

THE WHITE HOUSE
WASHINGTON

February 16, 1999

The Speaker of the

House of Representatives

Sir:

I ask the Congress to consider expeditiously the enclosed requests for emergency FY 1999 supplemental appropriations. The requests provide for emergency disaster and reconstruction assistance expenses arising from the consequences of the recent hurricanes in Central America and the Caribbean and the recent earthquake in Colombia, for the replenishment of Department of Defense and United States Agency for International Development accounts that have been used to an unprecedented extent to provide assistance associated with these natural disasters, and for Department of Justice to cover the cost of additional detentions that result from our humanitarian policies and from the greater number of illegal border crossings in response to the hurricane.

These requests were developed in close bipartisan consultation with the Congress. In light of bipartisan recognition that the needs for reconstruction are pressing, I urge the Congress to act quickly to restore hope to this region and help our neighbors return to the path of democracy and economic growth. If the Congress completes action by the end of March, then funds could be made available in time for the spring planting season, thereby restoring the prospect of jobs and hope to thousands who need it. My Administration will soon send to the Congress, as well, a proposal to enhance economic growth in the region by expanding the trade benefits of the Caribbean Basin Economic Recovery Act. I urge the Congress to consider and enact this proposal speedily.

I hereby designate the following requests as emergency requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

International Assistance Programs

- International Security Assistance, Economic Support Fund: \$621,000,000
- International Development Assistance -- Multilateral Assistance, Debt Restructuring: \$41,000,000

- Agency for International Development, International Disaster Assistance: \$25,000,000

Department of Defense

- Operation and Maintenance, Disaster Relief Transfer Fund: \$188,500,000

Department of Justice

- Immigration and Naturalization Service, Salaries and Expenses -- Enforcement and Border Affairs: \$80,000,000

In addition to these emergency appropriations, I am requesting that the Congress approve a one-time restoration, for the remainder of FY 1999, of the special authority provided to me by section 506(a)(2)(B) of the Foreign Assistance Act of 1961, as amended, to draw down up to \$75 million of the inventory and resources of the Department of Defense for the purposes described in section 506(a)(2)(A) of the Foreign Assistance Act. The existing authority was entirely used in response to Hurricane Mitch.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

A handwritten signature in black ink that reads "William J. Clinton". The signature is written in a cursive style with a large initial "W" and a distinct "J" before the last name.

Enclosure



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 16, 1999

The President

The White House

Submitted for your consideration are requests for FY 1999 emergency supplemental appropriations for International Assistance Programs, the Department of Defense (DOD) and the Department of Justice. A total of \$956 million in new budget authority is requested to address emergency needs arising from the recent hurricanes in Central America and the Caribbean and the recent earthquake in Colombia. These devastating hurricanes included Hurricane Mitch, which occurred after the enactment of P.L. 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act for FY 1999, and Hurricane Georges, which together caused over \$10 billion in damage in the Central American nations of Honduras, Nicaragua, Guatemala and El Salvador, and in the Dominican Republic and other Caribbean nations.

These proposals for emergency funding follow a rigorous review of the humanitarian assistance and reconstruction needs created by these natural disasters, of the assistance commitments of other donors, and of the comparative advantage that the United States has or does not have in providing certain types of assistance. Each request has been kept to the absolute essential level, and is limited to the amount necessary to help the most vulnerable segments of society in Central America and the Caribbean begin the long recovery process; to replenish the critical accounts in DOD and the United States Agency for International Development (USAID) that have already been depleted in the effort to provide immediate assistance to these regions; and to address Department of Justice detention requirements for Central Americans. While substantial, the total amount of U.S. assistance that will be provided, including the requested emergency supplemental funding, will cover only 10 to 12 percent of the total needs created by these disasters and account for only 17 percent of worldwide assistance pledged to date.

Without the requested emergency funding, the United States will not be able to continue the widely-praised relief and reconstruction efforts that we have begun in Central America and the Caribbean, and will not have adequate resources to continue critical humanitarian demining activities or to appropriately respond to other foreign disasters this year.

As described in the enclosures, the following emergency supplementals are requested to address needs related to Hurricanes Mitch and Georges:

- \$621 million for the Economic Support Fund to address reconstruction and disaster mitigation needs in Central America, the Caribbean, and Colombia. The bulk of these funds will be administered by USAID, although a number of other agencies will also play a role in the implementation of reconstruction and disaster mitigation activities funded by this request through transfers from USAID. The funds will be used for such activities as:
 - ▶ \$283 million to restart the affected economies by constructing or repairing over 700 kilometers of rural roads, by providing 70,000 micro-enterprise loans, by providing seeds, tools, and fertilizer for almost five million people, and by helping 65,000 hillside farmers adopt sustainable production techniques.
 - ▶ \$136 million for public health programs to reconstruct or rehabilitate over 750 health posts and clinics to benefit at least four million people, to provide water and sanitation services for nearly four million people, and to provide disease control, surveillance and prevention for over 17 million people.
 - ▶ \$64 million to provide technical assistance for environmental management and disaster mitigation, including land use planning and appropriate resource management, assistance for the protection of key ecosystems, and replacement of destroyed harbor navigation aids in Honduras, Nicaragua, and El Salvador with improved global positioning aids.
 - ▶ \$55 million to repair and re-equip over 1,700 schools, to establish over 6,000 open-air schools, to build over 6,000 new housing units, and to provide school supplies for over 200,000 children.
 - ▶ \$42 million for additional reconstruction assistance for the Dominican Republic and other Caribbean nations affected by Hurricane Georges, to be concentrated in the areas of health, economic revitalization and housing.
 - ▶ \$12 million to help local governments manage reconstruction assistance and improve planning for future disasters, including provision of anti-corruption training for municipal government and Non-Governmental Organization (NGO) employees so that they will be able to avoid the diversion of assistance.

- ▶ \$10 million for law enforcement to design and implement anti-corruption programs, including development of internal audit/oversight mechanisms and automated immigration records to facilitate information sharing at all border-crossing points.
- ▶ \$6 million for USAID operating expenses to cover a portion of the additional operating costs that will be incurred in the implementation of emergency reconstruction assistance, including the cost of auditing this assistance.
- ▶ \$3 million to reach out to the private sector in the United States by targeting additional U.S. private sector donors, by helping to coordinate delivery of donations, and by helping to monitor distribution of donations in Central America.
- ▶ \$10 million to assist Colombia in addressing the effects of the recent earthquake in the areas of health, housing, and schools.
- \$41 million for debt restructuring and relief, including \$16 million for the budget cost of reducing Honduras' bilateral debt with the United States (for a face-value reduction of \$103 million) and \$25 million for a contribution to a Central American Emergency Trust Fund that will help to cover the cost of debt service owed by these Central American countries to the World Bank and other International Financial Institutions.
- \$25 million for USAID for international disaster assistance, of which \$20 million will partially replenish immediate disaster relief expenditures in Central America associated with Hurricane Mitch. USAID has spent a total of \$35 million in response to this hurricane, at least \$25 million more than for a typical natural disaster, and this partial replenishment will help to ensure that sufficient resources are available to respond to ongoing and unforeseen foreign disasters for the remaining eight months of the fiscal year.
- \$188.5 million for DOD for the following purposes:
 - ▶ \$132.5 million to replenish DOD accounts that were used during the U.S. response effort -- \$75 million for operation and maintenance and military personnel accounts that were the source of drawdown funding; \$37.5 million for the Overseas Humanitarian Disaster and Civic Aid account (to include your initiative on demining), and \$20 million for the Commanders in Chief (CINC) Initiative Fund.

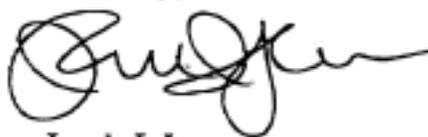
- ▶ \$56 million to fund expanded U.S. National Guard and Reserve "New Horizons" exercises in the four Central American countries and in the Dominican Republic. As part of their training, Reservists will construct clinics, schools, and wells, repair roads, and provide medical services to the benefit of the affected areas.
- ▶ \$80 million for the Department of Justice's Immigration and Naturalization Service (INS) to support an increase in bed space for Central American criminal aliens held in detention by the INS and to address the greater number of illegal immigrants from Central America resulting from the destruction caused by Hurricane Mitch.

Also included for your consideration is a provision that would restore, for the remainder of FY 1999, the authority to drawdown the inventory and resources of DOD for humanitarian assistance and other purposes. This authority, which is contained in section 506(a)(2)(B) of the Foreign Assistance Act of 1961, and which is limited to \$75 million per year for DOD, was entirely used in response to Hurricane Mitch. The proposed restoration would ensure that DOD can continue to use this authority to respond to ongoing and unforeseen foreign disasters for the remaining eight months of the fiscal year.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. In addition, we have undertaken bipartisan consultations with the Congress on the proposals, which have been received positively. Therefore, I join the heads of the affected departments and agencies in recommending that these proposals be transmitted to the Congress.

Furthermore, I recommend that you designate the amounts requested in the emergency proposals as emergency funding requirements pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Sincerely,



Jacob J. Lew
Director

Enclosures

INTERNATIONAL ASSISTANCE PROGRAMS

INTERNATIONAL SECURITY ASSISTANCE

Economic Support Fund

Notwithstanding section 10 of Public Law 91-672, for an additional amount for "Economic Support Fund" to address the effects of hurricanes in Central America and the Caribbean and the earthquake in Colombia, \$621,000,000, to remain available until September 30, 2000: Provided, That such assistance may be made available notwithstanding such provisions of law regulating the making, performance, amendment, or modification of contracts as the Administrator of the United States Agency for International Development (USAID) may specify: Provided further, That up to \$6,000,000 of the funds appropriated by this paragraph may be used for administrative costs of USAID in addressing the effects of those hurricanes, including costs incurred prior to the date of enactment of this paragraph and costs associated with auditing the expenditure of the funds appropriated by this paragraph, of which up to \$1,000,000 may be used to contract directly for the personal services of individuals in the United States: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide \$621 million for the Economic Support Fund to provide reconstruction and disaster mitigation assistance to Central America in response to the damage caused by Hurricane Mitch, to the Dominican Republic, Haiti, and the Eastern Caribbean in response to Hurricane Georges in the areas of public health, economic reactivation, housing and school reconstruction, local government, law enforcement, and environmental management and disaster mitigation, and to Colombia in response to the recent earthquake in the areas of health, housing, and schools.

The request includes language that would allow USAID and other implementing agencies to contract for the provision of assistance notwithstanding provisions of law regarding the making, amending, and modification of contracts that could unnecessarily slow the procurement process and restrict the ability to provide time-sensitive assistance. The State Department, USAID or other implementing agencies, as the case may be, would still be responsible for meeting the notification and reporting requirements of sections 634 and 653 of the Foreign Assistance Act.

The request would allow USAID to use up to \$6 million of the amount requested for administrative expenses, an administrative to program ratio of less than one percent. Of this total, up to \$1 million could be used to employ personnel service contractors in Washington; this would allow USAID to adequately manage the emergency assistance program without permanently increasing its staff. Finally, the language would allow a portion of the funds available for administrative expenses to be used for auditing the use of the total funds requested.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balance Budget and Emergency Deficit Control Act of 1985, as amended.

INTERNATIONAL ASSISTANCE PROGRAMS

INTERNATIONAL DEVELOPMENT ASSISTANCE
MULTILATERAL ASSISTANCE

Debt Restructuring

Notwithstanding section 10 of Public Law 91-672, for an additional amount for "Debt Restructuring," \$41,000,000, to remain available until expended and subject to the terms and conditions under the same heading in the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999, as included in Public Law 105-277, section 101(d): Provided, That up to \$25,000,000 may be used for a contribution to the Central America Emergency Trust Fund, administered by the International Bank for Reconstruction and Development: Provided further, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide \$41 million for debt restructuring and relief, including \$16 million for the budget cost of reducing Honduras' bilateral debt with the United States (for a face-value reduction of \$103 million) and \$25 million for a contribution to a Central American Emergency Trust Fund that will help to cover the cost of debt service owed by these Central American countries to the World Bank and other International Financial Institutions.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balance Budget and Emergency Deficit Control Act of 1985, as amended.

INTERNATIONAL ASSISTANCE PROGRAMS
AGENCY FOR INTERNATIONAL DEVELOPMENT

International Disaster Assistance

Notwithstanding section 10 of Public Law 91-672, for an additional amount for "International Disaster Assistance" for necessary expenses for international disaster relief, rehabilitation, and reconstruction assistance, pursuant to section 491 of the Foreign Assistance Act of 1961, as amended, \$25,000,000, to remain available until expended: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide \$20 million for International Disaster Assistance to replenish the U.S. Agency for International Development's (USAID's) international disaster contingency account. USAID has already expended \$30 million from this account on Hurricanes Mitch and Georges, at least three times what USAID typically spends on a foreign natural disaster, and without a partial replenishment, the account may not have sufficient resources to respond to unforeseen disasters for the remaining eight months of the fiscal year. In addition, \$5 million would fund relocation activities in Honduras. As with the regular FY 1999 appropriation for International Disaster Assistance, funds appropriated by this supplemental could be used notwithstanding any other provision of law.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balance Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF DEFENSE

OPERATION AND MAINTENANCE

Disaster Relief Transfer Fund

For emergency expenses incurred by U.S. military forces supporting relief, rehabilitation, and restoration operations and training activities undertaken in response to disasters, \$188,500,000, to remain available for transfer until September 30, 1999, of which not to exceed \$20,000,000 may be available for the CINC Initiative Fund account: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That the Secretary of Defense may transfer these funds to accounts and to working capital funds, to be merged with and available for the same purposes and for the same time period as the accounts to which transferred: Provided further, That the transfer authority provided in this provision is in addition to any transfer authority available to the Department.

This supplemental request would create a new account to restore readiness and other funds diverted to relief and rehabilitation efforts in Central America in response to Hurricane Mitch. In addition, the supplemental request would provide \$56 million to fund "New Horizons," a DOD National Guard and Reserve training program. As part of their training, Guard and Reserve personnel will construct clinics, schools, and wells, repair roads, and provide medical services to the benefit of the affected areas.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

DEPARTMENT OF DEFENSE

GENERAL PROVISION

The value of articles, services, and military education and training authorized as of November 15, 1998, to be drawn down by the President under the authority of section 506(a)(2) of the Foreign Assistance Act of 1961, as amended, shall not be counted against the ceiling limitation of that section.

A one-time increase in drawdown authority for the Department of Defense is requested for use should circumstances warrant before the end of FY 1999. The Department has already spent \$75 million in response to Hurricane Mitch. This request would allow an additional \$75 million to be spent.

DEPARTMENT OF JUSTICE

IMMIGRATION AND NATURALIZATION SERVICE

Salaries and Expenses
Enforcement and Border Affairs

For an additional amount for "Salaries and Expenses, Enforcement and Border Affairs" to support increased detention requirements for Central American criminal aliens and to address the expected influx of illegal immigrants from Central America as a result of Hurricane Mitch, \$80,000,000, which shall remain available until December 31, 1999: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

This request would provide \$80 million for Enforcement and Border Affairs within the Immigration and Naturalization Service (INS) to support an increase in bedspace for Central American criminal aliens held in detention by the INS and to address an expected influx of illegal immigrants from Central America resulting from the destruction caused by Hurricane Mitch.

All criminal alien removals to Honduras, Nicaragua, El Salvador and Guatemala were suspended for two months after Hurricane Mitch in a desire by the US not to compound the economic problems of the Central American countries. While limited controlled removals have begun, the pace remains slow. In addition, at current funding levels INS does not have the resources to detain illegal non-criminal border crossers from Central America; instead they are being set free within the US. If this situation continues, INS is concerned that many more people will attempt to illegally cross the border. The Administration believes that the detention and return of illegal aliens along the Southwest border serves as a deterrent to future illegal crossings.

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

THE WHITE HOUSE

Office of the Press Secretary

Embargoed until 2:00 PM EST

February 16, 1999

STATEMENT BY THE PRESIDENT

PRESIDENT CLINTON PROPOSES NEARLY \$1 BILLION PACKAGE IN DISASTER ASSISTANCE; AID WILL HELP CENTRAL AMERICA AND THE CARIBBEAN REBUILD AFTER HURRICANES MITCH AND GEORGES

President Clinton today proposed \$956 million in funding for disaster assistance in the wake of Hurricane Mitch and Hurricane Georges, which hit the Central American nations of Honduras, Nicaragua, El Salvador, and Guatemala, along with Haiti, the Dominican Republic, and other Caribbean nations, in the fall of 1998. The additional funding, announced today by First Lady Hillary Rodham Clinton at the White House, brings total United States assistance to these countries to more than \$1.2 billion.

In his letter of transmittal to Congress, the President said, "In light of the close consultation we have had, and the bipartisan recognition that the needs for reconstruction are pressing, I urge the Congress to act quickly to restore hope to this region and help our neighbors return to the path of democracy and economic growth."

Central America's full recovery from the storms are clearly in the U.S. national interest. Over the past decade, the region has made tremendous strides toward settling conflicts, strengthening democracy, promoting human rights, opening economies, and alleviating poverty. The economic destruction and dislocation caused by the hurricanes threatens to undermine these achievements. Disaster assistance to our Central American partners will ensure that their transformation continues.

Hurricane Mitch was the worst natural disaster ever to strike the Western Hemisphere. It caused the deaths of more than 9,000 people, left millions homeless, and resulted in more than \$8.5 billion in damages to homes, hospitals, schools, roads, farms and businesses throughout the region. Even today, hundreds of thousands of Central Americans cannot return to their homes while the economy, largely dependent on agriculture, has been severely damaged.

To date, the United States government has provided more than \$300 million in humanitarian relief aid to provide food, medicine, emergency shelter, and agricultural assistance through civilian relief workers and US military personnel, while also helping to clear roads and install bridges. Responding immediately to the disasters, the Agency for International Development (USAID), the Department of Agriculture and the Department of Defense were responsible for delivering urgently needed relief supplies to millions of people.

More than 5,000 U.S. military personnel have been working side by side with our Central American neighbors to help rebuild these nations and restore hope to the region.

The President's proposal will provide funding for reconstruction and restoration of local economies, prevention efforts to avoid future losses through environmental management and disaster mitigation, and debt relief.

It will repay USAID and the Department of Defense for funds already spent in immediate response to the hurricanes. This proposal also will provide \$80 million to the Department of Justice's Immigration and Naturalization Service to support policies to delay deportation to these countries and for other costs related to these disasters.

This proposal also allocates \$10 million to Colombia to help address needs arising from its recent earthquake, focusing assistance on health, housing and schools.

Central American Nations

More than a dozen Cabinet agencies will be involved in the relief efforts for Central America. For example, the Department of Health and Human Services will continue to take active measures to advance public health, and the Department of Agriculture will assist with farming recovery and land use planning. Funds in this package for the Central American nations hit by Hurricane Mitch will provide assistance as follows:

Reconstruction Assistance (\$ 613 million):

- Restore clean water and sanitation systems and preserve public health, including:
 - ▶ Repairing over 700 damaged health clinics to serve at least 4 million people;
 - ▶ Providing clean water and sanitation services for more than 7 million people;
 - ▶ Stemming the spread of contagious diseases through health surveillance and prevention for more than 17 million people.
- Help rebuild housing, schools, and roads, including:
 - ▶ Providing temporary shelter for 20,000 people;
 - ▶ Building 6,400 new housing units;
 - ▶ Establishing 6,000 temporary "open-air" schools and repair more than 1700 schools.

- Restore agriculture, rebuild economies and create jobs, including:
 - ▶ Restoring agricultural production through technical assistance and delivery of seeds, fertilizer, and tools to small farmers;
 - ▶ Providing over 70,000 micro-enterprise loans;
 - ▶ Providing credit subsidy to the U.S. Export-Import Bank for short and medium term trade credits for imports of essential goods from the US
 - ▶ Rebuilding roads and bridges;
 - ▶ Funding business outreach for overseas private investment through Overseas Private Investment Corporation.
 - ▶ Help local governments to manage the crisis with advice and assistance in reconstruction and in the management of funding to ensure that assistance is used efficiently and serves its intended goal.

- Debt Relief: In order to enable Central American nations to concentrate on rebuilding their economies, this proposal would provide for debt relief with:
 - ▶ A deferral by the U.S. of all bilateral debt service requirements for the next two years (\$54 million);
 - ▶ An increase in forgiveness of \$19 million of Nicaragua's bilateral debt (for a total of 90%, or \$75 million) and of \$26 million of Honduras' (for a total of two-thirds, or \$103 million) through agreement with other nations in The Paris Club; and
 - ▶ A contribution by the U.S. of \$25 million to a multi-nation fund to cover debt service obligations of Nicaragua and Honduras to international financial institutions during the deferral period. This fund, the Central America Emergency Trust Fund, will be sponsored by the World Bank.

Caribbean Nations

Included in this reconstruction funding is the assistance of \$50 million to the Dominican Republic, Haiti, and the Eastern Caribbean, which collectively suffered more than \$1.5 billion in damage from Hurricane Georges. This assistance will be concentrated in the areas of housing, health, and economic revitalization.

Environmental Management and Disaster Mitigation (\$64 million):

- Assist farmers to use methods that are less likely to result in soil erosion, which would reduce the damage from future hurricanes, and will encourage farmers to shift to more productive crops.
- Help local governments establish land use planning systems to mitigate effects of future hurricanes and protect key ecosystems.

Crisis Corps

Financing will also be provided for the expanded effort by the U.S. National Guard and Reserve to rebuild schools and clinics in the four Central American countries and the Dominican Republic and to deploy 220 Peace Corps volunteers drawn primarily from the new "Crisis Corps" of those who formerly served in the Peace Corps and who now are pitching in to provide short-term assistance.