



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 9, 2001

H.R. 2604

A bill to authorize the United States to participate in and contribute to the seventh replenishment of the resources of the Asian Development Fund and the fifth replenishment of the resources of the International Fund for Agricultural Development, and to set forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Development Bank

As ordered reported by the House Committee on Financial Services on October 31, 2001

SUMMARY

H.R. 2604 would authorize the appropriation of funds for the United States' contribution to the Asian Development Fund (ADF) and the International Fund for Agriculture Development (IFAD). The bill also would authorize the appropriation of \$10 million in 2002 for grants to the multilateral development banks for the cost of increasing the transparency of their operations. Finally, the bill would direct the Secretary of the Treasury to instruct the U.S. Executive Directors of the multilateral development banks to work toward certain policy objectives.

Assuming the appropriation of the authorized amounts, CBO estimates that implementing H.R. 2604 would cost \$25 million in 2002 and \$276 million over the 2002-2006 period. Because H.R. 2604 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 2604 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2604 is shown in the following table. The estimate assumes that the authorized amounts will be appropriated over the next four years and that outlays will follow historical spending patterns. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^a	77	0	0	0	0	0
Estimated Outlays	167	142	117	88	58	12
Proposed Changes						
Estimated Authorization Level	0	128	118	103	103	0
Estimated Outlays	0	25	46	60	70	75
Spending Under H.R. 2604						
Estimated Authorization Level ^a	77	128	118	103	103	0
Estimated Outlays	167	167	163	148	128	87

a. The 2001 level is the amount appropriated for that year for ADF and IFAD.

BASIS OF ESTIMATE

Sections 1 and 2 of H.R. 2604 would authorize the appropriation of \$412 million for the seventh replenishment of the ADF and \$30 million for the fifth replenishment of the IFAD, respectively. International agreements to replenish the resources of multilateral development banks (MDBs) typically cover a number of years. For the purpose of this estimate, CBO assumes the appropriation of the authorized amounts would follow the schedule of contributions agreed upon by the United States and other donors.

According to Administration documents, the replenishment agreement for the ADF would cover four years and the replenishment agreement for IFAD would cover two years. CBO assumes the authorized amount for the ADF would be provided in four installments of \$103 million a year over the 2002-2005 period. Similarly, CBO assumes the \$30 million authorization for the IFAD would be provided in two installments of \$15 million a year in

2002 and 2003. Assuming the appropriation of the authorized amounts, CBO estimates that implementing these provisions would cost \$21 million in 2002 and \$266 million over the 2002-2006 period.

Section 5 would authorize the appropriation of \$10 million in 2002 for the Secretary of the Treasury to make grants to the various MDBs to improve the transparency of their operations. CBO estimates spending of the authorized amount would follow the pattern of the Treasury Department's technical assistance program and cost \$10 million over the 2002-2006 period.

The remaining sections of the bill would direct the Secretary of the Treasury to instruct the U.S. Executive Directors of the MDBs to work toward certain policy objectives. CBO estimates that implementing these provisions would not affect spending.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2604 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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