

110TH CONGRESS
1ST SESSION

S. 2120

To authorize the establishment of a Social Investment and Economic Development Fund for the Americas to provide assistance to reduce poverty, expand the middle class, and foster increased economic opportunity in the countries of the Western Hemisphere, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 1, 2007

Mr. MENENDEZ (for himself, Mr. MARTINEZ, Mr. BIDEN, Mr. LUGAR, Mr. DODD, Mr. COLEMAN, Mr. SALAZAR, Mr. KERRY, Mrs. CLINTON, Mrs. BOXER, Mr. NELSON of Florida, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To authorize the establishment of a Social Investment and Economic Development Fund for the Americas to provide assistance to reduce poverty, expand the middle class, and foster increased economic opportunity in the countries of the Western Hemisphere, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Social Investment and Economic Development for the
6 Americas Act of 2007”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

- 3 Sec. 1. Short title; table of contents.
- 4 Sec. 2. Findings.
- 5 Sec. 3. Amendment to Foreign Assistance Act of 1961.
- 6 Sec. 4. Amendment to the Inter-American Development Bank Act.
- 7 Sec. 5. Sense of Congress.
- 8 Sec. 6. Payment of arrears owed by United States to the Multilateral Invest-
9 ment Fund.

3 **SEC. 2. FINDINGS.**

4 Congress makes the following findings:

5 (1) It is in the national interest and national
6 security interest of the United States to help foster
7 security and stability in Latin America and the Car-
8ibbean.

9 (2) Over the past 25 years, there has been tre-
10 mendous progress on democracy and economic
11 growth in the Western Hemisphere, and the hemi-
12 sphere is now a region dominated by democracies
13 and democratic values.

14 (3) the United States contributes, on average,
15 \$820,000,000 in bilateral development assistance to
16 Latin America and the Caribbean each year and has
17 continued to strengthen its commitment to pro-
18 moting our shared values, heritage, and culture
19 while confronting the common challenges we face.

20 (4) The United States has also contributed
21 through the Millennium Challenge Account more
22 than \$269,000,000 in development assistance to

1 countries in the region that have demonstrated a
2 commitment to just and democratic governance, eco-
3 nomic freedom, and investing in their people.

4 (5) Poverty and inequality remain historic and
5 persistent problems in the region, which undermine
6 progress on social and economic development. These
7 problems contribute to the rise of populist ideas and
8 add to inequality. The poverty rate in Latin America
9 is almost 40 percent, with little significant change
10 since the 1980s, and Latin America remains the re-
11 gion with the most unequal distribution of wealth in
12 the world.

13 (6) The region must also face the challenges of
14 staggering crime rates, weak judicial systems, and
15 inadequate housing, health care, and educational
16 systems.

17 (7) By expanding the middle class through pro-
18 moting microenterprise, improving the investment
19 climate, and creating a competitive workforce in
20 Latin America and the Caribbean, the United States
21 will be able to help respective governments improve
22 economic development in the region, and the coun-
23 tries of the region will become stronger trading part-
24 ners with the United States.

1 (8) Working in partnership with the countries
2 of the region, the United States can play a positive
3 role in addressing these challenges.

4 (9) As President George W. Bush said on
5 March 5, 2007, “The working poor of Latin Amer-
6 ica need change, and the United States of America
7 is committed to that change. It is in our national in-
8 terests, it is in the interest of the United States of
9 America to help the people in democracies in our
10 neighborhood succeed. When our neighbors are pros-
11 perous and peaceful, it means better opportunities
12 and more security for our own people. When there
13 are jobs in our neighborhood, people are able to find
14 work at home and not have to migrate to our coun-
15 try. When millions are free from poverty, societies
16 are stronger and more hopeful.”.

17 (10) In order to effect significant reduction of
18 poverty and enhance sustainable development, the
19 United States must continue to make a long-term
20 commitment of significant resources to programs
21 that impact on housing, health care, and educational
22 systems.

1 **SEC. 3. AMENDMENT TO FOREIGN ASSISTANCE ACT OF**
2 **1961.**

3 Part I of the Foreign Assistance Act of 1961 (22
4 U.S.C. 2151 et seq.) is amended by adding at the end
5 the following new chapter:

6 **“CHAPTER 13—SOCIAL INVESTMENT AND**
7 **ECONOMIC DEVELOPMENT FOR THE**
8 **AMERICAS**

9 **“SEC. 499H. AUTHORIZATION OF ASSISTANCE.**

10 “(a) ASSISTANCE.—The President, acting through
11 the Administrator of the United States Agency for Inter-
12 national Development and working with foreign govern-
13 ments and civil society, shall provide increased and sus-
14 tained assistance to reduce poverty, expand the middle
15 class, and foster increased economic opportunity in the
16 countries of the Western Hemisphere by helping to—

17 “(1) improve the quality of life and invest in
18 human capital, specifically by promoting education,
19 improving health and disease prevention, and in-
20 creasing the access to and quality of housing;

21 “(2) reduce crime, particularly violent crime, in-
22 cluding murder, kidnapping, gang violence, and vio-
23 lence against women;

24 “(3) generate rural development and reduce
25 poverty in the agricultural and non-agricultural
26 rural sector;

1 “(4) strengthen the rule of law, governance,
2 and democracy through the establishment of inde-
3 pendent judiciaries, efficient processes to adjudicate
4 claims, and trusted law enforcement bodies; and

5 “(5) reduce poverty and eliminate the exclusion
6 of marginalized populations, including indigenous
7 groups, people of African descent, women, rural and
8 urban poor, and people with disabilities.

9 “(b) CONTRIBUTION REQUIREMENT.—To receive
10 United States assistance under this chapter, a recipient
11 country must contribute at least 10 percent of the total
12 value of the funds the United States provides for projects
13 in the recipient country. Such contribution is in addition
14 to the funds such country regularly provides for these
15 types of programs. Additional contributions may be re-
16 quired at the discretion of the Administrator of the United
17 States Agency for International Development.

18 “(c) INELIGIBILITY TO RECEIVE ASSISTANCE.—The
19 President shall be prohibited from providing assistance
20 under this section to the government of a country that
21 is ineligible to receive assistance under section 620, this
22 part, or chapter 4 of part II.

23 “(d) TERMS AND CONDITIONS.—Assistance under
24 this chapter may be provided on such other terms and con-
25 ditions as the President may determine.

1 “(e) COORDINATION WITH OTHER FEDERAL AGEN-
 2 CIES.—The Administrator of the United States Agency for
 3 International Development shall coordinate with the heads
 4 of other Federal departments and agencies as necessary
 5 to carry out subsection (a).

6 **“SEC. 499I. WESTERN HEMISPHERE ECONOMIC INVEST-**
 7 **MENT AND DEVELOPMENT ADVISORY COM-**
 8 **MITTEE.**

9 “(a) IN GENERAL.—There is established within the
 10 United States Agency for International Development an
 11 advisory committee to be known as the Western Hemi-
 12 sphere Economic Investment and Development Advisory
 13 Committee (hereafter in this chapter referred to as the
 14 ‘Advisory Committee’). The Advisory Committee shall
 15 serve as a link among the United States Government, non-
 16 governmental organizations, the private sector, and other
 17 interested parties and review projects funded under this
 18 Act.

19 “(b) MEMBERSHIP.—

20 “(1) IN GENERAL.—The Advisory Committee
 21 shall be composed of 6 members, of whom—

22 “(A) 1 member, who shall act as co-chair-
 23 person, shall be appointed by the President;

24 “(B) 1 member, who shall act as co-chair-
 25 person, shall be appointed by—

1 “(i) the majority leader of the Senate,
2 in consultation with the senior member of
3 the leadership of the House of Representa-
4 tives belonging to the same political party
5 as the majority leader of the Senate, if the
6 majority leader of the Senate does not be-
7 long to the same political party as the
8 President; or

9 “(ii) the minority leader of the Sen-
10 ate, in consultation with the senior mem-
11 ber of the leadership of the House of Rep-
12 resentatives belonging to the same political
13 party as the minority leader of the Senate,
14 if the majority leader of the Senate belongs
15 to the same political party as the Presi-
16 dent;

17 “(C) 1 member shall be appointed by the
18 majority leader of the Senate;

19 “(D) 1 member shall be appointed by the
20 minority leader of the Senate;

21 “(E) 1 member shall be appointed by the
22 Speaker of the House of Representatives; and

23 “(F) 1 member shall be appointed by the
24 minority leader of the House of Representa-
25 tives.

1 “(2) QUALIFICATIONS.—Each member of the
2 Advisory Committee shall be—

3 “(A) an individual with technical expertise
4 with respect to the development of Latin Amer-
5 ica or the Caribbean; or

6 “(B) a citizen of the United States with—

7 “(i) regional experience related to de-
8 velopment in Latin America or the Carib-
9 bean;

10 “(ii) technical or functional experience
11 with respect to development issues; or

12 “(iii) extensive expertise in small busi-
13 ness issues or international business expe-
14 rience in Latin America or the Caribbean.

15 “(c) DUTIES.—The Advisory Committee shall—

16 “(1) consult with, provide information to, and
17 advise the United States Agency for International
18 Development and other United States Government
19 agencies, as appropriate, on, and work closely with
20 the United States Agency for International Develop-
21 ment Regional Director, the Assistant Secretary for
22 Western Hemisphere Affairs of the Department of
23 State, and the United States Executive Director of
24 the Inter-American Development Bank on, matters
25 related to this chapter;

1 “(2) meet at least twice annually and at other
2 times as necessary;

3 “(3) serve as a liaison with, and provide infor-
4 mation and counsel to, the private sector and non-
5 governmental organizations in relation to the
6 projects covered under this chapter; and

7 “(4) review all impact evaluations on projects
8 proposed for funding using assistance provided
9 under section 499H(a) and make recommendations
10 and submit a written report to the Administrator of
11 the United States Agency for International Develop-
12 ment with respect to the effectiveness of the projects
13 and future changes to the program.

14 “(d) CONFLICTS OF INTEREST.—A member of the
15 Advisory Committee shall not be permitted to review an
16 application submitted by an organization with which the
17 member has been or is affiliated or in which the member
18 has had a financial interest.

19 “(e) STAFF AND TRAVEL.—Using funds appro-
20 priated pursuant to the authorization of appropriations
21 under section 499L, the Advisory Committee may estab-
22 lish and maintain a staff of no more than 2 persons to
23 provide administrative support and may maintain a budg-
24 et for travel expenses.

1 **“SEC. 499J. EVALUATION.**

2 “(a) IN GENERAL.—The Administrator of the United
3 States Agency for International Development shall ensure
4 that projects carried out under this chapter are subject
5 to rigorous, independent impact evaluations at the original
6 design stage and conclusion of the projects to determine
7 if they are helping to reduce poverty and foster social and
8 economic development in the countries of the Western
9 Hemisphere. When possible, such evaluations shall be con-
10 ducted in coordination with evaluations of similar projects
11 funded by other donors in order to expand the evidence
12 base for decision-making.

13 “(b) USE OF EVALUATIONS.—The Advisory Com-
14 mittee shall use information from the evaluations con-
15 ducted under subsection (a) to inform future project deci-
16 sions.

17 **“SEC. 499K. REPORT.**

18 “Not later than 1 year after the date of the enact-
19 ment of the Social Investment and Economic Development
20 for the Americas Act of 2007, and annually thereafter,
21 the President shall prepare and submit to Congress a re-
22 port on the specific programs, projects, and activities car-
23 ried out under this chapter during the preceding year, in-
24 cluding an evaluation of the results of such programs,
25 projects, and activities. This report may be submitted with
26 the budget justification materials submitted to Congress

1 together with the budget of the President under section
 2 1105(a) of title 31, United States Code.

3 **“SEC. 499L. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) IN GENERAL.—There are authorized to be ap-
 5 propriated to carry out this chapter, including for pur-
 6 poses of reducing poverty, expanding the middle class, and
 7 fostering increased economic opportunity in the countries
 8 of the Western Hemisphere, in addition to amounts of
 9 United States Foreign Assistance Funds (Function 150)
 10 otherwise authorized and appropriated and the
 11 \$820,000,000 in bilateral development assistance provided
 12 by the United States, on average, to Latin America and
 13 the Caribbean each year, the following amounts:

14 “(1) \$50,000,000 for fiscal year 2008.

15 “(2) \$75,000,000 for fiscal year 2009.

16 “(3) \$100,000,000 for fiscal year 2010.

17 “(4) \$125,000,000 for fiscal year 2011.

18 “(5) \$150,000,000 for fiscal year 2012.

19 “(6) \$150,000,000 for fiscal year 2013.

20 “(7) \$150,000,000 for fiscal year 2014.

21 “(8) \$150,000,000 for fiscal year 2015.

22 “(9) \$150,000,000 for fiscal year 2016.

23 “(10) \$150,000,000 for fiscal year 2017.

24 “(b) ADDITIONAL AUTHORITIES.—Amounts appro-
 25 priated pursuant to subsection (a)—

1 “(1) are authorized to remain available until ex-
2 pended;

3 “(2) are in addition to amounts otherwise avail-
4 able for such purposes; and

5 “(3) may be used to fund staff and travel ex-
6 penses of the Advisory Committee.

7 “(c) FUNDING LIMITATION.—Not more than 7 per-
8 cent of the amounts appropriated pursuant to subsection
9 (a) for a fiscal year may be used for administrative ex-
10 penses.”.

11 **SEC. 4. AMENDMENT TO THE INTER-AMERICAN DEVELOP-**
12 **MENT BANK ACT.**

13 The Inter-American Development Bank Act (22
14 U.S.C. 283 et seq.) is amended by adding at the end the
15 following new section:

16 **“SEC. 39. SOCIAL INVESTMENT AND ECONOMIC DEVELOP-**
17 **MENT FUND FOR THE AMERICAS.**

18 “(a) IN GENERAL.—The Secretary of the Treasury
19 shall instruct the United States Executive Director at the
20 Bank to use the voice, vote, and influence of the United
21 States to urge the Bank to establish an account to be
22 known as the ‘Social Investment and Economic Develop-
23 ment Fund for the Americas’ (in this section referred to
24 as the ‘Fund’), which is to be operated and administered
25 by the Board of Executive Directors of the Bank con-

1 sistent with subsection (d). The United States Governor
2 of the Bank may vote for a resolution transmitted by the
3 Board of Executive Directors which provides for the estab-
4 lishment of such an account, and the operation and admin-
5 istration of the account consistent with subsection (d).

6 “(b) OTHER CONTRIBUTIONS.—The Fund may ac-
7 cept funds from other member countries of the Bank, pri-
8 vate entities in the United States and in other member
9 countries of the Bank, and countries in Latin America and
10 the Caribbean.

11 “(c) MATCHING REQUIREMENT.—No funds may be
12 expended from the Fund until the total amount contrib-
13 uted by the United States in the first year of operation
14 of the Fund has been matched.

15 “(d) CONTRIBUTION REQUIREMENT.—To receive as-
16 sistance under this section, a recipient country must con-
17 tribute at least 10 percent of the total value of the funds
18 the Fund provides for projects in the recipient country.
19 Such contribution is in addition to the funds such country
20 regularly provides for these types of programs. Additional
21 contributions may be required at the discretion of the
22 Board of Governors of the Bank.

23 “(e) USE OF FUNDS.—The Fund shall be used to
24 provide assistance to reduce poverty, expand the size of
25 the middle class, and foster increased economic oppor-

1 tunity in the countries of the Western Hemisphere by
2 helping to—

3 “(1) nurture public private partnerships and
4 microenterprise development;

5 “(2) reduce the time and cost of starting a
6 business and increase access to credit for small-and
7 medium-sized businesses;

8 “(3) leverage personal remittances and reduce
9 the cost of remittances sent to Latin America and
10 the Caribbean, for the purpose of advancing eco-
11 nomic and social development by—

12 “(A) increasing access to financial institu-
13 tions for the poor, and working with local finan-
14 cial institutions to reduce fees and other costs
15 associated with sending or receiving remit-
16 tances;

17 “(B) working with local financial institu-
18 tions to develop programs whereby personal re-
19 mittances can be used as the basis for credit for
20 mortgages and loans for small business, micro-
21 enterprises, housing, and other enterprises;

22 “(C) providing matching funds for private
23 entities in the United States that send dona-
24 tions for development projects in Latin America
25 and the Caribbean; and

1 “(D) fostering enabling environments for
2 partnerships between civil society and local au-
3 thorities that lead to greater accountability and
4 improved processes for establishing priorities
5 for remittances, including income-generating
6 and wealth-building activities;

7 “(4) in conjunction with changes implemented
8 by recipient countries, improve the investment cli-
9 mate in individual countries by strengthening the
10 rule of law and implementing judicial reforms to in-
11 crease transparency and predictability in judicial,
12 tax, and regulatory systems;

13 “(5) increase workforce competitiveness in the
14 global economy, specifically by focusing on applica-
15 tion of technology and workforce training and devel-
16 opment; and

17 “(6) reduce poverty and eliminate the exclusion
18 of marginalized populations, including indigenous
19 groups, people of African descent, women, rural and
20 urban poor, and people with disabilities.

21 “(f) INELIGIBILITY TO RECEIVE ASSISTANCE.—The
22 President shall be prohibited from providing assistance
23 under this section to the government of a country that
24 is ineligible to receive assistance under section 620, part

1 I, or chapter 4 of part II of the Foreign Assistance Act
2 of 1961 (22 U.S.C. 2151 et seq.).

3 “(g) TERMS AND CONDITIONS.—Assistance under
4 this section may be provided on such other terms and con-
5 ditions as the President may determine.

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—

7 “(1) CONTRIBUTIONS.—There are authorized to
8 be appropriated to the Secretary of the Treasury for
9 United States contributions to the Fund for the pur-
10 pose of carrying out this section the following
11 amounts:

12 “(A) \$50,000,000 for fiscal year 2008.

13 “(B) \$75,000,000 for fiscal year 2009.

14 “(C) \$100,000,000 for fiscal year 2010.

15 “(D) \$125,000,000 for fiscal year 2011.

16 “(E) \$150,000,000 for fiscal year 2012.

17 “(F) \$150,000,000 for fiscal year 2013.

18 “(G) \$150,000,000 for fiscal year 2014.

19 “(H) \$150,000,000 for fiscal year 2015.

20 “(I) \$150,000,000 for fiscal year 2016.

21 “(J) \$150,000,000 for fiscal year 2017.

22 “(2) ADDITIONAL AUTHORITIES.—Amounts ap-
23 propriated pursuant to paragraph (1)—

24 “(A) are authorized to remain available
25 until expended; and

1 “(B) are in addition to amounts otherwise
2 available for such purposes.

3 “(3) FUNDING LIMITATION.—Not more than 7
4 percent of the amounts appropriated pursuant to
5 paragraph (1) for a fiscal year may be used for ad-
6 ministrative expenses.”.

7 **SEC. 5. SENSE OF CONGRESS.**

8 It is the sense of Congress that—

9 (1) the amounts authorized to be appropriated
10 to carry out this Act and the amendments made by
11 this Act should be used to help countries in Latin
12 America and the Caribbean focus on improving indi-
13 cators in the area of investing in people, as that
14 term is used in section 607(b)(3) of the Millennium
15 Challenge Act of 2003 (22 U.S.C. 7706(b)(3)), and
16 consistent with the transformational development
17 program of the Department of State;

18 (2) the Multilateral Investment Fund, which
19 was fully established in 1993 as part of President
20 George H.W. Bush’s Enterprise for the Americas
21 Initiative, has been successful in promoting inclusive
22 economic growth in Latin America and the Carib-
23 bean;

24 (3) creating a public-private partnership work-
25 ing in coordination with the Multilateral Investment

1 Fund will accelerate the work of the Multilateral In-
2 vestment Fund and allow it to expand economic op-
3 portunity to the people in the Western Hemisphere;
4 and

5 (4) as stated in section 499L of the Foreign
6 Assistance Act of 1961, as added by section 3,
7 amounts authorized to be appropriated pursuant to
8 the amendments made by this Act for a fiscal year
9 for initiatives to reduce poverty, expand the middle
10 class, and foster increased economic opportunity in
11 the countries of the Western Hemisphere are in ad-
12 dition to amounts that would be allocated or pro-
13 jected in the President's budget request for Latin
14 America and Caribbean for such fiscal year.

15 **SEC. 6. PAYMENT OF ARREARS OWED BY UNITED STATES**
16 **TO THE MULTILATERAL INVESTMENT FUND.**

17 There is authorized to be appropriated to the Sec-
18 retary of the Treasury \$51,000,000 for payment to the
19 Inter-American Development Bank of arrears owed by the
20 United States to the Multilateral Investment Fund.

○