term catastrophic risk protection and all-risk financing needed by U.S. companies making long-term investments overseas. Recent events in Russia, in Haiti, in Mexico and elsewhere have demonstrated how fickle financial institutions and capital markets are in confronting the economic realities of unstable emerging markets. It is for this reason that the long-term nature and stability of OPIC support are so critical. Private lending institutions are not prepared to take long-term project exposure in these difficult environments without some government support. The same is true for the political risk insurance industry. Throughout OPIC's twenty-five year existence, efforts have been made to help develop the private market. Even today, it remains the case that these insurers are only willing to offer short-term coverage (3 years compared to OPIC's 20-year policies) for limited risks (very little inconvertibility coverage and almost none for land-based war risk) and that worldwide capacity is sorely constrained. This limited coverage is insufficient to act as the kind of investment catalyst that OPIC was created to provide.

The other public sector participants in this market are ExIm Bank with its fledgling project finance facility and the programs of multinational institutions such as the European Bank for Reconstruction and Development(EBRD),the International Finance Corporation (IFC) and the Multilateral Investment Guaranty Agency (MIGA). The multilateral institutions have similar programs--political risk insurance or project finance--but it is not their objective to maximize the U.S. foreign policy or economic benefits. Although the U.S. Government funds all of these multilateral institutions with taxpayer dollars, the taxpayers get a much greater return from OPIC in the form of U.S. exports, U.S. jobs, U.S. foreign policy support and an agency that operates its programs without net cost to the taxpayer. Although there may be the potential for competition between OPIC and the multilaterals, the reality today is that there is a need for all the investment support available. Today's infrastructure privatization projects are so large and require such a high dollar level of support that multiple institutions are needed to meet fully all of the financing and insurance requirements. Thus, in today's market, cooperation and coordination are more of a focus than competition.

Despite the fact that there is little prospect of serious private competition, OPIC is continually seeking ways to reduce costs and improve its productivity. Because the staff is extremely small--fewer than 200--we must constantly improve our efficiency to sustain the major increases in program activity that we have experienced in the past few years. We are currently engaged in a complete re-engineering of all of our business processes to achieve greater productivity by streamlining workflow and using available technology in the most effective manner possible.

Does privatization make sense?

About a decade ago, OPIC hired Shearson-Lehman to undertake a major study to review the feasibility of various privatization models. This study concluded that, because of the catastrophic nature of the insurance coverage OPIC offers and the all-risk, long-term nature of the financing, a continuing government link is critical for much of OPIC's business. We believe that the environment investors are confronting in today's emerging markets calls for stronger government support than ever before if the U.S. is to maintain its competitiveness abroad and generate the exports and jobs for U.S. companies and U.S. workers. Likewise, the importance of OPIC as a tool of foreign policy has grown tremendously as economic reform and foreign investment have risen to the top of the foreign policy agenda around the world.

How can NPR principles be applied to put customers first, cut red tape, and empower employees?

OPIC is a wholly owned government corporation. The corporate form made sense when OPIC was created and continues to make sense today. We have been profitable in every year of our existence, and we are held accountable through annual independent audits as any private sector corporation is. In response to NPR initiatives, we have undertaken a number of measures to streamline our operations. Our internal management directives were reduced by 75 percent and our Board of Directors's policy resolutions were reduced by 90 percent. We reorganized the agency to maximize productivity and reallocated staff from administrative to line activities. We have a customer-driven, action-oriented corporate culture, and we embrace change. We have become concerned in recent years, however, as we have seen some of the most important elements of our corporate culture eroded by increasing government red tape that does not add value for our customers, our agency or those to whom we are accountable.

Options

1. Credit Reform

The goal of credit reform--identifying up-front the true costs of credit extended by the government--is laudable. Its implementation was necessary for government credit programs that were poor performers or those that could not cover their costs.

OPIC is a government corporation with a credit program that works well and is operated on the same principles as a private sector bank. For us credit reform has vastly increased red tape and reduced our ability to respond to our customers--without adding any value in terms of accountability or overall results. Credit reform is a budget-driven exercise that makes no sense for a government corporation that is self-funding.

OPIC has always established reserves to cover the cost of potential loan losses and has focused its attention on revenues, capital adequacy and portfolio diversification as any private sector bank does. Credit reform shifts the focus away from these critical issues and instead substitutes labor-intensive and extremely complex tracking requirements and budgetary and accounting rules--all of which add to the cost of developing and maintaining adequate computer and administrative systems. OPIC has successfully operated as an integrated government corporation with its insurance and finance activities complementing one another. Credit reform has required segmenting OPIC's business into separate components, vastly complicating its operations without achieving any demonstrably positive results.

2. Budget

A private corporation develops a business plan and establishes a budget to meet its objectives. It expands and contracts its activity based upon the demand for its services and the revenues and other sources of funding available to it. It adjusts its spending to reflect changes as they occur, rather than sticking with a budget that has become obsolete.

OPIC has the capacity to operate in the manner described above, but it is mired in a federal budget system that is not designed to meet the needs of government corporations. Everyone recognizes that the federal budget process has its shortcomings--but the shortcomings are exacerbated when a profit-making agency's budget bears no relationship to its earnings or to customer demand. For certain budget categories, artificial use-or-lose constraints impede the rational deployment of resources.

OPIC is a stellar example of how the government corporation model can work. Our insurance activity is profitable and our finance program is run like a private sector bank. To produce more revenue for the government, let us do more of what we can do profitably. With the government corporation model, there is a built-in incentive to do what we can to minimize costs and streamline bureaucracy.

3. Staffing

Staffing should grow and shrink based upon customer demand and available revenues rather than arbitrary ceilings unrelated to results or resources. OPIC should have the flexibility to develop a private-sector-based compensation system that will meet its recruitment and retention needs within the realities of today's budgetary constraints. Freeing OPIC from outdated staffing constraints is the most effective way to improve customer service and meet goals.

4. Program Parameters

Although OPIC's foreign policy, developmental and U.S. economic benefits mission is broad, its statute is very specific about the parameters of its finance and insurance programs. To truly put customers first and meet the demand for our services, OPIC's statute should be amended to give it more flexibility in designing its products to meet its goals. For example, OPIC's finance program could better meet its objectives by having the flexibility to take an equity position in the projects it supports. Its insurance program might be more effective by offering different types of coverage for longer periods or for a broader range of investors. Our statute should set our broad objectives but should leave OPIC the flexibility to adapt its implementing programs to meet current needs.

Recommendation

That OPIC be re-empowered as a government corporation, with greater flexibility on program parameters, staffing and budget and an exemption from the requirements of the Federal Credit Reform Act. This approach will allow a profitable government corporation to increase its profitability, better serve its customers and empower its employees--all at no cost to the U.S. taxpayer. We are a model for what reinvention can accomplish elsewhere in the government--we only need some additional flexibility to achieve our full potential.

Total liabilities	1,056	1,237	1,237	1,237
POSITION:				
Total net position	....	....	....	....

Object Classification (in thousands of dollars)

Identification code 72–9971–0–7–151		1994 actual	1995 est.	1996 est.
	Transportation of things	1,994	2,000	2,000
25.2	Other services	285	300	300
26.0	Supplies and materials	2,036	2,200	2,200
41.0	Grants, subsidies, and contributions	453	500	500
99.9	Total obligations	4,768	5,000	5,000

OVERSEAS PRIVATE INVESTMENT CORPORATION

Federal Funds

Public enterprise funds:

OVERSEAS PRIVATE INVESTMENT CORPORATION

NONCREDIT ACCOUNT

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such [noncredit] expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary[: *Provided*, That the amount available for administrative expenses to carry out the credit and insurance programs] (including an amount for official reception and representation expenses which shall not exceed $35,000) [shall not exceed $24,322,000]: *Provided* [*further*], That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading. *(Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1995.)*

Unavailable Collections (in thousands of dollars)

Identification code 71–4184–0–3–151		1994 actual	1995 est.	1996 est.
	Balance, start of year:			
01.99	Balance, start of year	1,719,892	1,874,438	1,979,442
03.00	Offsetting collections	154,546	105,004	141,500
04.00	Total: Balances and collections	1,874,438	1,979,442	2,120,942
07.99	Total balance, end of year	1,874,438	1,979,442	2,120,942

These balances are reserves held for potential claims and are not expected to be obligated.

Program and Financing (in thousands of dollars)

Identification code 71–4184–0–3–151		1994 actual	1995 est.	1996 est.
	Program by activities:			
	Operating expenses:			
00.01	Non credit personnel costs	5,950	6,000	6,000
00.02	Other non credit administrative costs	6,459	5,000	5,000
00.03	Insurance claim payments/provisions	10,407	10,000	10,000
00.04	Credit Administration costs	9,518	16,000	16,000
00.91	Total operating expenses	32,334	37,000	37,000
10.00	Total obligations	32,334	37,000	37,000
	Financing:			
17.00	Recovery of prior year obligations	-2,496	-1,500	-1,500
39.00	Budget authority (gross)	29,838	35,500	35,500
	Budget authority:			
	Current:			
41.00	Transferred to other accounts	....	-46,944	-50,000
	Permanent:			
68.00	Spending authority from offsetting collections	184,384	204,031	227,000
68.27	Capital transfer to general fund	....	-16,583	....
68.45	Portion not expected to be obligated	-154,546	-105,004	-141,500
68.90	Spending authority from offsetting collections (total)	29,838	82,444	85,500
	Relation of obligations to outlays:			
71.00	Total obligations	32,334	37,000	37,000
72.40	Obligated balance, start of year: Unpaid obligations: Treasury balance	37,581	51,467	46,200
74.40	Obligated balance, end of year: Unpaid obligations: Treasury balance	-51,467	-46,200	-33,239
78.00	Adjustments in unexpired accounts	-2,496	-1,500	-1,500
87.00	Outlays (gross)	15,952	40,767	48,461
	Adjustments to gross budget authority and outlays:			
	Offsetting collections from:			
88.00	Federal sources	-11,090	-18,031	-17,000
88.20	Interest on U.S. securities	-125,037	-131,000	-145,000
88.40	Non-Federal sources	-48,257	-55,000	-65,000
88.90	Total, offsetting collections	-184,384	-204,031	-227,000
89.00	Budget authority (net)	-154,546	-168,531	-191,500
90.00	Outlays (net)	-168,432	-163,264	-178,539

The Overseas Private Investment Corporation encourages the participation of United States private capital and skills in the economic and social development of developing countries and emerging market economies. Its primary noncredit program is political risk insurance against losses due to expropriation, inconvertibility, and political violence damage.

Status of Funds (in thousands of dollars)

Identification code 71–4184–0–3–151		1994 actual	1995 est.	1996 est.
	Unexpended balance, start of year:			
0100	Treasury balance	10,963	21,537	-9,483
	U.S. Securities:			
0101	Par value	1,757,253	1,915,738	2,046,625
0102	Unrealized discounts	-10,743	-11,370	-11,500
0199	Total balance, start of year	1,757,473	1,925,905	2,025,642
	Cash income during the year:			
0280	Offsetting Collections	184,384	204,031	227,000
	Cash outgo during year:			
0500	Overseas Private Investment Corporation noncredit account	-15,952	-40,767	-48,461
0645	Balance transferred, net	....	-63,527	-50,000
	Unexpended balance, end of year:			
0700	Treasury balance	21,537	-9,483	-26,747
	U.S. Securities:			
0701	Par value	1,915,738	2,046,625	2,191,428
0702	Unrealized discounts	-11,370	-11,500	-10,500
0799	Total balance, end of year	1,925,905	2,025,642	2,154,181

INSURANCE PROGRAM ACTIVITY

[In thousands of dollars]

	1993 actual	*1994 actual*	*1995 est.*	*1996 est.*
Face amount of contracts outstanding, start of year	11,857,282	11,991,668	16,177,487	17,872,759
Face amount of contracts issued during year	2,827,923	6,059,677	6,500,000	8,000,000
Face amount of contracts canceled or reduced	– 2,693,537	– 1,873,878	– 4,804,708	– 5,308,210
Face amount of contracts outstanding, end of year	11,991,668	16,177,467	17,872,759	20,564,550
Net growth/(decline) of portfolio	134,386	4,185,799	1,695,292	2,891,790
New growth rate of insurance portfolio	1.13%	34.91%	10.48%	15.08%

STATUS OF INSURANCE AUTHORITY

[In thousands of dollars]

	1993 actual	*1994 actual*	*1995 est.*	*1996 est.*
Statutory authority limitation	9,000,000	9,000,000	13,500,000	13,500,000
Maximum contingent liability, end of year	6,518,871	8,229,353	9,651,290	11,104,857
Estimated potential exposure to claims for insurance outstanding, end of year	4,465,410	5,086,836	6,612,921	7,608,883

Public enterprise funds—Continued

OVERSEAS PRIVATE INVESTMENT CORPORATION—Continued

NONCREDIT ACCOUNT—Continued

Balance Sheet (in thousands of dollars)

Identification code 71–4184–0–3–151	1993 actual	1994 actual	1995 est	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	11,004	20,773	21,000	21,000
Investments in US securities:				
1102 Treasury securities, par	1,805,574	1,915,738	2,046,625	2,191,428
1103 Treasury securities, unamortized discount(–)/premium(+)	89,248	127,944	125,000	125,000
1106 Receivables, net	22,134	39,184	30,000	30,000
Non-Federal assets:				
1206 Receivables, net	2,456	1,643	2,000	2,000
1207 Advances and prepayments	42	86	50	50
Other Federal assets:				
1801 Cash and other monetary assets	3	3	3	3
1803 Property, plant and equipment, net	8,918	7,799	8,000	8,000
1901 Other assets	19,078	13,231	13,000	13,000
1999 Total assets	1,958,457	2,126,401	2,245,678	2,390,481
LIABILITIES:				
2101 Federal liabilities: Accounts payable	24,334	23,265	25,000	25,000
Non-Federal liabilities:				
2201 Accounts payable	405	532	405	405
2205 Lease liabilities, net		141	150	150
2207 Other	99,054	107,222	100,000	100,000
2999 Total liabilities	123,793	131,160	125,555	125,555
NET POSITION:				
3300 Cumulative results of operations	1,834,664	1,995,241	2,120,123	2,264,926
3999 Total net position	1,834,664	1,995,241	2,120,123	2,264,926
4999 Total liabilities and net position	1,958,457	2,126,401	2,245,678	2,390,481

Object Classification (in thousands of dollars)

Identification code 71–4184–0–3–151	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	4,161	3,943	3,943
11.3 Other than full-time permanent	334	334	334
11.5 Other personnel compensation	56	56	56
11.9 Total personnel compensation	4,551	4,333	4,333
12.1 Civilian personnel benefits	1,400	1,663	1,663
21.0 Travel and transportation of persons	304	525	525
23.2 Rental payments to others	1,844	2,052	2,052
23.3 Communications, utilities, and miscellaneous charges	323	262	262
24.0 Printing and reproduction	171	156	156
25.2 Other services	3,128	1,544	1,544
25.3 Purchases of goods and services from Government accounts	9,518	16,000	16,000
26.0 Supplies and materials	347	315	315
31.0 Equipment	341	150	150
42.0 Insurance claims and indemnities	10,407	10,000	10,000
99.9 Total obligations	32,334	37,000	37,000

Personnel Summary

Identification code 71–4184–0–3–151	1994 actual	1995 est.	1996 est.
Total compensable workyears:			
5001 Full-time equivalent employment	66	65	71
5005 Full-time equivalent of overtime and holiday hours	1	1	1

Credit accounts:

OVERSEAS PRIVATE INVESTMENT CORPORATION PROGRAM ACCOUNT

For the cost of direct and guaranteed loans, [$33,944,000] *$34,000,000*, as authorized by section 234 of the Foreign Assistance Act of 1961, to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall be available for direct loan obligations and loan guaranty commitments incurred or made during fiscal years [1995] *1996* and [1996] *1997*: *Provided further*, That such sums shall remain available through fiscal year [2003] *2004* for the disbursement of direct and guaranteed loans obligated in fiscal year [1995] *1996*, and through fiscal year [2004] *2005* for the disbursement of direct and guaranteed loans obligated in fiscal year [1996] *1997*. *For the cost of the direct and guaranteed loans in the New Independent States of the former Soviet Union, $45,000,000, to remain available until expended, as authorized by section 234 of the Foreign Assistance Act of 1961.* In addition, [such] sums [as may be necessary] for administrative expenses to carry out the credit program may be derived from amounts *made* available for administrative expenses to carry out the credit and insurance programs in the Overseas Private Investment Corporation Noncredit Account and merged with said account. *(Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 71–0100–0–1–151	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Direct loan subsidy	4,157	3,944	4,000
00.02 Guaranteed loan subsidy	53,198	87,000	75,000
00.10 Administrative expenses	5,951	9,734	9,734
00.11 Administrative expenses	3,567	6,266	6,266
10.00 Total obligations	66,873	106,944	95,000
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	–3,657	–21,367	–21,367
24.40 Unobligated balance available, end of year: Treasury balance	21,367	21,367	21,367
39.00 Budget authority	84,583	106,944	95,000
Budget authority:			
40.00 Appropriation	16,583		45,000
42.00 Transferred from other accounts	68,000	106,944	50,000
43.00 Appropriation (total)	84,583	106,944	95,000
Relation of obligations to outlays:			
71.00 Total obligations	66,873	106,944	95,000
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	9,429	64,200	138,101
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	–64,200	–138,101	–161,507
90.00 Outlays	12,102	33,043	71,594

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in thousands of dollars)

Identification code 71–0100–0–1–151	1994 actual	1995 est.	1996 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels	55,800	85,739	79,523
1159 Total direct loan levels	55,800	85,739	79,523
Direct loan subsidy (in percent):			
1320 Subsidy rate	6.57	4.60	5.03
1329 Weighted average subsidy rate	6.57	4.60	5.03
Direct loan subsidy budget authority:			
1330 Subsidy budget authority	3,074	3,944	4,000
1339 Total subsidy budget authority	3,074	3,944	4,000
Direct loan subsidy outlays:			
1340 Subsidy outlays	724	3,237	3,818
1349 Total subsidy outlays	724	3,237	3,818

Guaranteed loan levels supportable by subsidy budget authority:			
Loan guarantee levels	1,918,000	1,891,304	1,491,054
Total loan guarantee levels	1,918,000	1,891,304	1,491,054
Guaranteed loan subsidy (in percent):			
Subsidy rate	4.00	4.60	5.03
Weighted average subsidy rate	3.44	4.60	5.03
Guaranteed loan subsidy budget authority:			
Subsidy budget authority	71,991	87,000	75,000
Total subsidy budget authority	71,991	87,000	75,000
Guaranteed loan subsidy outlays:			
Subsidy outlays	1,628	13,806	51,776
2349 Total subsidy outlays	1,628	13,806	51,776
Administrative expense data:			
Budget authority	9,518	16,000	16,000
Outlays	9,518	16,000	16,000

The Overseas Private Investment Corporation encourages the participation of United States private capital and skills in the economic and social development of developing countries and emerging market economies. Its primary credit program is investment financing through loans and guaranteed loans.

As required by the Federal Credit Reform Act of 1990, the Program Account records the subsidy costs associated with the direct loans obligated and loan guarantees committed in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

Object Classification (in thousands of dollars)

Identification code 71–0100–0–1–151	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	4,347	6,477	6,477
11.3 Other than full-time permanent	156	399	399
11.5 Other personnel compensation	49	70	70
11.9 Total personnel compensation	4,552	6,946	6,946
12.1 Civilian personnel benefits	1,400	2,088	2,088
21.0 Travel and transportation of persons	212	558	558
23.2 Rental payments to others	1,977	2,296	3,200
23.3 Communications, utilities, and miscellaneous charges	190	359	359
24.0 Printing and reproduction	114	198	198
25.2 Other services	529	2,812	1,908
26.0 Supplies and materials	331	448	448
31.0 Equipment	213	295	295
41.0 Grants, subsidies, and contributions	57,355	90,944	79,000
99.9 Total obligations	66,873	106,944	95,000

Personnel Summary

Identification code 71–0100–0–1–151	1994 actual	1995 est.	1996 est.
1001 Total compensable workyears: Full-time equivalent employment	96	97	120

Overseas Private Investment Corporation Direct Loan Financing Account

Program and Financing (in thousands of dollars)

Identification code 71–4074–0–3–151	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Direct loans	63,300	85,739	79,523
00.02 Interest on Treasury borrowing	576	1,974	2,500
00.03 Working Capital Obligations	196	150	200
10.00 Total obligations	64,072	87,863	82,223
Financing:			
39.00 Financing authority (gross)	64,072	87,863	82,223
Financing authority:			
67.15 Authority to borrow (indefinite)	58,744	81,571	75,211
68.00 Spending authority from offsetting collections	5,328	6,292	7,012
Relation of obligations to financing disbursements:			
71.00 Total obligations	64,072	87,863	82,223
72.90 Obligated balance, start of year: Fund balance	12,600	69,450	122,313
74.90 Obligated balance, end of year: Fund balance	–69,450	–122,313	–142,033
87.00 Financing disbursements (gross)	7,222	35,000	62,503
Adjustments to financing authority and financing disbursements:			
Offsetting collections from:			
88.00 Federal sources	–4,453	–4,344	–4,500
Non-Federal sources:			
88.40 Repayments of principal	–114	–698	–812
88.40 Interest received on loans	–603	–900	–1,200
88.40 Fees	–158	–350	–500
88.90 Total, offsetting collections	–5,328	–6,292	–7,012
89.00 Financing authority (net)	58,744	81,571	75,211
90.00 Financing disbursements (net)	1,894	28,708	55,491

Status of Direct Loans (in thousands of dollars)

Identification code 71–4074–0–3–151	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans[1]			
1131 Direct loan obligations exempt from limitation	63,300	85,739	79,523
1150 Total direct loan obligations	63,300	85,739	79,523
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	4,145	8,006	34,772
1231 Disbursements: Direct loan disbursements	3,975	27,464	62,503
1251 Repayments: Repayments and prepayments	–114	–698	–1,500
1290 Outstanding, end of year	8,006	34,772	95,775

[1] Enacted limitation was for both direct and guaranteed loans combined. This level is the expected direct loan amount from that limitation.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in thousands of dollars)

Identification code 71–4074–0–3–151	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	407	6,435	12,000	14,263
Investments in US securities:				
1106 Receivables, net	3,494	5,929	7,500	11,500
1206 Non-Federal assets: Receivables, net	19	68	19	74
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross	4,145	8,006	34,772	95,775
1402 Interest receivable		196	300	650
1405 Allowance for subsidy cost (–)	–505	–1,839	–5,667	–3,632
1499 Net present value of assets related to direct loans	3,640	6,363	29,405	92,793
1999 Total assets	7,560	18,795	48,924	118,630

Credit accounts—Continued

Overseas Private Investment Corporation Direct Loan Financing Account—Continued

Balance Sheet (in thousands of dollars)—Continued

Identification code 71–4074–0–3–151	1993 actual	1994 actual	1995 est.	1996 est.
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	3,748	6,929	14,000	12,500
2102 Interest payable		576	1,000	1,350
2103 Debt	3,675	11,642	31,748	102,721
2207 Non-Federal liabilities: Other	54	496	2,000	1,890
2999 Total liabilities	7,477	19,643	48,748	118,461
NET POSITION:				
3300 Cumulative results of operations	83	152	176	169
3999 Total net position	83	152	176	169
4999 Total liabilities and net position	7,560	19,795	48,924	118,630

Overseas Private Investment Corporation Guaranteed Loan Financing Account

Program and Financing (in thousands of dollars)

Identification code 71–4075–0–3–151	1994 actual	1995 est.	1996 est.
Program by activities:			
00.01 Claim payments on defaulted guarantees	253	256	
00.02 Interest to Treasury	1,240	2,000	2,500
10.00 Total obligations (object class 33.0)	1,493	2,256	2,500
Financing:			
17.00 Recovery of prior year obligations	-148		
21.90 Unobligated balance available, start of year: Fund balance	-2,341	-61,849	-165,497
24.90 Unobligated balance available, end of year: Fund balance	61,849	165,497	269,076
68.00 Financing authority (gross): Spending authority from offsetting collections	60,853	105,904	106,079
Relation of obligations to financing disbursements:			
71.00 Total obligations	1,493	2,256	2,500
Obligated balance, start of year:			
72.10 Receivables from program account	-5,935	-57,271	-127,090
72.40 Unpaid obligations: Treasury balance	1,145	9,659	42,000
Obligated balance, end of year:			
74.10 Receivables from program account	57,271	127,090	150,790
74.40 Unpaid obligations: Treasury balance	-9,659	-42,000	-41,750
78.00 Adjustments in unexpired accounts	-148		
87.00 Financing disbursements (gross)	44,167	39,734	26,450
Adjustments to financing authority and financing disbursements:			
Offsetting collections from:			
88.00 Federal sources: Payments from program account	-53,198	-87,000	-75,000
88.25 Interest on uninvested funds	-741	-2,004	-4,079
88.40 Non-Federal sources: Fees and premiums	-6,914	-16,900	-27,000
88.90 Total, offsetting collections	-60,853	-105,904	-106,079
89.00 Financing authority (net)			
90.00 Financing disbursements (net)	-16,685	-66,170	-79,629

Status of Guaranteed Loans (in thousands of dollars)

Identification code 71–4075–0–3–151	1994 actual	1995 est.	1996 est.
Position with respect to appropriations act limitation on commitments			
2111 Limitation on guaranteed loans made by private lenders			
2131 Guaranteed loan commitments exempt from limitation	1,918,000	1,891,304	1,491,054
2150 Total guaranteed loan commitments	1,918,000	1,891,304	1,491,054
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	148,510	387,347	949,034
2231 Disbursements of new guaranteed loans	243,992	575,400	1,411,311
2251 Repayments and prepayments	-5,155	-13,713	-25,112
2290 Outstanding, end of year	387,347	949,034	2,335,233
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	387,347	949,034	2,335,233
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	9,000	9,000	9,000
2331 Disbursements for guaranteed loan claims			
2351 Repayments of loans receivable			-4,000
2390 Outstanding, end of year	9,000	9,000	5,000

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in thousands of dollars)

Identification code 71–4075–0–3–151	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	7,104	23,740	104,000	130,000
Investments in US securities:				
1106 Receivables, net		57,271	127,090	150,790
Non-Federal assets:				
1206 Receivables, net	491	2,428	5,000	6,000
1207 Advances and prepayments	5	8	4	5
1504 Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: Foreclosed property	9,000	9,000		
1999 Total assets	16,600	92,447	236,094	286,795
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	190	253	260	
2103 Debt	3,012	4,081	4,081	
2105 Other		57,271	127,090	150,790
Non-Federal liabilities:				
2204 Liabilities for loan guarantees	13,923	24,202	94,021	117,721
2207 Other	697	7,987	10,000	12,000
2999 Total liabilities	17,822	93,794	235,452	280,511
NET POSITION:				
3300 Cumulative results of operations	-1,222	-1,347	642	6,284
3999 Total net position	-1,222	-1,347	642	6,284
4999 Total liabilities and net position	16,600	92,447	236,094	286,795

[1] Enacted limitation was for both direct and guaranteed loans combined. This level is the expected guaranteed loan amount from that limitation.

Overseas Private Investment Corporation Liquidating Account

Program and Financing (in thousands of dollars)

Identification code 71–4030–0–3–151	1994 actual	1995 est.	1996 est.
Program by activities:			
00.02 Expenses	1,565	2,000	2,000
00.12 Guaranty provisions/claim payments	10,964	15,000	15,000
10.00 Total obligations	12,529	17,000	17,000

Financing:			
Recovery of prior year obligations	–157	–500	–500
Unobligated balance available, start of year:			
Fund balance	–87,290	–91,812	–89,558
U.S. Securities: Par value	–35,000	–35,000	–35,000
Unobligated balance available, end of year:			
Fund balance	91,812	89,558	86,589
U.S. Securities: Par value	35,000	35,000	35,000
Budget authority (gross): Spending authority from offsetting collections	16,895	14,246	13,531
Relation of obligations to outlays:			
71.00 Total obligations	12,529	17,000	17,000
72.10 Obligated balance, start of year: Receivables from other government accounts	–48,154	–52,842	–44,062
74.10 Obligated balance, end of year: Receivables from other government accounts	52,842	44,062	38,089
78.00 Adjustments in unexpired accounts	–157	–500	–500
87.00 Outlays (gross)	17,060	7,720	10,527
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.20 Interest on U.S. securities	–2,625	–2,625	–2,625
88.40 Non-Federal sources	–14,270	–11,621	–10,906
88.90 Total, offsetting collections	–16,895	–14,246	–13,531
89.00 Budget authority (net)			
90.00 Outlays (net)	165	–6,526	–3,004

Status of Direct Loans (in thousands of dollars)

Identification code 71–4030–0–3–151	1994 actual	1995 est.	1996 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	50,365	39,065	36,000
Disbursements: Direct loan disbursements	3,733		
Repayments: Repayments and prepayments	–8,612	–4,070	–5,005
Write-offs for default: Other adjustments, net	–6,421	1,005	1,005
1290 Outstanding, end of year	39,065	36,000	32,000

Status of Guaranteed Loans (in thousands of dollars)

Identification code 71–4030–0–3–151	1994 actual	1995 est.	1996 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	422,568	355,631	266,978
2231 Disbursements of new guaranteed loans	39,542		
2251 Repayments and prepayments	–94,505	–69,787	–55,000
2264 Adjustments: Other adjustments, net	–11,974	–18,866	–14,300
2290 Outstanding, end of year	355,631	266,978	197,678
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	355,631	266,978	197,678

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from direct loans obligated and loan guarantees committed prior to 1992. This account is shown on a cash basis. All new activity in this program in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program, financing, and noncredit accounts.

Statement of Operations (in thousands of dollars)

Identification code 71–4030–0–3–151	1993 actual	1994 actual	1995 est.	1996 est.
Revenue	33,636	16,895	14,246	13,531
Expense	–10,949	–1,151	–2,000	–2,000
Net income or loss (–)	22,687	15,744	12,246	11,531
0199 Total income or loss	22,687	15,744	12,246	11,531

Balance Sheet (in thousands of dollars)

Identification code 71–4030–0–3–151	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	39,085	38,781	50,000	50,000
Investments in US securities:				
1102 Treasury securities, par	35,000	35,000	35,000	35,000
1103 Treasury securities, unamortized discount(–)/premium(+)	299	263	234	204
1106 Receivables, net		958	958	958
Non-Federal assets:				
1206 Receivables, net	34,743	3,667	3,500	3,200
1207 Advances and prepayments	4			
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	50,365	39,065	36,000	32,000
1603 Allowance for estimated uncollectible loans and interest (–)	–8,163	–7,402	–7,200	–7,100
1699 Value of assets related to direct loans	42,202	31,663	28,800	24,900
1706 Foreclosed property		47,057	47,057	20,000
1999 Total assets	151,333	157,389	165,549	134,262
LIABILITIES:				
2207 Non-Federal liabilities: Other	26,187	25,599	19,865	13,426
2999 Total liabilities	26,187	25,599	19,865	13,426
NET POSITION:				
3200 Invested capital	49,885	50,000	50,000	50,000
3300 Cumulative results of operations	75,261	81,790	95,684	70,836
3999 Total net position	125,146	131,790	145,684	120,836
4999 Total liabilities and net position	151,333	157,389	165,549	134,262

Object Classification (in thousands of dollars)

Identification code 71–4030–0–3–151	1994 actual	1995 est.	1996 est.
21.0 Travel and transportation of persons	67		
25.2 Other services	1,498		
43.0 Interest and dividends	10,964	17,000	17,000
99.9 Total obligations	12,529	17,000	17,000

TRADE AND DEVELOPMENT AGENCY

Federal Funds

General and special funds:

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, [$44,986,000] *$67,000,000, to remain available until expended. (Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 11–1001–0–1–151	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	58,550	76,986	67,000
Financing:			
17.00 Recovery of prior year obligations	–21		
21.40 Unobligated balance available, start of year: Treasury balance	–4,908	–13,731	–731
24.40 Unobligated balance available, end of year: Treasury balance	13,731	731	731
25.00 Unobligated balance expiring	6		

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Divider Title: D

TRADE AND DEVELOPMENT AGENCY

<u>DESCRIPTION</u>: The Trade and Development Agency (TDA) provides grants for feasibility studies and other project planning services in the developing world to foster economic development and to enhance the use of US technology, goods, and services in project implementation. Feasibility studies account for 80% of its budget.

<u>FY 1996 BUDGET PROPOSAL</u>: Proposed FY 1996 budget authority is $67 million -- up from $64 million in FY 1995. FY 1996 FTE is 38 -- unchanged from FY 1995.

<u>AGENCY PROPOSAL</u>:

The agency proposes that it continue its work unchanged as a result of this review. It says that no other federal agency is currently providing this niche service and that to eliminate the agency would be to eliminate the function.

<u>DECISION OPTIONS</u>:

A Terminate the agency
B Leave the agency unaffected by this review.

<u>ADVISORY GROUP RECOMMENDATION</u>: A

<u>RATIONALE</u>: The federal government should not be in the business of subsidizing business plans for American (or other) businesses who wish to do business overseas. If, as claimed, the economy grows by $25 dollars for every $1 spent on this program then this rate of return should encourage companies to do their own plans.

<u>STEERING COMMITTEE RECOMMENDATION</u>:

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U.S. TRADE AND DEVELOPMENT AGENCY
Washington, D.C. 20523-1602

NATIONAL PERFORMANCE REVIEW
SECOND PHASE
OPTION PAPER

The purpose of the National Performance Review (NPR) is to make the federal government operate more efficiently, with less waste and an eye on the bottom line: service to the customer. The U.S. Trade and Development Agency (TDA) took a hard look at its existing activities using the criteria set forth by the NPR. Our strong conclusion is that TDA's program is an efficient and cost-effective element of our country's export promotion activities and should not be reduced in size or eliminated. It would be easy to offer symbolic examples of where certain activities might be scaled back, but the fact of the matter is that TDA is, in almost every respect, a signature agency for the NPR process.

- TDA is entrepreneurial in its management style, a fact that helps it build public-private partnerships and respond quickly to changing world conditions.
- TDA is small, with low overhead and a lean level of staffing.
- TDA works closely with other U.S. Government agencies, thus avoiding duplication of effort and maximizing impact.
- TDA leverages public dollars by cost-sharing many of its activities with the private sector and host country governments.
- TDA is viewed by American companies as an ally in their efforts to be competitive in world markets.
- TDA has a proven track record in achieving its mission of job creation through export promotion, which is a priority of both the Administration and Congress.

BACKGROUND ON THE TDA PROGRAM

TDA assists in the creation of jobs for Americans by helping U.S. companies pursue overseas business opportunities. Through the funding of feasibility studies, reverse trade missions, training grants and various forms of technical assistance, TDA enables American business to become involved in the planning stage of infrastructure projects in developing and middle-income countries. These activities provide American firms with market entry, exposure and information, thus helping them establish a position in markets that are otherwise difficult to penetrate.

The funding of feasibility studies is TDA's single most important activity, accounting for almost 80 per cent of the agency's budget. TDA's other activities--business briefings, reverse trade missions, and targeted training grants--complement and enhance this central focus. The term "feasibility study" is in a sense misleading, since study has the connotation of being passive. The feasibility studies funded by TDA are in effect business plans that are essential in securing the financing needed to get projects implemented.

TDA is one of the smaller independent government agencies, with a budget for FY 1995 of $45 million and 38 FTEs. Overhead accounts for less than 10 per cent of the agency's expenses. In fact, between FY 1993 and FY 1994, when the TDA program budget (including transfers) increased by 39 per cent, the OE budget <u>decreased</u> by 2 per cent.

TDA has demonstrated that it is successful in assisting in the generation of U.S. exports, and hence U.S. jobs. As mentioned in the 1993 GAO report on TDA, since its inception in 1982 every dollar spent by the agency to assist projects has resulted in over $25 of U.S. exports.

The leveraging of its scarce resources is one of the agency's hallmarks. TDA does this in two major ways: by cost-sharing its activities with the private sector and host governments, and coordinating closely with the other federal export promotion agencies.

TDA typically looks for U.S. firms and host governments to share in the costs of the feasibility studies we fund. In 1994, for example, almost 63 per cent of these studies were jointly funded. We do this as a way of gauging the commitment of the company and the country to the project being evaluated. In addition, American firms share in the costs associated with the reverse trade missions, or "orientation visits," that we sponsor to put senior foreign procurement officials in contact with potential American suppliers. The training grants we offer foreign countries on the condition that a U.S. firm is selected as the project contractor are a fraction of the cost already absorbed by the U.S. firms. And companies are charged a registration fee for the business conferences we sponsor.

TDA is an active participant in the Trade Promotion Coordinating Committee (TPCC), a process that has resulted in a close working relationship among the federal export promotion agencies. The working relationship among the Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC), and TDA is especially close. Members of the three staffs now meet regularly to discuss projects, and this helps create a more integrated approach to the task of helping U.S. firms sell their goods and services abroad.

TDA has also developed close working relationships with other agencies throughout the government. As a small agency we not only have to work harder, we have to work smarter if we are to be successful. And one of the ways we do that is to leverage our resources by working closely with our colleagues in other departments and agencies.

We work closely with the State Department, and we take special pride in the relationship we enjoy with many of our American Ambassadors. We are one of the relatively few tools that our Ambassadors have to further U.S. business interests abroad. And we rely upon them for counsel and guidance on projects that might warrant our attention and involvement.

We also rely upon the Department of Commerce's U.S. & Foreign Commercial Service to assist in identifying projects. Since we do not maintain foreign offices, US & FCS is crucial to our success. And we make use of the expertise in technical agencies including the Department of Energy, the Federal Aviation Administration, and the Environmental Protection Agency.

PROGRAM EVALUATION

1. *If your agency were eliminated, how would the goals or programs of your agency be undertaken --by other agencies, by states or localities, by the private sector, or not at all?*

The funding of feasibility studies is a fundamental activity aggressively supported by the national governments of other industrialized countries as a means of assisting their firms in securing foreign markets. TDA fills this narrow and important niche in the array of export promotion initiatives of our government. If TDA were eliminated, the need for its program activities would remain, but would be unfulfilled.

Delegating the program to states or localities is not practical because of the multi-state nature of U.S. commerce. States, and to an even greater extent localities, would simply not fill the void left by the elimination of TDA. The fragmentation of this approach is impractical and would result in the U.S. business community facing their foreign competition on an uneven playing field, without benefit of financial assistance and the imprimatur of the federal government.

While TDA's mission could be transferred to another agency, it is important to remember that TDA began as part of a larger agency (AID), but was made independent so that it could be more responsive to the needs of the American business community---our customers. A consolidation with the Department of Commerce would simply resurrect the problems of inflexibility, bureaucratic delays, and lack of focus that result from making an agency with a specific mission and clearly defined goals part of a sprawling bureaucracy.

Other consolidation options also suffer from shortcomings that would reduce rather than increase the effectiveness of TDA's program. The suggestion to combine TDA with OPIC ignores the fact that the two agencies have different missions; in short our client bases differ. OPIC's customers are U.S. investors. TDA's customers are exporters. Moreover, consolidation would result in a program where funding options for the projects on which a feasibility study had been conducted could as a matter of practice be limited to the financing agency into which TDA had been absorbed. This would drastically narrow the range of financing options that are now available for TDA supported projects. These include, in addition to OPIC, the Ex-Im Bank, the five multi-regional development banks, the two private sector MDB organizations, private sector commercial financing, and funding by the host country.

As an independent agency TDA has the advantage of being unencumbered by a large bureaucracy, and yet as part of the foreign assistance account is connected to the State Department which provides policy oversight and coordination.

The fact is that if the TDA were eliminated, the goals of the program would most possibly be lost.

2. *If there are goals of a national importance that will remain undone and require a federal role in order to be accomplished, should they be done differently than they are being done today in order to enhance service to the customers?*

The TDA program is successful, and this can be measured in a variety of ways:

- since its inception, projects supported by the agency have been associated with over $6 billion in export sales by American companies.

- for each dollar spent by the agency, over $25 in U.S. exports have been created.

- as discussed in greater detail below, our clients, the American business community, think we are doing an excellent job of assisting them as they battle for markets abroad.

One area that now contributes both to TDA's success and that of U.S. Government export assistance programs in general is the TPCC, which has proven to be invaluable in the areas of coordination and information sharing. The further strengthening of the TPCC is the single most important thing that can be done to streamline federal export promotion programs, avoid duplication of effort, and increase the level of satisfaction among members of the American business community. One way of doing this would be to formally recognize the meetings chaired by the Undersecretary for International Trade and attended by TDA, Ex-Im, and OPIC as the standing operating committee for the TPCC. These meetings, which are now conducted informally and held on an irregular basis, would serve to focus the TPCC agenda and ensure the timely and effective implementation of TPCC initiatives.

It needs to be stressed that export promotion and job creation is a success story for President Clinton and the Administration. The TPCC has been an effective coordinating mechanism. The further restructuring of a coordinated effort that works as well as it does, that is itself an example of reinvention and improvement, will only detract from what has already been accomplished. In addition, any restructuring would bring the momentum that has built up over the past two years to a halt, resulting in a stagnant trade promotion program until after the restructuring had been carried out.

3. *How do your customers (not just interest groups) feel about possible elimination or changes? This would build on your ongoing efforts to get customer input about the services they want, and how to improve satisfaction with the services we provide. Throughout the review we have to continue to put customers first and to deliver on our published service standards.*

TDA is constantly working to ensure that its programs are responsive to our customers' needs. The agency has begun a comprehensive review of the way TDA projects are implemented and financed. Evaluations/audits of several major TDA grants have been completed, and more are planned. We have also begun the process of comprehensive analyses of the various industrial sectors in which we are active. These activities will provide direction useful in continuing to tailor our program to the needs of the American business community.

Our customers are not only satisfied with the way TDA carries out its mission, but feel that TDA should be receiving more, not fewer resources. Moreover, they feel TDA's activities should be expanded to include the funding of design engineering, which was mandated by the Jobs Through Exports Act of 1992, and that our program should be extended to include Brazil, China, and Southeast Asia.

Here are a few samples of letters we have received from American businesses.

> "TDA is recognized both inside the government and outside as a flexible, easy-to-work-with agency that is one of the best export promotion programs ever."
>
> Alice Edson Grady
> Vice President
> Black & Veatch
> Kansas City, Missouri

> "...thanks for your help in winning this contract. It is a pleasure to feel that the United States government is on our side as we compete in a very tough market among foreign competitors."
>
> Steven D. Dorfman
> President
> Telecommunications and Space Sector
> Hughes Aircraft Company
> GM Hughes Electronics
> Los Angeles, California
> commenting on the MEASAT-1 project in Malaysia

> "...I found your agency a delight to visit. Since experiences with bureaucracies are not always enjoyable, it was a pleasure to me to discover a group of such intelligent, dedicated, energetic, and helpful people."
>
> Kevin R. Allison
> Managing Partner
> Interactive Earth Sciences International LLC
> Denver, Colorado

> "The growth of our company is a classic example of how TDA supports small business in America."
>
> Asim C. Bose
> Managing Director
> Alutec, Inc.
> Laguna Hills, California

"United States Trade and Development Agency support is a critical step which can catalyze major project opportunities which involve substantial supply of equipment and services from the United States.."

S.M. Solomon
President and CEO
ABB Lummus Crest
Bloomfield, New Jersey

"We got our start in international business through a TDA grant."

Christopher S. Weaver
President
Engine, Fuel, and Emissions Engineering, Inc.
Sacramento, California

Financing:			
17.00 Recovery of prior year obligations	-157	-500	-500
Unobligated balance available, start of year:			
[illegible] Fund balance	-87,290	-91,812	-89,558
[illegible] U.S. Securities: Par value	-35,000	-35,000	-35,000
Unobligated balance available, end of year:			
24.90 Fund balance	91,812	89,558	86,589
24.91 U.S. Securities: Par value	35,000	35,000	35,000
68.00 Budget authority (gross): Spending authority from offsetting collections	16,895	14,246	13,531
Relation of obligations to outlays:			
71.00 Total obligations	12,529	17,000	17,000
72.10 Obligated balance, start of year: Receivables from other government accounts	-48,154	-52,842	-44,062
74.10 Obligated balance, end of year: Receivables from other government accounts	52,842	44,062	38,089
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87.00 Outlays (gross)	17,060	7,720	10,527
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.20 Interest on U.S. securities	-2,625	-2,625	-2,625
88.40 Non-Federal sources	-14,270	-11,621	-10,906
88.90 Total, offsetting collections	-16,895	-14,246	-13,531
89.00 Budget authority (net)			
90.00 Outlays (net)	165	-6,526	-3,004

Status of Direct Loans (in thousands of dollars)

Identification code 71-4030-0-3-151	1994 actual	1995 est.	1996 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	50,365	39,065	36,000
1231 Disbursements: Direct loan disbursements	3,733		
1251 Repayments: Repayments and prepayments	-8,612	-4,070	-5,005
1264 Write-offs for default: Other adjustments, net	-6,421	1,005	1,005
1290 Outstanding, end of year	39,065	36,000	32,000

Status of Guaranteed Loans (in thousands of dollars)

Identification code 71-4030-0-3-151	1994 actual	1995 est.	1996 est.
Cumulative balance of guaranteed loans outstanding:			
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2290 Outstanding, end of year	355,631	266,978	197,678
Memorandum.			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	355,631	266,978	197,678

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Statement of Operations (in thousands of dollars)

Identification code 71-4030-0-3-151	1993 actual	1994 actual	1995 est.	1996 est.
0101 Revenue	33,636	16,895	14,246	13,531
0102 Expense	-10,949	-1,151	-2,000	-2,000
0109 Net income or loss (-)	22,687	15,744	12,246	11,531
0199 Total income or loss	22,687	15,744	12,246	11,531

Balance Sheet (in thousands of dollars)

Identification code 71-4030-0-3-151	1993 actual	1994 actual	1995 est.	1996 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	39,085	38,781	50,000	50,000
Investments in US securities:				
1102 Treasury securities, par	35,000	35,000	35,000	35,000
1103 Treasury securities, unamortized discount(-)/premium(+)	299	263	234	204
1106 Receivables, net		958	958	958
Non-Federal assets:				
1206 Receivables, net	34,743	3,667	3,500	3,200
1207 Advances and prepayments	4			
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	50,365	39,065	36,000	32,000
1603 Allowance for estimated uncollectible loans and interest (-)	-8,163	-7,402	-7,200	-7,100
1699 Value of assets related to direct loans	42,202	31,663	28,800	24,900
1706 Foreclosed property		47,057	47,057	20,000
1999 Total assets	151,333	157,389	165,549	134,262
LIABILITIES:				
2207 Non-Federal liabilities: Other	26,187	25,599	19,865	13,426
2999 Total liabilities	26,187	25,599	19,865	13,426
NET POSITION:				
3200 Invested capital	49,885	50,000	50,000	50,000
3300 Cumulative results of operations	75,261	81,790	95,684	70,836
3999 Total net position	125,146	131,790	145,684	120,836
4999 Total liabilities and net position	151,333	157,389	165,549	134,262

Object Classification (in thousands of dollars)

Identification code 71-4030-0-3-151	1994 actual	1995 est.	1996 est.
21.0 Travel and transportation of persons	67		
25.2 Other services	1,498		
43.0 Interest and dividends	10,964	17,000	17,000
99.9 Total obligations	12,529	17,000	17,000

TRADE AND DEVELOPMENT AGENCY

Federal Funds

General and special funds:

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, [$44,986,000] *$67,000,000, to remain available until expended. (Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 11-1001-0-1-151	1994 actual	1995 est.	1996 est.
Program by activities:			
10.00 Total obligations	58,550	76,986	67,000
Financing:			
17.00 Recovery of prior year obligations	-21		
21.40 Unobligated balance available, start of year: Treasury balance	-4,908	-13,731	-731
24.40 Unobligated balance available, end of year: Treasury balance	13,731	731	731
25.00 Unobligated balance expiring	6		

TRADE AND DEVELOPMENT AGENCY—Continued

General and special funds—Continued

TRADE AND DEVELOPMENT AGENCY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 11–1001–0–1–151	1994 actual	1995 est.	1996 est.
39.00 Budget authority (gross)	67.358	63.986	67.000
Budget authority:			
Current:			
40.00 Appropriation	40.000	44.986	67.000
42.00 Transferred from other accounts	25.000	17.000	
43.00 Appropriation (total)	65.000	61.986	67.000
Permanent:			
68.00 Spending authority from offsetting collections	2.358	2.000	
Relation of obligations to outlays:			
71.00 Total obligations	58.550	76.986	67.000
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	52.029	62.492	81.183
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	–62.492	–81.183	–86.590
77.00 Adjustments in expired accounts	–669		
78.00 Adjustments in unexpired accounts	–21		
87.00 Outlays (gross)	47.397	58.295	61.593
Adjustments to gross budget authority and outlays:			
88.00 Offsetting collections from: Federal sources	–2.358	–2.000	
89.00 Budget authority (net)	65.000	61.986	67.000
90.00 Outlays (net)	45.040	56.295	61.593

These funds are for the costs of the U.S. Trade and Development Agency (TDA), including program costs of grants for feasibility studies and other project planning services, and those of managing the TDA programs, such as salaries and expenses of direct hire personnel and obtaining the services of consultants. TDA finances such planning services for major development projects in the developing world to foster economic development and to enhance the use of U.S. technology, goods, and services in project implementation. Funding for projects in countries of the former Soviet Union is expected to total $20 million in fiscal year 1996.

Object Classification (in thousands of dollars)

Identification code 11–1001–0–1–151	1994 actual	1995 est.	1996 est.
Personnel compensation:			
11.1 Full-time permanent	1.720	1.944	2.162
11.3 Other than full-time permanent	87	91	94
11.5 Other personnel compensation	44	62	53
11.9 Total personnel compensation	1.851	2.097	2.309
12.1 Civilian personnel benefits	413	471	520
21.0 Travel and transportation of persons	249	350	350
23.1 Rental payments to GSA	270	280	289
23.3 Communications, utilities, and miscellaneous charges	37	40	40
24.0 Printing and reproduction	45	55	60
25.1 Advisory and assistance services	1.172	1.308	1.363
25.2 Other services	113	98	154
26.0 Supplies and materials	45	51	55
31.0 Equipment	68	20	35
41.0 Grants, subsidies, and contributions	54.013	71.891	61.500
99.0 Subtotal, direct obligations	58.276	76.661	66.675
99.9 Total obligations	58.550	76.986	67.000

Personnel Summary

Identification code 11–1001–0–1–151	1994 actual	1995 est	1996 est
1001 Total compensable workyears: Full-time equivalent employment	33	38	38

PEACE CORPS

Federal Funds

General and special funds:

PEACE CORPS

For expenses necessary to carry out the provisions of the Peace Corps Act (75 Stat. 612), [$219,745,000] ***$234,000,000***, including the purchase of not to exceed five passenger motor vehicles for administrative purposes for use outside of the United States: *Provided*, That none of the funds appropriated under this heading shall be used to pay for abortions: *Provided further*, That funds appropriated under this heading shall remain available until September 30, [1996] *1997*. *(Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1995.)*

Program and Financing (in thousands of dollars)

Identification code 11–0100–0–1–151	1994 actual	1995 est.	1996 est.
Program by activities:			
Direct program:			
00.01 Africa Region	62.794	60.538	63.331
00.02 Asia Pacific Region	20.257	21.042	20.399
00.03 Europe, Central Asia, and Mediterranean	31.282	32.367	31.032
00.04 Inter-American Region	33.889	34.348	36.020
00.05 Other Volunteer Support	84.515	85.782	86.705
00.91 Total direct program	232.737	234.077	237.487
01.01 Reimbursable program	4.635	6.931	7.139
10.00 Total obligations	237.372	241.008	244.626
Financing:			
21.40 Unobligated balance available, start of year: Treasury balance	–8.364	–7.219	–3.987
24.40 Unobligated balance available, end of year: Treasury balance	7.219	3.987	
25.00 Unobligated balance expiring	653	500	500
39.00 Budget authority (gross)	236.880	238.276	241.139
Budget authority:			
Current:			
40.00 Appropriation	219.745	219.745	234.000
42.00 Transferred from other accounts	12.500	11.600	
43.00 Appropriation (total)	232.245	231.345	234.000
Permanent:			
68.00 Spending authority from offsetting collections	4.635	6.931	7.139
Relation of obligations to outlays:			
71.00 Total obligations	237.372	241.008	244.626
72.40 Obligated balance, start of year: Unpaid obligations: Treasury balance	50.871	65.582	57.654
74.40 Obligated balance, end of year: Unpaid obligations: Treasury balance	–65.582	–57.654	–53.689
77.00 Adjustments in expired accounts	–4.497		
87.00 Outlays (gross)	218.164	248.936	248.591
Adjustments to gross budget authority and outlays:			
Offsetting collections from:			
88.00 Federal sources	–4.428	–6.855	–7.061
88.40 Non-Federal sources	–207	–76	–78
88.90 Total, offsetting collections	–4.635	–6.931	–7.139
89.00 Budget authority (net)	232.245	231.345	234.000
90.00 Outlays (net)	213.529	242.005	241.452

Peace Corps operating expenses will provide direct and indirect support for approximately 7,100 Americans engaged in voluntary services in 94 countries worldwide in FY 1995. The Volunteers help fill the trained manpower needs of developing countries and encourage self-sustaining development of skilled manpower. Peace Corps promotes mutual understanding between the peoples of the developing world and the United States and focuses the attention of the American people on the concepts of voluntarism and self-help at the grassroots level.

Africa Region.—The Africa Region will support 1,452 new trainees and an average of 2,442 Volunteers during FY 1995.