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DOC DATE: 26 APR 99
SOURCE REF: AER128

KEYWORDS: REFUGEES
BUDGET

KOSOVO
LEGISLATIVE REFERRAL

PERSONS: ATWOOD, BRIAN

SUBJECT: USAID DEVELOPMENT TESTIMONY ON SUPPLEMENTAL APPROPRIATIONS FOR
KOSOVO

ACTION: ~~CONCURRENCE TO OMB~~ BY PHONE
Action completed

DUE DATE: 26 APR 99 STATUS: C

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*CPL - ES talked w/ Kathleen Murphy
AID/Leg. Affairs
712-4422*

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Total Pages: _____

LRM ID: AER128

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Monday, April 26, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: John D. Burnlm (for) Assistant Director for Legislative Reference

OMB CONTACT: Annette E. Rooney

PHONE: (202)395-7300 **FAX:** (202)395-5691

SUBJECT: US Agency for International Development Testimony on Supplemental Appropriations for Kosovo

DEADLINE: 4:00 PM Monday, April 26, 1999

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: If you do not respond by the deadline, we will presume that your agency has no comment.

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LRM ID: AER128 SUBJECT: US Agency for International Development Testimony on Supplemental Appropriations for Kosovo

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

**TO: Annette E. Rooney Phone: 395-7300 Fax: 395-5691
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-6194**

**FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)**

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur
_____ No Objection
_____ No Comment
_____ See proposed edits on pages _____
_____ Other: _____
_____ FAX RETURN of _____ pages, attached to this response sheet

**Testimony by
J. Brian Atwood
Administrator, U.S. Agency for International Development**

**before the
Senate Appropriations Committee on Foreign Operations**

**April 27, 1999
Washington, D.C.
(draft)**

Mr. Chairman and Members of the Committee: It is a pleasure to be here to speak in support of the President's supplemental request for humanitarian assistance to the Kosovo refugees and for support of the frontline states of the region.

I have just returned from Albania and Macedonia, where I met with refugees, relief workers, diplomats, officials of the frontline states, representatives of nongovernmental organizations, and leaders of NATO. On the basis of what I saw and heard, I feel strongly that the refugee crisis must be seen in the context of the entire military and political crisis in the Balkans, and that the humanitarian aid we propose is an integral part of the total NATO undertaking.

The refugees are not a byproduct of the war. They are the central fact of the war. Slobodan Milosevic has cruelly forced them from their homeland, and when it suits his purpose he cynically turns their exodus on and off like a spigot. He is attempting not only to seize their homeland but also to use their plight as a weapon to destabilize other countries in the region. His actions are ruthless and criminal and cannot be permitted to succeed. That is why the funding we propose is intended not only to meet the urgent needs of the refugees but to strengthen this entire region as it confronts this unprecedented challenge.

It is difficult to convey the scope of this disaster and the horror that has been inflicted on these innocent people. Something like 700,000 men, women and children have been forced from their homes and have crossed the borders into Albania, Macedonia and Montenegro. No one knows how many are still in hiding in Kosovo -- estimates go as high as 800,000 -- or how many have been executed.

The refugees are in bad shape, physically and psychologically. They have been traumatized by the brutality of Serb military forces. Many have seen their friends and loved ones killed and their homes burned to the ground. They have been herded onto trains, or forced to flee on foot, and deported from their country. Many have been tortured. Parents are desperately concerned about the fate of their children, and thousands of children have become separated from their parents. To see their courage in the face of the most cruel and cynical man-made adversity is to realize that we must pursue our humanitarian mission just as vigorously as we pursue the military actions that will repel and punish the aggressor.

I cannot say enough about the heroic performance of the aid workers I met. Some are American, others are from many other nations, and all are working tirelessly to bring life and hope to the refugees. I'm particularly proud of USAID's two Disaster Assistance Response Teams that are in the area, one in Albania and one in Macedonia. These teams serve as our eyes and ears on the ground, gathering invaluable information for us to use as we plan our relief efforts. Throughout the region, relief workers are performing with exceptional courage in conditions of great personal danger. When I was in Albania, the relief community was deeply saddened by the death of two Americans, David and Penny McCall, board members of Refugees International, who

were killed in an auto accident outside Kukes, along with the organization's European representative, Yvette Pierpaoli. They died as they had lived, while helping those in need. Their dedication was representative of thousands of relief workers around the world who place themselves in harm's way every day to relieve human suffering.

Mr. Chairman, the President's supplemental request includes \$591 million to be used for Function 150 humanitarian assistance for the refugees and for economic support to the frontline states during the remainder of this fiscal year. This funding will support programs carried out by both the Department of State and USAID. The \$591 million includes \$386 million for humanitarian assistance; \$150 million for assistance to the frontline states; \$30 million for security assistance; and \$25 million for operating budgets of the Department of State, USIA and Peace Corps.

Humanitarian Assistance

We do not know how many refugees will ultimately need our help. In addition to those who have already crossed the borders, there are a great many more men, women and children in Kosovo who have been driven from their homes but are still in hiding in Kosovo and must be assumed to be in urgent need of assistance. Our plans are based on care and maintenance for up to a million refugees and internally displaced persons for the rest of this fiscal year. In our worst-case scenario that figure rises to a million and a half. The proposed budget gives us the flexibility to deal with both possibilities.

The \$386 million for humanitarian assistance includes \$220 million for *refugee assistance*. This comprises \$125 million for the Department of State's Migration and Refugee Assistance Account and \$95 million for State's Emergency Refugee and Migration Assistance account to respond to urgent refugee needs by supporting programs carried out by international and nongovernmental organizations. The funds will be used for life-sustaining assistance to people uprooted by the Kosovo crisis, to support the multilateral effort to transport Kosovar refugees to temporary shelter in other countries, and to provide resources should additional refugee needs arise.

This humanitarian assistance also includes \$71 million to USAID for *International Disaster Assistance*. Of this amount, \$68 million will both replenish the disaster assistance account for help already provided in the region and also provide additional funds to assist Kosovo refugees for the remainder of the fiscal year. These programs will be carried out by USAID's Office of Foreign Disaster Assistance (OFDA). The basic relief assistance provided for here includes emergency shelter, adequate water and sanitation, food, clothing, and medical care. In addition, many of the refugees have been traumatized by the brutality that has been directed against them by the Serb aggressors and are in urgent need of counseling.

USAID is already funding logistical support in the region for a World Food Program airlift, and as conditions change we expect to be called upon to support a variety of programs for the air, sea and land distribution of food, medicine and other supplies. USAID also expects to play a role in short-term infrastructure support, such as repairing roads and local water and sanitation systems that are overwhelmed by the influx of refugees. When it is possible for the refugees to return to

their homes, we intend to have the people, programs and supplies pre-positioned to address needs in Kosovo. These funds will also support the work of USAID's two Disaster Assistance Response Teams (DART) in the region, which are playing an extremely important role in assessing needs in the frontline states and refugee camps and advising and coordinating the U.S. relief operation.

This \$71 million also includes \$3 million to support the Federal Emergency Management Agency's role in the crisis, including its operation of a 24-hour, toll-free phone bank for private donations.

Finally, the humanitarian assistance includes \$95 million *humanitarian assistance to frontline states and Kosovars* funded by the SEED (Support for Eastern European Democracy) account. The request provides \$35 million for assistance for countries in the region affected by the crisis and \$60 million to address regional requirements for the safety, well-being, and return of Kosovar refugees in Albania, Macedonia, Bosnia and Montenegro. These funds would be used for such activities as repair or strengthening of host-community water wells, roads, power systems, schools and clinics that are used to serve the refugees; assistance for traumatized victims of the refugee crisis; support for local nongovernmental organizations that assist the refugees; job creation in host communities; and support for voluntary organizations started by the refugees in the camps.

Economic Assistance to the Frontline States

The requested \$150 million includes \$100 million for *balance of payments relief* and \$50 million of *bilateral assistance to the frontline states*. These funds are intended to counter the destabilizing effects, both political and economic, that the refugee crisis is having on the states around Serbia. Because of the crisis these states' commerce and tax revenues are falling while the demand for their services is skyrocketing. These funds will be used to provide stability in countries that are in the midst of difficult transitions from communism to free-market democracies and are offering vital support to the NATO coalition. In addition to the proposed U.S. assistance, the International Monetary Fund, the World Bank and the European Union will supply a larger amount of funding to help these countries survive the pressures that now beset them.

Of the proposed \$150 million, \$100 million will support a campaign carried out by international financial organizations to *close the balance of payments gap* for Albania, Bosnia, Bulgaria, Macedonia, Romania and Montenegro. (The tentative breakdown is Albania, \$7 million; Bosnia, \$22 million; Bulgaria, \$25 million; Macedonia, \$22 million; Romania, \$14 million; and Montenegro, \$10 million.) The World Bank, IMF and the Department of the Treasury believe this is an effective way to bolster these counties, all of which are supporting the NATO war effort and the international effort to assist the refugees.

Additionally, the administration is requesting \$50 million in *SEED assistance to the frontline states* to strengthen friendly and reform-minded governments; to address several economic and social pressures caused by the crisis; and to protect the \$3 billion SEED investment already made in this region. (These SEED funds have gone for strengthening the rule of law, developing financial institutions and free markets, supporting elections and a free media, and developing local governments and nongovernmental organizations.) Initiatives would include training law enforcement officers, providing financial advice to governments and financial credit to small entrepreneurs, and supporting public health projects in areas serving refugees.

Security Support

\$30 million is requested for security programs, including \$25 million *to train a police force for Kosovo*. The training would be done as soon as possible, in the frontline states, so that the police will be available as soon as the Kosovars are able to return to their homes. Additionally, \$5 million is requested to support the *documentation of war crimes* and other atrocities by the International Criminal Tribunal for the Former Yugoslavia. The Tribunal has been charged by the international community with investigating alleged war crimes and bringing offenders to justice. U.S. policy strongly supports such action.

Operating Budgets (State, USIA, Peace Corps)

The requested \$25 million would help pay for evacuations of Peace Corps and USIA personnel from Belgrade, other personnel costs, the cost of increased security at U.S. embassies, improved communications, and costs of the Rambouillet conference.

Mr. Chairman, these outlays make up the \$591 million that the President has requested for Function 150 humanitarian purposes. We are not alone in taking action to meet the crisis that has been caused by the Serb aggression and its massive violation of the basic human rights of the ethnic Albanians in Kosovo. A larger amount of assistance is being provided by the European Union and other countries, and it is important that all developed nations join forces against the Serb aggression. But it is also important for the United States to provide its traditional "fair share" of twenty to twenty-five percent of major international humanitarian assistance programs, both to maintain our historic leadership role and because of our strategic interests in this part of the world.

I will be glad to take your questions.

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