



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 29, 2000

S. 2677 **Zimbabwe Democracy Act of 2000**

As passed by the Senate on June 23, 2000

SUMMARY

S. 2677 would prohibit certain types of assistance to the government of Zimbabwe, including debt relief, arms sales and financing, but not humanitarian assistance and support for governance, conservation, land reform, or removal of land mines. CBO estimates that those prohibitions would lower outlays from existing balances by \$1 million in 2001. Because it would affect direct spending, S. 2677 would be subject to pay-as-you-go procedures.

The act would also authorize additional funding to promote democracy and land reform in Zimbabwe under certain conditions. CBO estimates that implementing those programs and the restrictions would have a net discretionary cost of \$15 million over the 2001-2005 period, assuming appropriation of the estimated amounts.

S. 2677 would impose a private-sector mandate, as defined by the Unfunded Mandates Reform Act (UMRA), on exporters of defense-related items who would be prohibited from exporting to Zimbabwe under section 38 of the Arms Export Control Act. CBO estimates that the cost of complying with the mandate would fall well below the annual threshold established by UMRA (\$109 million in 2000, adjusted annually for inflation). The bill contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the act is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

BASIS OF ESTIMATE

S. 2677 would prohibit certain types of assistance to the government of Zimbabwe. Those restrictions would apply until the President certifies that specific conditions have been met. CBO assumes that the certification could be made in fiscal year 2003, following Zimbabwe's Presidential election in 2002. The act would affect both spending from current balances and spending subject to appropriation.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Aid to Zimbabwe						
Estimated Authorization Level ^a	13	13	13	13	13	13
Estimated Outlays	10	12	13	13	13	13
Proposed Changes						
Restrictions on Aid						
Estimated Authorization Level	0	b	b	0	0	0
Estimated Outlays	0	b	b	b	b	0
Support of Land Reform						
Estimated Authorization Level	0	0	0	16	0	0
Estimated Outlays	0	0	0	1	9	3
Support for Good Governance and Democracy						
Estimated Authorization Level	0	3	0	0	0	0
Estimated Outlays	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>b</u>	<u>b</u>
Subtotal-Proposed Changes						
Estimated Authorization Level	0	2	b	16	0	0
Estimated Outlays	0	b	b	2	9	3
Spending Under S. 2677 for Aid to Zimbabwe						
Estimated Authorization Level ^a	13	15	12	29	13	13
Estimated Outlays	10	12	14	14	22	16
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	-1	b	0	0	0

a. The 2000 level is the estimated amount of appropriations for aid to Zimbabwe. The amounts for 2001 through 2005 are projections that assume that annual appropriations are provided during that period in the same amounts. If those amounts are adjusted to reflect anticipated inflation, the annual level would rise from \$13 million in 2000 to \$14 million by 2005.

b. Costs or savings of less than \$500,000.

Spending Subject to Appropriation

Most of the \$13 million in annual assistance that the United States provides Zimbabwe does not go to the government and would not be affected by the act. The act, however, would affect spending subject to appropriation in three ways. First, the restrictions would lower spending on security assistance for Zimbabwe by less than \$500,000 each year that they are in effect. That estimate is based on average funding levels over the last three years. Second, the act would authorize \$16 million to support land reform, pending the Presidential certification. Third, S. 2677 would earmark not less than \$6 million in 2001 for programs to promote good governance and democracy, an increase of \$3 million over current funding. CBO estimates that implementing the act would cost \$15 million over the 2000-2005 period, assuming the appropriation of the estimated amounts.

Direct Spending

The prohibitions in the act would block the spending of balances in military financing, thereby lowering outlays by about \$1 million in 2001. CBO estimates that the restrictions on arms sales would have little net effect because receipts and outlays in that program tend to offset each other. Because CBO does not expect Zimbabwe to ask for debt relief, it does not estimate any other impact from the restrictions.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending are shown in the following table.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-1	0	0	0	0	0	0	0	0	0
Changes in receipts											

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2677 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 2677 would impose a private-sector mandate, as defined by UMRA, on exporters of defense-related items who would be prohibited from exporting to Zimbabwe under section 38 of the Arms Export Control Act. Historically, the value of export licenses granted for such merchandise has been less than \$2 million per year. Thus, the direct cost to exporters of complying with this mandate, measured in lost net income, would fall well below the annual threshold established by UMRA (\$109 million in 2000, adjusted annually for inflation).

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